

Interim Housing Policy Statement Consultation

Introduction:

This statement lays out the Councils response to changes in both the Governments drive to address housing affordability and delivery in conjunction with new housing figures contained in the Regional Spatial Strategy published in September 2008 and will provide details on how housing land supply will be managed in the borough until the adoption of the Core Strategy. The policies set out in this statement will update policy 17: Location of New Housing Development in the Replacement Local Plan 2001-2016, however, they will not form part of the statutory development plan and can therefore only be considered as a material consideration in the determination of planning applications. Nevertheless they will accord with the policies of the Regional Spatial Strategy and give further direction to developers and members of the public applying for permission for new residential developments. There are a number of key objectives that the policies will aim to deliver including:

- Improve the levels of affordable housing provision across the borough.
- Improve the mix of types and tenures of housing across the borough.
- Ensure the appropriate levels of housing provision for different groups of people and those with special needs.
- Ensure that new housing proposals are deliverable and will be completed within five years.
- Ensure the efficient and effective use of land.
- Direct new housing to sustainable locations.
- Ensure housing supports regeneration in the most appropriate way.

Any new policy managing and stepping up the supply of housing should reinforce the Regional Spatial Strategy focus on urban transformation by prioritising the development of brownfield land in locations that accord with the locational principles of the RSS.

Background:

Since October 2004 Pendle has been in a position of oversupplying the annual housing requirement of completed new houses and in addition Pendle also has a large stock of sites with planning permission. As a result a moratorium has been in place restricting new planning permissions. The recent Regional Spatial Strategy provides new housing figures that have prompted a need to review the situation in Pendle, although the annual monitoring of residential completions and planning permissions shows that there is still an oversupply of completed dwellings when compared to the new annual requirements and that the stock of residential permissions is still high.

However it is likely that in the next few years there will be an insufficient stock of permissions to deliver the annual requirement. (Policy 17 of the Local Plan requires a four year stock of planning permissions should be available to ensure the delivery of one years worth of dwellings on the ground.) This is due to a combination of the following factors: expiry of existing planning permission, higher housing targets and a fall in the percentage of completed dwellings from existing planning permissions. In addition to these factors the housing market has stagnated leaving some development sites abandoned with unfinished or part completed dwellings. The results of the recent affordable housing study indicate that the viability of sites will deteriorate as house prices fall and costs continue to rise and it is unlikely that many of the sites with planning permission will be developed in the immediate future. During this difficult economic climate consideration needs to be given to affordable

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housing and the regeneration needs of certain areas of the borough particular those covered by Housing Market Renewal Initiatives.

Current Housing Position:

Table 1

Total housing requirement for Pendle 2003-21 (RSS Figures)	3,420
Annual Requirement	190
Total number of units required to be completed at 31 st March 2009	1,140
Total number of units completed in Pendle between 2003 & 2009	1,310
Oversupply of dwellings at 31 st March 2009	170
Residual number of units to be provided between 2010-21	2,110
Adjusted annual requirement	176
Number of units with planning permission not started 31 st March 2009	867
Number of units with planning permission started 31 st March 2009	61
Total number of units with planning permission 31 st March 2009	928

Table 1 show that Pendle had an oversupply of 170 dwellings on the 31st March 2009 which equates to Pendle being slightly less than one year ahead of its current requirement. In addition to this there is a reasonably large supply of dwellings with planning permissions (928) available and if constructed would equate to nearly five years worth of supply. However in view of current completion rates the percentage likely to be completed is significantly lower than recent rates with this trend likely to continue for at least the next eighteen months. Further monitoring work will help to show the true impact on the level of housing development across the Borough. However, regardless of the economic situation, it is likely that over the next few years there will not be a sufficient stock of planning consents to ensure the delivery of the annual requirement.

This will bring the Council into an undersupply position in terms of completions. This Interim Housing Policy Statement puts forward a possible policy approach to managing the release of housing in light of prevailing national, regional and local planning policy.

The interim housing policy approach will need to have regard to and comply with national, regional and local planning policy. The key policy requirements are outlined below.

Planning Policy Statement 3: Sets out the national planning policies with regard to housing. In particular, local authorities should ensure the delivery of a flexible and responsive supply of land by following the principles of 'plan, monitor and manage.' The main objectives of the Government's housing policy are to deliver a wide choice of high quality homes addressing the requirements of the community, improve the affordability across the housing market and create sustainable, inclusive, mixed communities in all areas.

The key requirements set out in PPS3 include:

- maintaining a rolling five year supply of housing land;
- setting an overall target for the amount of affordable housing to be delivered across the borough, which reflects an assessment of the likely economic viability of land for housing in the area;
- setting separate targets for social-rented and intermediate affordable
- housing; specifying the size and type of affordable housing required.

PPS3 also identifies some key principles and targets which include:

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- priority for development should be on previously developed (brownfield) land should be used effectively with at least 60% of new housing being built on previously developed land;
- land should be used efficiently with new housing being developed at a density of at least 30 dwellings per hectare (dph).

The design and quality of new housing should meet high standards and applicants are encouraged to bring forward sustainable developments meeting requirements in the Code for Sustainable Homes.

Regional Spatial Strategy: Policy RDF2:

- Indicates that Key Service Centres should see a concentration of development. In Pendle the Key Service Centres have been identified in the Sustainable Settlements Study as Nelson (including Brierfield), Colne and Barnoldswick.
- Policy L4 of the Regional Spatial Strategy (RSS) sets Pendle a target of building 3,420 dwellings between 2003 and 2021. This equates to an annualised requirement of 190 dwellings. However, this requirement can be exceeded in any given year where justified by evidence of need, demand, affordability and sustainability issues.
- Phasing policies should be introduced to secure the orderly and managed release of housing land. They should be in line with the sequential approach detailed in Policy DP4 and take account of the overall availability of land for housing.
- Policy DP4 requires development to follow a sequential approach. This prioritises the use of existing buildings and previously developed land within settlements ahead of other suitable infill opportunities within settlements before finally considering the use of other land where this is well-located in relation to housing, jobs, other services and infrastructure.
- In Pendle the RSS states that at least 65% of the new housing to be provided should use brownfield land and buildings.
- Policy L5 indicates that plans and strategies should set out requirements for affordable housing including the location, size and type of development to which these requirements apply. Strategic Housing Market Assessments should provide the evidence for the setting of quotas and thresholds.

Replacement Pendle Local Plan:

- The policies in the Replacement Pendle Local Plan are saved for a period of three years from the date of adoption (18th May 2006). It was originally anticipated that the Core Strategy would replace the Local Plan by 2009, but it is now anticipated that adoption will be in 2011. The Secretary of State has agreed to extend the saved period of the plan until the policies are replaced in a Development Plan Document (DPD).
- Policy 17 provides guidance on the development of new housing in Pendle. The policies in the Interim Housing Policy Statement (IHPS) will supplement and amend this policy with the up-to-date guidance.

Burnley and Pendle Strategic Housing Market Assessment – May 2008

- A Strategic Housing Market Assessment (SHMA) has been prepared by Fordham Research on behalf of Pendle and Burnley Borough Councils. It used local research and survey data to determine the affordable housing need across the housing market area.
- The SHMA provides the following key information for the Burnley and Pendle housing market area:
 - confirms that Burnley and Pendle can be considered as a self-contained Housing Market Area (HMA);

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- provides background information on the housing situation and needs of the following household groups:
 - Black and Minority Ethnic (BME)
 - Households with special needs (e.g. Limiting Long Term Illness)
 - Key workers
 - Older person households Families
 - Private rented sector
 - Rural communities
- sets out the demographic changes in the HMA;
- provides background information on the local economy;
- provides details on the current housing stock;
- provides information on the current housing market and perceptions of affordability;
- identifies the housing market gaps and the housing ladder;
- The results of the study demonstrate the precarious nature of the current housing market. The study shows that in the current housing market provision of affordable housing in private schemes is only viable on a very limited range of sites. These are effectively rural sites.
- The study puts forward some possible policy options and recommends that a two staged approach may be most practical. This would set an overall district wide target and then allow for a rolling programme which would set the most feasible target for a given time period. This would allow for changing economic circumstances to be taken into account.

Interim Housing Policy Approach:

The following policy approach sets out the preferred option for managing the housing land supply until such a time that the Core Strategy is prepared.

Proposals for new housing development will be considered in line with Policy 17 of the Replacement Pendle Local Plan and Policy L4 of the RSS and taking into account the following:

- Proposals should be located (in order of priority) in: Key Service Centres (Nelson including Brierfield, Colne and Barnoldswick), Local Service Centres (Barrowford and Earby). Other settlements with a defined settlement boundary
- Proposals must comply with the sequential approach detailed in Policy DP4 of the RSS and not jeopardise achieving the target of developing at least 65% of new housing using brownfield land and buildings;
- Proposals can be shown to positively contribute to the Council's five year supply of land and be deliverable within five years by providing details of the site's availability, suitability and achievability. The Council will require developers to provide specific details illustrating the viability of the proposed development and will be required to pay for the Council to approach an independent specialist to evaluate the viability information. Where proposals are not considered to be viable permission may be refused;
- Where applicable, the proposal should be compliant with the section on Affordable Housing;
- Proposals for 10 or more units must offer accommodation in a mix of sizes. Where the number of completions and stock of planning consents increases to an unacceptable level it will be necessary to restrict the granting of planning permission for new housing to the following exceptions:
 - The scheme is solely for affordable housing and has regard to the different types of affordable housing need as detailed in the section on Affordable Housing Provision;

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- The proposal is for housing for people or groups with special needs where there is an identified local need;
- An agricultural or forestry worker's dwelling where it is essential to the functioning and viability of the agricultural or forestry holding;
- Conversion of a Listed Building to residential use where it would be the only realistic means of securing the building's future;
- The scheme is part of a regeneration project that has been adopted by the Council. (e.g. the site is included in a Masterplan, a development brief for the site has been prepared or is allocated in an Area Action Plan (AAP));
- The scheme is for 10 dwelling units or less and is within a settlement boundary.

The Council will support applications that meet the relevant criteria in the Code for Sustainable Homes.

Managing the Housing Requirement:

The overall housing requirement for Pendle between 2003 and 2021 is 3,420 dwellings at an average of 190 dwellings per annum. The RSS indicates that phasing policies should be introduced to manage the release of land for housing. This interim policy aims to employ a variety of techniques to ensure the managed delivery of the targets in the RSS. The housing targets should not be exceeded where the scale or location of growth would undermine the strategic approach of the RSS.

Annual monitoring will be undertaken to determine the number of planning permissions being granted for new residential development. In Pendle an analysis of past delivery rates indicates that a stock of four years worth of consents is needed to ensure the delivery of one years worth of dwellings. The four year supply is however not sufficient in the current market. The completion of only 97 dwellings in the 2008/09 monitoring period, compared with the delivery of 231 units on average over the last two years, means that the stock of existing consents is unlikely to deliver the required 190 units per annum in the future. The current analysis indicates that in order to satisfy the completion rate an eight year supply of consents will be required equating to a total of 1,520 units. However, this policy seeks to ensure that new sites coming forward will be viable and hence the completion rate is likely to increase. Taking this into account it is recommended that a six year supply should be permitted and reviewed again next year as part of the plan, monitor and manage approach. A six year supply equates to a total of 1,140 units. In conjunction with the annual monitoring of housing land, regular updating of the Strategic Housing Land Availability Assessment will help to demonstrate the Council's five year supply of housing land. Where there is both a sufficient stock of consents to meet the annual requirement and a five year supply of land, only those proposals meeting one of the exceptions, as stated in the policy, will be granted permission.

Location:

Policies RDF1: Spatial Priorities and RDF2: Rural Areas in the RSS indicate the spatial priorities for development in the region and identify key areas for growth. None of Pendle's towns are identified in Policy RDF1 as a spatial priority for growth. However, the policy does recognise that emphasis should be placed on addressing regeneration and housing market restructuring and renewal.

- Policy RDF2 indicates that development in other areas outside of the spatial priorities should be concentrated in the Key Service Centres. These are not defined in the RSS. However, the Pendle Sustainable Settlements Study identifies that Nelson (including Brierfield), Colne and Barnoldswick can be considered to meet the definition of Key Service Centres in Policy RDF2.

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- In terms of locations outside the Key Service Centres, consideration will be given in order of priority to development proposals in the Local Service Centres of Barrowford and Earby and then rural settlements with a defined settlement boundary.

The locational approach is intended to direct the majority of new housing development to the most sustainable locations (i.e. the main urban areas) where the provision of services and facilities is more substantial. New market housing in the rural areas should only be provided where there is a local need. Affordable housing in rural areas will be supported and may require the use of a rural exception site as detailed in the section on Affordable Housing Provision. Proposals for residential development should be within a settlement boundary as defined on the proposals map of the Replacement Pendle Local Plan (2001- 2016) or meet the criteria listed in other relevant Local Plan policies. Policy DP4 of the RSS sets out the sequential approach which should be followed for all new developments including housing. It accords with PPS3 in seeking to first use existing buildings and previously developed land within a settlement. This approach seeks to ensure the effective use of land and help to tackle problems associated with dereliction. It will also help Pendle to meet the RSS target of building at least 65% of new dwellings on previously developed land.

Deliverability:

One of the Government's key objectives for planning for housing is that new developments are deliverable. Sites should not be granted permission and allowed to remain undeveloped for long periods of time (a process known as 'land banking'). PPS3 defines deliverable sites as those that are available, suitable and achievable. Proposals should demonstrate how they will positively contribute to the five year supply in Pendle.

In order to ensure that new housing is delivered in Pendle in a timely manner and that the Council achieves the housing targets set in the RSS it is important that new housing proposals can demonstrate the deliverability of the proposed development by providing information on viability and feasibility.

Applicants will be required to submit a statement indicating the estimated build and land acquisition costs in order for the viability of proposals to be assessed. Applicants will also be required to pay for the Council to employ an independent specialist to evaluate the viability statement. In circumstances where a scheme is considered not to be viable the Council will not grant permission unless there is sufficient evidence to show that the scheme can be implemented. PPS3 and the practice guidance on Strategic Housing Land Availability Assessments provides details on what constitutes an available, suitable and achievable site. Developers should use this guidance when demonstrating the deliverability of sites.

Future Proofing:

The housing market is currently going through a period of considerable change. How and when it will recover is not certain. Granting consent for developments at this time may significantly reduce the Council's ability to deliver its long-term strategic objectives. For example any consents granted at this time will contribute towards the RSS housing target of 3,420 units. The poor economic viability of these sites is likely to mean that these consents will not provide the required levels of affordable housing needed to meet the Borough's target. Market conditions will, however, recover at some point in the future and it would be appropriate for any future uplift in values to be passed on to the Council in order to finance the future provision of affordable housing. This is often referred to as overage.

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Design and other Policy Considerations:

Policy 13: Quality and Design of New Development and Policy 20: Quality Housing Provision of the Replacement Pendle Local Plan (2001-2016) provide specific details on design and density of new developments.

Evidence in the Burnley and Pendle Strategic Housing Market Assessment (SHMA) indicates that there are very high proportions of terraced housing in the main urban areas and suggests that there is a lack of net demand for these terraced properties. It is important that new housing helps to diversify the mix and type of dwellings available and to ensure that a more balanced housing market can prevail. Therefore new housing on larger sites (10 dwellings or more) will be required to provide a mix of different sizes of accommodation.

Exceptions:

Where the Council has a sufficient stock of consents to ensure the delivery of the RSS annual housing requirement and where there is a five year supply of land available, the granting of new residential permissions will be restricted to those proposals which meet one of the six exceptions detailed in the policy.

- **Affordable housing:** Evidence contained in the SHMA indicates that there is a need to deliver affordable housing in Pendle. Under this exception, proposals for new housing which are solely for affordable units will be considered favourably in order to help to meet the affordable housing target. Proposals should take account of the different types, sizes and tenures of affordable housing which are needed in different parts of the Borough. The section on affordable housing and the SHMA provide further guidance on these requirements.
- **Special needs housing:** The SHMA provides information about the housing requirements of those households with disabilities or support needs. It suggests that there is a need to provide more adapted accommodation across the Housing Market Area and that a large number of households with these needs are living in unsuitable accommodation. The survey data also suggests that the number of households with special needs is likely to increase in the future and that the demand for adapted or supported accommodation is likely to increase. Proposals for specialist, adapted or supported accommodation will be considered favourably where it is shown to cater for a specific local need. Applicants should submit a supporting statement to provide evidence of need in line with the findings of the SHMA.
- **Agricultural or Forestry Workers Dwelling:** In cases where it can be shown that it is essential for a farm or forestry worker to live at or in the immediate vicinity of their place of work an exception will be made for the development of a dwelling. Annex A of PPS7: Sustainable Development in Rural Areas sets out the criteria which new proposals for an agricultural or forestry worker's dwelling should meet.
- **Listed buildings:** In cases where it can be shown that the conversion of a Listed Building to residential use is the only means of securing the future of the building, then such proposals will be considered by the Council. It is for the local planning authority to consider the potential risk to the Listed Building if permission is not granted for the proposed development. The applicant must demonstrate that all other possible uses have been considered and provide evidence to illustrate that those other uses are not feasible.
- **Regeneration projects:** In order for the Council to progress projects associated with the Housing Market Renewal (HMR) Pathfinder initiative it may be necessary to approve specific housing schemes. These schemes should be identified in a Masterplan, Supplementary Planning Document (SPD) or Area Action Plan (AAP)

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Development Plan Document (DPD) adopted by the Council. Schemes of 10 dwelling units or less This exception would allow for smaller infill schemes to come forward so as not to unduly restrict the housing market. Smaller infill schemes can play a positive role in the regeneration of the area. Schemes for 10 dwelling units or less must be located within the settlement boundary and comply with the requirements of the sequential approach.

Affordable Housing Requirements:

Where proposals are for 15 dwellings or more, the developer will be required to include an element of affordable housing on site. The overall affordable housing needed for the Borough is 45%. However this is an unviable target in the current economic climate. The Affordable Housing Site Viability Study (AHSVS) indicates that the viability of sites to incorporate affordable housing is variable. Taking this into account it will not be possible to apply a standard range of percentages to new proposals to determine the number of affordable homes that should be delivered. Developers will be required to show for each site the financial viability of the development in order to determine the amount of affordable housing that should be provided. Developers will also be required to pay for their assessments to be independently appraised. Once the housing market recovers the Council will set requirements for the percentage of affordable units to be provided on sites.

The tenure split of the affordable dwellings should be 80% social rented and 20% intermediate housing. Affordable units must meet the price guidelines (updated on an annual basis in the Housing Land Monitoring Report) as set out in this interim housing policy statement. Proposals should help to address the choice of dwelling size (no. of bedrooms) at the ward level and the type of dwelling (e.g. detached) at a district level by having regard to the Burnley and Pendle Strategic Housing Market Assessment (SHMA) housing balance requirements. Arrangements should be made to ensure that the affordable housing provided remains affordable in perpetuity; this may be in the form of a condition or planning obligation (Section 106 agreement).

In line with PPS3, on-site provision will be the favoured method of provision. Where it is not possible to incorporate an element of affordable housing on-site the Council will seek a financial contribution from the developer towards the cost of off-site provision. In rural areas consideration will be given to sites adjacent to existing, defined settlements for 100% affordable housing schemes. Proposals for schemes on rural exception sites will be required to demonstrate that there is an identified local need for the development.

Affordable price guidelines:

To ensure that the proposed units in a scheme are affordable, developers should consider the weekly costs detailed in Appendix 1. This provides a list of average weekly costs of property under different tenures, which can be used as a basis for determining the acceptable range of rents. Size and tenure balance The SHMA provides details about the required tenure split in new developments. The background research suggests that there is a severe shortage of social rented accommodation and that this is where there is the greatest level of need. Proposals should recognise this and the affordable housing element of a scheme should aim to provide a tenure split of 80% social rented housing and 20% intermediate housing. As well as aiming to meet the overall tenure split for the Borough, proposals should also have regard to the ward level housing requirements. The SHMA provides information about the sizes and tenures of new housing required at a

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ward level in order to help provide the most appropriate mix of dwellings. Census data was used to provide information about both the balance between market and affordable dwellings as well as the sizes of accommodation likely to be required. The Council will give favourable consideration to those proposals which put forward schemes that help to address any size / tenure imbalances across the ward.

Long term affordability:

Both PPS3 and the RSS require that where affordable housing is provided, this housing should remain affordable and available for both current and future occupiers. A planning condition or Section 106 agreement may be required to ensure that the affordability and appropriate tenure of the property are secured in perpetuity (long-term).

Off-site provision:

There may be circumstances where it is not possible to provide the affordable element of a new housing scheme on-site. In these cases the Council will require the developer to either provide the affordable units on an alternative site or make a financial contribution (Section 106 agreement) to allow the Council to provide off-site affordable housing or alternatively invest in improving the condition of the Pendle Borough Council Draft Interim Housing Policy Statement existing social housing stock.

Rural exception sites:

In some rural areas there may be a significant local need for affordable housing which cannot be accommodated within the existing limits of the settlement. In such cases it may be necessary to allow the development of sites adjacent to the settlement boundary solely for affordable housing. Any such proposal will need to demonstrate that there is an identified local need and that the development will accord with sustainability principles.

Monitoring and Review:

- The introduction and implementation of this policy approach will require careful monitoring in order to ensure it does not have any adverse impacts. Monitoring will also be an important trigger of any remedial actions that may need to be taken.
- In particular, monitoring of the number of new housing completions and the number of new permissions approved will be vital to ensure the managed delivery of new housing. The annual Housing Land Monitoring (HLM) Report will provide the key data to be used in conjunction with this policy approach. It may be necessary to carry out additional monitoring of the number of permissions being granted in the first few months following the introduction of this approach. This may require a HLM Report to be published on a bi-annual basis for the first year.
- In addition to the Housing Land Monitoring Report, the Strategic Housing Land Availability Assessment will also require updating on an annual basis in order to indicate whether or not a five year supply of land is in place.
- The affordable housing percentages will need to be updated on a regular basis depending on the economic conditions and changes in site viability.
- The price guidelines referred to under the 'Affordable Housing' section will also require updating annually, to ensure that proposed rental prices of new properties are within an affordable range for the type of tenure that is to be provided. In

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times of economic turbulence it may be necessary to update these figures on a bi-annual basis.

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Simplified Overview:

This interim policy statement has come about by the fact that the Local Plan has reached the end of its useful life and the new replacement Core Strategy is not yet in place to replace it. The problem is compounded by the new housing requirements 2003 -2021 highlighted in the Regional Spatial Strategy, the moratorium and the slump in the housing market. The figures highlighted in Table 1 show an oversupply on the 190 housing units needed each year up to 2009 and although this figure has been exceeded by 170 over the six year period. The economic downturn of late 2008 early 2009 had a catastrophic effect on the house building industry which saw a slump in completed houses to 99 from an average of 231 in the previous two years.

The outlook for 2009-2010 is potentially worse and if the trend continues in future years could mean that if some remedial measures aren't taken now the borough could have a deficit of new houses in a couple of years time. The problem for the Borough Council is gauging the action needed now to allow the expansion in the housing market, without creating a large surplus in a few years necessitating the reintroduction of the moratorium and the restrictive practices that entails.

Additional Measures Highlighted:

1. The interim measures proposes that the recommended four years worth of planning approvals needed to reach the annual target be raised to six years and be monitored annually and this would allow a further 501 houses to be granted permission and future requirements monitored annually.
2. That developments should be concentrated in Key Service Centres with consideration in order of priority will be given to Local Service Centres which includes Barrowford.
3. Target of developing 65% of all new developments using brownfield sites.
4. One of the key objectives to help prevent land banking will be deliverability. Developers will have to submit a statement indicating estimated build and land acquisition costs in order to show the viability of proposals to be assessed and be required to pay for the Council to employ an independent specialist to evaluate the viability statement. The scheme will not be granted planning permission unless there is sufficient evidence to show that the scheme can be implemented.
5. Where the Council has sufficient stock of consents to ensure the delivery of the RSS annual housing requirement and where there is a five year supply of land available the granting of permissions will be restricted to proposals which meet one of the five exceptions detailed in the policy.

Implications to Barrowford:

The viability of sites within some of the Key Service Areas could be difficult to prove particularly on some of the potential brownfield sites and would possibly only be viable if buoyed up by regeneration funding. If this proves to be the case and regeneration funding is not readily available in these areas, how long before the prospect of slipping further behind the required annual housing rate leads to the view that insufficient sites can be identified within Key Service Areas and the sequential tests have been met to allow development within the secondary Local Service Centres?

The implications to Barrowford could mean developers wishing to concentrate their developments within Barrowford could do so if not enough viable sites are identified within the Key Service Areas.