



## **POLICY STATEMENT**

### **AFFORDABLE HOUSING IN OUR TOWNS AND VILLAGES**

#### **Introduction**

The definition of affordable housing in national planning policy 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”.*

The need for affordable housing exists both in cities and rural communities. However the situations are very different. In cities the need for affordability often relates to deprivation associated with unemployment or very low wage employment. There is usually an adequate stock of housing to meet a wide range of incomes. Also with development policy focussing housing on major cities there is greater opportunity to provide affordable housing as part of mixed new development.

In contrast, the need for affordable housing in rural areas arises because a significant proportion of rural jobs are relatively low paid while the price of rural property has escalated driven by the demand from commuters, second home owners and retirees. The result is that the cost of housing is way in excess of that which can be afforded by many in full time employment in rural jobs.

This policy concentrates on the problem of affordable housing in Gloucestershire in settlements other than Gloucester and Cheltenham.

## **Background**

Work done by the National Housing Federation has shown that there is a desperate shortage of affordable housing in rural areas in England. There are about half a million families on waiting lists and which are getting longer every year. These are people on low incomes who have been excluded from the housing market because they simply cannot afford what the market demands. In rural areas the average house price is some seven times the average rural household income.

Providing housing that can be afforded is in everyone's interest not just those who are on the waiting list. Rural employers often struggle to find staff for the less well paid jobs. Indeed, the person who is in need of affordable housing is often the person a community relies on; be it in public services such as health, teaching and the post or in private services such shops, pubs, carers, building maintenance and people who work on the land in all its forms. There is plenty of evidence that balanced communities are more lively, support local services and help ensure that local people can stay in their communities as they get older. But without affordable housing young people will increasingly be forced to move to the larger towns and our smaller towns and villages will become the preserve of the wealthy and the isolated elderly.

One of the fears that local people have is that affordable housing will be used to house the deprived from the cities and this has indeed happened in the past. More recently however it has become possible to ensure that affordable housing is only allocated to people with a local connection be it that they work in the village area or have a close relation in the village (usually a parent or a child). It is natural that many young families wish to live in the community in which they were brought up and where they can call upon elderly help with childcare so that they can work. Conversely, older adults can provide care and support to the elderly and thus help them to stay in the community.

In Gloucestershire the magnitude of the problem varies from district to district but overall it is acute with the disparity in affordability being much greater than the national average as a result of higher than average house prices but with a significant portion of the population earning much less than the national average wage. While our local authorities all recognise the importance of affordable housing the big issue is funding. Affordable housing has to be subsidised. There is some central government money but it is not nearly enough so other mechanisms have to be found; the commonest is that in return for granting planning permission for a housing development the council requires a certain percentage to be affordable housing.

This works well in the larger towns where the target for affordable housing in new developments is between 30% and 50% depending on the district. The building industry is disputing this target on the grounds that current market conditions simply mean that developments will not be viable and the percentage should be much reduced. On the other hand by the time the houses are built the market conditions may well be more benign; new local plans will have a planning horizon of 15 years. The court of appeal has recently ruled that it is quite acceptable for local authorities to set targets which are in excess of what current market circumstances can support; there are examples where by firm but flexible negotiation local authorities have achieved close to their target in recent planning applications.

The problem in villages is rather different. Typically the problem of housing in any one village could be solved by a very small number of affordable houses. In many cases it should be possible to accommodate them without significantly harming village character or the landscape. The trade off of some slight damage to character or landscape is worth it for the strengthening of the community which will result. What would be damaging would be to remove all control on free market housing so that the urban approach can be applied. This would result in an unsustainable flourishing of new commuter housing and be very destructive of village character.

The cost of land is a very large proportion of the cost of affordable housing; owners of land have become accustomed to expecting land with planning permission to reflect the inflated value of free market housing.

The trend in current government thinking is to take a broader approach to national policy expecting local planning authorities to fill in the detailed policies to reflect local circumstances. Through new proposals for a Community Right to Build, local communities are to be given powers to create housing schemes: such schemes would not require planning permission as long as they conform to local plan policies. It is also likely the national policy to allow sites for 100% affordable housing to be approved even if they do not accord with plan policies (exception sites) will be dropped; instead local authorities will be encouraged to consider policies which allow limited free market housing to enable the need for affordable housing to be met in smaller settlements.

### **Policy Position**

Against the above background CPRE Gloucestershire's position is to recognise that the circumstances of districts and individual settlements can be very different depending on size and existing housing stock. We therefore encourage local authorities to apply the following principles in their plans:

1) For all settlements the need for affordable housing must be assessed by local housing needs surveys showing the number of dwellings, the distribution of sizes and the amount that the target population can afford. The housing register is an input into such a survey but is not of itself a reliable guide to need. If the price of housing on the open market can meet these needs then there is no or a reduced requirement to provide subsidised housing. In most settlements this will not be the case. If affordable housing is to be provided then it should be to meet the needs of people who work locally or have a long established connection with the settlement. Affordable housing should not be built for those who work in larger towns and will commute to them and have no connection to the settlement.

2) For all settlements affordable housing should be provided in perpetuity and this means that it is most likely to be rented accommodation. In addition, we encourage district and housing authorities to avoid actions which will deplete the existing stock of affordable housing. We are concerned that application of the second part of the national definition of affordable housing will result in affordable housing being sold on the open market without replacement housing being identified or built. In our view

it is already difficult enough to find and fund the additional housing which is needed without encouraging the future stock to be reduced.

3) For all settlements the threshold at which the local authority can require a proportion of affordable housing should be set at 2 dwellings to give the local authority the flexibility to maximise affordable housing. In some circumstances it may be more appropriate to require a financial contribution to affordable housing.

4) For settlements of greater than 3000 inhabitants affordable housing should be provided as a condition of approval for the release of land allocated for housing in the local plan or in any windfall sites which come forward. Local authorities should include a target of 50% in their plans and not be swayed by developers' arguments about current market conditions. Plan policies will have a life of 15 years and must take a long term view. The need for affordable housing is a paramount consideration but we recognise that the quantum and type of housing will vary for each development and be influenced by the amount of other community related facilities/ road improvements being considered. To get the best answer requires an open and transparent dialogue between developers and local authorities on the business economics of each development.

5) For settlements/parishes of between 500 and 3000 inhabitants, and where no land for free market housing has been allocated in the local plan, we encourage local authorities to have policies which are based on the following package of applied principles:

a) Deflate the expectation of high land values by applying rigorous restrictions on new free market housing in these settlements. This will mean that land is only worth an "affordable housing price": it will take time for people to accept that land is not worth what they used to think but it can be done with persistence.

b) Local authorities, including parish councils, should release publicly owned land at preferential prices and encourage altruistic landowners to gift surplus land to the village for affordable housing.

c) Encourage communities to come forward with proposals to meet their affordable housing needs by allowing exceptional small relaxation of the restrictions on free market housing in return for a substantial contribution to affordable housing.

d) Put in place safeguards to ensure that projects are community not developer led and the sites selected would not be significantly damaging to the character of the village or the landscape and the housing will be well designed. Policy should encourage conversion of existing buildings, distributing affordable housing in the settlements rather than always going for a single site, and ensure that affordable housing is not built to service the housing needs of larger settlements.

e) Encourage a wide range of community approaches including Community Land Trusts and self-build co-operatives.

In our view this approach is fully in line with the Government's aspirations for more local decision making. We emphasise that critical to success is that projects must be driven by the local community. It starts with a proper survey of local needs undertaken at the parish level identifying those with a true local need. If such surveys are sponsored by the parish council then there should be true local confidence in and local backing for the findings. This equally applies to the location of any land and any proposals for free market housing.

5) For settlements of less than 500 inhabitants it is likely that the lack of local facilities including transport and remoteness from service centres will mean that affordable housing will not be viable, given that exceptions are already allowed for housing for agricultural and other land based workers. Nevertheless where exceptionally need can be demonstrated specific to that settlement schemes as above can be contemplated.

November 2011

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**CPRE Gloucestershire Policy Statements are regularly reviewed and updated as necessary. They should be read as a set**