



# Addressing Housing Need in Ribble Valley

**Part of the Local  
Development Framework  
Evidence Base**

**June 2011**



# ADDRESSING HOUSING NEED in RIBBLE VALLEY



## HOUSING POLICY

# ADDRESSING HOUSING NEED in RIBBLE VALLEY – HOUSING POLICY

## 1. Introduction

1.1 Everyone living in the Ribble Valley should have the opportunity of a decent and affordable home. The Council is committed to helping local people who cannot afford to buy or rent homes on the open market in the borough. A Corporate ambition of the Council is to, ' Match the Supply of Homes in the area with the Identified Housing Need'. It is especially looking to ensure that there are sufficient homes for local people who are in housing need. A key priority of the Sustainable Community Strategy 2007-2013, Corporate Plan and Housing Strategy is to maximise the supply of appropriate affordable housing. The availability of such housing impacts on the retention of skills in the borough and has a major influence upon the local economy and quality of life.

1.2 This document first adopted in July 2009 has been refreshed to take into account the radical changes introduced by the new government and the housing need issues other than affordability. Local decisions; a fairer future for social housing, sets out the new tenure models and funding for affordable housing. These changes will be set out in statute over time. This document provides information for registered providers, social landlords, landowners, developers, applicants, agents and council officers who are concerned with the provision of affordable housing. It seeks to clarify the approach that the Council will take in supporting the delivery of affordable housing. Following consultation with stakeholders and the public the amended document will be accepted as Council policy in relation to Affordable Housing and will be treated as a material consideration when determining planning applications.

This document seeks to address not only the issue of affordability in the borough but in addressing the identified housing need, the needs of the elderly will also take priority.

Ribble Valley has an ageing population, which is projected to increase by 49% in the next 15 years. The market has failed to meet the housing needs of this age group, and therefore accommodation appropriate for the elderly will be delivered through section 106 agreements.



1.3 The Addressing Housing Needs Policy intends to be both complimentary with and supplemental to, the relevant policies contained within the Development Plan for the area and will ultimately contribute to the emerging Local Development Framework. It also accords with national planning policy as contained in PPS3 (Planning Policy Statement 3 - Housing) and the Guidance on Delivering Affordable Housing Statement published by the CLG. The recently adopted North West Plan, The Regional Spatial Strategy (September 2008) provides the regional policy dimension

on planning and provision of affordable housing and is an important component of the development plan for the area.

- 1.4 A more detailed definition of what constitutes affordable housing is given later in this policy (See Section 2) but it is broadly defined, as that which is accessible to people whose income does not enable them to afford to buy or rent property suitable for their needs in the open housing market. Despite the recent changes within the economy, house prices in the Ribble Valley are much higher than national averages. The average mean house price in 2009 is £211,026. The gross annual income needed for a mortgage is £54,264 and the ratio to house price income is 9.8 which is the highest in Lancashire. These statistics are reflected in the Council's Strategic Housing Market Assessment, and Housing Needs Surveys 2006-2011 that show that many people in the borough cannot afford to buy or rent on the open market. Even accounting for market falls the fact is that prices would have to fall and incomes rise significantly to bridge the gap that has developed.

## 2. Defining Affordable Homes

- 2.1 The term "affordable housing" embraces all forms of tenure, accommodation type and size of unit. The key element is the ability to afford. In Ribble Valley the following formal definition of affordable housing has been agreed as the basis of housing policy:

**"housing, irrespective of tenure, ownership or financial arrangements, available to people who cannot afford to occupy homes generally available on the open market".**

*Source: Ribble Valley Housing Strategy.*

- 2.2 The planning process can deliver affordable homes in a number of forms. The most common forms are described below:

### 2.2.1 Affordable Homes for Sale

To ensure that homes are affordable to the majority of people living in Ribble Valley They should be sold at a price that does not exceed;

- **3.5 times the mean of an individual's gross annual earnings**
- **or 2.9 times the gross median household earnings of those households identified as being in housing need in the parish.**

This is based on the calculation commonly used by mortgage lenders when assessing the household's suitability for a mortgage. Information on the income levels can be obtained from the Strategic Housing Section at Ribble Valley Borough Council. Applying a % discount to ensure households in need can secure a mortgage is calculated using the above formula and information from Housing Needs Surveys. The properties would be considered as Low Cost Homeownership Units.

A planning obligation in the form of a Section 106 Agreement would be used to maintain the discount on future sales and ensure that it is sold to those in housing need. In addition a registered social landlord or similar organisations may retain the freehold interest in such properties. These measures are intended to ensure that such homes will remain affordable to eligible people in perpetuity. This form of



provision is becoming increasingly difficult to deliver effectively especially in areas of high value as the levels of discount render schemes unviable. The council accept a discount of 40% from open market value as the maximum % that would be applied. The council would require any proposed scheme to clearly demonstrate how local needs would be met and may require the developer to deliver an alternative form of provision in accord with local needs.

### 2.2.2 Affordable Homes for Shared Ownership

These schemes, delivered in partnership with a registered provider or similar, allow payments to be split between mortgage and rent. The percentage share of ownership will vary depending on the individual circumstances of the person or household in housing need. The household can gradually increase their % share to move towards outright ownership. In settlements of less than 3000 population, owners on a shared ownership model can only obtain a maximum 80% share as they do not have the legal right to increase to 100% ownership. The property will therefore remain a shared ownership property for future occupiers. Here, too, a planning obligation in the form of a S106 Agreement would be used to control occupancy of the properties. The reference to settlements for the purposes of this memorandum relates to villages as defined in the adopted local plan.

### 2.2.3 Affordable Homes for Rent

The introduction of the affordable rent model seeks to increase social rent to the higher level of up to 80% of market rent and removes the future provision of social rent. This shift in tenure provision by increasing the rental values will affect working households the most. The Council will always seek to ensure that the rent is within the Local Housing Allowance rates to ensure they are affordable. This also applies where a private developer develops properties available for rent. Where the Central Lancashire Local housing Allowance applies a 10% reduction will be imposed to ensure the units remain affordable to households not claiming housing benefit. The Council will control the level of rent that can be charged and set eligibility criteria to ensure that properties are let to local people in housing need usually through the use of a Section 106 Agreement in conjunction with the grant of Planning permission. The Strategic Housing Section can provide information on local housing allowances and eligibility.

## 3. Affordable Housing Thresholds

### 3.1 The Council will negotiate the provision of affordable housing on all qualifying housing developments as follows:

- **In Longridge and Clitheroe on housing developments of 10 or more dwellings (or sites of 0.5 hectares or more, irrespective of the number of dwellings) the Council will seek affordable housing provision at 30% of units on the site.**
- **In all other locations in the borough on developments of 5 or more dwellings (or sites of 0.1 hectares or more irrespective of the number of dwellings) the council will seek 30% affordable units on the site.**
- **The Council will only consider a reduction in this level of provision to a minimum of 20% only where supporting evidence, including a viability appraisal fully justifies a lower level of provision.**

#### 4 Affordable Housing Tenure

- 4.1 Longridge and Clitheroe are the main market towns in the borough and the thresholds established recognise that they have the lowest income to house price ratio in the borough. The income to house price ratio falls to between 4 – 5 and generally where house prices are between 4 and 5 times income it has been considered possible to secure a mortgage.
- 4.2 Ribble Valley has the lowest provision of social housing in the North West with 0.7% of the total stock and an identified shortfall of 264 social rented units per year. The Councils therefore support the development of social rental and affordable rental.
- 4.3 It should be noted that the threshold of 10 in relation to dwellings is different from national guidance but reflects the circumstances of the Ribble Valley area as evidenced in the Strategic Housing Market Assessment.
- 4.4 The form of affordable housing to be provided and the mechanism by which it will be secured will be determined by negotiation between the Council and the developers. The housing type will be determined on a site-by-site basis using the housing needs information. This will take into account the extent and nature of local needs and have regard for location of the site relative to local services and facilities, access to public transport, scheme economics, and other planning objectives of the site. Any affordable housing provided under the terms of this policy should be available for those in local need to initial and successive occupiers for as long as the local need exists. Therefore in most circumstances it will be a requirement that a legally binding agreement (Section 106) is signed and conditions applied to ensure that initial and successive occupancy is restricted to members of the local community in housing need. A local occupancy cascade approach will be applied in all schemes. This approach means that if there is no interest or demand from those within the immediate Parish or who have a connection to the Parish then the catchment is widened to include neighbouring Parishes.
- 4.5 A planning application for a development which generates the requirement for affordable housing must be accompanied by a draft Section 106 agreement giving details of the affordable housing the applicant proposes to deliver. The starting point for negotiating affordable housing on qualifying sites in all locations is 30% of the total number of dwellings proposed. Where odd numbers of dwellings are proposed, the target would be rounded down to the nearest number eg on a development of 3 houses the Council would negotiate for one affordable house. This target for provision will only be reduced where it can be demonstrated that at 30%, affordable housing provision is not financially viable. This will require the submission of a development appraisal as part of any application that will be subject to independent verification by the District Valuer (at the applicants cost).
- 4.6 For the purposes of assessing affordable housing the council will include live/work properties as residential units when considering the qualifying threshold.



## 5 Accommodation for the Elderly.

5.1 Providing housing for the elderly has been a priority within the Housing Strategy for many years. However the market has developed little bungalow accommodation. The requirement for 15% of the units to be bungalows for the elderly would be achieved by;

- on sites of 30 units or more a requirement for 15% to be for the elderly,
- of the 15% elderly accommodation a minimum of 50% would be affordable and included within the affordable offer of 30%.
- The remaining 50% of the elderly accommodation could be market housing be sold at market value or rent.

For example;

Site of 60 units in total – will seek to achieve 30% affordable which would deliver 18 affordable units. In addition 15% must be accommodation for the elderly, which is 8 units that must be bungalows built to lifetime home standard. Of the 8 bungalows 50%, 4 in this case need to be affordable and can be included in the affordable offer of 18, a further 4 will be market value properties with a requirement that they are sold to households with a local connection. To be secured within the Sect 106 agreement.

## 6 Establishing Housing Needs

6.1 There is a clear need for affordable housing across all areas of the district. This is evidenced in the Strategic Housing Market Assessment 2008 and the Parish Housing Needs Surveys, which identify the number of households who are in unsuitable housing, and those who need to move to solve their housing problems but cannot afford to rent or buy even at the lowest market prices. The Council's Strategic Housing Market Assessment 2008 provides the evidence base upon which the overall level of need is determined. The assessment provides a comprehensive picture of the local housing market and subsequent needs and can be found on the Local Development Framework pages of the RVBC website. It is clear from the assessment that to meet housing need the council would need to deliver a level of housing in excess of the existing planned requirement set in the Regional Spatial Plan. Consequently to address the deficit, the Council anticipates that a high proportion (at least half) of new development needs to be affordable if it is to address this identified need and the corporate priorities.

6.2 In order to understand the needs of the district and to fully support housing strategy and planning objectives, Ribble Valley Borough Council is committed to develop, monitor and provide up to date research on housing needs information. To this end the Council takes into account a variety of sources of information. Applicants should therefore ensure that they have considered this information when formulating their proposals. There are currently four main sources of information; these include:

- Housing needs information within the Strategic Housing Market Assessment 2008
- Housing Needs Surveys – over 90% of the borough is covered by an up to date Parish Housing Needs Survey
- Housing waiting list for social housing held by Ribble Valley Homes

- Affordable housing waiting lists for intermediate housing provision.

## 7 Commuted Sums

- 7.1 Government guidance stresses the importance of integrating different tenures throughout housing schemes in order to promote mixed and well-balanced communities and create more varied patterns of housing types and ownership. Therefore, where affordable housing is required as part of a proposed development, the first assumption is that this will be provided on site. The acceptance of commuted sums in lieu of on site provision may be considered where the developer can fully satisfy the Council as to the reasons why provision cannot be made on site. In general the Council will not consider commuted sums for sites outside Clitheroe and Longridge or where the ratio of house price to incomes is more than 7 (see appendix 2) unless there are clearly demonstrated special circumstances.
- 7.2 Where commuted sums are accepted, the amount payable per dwelling will be a sum equal to the difference between the highest value a partner RSL would be willing to purchase at (without grant) and an independent market valuation of the dwelling. Exceptionally, for example, where affordable housing will be delivered in a more suitable location, the provision maybe transferred to another site in the same locality. In such circumstances it must be in addition to any requirement for affordable housing generated by that site itself or by providing the affordable housing in the same locality. In both instances the same level and type of affordable housing should be provided as that required on the qualifying site although tenure will be determined primarily by the site's location. The mechanism for transfer of dwellings and payments of commuted sums will be secured through a Section 106 Agreement.
- 7.3 A commuted sum would be considered where housing needs of a parish had been met. When accepted a consultation exercise would be undertaken to agree the most appropriate use of the sum.



# Appendix 1

## General Guidance

### 1. Site Size and Suitability

- 1.1 Area measurement – the Council will calculate the affordable housing requirement based on the gross development area in hectares of the red edge site boundary. The gross development area will exclude major distributor roads and existing driveways.

### 2. Number of Units

- 2.1 In terms of the qualifying number of units, ie 5 or 10 under the policy, the gross number will be used. Where dwellings are to be re-developed/replaced, the net additional dwellings created will determine the required provision. Existing dwellings that are proposed to be retained, refurbished or extended will also be excluded from the calculation.

## Examples,

- if the proposal is for a conversion of one dwelling to four, negotiation will be based on the three new dwellings to be provided.
  - If the proposal is for the demolition of two dwellings and replacement with five, negotiation will be based on the three new dwellings to be provided.
  - If the proposal involves retention of one dwelling and erection of a further three, then negotiation will be based on the three new dwellings.
- 2.2 Where the number of units proposed is considered by the Council to be inappropriate for the site area, a revised scheme will be negotiated at a more appropriate density. This may mean the number of dwellings used in the calculation rises above the threshold needed to provide an element of affordable housing.
- 2.3 There may be circumstances where a site exceeds a qualifying threshold ie 5 or 10 dwellings but it is claimed that other requirements of the site make the provision of the affordable housing not viable. The Council has resolved to give priority to the provision of affordable housing when considering competing requirements being sought under a Section 106 agreement. The presumption should be that the Council is unlikely to accept “other requirements” as a reason for not providing affordable housing.

### 3. Division of Sites

- 3.1 To avoid the site area being sub-divided or otherwise reduced in area below the relevant threshold site size, the Council will have regard to whether there is scope for further development to be undertaken. A planning application for development which forms part of a more substantial potential development on the adjoining land will be treated as site of the overall size in relation to paragraph 3.1 of the memorandum.

### 4. Supported living, care and retirement accommodation

- 4.1 Supported living/care accommodation which is self contained and is specifically to be operated by a Housing Association will be exempt from the requirement of affordable housing provision. Need for this type of affordable accommodation will have to be

demonstrated and the Council satisfied that the proposed development is generally one that is concerned with the giving of personal care to people occupying the properties. To this effect the development should preferably, be accepting referrals from Lancashire County Council, adult and community services. Alternatively the applicants own criteria for assessing potential residents should be approved by Lancashire County Council prior to planning permission being granted, to ensure all residents are in need of care. The issues of affordability are equally applicable to homes that are accompanied by the provision of care.

#### 4.1.1 Phasing on Site.

To ensure the affordable units are delivered on the site in line with the market units the following phasing requirements will be included within the section 106 agreement. Where possible the Registered Provider will be party to the agreement however when this is not the case, the agreement with the Registered Provider is required for approval by the Council before any market properties are occupied. In addition once the development starts the agreement will require that, before 50% of the market units be completed on site that the affordable units are completed and ready for occupation.

#### 5. Site suitability

- 5.1 Sites and buildings suitable for residential development which fall within the qualifying sizes set out in this policy will generally be considered by the Council as suitable for affordable housing be it for subsidised renting or low cost home ownership. The type of affordable housing to be provided will be determined through negotiation with the Housing Strategy Officer and will take into account the nature of housing need in location of the site relative to services.

#### 6. Economics of provision

- 6.1 An applicant proposing to provide a level of affordable housing below the Council's 30% target will be required to carry out and submit a development appraisal with their planning application. Appraisals will be evaluated by the District Valuation Officer and treated in the strictest confidence. The appraisal should cover all costs and expected receipts arising from the development to provide a net residual valuation. Where this demonstrates that it is not financially viable to provide affordable housing at the level required by the Council, the Council may consider a reduction. In all cases the applicant will be required to meet the Council's costs for assessment by the District Valuer.

#### 7. Design issues

- 7.1 In order to achieve mixed types of tenure throughout larger residential developments, the Council will not support the principle of grouping affordable housing units together in discrete locations. New residential developments should be designed so that affordable housing is pepper potted amongst the open market housing. It is accepted that, it may not always be practical to pepper pot individual housing units through a development. In such cases, smaller clusters of a size appropriate to the overall site size will be located throughout the development will be appropriate. Applicants are advised to contact the Planning Department and Housing Strategy Officer at the pre-application stage in order to discuss an acceptable level of pepper potting for their proposed development.

7.2 The Council expects affordable housing to be built to the high standard of design, amenity and energy efficiency required of all residential accommodation. Affordable housing units provided within a residential development should be visually indistinguishable and of a similar size and quality to the open market housing. The units should be designed to suit the type of affordable housing that is required and built to the Homes and Communities Agency standards. Affordable housing units should be provided with car parking spaces in accordance with the Council's standards. Affordable units which form part a larger market site should not be denied access to parking spaces in order to maximise provision for higher value properties.

7.3 In the case of outline applications the Council will require details of the numbers and types of affordable housing to be provided. The agreed details will be set out in the draft Section 106 Agreement required as part of the planning application.

## 8. Partnership arrangements

8.1 The Council has a partnership arrangement with four partner Registered Social Landlords (RSLs). All have affordable housing stock within the borough and support the Council's further development of affordable units, working to the same financial parameters to ensure their homes are affordable to local people. Currently, Ribble Valley Borough Council's partner RSLs are

- Adactus
- Great Places
- Ribble Valley Homes
- St Vincent's

For full contact details for each RSL see Annex 2.

The Council strongly recommends that developers involve an approved partner registered social landlord in the development of affordable housing within private development sites.

## 9. Section 106 agreements.

9.1 The council has prepared draft Section 106 agreements for all tenure types that can be used as templates for new developments, reflecting any unique detail of a development. A draft Section 106 should be included with the planning application. The Strategic Housing Working Group will consider the draft and make their recommendations before the agreed Section 106 is taken before Planning Committee for approval.

9.2 A mortgagee in possession clause will only be acceptable as part of a Section 106 Agreement if the registered social landlord has demonstrated that one is required.

## 10. Contacts

### 10.1 Pre- Application advice

Developers should liaise with the Council at an early stage prior to the submission of planning applications. This will help to minimise delays in the Council's assessment of site suitability. On request the Strategic Housing Team and a partner RSL will give advice to developers preparing schemes on estimated purchase prices, which will vary on a site-by-site basis.

## 10.2 Affordable Housing Memorandum clarification

For any further assistance or clarification of this affordable housing memorandum, please contact Rachael Stott, Housing Strategy Officer or, Colin Hirst Forward Planning & Regeneration Manager for Planning or Regeneration related issues.

## 10.3 Specific Planning Applications

For queries on specific planning applications your first contact should be the Development Control Officer dealing with your proposal.

Rachael Stott  
01200 414567  
rachael.stott@ribblevalley.gov.uk

Colin Hirst  
01200 414503  
colin.hirst@ribblevalley.gov.uk

## 10.4 Review Procedure

The document will be reviewed annually at the Housing Forum. Health and Housing Committee will approve any proposed amendments before full consultation is undertaken.

## APPENDIX 2

### Adactus Housing Association

Turner House  
56 King Street  
Leigh  
Lancashire  
WN7 4LJ

T: 01942 608715  
F: 01942 261538

### Ribble Valley Homes

44 York Street  
Clitheroe  
Lancashire  
BB7 2DL

T: 0800 111 4448  
F: 01200429861

### St Vincent's Housing Association

1<sup>st</sup>Floor  
Metropolitan House  
20BrindleyRoad  
Old Trafford  
Manchester  
M16 9HQ

T: 0845 606 6565  
F: 0161 772 2121

### Great Places Housing Group

Southern Gate  
729 Princess Road  
Manchester  
M20 2LT

T: 0161 447 5000

## APPENDIX 3

Ratio of Mean house price to income by ward

| Ward                            | Mean Household<br>Income (£) | Mean price 2007 | Mean Price Ratio |
|---------------------------------|------------------------------|-----------------|------------------|
| Aighton, Bailey and Chaigley    | 39,384                       | £320,056        | 8.1              |
| Alston and Hothersall           | 35,304                       | £179,672        | 5.1              |
| Billington and Old Langho       | 38,394                       | £269,374        | 7.0              |
| Bowland, Newton and Slaidburn   | 32,403                       | £412,734        | 12.7             |
| Chatburn                        | 32,843                       | £221,496        | 6.7              |
| Chipping                        | 35,100                       | £284,563        | 8.1              |
| Clayton-le-Dale with Ramsgreave | 38,334                       | £257,127        | 6.7              |
| Derby and Thornley              | 28,704                       | £159,170        | 5.5              |
| Dilworth                        | 37,625                       | £206,246        | 5.5              |
| Edisford and Low Moor           | 30,281                       | £141,875        | 4.7              |
| Gisburn, Rimington              | 34,160                       | £308,498        | 9.0              |
| Langho                          | 39,935                       | £216,041        | 5.4              |
| Littlemoor                      | 26,854                       | £178,567        | 6.6              |
| Mellor                          | 39,048                       | £273,665        | 7.0              |
| Primrose                        | 30,989                       | £141,484        | 4.6              |
| Read and Simonstone             | 40,214                       | £246,371        | 6.1              |
| Ribchester                      | 37,452                       | £231,934        | 6.2              |
| Sabden                          | 36,345                       | £159,398        | 4.4              |
| Salthill                        | 34,495                       | £217,928        | 6.3              |
| St Mary's                       | 35,553                       | £166,020        | 4.7              |
| Waddington and West Bradford    | 35,194                       | £277,905        | 7.9              |
| Whalley                         | 41,763                       | £325,268        | 7.8              |
| Wilpshire                       | 45,184                       | £257,146        | 5.7              |
| Wiswell and Pendleton           | 39,092                       | £320,567        | 8.2              |