



WARWICK DISTRICT LOCAL PLAN Public Local Inquiry 2006

Core Topic Paper 3

Affordable Housing



1996 - 2011

February 2006

Warwick District Local Plan - Public Local Inquiry Core Topic Paper 3

Affordable Housing

1. Introduction

1.1 This core topic paper gives information on affordable housing issues addressed within the Warwick District Local Plan. This is one of a total of 12 core topic papers that have been prepared for the Public Inquiry into the Local Plan. These core topic papers do not seek to respond to individual objections to the local plan, but to provide background information on various key topics. The Council is also preparing detailed proofs of evidence and written statements that will respond to the detailed comments of objectors to the Local Plan. These will refer back to these core topic papers as necessary.

1.2 This proof is structured to provide background information to the following areas:

- Overview of Affordable Housing in Warwick District
- Context:
 - National
 - Regional and sub-regional
 - Local
- The Policies of the Local Plan

1.3 General housing issues and rural housing issues are dealt with in the following topic papers: Housing (CD/16) and Rural Areas (CD/24).

2. Overview of Affordable Housing in Warwick District

2.1 The lack of sufficient affordable housing is one of the most serious issues facing Warwick District. The District is a generally affluent area with property prices

- amongst the highest in the West Midlands region. The area is attractive to commuters and economically active households and there are high levels of intra-regional migration from the West Midlands conurbation as well as in-migration from the South East region. Leamington, in particular, attracts a large number of students from the University of Warwick and this places further pressure on low cost housing in the District.
- 2.2 The Regional Housing Strategy 2005 (CD/1001) has placed Warwick District in the South Housing Market Area along with Stratford on Avon District and the six Worcestershire Districts. This Housing Market Area (HMA) is characterised by high levels of owner occupation, low stocks of affordable housing and high levels of homelessness and affordable housing needs.
- 2.3 The following Table provides details of house prices for Warwick within the context of the West Midlands region, Warwickshire and the South HMA. The Table shows that house prices in Warwick are well above the regional and county averages and second highest in the South HMA, after Stratford District, for all types of property except flats/maisonettes. For this type of property, prices in this District are highest in the HMA.

TABLE 1 Average House Prices (£ 000's). October 2005 – December 2005				
Region, County and South HMA Local Authorities				
Area	Detached	Semi Detached	Terraced	Flat/Maisonette
West Midlands	266.0	148.0	120.3	121.6
Warwickshire	305.6	173.6	147.4	132.8
Warwick	346.9	208.0	187.1	151.7
Stratford	358.1	228.2	190.9	149.2
Wychavon	312.2	181.2	156.6	119.0
Worcester	253.2	158.3	138.3	128.5
Malvern Hills	288.9	196.3	167.6	129.5
Bromsgrove	322.8	182.6	158.8	140.1
Redditch	245.1	146.7	120.2	106.9
Wyre Forest	242.6	154.8	132.5	104.7

Source : Land Registry

- 2.4 The relatively high prices of houses at the entry-level, i.e. flats and terraced houses, is a major cause of the affordability problem in Warwick District. The Draft Housing Assessment for South Warwickshire (March 2006) (CD 307) indicates that the entry-level house price in the District is £179,856¹. A single earner without existing equity or other means would need to earn £51,387 to afford to buy such a property.
- 2.5 The economy of Warwick District is dominated by the service sector which provides 84% of local employment, the highest in the South Housing Market Area. This sector is dominated by “distribution, hotels and restaurants” and “finance, IT and business services”. Economic activity in Warwick is significantly lower than average in the younger age groups, partly due to the student population, but higher than average in all other age groups. There is a high proportion of people employed in the managerial and professional occupations.²
- 2.6 Although average earnings are amongst the highest in the South HMA, the gap between the highest 10% and the lowest 10% earners is £790 per week, nearly £100 more than the average for Warwickshire³.
- 2.7 The District is a net importer of workers. Warwick residents who are higher earners in the managerial and professional occupations are more likely to commute to work than those in other occupations. Those in the “personal service” and “sales and customer service” occupations are more likely to live and work in the District⁴. These latter workers are those who are least able to afford to buy or rent suitable property in Warwick District.
- 2.8 Warwick District Council still owns and maintains a stock of 5,713 Council Homes, which comprise just under 10% of the total housing stock. In addition to this, a total of 2,646 homes are owned and managed by housing associations.

¹ See Appendix I – Entry-level House Prices in Warwick District

² 2001 Census

³ Annual Survey of Hours and Earnings. ONS 2004

⁴ Travel to Work Tables. 2001 Census

The Council monitors the need for affordable housing at regular intervals by way of surveys and assessments and works with Registered Social Landlords on a formal basis to maximise the opportunities to bring forward further affordable homes. Since 2001, a total of 370 new affordable homes have been provided in the District, 11% of total completions.

- 2.9 Affordability in Warwick District is a corporate priority which is recognised in the Council's Community Plan (CD 103) and Corporate Strategy (CD 101). Housing and Planning Officers work with partner Registered Social Landlords and developers to increase the supply of affordable homes in line with the Council's corporate objectives.

3. Context

- 3.1 The wider planning policy context for the Local Plan's affordable housing policies is set out in the Government's Planning Policy Guidance 3: Housing (PPG3), Circular 6/98, the West Midlands Regional Spatial Strategy (RSS) and the Warwickshire Structure Plan. References are also made here to emerging Government policy contained within a review of PPG3 in the form of the Consultative Draft Planning Policy Statement 3: Housing (Draft PPS3).

National Context

Planning Policy Guidance 3: Housing (PPG3)

- 3.2 Government Policy in relation to affordable housing is set out in **Planning Policy Guidance 3: Housing** (DETR March 2000) (CD1103) and Circular 6/98 (see below). Government objectives for affordable housing in PPG3 are that everyone should have the opportunity of a decent home; that there should be greater choice of housing; that housing should not reinforce social distinctions and that the housing needs of the whole community should be recognised in both urban

and rural areas (para 1). In order to meet these objectives, local authorities should:

- meet the housing requirements of the whole community, including those in need of affordable and special needs housing; and
- provide wider housing opportunity and choice and a better mix in the size, type and location of housing than is currently available, and
- seek to create mixed communities.

3.3 PPG3 states that Regional Planning Bodies and strategic planning authorities should identify and assess regional and sub-regional trends and factors which are likely to influence affordable housing need and that these should be taken into account by local authorities along with local assessments of housing need. The RPG (now the Regional Spatial Strategy) and the Regional Housing Statement (now the Regional Housing Strategy) should together provide the context for a strategic approach to tackling housing need.

3.4 Local planning authorities should work jointly with housing departments to assess the range of needs for different types and sizes of housing across all tenures. It is their responsibility to produce local housing assessments in the light of local circumstances and these should consider both the need for new housing and ways in which the existing stock might be better utilised.

3.5 PPG3 states that a community's need for affordable housing is a material consideration which should be taken into account in formulating policies and deciding planning applications. Where there is a demonstrable need for affordable housing, the local plan should include a policy for seeking affordable housing on suitable sites. These policies should:

- define what the authority considers to be affordable housing (in terms of income levels and house prices or rents for different types of households);
- indicate how many affordable homes need to be provided, including the different needs of different household types; and
- identify suitable areas and sites on which affordable housing is to be provided.

- 3.6 Decisions on the amount and type of affordable housing to be provided should be based upon local need and site suitability and be a matter for agreement between the relevant parties.
- 3.7 Local Plans should include a policy to support the provision of affordable housing in rural areas on sites which would not otherwise be released for general market housing. These “exception sites” should be small, solely for affordable housing and on land within or adjoining existing small communities. Rural exception site policies can apply to both windfall and allocated sites.

Circular 6/98 “Planning and Affordable Housing”

- 3.8 **Circular 6/98 “Planning and Affordable Housing”** (CD 1132) sets out more detailed guidance on the way in which affordable housing should be provided through the planning process.
- 3.9 The Circular sets out the criteria which should be taken into account in assessing the suitability of sites for affordable housing. These are site size, suitability and the economics of provision, and the need to achieve a successful housing development.
- 3.10 Suitable sites are judged to be developments of 25 or more dwellings (or 1 hectare or more). In settlements in rural areas with a population of 3,000 or fewer, the local planning authority should adopt appropriate thresholds. These should be based on assessments of need and the availability of sites for housing and should be adopted through the local plan process. However, where exceptional local constraints can be demonstrated, local authorities may adopt lower thresholds of between 15 dwellings (or 0.5 hectare) and 25 dwellings (or 1 hectare) through the local plan process. Other considerations in terms of site suitability include the proximity of services, the costs associated with the development and the effect on the realisation of other planning objectives.
- 3.11 Circular 6/98 also provides guidance on the need to control the occupancy of affordable dwellings and ways in which affordability can be retained in perpetuity.
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Consultation Draft Planning Policy Statement 3: Housing (Draft PPS3)

- 3.12 In December 2005 the Government issued a consultation paper on **Draft Planning Policy Statement 3: Housing** (CD/1103). The consultation period ended on 27 February and a final PPS3, which will replace PPG3 and Circular 6/98, will be issued in September.
- 3.13 The Government's key objective in Draft PPS3 is that *"everyone has the opportunity of living in a decent home, which they can afford, in a community where they want to live."* A key element of the Government's emerging planning policy for housing is to deliver a better balance between supply and demand, improve affordability and create sustainable, inclusive and mixed communities in all areas. Draft PPS3 defines affordable housing as social-rented or intermediate housing.
- 3.14 Regional spatial strategies will be required to identify sub-regional Housing Market Areas (HMA) and, for each of these, provide a target for affordable housing. In addition, the regional spatial strategy will set out the approach to meeting affordable housing needs, including rural affordable housing.
- 3.15 Where there is a need for affordable housing, local development frameworks (LDF's) will be required to set out:
- the affordable housing provision target as a number or proportion of the overall level of housing provision;
 - where appropriate, targets for social and intermediate housing;
 - the amount of affordable housing that will be sought on sites above the relevant site size threshold and the size and type of affordable housing required; and
 - the approach to meeting rural affordable housing needs.
- 3.16 Sub-regional housing market assessments should be carried out by local planning authorities and these should help determine whether affordable housing is needed and guide the level, size, type and location of such housing. Local
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planning authorities should set a minimum site size threshold, above which affordable housing will be sought, and the indicative national threshold will be 15 dwellings. Where justifiable, a different threshold may be set but account should be taken of the impact on the delivery of housing provision and the viability of sites. Further detailed advice will be produced in the form of a Companion Guide.

Regional and Sub-regional Context

West Midlands Regional Spatial Strategy

- 3.17 **Regional Planning Guidance for the West Midlands (RPG11)** (CD 1002) was adopted in June 2004. With the enactment of the Planning and Compulsory Purchase Act in September 2004, the guidance became the **Regional Spatial Strategy for the West Midlands** (RSS) and part of the development plan for Warwick District.
- 3.18 The key to the Spatial Strategy is achieving an urban renaissance in the four major urban areas (MUA's) of Birmingham/Solihull, the Black Country, Coventry and the North Staffordshire conurbation (para. 3.11). This involves the reversal of unsustainable out-migration of people and jobs from the MUA's and the creation of development opportunities within these areas. Outside of the MUA's, progressively lower levels of housing growth are proposed so that they ultimately meet local needs and do not provide for continued out-migration.
- 3.19 **Policy CF5** is concerned with delivering affordable housing and mixed communities. It states that local authorities should:
- co-operate with developers and social housing providers to create more balanced and mixed communities through the provision of a range of housing and tenures;
 - keep under review the need for affordable housing in their area, based on housing needs assessments;
 - indicate in their development plans how many affordable homes need to be provided in the plan area;
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- specify in development plans how rural affordable housing will be provided in market towns and villages;
- consider the need to prevent the unjustifiable use of affordable housing provision for general market housing purposes

3.20 The RSS recognises the need for 6,000-6,500 affordable dwellings per year across the region although these needs differ across the region. Broadly speaking, there is poor quality and choice in the Major Urban Areas whilst insufficient affordable housing is the main problem in the south and west of the region. In these areas, and in the rural areas generally, reliance on relatively small windfall sites makes it difficult to secure affordable housing. **Sub-section E of Policy CF5** states that local planning authorities should consider whether there is a need for affordable housing to be sought on sites below the threshold set out in national guidance in areas where low income households have particular difficulty in affording local general market house prices.

West Midlands Regional Housing Strategy

- 3.21 The **West Midlands Regional Housing Strategy** (RHS)(CD1001) was published in June 2005. The strategy was supported by extensive research into the housing circumstances of the region. This research informed the identification of the region's four Housing Market Areas (HMA's). Warwick District is included within the South HMA along with Stratford on Avon District and the six Worcestershire districts.
- 3.22 The RHS states that intra-regional migration from the conurbation, coupled with migration from the South East, has created a high demand, highly unaffordable, housing market in the South HMA. The RHS expects further pressures on the South HMA to result from the Milton Keynes/ South Midlands Growth Area.
- 3.23 The South HMA is attractive to commuters and economically active households and has high rates of owner occupation. A very low proportion of the area's housing stock is affordable housing and as a consequence the South HMA has high levels of homelessness and affordable housing needs (para 3.104). Within

the HMA, Warwick District and Stratford Town have the highest affordable housing needs (para. 3.107). Table A.4, reproduced in Appendix II to this report, shows that amongst the region's local authorities, Warwick District has the worst level of affordability in terms of entry-level house prices at both 4.25 times income and 3.5 times income. As a consequence, in this HMA the urban areas of Worcester, Warwick and Stratford "*should be the focal point for social housing investment in the short term.*" In terms of the wider allocation of funding, however, the RHS identifies the regeneration of the low demand areas in the West Midlands conurbation as being of greatest priority.

- 3.24 In 2005 the Regional Planning Body and the Regional Housing Body commissioned a report into the delivery of affordable housing in the region. The report, **Affordable Housing in the West Midlands (GVA Grimley 2005)**, identified three main barriers to the delivery of affordable housing. These were
- the use of minimum site size thresholds;
 - a narrow focus on social rented housing; and
 - inflexibility in adjusting requirements to meet local need.
- 3.25 With regard to the use of thresholds, the report considered that the current threshold policy was open to abuse and that increasing use of small brownfield sites and mixed use schemes in housing supply undermined the achievement of affordable housing provision. Further, given general land values across the West Midlands region, GVA Grimley did not accept that there were valid concerns over viability other than in exceptional circumstances. One of the recommendations of the report was that local plans should reduce or remove thresholds where this can be justified by needs. This is carried forward in **Policy 6.2** of the RHS which states that in areas most under pressure to provide affordable housing, plan policies should be strengthened to include a wider range of development sites.

Warwickshire Structure Plan 1996-2011

- 3.26 The Structure Plan aims to ensure that sufficient provision is made for affordable housing throughout the county in the plan period. It aims to provide affordable housing for all in the community including migrants from the metropolitan area.

Policy H.2 sets out indicative targets for affordable housing by District which should be taken into account in carrying out local housing assessments. Policy H2 expects Local Plans to make provision for affordable housing, based on their assessments of need, and states that this provision should not be released for general market housing unless justified by an up-to-date survey. The indicative target for Warwick District is 3,600, of which 1,700 are for local needs and the remainder for needs arising through migration from the metropolitan area.

- 3.27 This indicative target was based on research undertaken at regional level for RPG11 and provided an indication of the level of need in the district at that time taking into account the backlog and the housing needs of migrants. The figure represented 44% of Warwick District's Structure Plan housing requirement. Since the publication of the Structure Plan, three local needs surveys/assessments have been carried out – the 1998 Needs Study, the 2001 Update to the Needs Study and the 2006 Housing Assessment (see paragraphs 4.9 - 4.10 below)

Local Context

- 3.28 The policies in the Local Plan have also been informed by a number of local strategies, policies and studies. In addition to these, the policies in the current adopted Local Plan have impacted upon the amount of affordable housing coming forward from existing committed sites.

Adopted Warwick District Local Plan 1989-2001

- 3.29 One of the housing objectives of the adopted Local Plan (CD 1) was:
“To make provision for low-cost starter homes (social housing), both in rural areas and in the towns.”
- 3.30 **Policy H16** of the adopted Local Plan makes provision for small scale, shared equity or rented housing schemes in or adjacent to existing settlements in the rural area in very exceptional circumstances where local need is evidenced by a parish or village survey.

- 3.31 **Policy H17** made provision for the application of density controls on allocated and windfall sites over 2 hectares in size to ensure some higher density dwellings are provided for sale. On such sites the Council would negotiate for housing of varied tenure types, where appropriate. On sites under 2 hectares, the Council would encourage developers to provide some low cost units.
- 3.32 **Policy H17** pre-dated Circular 6/98 and PPG3 and reflected current practice at that time. The Council, therefore, had limited success in achieving affordable housing on the allocated sites. The following Table shows the proportion of affordable housing which was achieved on the major allocated sites.

TABLE 2 Affordable Housing on Sites Allocated in Warwick District Local Plan 1998-2001		
Site	Total Dwellings	% Affordable Housing
Heathcote Home Farm (Warwick Gates)	1,510	15
Whitnash Allotments, Whitnash	266	11
South Sydenham, Whitnash	315	16
South West Warwick (Phases I – VI)	633	10
Central Hospital, Hatton	595	10

Source: Warwick District Housing Monitoring Database

- 3.33 Following the publication of Circular 6/98 (see paragraphs 3.8- 3.11 above) and PPG3 (see paragraphs 3.2 - 3.7 above) in 1998 and 2000 respectively, the Council resolved to apply the recommended threshold in Circular 6/98 of sites of 25 dwellings (or 1 hectare) or more. On such sites, the Council has negotiated for 30% affordable housing and has had a greater level of success in achieving affordable housing.
- 3.34 The following Table shows the proportion of affordable housing which has been negotiated on the remaining allocated sites in the adopted Local Plan and some larger windfall sites.

TABLE 3 Affordable Housing on Allocated and Windfall Sites since 1998		
Site	Total Dwellings	% Affordable Housing
South West Warwick (residual land)	560*	30
Former Cold Storage Depot, Warwick	83	19
Former Emscote Lawn School, Warwick	180	28
Piper's Lane, Kenilworth	61	30
King Edward VII Hospital, Hatton	112	29
* Estimate		

Source: Warwick District Housing Monitoring Database

Corporate Policy and Joint Working Arrangements

3.35 The **Warwick District Community Plan** (Warwick 2020) (CD 103) includes six strategic objectives which underpin its vision. These relate to a community that is: safe, healthy, fair, prosperous, cohesive and sustainable. Key targets of the objective for “a fair community” include

- the implementation of the findings of the Black and Minority Ethnic Groups Housing Needs Study (see below), and
- the implementation of a joint mapping exercise to establish a database of land available for affordable housing

3.36 The Council's **Corporate Strategy 2003-2007** (CD 101) has been produced following consideration of the needs and aspirations of the community and partners and the present and past levels of performance. From this a set of priorities have been developed which take into account resources and capacity and the understanding that not everything can be a priority. One of the social objectives is to “Meet the Housing Need” and the priority actions for achieving this include:

- To increase the number of affordable homes within the District, and
- To improve the quality of housing.

These priorities are supported by Corporate Targets which seek to increase the number of affordable homes by 100 per year and to meet the Decent Homes Standard for council homes of 78% by 2007 and 100% by 2010.

- 3.37 The Council's current **Housing Strategy** (CD 301) was produced in 2003 and is updated annually. It takes forward the objectives from the Community Plan and the Corporate Strategy. An Officer-led Steering Group, the Housing Strategy Steering Group, brings together Officers from Housing and Planning Departments, Members and Tenant Groups to monitor and review progress. This has included involvement in developing the housing policies of the Local Plan.
- 3.38 The Council's **Homelessness Strategy** (CD 306) was updated in June 2005 and meets the requirements of the Homelessness Act 2002. It sets out a review of current provision for meeting the needs of homeless people, identifies future needs and formulates a strategy to meet those needs.
- 3.39 The annual level of homeless acceptances has risen steadily since 2000 from 170 households to over 200 in 2005. The most common reason for homelessness is where parents are no longer willing to provide accommodation. The numbers of households on the Housing Register has risen from 1,510 in 1999 to 2,500 in 2005.
- 3.40 The Strategy sets out a range of targets and actions for improving the service to homeless people.
- 3.41 The Council recognises the importance of **joint working between Housing and Planning Departments** in order to meet the corporate priorities in relation to affordable housing. Housing and Planning Officers work together in developing housing policy such as the Housing Strategy, the Local Plan housing policies and the Supplementary Planning Document on Managing Housing Supply. At councillor level, the Housing and Environment Portfolio Holders are jointly involved in matters related to affordable housing.
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- 3.42 In terms of the implementation of affordable housing schemes, the Council has appointed a Housing Development Officer to liaise with developers and housing associations in bringing forward these schemes. The post is the first point of contact for developers thus ensuring that developers are informed about the Council's strategic priorities at an early stage. The Council's **Guidance for Developers** (see paragraph 4.38 below) was prepared jointly between Planning and Housing Officers and ensures that developers are made aware of both the housing and planning aspects of developing affordable housing.
- 3.43 A priority in the Council's Local Development Scheme 2006 (CD/802) is the preparation of a **Supplementary Planning Document on Affordable Housing**. This will be prepared jointly between Planning and Housing Officers and will set out the way in which the affordable housing policies of the Local Plan will be implemented. Work on the document will commence immediately following the end of the Local Plan Inquiry with a view to adoption in mid-2007.
- 3.44 The Council operates a **Joint Commissioning Partnership** which is attended by Housing and Planning Officers, preferred partner Registered Social Landlords, the Rural Housing Enabler for Warwickshire and (as available) a representative of the Housing Corporation (see paragraphs 4.40 - 4.44 below).
- 3.45 The report of the Audit Commission following the Comprehensive Performance Assessment (CPA) of the Council's services in October 2004, which rated the Council as "Excellent" overall, stated that:

Affordable housing is a priority in the corporate strategy and the council have taken a number of actions. The planning framework has been strengthened and guidance for developers produced which has been externally recognised as positive practice by the Office of the Deputy Prime Minister (ODPM)"

A number of successful and imaginative schemes for rent and shared ownership have been developed to address the districts affordable issue. The council has a joint commissioning partnership with four registered social landlords for

development, which is effective and is used by the housing corporation as a model of good practice.

Local Housing Studies

- 3.46 Planning Policy Guidance 3: Housing (PPG3) requires local planning authorities to carry out assessments of housing need, jointly with housing departments, to establish the range of needs for different types and sizes of housing across all tenures in their area. The **Housing Needs Study 1998** (CD 304), carried out by the consultants Fordham Research, identified a requirement for between 5,700 and 7,900 additional affordable homes up until 2006 if all housing needs were to met. This study was updated in 2001 to bring it into line with latest government guidance on methodology and definitions and to roll forward the needs figure to 2011. This updated study, the **Housing Needs Study 2001** (CD 305), identified a need for 7,072 affordable homes between 1996 and 2011 if all needs were to be met. The 1998 Study and the 2001 Update provided the background information and evidence of need for the Local Plan's affordable housing policy (see paragraph 4.6 below).
- 3.47 In August 2005 the Council, jointly with Stratford on Avon District Council, appointed the consultants Outside UK Ltd to carry out a **Housing Assessment for South Warwickshire**. This was in response to emerging government guidance which requires regional and local authorities to examine housing need and demand within the context of "housing markets". The Assessment follows latest government guidance⁵ and the Draft Report (CD 307) was published in March 2006 (see paragraph 4.9 below).
- 3.48 The **Warwickshire Black and Minority Ethnic Housing Needs Study** (Bob Blackaby, May 2005) was commissioned by the five Warwickshire District Councils and the Supporting People Team to research the specific housing and housing related support needs of minority ethnic groups in the county. In 2001, Warwick District's population had a higher proportion of people in black and

⁵ Local Housing Assessment, A Practice Guide. Discussion Draft. ODPM. March 2005.
Housing Market Assessments. Draft practice guidance. ODPM. December 2005.

minority ethnic groups (7.1%) than any other Warwickshire District. Further, 25% of the county's total black and minority ethnic population lived in Warwick District.

- 3.49 A social survey was carried out as part of the study and this aimed to establish satisfaction with existing accommodation and related services as well as future housing need. Over a third of respondents lived in Warwick District.

Recommendation 1 of the study was that:

The Councils and local housing associations should continue to give urgent consideration to ways in which they can increase the supply of social housing for rent. There is a particular need to increase the supply in Leamington Spa.

Efforts to expand supply should include consideration of:

- *a new build programme for rent*
- *acquisition of existing housing*

Decisions about the mix of housing to be provided under the programme should be informed by the results of this research, alongside the results of general housing needs surveys and other intelligence. It is clear that a range of accommodation sizes is needed. Provision in Leamington Spa should include houses with four bedrooms.

4. The Policies of the Local Plan

- 4.1 In the light of the policy context set out above, the policies of the Local Plan addresses the following issues:

- A The Council's definition of affordable housing
- B The need for additional affordable housing and the target for provision
- C Ensuring that new affordable dwellings will be provided on suitable sites
- D Meeting the need in terms of type, size and affordability and ensuring new affordable dwellings will be made available in perpetuity
- E Providing for affordable housing in rural areas on exception sites
- F Other opportunities for the provision of affordable housing.

A The Definition of Affordable Housing

- 4.2 The Government's definition of affordable housing is set out in Circular 6/98 (paragraph 3.8 – 3.11 above) and this definition is reproduced in paragraph 5.52 of the Local Plan as follows:

Both low-cost market and subsidised housing (irrespective of tenure, ownership – whether exclusive or shared – or financial arrangements) that will be available to people who cannot afford to rent or buy houses generally available on the open market.

- 4.3 Circular 6/98 also states that local authorities should provide their own definition of affordable housing within the above context. The 1998 Housing Needs Survey Executive Summary (Affordable Housing Section) stated that:

Low cost market housing is of no value in meeting the needs of the District in the sense that, even if discounted, it cannot compete with cheaper existing housing and so would not remove a single household from the housing needs figures. Shared ownership has a limited role, and so a target of up to 5% is suggested for this tenure.

The 2006 Housing Assessment (Draft Report) suggests that up to 19% of new affordable housing could take the form of shared ownership housing.

- 4.4 The role of low cost market housing, and even shared ownership housing, will therefore be limited. This is now recognised by the Government in emerging policy in Draft PPS3 (see paragraphs 3.12 – 3.16 above) which defines affordable housing as “non-market housing”. The Council's definition, therefore, is related to the cost of such housing to people in need and is set out in **paragraph 5.52** of the Plan as follows:

<i>Housing for Rent</i>	<i>Rents which are no more than Housing Corporation benchmark rents and are within the limits of those receiving Housing Benefit.</i>
<i>Shared Ownership and Low Cost Market</i>	<i>Mortgage costs which are no more than 3½ times the average household income of newly forming households in the District.</i>

B The Need for Additional Affordable Housing and the Target for Provision

- 4.5 Paragraph 14 of PPG3 states that where there is a demonstrable lack of affordable housing to meet local need, and this is identified in an up-to-date appraisal, local plans should include a policy for seeking affordable housing on suitable developments. Policy H2 of the Warwickshire Structure Plan (see also para 3.26 above) requires Local Plans to provide for affordable housing development to meet local needs and to carry out local assessments of need. The 1998 and 2001 housing needs surveys identified a substantial unmet need for housing and provided the basis for the local plan policy on affordable housing.

The Housing Needs Study 1998 (and 2001 Update)

- 4.6 The 1998 Housing Needs Study (Fordham Research) (CD 304) was based on a hybrid survey combining personal interviews and postal questionnaires. It identified an unmet need for 11,038 units of accommodation up until 2006, of which 3,038 comprised an existing unmet need. Taking into account the fact that some of these needs would be met in another way, such as moving out of the area, the report suggests that between 5,700 and 7,900 additional affordable homes would need to be provided if all housing needs were to be met. The report also accepted that because of the limited availability of financial resources, it was likely that only the most acute needs would be met. The study produced a sample profile of the sizes of dwellings which would need to be provided if the

most acute needs were met along with some of the registered needs. This indicated a need for primarily 1- and 3- bed homes.

- 4.7 In October 2001, Fordham Research updated the 1998 survey to roll forward the results to 2011; to update the prices/rents and incomes; and to take into account new Government guidance on housing needs assessments. The study (CD 305) identified the need for 544 new affordable dwellings per year, or a total of 7,072 dwellings, between 1998 and 2011 if all housing needs were to be met. It recommended site size thresholds on allocated and windfall sites of 15 dwellings in the urban areas and 2 dwellings in rural settlements above which 40% of total dwellings should be affordable.
- 4.8 The 1998 and 2001 Needs Surveys informed the policies of the Local Plan and, in particular, **Policy SC9** (Affordable Housing). Following the second deposit stage of the Local Plan, an updated Housing Assessment was produced for South Warwickshire (Warwick and Stratford on Avon District Council areas).

Housing Assessment for South Warwickshire –Draft Report 2006

- 4.9 The 2006 Housing Assessment (Draft Report) provides further evidence to support the findings of the 1998 and 2001 studies that there is a serious problem of affordability in this District. The Assessment used a combination of primary and secondary data to assess levels of affordability in line with Government guidance as set out in the draft practice guidance “Housing Market Assessments” (ODPM December 2005). The source of the primary data was a household survey which combined postal and face-to-face questionnaires. The main findings of the survey, in terms of affordability, were as follows:-
- The entry-level price of a dwelling in the District was £179,856 (see Appendix I)
 - The gross annual income required to be able to afford to purchase an entry-level house would be £62,019 for a two (or more) earner household and £51,387 for a single earner household

- The price of an entry-level house would be outside the affordability range of 90% of two (or more) earner households and 95% of single earner households
- A total of 821 additional affordable dwellings would need to be provided each year in order to meet housing need over the next five years.
- Up to 20% of new affordable homes could be provided as shared ownership dwellings
- The priorities for new affordable dwellings in terms of size and type are two- and three-bed houses and two-bed flats.
- The distribution of need across the District is proportionate to population

4.10 The annual requirement for new affordable homes as identified in the 2006 Assessment, if all needs are to be met, is in excess of the overall housing requirement (see Core Topic Paper 2: Housing). The amount of new affordable homes which the Council can realistically provide, therefore, will be based upon an assessment of what is practicable given the opportunities which are likely to arise.

The Target for Provision

4.11 The First Deposit Version of the Plan did not include an overall target for the provision of affordable housing. This was because it was accepted that the outstanding need was so great that provision of sufficient additional affordable homes to meet the need would not be possible. The policy of the Local Plan would, therefore, be to maximise the opportunities for provision.

4.12 Following the First Deposit Version of the Plan, the Council's Corporate Strategy (CD 101) adopted a corporate target for the provision of 100 new affordable dwellings a year. Further, it became apparent during the consultation process at First Deposit stage that the lack of a realistic target in the Plan, as opposed to an overall needs figure, had led to some confusion. The Council's corporate target was, therefore, inserted into **paragraph 5.46** of the Plan.

- 4.13 This target is a realistic assessment of the potential to deliver affordable housing through the implementation of **Policy SC9** and takes into account the likely supply of committed and future windfall sites. It should be noted, however, that this target does not take into account the effect on the level of windfall development of the Supplementary Planning Document on Managing Housing Supply (CD 202) (see Core Topic Paper 2:Housing). This effect is difficult to predict since although the opportunities for affordable housing on private windfall housing developments are reduced, there are still opportunities for wholly affordable housing developments on windfall sites, should these come forward, and opportunities on sites already committed.

C Ensuring New Affordable Housing is provided on Suitable Sites

- 4.14 The 2006 Housing Assessment (Draft Report) (CD 307) has demonstrated a continued high level of need for affordable housing in Warwick District. Paragraph 7.7.5 of the Assessment states:

As whatever figure suggested by the (housing needs) model would have been greater than the District's balance of housing to be provided to 2011, there is clearly a need to look very carefully at the sites coming forward in the future and their suitability for mixed, sustainable developments as the Council will need to seek a considerably higher proportion of affordable housing than has been the target in the past. By maintaining the model and updating annually, it will be possible to see whether an increase in the delivery of affordable housing through firmer and higher targets than have been achieved previously has the desired effect of reducing the shortfall across the District.

The Council will need to take account of these findings to set a suitable planning target for future development that takes into account the need for affordable housing as well as the long term requirement to maintain a sustainable housing market.

4.15 **Policy SC9** (Affordable Housing) of the Local Plan aims to ensure that affordable housing is provided on “suitable” sites in a way which meets the identified need.

4.16 Circular 6/98 defines “suitable sites” by way of reference to:

- site size, dependant upon location and the level of need;
- proximity of local services and facilities and access to public transport;
- whether particular costs are associated with the development of the site; and
- whether the provision of affordable housing would prejudice the realisation of other planning objectives.

4.17 Emerging Government policy in Draft PPS3 (see paragraphs 3.12 – 3.16 above), which will in its final form supersede PPG3 and Circular 6/98, includes different advice about the suitability of sites. Draft PPS3 states in paragraph 28 that “*the presumption is that affordable housing should be provided on the application site*” and that local development documents may set out the circumstances where provision would **not** be required. Local planning authorities are still required to set minimum site size thresholds above which affordable housing will be sought and the indicative national minimum is set at 15 dwellings. However local planning authorities may set a different threshold, or series of thresholds, where this can be justified. In determining thresholds, they should take into account:

- the level of affordable housing to be sought;
- site viability;
- the impact on the delivery on housing provision; and
- the objective of creating mixed and balanced communities.

Site Size Thresholds and the Level of Provision

4.18 **Policy SC9** sets out the **site size thresholds** above which sites will be required to include an element of affordable housing, and the level of provision which will be sought on such sites. The First Deposit Version of the Plan included the following site size criteria and level of provision:

TABLE 4 Site Size Thresholds for Affordable Housing - First Deposit Version	
Threshold	Proportion of Affordable Housing
<i>Within Urban Areas:</i>	
10 dwellings (or 0.4 hectares) and above	30%
15 dwellings (or 0.5 hectares) and above	40%
<i>Within Rural Areas:</i>	
3 or more dwellings	30%

4.19 The above criteria and levels of provision were based upon the recommendations of the Housing Needs Study Update 2001 and reflected the high level of unmet need at the time. It also took account of Government guidance in PPG3 and Circular 6/98 (see paragraphs 3.2 - 3.11 above). Although the threshold of 10 in urban areas was below that recommended in Circular 6/98, this was justified by the fact that a threshold of 15 would fail to deliver sufficient affordable housing to meet even a small proportion of the need.

4.20 **Policy SC9** was amended following consultation at the First Deposit stage to take into account:

- representations that the thresholds and percentage requirements were too complicated; and
- emerging Government policy in the form of the consultation on changes to PPG3 issued in January 2005⁶ (since superseded by Draft PPS3)

4.21 In response to representations, the thresholds were simplified to include just one threshold within towns and a single proportionate requirement for both towns and rural areas. The application of the higher proportionate requirement of 40% was applied to all sites over the thresholds of 10 within towns and 3 in rural areas.

⁶ Planning for Mixed Communities. ODPM. January 2005

TABLE 5 Site Size Thresholds for Affordable Housing - Revised Deposit Version

Threshold	Proportion of Affordable Housing
<i>Within Towns:</i>	
10 dwellings (or 0.25 hectares) and above	40%
<i>Within Rural Areas:</i>	
3 or more dwellings	40%

4.22 The universal application of this higher requirement of 40% to all sites over the thresholds of 10 (towns) and 3 (rural) is justified by emerging Government policy in Draft PPS3 which includes proposals to increase the supply of affordable housing. This will be achieved by, firstly, allowing local authorities to seek affordable housing on smaller sites and, secondly, by the presumption that affordable housing is provided on all sites above the threshold unless the development plan document states otherwise. The proposed reduction in site-size thresholds in Draft PPS3 is based on Government statistics⁷ which show that in 2002, the number of housing development sites across England (excluding London) that were between 15 and 24 dwellings represented 15% of all development sites.

4.23 In the urban areas of Warwick District, housing land supply is increasingly made up of small to medium windfall sites (under 25 dwellings) on previously-developed urban land. This fact, coupled with the high levels of demand for affordable housing in the District, suggests that if need is to be met the thresholds must be reduced in line with emerging government policy. The following Table illustrates the trend in the size of urban development sites between 2001 and 2005. The most significant change is the gradual increase in the number of dwellings delivered on medium sites (10-24 dwellings) from 83 in 2001/02 to 231 in 2004/05. Over the period 2001-2005, nearly 20% of dwellings were built on sites between 10 and 24 dwellings.

⁷ Land Use Change Statistics 2002, ODPM

TABLE 6 Housing Completions on Urban Development Sites by Site Size 2001-2005

Site Size (Dwells)	2001/02		2002/03		2003/04		2004/05		Total 2001/05	
	Total Sites	Total Dwells	Total Sites	Total Dwells	Total Sites	Total Dwells	Total Sites	Total Dwells	Total Dwells	% Total
Small 0-9	50	121	38	78	53	101	48	159	459	15.9
Medium 10-24	6	83	7	102	11	148	14	231	564	19.5
Large 25+	22	562	10	684	6	355	8	265	1866	64.6

Source: Warwick DC Housing Monitoring Database

- 4.24 The need to reduce site size thresholds below the national norm in certain circumstances is recognised elsewhere at regional level. The **West Midlands Regional Spatial Strategy** (CD 1002) states in **Policy CF3** that there is a need for affordable housing to be sought on sites below the threshold set out in national guidance in areas where low income households have particular difficulty in affording local general market house prices (see paragraphs 3.19-3.20 above). Further, the GVA Grimley report on **Affordable Housing in the West Midlands** concluded that site size thresholds were one of the main obstacles to the delivery of affordable housing (see paragraphs 3.24 - 3.25 above). This was because the policy was open to abuse and that the increasing use of brownfield sites and mixed use schemes in housing supply undermined the achievement of affordable housing provision.
- 4.25 The Council does not believe that a site size threshold of 10 dwellings in the towns will threaten the viability of sites. This is because of high land values in the District alongside a strong housing market. This results in brownfield sites coming forward for housing development even where they require substantial site remediation and infrastructure works. An example of this is the former Portobello Works (Pottertons) on Emscote Road, Warwick which required site remediation works, flood alleviation measures and a new road bridge over the River Avon. The outline permission requires 30% affordable housing. The site has been cleared and the road bridge constructed in preparation for development.

- 4.26 The GVA Grimley Report (see paragraph 3.24 above) did not accept that there were valid concerns over viability, other than in exceptional circumstances, given general land values across the West Midlands region. In the operation of **Policy SC9**, negotiations between the Council and the developer will be able to take account of any site constraints which affect viability.
- 4.27 In the rural areas of the District, the development of market homes is regulated by Local Plan **Policy RAP 2** which seeks to restrict such housing to that which meets a proven local need and which is located on brownfield sites in the five Limited Growth Villages only (see Core Topic Paper 10 - Rural Areas). The limited supply of brownfield sites in these villages will ensure that only small sites come forward for market housing. A significantly lower threshold of 3 dwellings in rural areas is therefore proposed.

Site Suitability in Terms of Location

- 4.28 Government policy in Circular 6/98 (see paragraphs 3.8 – 3.11 above)) identifies suitable locations for affordable housing as those:
- which have access to local facilities and public transport services, and
 - have evidence of local need
- 4.29 The Council does not consider that it is necessary to include site location criteria in Policy SC9 since all windfall sites will be located in sustainable locations either in the towns or in the most sustainable villages. Further, there is evidence of need in all areas of the District.
- 4.30 The housing development strategy of the Local Plan (see Core Topic Paper 2: Housing) directs development towards brownfield sites in the urban areas of Warwick, Leamington Spa, Kenilworth and Whitnash. The location of sites within these urban areas will, by definition, be close to local facilities and public transport services.

- 4.31 The 2006 Housing Assessment (Draft Report) (CD 307) identifies a need for affordable housing in all areas of the District. The report identifies the distribution of need as follows:

TABLE 7 Annual Affordable Housing Need by Sub Area		
Area	Affordable Dwellings	% Total
Kenilworth	129	15.8
Leamington Spa	333	40.5
Warwick	168	20.5
Whitnash	70	8.6
Rural Areas	122	14.8
Warwick District	821	100.0

Source: Housing Assessment for South Warwickshire. Draft Report 2006

- 4.32 In the rural areas, **Policy RAP2** restricts windfall development for market homes to the larger “Limited Growth Villages” where it meets a local need, as evidenced by a local survey or appraisal. These villages have been selected according to their level of services and facilities. However, the Plan recognises the fact that the rural areas are less sustainable locations than the towns. Therefore, housing needs will generally be met in the urban areas unless there is evidence of local need associated with family ties or employment.

Off-Site Provision and Financial Contributions in Lieu of On-Site Provision

- 4.33 **Policy SC9** makes clear in **sub-section I** that where affordable housing is required it should be provided on-site either as serviced land and/or dwellings. The requirement for the dwellings to be provided on site, as opposed to off-site, will ensure the delivery of a mixed and sustainable development. Off-site provision, or financial contributions in lieu of on-site provision, will only be considered where this arrangement will better meet the objectives of the Council’s Housing Strategy. For example, there may be individual sites where the location, characteristics or setting of the development are not compatible with

delivering the type of affordable housing required by the Housing Strategy. In such circumstances, the Council and the developer may jointly agree to provide the affordable dwellings on a more appropriate site or to use financial contributions from the developer to subsidise development on an alternative site.

Timescale for Provision of the Affordable Housing

- 4.34 **Policy SC9 sub-section VI** allows for agreement to be made between the Council and developer regarding the timescale for the completion of the affordable housing units. This will provide certainty that the affordable housing units are provided alongside the market units. Agreement will normally be part of a Section 106 (Planning) Agreement.

D Meeting the Need in Terms of Type, Size and Affordability and Ensuring Availability in Perpetuity

Size, Type and Affordability

- 4.35 **Policy SC9 sub-section II** requires that the affordable housing provided will meet local need “as determined by the Council in accordance with the Housing Strategy and the Housing Needs Study and, as appropriate, other local needs surveys and information”. The purpose of this sub-section is to ensure that the affordable housing provided is appropriate to meet local needs in terms of type, size and affordability. The type of need may change over the period of the Plan and therefore the policy allows flexibility and refers to the latest studies or surveys for evidence of types of need.
- 4.36 **Policy SC9 sub-section III** requires the accommodation provided to be genuinely available to those in need. This will ensure that the units provided are genuinely affordable in relation to prices/rents and earnings in the District.
- 4.37 **Policy SC9 sub-section IV** sets out the criteria which will need to be satisfied where the dwellings to be provided are for tenures other than social rented. **Sub-section IV a)** requires the weekly outgoings to be *significantly* below the

maximum affordable to households in housing need. This is necessary because the costs of a shared equity dwelling in the District are unaffordable to average newly-forming households. The 2006 Housing Assessment (CD 307) demonstrates this in the following Table.

TABLE 7 Housing Costs For Shared Equity Dwelling (Two Earners)						
Purchase Arrangement	Entry-level home £	Unsold Equity £	Housing Costs per Month £			Gross Annual Income Required £
			Rental	Mortgage	Total	
100% equity	179,856	-	n/a	862.95	862.95	62,019
50% equity share	89,928	89,928	224.82	431.47	656.29	47,167
30% equity share	53,957	125,899	314.75	258.88	573.63	41,226

Source: Housing Assessment for South Warwickshire. Final Draft 2006

4.38 The Council produces a **Guidance for Developers** document to provide information to developers on the type of need which the Council aims to meet. This is updated as appropriate. The current Guidance was produced in December 2004 and includes details of:

- how the Council calculates the affordability of shared equity or discounted sale dwellings;
- funding and the availability of Housing Corporation Grant;
- the types of affordable homes which are needed;
- the role of Registered Social Landlords; and
- the role of Planning Agreements.

Ensuring Affordability in Perpetuity

4.39 Paragraph 18 of Circular 6/98 (see paragraph 3.8 - 3.11 above) states that the development plan should outline the preferred approach to controlling occupancy where a registered social landlord is not involved. **Policy SC9 sub-section IV b)** requires, where practicable, non-rented affordable housing to be available to those with a demonstrable housing need in perpetuity. This will form part of a

Planning Agreement and will include, where necessary, an exception in circumstances where the property is repossessed by the mortgagee.

Joint Commissioning Partnership

- 4.40 **Policy SC9 sub-section V** states that the affordable housing will normally be provided through the involvement of an Registered Social Landlord (RSL) which is also a Joint Commissioning Partner. The Council believes that this arrangement is the most effective in ensuring that new affordable homes are delivered efficiently, making best use of resources and in a way which meets the specific needs of the District.
- 4.41 The Council operates a formal Joint Commissioning Partnership (JCP) with partner RSL's. The strategic objectives agreed by the JCP are:
- to secure affordable housing which meets the Council's planning policy requirements in respect of the schemes identified within the Council's current development programme, and to put the necessary funding and delivery arrangements in place; and
 - to meet or exceed the Council's corporate housing need target, by providing an average of 100 new affordable homes a year.
- 4.42 There are currently 5 preferred partner RSL's. These RSL's have a very good track record of delivery and management of affordable homes in the District. The Council will, however, consider applications from any organisation which can demonstrate an ability to contribute to the delivery of the Council's Housing Strategy. The performance of each preferred partner RSL, the Council and the Housing Corporation are monitored each year.
- 4.43 The operation of the JCP ensures that all the partners work together to maximise their effective contribution to meeting housing needs within Warwick District and, in particular, to secure the delivery of more new homes, providing a variety of tenure choices at an affordable cost. The JCP is used by the Housing Corporation as a model of good practice in the region.

- 4.44 The National Audit Office and Audit Commission report ⁸ on delivering affordable housing identified the advantages of the preferred partner approach. The report states that:-

Local authorities need to establish strong relationships with housing associations so that the type of housing they deliver matches what is needed locally.

Advantages of working with preferred partners cited by local authorities in our survey included allowing for better tracking of performance, improved housing management and more local commitment, as well as reduced risk and speedier negotiations for new contracts and new developments.

E Providing for Affordable Housing on Rural Exception Sites

- 4.45 The rural area of Warwick District, particularly the northern and western parts, are subject to strong influences from the major urban areas of Birmingham, Solihull and Coventry. They are attractive locations for commuters and, as a result, land and house prices are particularly high and affordable housing is in short supply. These factors, which have led to a severe shortage of affordable housing in villages, are the same factors which make it difficult for housing providers to secure sites for affordable housing.
- 4.46 PPG3 (paragraph 18 and Annex B) (CD 1103) requires all local planning authorities with a rural area to include a “rural exception site” policy in the relevant development plan document. Rural exception sites are small affordable housing sites on land within or adjoining existing small rural communities which would not otherwise be released for general market housing. The affordable housing provided on these sites should meet local needs in perpetuity.
- 4.47 In preparing local development documents, local planning authorities should set out:

⁸ Building more affordable homes: improving the delivery of affordable housing in areas of high demand”. National Audit Office and Audit Commission. December 2005.

- what the planning authority considers to be affordable, based on a local housing assessment, and
- the area within which needs will be considered “local”, for example, in terms of groups of villages or parishes.

4.48 Development plan documents may allocate sites solely for affordable housing and should set out the criteria against which windfall sites should be considered.

4.49 Much of the rural area of Warwick District lies in the Green Belt. Government guidance in Planning Policy Guidance 2: Green Belts (CD /1102) allows for limiting infilling in existing villages, and “limited affordable housing for local community needs under development plan policies according with PPG3”.

4.50 **Policy RAP5** sets out the criteria which proposals for affordable housing on exception sites will be required to satisfy. This will ensure that where exception housing is provided it will meet the need for which it is intended. The criteria require that:

- there is evidence of local need in the form of a parish or village survey;
- the development is small in scale and of appropriate design;
- the development is located within, or adjoining, an existing settlement;
- the type of dwelling is appropriate to meet a local need;
- the dwellings will only be occupied by those with a demonstrable local need;
- and
- the costs to occupiers will be affordable

4.51 **Policy RAP5 sub-section a)** requires full, detailed and up-to-date evidence of housing need in the village or parish. This will normally take the form of a village or parish housing needs survey or assessment undertaken either by a housing association, the parish council or the community itself. The Warwickshire rural housing enabler is able to advise communities on how to carry out the survey and analyse the results.

4.52 **Policy RAP5 sub-section b)** requires the development to be small in scale, of appropriate design and located within or adjoining an existing settlement. This

-
- will ensure that the development is in conformity with government guidance in PPG3 and that the development will be in keeping with the existing built environment of the settlement.
- 4.53 **Policy RAP5 sub-section c)** sets out the criteria which will ensure that the housing provided meets the identified local need, in terms of accommodation type and affordability, and remains affordable in perpetuity.
- 4.54 The Policy does not allow for outline planning permission in respect of exception site development. This is because permission for exception site development will only be granted if the development is able to proceed because the site and funding is available and the need has been established. A delay could mean that the identified needs change before the housing is provided. Similarly, the planning permission will have a limited life of twelve months.
- 4.55 The Council encourages rural communities to carry out village or parish appraisals and works with Warwickshire Rural Housing Association and the Warwickshire Rural Housing Enabler, through the Joint Commissioning Partnership, to bring forward exception sites. Recent examples of rural exception sites are at Coventry Road, Baginton (6 dwellings) and The Elms, Oakdene Crescent, Hatton Station (6 dwellings).

F Other Opportunities for the Provision of Affordable Housing

- 4.56 Local Plan Objective 1C aims to meet the housing needs of the whole community. The Council recognises the fact that it will not be possible to meet all the identified needs for affordable housing given the legal powers and financial resources available to it. However, the local Plan seeks to make the most of all opportunities available to promote the provision of affordable housing.
- 4.57 Local Plan **Policy SC2** (Protecting Employment Land and Buildings) (Core Topic Paper 6. CD/21) seeks to protect employment land from development for market housing since this could undermine the District's stock of employment land and cause too much land to be released for housing. However, in recognition of the
-

- shortage of affordable housing in the District, the policy makes an exception for affordable housing which complies with Policy SC9.
- 4.58 **Policy UAP1** (Directing New Housing – Urban Areas) (Core Topic Paper 2. CD/16) directs new housing to previously developed land and buildings in the urban areas subject to policies to manage the supply of housing in Policy SC8a. However Policy UAP1 makes an exception for affordable housing to meet local needs where it meets the requirements of Policy SC9.
- 4.59 **Policy RAP2** (Directing New Housing – Rural Areas) (Core Topic Paper 10. CD/24) restricts new market housing in the rural areas to the five Limited Growth Villages and only where it meets a specific local need as identified in an appraisal or assessment carried out by the community. However, in recognition of the significant demand for affordable housing, the policy does allow for affordable housing in the Limited Growth Villages.
- 4.60 **Policy SC8a** (Managing Housing Supply) (Core Topic Paper 2. CD/16) was inserted into the Plan at revised deposit stage in order to address any significant over supply of housing in relation to the strategic housing requirement. The **Supplementary Planning Document on Managing Housing Supply** (CD/202) restricts new housing development to proposals which meet a local need. Sub-section 5) of the SPD Policy allows for the development of previously developed land for solely affordable housing which meets an identified local need.

APPENDIX I

Housing Assessment for South Warwickshire. Draft Report. March 2006 Determination of Entry-level Property Price

The definition of entry-level property price is that which a household entering the market would be expected to pay on average.

The calculation of the entry-level property price is based on the following equation:

(average terrace house price x volume of sales) plus (average flat/maisonette price x volume of sales) divided by (volume of terrace sales + volume of flat/maisonette sales)

The Land Registry property price data of sales in Warwick District during the third quarter of 2005 are applied to this equation as follows:

$$\frac{(189,855 \times 175) + (166,600 \times 132)}{(175 + 132)} = 179,856.1$$

APPENDIX II

West Midlands Region

Affordability Multipliers and Income Thresholds for Entry-level House Price by Local Authority

HMA	Local Authority	Unable at 4.25	Unable at 3.5	Multiplier
Central	Birmingham	60.3	71.5	7.0
	Cannock Chase	47.3	55.8	6.5
	Coventry	51.6	61.1	7.1
	Dudley	52.6	62.3	6.5
	Lichfield	53.6	63.4	7.4
	North Warwickshire	51.5	60.9	7.1
	Nuneaton & Bedworth	47.0	55.5	6.1
	Rugby	51.4	60.8	6.9
	Sandwell	51.9	61.4	5.5
	Solihull	61.6	73.2	9.5
	South Staffordshire	55.8	66.1	6.8
	Tamworth	51.1	60.4	7.4
	Telford & Wrekin	44.0	51.8	8.7
	Walsall	51.7	61.2	5.9
	Wolverhampton	49.5	58.5	5.9
North	East Staffordshire	43.9	51.7	6.4
	Newcastle under Lyme	41.3	48.6	5.9
	Stafford	48.4	57.1	6.8
	Staffordshire Moorlands	43.7	51.4	5.8
	Stoke on Trent	36.0	42.1	5.4
South	Bromsgrove	63.9	76.0	8.0
	Malvern Hills	69.7	83.1	9.2
	Redditch	48.9	57.7	9.2
	Stratford upon Avon	69.8	83.1	9.4
	Warwick	71.4	85.1	9.1
	Worcester	60.5	71.9	9.4
	Wychavon	59.0	70.0	9.6
	Wyre Forest	51.2	60.6	7.9

West	Bridgenorth	61.8	73.4	7.7
	Herefordshire	58.1	69.0	9.7
	North Shropshire	52.2	61.8	8.1
	Oswestry	46.7	55.1	7.6
	Shrewsbury and Atcham	57.4	68.1	8.4
	South Shropshire	70.1	83.4	9.0

Source : West Midlands Regional Housing Strategy June 2005 (Appendix 13 Table A.4)

Notes

The Table shows the proportion of households able to afford a property at entry-level price assuming a mortgage is available at either 4.25 times household income and 3.5 times local income.

The multiplier shows the relationship between house prices and income.