



# Interim Housing Policy Statement



November  
2009



Adopted: 10<sup>th</sup> December 2009  
**£5**

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## **1. Introduction**

- 1.1 This Interim Housing Policy Statement has been prepared in light of the recent changes to housing policy and the Government's drive to address housing affordability and delivery. In particular the publication of new housing figures in the Regional Spatial Strategy (RSS)<sup>1</sup> has prompted a review of the current housing policy position in Pendle. Along with the completion figures for 2008/09 it is also a response to the current economic down turn which has provided an additional element which needs to be addressed.
- 1.2 The purpose of this statement is to set out the Council's response to these changes and provide details on how the housing land supply in Pendle will be managed before the adoption of the Core Strategy. It aims to give further direction to developers and members of the public applying for permission for new residential developments.
- 1.3 The policies set out in this statement will update Policy 17: Location of New Housing Development in the Replacement Pendle Local Plan (2001-2016). However, they will not form part of the statutory development plan<sup>2</sup> and can therefore only be considered as a material consideration in the determination of planning applications.
- 1.4 This Interim Housing Policy Statement sets out the mechanism to manage and control the release of housing land. There are a number of key objectives that the policies will aim to deliver including:
- Improve the levels of affordable housing provision across the Borough;
  - Improve the mix of types and tenures of housing across the Borough;
  - Ensure the appropriate levels of housing provision for different groups of people and those with special needs;
  - Ensure that new housing proposals are deliverable and will be completed within five years;
  - Ensure the efficient and effective use of land;
  - Direct new housing to the most sustainable locations;
  - Ensure housing supports regeneration in the most appropriate way.
- 1.5 Any new policy for managing and stepping up the supply and delivery of housing should reinforce the RSS focus on urban transformation by prioritising the development of brownfield land in locations that accord with the locational principles of the RSS (Policies RDF1, RDF2 and DP4).

### **Timescales**

- 1.6 This Interim Housing Policy will be used by the Borough Council from the date of its adoption until such a time that policies in the Core Strategy are prepared and adopted. This Interim Policy will cease to operate from the adoption of the Core Strategy which is currently timetabled for July 2011.

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<sup>1</sup> The North West of England Plan: the Regional Spatial Strategy to 2021, was published by the Government Office for the North West (GONW) on 30<sup>th</sup> September 2008.

<sup>2</sup> The statutory development plan for Pendle comprises of the Regional Spatial Strategy, the Lancashire Minerals and Waste Local Development Framework and the Replacement Pendle Local Plan (2001-2016).

## **2. Background**

- 2.1 Since October 2004<sup>3</sup> the number of new houses completed in Pendle has been in excess of the annual housing requirement (previously measured against the requirements set out in the Joint Lancashire Structure Plan), putting it in a position of oversupply. In addition, Pendle also has a large stock of sites with planning permission for new housing. As a result a moratorium has been in place, severely restricting the approval of new planning permissions for residential development in Pendle.
- 2.2 The RSS published in September 2008 provides new district housing figures, prompting a need to review the situation in Pendle.
- 2.3 The annual monitoring of residential completions and planning permissions shows that in Pendle there is still an oversupply of completed dwellings when compared to the new annual requirements and that the stock of residential permissions is still high.
- 2.4 However, it is likely that in the next few years there will be an insufficient stock of permissions<sup>4</sup> to deliver the annual requirement. This is due to a combination of factors including the expiry of existing permissions, the higher housing targets to be achieved and the fall in the percentage of completed dwellings that will come forward from the stock of existing planning permissions that are extant in Pendle.
- 2.5 In addition to these factors the housing market has stagnated. As a result, a number of housing development sites have been abandoned, leaving unfinished and part completed dwellings. The results of the recent Burnley and Pendle Affordable Housing Site Viability Study indicate that the financial viability of development sites will deteriorate further as prices fall but costs continue to rise. Therefore it is also unlikely that many of the sites with planning permission will be developed in the immediate future.
- 2.6 Amidst the economic problems of delivery, consideration also needs to be given to the affordable housing needs of the Borough and the regeneration needs of particular areas, specifically those covered by the Housing Market Renewal Initiative.

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<sup>3</sup> The moratorium on the granting of new housing permissions was agreed at the Full Council on the 7th October 2004 following the publication of the Housing Land Availability Schedule for the previous monitoring year.

<sup>4</sup> Policy 17 of the Replacement Pendle Local Plan requires that a stock of four years worth of permissions should be available in order to ensure the delivery of one years worth of dwellings on the ground (based on an analysis of past completion rates).

### 3. Current housing position

- 3.1 As stated above (paragraph 2.2), new housing requirement figures were published in the RSS. Data contained in the annual Housing Land Monitoring Report (published in August 2009) has been used to provide a summary of Pendle's current performance against these new requirements.
- 3.2 Table 1 provides the key data to give an overview of the current housing land supply situation.

**Table 1**

A	RSS housing requirement for Pendle (2003-2021)	3,420	
B	RSS annual housing requirement	190	A/18
C	Total number of units required to be completed at 31 <sup>st</sup> March 2009 – RSS housing requirement for Pendle (2003-2009)	1,140	Bx6
D	Total number of units completed in Pendle (2003-2009) (net of clearance replacement)	1,304	
E	Oversupply of dwellings at 31 <sup>st</sup> March 2009	164	D-C
F	Residual number of units to be provided between 2010-2021	2,116	A-D
G	Adjusted annual requirement (2010-2021)	176	F/12
H	Number of units with planning permission but not started at 31 <sup>st</sup> March 2009	869	
I	Number of units with planning permission under construction at 31 <sup>st</sup> March 2009	61	
J	Total number of units available with planning permission at 31 <sup>st</sup> March 2009	930	H+I

- 3.3 Table 1 shows that as of 31<sup>st</sup> March 2009, Pendle had an oversupply of 164 dwellings (net of clearance replacement) in relation to the housing requirement at that point in the plan period. Given that the annual provision rate is for 190 dwellings, the oversupply figure equates to less than one years worth of supply i.e. Pendle is just under one year ahead of its housing requirement.
- 3.4 In addition to this oversupply of completed dwellings, there is still a reasonably large proportion of dwellings (930) with planning permission which are available for development. If all these dwellings were developed this would equate to nearly a further five years worth of supply. However, in view of current completion rates the percentage of this stock likely to be completed is significantly lower than recent rates. This trend is likely to continue for the next 18 months as a minimum until there is a recovery in the market.
- 3.5 Further monitoring work will help to show the true impact on the level of housing development across the Borough. However, regardless of the economic situation, it is likely that over the next few years there will not be a sufficient stock of planning consents to ensure the delivery of the annual requirement. This will bring the Council into an undersupply position in terms of completions. This Interim Housing Policy Statement puts forward a possible policy approach to managing the release of housing in light of prevailing national, regional and local planning policy.

## **4. Context – Policy and Evidence Base**

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

### **Planning Policy Statement 3: Housing – November 2006**

- 4.2 PPS3 sets out the national planning policies with regard to housing. In particular, local authorities should ensure the delivery of a flexible and responsive supply of land by following the principles of ‘plan, monitor and manage.’ The main objectives of the Government’s housing policy are to deliver a wide choice of high quality homes addressing the requirements of the community, improve the affordability across the housing market and create sustainable, inclusive, mixed communities in all areas.
- 4.3 The key requirements set out in PPS3 include:
- maintaining a rolling five year supply of housing land;
  - setting an overall target for the amount of affordable housing to be delivered across the borough, which reflects an assessment of the likely economic viability of land for housing in the area;
  - setting separate targets for social-rented and intermediate affordable housing;
  - specifying the size and type of affordable housing required.
- 4.4 PPS3 also identifies some key principles and targets which include:
- priority for development should be on previously developed (brownfield) land;
  - land should be used effectively with at least 60% of new housing being built on previously developed land;
  - land should be used efficiently with new housing being developed at a density of at least 30 dwellings per hectare (dph).
- 4.5 The design and quality of new housing should meet high standards and applicants are encouraged to bring forward sustainable developments meeting requirements in the Code for Sustainable Homes.

### **North West of England Plan: Regional Spatial Strategy to 2021 – September 2008**

- 4.6 Policy RDF2: Rural Areas indicates that Key Service Centres should see a concentration of development. In Pendle the Key Service Centres have been identified in the Sustainable Settlements Study as Nelson (including Brierfield), Colne and Barnoldswick.
- 4.7 Policy L3 looks at the existing housing stock and particularly at how the vacancy rate can be reduced. A positive approach should be taken to making better use of the existing stock and bringing vacant and empty homes back into use.
- 4.8 Policy L4 of the Regional Spatial Strategy (RSS) sets Pendle a target of building

3,420 dwellings between 2003 and 2021. This equates to an annualised requirement of 190 dwellings. However, this requirement can be exceeded in any given year where justified by evidence of need, demand, affordability and sustainability issues.

- 4.9 Phasing policies should be introduced to secure the orderly and managed release of housing land. They should be in line with the sequential approach detailed in Policy DP4 and take account of the overall availability of land for housing.
- 4.10 Policy DP4 requires development to follow a sequential approach. This prioritises the use of existing buildings and previously developed land within settlements ahead of other suitable infill opportunities within settlements before finally considering the use of other land where this is well-located in relation to housing, jobs, other services and infrastructure.
- 4.11 In Pendle the RSS states that at least 65% of the new housing to be provided should use brownfield land and buildings.
- 4.12 Policy DP1 indicates that policies DP2-DP9 should be taken together as the spatial principles underlying the strategy for development in the North West.
- 4.13 Policy L5 indicates that plans and strategies should set out requirements for affordable housing including the location, size and type of development to which these requirements apply. Strategic Housing Market Assessments should provide the evidence for the setting of quotas and thresholds.
- 4.14 Policy RT2 looks at managing travel demand and locating new developments in accessible locations. It requires that where proposals will have an effect on the major road network the Highways Agency should be consulted. New developments should be located close to services and facilities to help reduce the need to travel, or where there is good access to public transport.
- 4.15 Policy EM18 indicates that plans and strategies should encourage the use of decentralised and renewable or low –carbon energy in new developments and specifically set out targets. The evidence base at the local level has not yet been completed and therefore no local targets for renewable energy can be set. As such, the targets set in RSS Policy EM18 will be used.

#### **Replacement Pendle Local Plan (2001-2016) – May 2006**

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

amend this policy with up-to-date guidance.

- 4.18 Policy 13 provides general guidance on the design of new developments and Policy 20 provides some specific information on housing quality, density, type, layout and design. Policy 21 gives guidance on the provision of open space in new housing developments.

#### **Burnley and Pendle Strategic Housing Market Assessment – May 2008**

- 4.19 A Strategic Housing Market Assessment (SHMA) has been prepared by Fordham Research on behalf of Pendle and Burnley Borough Councils. It used local research and survey data to determine the affordable housing need across the housing market area.
- 4.20 The SHMA provides the following key information for the Burnley and Pendle housing market area:
- confirms that Burnley and Pendle can be considered as a self-contained Housing Market Area (HMA);
  - provides background information on the housing situation and needs of the following household groups:
    - Black and Minority Ethnic (BME)
    - Households with special needs (e.g. Limiting Long Term Illness)
    - Key workers
    - Older person households
    - Families
    - Private rented sector
    - Rural communities
  - sets out the demographic changes in the HMA;
  - provides background information on the local economy;
  - provides details on the current housing stock;
  - provides information on the current housing market and perceptions of affordability;
  - identifies the housing market gaps and the housing ladder;
  - provides overall housing targets based on a balanced housing market analysis.
- 4.21 The SHMA provides the primary evidence on which the interim housing policies are based.
- 4.22 One of the key findings of the SHMA was that Burnley and Pendle are considered to be part of the same Housing Market Area. There is a high level of self-containment within the area. This means that the major movements of people are within the area rather than to and from other areas.
- 4.23 There is a limited impact on the local housing market from in and out migration from neighbouring boroughs. The high levels of self-containment implies that the housing market in Burnley and Pendle sits independently in the Pennine Lancashire housing market.
- 4.24 Within the Burnley and Pendle Housing Market Area there are two identifiable

sub markets: these are i) the urban conurbation of Burnley, Brierfield, Nelson and Colne and ii) the remaining rural areas.

- 4.25 In terms of housing market flows and balance, there is a shortage of housing in Pendle and a surplus in Burnley. The Interim Housing Policy for Pendle aims to address this shortage. The impacts on Burnley's part of the housing market are likely to be minimal as Burnley Borough Council are pursuing a number of intervention methods to help restructure and regenerate those failing parts of the housing market. These include clearance and replacement schemes to reduce the overall surplus of housing.
- 4.26 The Interim Housing Policy is unlikely to have a significant impact on the Pennine Lancashire housing market as it is not proposing any large scale housing development and takes into consideration the market restructure work being pursued as part of the Housing Market Renewal Pathfinder.

**Burnley and Pendle Affordable Housing Site Viability Study – July 2009**

- 4.27 An Affordable Housing Site Viability Study has also been prepared by Fordham Research to complement the findings of the SHMA. The study was jointly commissioned by Pendle and Burnley Borough Councils and aims to determine realistic, viable affordable housing targets.
- 4.28 The results of the study demonstrate the precarious nature of the current housing market. The study shows that in the current housing market provision of affordable housing in private schemes is only viable on a very limited range of sites. These are effectively rural sites.
- 4.29 The study puts forward some possible policy options and recommends that a two staged approach may be most practical. This would set an overall district wide target and then allow for a rolling programme which would set the most feasible target for a given time period. This would allow for changing economic circumstances to be taken into account.

## 5. Interim Housing Policy Approach

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

### Policy IH 1 - Housing Land Release

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

1. For major schemes (10 dwellings or more) proposals should demonstrate that they have followed the locational approach and be located (in order of priority) in:
  - Key Service Centres (Nelson including Brierfield, Colne or Barnoldswick)
  - Local Service Centres (Barrowford or Earby)
  - Other settlements with a defined settlement boundaryFor minor schemes (9 dwellings or less) proposals in settlements outside of the key and local service centres will need to demonstrate how the proposal will impact on and contribute to the long term sustainability of the settlement.
2. Proposals must comply with the sequential approach detailed in Policy DP4 of the RSS and not jeopardise achieving the target of developing at least 65% of new housing using brownfield land and buildings.
3. Proposals for 10 dwellings or more (major schemes) must demonstrate that the development would not have an adverse impact on the regeneration schemes active in the Borough (particularly the HMR projects) and must not have an adverse impact on neighbouring housing markets (e.g. Burnley's housing market).
4. Proposals can be shown to positively contribute to the Council's five year supply of housing land and be deliverable within five years by providing details of the site's availability<sup>5</sup>, suitability<sup>6</sup> and achievability<sup>7</sup>. For major schemes (10 dwellings or more) the Council will require developers to provide specific details illustrating the viability of the proposed development and will be required to pay for the Council to approach an independent specialist to evaluate the viability information. Where proposals are not considered to be viable permission may be refused.
5. For schemes of 15 dwellings or more, the proposal should be compliant with the policy on Affordable Housing (IH2). However, where sufficient affordable housing cannot be provided due to site viability at the time of application, the Council will consider the use of a Section 106 agreement to require the developer to provide on-site affordable housing in later phases of the scheme should viability improve or, where this is not possible, collect deferred payments to assist in the provision of affordable housing off-site.
6. Proposals for 10 or more units must offer accommodation in a mix of sizes<sup>8</sup>.

<sup>5</sup> A site is considered available where there are no legal or ownership problems, such as multiple ownerships, ransom strips, tenancies. i.e. the site is controlled by a housing developer or the land owner has expressed an intention to sell.

<sup>6</sup> A site is considered to be suitable if it offers a sustainable location, there are no policy restrictions (e.g. the site is allocated (for an alternative use), there are no physical problems or limitations (e.g. flood risk, pollution, contamination), the potential impacts of the development can be overcome (e.g. looking at effect upon the landscape and conservation), and environmental conditions have been considered

<sup>7</sup> A site is considered to be achievable where an assessment of the economic viability of the site provides a residual value which is positive and would allow the development to be brought forward.

<sup>8</sup> The Strategic Housing Market Assessment provides an indication of the types and sizes of dwellings that need to be provided in order to help achieve a better balance within the housing stock.

Where the number of completions and stock of planning consents increases to an unacceptable level<sup>9</sup> it will be necessary to restrict the granting of planning permission for new housing to the following exceptions:

1. The scheme is solely for affordable housing and has regard to the different types of affordable housing need as detailed in the policy on Affordable Housing Provision;
2. The proposal is for housing for people or groups with special needs where there is an identified local need;
3. An agricultural or forestry worker's dwelling where it is essential to the functioning and viability of the agricultural or forestry holding;
4. Conversion of a Listed Building to residential use where it would be the only realistic means of securing the building's future;
5. The scheme is part of a regeneration project that has been adopted by the Council. (e.g. the site is included in a Masterplan, a development brief for the site has been prepared or is allocated in an Area Action Plan (AAP));
6. The scheme is for 9 dwelling units or less (minor schemes) and is within a settlement boundary.

In all cases the Council will encourage applicants to meet the highest level possible in the Code for Sustainable Homes and Building for Life Standards. Applicants will also be encouraged to meet the Lifetime Homes Standards.

All proposals must have regard to national policies, the Statutory Development Plan for Pendle and relevant Supplementary Planning Guidance (SPGs) and Supplementary Planning Documents (SPDs).

### Managing the housing requirement

The RSS sets out the annual provision rates and overall housing requirement for Pendle. Between 2003 and 2021 Pendle is required to deliver 3,420 dwellings, which equates to an average of 190 dwellings per annum.

The RSS indicates that phasing policies should be introduced to manage the release of land for housing. This interim policy aims to employ a variety of techniques to ensure the managed delivery of the targets in the RSS. Overall annual targets can only be exceeded where it can be justified by evidence of need, demand, affordability and sustainability issues and fit with relevant local and sub-regional strategies for housing. The housing targets should not be exceeded where the scale or location of growth would undermine the strategic approach of the RSS.

Annual monitoring, in the form of the Housing Land Monitoring Report, will be undertaken to determine the number of planning permissions being granted for new residential development. In Pendle an analysis of past delivery rates indicates that a stock of four years worth of consents is needed to ensure the delivery of one years worth of dwellings<sup>10</sup>. The four year supply is however not sufficient in the current market. The completion of only 97 dwellings in the 2008/09 monitoring period, compared with the delivery of 231 units on average over the last two years, means that the stock of existing

<sup>9</sup> An unacceptable level is where i) the number of completions is 20% above the required number at that stage in the plan period AND ii) where there is both a sufficient stock of consents to meet the annual requirement (plus 20%) and a five year supply of land is available. The annual housing land monitoring report will determine whether an unacceptable level has been reached.

<sup>10</sup> This analysis is updated annually and the number of years worth of permissions needed to deliver one years worth of dwellings on the ground may change.

consents is unlikely to deliver the required 190 units per annum in the future.

The current analysis indicates that in order to satisfy the completion rate an eight year supply of consents will be required equating to a total of 1,520 units. However, this policy seeks to ensure that new sites coming forward will be viable and hence the completion rate is likely to increase. Taking this into account it is recommended that a six year supply should be permitted and reviewed again next year as part of the plan, monitor and manage approach. A six year supply equates to a total of 1,140 units.

In conjunction with the annual monitoring of housing land, regular updating of the Strategic Housing Land Availability Assessment will help to demonstrate the Council's five year supply of housing land.

### **Location**

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

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

The locational approach outlined in the policy is intended to direct the majority of new housing development to the most sustainable locations (i.e. the main urban areas) where the provision of services and facilities is more substantial. In terms of locations outside the Key Service Centres, consideration will be given in order of priority to development proposals in the Local Service Centres of Barrowford and Earby and then rural settlements with a defined settlement boundary<sup>11</sup>. For proposals of 10 dwellings or more, applicants must demonstrate why the development is needed in the chosen location if it is outside a Key Service Centre.

For minor developments (9 dwellings or less) applicants will not need to specifically justify the reasons for the location of the development, however, they will need to provide information on how the proposal will impact on and contribute to the long term sustainability of the settlement (e.g. it will not result in an increased number of car trips, it will help to sustain local facilities etc). This may include demonstrating that there is sufficient and adequate infrastructure provision in the area including both physical (utilities etc) and social (GP surgery, school) infrastructure.

New market housing in the rural areas should only be provided where there is a local need. Affordable housing in rural areas will be supported and may require the use of a rural exception site as detailed in the policy on Affordable Housing Provision.

Proposals for residential development should be within a settlement boundary as defined on the proposals map of the Replacement Pendle Local Plan (2001-2016) or meet the

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<sup>11</sup> Policy 1 of the Replacement Pendle Local Plan defines the Settlement Boundaries in Pendle and these are displayed on the Proposals Map.

criteria listed in other relevant Local Plan policies. New development should be located in the most sustainable locations. When determining whether a location is sustainable applicants should consider the accessibility of the location. Appendix 2 of the Replacement Pendle Local Plan (2001-2016) provides an accessibility questionnaire which can be used to ascertain the level of accessibility that the proposed development would meet. Proposals will only be considered as sustainable where they meet high or medium accessibility levels.

### **Sequential approach**

Policy DP4 of the RSS sets out the sequential approach which should be followed for all new developments including housing. It accords with PPS3 in seeking to first use existing buildings and previously developed land within a settlement. This approach seeks to ensure the effective use of land and help to tackle problems associated with dereliction. It will also help Pendle to meet the RSS target of building at least 65% of new dwellings on previously developed land.

### **Deliverability**

One of the Government's key objectives for planning for housing is that new developments are deliverable. Sites should not be granted permission and allowed to remain undeveloped for long periods of time (a process known as 'land banking'). PPS3 defines deliverable sites as those that are available, suitable and achievable<sup>12</sup>. Proposals should demonstrate how they will positively contribute to the five year supply in Pendle.

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

Applicants will be required to submit a statement indicating the estimated build and land acquisition costs in order for the viability of proposals to be assessed. Applicants will also be required to pay for the Council to employ an independent specialist to evaluate the viability statement. In circumstances where a scheme is considered not to be viable the Council will not grant permission unless there is sufficient evidence to show that the scheme can be implemented.

PPS3 and the practice guidance on Strategic Housing Land Availability Assessments provides details on what constitutes an available, suitable and achievable site. Developers should use this guidance when demonstrating the deliverability of sites.

### **Future Proofing**

The housing market is currently going through a period of considerable change. How and when it will recover is not certain. Granting consent for developments at this time may significantly reduce the Council's ability to deliver its long-term strategic objectives of providing both appropriate and affordable housing, based on the needs of the local community.

Any consents granted at this time will contribute towards the overall RSS housing target

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<sup>12</sup> Planning Policy Statement 3 (PPS3) : Housing defines deliverable sites and provides more information on what constitutes Available, Suitable and Achievable (Para 54).

for Pendle of 3,420 units. At the present time the poor economic viability of sites in the borough may mean that many schemes granted planning permission cannot provide the required levels of affordable housing needed to meet the Borough's target (as set out in the Strategic Housing Market Assessment (SHMA)).

It is expected that market conditions will recover at some point in the future. An annual update of the Affordable Housing Site Viability Study (AHSVS) will provide an indication of when the housing market is improving and demonstrate when it is considered reasonable to require an element (or increased element) of affordable housing.

The Homes and Communities Agency (HCA)<sup>13</sup> recognise that housing developments may not be currently viable if they deliver a full affordable housing requirement but can still come forward with reduced amounts of affordable housing in early phases provided that subsequent phases include more affordable homes if market conditions and scheme viability improve. The HCA indicates that overage payments are a valid way of recovering an element of community benefits as the market picks up.

In Pendle, where the applicant can robustly demonstrate<sup>14</sup> that it is not viable to provide sufficient affordable housing (either on or off site) at the time of application, the scheme may still be allowed to come forward but the Council may seek to recover any future uplift in development values in the following way:

- 1) the use of a Section 106 agreement to require developers to provide on-site affordable housing (this could be accomplished by a change in the tenure of any completed or non-completed units) where sufficient uplift in values is recorded within two years of the planning permission being granted and where the site is less than 75% complete<sup>15</sup>.
- 2) the use of a Section 106 agreement to collect deferred payments, to be passed on to the Council in order to finance the future provision of affordable housing. This will apply if sufficient uplift in values is recorded within two years of the planning permission being granted but where on-site provision (tenure change) is still not viable or appropriate OR the site is more than 75% complete<sup>15</sup>

### **Design and other policy considerations**

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

Evidence in the Burnley and Pendle Strategic Housing Market Assessment (SHMA) indicates that there are very high proportions of terraced housing in the main urban areas and suggests that there is a lack of net demand for these terraced properties.

It is important that new housing helps to diversify the mix and type of dwellings available and to ensure that a more balanced housing market can prevail. Therefore new housing on larger sites (10 dwellings or more) will be required to provide a mix of different sizes

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<sup>13</sup> The Homes and Communities Agency (HCA) is a non-departmental public body whose sponsor government department is Communities and Local Government (CLG).

<sup>14</sup> The Council will employ the District Valuer to independently assess the viability of a scheme.

<sup>15</sup> Calculated in terms of number of residential units completed.

of accommodation<sup>16</sup>.

There is a significant coal mining legacy within the Borough and proposals for any new housing development within the defined coalfield area, which includes the settlements of Nelson, Colne, Brierfield and Barrowford, should take full account of land stability and ground conditions in accordance with the requirements of PPG14.

Proposals should comply with the renewable energy targets set for residential developments in Policy EM18 of the RSS.

As part of the national drive to ensure long lasting, sustainable development, the Council will encourage developers to meet the highest possible level of the Code for Sustainable Homes. New building regulations are due to be introduced in 2010 that will require developments to be built to Code Level 3 in terms of energy efficiency. However, there are a number of additional benefits that can be achieved if the developer designs their scheme to incorporate all aspects of the code. All new social housing is required to meet Code Level 3 and the Council would encourage private, open market developments to meet a similar level as minimum (see [www.communities.gov.uk/planningandbuilding/buildingregulations/legislation/codesustainable](http://www.communities.gov.uk/planningandbuilding/buildingregulations/legislation/codesustainable) for more information).

In terms of the physical layout and exterior design of proposed developments applicants should consider the 20 criteria in the Building for Life Standards. Schemes that achieve 14 out of the 20 criteria gain a silver level standard. Schemes achieving 16 or more points gain a gold level standard. The Council would encourage developers to consider meeting as many of these criteria as possible (see [www.buildingforlife.org](http://www.buildingforlife.org) for more information).

Making individual homes sustainable is also important. The Lifetime Homes concept increases choice, independence and longevity of tenure, vital to individual and community well being. It is a design led approach to new housing which will see homes built to last a person's lifetime. Each individual design criterion is valuable in itself, however, schemes need to meet all of the 16 design criteria to meet the Lifetime Homes Standard (see [www.lifetimehomes.org.uk](http://www.lifetimehomes.org.uk) for more information).

### **Exceptions**

Where there is an unacceptable level of completions and extant planning permissions for residential development, the granting of new permissions will be restricted to those proposals which meet one of the six exceptions detailed in the policy. An unacceptable level is where i) the number of completions is 20% above the required number at that stage in the plan period AND ii) where there is both a sufficient stock of consents to meet the annual requirement (plus 20%) and a five year supply of land available. Further information about each exception is provided below.

#### **Affordable housing**

Evidence contained in the SHMA indicates that there is a need to deliver affordable housing in Pendle. Under this exception, proposals for new housing which are solely for

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<sup>16</sup> The SHMA provides some information on the need for different types and sizes of accommodation. In particular it suggests that there is a need to provide detached housing and bungalows and that there is a dominance of terraced housing (Table 23.3). It also suggests that in Pendle the greatest need is to provide accommodation with one bedroom or four plus bedrooms (Table 11.13).

affordable units will be considered favourably in order to help to meet the affordable housing target.

Proposals should take account of the different types, sizes and tenures of affordable housing which are needed in different parts of the Borough. The policy on affordable housing and the SHMA provide further guidance on these requirements.

#### Special needs housing

The SHMA provides information about the housing requirements of those households with disabilities or support needs. It suggests that there is a need to provide more adapted accommodation across the Housing Market Area and that a large number of households with these needs are living in unsuitable accommodation. The survey data also suggests that the number of households with special needs is likely to increase in the future and that the demand for adapted or supported accommodation is likely to increase.

Proposals for specialist, adapted or supported accommodation will be considered favourably where it is shown to cater for a specific local need. Applicants should submit a supporting statement to provide evidence of need in line with the findings of the SHMA.

The types of special needs housing that will be considered as an acceptable exception include: housing or accommodation for a person with a physical, learning, or severe sensory disability, a mental health problem, a frail elderly or a young vulnerable person.

#### Agricultural or Forestry Workers Dwelling

In cases where it can be shown that it is essential for a farm or forestry worker to live at or in the immediate vicinity of their place of work an exception will be made for the development of a dwelling. Annex A of PPS7: Sustainable Development in Rural Areas sets out the criteria which new proposals for an agricultural or forestry worker's dwelling should meet.

#### Listed buildings

In cases where it can be shown that the conversion of a Listed Building to residential use is the only means of securing the future of the building, then such proposals will be considered by the Council. It is for the local planning authority to consider the potential risk to the Listed Building if permission is not granted for the proposed development. The applicant must demonstrate that all other possible uses have been considered and provide evidence to illustrate that those other uses are not feasible.

#### Regeneration projects

In order for the Council to progress projects associated with the Housing Market Renewal (HMR) Pathfinder initiative it may be necessary to approve specific housing schemes. These schemes should be identified in a Masterplan, Supplementary Planning Document (SPD) or Area Action Plan (AAP) Development Plan Document (DPD) adopted by the Council.

### Schemes of 9 dwelling units or less

This exception would allow for smaller schemes to come forward so as not to unduly restrict the housing market. Smaller schemes can play a positive role in the regeneration of the area. Schemes for 9 dwelling units or less (minor schemes) must be located within the settlement boundary and comply with the requirements of the sequential approach.

Incremental proposals which would result in the development of a larger site will not be permitted. (e.g. if a large site is divided up into smaller sites and proposals were submitted for 9 units or less on each site - this would not be acceptable).

## Policy IH2 - Affordable Housing Requirements

Where proposals are for 15 dwellings<sup>17</sup> or more, the developer will be required to include an element of affordable housing<sup>18</sup> on site.

The overall affordable housing needed for the Borough is 45%<sup>19</sup>. However this is an unviable target in the current economic climate. The Affordable Housing Site Viability Study (AHSVS) indicates that the viability of sites to incorporate affordable housing is variable. Taking this into account it will not be possible to apply a standard range of percentages to new proposals to determine the number of affordable homes that should be delivered. Developers will be required to show for each site the financial viability of the development in order to determine the amount of affordable housing that should be provided. Developers will also be required to pay for their assessments to be independently appraised. In circumstances where sites are viable to provide an element of affordable housing, consideration should be given to the ward level housing market balance requirements set out in the SHMA to help determine the amount of affordable housing for each site. Once the housing market recovers the Council will set requirements for the percentage of affordable units to be provided on sites.

The tenure split of the affordable dwellings should be 80% social rented<sup>20</sup> and 20% intermediate housing<sup>21,22</sup>. To be considered as affordable housing, the dwellings must meet the price guidelines (updated on an annual basis in the Annual Monitoring Report) for the proposed tenure type as set out in this interim housing policy statement.

Proposals should help to address the choice of dwelling size (no. of bedrooms) at the ward level and the type of dwelling (e.g. detached) at a district level by having regard to the Burnley and Pendle Strategic Housing Market Assessment (SHMA) housing balance requirements.

Arrangements should be made to ensure that the affordable housing provided remains affordable in perpetuity; this may be in the form of a condition or planning obligation (Section 106 agreement).

A three step approach will be used to determine the location of the affordable housing:

- 1) In line with PPS3, on-site provision will be the favoured method of provision.

- 2) Where it is not possible to incorporate an element of affordable housing on-site the Council will require the developer to provide the affordable housing on an alternative site OR seek a financial contribution from the developer towards the cost of off-site provision. This contribution may be used to renovate and regenerate existing, vacant terraced properties to bring them back into use as affordable accommodation.

- 3) Where current site viability precludes sufficient affordable housing provision either: 1) on-site or 2) off-site, the Council will consider the use of a Section 106 agreement to ensure future affordable housing provision in later phases of the development OR recover any future uplift in development values for use off-site (see Policy IH1 for details).

<sup>17</sup> Planning Policy Statement 3 (PPS3): Housing provides the national indicative site size threshold of 15 dwellings or more on which affordable housing should be provided (para 29).

<sup>18</sup> Planning Policy Statement 3 (PPS3): Housing defines Affordable Housing (Annex B)

<sup>19</sup> The affordable housing target is taken from the Burnley and Pendle Strategic Housing Market Assessment and refers to 45% of the total housing requirement for Pendle.

<sup>20</sup> Planning Policy Statement 3 (PPS3): Housing defines social rented accommodation (Annex B)

<sup>21</sup> Planning Policy Statement 3 (PPS3): Housing defines intermediate housing (Annex B)

<sup>22</sup> The tenure splits are taken from the Burnley and Pendle Strategic Housing Market Assessment

In rural areas consideration will be given to sites adjacent to existing, defined settlements for 100% affordable housing schemes. Proposals for schemes on rural exception sites will be required to demonstrate that there is an identified local need for the development.

### **Affordable price guidelines**

To ensure that the proposed units in a scheme are affordable, developers should consider the weekly costs detailed in Appendix 1. This provides a list of average weekly costs of property under different tenures, which can be used as a basis for determining the acceptable range of rents. Proposals should include an estimation of possible costs for each housing type so that they can be assessed against the weekly cost data.

### **Size and tenure balance**

The SHMA provides details about the required tenure split in new developments. The background research suggests that there is a severe shortage of social rented accommodation and that this is where there is the greatest level of need. Proposals should recognise this and the affordable housing element of a scheme should aim to provide a tenure split of 80% social rented housing and 20% intermediate housing.

As well as aiming to meet the overall tenure split for the Borough, proposals should also have regard to the ward level housing requirements. The SHMA provides information about the sizes and tenures of new housing required at a ward level in order to help provide the most appropriate mix of dwellings. Census data was used to provide information about both the balance between market and affordable dwellings as well as the sizes of accommodation likely to be required. The Council will give favourable consideration to those proposals which put forward schemes that help to address any size / tenure imbalances across the ward where the proposal is located.

### **Long term affordability**

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

### **Off-site provision**

On-site provision will be the favoured method of providing any affordable housing as this helps to promote mixed communities. However, there may be circumstances where it is not possible to provide the affordable element of a new housing scheme on-site (e.g. where the site is not financially viable to support on-site affordable housing). In these cases the Council will require the developer to either provide the affordable units on an alternative site or make a financial contribution (Section 106 agreement) to allow the Council to provide off-site affordable housing or alternatively invest in improving the condition of the existing social housing stock. The Council may also use the financial contribution to focus on the reuse of empty terraced properties for affordable housing.

### **Future Proofing**

In cases where it is not viable to provide a sufficient level of either on-site or off-site affordable housing at the time of application, the Council will consider the use of a

Section 106 agreement to ensure the provision of affordable housing in the future if there is any uplift in development values. Policy IH1 provides further details on future proofing and the circumstances where Section 106 agreements may be used.

**Rural exception sites**

In some rural areas there may be a significant local need for affordable housing which cannot be accommodated within the existing limits of the settlement. In such cases it may be necessary to allow the development of sites adjacent to the settlement boundary solely for affordable housing. Any such proposal will need to robustly demonstrate that there is an identified local need by identifying who in the local area needs the housing. The development will also need to accord with sustainability principles by ensuring there are no adverse impacts on the environment and consideration is given to the physical and social infrastructure of the immediate area.

## **6. Monitoring and Review**

- 6.1 The introduction and implementation of this policy approach will require careful monitoring in order to ensure it does not have any adverse impacts. Monitoring will also be an important trigger of any remedial actions that may need to be taken.
- 6.2 In particular, monitoring of the number of new housing completions and the number of new permissions approved will be vital to ensure the managed delivery of new housing. The annual Housing Land Monitoring (HLM) Report will provide the key data to be used in conjunction with this policy approach. It may be necessary to carry out additional monitoring of the number of permissions being granted in the first few months following the introduction of this approach.
- 6.3 In addition to the Housing Land Monitoring Report, the Strategic Housing Land Availability Assessment will also require updating on an annual basis in order to indicate whether or not a five year supply of land is in place.
- 6.4 The affordable housing percentages will need to be updated on a regular basis depending on the economic conditions and changes in site viability. The site viability study will be updated on an annual basis to provide an indication of any change in market conditions and therefore site viability. This will help to inform the affordable housing percentages.
- 6.5 The price guidelines referred to under the 'Affordable Housing' section will also require updating annually, to ensure that proposed rental prices of new properties are within an affordable range for the type of tenure that is to be provided. In times of economic turbulence it may be necessary to update these figures on a bi-annual basis.
- 6.6 The policy has been designed to be flexible in its application so that if monitoring indicates a change in circumstances then the policy can be applied under those circumstances. However, where there is a change in national or regional policy or if the economic climate changes significantly this may require the policy to be updated in response to these circumstances.

## **Bibliography**

Affordable Housing Site Viability Study, Fordham Research (on behalf of Burnley and Pendle Councils), 2009.

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Housing Land Monitoring Report 2008/09, Pendle Borough Council, 2009 (draft).

North West of England Plan: Regional Spatial Strategy to 2021, Government Officer for the North West, 2008.

Planning Policy Statement 3: Housing, Communities and Local Government, 2006.

Strategic Housing Land Availability Assessment, Pendle Borough Council, 2008.

## **Glossary and Abbreviations**

### **Affordable Housing**

Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should be at a cost which is below the costs of housing typically available in the open market and be available at a submarket price in perpetuity (although there are some exceptions to this such as the Right-to-Acquire). [There is an ambiguity in PPS3: Housing, where 'intermediate housing' is defined as being below market entry to rent, while 'affordable housing' is defined to be below the threshold to buy (normally much higher than the private rental one). But in principle the Guidance defines affordable housing as below the market threshold, and rationally speaking, that includes the private rented as well as purchase sectors].

### **Housing Need**

Housing need is defined as the number of households who lack their own housing or who live in unsuitable housing and who cannot afford to meet their housing needs in the market.

### **Housing Size**

Measured in terms of the number of bedrooms, habitable rooms or floorspace. This policy statement uses the number of bedrooms.

### **Housing Type**

Refers to the type of dwelling, for example, flat, house: including detached, semi-detached, terraced, bungalow, specialist accommodation.

### **Intermediate Housing**

PPS3 defines intermediate housing as 'housing at prices and rents above those of social rent but below market prices or rents and which meet the criteria set out above. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale and intermediate rent.'

### **Previously Developed Land and Buildings**

Previously-developed land (PDL) is that which is or was occupied by a permanent structure, including the curtilage of the developed land and any associated fixed surface infrastructure.

The definition includes defence buildings, but excludes:

- Land that is or has been occupied by agricultural or forestry buildings.

- Land that has been developed for minerals extraction or waste disposal by landfill purposes where provision for restoration has been made through development control procedures.
- Land in built-up areas such as parks, recreation grounds and allotments, which, although it may feature paths, pavilions and other buildings, has not been previously developed.
- Land that was previously-developed but where the remains of the permanent structure or fixed surface structure have blended into the landscape in the process of time (to the extent that it can reasonably be considered as part of the natural surroundings).

There is no presumption that land that is previously-developed is necessarily suitable for housing development nor that the whole of the curtilage should be developed.

### **Social Housing**

PPS3 defines social rented housing as ‘rented housing owned by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime’, the proposals set out in the Three Year review of Rent Restructuring (July 2004) were implemented in policy in April 2006. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Housing Corporation as a condition of grant’.

### **Special Needs**

Relating to people who have specific needs including people with a disability, people with a Limiting Long Term Illness (LLTI), the frail elderly or a vulnerable young person.

### **Tenure**

Refers to the arrangements under which the household occupies all or part of a housing unit. Types of tenure include ownership, rental including social rental and private rental.

<b>Abbreviation</b>	<b>Definition</b>
AAP	Area Action Plan
AHSVS	Affordable Housing Site Viability Study
AMR	Annual Monitoring Report
DPD	Development Plan Document
HLM	Housing Land Monitoring Report
HMA	Housing Market Area
IHPS	Interim Housing Policy Statement
PPS	Planning Policy Statement
RSS	North West of England Plan: Regional Spatial Strategy to 2021
SHLAA	Strategic Housing Land Availability Assessment
SHMA	Burnley and Pendle Strategic Housing Market Assessment
SPD	Supplementary Planning Document
SPG	Supplementary Planning Guidance

## Appendix 1 – Affordable Housing Price Guidelines

Table 21.2 Weekly costs of housing in Burnley & Pendle HMA				
	1 bedroom	2 bedroom	3 bedroom	4 bedroom
Newbuild Sale	£130 ①	£130 ①	£206 ①	£261
Resale Entry Level	£100 ①	£100	£158	£200
Private Rent	£75	£81	£98	£115 ①
Intermediate	£65	£71	£84	£97
Social Rent	£55	£61	£69	£79 ①
Notes: ① Figures estimated				

Source: Burnley and Pendle SHMA 2007

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