

Affordable Housing Statement for
DEVELOPMENT OF UP TO 90 HOMES AT LAND OFF
MILLTOWN WAY, LEEK

By Levvel Ltd
On Behalf of
Gladman Developments Ltd

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1.0 Executive Summary

- 1.1 Levvel is instructed by Gladman Developments Ltd to produce an Affordable Housing Statement in respect of the proposed development of up to 90 homes on Land off Milltown Way, Leek. This report will outline the approach taken to deliver affordable housing; taking into account recently adopted policy and the evidence which underpins it.
- 1.2 Gladman Developments Ltd recognises the importance ascribed to affordable housing both nationally and locally. Its business model is based upon the delivery of policy compliant offer of affordable housing which makes significant contributions towards meeting an important pre-existing local need and foster a mixed and sustainable community where households of different backgrounds and circumstances live alongside one another. In the present case, the applicant proposes to deliver a policy compliant offer of affordable homes, in the form of 33% of units overall to be affordable housing (30 units).
- 1.3 On the basis of its experience, Gladman is confident that the offer of affordable homes set out below is deliverable in the current market. This offer of affordable units is not, therefore, subject to viability (at this time).
- 1.4 Although it is not the role of this paper to consider housing land supply, the largest source of new affordable homes is the delivery arising from the imposition of planning obligations on residential development and, since these policies can deliver only a proportion of what is built overall, we have considered both the overall housing policy as well as the Council's adopted and emerging policies on affordable housing itself.
- 1.5 Staffordshire Moorlands District Council (the Council) has recently adopted a new Core Strategy as of March 2014. In terms of overall housing targets, Spatial Strategy Policy SS2 – Housing Numbers and Distribution, states that; "Provision will be made for 6000 additional dwellings (net of demolitions) to be completed in Staffordshire Moorlands (excluding the Peak District National Park) during the period 2006 to 2026" this equates to 300 units per annum.
- 1.6 As we shall see later in this report (section 4), it is clear that the target of 300 units per annum (6000 units between 2006-2026) set out in Policy SS2 has not been reached since the start of the current plan period in 2006. Since this time the annual building rates have shown steady decline with a slight increase last year, although this was a slight increase to provide just 96 units (less than one third of the identified target). The low completion rates in relation to the Core Strategy Target (2013) have therefore created a shortfall of 881 units since 2006/07.
- 1.7 An objective assessment of need report has been prepared by NLP to provide Staffordshire Moorlands District Council with a preliminary indication of their Objectively Assessed Need [OAN] for housing. It is intended that the report informs the proposed Local Plan Early Review covering the period 2011 – 2031. It represents an interim indication of the OAN and the final assessment is included in the Strategic Housing Market Assessment [SHMA 2014].


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- 1.8 The Objective Housing Needs Assessment identifies an overall housing requirement of 260-440 dwellings per annum. However from the SHMA 2014 it appears that the preferred end of the range, that which would not restrict development, is 440 dpa. It states that; "to ensure that there is no disconnect between the housing requirement and the Council's job growth aspirations, in order to justify a figure below 440 dpa, SMDC would need to demonstrate how it would mitigate or avoid the adverse housing, economic and other outcomes that a lower-growth approach could give rise to. This may require SMDC to explore the extent to which any shortfall could be met in neighbouring authorities within the same HMA, as discussed in the section below."¹ 6.42
- 1.9 The Core Strategy (2014) Housing Policy, H2 (2014), sets out that; 33% of developments will be required to be affordable housing across Staffordshire Moorlands with a tenure split of 70:30 Social Rented to Intermediate Housing.
- 1.10 The SHMA 2014 has found that the quantitative need for affordable housing is particularly high. The SHMA 2014 has provided two vastly different estimates of net affordable housing need. In the first instances (and in line with SHMA practice guidance 2007) it found that there was a gross annual need for 707 dwellings per annum. However, NLP has also proposed a deviation from the practice guidance; "The Practice Guidance recommends that gross household formation should be used as the measure of newly forming households (under 45 years of age), as opposed to net household growth which takes into account household dissolution". Using this alternative approach, NLP have found that the net annual need is for 250 affordable units per annum, albeit this alternative approach is not in line with the practice guidance.
- 1.11 In light of the fact that the Council's adopted annual overall housing target is for 300 dwellings per annum, it is clear that the affordable housing need (i.e. 707 dpa) far exceeds the overall target and therefore any developments which provide policy compliant offers of affordable housing should be given considerable weight.
- 1.12 Further evidence of affordability problems can be seen in the number of households on the waiting list for Staffordshire Moorlands which shows an overall increase since 1997, the most recent statistics from 2013 show a total of 2,434 households on the household waiting list.
- 1.13 Paragraph 47 in the NPPF states that Local Authorities must maintain an up to date 5 year land supply for housing. The Staffordshire Moorlands Housing Delivery Schedule (2013) shows there is a lack of 5 year land supply with only 2.3 years land supply identified, including a 20% buffer due to previous under-delivery of housing.
- 1.14 Because the Council is able to resolve no more than a proportion of its identified need, it will be necessary to prioritise the element of that need which is to be fulfilled and there is no universally agreed means of doing so. However, the affordable homes should reflect not only a cross section of the identified needs but

¹ SHMA 2014 Paragraph 6.42

should also be consistent with the nature of the development within which they will be provided. We welcome discussion with the Council on the precise mix but consider the following indicative mix an appropriate starting point for negotiations (assuming 90 homes overall).

	Affordable Rent	Intermediate
2 bed semi / mews	11	5
3 bed semi / mews	10	4
Total	21	9

- 1.15 It is assumed that all of the above units will be provided on-site and in kind in accordance with the presumption in the policy.
- 1.16 The rented element of the affordable housing will take the form of Affordable Rent, the tenure of affordable housing announced by the Chancellor in 2010. The Government has been quite explicit in expressing its preference for this form of tenure, as has the HCA. The introduction of this housing form represents a clear shift in the Government's housing philosophy and sets a new default approach.
- 1.17 In order to promote the formation of a single, cohesive community where distinctions of tenure are minimised, the affordable housing will be distributed across the site in small clusters. External standards of fit and finish will be similar to those of the private homes except where small variations are required in order to conform to the employers' requirements of the managing Registered Provider. Affordable homes will also conform to all other relevant standards where practicable – including those set by the HCA as conditions of funding.
- 1.18 Affordable housing will be secured by means of a suitable condition. Although this approach is less common than the use of a S106, it has repeatedly been shown to be acceptable to the Planning Inspectorate – which has gone as far as to provide model conditions. The advantages of a condition to the applicant are the reduced complexity and delay associated with this more streamlined process but the principal advantage falls to the Council. Where a developer is unable to deliver the full burden of affordable housing secured by a S106 obligation, the Infrastructure and Growth Act provides him the scope to return to the negotiating table and to reduce the level of affordable housing offered with respect to viability. This process does not appear to permit any scope for a re-evaluation of the balance of planning merits. Where permission was granted in part because of the benefit that the affordable housing would bring, this benefit could be lost and there would be no re-evaluation of whether the overall balance remained favourable. Where affordable housing is secured by a condition, a failure to fulfil that condition would invalidate the permission and, where a variation was sought, it would be open to decision takers to re-assess the overall planning balance.
- 1.19 We conclude that there is a considerable need for affordable housing in Staffordshire Moorlands and that the council has an acute need for affordable housing in this area, a need which long pre-dates this application. In other words, unlike certain other forms of planning obligation, this scheme does not create the need for the affordable housing which policy requires it to provide. This means that any affordable housing provided is a benefit of development which should be weighed positively in the planning balance. A scheme such as that proposed in Staffordshire Moorlands, which meets the Council's affordable housing policy in full



should therefore be given considerable positive weight particularly where the need is considered to be acute and where the Council's track record of delivery is lower than anticipated.

- 1.20 This view has been tested at a number of recent inquiries and successive decisions from Inspectors and the Secretary of State at Congleton, Tarporley and Bloxham have confirmed it.

2.0 The Need for Affordable Homes

- 2.1 A SHMA was carried out in 2007 by 'Outside Consultants' and released in April 2008 which informed the recently adopted core Strategy. In relation to SHMA's, the NPPF guidance clearly states how; "Local planning authorities should not need to undertake comprehensive assessment exercises more frequently than every five years although they should be updated regularly, looking at the short-term changes in housing and economic market conditions". Not only is the study well past the five year time horizon mentioned by the NPPF, it is quite clear that the housing market has changed considerably since it was carried out.
- 2.2 There has been a recent SHMA (Strategic Housing Market Assessment) published and carried out by Nathaniel Lichfield and Partners who recently released the Objective Assessment of Housing Need (OAN) for Staffordshire Moorlands. The OAN was released in February 2014 and appears to support the SHMA which was released in June 2014.

Dwelling Stock

- 2.3 In terms of the profile of dwelling stock, it was found that Staffordshire Moorlands has the highest proportion of properties in value band C, at 24.27%. In comparison the West Midlands and England have the highest proportion of dwellings in band A, as shown in table 2.1 below.

	Staffordshire Moorlands (Non-Metropolitan District)	West Midlands Region	England Country
Band A	21.93%	31.18%	24.84%
Band B	23.86%	25.21%	19.58%
Band C	24.27%	19.31%	21.76%
Band D	14.15%	11.07%	15.31%
Band E	9.65%	6.96%	9.44%
Band F	4.34%	3.76%	4.99%
Band G	1.73%	2.29%	3.51%
Band H	0.08%	0.23%	0.57%

Table 2.1 – Dwelling stock in Staffordshire Moorlands by Tax Band (Source: Census 2011)

- 2.4 The tenure profile of an area offers insight into the dynamics of the local housing market. Table 2.2 shows the major tenure change between census years 2001 and 2011. It shows that the largest decrease seen was in the owner occupation with mortgage of 6.4%. This was largely made up by an increase of over 4% within the Private Rented sector.

- 2.5 The District has the lowest levels of social rented (8.8%) in the region. The proportion of social rented properties in the region is 18.9% and nationally it is 18.7%.

	2001	%	2011	%	% Change
Owned Outright	15,917	41.0%	18,413	44.0%	3.0%
Owned w/ Mortgage	16,328	42.0%	14,875	35.6%	-6.4%
Shared Ownership	135	0.3%	127	0.3%	0%
Social Rented	3485	8.9%	3,699	8.8%	-0.1%
Private Rented	2243	5.7%	4,103	9.8%	4.1%
Living Rent Free	691	1.7%	555	1.3%	-0.4%

Table 2.2 – Changes to Tenure in housing stock from 2001 to 2011 (Source: Census data 2001 and 2011)

- 2.6 This decrease in owner occupation with mortgage would indicate that the private rented sector may be accommodating a growing proportion of those in housing need, and those that cannot afford to buy their own home.
- 2.7 Evidently, the trend seen elsewhere in the country is mirrored in Staffordshire Moorlands – with working households increasingly unable to either to afford owner occupation at current values but, equally, unable to access the affordable sector because of the stock shortage – they end up living in the private rented sector where, increasingly, they are reliant on the Local Housing Allowance in order to meet their housing costs. This is further evident from the fact that those in the Private Rented Sector receiving housing benefit has increased by 56.5% since November 2008.

SHMA 2014

- 2.8 Nathaniel Lichfield & Partners [NLP] was appointed by High Peak Borough Council [HPBC] and Staffordshire Moorlands District Council [SMDC] to undertake a Strategic Housing Market Assessment [SHMA] and Local Housing Needs Study for their areas.
- 2.9 While High Peak and Staffordshire Moorlands Councils operate a strategic alliance they do not form a discrete Housing Market Area. As such, although the reports were prepared simultaneously, they do not represent a Joint SHMA and Local Housing Needs Study. Separate SHMAs have therefore been prepared for each authority.

Affordability

- 2.10 According to the recent Staffordshire Moorlands Housing Strategy (2013-2015) recent research from the National Housing Federation highlights the urgent need for affordable housing and places the local authority in the top 10 of all 411 national authorities where the gap between average house prices and wages increased the most between 2001 and 2011. In that 10 year period house prices increased 94% while median earnings only increased by 5%².
- 2.11 The SHMA 2014 records that house prices in Staffordshire Moorlands were 25% lower than national average and it ranked the 84th cheapest place to live in England, just outside the cheapest 25%. However it has seen significant increases in house prices, it found that over the previous 15 years (1996-2011), median house prices increased 174% in Staffordshire to £142,500 by 2011; and by 181% in Staffordshire Moorlands, to £135,000 in 2011.³
- 2.12 These increase in house prices have contributed to affordability problems in the district. Using affordability ratios in 1997, the ratio of median house price to median earnings in Staffordshire Moorlands was 3.30, compared with 6.22 in 2012. Affordability has therefore almost halved over this period. This has contributed to worsening affordability in the Staffordshire Moorlands housing market area.
- 2.13 This could be attributed to a national decrease in real incomes as well as the relatively low incomes of residents in Staffordshire Moorlands. In 2011 69% of people in Staffordshire Moorlands earned less than £25,000 compared to 30% in England.⁴ Incomes in Staffordshire Moorlands are some of the lowest in the area. In the Core strategy (2014) it states that the average weekly workplace earning is £424 per person in 2010⁵, compared to a regional average of £467 and the England average of £499 in 2010⁶.

Objectively Assessed Need

- 2.14 While the SHMA 2014 provides a wide range in terms of it's recommendation of objectively assessed need, it states that; "Due to the various factors and assumptions which feed into the assessment of future needs, there is not a single figure which can be definitively identified as Staffordshire Moorland's objectively assessed development needs." It found that an objective assessment of housing need and demand for Staffordshire Moorlands including backlog falls within the range 260 to 440 dpa.⁷
- 2.15 However it appears that the preferred end of the range, that which would not restrict development, is 440 dpa. It states that; "to ensure that there is no disconnect between the housing requirement and the Council's job growth

² Housing Strategy 2013-2015 Para 2.3

³ SHMA 2014 Paragraph 3.10

⁴ SHMA 2014 Paragraph 3.11

⁵ Core Strategy (2014), paragraph 2.10, page 24

⁶ Office for National Statistics 1997-2011, http://www.ons.gov.uk/ons/dcp171766_252474.pdf

⁷ SHMA 2014 Paragraph 6.39

aspirations, in order to justify a figure below 440 dpa, SMDC would need to demonstrate how it would mitigate or avoid the adverse housing, economic and other outcomes that a lower-growth approach could give rise to. This may require SMDC to explore the extent to which any shortfall could be met in neighbouring authorities within the same HMA, as discussed in the section below.”⁸

Affordable Housing Need

- 2.16 The SHMA 2014 has found that the quantitative need for affordable housing is particularly high. The SHMA has provided two vastly different estimates of net affordable housing need. In the first instances (and in line with SHMA practice guidance 2007) it found that there was a gross annual need for 707 dwellings per annum. However, NLP has also proposed a deviation from the practice guidance; “The Practice Guidance recommends that gross household formation should be used as the measure of newly forming households (under 45 years of age), as opposed to net household growth which takes into account household dissolution”. Using this alternative approach, NLP have found that the net annual need is for 250 affordable units per annum, albeit this alternative approach is not in line with the practice guidance.
- 2.17 In light of the fact that the Council’s adopted annual housing target is for 300 dwellings per annum, it is clear that the affordable housing need (i.e. 707 dpq) far exceeds the overall target and therefore any developments which provide policy compliant offers of affordable housing should be given considerable weight.

5-Year Land Supply

- 2.18 The most recent land supply data as of September 2013, included in the ‘Staffordshire Moorlands Housing Delivery Schedule’ (2013) states there is a land supply of only 2.3 years, less than half the required land supply as stated in paragraph 47 of the NPPF. The figure included for the land supply is 300 units per annum plus a 20% buffer due to previous low delivery rates⁹.
- 2.19 Part of the site at Milltown is also included in the SHLAA (2012) with a site code of LE057. The Site is included within the SHLAA with the following attributes; ‘available now’, is ‘potentially suitable’ with the following definition; ‘brownfield site within current settlement boundary with problems or conditions which could be overcome’. The site is not included in the 5 year land supply, however it is included in the 6-15 years supply.
- 2.20 The fact that part of this site has been allocated and the fact that the Council cannot demonstrate a 5 year land supply means that this proposed development should be brought forward.

⁸ SHMA 2014 Paragraph 6.42

⁹ Staffordshire Moorlands Housing Delivery Schedule (September 2013), page 3

3.0 The Viability of Affordable Housing Delivery

3.1 The NPPF defines the importance of carrying out a viability assessment in paragraph 173 of the Plan-Making Section 'Pursuing sustainable development requires careful attention to viability and costs in plan-making and decision-taking.' 'To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable.'

3.2 This highlights in the NPPF the need to ensure a viability assessment is undertaken to ensure a development takes into account all the necessary costs to ensure it is deliverable and provides competitive returns to the developer and land owner.

3.3 The most recent viability study for Staffordshire Moorlands District council was carried out by Roger Tym and Partners. The viability study, Staffordshire Moorlands Community Infrastructure Levy (CIL) Viability Study 2013, tests the viability of affordable housing provision at 30%, 40% and 50% and tenure mix of 70:30 (Social Rented to Intermediate Housing), in accordance with Policy H2 of the Core strategy (2014).

3.4 The residential land values used are set out in the table below. For larger sites the per ha price is reduced.

0.25 ha sites	1 ha sites	10 ha sites
£500,000 per ha	£450,000 per ha	£400,000 per ha
£700,000 per ha	£600,000 per ha	£500,000 per ha
£900,000 per ha	£750,000 per ha	£600,000 per ha

3.5 The study has used three separate sales values; Low Value: £1,750 per sq. m. Mid Value: £1,900 per sq. m. and High Value: £2,050 per sq. m.

3.6 The average size of a new build unit calculated in the study was 132m², with a figure of 120m² used for testing larger sites with a density of 35 dph. Overall both these figures seem high, especially as the England and Wales average is currently 76m² ⁽¹⁰⁾. Understandably there are regional differences in average house size however for the average house size in Staffordshire Moorlands to be nearly double the England and Wales's average is highly unlikely and would have had a significant affect on the overall viability results.

3.7 It is important to note that in the study none of the sites including the 10ha test sites specify the number of homes on the site, the study also does not specify if the area given in testing is the net or gross developable area. Therefore the site could appear extremely viable if 100% of the site is developed. For example a 10 ha site at 35dph would equate to 350 units which considering the amount of space needed

¹⁰ Average House Prices – RIBA
(<http://www.architecture.com/Files/RIBAHoldings/PolicyAndInternationalRelations/Policy/Housingpolicy.pdf>)

for infrastructure, gardens, parking etc. would not be deliverable in reality. It would drastically increase the marketable area of the site in a model format and make a site far more viable on paper than in reality.

- 3.8 Overall the viability for 10 Ha sites (size of the site in Leek) with a land value of £400,000/ha, sales value of £1,750/m² (¹¹), and a development density of 35dph is viable at 30% affordable housing with a margin of 26.4% at 40% affordable housing the development becomes marginal.
- 3.9 In terms of a residential CIL rate the CIL viability study (2013) recommends a single rate of £35/m².
- 3.10 The CIL study stated that; "It is worth of note that we understand that full policy target levels of affordable housing are not always being achieved in Staffordshire Moorlands."¹²
- 3.11 While the study found that that the majority of the scenarios tested were viable on the basis of the assumptions made. The CIL study found that assuming 40% affordable housing suggests that viability would be marginal in approximately 3 of the 15 scenarios tested at that level of provision and viable in the remainder of cases. Those 3 sites which were found to be marginal were all located in the lower value areas (such as Leek).
- 3.12 It is unfortunate that the adopted figure of 33% included in the Core Strategy has not been tested as this could have given a better picture of viability for the actual adopted target.
- 3.13 Nevertheless this proposed development is providing a policy compliant offer of affordable homes in the form of 33% of total housing (46 units) and should therefore be given considerable weight.

¹¹ http://www.zoopla.co.uk/market/leek/?q=Leek%2C%20Staffordshire&search_source=nav

¹² CIL Viability Study 5.49

4.0 Output and Secondary Data

- 4.1 The following graph (figure 4.1) combines data from the Core Strategy (2014), SHMA (2007), Staffordshire Moorlands OAN (Objective Assessment of Housing Need) (2014), Staffordshire Moorlands District Council Housing Strategy (2013-2015) and SHMA (2014) in order to plot the councils past completions in relation to recommended targets and policy targets.
- 4.2 In figure 4.1 we can see the level of overall completions and affordable completions since the start of the plan period (2006). The target of 300 units (Core Strategy SS2) per annum was originally set out in the West Midlands Regional Spatial Strategy Revision 2, 2009 (*Now Revoked*), and has been maintained the Core Strategy (2014).

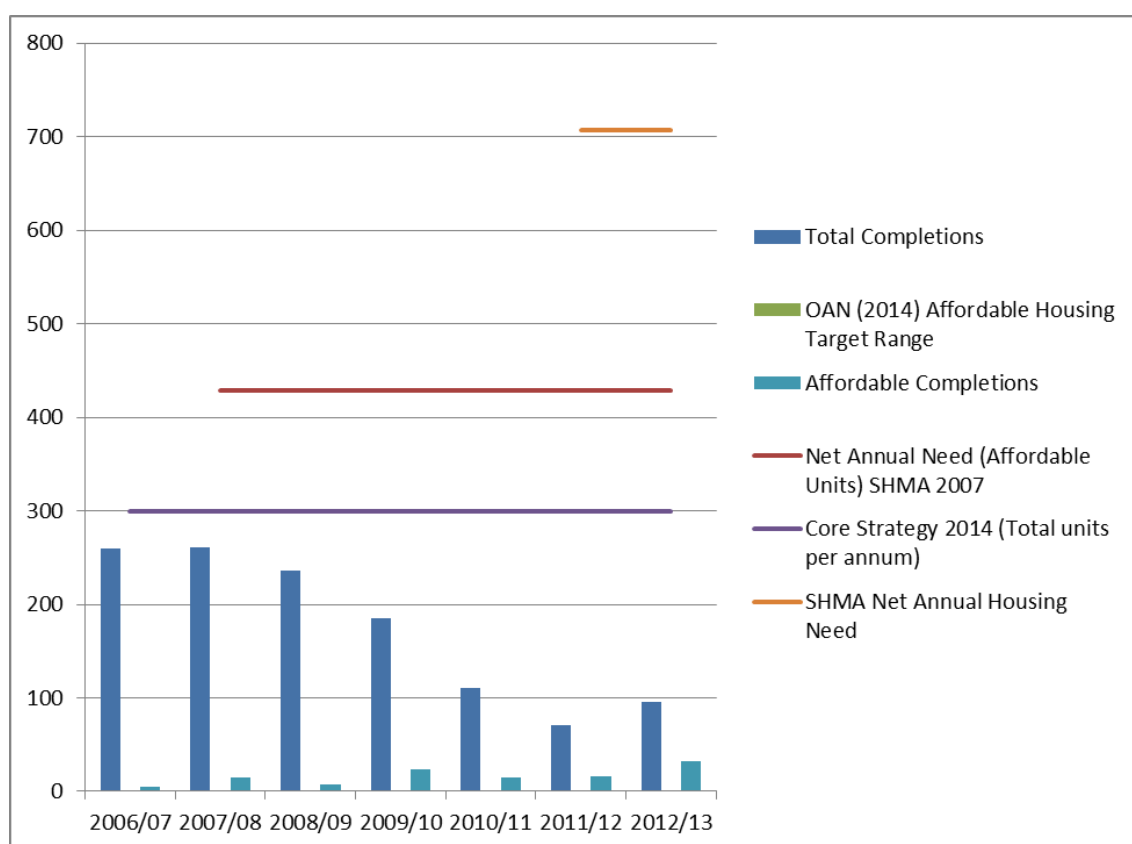


Figure 4.1 – Overall Completions and Affordable Completions from 2006/07 to 2012/13 in comparison to recommended targets from the SHMA (2007) and adopted targets in the Core Strategy (2014) (* first 6 months of monitoring period)

- 4.3 From figure 4.1 it is clear that the target of 300 units per annum (6000 units between 2006 and 2026) set out in Policy SS2 has not been reached since the start of the current plan period in 2006. Since this time the annual building rates have shown steady decline with a slight increase last year, although this recent monitoring year saw the delivery of just 96 units (less than one third of the identified target). The low completion rates in relation to the Core Strategy Target

(2013) have therefore created a deficit of 881 units since 2006/07, as shown in table 4.1 below.

Surplus/Deficit since start of Core Strategy period 2006-2011 (Phase 1)			
	Total Annual Completions	Core Strategy (2014) Target	Cumulative Surplus/Deficit
2006/07	260	300	-40
2007/08	261	300	-79
2008/09	236	300	-143
2009/10	185	300	-258
2010/11	110	300	-448
2011/12	71	300	-677
2012/13	96	300	-881
Total	1219	2100	-881

Table 4.1 – Completion rates in relation to Core Strategy Target (2014)
(Source: Staffordshire Moorlands Delivery Schedule Housing Supply, 30/09/13)

- 4.4 Affordable completions have been significantly low since the start of the plan period 2006. Table 4.2 below shows that the most units delivered in any one year was just 36 units and the average per year was just 19.3 affordable units.

Completions of affordable housing	
Date	Affordable Housing Completions
2006/07	5
2007/08	15
2008/09	7
2009/10	24
2010/11	36
2011/12	16
2012/13	32
Total	135
Average per annum	19.3

Table 4.2 – Affordable completion rates by year (Source: Staffordshire Moorland District Council Housing Strategy 2013-15 and Staffordshire Moorlands Delivery Schedule Housing Supply, 30/09/13)

- 4.5 In consideration of the fact that this development is proposing a policy compliant offer in the form of 47 affordable units should be given considerable weight.
- 4.6 The SHMA 2014 has identified (in line with SHMA practice guidance) a gross affordable housing need of 707 units per annum. This is considerably higher than the level of net annual need identified in the earlier 2007 SHMA, of 429 units per annum and demonstrates the acute affordable housing shortage in the district.

Funding

- 4.7 Although funding for new affordable homes has been severely cut back, since 2011, some funding is available from the HCA to support the provision of affordable housing where necessary.
- 4.8 Under the Affordable Homes Programme (2011-5) which replaced the NAHP, the presumption is that affordable homes delivered through the use of planning obligations will not ordinarily be funded.
- 4.9 According to Homes and Communities Agency (HCA) data, 1,526 affordable homes of all tenures received £35,544,092 in Stoke and Staffordshire during the period from April 2011 to March 2014. This represents a grant rate of £23,292/unit. In Staffordshire Moorlands, a total of £5,837,500 was committed, for 284 new units, representing a grant rate of £20,581/unit, as shown in the table below.

	Assigned	Committed	Units	Grant/ Unit
Stoke and Staffordshire	£38,610,520	*	1,678	£23,009
Stoke and Staffordshire	*	£ 35,544,092	1,526	£23,292
Staffordshire Moorlands	*	£ 5,837,500	284	£ 20,581

Table 4.3 – Breakdown of HCA Funding, Regionally and Locally (Source: Affordable Homes Programme - HCA (2011-2015))

- 4.10 The intention behind the introduction of Affordable Homes Programme was that the reduction in grant funding will be off-set by the higher rents charged on the new tenure of affordable rented homes. We have therefore obtained the Local Housing Allowance rates for the Staffordshire North BRMA (June 2014) – which will set the maximum rent generally payable for the properties. When these rents are compared to the actual rents charges on the small stock of Affordable rented homes in Staffordshire Moorlands according to data from the HCA's NROSH+ dataset, it is clear that real rents are only slightly below the weekly Local Housing Allowance rates in the area. This constrains the amount of money available for the delivery of affordable homes.

Staffordshire North (June 2014)					
	Shared	1 Bed	2 Bed	3 Bed	4 Bed
Weekly LHA	£50.02	£80.00	£91.15	£109.62	£138.46
Actual Rents	-	-	£85.20	£101.69	£121.29

Table 4.4 – Local Housing Allowance compared to Actual Affordable Rents charged by Registered Providers (Source: #NROSH)

Census Data

- 4.11 It is well understood, housing supply and household formation are, to some extent linked. If the number of new homes constructed is too low then it will be impossible for some of the younger population who might have expected to move out of home and form new households. In a free market, prices will rise in relation to wages on the basis of the ability to pay for housing – in effect, some people will be priced out and will be unable to form an independent household when, under different conditions, they might have expected to be able to do so.
- 4.12 Such households would include older children unable to leave the parental home because they cannot afford to do so and people sharing accommodation – either a group of people sharing a property or a home buyer renting out a spare room to help with the mortgage. Housing Needs Surveys would count such households as “concealed”. They have a need for an independent home and a reasonable expectation of being able to move into one but they are unable to do so, on cost grounds. At an anecdotal level, much has been made in the press and elsewhere about “boomerang kids” returning to the parental home after university and the rising average age of home buyers but it has been difficult to quantify the scale of the issue.
- 4.13 Part of the reason that it has been difficult is the nature of the census which treats all of those living in a property with shared facilities as a single household – even if they would like to live independently. In effect, the census does not recognise concealed households and neither do the household projections based upon it.
- 4.14 With that in mind, census data on household composition has been compared in Staffordshire Moorlands in 2001 and 2011 and the categories of household which might contain one or more concealed households have been examined. That is to say, households in which all children are non-dependent and, the unhelpfully named “other, other” households – which would be largely composed of flat or house sharers.

Staffordshire Moorlands Potential Household Increase		
Census Year	All Households	Increase in Potential Concealed Households
2001	38,799	5,296
2011	41,772	5,535
Overall Increase	2,973	239
Annual Average Increase	297	24

Table 4.5 – Concealed Households Potential Increase (Source: Census Data 2001 and 2011)

- 4.15 This is, of course, an inexact measure. Not all non-dependent children would move out if they had the means, not all flat sharers would live independently if they could, however, not all such households have been counted, merely the increase in their number over this period. The likeliest reason for an increase in such households at a time of steeply rising housing costs must surely be concealment.
- 4.16 Moreover, the figure may just as well be an under-as an over-estimate. Only those households where all children are non-dependent are counted. Where there are

both dependent and non-dependent children in a household, that household is classed as having dependent children – there is no way of knowing either the number of non-dependent children nor the rate of any increase in that number. The figure of 239, also assumes that each such household contains only one concealed household – in practice, it is not impossible for a home to house more than one grown up child or for a flat share to be shared among more than two tenants. In terms of annual growth in potentially concealed households, the rise in potentially concealed households represents over 8% of the increase in total households.

- 4.17 In addition to the level of potentially concealed households, the 2011 census also records concealed families as a definitive group. In Staffordshire Moorlands (2011) there were found to be a total of 349 concealed families.
- 4.18 A concealed family can be a couple (with or without children) or a lone parent; an adult child living without a partner or child is not a family. While ONS recognises that the occurrence of concealed households may be due to cultural traditions, including multi-generational households, it also occurs due to economic reasons including rising house prices in relation to earnings which would indicate affordability problems.

Waiting List

- 4.19 The number of households on the waiting list for Staffordshire Moorlands has generally fluctuated since the start of the monitoring period in 1997, however the overall trend is increasing.
- 4.20 The total number of households now on the waiting list is 2,434 (5.83% of the total households in the district). Since 1997 there has been a total increase of 1,818 households on the waiting list which works out as an average increase of 114 households per annum.
- 4.21 Further examination of the waiting list over the past 3 years, as shown in table 4.6 below, shows that the need is greatest for smaller units, however the need is increasing for larger units and slowly decreasing for smaller units.

Waiting List as of 1st April over past 3 years showing required mix of housing and reasonable preference						
		1 Bed	2 Bed	3 Bed	3 + Bed	Total
2010/11		2,428	1,194	426	213	4,261
2011/12		1,215	844	231	64	2,354
2012/13		1,195	821	282	136	2,434

Table 4.6 – Household Waiting List Data 2010/11 – 2012/13 (Source: Local Authority Housing Statistics)

- 4.22 From table 4.6 above it is clear that there have been significant changes in the total number of households on the waiting list. It is important to note that there has also been a change to the criteria of households on the waiting list in the past three years which will have affected the total number of households on the waiting list.

5.0 Affordable Rent and Social Rent

- 5.1 In 2010, the Chancellor of the Exchequer announced the creation of a new affordable housing tenure – Affordable Rent in the statement which accompanied the Comprehensive Spending Review. Registered providers were given greater flexibility to set rents at levels up to 80% of the open market rent inclusive of service charge and to issue shorter tenancies – originally as short as 2 years although 5 years was subsequently made the norm.
- 5.2 The introduction coincided with a shift in the government's philosophical approach to affordable housing and a radical withdrawal of capital funding for new affordable homes.
- 5.3 The main policy is to allow houses built with Capital funding from the 2015-18 Affordable Homes Programme to be let at Affordable rent. This is to prevent Affordable Housing Delivery from falling dramatically (especially affordable housing delivered by means of planning obligations) due to withdrawal of the majority of funding the intention behind the higher rents associated with affordable housing was to increase the price that Registered Providers could pay for affordable homes and thus to maintain the output of much needed affordable homes at a time when output might otherwise have fallen sharply.
- 5.4 In its options appraisal for the introduction of the new tenure, the Government explicitly considered the question of whether it would be more beneficial to secure a larger number of less subsidised Affordable Rented homes or whether it would be better to continue to deliver a smaller number of more deeply subsidised Social Rented homes. It found in favour of the former. In doing so, it assumed that households moving into rented affordable housing came mostly from the private sector, where they needed to be supported by significantly higher levels of housing benefit. The higher rents associated with affordable housing would blunt the savings to the benefit bill in individual cases but, in aggregate, the higher capital values would deliver more affordable homes and thus spread the benefits further.
- 5.5 Nor did the Government see this as a short terms solution limited to the provision of new homes whilst its top priority of reducing the national deficit precluded significant capital funding for affordable homes. In fact, the Chancellor announced that Registered Providers would be permitted to transfer existing Social Rented homes to the new tenure as they fell vacant and became available for re-letting. This was to allow the RPs to use the higher rents to release capital to be reinvested in the delivery of new affordable homes.
- 5.6 This marks a philosophical shift. There are two ways to support people in need of affordable housing – either through subsidising the individuals concerned through housing benefit or by subsidising the homes themselves. The view of the present Government is that deep subsidies to the homes themselves (through the provision of social rented housing) is inefficient. The theory being that households might be allocated to the home at a uniquely vulnerable moment in their lives perhaps following a redundancy but, once provided with an affordable home, their circumstances should improve. If the household's circumstances subsequently change such that they no longer require the subsidy it is then impossible to make the subsidised home available to a household with a present need because social rented tenancies are granted for life.

5.7 The new tenure is intended to support households at their time of need rather than indefinitely. The intention is that, as households get back on their feet, they either move into the private sector or, alternatively buy a share in the equity of the home, thus releasing a subsidy which can be used to help others.

5.8 It is the aim that Affordable Rent should be the primary form of affordable housing delivery across the country is built into the framework of the Affordable Homes Programme, the government's flagship programme for new affordable homes and is expected to be the main element of bids. The framework to the AHP makes it abundantly clear that the Homes and Communities Agency sees the provision of new social rented housing as making up only the most marginal element of the overall programme.

"Affordable Rent is expected to be the main element of the product offer from providers both for new supply and conversion of re-lets. But we want providers to respond appropriately to a range of local needs and development opportunities. We will therefore consider the inclusion of affordable home ownership in proposals, where it is a local priority and offers value for money.

Funding for social rented housing may be considered in exceptional cases."¹³

5.9 Just how exceptional those cases would be is set out later in the same document.

"Social rent provision will only be supported in limited circumstances. For example, social rent could be considered in regeneration schemes where decanting existing social tenants into new homes is necessary.

In all cases providers, supported by the relevant local authorities, will have to make a strong case to demonstrate why Affordable Rent would not be a viable alternative. All such cases will be considered on their individual merits.

Alternatively a local authority may wish to support the provision of social rent through the application of its own resources, for example, the provision of free land or its own funding. The HCA will consider such cases where this results in the level of HCA funding requested offering similar value for money to that achieved for Affordable Rent offers."¹⁴


5.10 The published statistics on the output of new homes under the Affordable Homes Programme up to the end of June 2013 contains not a single instance of social rented housing¹⁵. This data contains the funding details of some 38,000 new homes, including those which did not receive any public funding.

5.11 However, we recognise that not all elements of the Government's programme have been implemented. In particular, conversions of existing social rented homes to affordable rent have been relatively rare and, even if the absence of new social

¹³ Affordable Homes Programme Framework paragraph 4.1-2 HCA 2010

¹⁴ Affordable Homes Programme Framework paragraph 4.20-22 HCA 2010

¹⁵ http://www.homesandcommunities.co.uk/sites/default/files/our-work/2011-15_ahp_-_schemes_confirmed_by_the_hca_end_of_june_2013.xlsx



rented homes in the AHP turns out to be a reporting error (which is possible) – it is possible to deliver affordable homes outside the Affordable Homes Programme. Frustratingly, despite being the regulator for the entire affordable housing sector, the HCA has no statistics at all on delivery outside the AHP and was unable to confirm or deny whether such delivery was taking place or to what extent.

- 5.12 In summary, the government is seeking to maximise the delivery of affordable housing and. In order to ensure this, its view and that of the HCA is that all new rented affordable homes should take the form of Affordable Rent rather than Social Rent. As we have seen, there are a significant number of households who have an affordable housing need and could afford an Affordable Rent.
- 5.13 We conclude that there is room for a discussion with the Council's registered Provider partners as to what the Affordable Rent should be, however providers should adhere at least to the Governments policy on Affordable Rent and charge at no higher than 80% of the open market rent inclusive of service charge but, in order to give the maximum level of certainty, the Council should accept that Affordable Rented housing is accessible to all and meets the identified housing need in the Borough.