



AFFORDABLE HOUSING STATEMENT  
DOCUMENT 8  
March 2008

Outline Application for the  
Curborough New Settlement  
Near Lichfield, Staffordshire

Supporting Statement  
on  
Affordable Housing

Prepared for the applicants, The Curborough Consortium, and their  
Agents, RPS Planning and Development Ltd by:

Rupert Scott BA (Hons) Dip TP  
Affordable Housing Consultant.

14<sup>th</sup> March 2008

# **Outline Application for the Curborough New Settlement, Near Lichfield, Staffordshire.**

## **Supporting Statement on Affordable Housing**

### **Introduction**

This Statement has been prepared by Rupert Scott, who has over 30 years experience, as a senior manager and as a consultant, in both the private and public sectors of the housing development industry. For the last 15 years he has advised a large number of local authorities, landowners and developers on all aspects of affordable housing, including the assessment of housing needs, the formulation of housing policies and strategies, and the delivery of affordable housing.

In particular, he has been involved in Section 106 negotiations, on behalf of both local authorities and developers, on a number of large sites, including the major urban extension to Gloucester at Brockworth Airfield. He has also produced Housing Need and Housing Market Assessments for several individual local authorities, and sub-regional groups of authorities, in both the West Midlands and South West Regions. This work has focussed on the wider issue of how the delivery of market as well as affordable housing impacts on housing needs and the development of more sustainable communities.

This Statement deals with the advantages of the Curborough proposal over any of the alternatives for addressing the acute problems of affordability and appropriate housing supply in this part of Lichfield District. It does so in four sections:

**Firstly**, it details the identified need for affordable housing in Lichfield District

**Secondly**, it considers the implications for the provision of affordable housing, and for the meeting of local housing need, of each of the 4 Options in the District's "*Core Strategy Issues and Options*" document,

**Thirdly**, it identifies the unique benefits of a proposal of this scale in contributing to a more balanced and sustainable housing market that ensures continued economic growth while also protecting the environmental qualities of the area.

**Fourthly**, it explains why the location of this proposal is so appropriate for securing those benefits.

It should be noted that while this Statement draws upon all of the available policy and research documents at the current date, it has not been able to take account of the impending publication of the sub-regional Housing Market Assessment. Once the results of that work have been made available, the Statement will be updated to take account of additional relevant information. Similarly, while the Statement has been informed by brief initial discussions with Housing Officers and RSLs, it is anticipated that more detailed discussions could then be held on matters of broad house type and tenure mix in the light of this important and up to date research.

## **1. The Need For Affordable Housing in Lichfield District**

The annual requirement for additional affordable housing in Lichfield District was established by the 2003 Housing Needs Survey as being 530 p.a. This was based on a gross need for 1,008 p.a. less a supply of 478 p.a. from re-lets and anticipated new developments. The 2008 Housing Market Assessment, now in draft form but not yet publicly available, will update that figure, but it is unlikely to be significantly, if at all, lower:

Latest supply figures, taken from the Council's *Housing Strategy Statistical Appendix* (HSSA) show that 478 annual re-lets was an understatement of subsequent events – re-lets for 2006/7 were in fact 522, which added to new development of 45 gives a total supply of 567. This, on its own, would reduce the annual shortfall: gross need of 1,008, less supply of 567, equals a shortfall of 441, rather than 530.

However, Land Registry records show that there has been an increase in house prices across Staffordshire of around 35% since 2003, so affordability will have worsened significantly, quite apart from the cumulative effect of not meeting the annual shortfall in the intervening years.

The HSSA also shows that in April 2007 there were over 3,000 households on the Council's housing waiting list, and the Council's forecast for additional affordable housing from new development is only about 70 p.a. (The Council's Housing

Strategy Action Plan contains a target of 70 p.a. but at para. 4.5 it provides an estimate of 249 for the 5 year period 2006/11, which is only 50 p.a.)

## **2. The prospects for additional affordable housing supply**

The annual shortfall in affordable housing supply (whether at the level of 530 p.a. suggested by the 2003 Survey, or 441 adjusting for changes to supply only), has to be seen in the context of the realistic prospects for total supply from new developments. Whatever figure is finally set by the Regional Spatial Strategy for total new dwellings from all tenures, it is unlikely that this will be substantially higher than the annual shortfall in affordable housing identified by the 2003 Survey.

Section 7 of the supporting Planning Statement addresses existing and future housing land supply in detail, and the implications for the total level of new dwellings that will be provided in the period to 2026.

The Council has a saved policy from its 1998-2001 Local Plan with regard to the provision of affordable housing at 25% of the total site numbers on all sites. It has recently adopted an Interim Housing Policy that has lowered the threshold at which new development sites are required to include 25% affordable housing. Its Supplementary Planning Guidance suggests that this, or any other figure that may be adopted in due course, will be applied to all sites – except those of less than 15 dwellings in settlements with a population in excess of 3,000, or of less than 6 dwellings in smaller settlements, or on sites which can be shown to have exceptionally high development costs.

Although these exceptions will be to some extent offset by small developments by RSLs that are exclusively for affordable housing, it is inevitable that the net effect will be to reduce the overall proportion of new dwellings that will be affordable to less than the stated target.

Clearly, the level of provision of affordable housing will be affected by the type and distribution of sites. But this is not just a measure of the capacity of sites to deliver the right quantity of affordable housing: The emergence of Housing Market Assessments is beginning to demonstrate that the type and location of new housing

supply can be as important as the quantity, especially where there is competition for that supply between local and in-migrant needs.

There is an obvious need for the location of new affordable housing to be appropriately located with reference to imbalances between existing supply and local need. What has not previously been so well recognised is the extent to which the location of new market housing can have an impact on the way that the local housing market operates to the benefit or otherwise of the local population as a whole.

In considering alternative locations for new housing supply it is important to consider the extent to which the market housing is likely to meet the needs of the local population – allowing households to trade up and make way for new households – or the extent to which it attracts in-migrants who commute to higher paid employment outside the District, and whose purchase does not release another property for sale within the District. It is well established that Lichfield City and much of the southern part of the District do attract such in-migrants, and this is evidenced by the disparity between workplace based income, at an average of £20,306 p.a., and residence based income, at an average of £24,788 (as identified in the Council's *Housing Strategy 2006/9*).

The less that market housing is accessible to those who are employed locally, the greater will be the need for affordable housing – not only for those excluded from the market altogether due to higher prices from greater competition, but also through a reduced supply at the bottom of the house buying chain, as fewer existing households are able to move up the property ladder.

These issues can be illustrated by an examination of the 4 options set out in the Council's "*Core Strategy Issues and Options*" document:

**Option 1 – Main Towns only** – i.e. Lichfield and Burntwood, and the fringes of Rugely and Tamworth.

The effect of this option would be to divert 30% of the District's housing requirement - and therefore 30% of the potential affordable housing supply - to towns in adjacent districts, without any evidence that those locations are appropriate for meeting housing need arising from across the District: Even if some of Lichfield District's own housing needs (for both market and affordable housing) could be diverted in this way,

it is highly improbable that this would be as much as 30%, as there is no evidence that this would be consistent with either employment or family connections (the main drivers for moving area). The effects on both existing and newly forming households, living and working within the District, would therefore be equivalent to a substantial reduction in housing supply, unless evidence were to be produced to show that a significant proportion of the local population are seeking to move to the fringes of Tamworth and Rugely.

### **Option 2 – Lichfield, Burntwood and 6 Key Villages.**

The Core Strategy document explains that this option assumes that employment opportunities can be both identified and secured in each of these key villages, for which there does not seem to be any evidence. Even if the necessary level of additional employment was achievable, there would also need to be evidence that it would be relevant to at least some of the households purchasing both the market and the affordable housing. Without such evidence, this option would carry a high risk of undermining the main emphasis in the Regional Spatial Strategy for urban containment, as development in rural areas is bound to attract in-migrant/out-commuters.

Appendix 1 to this Statement shows that the proportions of the housing stock that are affordable (i.e. owned by Registered Social Landlords) in the rural parts of the District is even lower than the 13% average for the District. This means that if any development at all is appropriate in villages, where there are no significant opportunities for employment growth, it should be exclusively for affordable housing. Such developments would not only ensure that local needs only were met, but also contribute to achieving a more balanced housing market by addressing the under provision of affordable housing within the total stock.

### **Option 3 – Dispersal – with development in a larger number of villages**

This option would seem to have all the disadvantages of Option 2, in greater measure: The greater degree of dispersal would inevitably involve more smaller sites and many of these, even if they are above the threshold, could well be the type of brown field re-development that is likely to have the exceptionally high development costs that will justify a reduced proportion of affordable housing.

It is almost inevitable that the more dispersed the housing provision, the more sites will be below even the reduced thresholds for providing affordable housing, so the total provision of affordable housing will be less than the target percentage would suggest.

Moreover, the more rural the location of new development, the more certain it is to attract in-migration/out-commuting: The *West Midlands Lifestyle Survey* which was commissioned as part of the evidence base for the Regional Spatial Strategy partial review, showed that a majority of households, especially the middle aged and older ones, in all parts of the Region, showed a marked preference for rural living. The Issues and Options document raises the possibility of this option supporting local services and facilities and even of stabilising house prices in rural areas. The *Lifestyle Survey* (and indeed all of my own substantial experience in housing development in predominantly rural areas) is that very little of the market housing under this option would make any contribution to local services, and there would certainly be no effect on prices whatsoever as the demand will always substantially outstrip supply.

As with Option 2, there are already adequate mechanisms for meeting local needs through Exceptions Sites that can now be allocated as well as locally initiated. Therefore, if there is any evidence of a need for additional housing in any villages, it can be provided in this way, ensuring that it would indeed contribute to supporting local services and facilities, as occupancy of these developments would be restricted to households with established local connections, through family and/or employment.

#### **Option 4- New Settlement**

This option offers the most realistic prospects for not only maximising the supply of affordable housing, but also for ensuring that the market housing makes the best possible contribution to meeting local needs and stimulating the local market in a way that creates more vacancies on the bottom rungs of the property ladder.

There are three principal differences between this option and the other three:

Firstly, the more dispersed the location of new developments becomes, the less they can be planned comprehensively: Each site is constrained by its local character and features, and also to some extent by the wishes of its developer, so the Council is

unable to set out, let alone achieve, a full schedule of requirements, in terms of property size, type, tenure, and timing, for the benefit of the whole district. The free market, and the principles of laissez faire, takes precedence over detailed planned provision. When a significant proportion of the housing is to be affordable, and when it is also important that the market housing makes a large contribution to meeting local needs, the greater level of planning that is available in a new settlement becomes all the more important.

Secondly, the new settlement can be located in the place that makes the biggest possible contribution to infrastructure improvement and to the integration of employment, leisure and retail activities, while also protecting the environment through reductions in car travel and minimising the use of green field sites.

Thirdly, the new settlement is the only option that offers certainty as to the scale of affordable housing provision, as it replaces a wide range of smaller sites which are bound to include some that will be either too small, or not sufficiently financially viable, to make the same contribution.

### **3. How a New Settlement contributes to a Balanced Housing Market and a more Sustainable Community**

#### **3.1 Planned Provision for full range of types, sizes and tenures of affordable housing, including supported and specialist housing**

Although local authorities have a strategic housing responsibility, they are reliant on Registered Social Landlords (RSLs) to deliver new affordable housing, and RSLs are in turn largely dependent on private sector developers providing them with affordable housing within the sites they are developing primarily for the open market. The result is that local authorities are obliged to take a purely re-active role, rather than a pro-active one: they have to respond to opportunities where and when they arise, and negotiate with both the RSLs and the developers in the hope of achieving something which approximates to the priorities they have identified.

In reality, local authorities are to a very large degree constrained by the nature and location of the site and the attitudes and priorities of the other parties. The more dispersed and fragmented the supply of housing sites, the more difficult it becomes to achieve a clearly prioritised programme of delivery. In fact, with the current level

of supply of only about 50 affordable dwellings p.a. across the whole District, it would be quite impossible to achieve a balanced and comprehensive pattern of delivery even if they were able to be more pro-active than the present system allows.

While the new Local Development Framework might introduce policies requiring a higher proportion of affordable housing, applied to a wider range of sites through the application of lower thresholds, that would make very little difference to the basic problem of having to be re-active to an unpredictable situation.

If the proportion of affordable housing was increased to 30%, this proposal for around 5,000 dwellings would provide the prospect of being able to plan in detail for the delivery of up to 1,500 affordable dwellings, which is an unparalleled opportunity for the local authority to play a far more strategic role in partnership with developers and RSLs. 1,500 dwellings represents an increase of over 25% in District's stock of affordable housing (currently around 5,500 according to the Council's HSSA). Such an increase would be sufficient to make a major adjustment to the profile of the stock in order to reflect the changes in demographics and lifestyles, and the effects of the Right to Buy, that have occurred over the last 30 or more years.

Within this level of provision, there will also be scope for all types of supported housing, especially the type of retirement village that requires a large number of properties to support a range of tenures and facilities – such as Beacon Park Village in Lichfield (135 apartments), The Beacon Centre, Dudley (71 apartments) or Bredon Road, Tewkesbury (50 flats and 25 bungalows). The Council's *Housing Strategy 2006/9* quotes the projection by the Office of National Statistics that the number of people in the District aged over 75 will more than double in the period up to 2026. This has major implications for the type of housing required, and also for the provision of support services that are far more economically and effectively provided where there is some concentration of the population needing those services.

A new settlement provides a far greater prospect than any of the other options for the provision of this type of older person's accommodation, and not only on a substantial scale, but also integrated into the wider community,

### **3.2 Opportunities for on-site energy creation and reduction in energy use**

The Government has set extremely ambitious targets for the reduction in energy use and the increase in on-site energy creation. RSLs are leading the way in these areas, being required to achieve much higher standards of energy conservation than

private sector housing. On very large schemes such as new settlements, where they have a substantial stock holding, they are also able to initiate and manage a package of measures for on-site energy creation and reduced car travel.

### **3.3 Long Term Stewardship through a leading RSL partner**

RSLs have a further role that is most applicable to schemes of this size: Long Term Stewardship which can be critical in aiding value growth, creating a safe environment and generally making the new community an attractive place to live and invest.

As landlord of a substantial rented and shared ownership portfolio, a lead RSL partner would have a vested interest in the provision of estate wide/cross tenure services to maintain common areas and the public realm. This should be a self-financing and long-term management arrangement, including precepts through a Parish Council with a co-terminus boundary with the development, and could include the management of public spaces that serve a wider community benefit.

RSLs involved on this scale can contribute to broader neighbourhood initiatives beyond the scope of their own stock and customer base, including promoting community safety, encouraging financial inclusion, initiating and supporting local social events, helping to address worklessness and supporting vulnerable individuals. They can also offer domain management services to the entire mixed tenure, mixed-use community. This might include landscape repairs, facilities management and cleaning services, to parks, business amenity areas, car parks, etc. The services could be available to owner occupiers, other social landlords, buy to let investors, community centres, offices, small businesses and so on.

The key factor here is the provision of services by an organisation whose financial interest in the community is substantially greater than the profit margin on a maintenance contract. This type of approach has been successfully introduced at the urban extension to Gloucester at Brockworth Airfield, with the lead RSL and the Housing Corporation investing substantial resources, well in advance of the development being commenced, to ensure that this Long Term Stewardship is appropriate, effective and endorsed by the existing community.

### **3.4 Critical mass of intermediate housing options that allows for future moves within the community**

Intermediate housing options – such as shared ownership, fixed equity and sub-market rent – are all relatively new and very small scale: There are just 170 such properties in the entire District, compared with over 5,500 social rented properties. However, the enormous gap that has opened up in recent years between the cost of social rent and the cost of owner occupation has made this a tenure that has as far greater role to play – especially in higher priced areas such as Lichfield, where the average price of a terraced or semi-detached house is £40-50,000 higher than in Burntwood, and where the proportion of property sales that are in the lower price ranges is much lower. (see Appendix 2 for comparative house prices).

There will be a large number of households aspiring to home ownership who may never be able to afford outright ownership, or for whom that opportunity will be well into the future. In the meantime their only realistic option is some form of intermediate tenure, but the supply is negligible – the Council's HSSA return shows that just 18 are currently planned for the entire District over the 2 year period 2007/9. Until such time as the stock reaches a more substantial level – at least 10% of the total in a single locality – it will not be able to provide a generally available option for both first time buyers and for families needing to move to a larger property.

This proposal provides an opportunity to create the critical mass of intermediate housing that will ensure that there is a genuine alternative to full owner occupation or social rent. The cost of the intermediate housing could be tailored to local wages, and local employees who are unable to access the open market could be given priority – there is anecdotal evidence that a significant number of local employees have to travel considerable distances to work, due to their inability to afford local house prices. Indeed, the success of local employers in recruiting and retaining staff may well be dependent on the availability of a substantially improved range of housing options in the area.

A further advantage of this critical mass is the opportunity that a major RSL can offer for flexible tenure: that is, allowing households to trade down from part ownership to full renting, and vice versa, without having to move home. Removing the need to move house because of a change in financial circumstances, will lead to more stable, and therefore more sustainable, communities.

### **3.5 Critical mass of additional social rented housing that allows for de-canting and re-modelling of parts of the existing stock**

Section 3.1 above identified the unique prospect of being able to plan in detail for the delivery of up to 1,500 affordable dwellings - an increase of over 25% in District's stock of affordable housing - which is sufficient to make a major adjustment to the profile of the stock in order to reflect the changes in demographics and lifestyles, and the effects of the Right to Buy, that have occurred over the last 30 or more years.

Much of this adjustment will be facilitated by the opportunity to make long term plans for the remodelling, and possibly part disposal and/or re-development, of some of the existing stock. While some of this activity will be already taking place on a rolling basis, a major constraint is the lack of alternative accommodation for existing tenants to move to, whether temporarily or permanently. Effective management of social rented housing in any event relies to a large extent on having the ability to offer more suitable alternatives to existing accommodation, and when supply is very constrained, and a large proportion of re-lets is required just to meet urgent cases, such opportunities are very limited.

A significant quantity of additional social rented accommodation, particularly when it is supplied on a phased basis over a period of several years, allows for a level of forward planning that housing departments have not been able to even contemplate for several decades.

The result of this proposal would therefore not only be a substantial reduction in the overall level of outstanding housing need, but also a major improvement to the existing stock of affordable housing in terms of better use and more effective management.

## **4. The Locational Advantages of Curborough**

### **4.1 Links to local major centres of employment rather than encouraging out-commuting and benefit dependency**

With more dispersed provision of housing, it is very difficult to ensure that the occupiers of the affordable housing can obtain and maintain local employment, as there is no certainty (or even likelihood) of appropriate local opportunities. This leads to the risk that they will have to commute long distances to work, and this also makes it harder to tackle the problem of benefit dependency. Both of these issues

are addressed by large scale provision adjacent to the two main employment centres – Lichfield City with over 15,000 jobs, and Fradley Park with an estimated final total of around 7,000. The only other major employment centre is Burntwood, where there are almost twice as many economically active people as there are jobs, in contrast with the surplus of jobs over people in Lichfield City. (these figures for Lichfield and Burntwood are set out in the Council's *Core Strategy Issue and Options* document.) Training opportunities are also much more easily provided where there is such a concentration of employment, as part of the Long Term Stewardship described in 3.3 above.

This proposal is firmly linked to the main current and future employment opportunities in the District, and provides a solid base for creating an economically sound community that has the wider infrastructure to be fully sustainable

#### **4.2 Links to the local strategic centre for a wide range of services and facilities without adverse impacts on its special character**

The Council's *"Core Strategy Issues and Options"* document states:

***"Lichfield will be the focus for a wide range of services, shopping, cultural and leisure activities which will be accessible by the improvement in quality and quantity of sustainable routes into the city".***

It follows therefore, that provision for the greater part of the housing needs of the whole District would be most appropriately located within easy reach of these facilities. More dispersed provision would inevitably lead to more travelling and more likelihood of other strategic centres in adjacent districts being the focus of these activities to the detriment of Lichfield. For lower income households this is a particular issue, as the close proximity of schools, medical services, and a full range of retail and leisure facilities is even more important than it is for households who can afford to buy their own home and quite probably own two cars.

For market housing as well, the opportunity to create a community with a comprehensive range of services and facilities, as well as substantial employment opportunities is a major advantage that cannot be matched through more dispersed provision of new housing.

## **5. Conclusion**

There is a clear need to maximise the supply of affordable housing in Lichfield District.

Of all the options currently being considered for the location of new housing supply, a New Settlement provides the best opportunity for not only maximising affordable housing supply, but also for doing so in a planned and comprehensive manner.

A New Settlement at Curborough has the added advantage of being ideally located adjacent to the District's major centres of current and future employment. It also provide the best opportunity for creating a sustainable community where a wide range of housing, employment, education, and leisure facilities are all within close proximity, making it the ideal location for both market and affordable housing..

## Appendix 1:

### Distribution of Population and Dwelling Stock in Lichfield District

	Population (2001 Census)	Population %	Estimated Total Dwellings	Social Dwellings	Social as % of Total
<b>Lichfield</b>	27,790	30%	12,560	2,563	20.4%
<b>Burntwood</b>	27,361	29%	12,141	1,479	12.2%
<b>Rural Area</b>	37,969	41%	17,165	1,647	9.6%
<b>District Total</b>	<b>93,230</b>	<b>100%</b>	<b>41,866</b>	<b>5,689</b>	<b>13.6%</b>

#### Data sources:

Population numbers are from the County Council Research Unit's population report on their website, and percentages calculated from those numbers.

Total Dwellings for the District are from the Council's *Housing Strategy Statistical Appendices* for 2006/7, and the apportionment of the total to the three areas is made on the basis of the population split. (That assumes that the number of persons per dwelling are constant across the District – while this will not be entirely accurate, it provides a reasonable estimate.)

Social Dwellings for each of the three areas are taken from the Council's *Housing Directory* for 2004, which is due to be updated in April 2008. The percentage of the total dwelling stock that are social is then calculated from the estimated total number of dwellings.

#### Conclusions:

The proportion of the District's dwelling stock that is social is well below average at only 13.6%. A development strategy that ensured up to 30% of all new dwellings were affordable would clearly improve that overall proportion. The even lower proportion of 9.6% in the rural areas is an indicator of an imbalance that is more likely to be corrected by a policy of restricting market housing in villages, and applying a policy of allocating sites exclusively for affordable housing where there is evidence of need. Options 2 and 3 of the "Core Strategy Issues and Options" document would disperse development and thus increase the likelihood of some market housing being below the threshold for including affordable housing. Option 4, with a selective policy of 'affordable only' in rural areas, is the only option that would be certain to increase the proportion of social and affordable housing in both the main settlements and the rural areas.

## Appendix 2:

### Comparative House Prices across Lichfield District

	2003/8 increase	2008 estimate – applying county-wide increases to baseline data from the 2003 Housing Needs Survey			
Type	Staffs	Lichfield	Burntwood	Rural North	Rural South
Flat	37%	£116,051	£124,178	£102,080	£239,346
Terraced	39%	£163,183	£108,553	£131,760	£176,506
Semi-Det	40%	£182,797	£138,423	£138,053	£185,661
Detached	34%	£272,952	£238,333	£294,896	£319,272
All Types	35%	<b>£184,018</b>	<b>£170,376</b>	<b>£248,157</b>	<b>£309,308</b>

#### Data sources:

Land Registry records provide average prices for each of the four main house types for the County for each year, from which a percentage increase for the period 2003 to 2008 has been calculated. The 2003 District Wide Housing Need Survey provided a more detailed breakdown of prices by four sub-areas of the District, so by applying the county-wide rate of increase since that date it is possible to arrive at an approximate updating of those figures. (It is possible that a more comprehensive analysis will be contained in the forthcoming sub-regional Housing Market Assessment.)

#### Conclusions:

These figures show the enormous difference in housing costs between Burntwood and the Rural South of the District, with the cost of terraced and semi-detached housing in Lichfield nearly as expensive as the Rural South. This disparity is even greater when the total number of property sales of each house type are considered: The 2003 District Wide Housing Needs Survey showed that terraced housing in Burntwood made up 21% of all sales, compared with around 10% for the other areas. This greater availability, as well as lower prices, suggests that Burntwood will present a much lower affordability problem than the rest of the District – which is born out by the Housing Needs Survey finding that 53% of concealed households were in Lichfield, compared with 33% (out of an almost identical population) in Lichfield.

The much higher prices in Lichfield and the south of the District are an indication of the greater need for intermediate housing that bridges the wider gap between the cost of social rent and full owner occupation – a gap that will be bound to have an impact on attracting and retaining employees in the major employment areas in this part of the District.