



Report of the Director of City Development

Executive Board

Date: 16th July 2008

Subject: Affordable housing targets & housing mix

Electoral Wards Affected: All

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In
(Details contained in the report)

EXECUTIVE SUMMARY

This report outlines two proposed changes to housing policy to be applied to planning applications received on and after Monday 21st July 2008. The changes have been subject to informal consultation and adjustments made accordingly.

The first change would increase the affordable housing targets. This would accord more closely with recently adopted regional policy (Policy H4 of the Yorkshire & Humber Plan). All other existing affordable housing policy remains in force. The targets apply to the following spatial areas of Leeds:

	Previous	From July 2008
Outer area/rural	25-30%	30%
Outer suburbs	25%	30%
Inner suburbs	25%	30%
Inner areas	15%	15%
City centre	15%	15%

The second change would introduce guidelines to influence the mix of types & sizes of dwellings in new housing developments. As this policy is informal (as opposed to being prepared as part of the Local Development Framework), it will have limited weight in planning application decisions, so should be used as a rule of thumb rather than as a prescriptive tool. The guidelines have been informed by evidence collated for the whole of Leeds, so local circumstances will also be important. The guidelines are:

IHP1: New-build residential development should provide:

- i) at least 65% of new dwellings as houses with gardens, including private communal gardens as appropriate**

ii) at least 40% of new dwellings to be 3 or more bedroom in size

With the following exceptions:

- a) not applicable to the city centre or town & district centres as defined in the UDP
- b) not applicable to sites in locations where houses with gardens would be inappropriate in terms of urban character or where development of houses with gardens would render development unviable
- c) not applicable to specialist housing developments, for example to house elderly people

1. Purpose

- 1.1. This report seeks approval of informal planning policy to broaden housing mix and increase the affordable housing targets

2. Background

- 2.1. Concern about the need for affordable housing in Leeds has been generated by the publication of the results of the Strategic Housing Market Assessment (SHLAA) in 2007. This research identified a need for 1889 affordable dwellings each year in Leeds. Concern about the need for affordable housing was also generated by the emergence of the Regional Spatial Strategy – the Yorkshire & Humber Plan - which stresses the need for higher provision of affordable housing and sets an indicative target band for Leeds of 30-40% affordable housing provision. In response officers have considered how planning policy & practice might be adjusted in the short term to deliver more affordable housing.
- 2.2. Concern has also arisen about the dominance of flats in the mix of new housing development over recent years. In response, officers have explored evidence of wider trends in the city to generate informal guidance.

3. Proposals for Housing Mix & Affordable Housing Targets

- 3.1. The affordable housing targets element of the policy change would raise the affordable housing targets to accord more closely with recently adopted regional policy (Policy H4 of the Yorkshire & Humber Plan). It is also suggested that all other aspects of affordable housing policy remains in force. The recommended targets apply to the following spatial areas of Leeds:

	Previous	From July 2008
Outer area/rural	25-30%	30%
Outer suburbs	25%	30%
Inner suburbs	25%	30%
Inner areas	15%	15%
City centre	15%	15%

- 3.2. The housing mix element of policy change concerns the introduction of guidelines to influence the mix of types & sizes of dwellings in new housing developments. The recommended guidelines are:

IHP1: New-build residential development should provide:

i) at least 65% of new dwellings as houses with gardens, including private communal gardens as appropriate

ii) at least 40% of new dwellings to be 3 or more bedroom in size

With the following exceptions:

a) not applicable to the city centre or town & district centres as defined in the UDP

b) not applicable to sites in locations where houses with gardens would be inappropriate in terms of urban character or where development of houses with gardens would render development unviable

c) not applicable to specialist housing developments, for example to house elderly people or students

Consultation

- 3.3. The proposed affordable housing target increase that was subject to public consultation suggested targets of 33% across Leeds and 15% for the city centre. The EASEL area was excepted because it had a separate 25% target set through the EASEL Area Action Plan Preferred Options.
- 3.4. A period of consultation was offered from 11th to 29th February and details were sent to 117 people & organizations by email. These were taken from the City Council's Local Development Framework database identified because of their interest in housing issues in Leeds, including consultation on preparation of the Supplementary Planning Document on affordable housing.
- 3.5. The draft housing mix policy which was subject to public consultation – also from 11th to 29th February - suggested that new housing developments contain at least 60% of new dwellings as houses with gardens and at least 40% of new dwellings to be 3 or more bedroom in size. Exceptions are cited as town centres and areas where houses with gardens would be inappropriate in terms of visual character or where houses would make development unviable.
- 3.6. Fifteen responses were received including one from Councillor Campbell and two internal officer responses. A summary of the objections is set out in the table below:

Public Consultation Points	Officer Comment & Conclusion
General comments about the policy proposals (AH Targets & housing mix)	
Confusing & will undermine formal policy preparation	It is agreed there may be potential for confusion around the affordable housing targets, but this is being provoked by the 30-40% interim targets of the RSS. The policy proposal seeks to clarify matters in the interim period until the SPD is adopted as expected in December 2008.
Time offered for consultation too short – against spirit of co-operation & partnership	Sufficient time was provided and a good range of comments were received.
The policy should have been placed on the City Council's website & is thus lacking in status	Agreed shortcoming, but all consultees were sent full details of the draft policy changes.
Affordable Housing Targets	
More developments will become unviable. This will reduce total numbers of dwellings & thereby fail to increase affordable provision.	The concern hinges on future decisions of landowners which can only be speculated on. If the higher targets endure for many years, landowners have nothing to gain by mothballing sites.
The increase for inner area zone of 120% is too high	Agreed to propose 15% as the target for the inner area zone. Proposals in the EASEL area may be subject to different targets and policy provisions applied through the EASEL Area Action Plan
Leeds' SHMA is unreliable as an evidence base	Not agreed. The SHMA process included consultation on the preparation & methodology involving all housing interests.
The RSS target band for Leeds of 30-40% is an interim indication of level of need not a prescribed target.	Agreed, but the RSS will be part of the Development Plan & the 30-40% band is a valid indication of what level of provision is

	expected. This level of provision can be justified through the evidence of the SHMA.
The University of Leeds should be exempted	Not agreed. Organisations of charitable status or public service with land holdings & development potential should still be expected to deliver affordable housing.
The lower target for the city centre is unjustified & should be increased	Not agreed.
Housing Mix	
Policy is unnecessary social engineering which strays beyond the advice of paragraphs 22-24 of PPS3 and the market will rectify itself	Not agreed. The market in Leeds has oscillated from delivering predominantly houses in the 1980s to delivering predominantly flats in recent years. A policy steer to create more balance is justified
Insufficient regard to the existing mix of housing in local areas	The basis for the proposed policy is district wide evidence of housing mix.
Policy is too prescriptive. Policy is too vague & "small" is not defined. The word "expect" is too weak.	Agreed that the wording "...will be expected to provide" should be replaced with "...should provide" Agreed that the word "small" is vague & is unnecessary
Houses with gardens should be broadened to include appropriate communal space	Agreed. Add "(including communal gardens)" at the end of i).
Lack of regard to special housing needs such as for elderly persons	Agreed. A third exemption should be added: "c) not applicable to specialist housing such as for elderly people or students.
The policy does not make sense applied to conversion schemes such as mill buildings	Agreed. The first words of the policy should be changed to "New-build residential development..."
Lack of regard to how the policies will be monitored for effectiveness	Mix of housing completions in terms of size & type is already monitored

- 3.7. A report was also tabled at the Strategic Affordable Housing Partnership Board meeting of 18th March 2008. No changes to the policies were suggested.
- 3.8. The consultation responses have led to a number of changes to the informal policies; the affordable housing targets for the outer/rural/suburbs is reduced from 33% to 30% and the target for the inner areas is reduced to 15%; the housing mix policy has the target % of houses increased from 60% to 65% and is refined in terms of wording and an additional exception for specialist housing is added. The percentage change derives from the City Council's ambition to better address the aspirations of households for new housing (as expressed in the Strategic Housing Market Assessment 2007). It is acknowledged that this will have ramifications for the scale of land that Leeds will need to find to meet the new housing requirement set out in the Regional Spatial Strategy and the site capacity assumptions which will form part of the Strategic Housing Land Availability Assessment.
- 3.9. The final policies are set out in Appendices 1 & 2, with explanatory text. Background data concerning housing mix is set out in Appendix 3.

4. Timing of introduction

- 4.1. Concerns have been expressed about the impact of the new policy and practice on development proposals that had been in gestation long before the City Council's suggestions were publicized; such proposals will have been conceived and advanced on the basis of policy & practice pertaining at the time and could well become uneconomic as a result of these proposals.
- 4.2. The City Council considers that these type of issues are inevitable for new policy requirements. There are factors which should help diminish problems of introduction. Firstly, it has been 4 - 6 months from when the proposals were first mooted and, in the case of the raised affordable housing targets, the RSS indicative target band of 30-40% for Leeds has been in the public domain since 2005. Secondly, current affordable housing policy allows for the viability of development to be considered and allowances made where new requirements cannot be reasonably accommodated.
- 4.3. To further lessen the impact, it is suggested that the new policy & practice be applied only to planning applications that are *submitted* on or after the operative date for adoption of the policy & practice. The operative date is proposed as Monday 21st July.

5. Conclusions

- 5.1. It is considered that the informal housing policy changes have had a short but sufficient consultation period generating a good range of comments from interests concerned. Modifications have been made to the original proposals as appropriate.

6. Recommendations

- 6.1. Members are requested to approve:
 - i. The adoption of informal planning policy as set out in Appendices 1 & 2 to broaden housing mix and increase the affordable housing targets and
 - ii. That Officers apply the changes to applications received on or after Monday 21st July 2008

Appendix 1: Non-statutory interim affordable housing targets 2008

Background

Two stimuli have prompted this change. Firstly, the Leeds Strategic Housing Market Assessment 2007 presents evidence that Leeds needs nearly 2000 new affordable dwellings every year; this represents a 650% increase on the previous housing need assessment from 2003. Secondly, the Regional Spatial Strategy “The Yorkshire & Humber Plan” is now part of the statutory development plan and Policy H4 sets a provisional estimate of 30-40% affordable housing to be provided in Leeds.

Reason for Policy Change

Current affordable housing targets set out in the Unitary Development Plan 2006, Supplementary Planning Guidance 2003 & Housing Need Annex 2007 approximate to 25% of new housing developments to be affordable in most parts of Leeds; central/inner areas are exceptional in having a target of 15%.

The City Council is currently preparing a new Supplementary Planning Document on affordable housing provision which will introduce new affordable housing targets and a comprehensive package of detailed guidance. It is being prepared as part of the Local Development Framework with public consultation and a sustainability appraisal and is expected to be completed in December 2008. The problem is that the new RSS targets are part of the development plan for Leeds and the difference between local & regional targets creates a period of uncertainty until the SPD can be finalised in December 2008 or early 2009. Hence, this non-statutory guidance is intended to clarify which targets should prevail for the interim period until the SPD is adopted.

Given the scale of need for new affordable dwellings identified in the Strategic Housing Market Assessment – 1889 dwellings per annum – there is good justification for a target of 30%.

The city centre is exceptional because of increasing demands for other S106 requirements, including public realm & public transport. The inner areas have regeneration priorities & generally low land values. Hence, the targets for these areas will remain at 15%. Proposals in the EASEL area may be subject to different targets and policy provisions applied through the EASEL Area Action Plan.

New affordable housing targets

The following targets will be applied in relation to efforts to secure affordable housing from residential development proposals following adoption of the Yorkshire & Humber Plan in May 2008.

All other aspects of current affordable housing policy as set out in the Supplementary Planning Guidance 2003 & Housing Need Annex 2007 will remain in force.

	Previous	From July 2008
Outer area/rural	25-30%	30%
Outer suburbs	25%	30%
Inner suburbs	25%	30%
Inner areas	15%	15%
City centre	15%	15%

The zones have the same boundaries as set out in the SPG with the one exception that the small parts of the EASEL area in the Inner Suburbs would continue with EASEL's own 25% as stipulated in the LDF Area Action Plan Preferred Options.

Appendix 2: Housing Mix 2008

During the early to mid part of this decade, delivery of new housing in Leeds became increasingly dominated by flats as opposed to houses with gardens. There are many reasons for this including national housing planning policy of PPG3, confidence of investors, the availability of centrally located brownfield sites and growth of single person households. Flats also became an increasingly significant component of larger and more suburban housing developments. This contrasts with earlier decades where the housing mix of new development was dominated by houses.

Whilst overall market interest in building houses & flats is subject to fluctuations, planning policy is needed to guide provision toward a more balanced mix. The current need to increase the proportion of houses is given further weight by the Leeds Strategic Housing Market Assessment 2007 which uncovers a preference amongst households surveyed, particularly existing households expecting to move, for larger dwellings and houses.

Development plan policy on the subject is provided by Policy H5 of the Yorkshire & Humber Plan. This states:

A Plans, strategies, investment decisions and programmes should ensure the provision of homes for a mix of households that reflects the needs of the area, including homes for families with children, single persons, and older persons, to create sustainable communities.

B The cities and towns in the Regeneration Priority Areas, and the larger coastal towns, would particularly benefit from a change in the current mix of housing provision.

C Throughout the Region, further work at the local level to identify the shortcomings of the current stock in relation to the needs of the area will help in focusing the interventions in the areas identified above and any other areas identified through local evidence.

Nb the Regeneration Priority Areas are defined in Policy YH1 as the older industrialised areas of S. Yorks, W. Yorks & the Humber and are shown on the Key Diagram as broadly the southern half of Leeds MD, south of the city centre.

Policy IHP1¹ below develops the regional concern for housing mix at a local level. It is intended to be applied as a guide rather than a prescriptive rule to the mix of dwellings on individual development sites. Local circumstances will be important and it must be recognised that the justification for the policy relies principally upon evidence assembled of district-wide characteristics & trends.

IHP1: New-build residential development should provide:

i) at least 65% of new dwellings as houses with gardens, including private communal gardens as appropriate

ii) at least 40% of new dwellings to be 3 or more bedroom in size

With the following exceptions:

a) not applicable to the city centre or town & district centres as defined in the UDP

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c) not applicable to specialist housing developments, for example to house elderly people

¹ Interim Housing Policy 1

Appendix 3: Background Data for Housing Mix Policy

The percentage minima are derived from evidence of housing supply, existing housing mix, need & demand set out in the tables below. The data cannot generate percentage mix requirements in a formulaic way, but the different components of information can give a steer on the direction to take:

Historic Trends of Housing Supply: It should be noted that this data excludes developments in the city centre & town centres, which are likely to be exclusively flats. Table 1 shows that during the 1990s the mix of houses/flats was dominated by houses but during this decade the mix has become dominated by flats. The long term average over the whole period ought to be fairly representative of long term needs by ironing out market peaks & troughs. The proportions over 16 years = flats 35%, houses 65%.

In terms of mix of smaller & larger dwellings shown in Table 2, the trends are less discernible than for the mix of houses & flats. Nevertheless, larger dwellings were more numerous than smaller up to 2002/3, but since then smaller dwellings have dominated. The proportions over 16 years are 42% small, 58% large.

Household Preferences for Housing Size & Type: This data comes from the Housing Market Assessment 2007 sample survey which explored the preferences of existing households intending to move and newly forming households. Generally there is a much stronger preference for houses than flats (see Table 3), although newly forming households are less disposed to houses than existing households. The main difference is for those intending to rent privately, who have a stronger preference for flats.

In terms of preferences for larger or smaller dwellings (Tables 4a & b), there are differences between existing households who are seeking larger dwellings and newly forming households who are seeking smaller dwellings. There are also differences in size preferences depending which tenure is sought. Generally, those seeking owner-occupied housing are looking for larger dwellings, those seeking social housing are looking for a balance of larger & smaller dwellings & those seeking private rented housing are looking for smaller dwellings. Owner occupation needs to be weighted more highly because a majority of households are seeking this tenure (Table 5).

Mix of Existing Housing Stock: Houses currently account for around 80% of stock & flats 20%. Data is awaited from OPCS on the mix of dwellings in terms of numbers of rooms.

Household Composition:

Household projections produced by the Office for National Statistics consistently show that new households are likely to be dominated by single person households. The projections for Leeds 2006 – 26 expect 67% of new households to be accounted for by one person households and only 2% to be accounted for by married or co-habiting couples.

In-migrant Households: Historically, in-migrants have favoured private rented housing as their preferred tenure (49%) & flats as their preferred type of dwelling (39%).

Overall Conclusions: In terms of the mix of houses & flats, the history of supply suggests that there may be a case to intervene to reverse or dampen down the recent trend of high proportions of flats. This is lent weight by expressed preferences of the SHMA survey for houses, but diminished by the household projections showing growth in single person households and by the existing balance of housing stock in Leeds which is dominated by houses. In the circumstances it would seem reasonable to set the policy benchmark to restore the long term balance of houses & flats in housing supply; setting a 60% minima for houses with gardens would help.

The trend of housing supply shows a preponderance of smaller dwellings in recent years, which is much higher than the longer term trend. Preferences show a spread of demand for various sized dwellings, depending on tenure & nature of household. In this case, it would be sensible for the policy benchmark to ensure that at least a basic component of larger dwellings are provided – 40% is suggested as reasonable.

Historic Trends of Housing Development

Private Sector dwellings first given detailed permission 1/7/91 - 30/9/07 by mid year of permission.
Sites of 0.5h and over outside city and town centres.

Table 1	Flats*			Houses			
	1 bed	2 bed	2/3 bed	1 bed	2 bed	3 bed	4+ bed
1991-2	0	174	0	8	422	507	118
1992-3	0	0	0	12	82	204	151
1993-4	14	26	0	0	197	388	313
1994-5	2	51	0	0	174	388	453
1995-6	24	52	6	0	199	730	573
1996-7	6	102	0	0	191	521	457
1997-8	4	144	17	0	71	276	420
1998-9	8	11	0	6	131	367	396
1999-0	46	229	49	0	86	441	433
2000-1	12	158	51	0	48	207	195
2001-2	188	988	60	0	52	749	861
2002-3	20	298	156	0	59	290	372
2003-4	621	1379	56	0	181	637	322
2004-5	258	844	99	1	38	361	338
2005-6	144	395	6	0	14	118	208
2006-7	323	390	2	0	7	89	106
2007-8	12	32	0	0	0	4	16
Total	1682	5273	502	27	1952	6277	5732
% of total	8%	25%	2%	0%	9%	29%	27%

Table 2	All Dwelling Types		
	1&2 bed	2*, 3, 4+ bed*	Total
1991-2	604	625	1229
1992-3	94	355	449
1993-4	237	701	938
1994-5	227	841	1068
1995-6	275	1309	1584
1996-7	299	978	1277
1997-8	219	713	932
1998-9	156	763	919
1999-0	361	923	1284
2000-1	218	453	671
2001-2	1228	1670	2898
2002-3	377	818	1195
2003-4	2181	1015	3196
2004-5	1141	798	1939
2005-6	553	332	885
2006-7	720	197	917
2007-8	44	20	64
Total	8934	12511	21445
Percentage	42%	58%	100%

* includes 2 bed flats in excess of 90sqm, typically penthouses

Preferences for housing size & type²

Percentage preferences expressed by households expecting to move or newly forming households for houses & flats in Leeds.

		Houses	Flats
Owner Occupied	Existing HHs	92	7
	New HHs	73	27
Social Housing	Existing HHs	92	8
	New HHs	62	38
Private Rented	Existing HHs	57	43
	New HHs	20	80

Percentage preferences expressed by households expecting to move or newly forming households for different sized dwellings in Leeds.

		1 bed	2 bed	3 bed	4 bed	5+ bed
Owner Occupied	Existing HHs	2	31	40	25	2
	New HHs	10	62	25	4	0
Social Housing	Existing HHs	14	35	36	9	5
	New HHs	29	57	14	0	0
Private Rented	Existing HHs	23	43	23	12	0
	New HHs	59	23	9	9	0

		1& 2bed	3+ bed
Owner Occupied	Existing HHs	33	67
	New HHs	71	29
Social Housing	Existing HHs	50	51
	New HHs	86	14
Private Rented	Existing HHs	65	35
	New HHs	82	18

It should be noted that the preferences for the three tenures are not equally represented in the samples. The following table sets out the proportions:

	Total Sample	Preferences		
		Owner occupation	Social Rented	Private Rented
Existing HHs	25405	15628	7169	2447
	100%	61.50%	28.20%	9.60%
Newly Forming HHs	16403	8956	4626	3133
	100%	54.6	28.2	19.1

² Leeds Strategic Housing Market Assessment 2007, tables 30, 31, 34, 35, 37 & 38

Housing Mix of Current Housing Stock

The current housing stock in Leeds amounts to approximately 320,000 dwellings. The proportion of houses (as opposed to flats) from the 2001 Census is **82.5%** houses, compared with 87% in the region and 80.2% in England.

Taking account of the fact that approximately 5500 new houses & 13500 new flats have been built since 2001, it is estimated that the proportion of houses in the stock as a whole fell to about **79.3%** at the end of 2007 in Leeds. This includes the assumption that demolitions were split equally between houses & flats.

Household Composition

Nationally, household composition has changed significantly since the 1970s with the following notable changes³:

- Average household size reduced from 2.9 to 2.3
- Proportion of single person households up from 17% to 31%
- Proportion of couples with dependent children down from 31% to 21%
- Proportion of lone parent households up from 8% to 27%

In terms of future projections for Leeds, 67% of new households are expected to be single person, and only 2% families/couples.

	Married & Co-habiting couples	Lone Parent	Other Multi person	One person	Total
2006	156449	27004	24953	102581	310987
2026	157264	32825	32638	132145	354872
Change Number	815	5821	7685	29564	43885
Change %	2%	13%	18%	67%	100%

In-Migrant Households

Over the last 10 years, the significance of in-migration as a factor in the Leeds housing market has increased⁴. In-migration has been a growing component of demand for new housing. Most in-migrants are from other parts of Yorkshire & the UK; only 15% are from abroad⁵.

Historically, in-migrants have favoured private rented housing as their preferred tenure (49%) & flats as their preferred type of dwelling (39%)⁶.

³ Leeds Strategic Housing Market Assessment 2007, p68.

⁴ Ibid, fig. 13

⁵ Ibid, table 14

⁶ Ibid, tables 12 & 13

