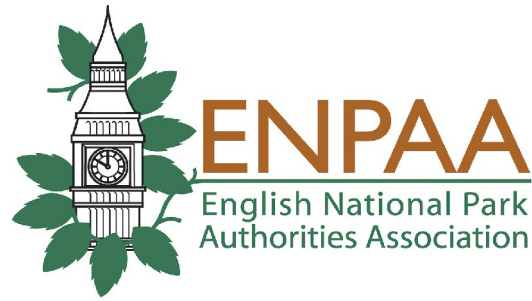


# Position Statement



## Affordable Housing

### Introduction

Lack of affordable housing is an issue affecting people in most parts of the country and we welcome the additional political focus given to this issue, locally and nationally. England's National Parks are in the front line in the challenge of protecting our most beautiful areas of countryside, whilst also meeting needs for affordable housing for local communities. The opportunities and difficulties facing people in National Parks are quite specific to the circumstances faced in these protected areas and so solutions tailored to these need to be used. Circumstances vary between different National Parks too, although there are issues common to all National Parks and many protected and other rural areas. The National Park Authorities, although not Housing Authorities, are active in this area, and are committed to ensuring that the special qualities of these areas are protected, and the needs of local communities addressed. The planning system can be, and indeed is, of assistance in the delivery of more affordable homes, but complementary action including resources by Government and others is critical to achieving success.

### England's National Parks

Over 209,000 people live in England's National Parks, and whilst our National Parks are a truly national treasure, they are also living landscapes peopled by farmers, others who manage the land and people living in rural communities. Each of the nine National Parks in England has a National Park Authority. These are independent bodies funded by central Government and have the following two purposes:

- to conserve and enhance the natural beauty, wildlife and cultural heritage of National Parks; and
- to promote opportunities for the understanding and enjoyment of the special qualities of National Parks by the public.

In carrying out these purposes, they also have a duty to seek to foster the economic and social well-being of local communities within the National Park.

ENPAA's overall position on affordable housing is captured by what we are seeking to achieve:

ENPAA believes that we should be ensuring that those communities that help contribute to a thriving National Park are able to live in high quality designed, affordable homes (whether in public or private ownership) and which demonstrate the principles of sustainable development, and therefore complement the special qualities of the National Park.

### The Affordable Housing Challenge in National Parks in England

#### Ensuring affordable housing is available

Ensuring affordable housing is available is an issue that is common to many rural and urban areas, but it is particularly acute in National Parks which are both rural and have limited land availability for housing development.

Some confusion exists as to what the term *affordable housing* actually means. ENPAA supports the definitions contained in the

Government's *Planning Policy Statement 3: Housing* (PPS3). This describes affordable housing as including social rented and intermediate housing provided to specified eligible households whose needs are not met by the market. Such housing should enable those eligible to have their needs met at a cost low enough for them to afford, given local incomes and local house prices. Furthermore, affordable housing should remain at an affordable price for future eligible households. It is important to recognise that affordable housing is therefore not restricted to social housing, as it also applies to market housing provided at a cost considered affordable in relation to average incomes or the price of general market housing.

The scale of the problem is significant. In Exmoor, for example, average house prices have trebled since 1998. In Northumberland National Park prices rose by 199% between 2000-2006 compared to 174% in England across the same period.

Incomes are frequently low in National Parks – leading to very high house price to income ratios. In Exmoor, the average house is now 14 times greater than the average income; in North York Moors 13 times; in Dartmoor and Yorkshire Dales 10 times; and in the Lake District 6 times. House prices in the New Forest are spiralling ahead of the rising prices found in the South East region as a whole. Even these figures can hide even greater disparities for those on the lowest incomes, and within different parts of each National Park. While household (rather than individual incomes) will obviously lessen the effect, the disparities continue to be high.

The issue is not so much a lack of housing supply – there is plenty in estate agent windows. High levels of external pressure to buy property within National Parks drives up prices. A survey by Exmoor NPA, a few years ago showed that of new open market housing built, only 10% went to local people from National Park communities.

Overall figures fail to highlight the particular social problems which can occur when local people are unable to live in the area they grew up in, and the breaking of social bonds that can be a

consequence. This can contribute to the loss of rural services and long term social and economic decline. When National Park Authorities seek the views of local residents, the issue that typically is of greatest concern is affordable housing.

### Nature of the housing need

Often, the need is small in terms of the numbers of new homes required. The challenge is ensuring small numbers of affordable homes are provided in the right places. By their nature, small developments in small communities lead to higher per unit cost than elsewhere because of small and difficult sites and sometimes from the higher costs of achieving appropriate design standards. Cross subsidy by open market housing is rarely an appropriate means of funding such extra costs.

The effort and finance required is much greater in small, remote schemes making them less attractive for agencies and developers – who tend to focus their efforts in urban areas and larger sites.

Open market housing development in the past has not provided the appropriate size and type of housing to meet specific local needs and has clearly not been affordable in the context of local incomes. In addition, extensions to existing properties can also exacerbate the severe shortage of 'entry level housing' for first time buyers.

### Changes to existing housing stock

The important work of the Housing Associations has not been able to keep up with the sale of Council housing, with the subsequent effect that the housing stock for lower waged people is now in short supply. In Exmoor, 10% of the properties owned by Registered Social Landlords have transferred to the open market between 1981 - 2007 following their purchase under the right to buy.

Legal Agreements are currently the most widely used mechanism of addressing the need for affordable housing to be affordable in perpetuity. Such agreements are open to challenge and are often lengthy, time consuming and difficult to get all parties to agree to. A more effective, standard mechanism, for achieving 'perpetuity' is required.

Problems also arise due to developers holding on to land because they can make more money from developing it in the future (so called 'hope value').

### Specific issues for National Parks

ENPAA recognises that affordable housing is a national issue – it relates to both urban and rural areas – however, the challenges can be acute and particular in National Parks because of their remote rural location and need to conserve their high quality environments. A tailored approach is needed more for National Parks than in rural areas in general to reflect these differences.

The very high house price: income ratios are exacerbated by the low waged economic sectors found in National Parks (eg. tourism and agriculture). There are limited opportunities to increase incomes in deeply rural National Parks. A failure to co-ordinate policies on housing with rural development can mean new housing going to households where the occupants live in the National Park but commute long distances to work in a nearby urban settlement. Local needs policies, therefore, are particularly important.

In order to protect the special qualities of the National Park for the nation, these areas are under development constraint. This means that it is not possible to effectively cross-subsidise with open market housing. We cannot and should not, therefore, seek to 'build our way out of the demand/supply problem' in National Parks.

There is debate whether the additional costs imposed by materials/design in sensitive environments is an issue in National Parks and some objective analysis which goes beyond anecdotal evidence is needed on this point.

Overall, there is a greater reliance on public subsidy for affordable housing delivery in National Parks.

### Barriers exist to delivering affordable housing in National Parks

A number of barriers exist though to varying degrees in different National Parks. These include:

- a lack of housing finance, especially for smaller local housing associations, traditionally with finance being skewed to the larger projects available within urban areas. For example in the South West the Regional Housing Strategy allocates only 10% of Housing Corporation funding to settlements below 3,000 population. Encouragingly the Housing Corporation's most recent Prospectus seeks to address this;
- shortage of sites for housing – not necessarily because of planning restrictions but because land owners can be unwilling to provide at values that are required to ensure affordability. In Yorkshire, for example, the Housing Corporation have a £5,000 per unit cap on exception sites. They feel this is a suitable level to ensure schemes are affordable, yet the majority of landowners are unwilling to sell their land for this price. The means sites are not coming forward for affordable housing development.
- assessing Needs – there is a reliance on rural housing enablers – who are mainly non-core, temporary funded posts;
- there continues to be a lack of consistency of approach in assessing housing needs at parish levels;
- S106 Agreements – can be over complicated and problems exist in ensuring they robustly provide affordability in perpetuity;
- perpetuity is a key issue, as is ensuring the engagement of mortgage lenders. NPAs can establish legal agreements regarding the need to keep a house affordable 'in perpetuity' but many lenders insist on a mortgagee in possession clause so that it can be sold on the open market if the owners default. It is hoped that the arrival of Community Land Trusts may help here;
- NPAs can face strong local opposition to social housing – in part because it represents new development, and partly because of

underlying assumptions that social problems will follow. Ensuring high quality design can help, but this remains a challenge;

- extension to the right to buy in rural settlements has added to the challenges; and
- there is a shortage of public land and former industrial buildings suitable for affordable housing, and even this is shrinking.

### No one problem – with no one solution

It is important to recognise that the problems differ across the country. There is high demand for homes in most National Parks. The problems of second homes are particularly acute in the Lake District and Yorkshire Dales. In Exmoor, accessibility from the South East creates pressures, and in the Peak District accessibility from Northern cities is the issue. Securing homes for people with traditional land management skills is a problem across all National Parks.

### A successful project requires support from many sectors

There are a complex mix of players involved in providing for affordable housing. NPAs are not housing or building control authorities and rely on others to provide advice on housing need. It is necessary to look at the issue along the whole housing chain. Sometimes sites can be found and proposals developed, for example, only for lending institutions to fail to support the initiative. By their nature, exception sites can have difficulties which add costs on eg. highway, environmental health or heritage protection grounds.

### Second homes and holiday homes

There is an important distinction to be drawn between holiday homes and second homes. The former, if utilised well provide for local employment and increasing numbers of people enjoying the National Park. While the same *can* be true of second homes, more often they are left empty for long periods of the year. This makes little contribution to local economies, adds to a shortage of available housing (particularly of smaller units on the market) and raises house prices.

The experiences of second home ownership differ across the country with some seeing newcomers as innovators and bringing funds to rural communities, while elsewhere they contribute to ghost villages and bring little funds in. The level of occupancy; the spending behaviour and commitment of those who have second homes all seem important factors in a complex area.

In the Lake District, 18% of all houses are either second or holiday homes. But figures for the National Parks as a whole can hide wide variations within them. In Coniston Parish in the Lake District the figure is an incredible 43%. Data can be patchy and often under-estimates the total number of household dwellings. But in other National Parks the level of second and holiday home ownership is estimated to be 15% (in the Yorkshire Dales and Exmoor); 14% (Northumberland); 12% (North York Moors); 4% (Peak District); 3% (Dartmoor) and 2% in the New Forest (*figures have been rounded*). The planning system cannot control the purchase of homes as second homes and therefore solutions lie elsewhere.

### Affordable housing is more than a housing issue

An important consideration in this debate is 'affordable' to whom? NPAs believe that in National Parks, the needs of people who are linked to supporting National Park purposes need to take priority.

Within National Parks, many communities are no longer mixed, working communities. This creates wider social, economic and environmental problems. The land managers of tomorrow find it extremely difficult to live in the National Park because of the costs of housing. Therefore in National Parks affordable housing is a wider issue than housing. It relates to supporting a local population, able to maintain a high quality distinctive landscape, and delivering on NPAs' socio-economic duty. Sustaining local employment within a National Park, and consistent with its purposes, is important to avoid residents commuting long (or even short) distances outside of the National Park.

As the age of the population in many National Parks increases – this brings with it important issues of delivering public services in sparsely populated areas and we will need to be able to accommodate the increasing number of carers that will be needed in future. In contrast, younger people are often forced to leave National Parks in order to find affordable accommodation. This generates an imbalance in the age and social structure in many communities which is a national trend too.

### How to respond to the challenges

The Government has made housing a top political priority. The Government commissioned Kate Barker to review housing supply (2004). Then Elinor Goodman's Affordable Rural Housing Commission reported (2005) and the Housing Corporation followed-up by establishing the Rural Affordable Housing Advisory Group (on which NPAs are represented). The Government responded to the Barker report with its recommendations to have a market led approach to planning for housing; and in 2006 published *Planning Policy Statement 3: Housing*. In July 2007, it published a Housing Green Paper – *Homes for the Future: More affordable, more sustainable*. In the same year the Prime Minister commissioned Matthew Taylor MP to look at the issue of affordable housing in rural areas further. Draft legislation late in 2007 was also published that will see the establishment of a new Homes and Communities Agency.

A common theme in the Barker report and the responses by HM Treasury has been a focus on a lack of supply of housing. Planning is frequently cited as 'a problem'. Government policy is, broadly, to address a national shortage of housing through increasing supply. There is debate whether this will work given the economics of housing, whether it is environmentally sustainable, as well as feasible across the country. Some argue that the issue is more of a failure to match new housing to housing needs, rather than a problem of a shortage of supply.

ENPAA believes the criticisms levelled at the planning system are short sighted since the issue cannot be addressed by planning alone. Leaving

matters to the market only is imperfect; while a return to large scale council house building seems improbable. Certainly within National Parks volume house building is not an appropriate response – either to the specific problems being faced, or environmentally. So we need to look elsewhere for solutions.

### **National Park Authorities are promoting solutions**

Meeting local housing needs in order that National Park purposes can be furthered is a priority for National Park Authorities. It is important that the solutions support the National Parks' sensitive environments, rather than undermine them. National Parks are – by definition beautiful landscapes that are held in trust for the nation. They are not the place to address national shortages of affordable homes. But NPAs have been at the forefront of finding alternative ways to tackle the problems – particularly for meeting local needs.

### Spatial Planning providing solutions

Various criteria are adopted in NPA policies, to provide a transparent process for ensuring the need that is being satisfied is genuinely local. Section 106 Agreements are used to ensure, as far as is currently possible, that the housing is secured in perpetuity to local people in housing need. As well as lowering the price of homes, such policies also avoid a rise in second home ownership, and long range commuter housing.

The Yorkshire Dales, and other NPAs are considering setting affordable housing targets, allocating land predominantly for affordable housing, and restricting the size of units.

Many NPAs use 'the local occupancy tie' to ensure housing meets local need. This helps reduce the cost of housing, but still does not make it affordable for many people. Since 1992, 103 new homes with an occupancy restriction have been granted planning permission in the North York Moors, and since 1994 over 400 local needs affordable houses have been provided in the Peak District.

NPA planning policies continue to support developments that minimise traffic generation and support local services by focusing them on existing larger settlements.

### Beyond planning

Many NPAs are keen to examine the potential of Community Land Trusts. The Lake District NPA has secured money from HM Treasury under the 'Invest to Save' programme to work with District Councils in examining how these new Trusts might help deliver affordable housing in Cumbria and Community Land Trusts have been established already in some National Parks.

All NPAs have been working in partnerships with others. They meet housing authorities, the Housing Corporation and local housing enablers regularly. Exmoor NPA hosts a Rural Housing Project, for example, that aims to act as an 'honest broker' in finding sites for affordable housing. The North York Moors plays an active role in the region's Housing Group that shares good practice and feeds suggestions in to the Regional Housing Board. The Peak District NPA leads a housing partnership of interested delivery partners.

Many NPAs provide financial and support in kind for Rural Housing Enablers. The North York Moors NPA part funds two RHEs. The enabler covering Exmoor National Park is based in the offices of the NPA. In several NPAs the role of their own Development Control Officers has been developed to complement some of the housing enabler work and this has been successful in identifying new sites for potential affordable housing.

Many NPAs, like Dartmoor, have been working with local communities and supported local housing surveys. Where gaps exist in knowledge, or inconsistencies exist in methodology NPAs have tried to ensure robust data is collected on local housing needs. Northumberland NPA commissioned its own Housing Needs Survey for the National Park to get a more consistent approach, while the Lake District NPA has commissioned its own Strategic Housing and Land Availability Assessment.

NPAs help spread good practice too and find solutions. North York Moors NPA for example is playing an active role in the IDeA Rural Excellence Programme that includes work on affordable housing. The Yorkshire Dales NPA is commissioning research to examine how sites could be released for affordable housing and is working with a significant mortgage lender.

Northumberland NPA is working with Northumbria University on options for delivering affordable housing within the National Park. And in the New Forest, the NPA has maintained the New Forest Commoners Dwellings Trust that seeks to provide housing in perpetuity for eligible commoners. The Peak District is working with minerals companies on former minerals sites on enhancement schemes that include providing land for affordable housing.

## **ENPAA's Position**

### Getting the policy framework right

This is a multi-agency problem, not one that rests solely with Housing Authorities or Planning Authorities. It requires close working and partnerships between all the parties, in both public and private sectors. In promoting social housing, NPAs are certainly not against private ownership – but it is important to address the implications on livelihoods and for National Parks from current unsustainable trends. Close working between the NPA and Housing Authorities is vital.

In order to achieve this overall aim, NPAs need to take action to maintain and strengthen local communities threatened by an acutely distorted local housing market. We support the urban renaissance and the concentration of homes provision in urban areas – since this is important to improving quality of life for many people, and can reduce pressure on rural environments. And we recognise the important role that local authorities as housing authorities play both within and adjacent to National Parks in providing affordable housing too.

### Using robust information on need

The Housing Needs Survey System is criticised in some quarters for being a blunt instrument that is applied inconsistently. We support the recommendation of the Affordable Rural Housing Commission that called for more robust data at a national level. In addition improvements are needed in how local assessments are undertaken to ensure people have confidence in the assessments and the justifications underpinning them. Policy should be able to distinguish between genuine 'need' and aspirational 'desire'.

### Empty or under-utilised homes

ENPAA believes making maximum use of existing stock of accommodation and buildings should be the number one priority. This ensures local needs are met without requiring additional greenfield development.

We cannot build ourselves out of the problem. Housing need surveys for North York Moors testify to this. Simply to respond to need through new build, for example, would require an 11% increase in housing stock which would damage the character of the National Park.

It is important to have innovative planning policies that relate to re-use of rural buildings/holiday lets and agricultural tied dwellings providing they are no longer required for this use. Conversions of existing properties has the potential to contribute towards affordable housing. But these need to be done carefully to ensure they remain affordable in perpetuity, and that the fabric of the building is not damaged. Often unfortunately the costs of conversion can be prohibitive.

Despite the obvious difficulties, District Councils should consider making more use of their legal opportunities for bringing currently under used housing back into use. This could conceivably involve the public sector purchasing existing housing stock, were they provided with the additional resources. Where we are faced with an ageing population, unaffordable homes and legitimate constraints on new building, purchase of existing stock for affordable, local needs

housing would be a better solution but is currently not favoured.

ENPAA advocates the use of a '*choice based letting arrangement*'. Under this arrangement local authorities or registered social landlords should consider giving priority treatment to people with a connection to the National Park and who are in need, when allocating housing.

### Second Homes

ENPAA believes that, while in some circumstances second homes can benefit rural communities; they also cause considerable problems in some areas. Tax breaks for second home ownership should be ended – including any perverse incentives created by changes to Capital Gains Tax.

Council Tax receipts from second homers should be used to support the provision of affordable housing in the local area, including potentially the Rural Housing Enabler Programme. Where funds have been used in this way, the Government should spread this good practice.

### Finding and funding sites for affordable housing

New housing development in National Parks should contribute to meeting local needs. NPAs have used cross subsidy on enhancement sites, but this is not a viable mechanism as a rule for housing provision in National Parks as it would allocate disproportionate amounts of land to open market housing. ENPAA believes that, with a few exceptions, it is inappropriate to rely on cross subsidy of housing as this relies on open market housing being provided (which is unlikely to meet local needs and may be hard to justify against park purposes) in order to deliver a few units. It is acknowledged that this will require additional public investment in National Park areas.

NPAs will examine both the buildings and land that they own to consider the scope for sustainable affordable housing on them. Earlier work undertaken by some NPAs suggests, however, that the potential is likely to be very small. It is, however, much larger with other publicly owned land, such as county council-owned land.

NPAs are looking for certainty so that where they allocate sites for affordable housing, this is supported by Planning Inspectors during the Examinations in Public of their planning policies. ENPAA supports the continued restrictions which prevent 100% 'staircasing' in National Parks to protect intermediate housing from being lost.

### Perpetuity

NPAs will share good practice in how they are seeking to address the problems of perpetuity in delivering affordable housing in the long term.

### Integrating sustainability, affordability and quality design of housing

While supporting the provision of affordable housing, NPAs need to consider wider planning policy objectives too – and their statutory purposes. Providing affordable housing should not be used, for example, as an excuse for lowering design standards, or allowing developments in unsustainable settlements that effectively increase car dependency and costs for the householder.

NPA planning policies will therefore need to ensure affordable housing retains the high quality design principles expected for other developments. This should enable National Park purposes to be achieved, may reduce local opposition, and ensure that the occupants and neighbours alike live in a high quality environment. This will, however, need additional financial support to be realised.

NPAs will continue to ensure planning decisions over affordable housing are made on the basis of planning considerations in the public interest rather than individual circumstances.

### Monitoring and review

ENPAA will review this Position Statement, and progress towards achieving it, on an annual basis.

## **Supporting Action**

Addressing the problem of affordable housing requires a multi-agency response. It cannot be left

to planning or housing authorities alone. As the challenges are not confined to National Parks, it is important to consider the role and assistance needed of neighbouring local authorities too.

The Affordable Rural Housing Commission's report contained a series of recommendations that would make a difference. ENPAA looks to Government to provide a coherent response to the Commission's work through a linked package of policy, initiatives and funding. There are a number of constraints that ENPAA believes should be addressed by Government to increase the opportunities for providing high quality affordable housing in National Parks.

Within Government, we look to:

- HM Treasury and the new Homes and Communities Agency to :
  - at a national scale consider whether the current economic instruments that incentivise home ownership need to be amended to better incentivise the occupation of homes;
  - find sustained additional funding for social housing as advocated by the Affordable Rural Housing Commission, and to enable high quality, sustainable affordable housing fit for National Park landscapes;
- HM Treasury/ CLG, the new Homes and Communities Agency and Defra to recognise the specific issues facing National Parks, the need for a different approach, and for a specific funding regime in National Parks to reflect this. The proposed Housing and Planning Delivery Grant should be amended to better support affordability of housing;
- HM Treasury to consider the feasibility of granting local authorities powers to introduce a tax on second homes;
- HM Treasury, the New Homes and Communities Agency and CLG to work with mortgage providers to ensure that shared equity mortgages become a real opportunity for residents in National Parks;
- CLG to work with Regional Housing Boards and NPAs to consider the definitions used of key workers and their applicability in National Parks. To commission work on identifying an

- alternative definition for meeting local need that is more suitable within National Parks;
- CLG and the Homes and Communities Agency to provide increased and greater certainty of funding for housing enablers;
- CLG to ensure that money raised by Council tax receipts on second homes is genuinely ring fenced into providing additional funding for social housing in the area. Where persistent problems exist, the Government should better enforce existing legislation allowing District Housing Depts to occupy underused housing-including second homes lying dormant;
- CLG to ensure NPAs retain planning controls over allowing extensions and conversions to properties in National Parks (ie. not to extend Permitted Development Rights), in order to avoid skewing the market even more towards larger open market dwellings;
- CLG to reform planning laws to require the knocking through of adjoining dwellings to need planning permission;
- CLG to consider how the EcoTowns concept could be made more flexible so as to benefit other parts of the country that may not be suitable for a new town, but nevertheless want improved environmental standards in housing;
- A cross departmental group to adopt a strategy that ensures affordable housing in National Parks is kept affordable in perpetuity. This should include, for example, improving the data available on wages of residents, and investigating limiting the increase in re-sale price of new houses to a local wages index;
- Government Offices to recognise the different circumstances and policy objectives relating to National Parks when engaging with NPAs on their Local Development Frameworks; and
- Defra to support this agenda through its work with other Government departments.

We also look to:

- the Housing Corporation and its successor the new Homes and Communities Agency to:
  - recognise the need for affordable housing in National Parks to be of a design that befits its location and recognise any cost implications that flow from this;
  - provide sufficient funding to enable Registered Social Landlords to be able to purchase open market housing within National Parks to better meet needs from existing housing stock;
  - ensure that the proposed refocusing of the National Affordable Housing Programme 2008-2011 Prospectus leads to greater support for small scale rural projects;
- Housing Authorities and Registered Social Landlords to rent existing private sector housing and then sub-let it to meet local need;
- District Councils should consider making more use of their legal opportunities for bringing currently under used housing back into use;
- RDAs to investigate how they might better support small scale rural affordable housing schemes that, themselves can support thriving rural economies within National Parks;
- Natural England/ the Environment Agency/ and CABE to assist with the integration of the twin aspirations of well designed housing that is sustainable (including zero carbon);
- Housing Associations to provide NPAs with objective data on the cost of providing social housing in National Parks; and
- Government Agencies as a whole to look at their land holdings within National Parks and discuss with NPAs the potential for social or affordable housing on these sites.

The English National Park Authorities Association (ENPAA) provides a collective voice for the National Parks. This statement sets out their shared position on Affordable Housing. Each Authority works to implement the Management Plan for its area and so each National Park Authority will need to implement this and other policies in ways that are compatible with this plan and appropriate to local circumstance.

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