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Promoting City, Coast & Countryside

Lancaster District Local Plan

Supplementary Planning Guidance Note 10

Affordable Housing

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**A large print version of the text in this document can
be supplied on request**

Contents

Introduction

Purpose of this Advice Note	1
The Concept of Affordable Housing	1
National Guidance: Planning Policy Guidance Notes (PPGs) and Circulars ..	1
The Lancaster District Local Plan	2

Principles

The Purpose of Affordable Housing	3
The Need for Affordable Housing in Lancaster District	4
The Location of Affordable Housing Need	6
Assessing the Suitability of Sites for Affordable Housing	7
Exceptions Housing Sites.....	8

Delivering Affordable Housing

Preparing a Proposal for Affordable Housing.....	9
Development Models.....	10
Monitoring.....	15

Annexe A: Determining the Price of an Affordable Home	16
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Annexe B: Occupancy.....	20
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<i>Appendix 1</i>	Illustration of Effect of Market Discounts at 2001 Income Levels
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<i>Appendix 2</i>	Extract from PPG3, March 2000, Paragraphs 9-20
-------------------	--

<i>Appendix 3</i>	Policy H9: Affordable Housing (Proposed Local Plan Modification 15, February 2001)
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	Policy H10: Exceptions Housing (Proposed Local Plan Modification 16, February 2001)
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Introduction

“A community’s need for a mix of housing types, including affordable housing, is a material planning consideration which should be taken into account in formulating development plan policies and in deciding planning applications involving housing” - PPG3 March 2000

Purpose of this Advice Note

3. Lancaster City Council’s Planning and Building Control Service has prepared this advice note. Once adopted this advice note will provide Supplementary Planning Guidance to the Lancaster District Local Plan. The aim of this Supplementary Guidance is twofold.
 - Firstly, it expands upon the Policy H9 ‘Affordable Housing’ of the Lancaster District Local Plan by providing some background to the need for Affordable Housing in Lancaster District.
 - Secondly, it provides guidance on many aspects that need to be considered when preparing Affordable Housing proposals. This is intended to be useful to developers, members of the public, registered social landlords and others with an interest in developing or living in Affordable Housing projects. This is intended to assist developers address the matters that the Council will consider when assessing proposals for Affordable Housing.

The Concept of Affordable Housing

4. The concept of ‘Affordable Housing’ arose in the late 1980s in response to the difficulty faced by ‘local people’ being outbid by ‘migrants’ for housing in attractive rural areas. In 1989 rising house prices prompted the late Rt.Hon.Nicholas Ridley MP, then Secretary of State for the Environment, to respond in a written Parliamentary answer, that the need for low cost housing could be a material planning consideration in the determination of planning proposals. He also stated that such considerations might be particularly relevant to the release of small sites within or adjoining existing villages that would not otherwise be allocated for housing. The statement created the principle of the ‘rural exceptions site’. The concept of creating Affordable Housing through the planning system was subsequently developed and widened through formal government guidance.

National Guidance: Planning Policy Guidance Notes (PPGs) and Circulars

5. The Government’s current guidance on the provision of affordable housing is contained in PPG3 Housing (March 2000) and DETR Circular 6/98 Affordable Housing. PPG3 discusses the Government’s desire to create mixed communities and its aspirations for achieving the delivery of Affordable Housing through the planning system. The most relevant paragraphs of PPG3 are reproduced at the end of this guidance note. The Circular provides guidance on the minimum site-size threshold at which it is appropriate for local authorities to seek Affordable

Housing, and clarifies some of the issues raised by previous Government circulars.

The Lancaster District Local Plan

6. Policy H9 (Affordable Housing) of the Lancaster District Local Plan is informed by both Government advice and the findings of the Lancaster District Housing Needs Studies commissioned by the Council and undertaken by David Couttie Associates in 1995 and again in 1999. The Lancaster District Local Plan is at an advanced stage of preparation and represents a significant material consideration in the determination of planning applications. The local plan was placed on deposit in October 1997. Policy H9 was the subject of both Objections and, In February 2001 and March 2002, Proposed Modifications. Responses to these Proposed Modifications have been reported to Council. The Lancaster District Local Plan may be adopted in 2003.
7. When assessing proposals for Affordable Housing the relevant guidance is therefore:
 - Planning Policy Guidance Note 3 (PPG3) Housing March 2000. Particularly paragraphs 9-20,
 - DETR Circular 6/98, Affordable Housing,
 - and, where the delivery of Affordable Housing is by means of a Section 106 Agreement, DETR Circular 1/97, Planning Obligations,
 - Policy H9 on Affordable Housing in the Lancaster District Local Plan, and,
 - The David Couttie Associates (DCA) Housing Needs Study of 1999.
8. The Government's wish to see the delivery of Affordable Housing through the planning system is clear. However the published guidance leaves the following questions to be determined locally:
 - How many Affordable Homes should the Council aim to achieve?
 - Where should the Affordable Houses be provided?
 - What size should Affordable Houses be?
 - How much should an Affordable House cost to buy?
 - Who should benefit from Affordable Housing provision?
 - What should an Affordable House look like?
9. This Supplementary Planning Guidance Note aims to answer some of these questions and provide assistance to developers preparing their proposals for Affordable Housing projects.

Principles

The purpose of Affordable Housing

10. The government has two reasons for encouraging local authorities to seek the provision of Affordable Homes.
 - Firstly, the development of new Affordable Homes, achieved through either new build or conversion, can provide housing for households whose income is either;
 - sufficient to enable them to afford only low-cost market housing, or,
 - insufficient to enable them to rent or buy on the open market.
 - Secondly, in the interests of avoiding areas of social exclusion, the provision of Affordable Homes can help create mixed and balanced communities. Affordable Housing provision can achieve this by ensuring that new residential developments are populated by people with a wider range of incomes than would be if the case if occupation of the new dwellings was subject only to market forces.
 - An Affordable Home may be purchased outright, acquired through a shared ownership scheme, or, it may be rented.
11. The Council's policy on Affordable Housing is set out in Policy H9 of the Lancaster District Local Plan. The Policy sets a target for the creation of 740 Affordable Dwellings in the period to 2006. The justification of this target figure, and the type and location of this housing is discussed in detail below.
12. Essentially households who acquire a discounted Affordable Home via Policy H9 occupy a property that would otherwise be beyond their means. For example a household with three children might occupy a three-bedroom Affordable Home when their income would otherwise restrict them to renting a two-bedroom flat on the open market. Similarly, a young couple with low-income jobs might occupy a one-bedroom Affordable Flat when they would otherwise be obliged to continue to live with one set of their parents for an uncomfortably long time.
13. When referring to Affordable Housing Circular 6/98 encompasses both low-cost market housing and subsidised housing (irrespective of tenure or ownership) that will be available to people who cannot afford to rent or buy houses generally available on the open market. However it is important to be aware that the Local Plan target of 740 Affordable Dwellings does **not** include provision for those households who have incomes that permit them to purchase low-cost market housing. The Council has made the assumption that the market will address the needs of these households, that is, developers will build a sufficient number of low-cost homes to satisfy local demand. The Council's planning officers will negotiate with developers to ensure that on appropriate sites an appropriate amount of low-cost market housing is provided. The Council's planning officers will consult with officers of the Council's Health and Strategic Housing Service on the suitability of proposed schemes of Affordable Housing. The negotiation process may result in an agreement to provide low-cost market-price housing as the only form of affordable housing on the site. Alternatively negotiations may result in an agreement that both low-cost market housing and subsidised Affordable Housing created via Policy H9 are delivered on the same site. Also, while the delivery of Affordable Housing via Policy H9 may involve a Registered Social Landlord the 740 target in Policy H9 does **not** include dwellings provided

by Registered Social Landlords (RSLs) through normal market practices, that is, where RSLs develop housing on sites purchased on the open market.

14. The 740 Affordable Dwellings target referred to in both Local Plan Policy H9 and this Supplementary Planning Guidance Note relates only to Affordable Housing that is created through the use of subsidy. It is the Council's understanding that this subsidy will normally come from the value of the development site where the homes are provided.
15. The premise of Policy H9 is that the Affordable Housing Homes created through its application will benefit households for whom market-priced housing that matches their needs is just out of reach. For these households the reduction on the market price made possible by a subsidy closes the affordability gap. Households who can afford low-cost market housing will continue to participate in the market system. Households with very low incomes will continue to be served by conventional social housing provision.

The Need for Affordable Housing in Lancaster District

16. The emerging Regional Planning Guidance for the North West and the Lancashire Structure Plan state that there is a general need for Affordable Housing in both the North West Region and the County of Lancashire. However determining if there is a need for Affordable Housing in Lancaster District required a local study to discover if a proportion of the District's households had incomes that were insufficient to permit them to buy or rent housing appropriate to their needs. Thus in 1995, and again in 1999, Lancaster City Council commissioned David Couttie Associates (DCA) to undertake a Housing Needs Survey for Lancaster District. The studies took into account factors such as local house prices and rents, the incomes of the district's residents and the availability of existing affordable housing
17. The DCA Studies established that in Lancaster District there is a requirement for Affordable Housing. The DCA studies have informed the preparation of Affordable Housing Policy in the Lancaster District Local Plan and the content of this Supplementary Planning Guidance.
18. As the relationship between house prices, mortgage rates and incomes are subject to continual change the government advises local authorities to conduct, and regularly review, rigorous assessments of housing need. Further Housing Needs surveys will therefore be commissioned by the City Council at regular intervals. Ideally the survey should be updated at intervals of about three years.
19. There is no direct way to measure the number of households who have an income that is inadequate to acquire a home in the district that meets their needs. Instead categories of households may be used to act as proxy for the number of households in need of Affordable Housing. The approach taken in the David Couttie Study was to start with the number of households on the Council's Housing Register then add to this the number of homeless households who register each year. The study then identifies, from the household postal survey, the number of concealed households in the District. Concealed households are those who would like to have a home of their own but are presently living with another household. This other household will most often be the parental home of the concealed household. This figure is added to the requirement, after discounts have been made for households which;
 - don't intend to remain in Lancaster District,

- will merge to form a larger unit, for example, making allowance for the incidents where a single person living with his or her parents at the time of the survey who moves in with a partner who already had a home at the time of the survey, and,
 - have already registered on the Council's waiting list.
20. The 1999 DCA study found that a total of 3,877 households required Affordable Housing provision in the five year period from spring 1999. However in this period some 2,875 properties will become available through the re-let of rented property. The re-letting of these properties will reduce the outstanding number of households that require Affordable Housing. The net Affordable Housing need in the period to April 2004 is therefore around 1,000 dwellings. The target figure for Policy H9 is the annual creation of around 200 new Affordable Dwellings.
21. In the period beyond 2004 the 1999 DCA study forecasts that the Affordable Dwellings requirement would actually decline, if the number of re-lets becoming available exceeds additional new household demand as predicted. Therefore, if no Affordable Housing is achieved by Policy H9 then by mid 2006 the demand for Affordable Housing will have declined to around 720 dwellings. This accords with the Affordable Housing target of around 740 dwellings established through Local Plan Policy H9.
22. In arriving at its conclusions the DCA Report discounts households that can afford to access market housing. The 740 target in policy H9 relates to dwellings made Affordable through subsidy. It is expected that dwellings achieved via the implementation of Policy H9 will be supplemented by the completion of:
- low-cost market housing, and,
 - housing arising from on sites bought on the open market by Registered Social Landlords
23. The Council does not intend to, and is under no obligation, to commission additional surveys that may be requested by developers who wish to see demonstrated that there is a need for Affordable Housing on any particular site or in a particular ward. The Council's position is that Affordable Housing provided in the south of Lancaster, for example, will contribute towards satisfying the general district-wide requirement for Affordable Housing. Thus Affordable Housing created in the south of Lancaster is not intended to contribute to the Affordable Housing requirement arising only from the needs of residents of south Lancaster.

The Location of Affordable Housing Need

24. The DCA Study reveals that the named location given by households in need of Affordable Housing is as follows:

Lancaster	42%
<i>If achieved in the six year period mid 2000 to mid 2006, this equates to 52 dwellings per year</i>	
Morecambe & Heysham	40%
<i>If achieved in the six year period mid 2000 to mid 2006, this equates to 49 dwellings per year</i>	
Carnforth & the rural area	18%
<i>If achieved in the six year period mid 2000 to mid 2006, this equates to 23 dwellings per year.</i>	

25. Almost 30% of households in need of Affordable Housing would be prepared to locate anywhere in the district. An assumption has been made that the locations that would satisfy the needs of the households who didn't express a preference can be subdivided in accord with the locational choice of households who did express a preference. Accordingly the needs of this group have been divided on a pro-rata basis and distributed among the three options listed above.

The Type of Affordable Housing Needed

26. Consideration can be given to the type of dwellings needed by the number of bedrooms by balancing;

(a) The number of bedrooms required as stated by the Whole Households intended to move within Lancaster District (DAC 1999, Table 37):

<i>1 bedroom</i>	<i>2 bedroom</i>	<i>3 bedroom+</i>
9.2%	32.6%	58.2%

(b) The number of bedrooms required as stated by the new/concealed households (DCA Table 47):

<i>1 bedroom</i>	<i>2 bedroom</i>	<i>3 bedroom+</i>
35.0%	41%	24.1%

27. The Affordable Housing provision will serve the needs of both sets of households. Averaging of the needs of these two groups can provide a breakdown of the requirement by bedroom size. This 'averaging' is weighed in favour of the requirements of the Whole Household groups given that, at an implied total of more than 6,000 households, there are more than 2.5 times the number of Whole Households than Concealed Households. Again it is unrealistic to imagine that a target could be precisely determined, so in the interests of simplicity the house-types have been rounded to the nearest ten percent.

<i>1 bedroom</i>	<i>2 bedroom</i>	<i>3 bedroom+</i>
20%	30%	50%

28. These targets, if applied across the derived locations of the Affordable Housing requirement, given at paragraph 24 above, provide the following schedule of

Affordable Housing targets by both bedroom size and location for the period until mid 2006:

Table 1: The location and size of Affordable Housing Need

	<i>1 bedroom</i>	<i>2 bedroom</i>	<i>3 bed+</i>	<i>total</i>
Lancaster	62	91	157	310
Morecambe/Heysham	60	87	148	295
Carnforth/Rural	28	42	65	135
Total	150	220	370	740

Assessing the Suitability of Sites for Affordable Housing

29. The Council has made known its intentions to seek to secure the delivery of Affordable Housing by the inclusion of Policy H9 in the Lancaster District Local Plan. Developers should therefore be aware that on suitable sites they will be requested to provide details of their proposals for Affordable Housing. Developers are advised to consider the costs of delivering an element of Affordable Housing when calculating the price that they intend to bid for potential housing land.
30. Policy H9 provides a list of the sites where an element of Affordable Housing is anticipated. The sites listed in the Policy that are currently anticipated to provide Affordable Housing completions by the year 2006 are:
- Royal Albert
 - Whinney Carr
 - St George's Works
 - Pye's Feedmill
31. On each of the above sites the Local Plan anticipates that a maximum of 20% of dwelling completions will be Affordable. It is expected that Affordable Housing completions arising from the sites listed in Policy H9 will go some way towards meeting the need identified via the DCA study. However Affordable Housing completions will also have to be achieved on many other housing sites if significant progress towards meeting the 740 dwelling target is to be achieved within the Local Plan period. Therefore Policy H9 also states that on other suitable sites that come forward the Council will seek to ensure the provision of a reasonable element of Affordable Housing. On these other sites the Council will firstly have to determine if the site is a suitable location for Affordable Housing. In determining if the site is suitable the Council will consider the following factors;
- (i) Site size: the site should meet the following minimum thresholds.
- In Urban Areas:** Lancaster, Morecambe, Heysham, Carnforth & Bolton-le-sands;
- The threshold at which negotiations should commence on the principle of Affordable Housing provision is on sites of 1.0ha or more or containing 25 dwellings or more.

In Rural Areas: In settlements with a population of 3,000 or fewer;

The threshold at which negotiations should commence on the principle of Affordable Housing provision is on sites of 0.4ha or more or containing 10 dwellings or more.

- (ii) The proximity of local services and facilities and access to public transport.
- (iii) The level of costs associated with development; for example the site may already be burdened by large decontamination and infrastructure costs.
- (iv) Whether Affordable Housing would prejudice other specific planning objectives that apply to the site.

32. Where the City Council has determined that a site is suitable for the provision of Affordable Housing PPG3 advises that failure on the part of the developer to agree to provide an element of Affordable Housing could justify the refusal of planning permission. Given that paragraph 21 of Circular 6/98 states that;

“where a requirement for an element of affordable housing is appropriate, it should be provided as part of the proposed development. The release of a site, where a local planning authority has decided that an element of affordable housing should be pursued, without ensuring the provision of that housing on the land in question, may undermine the objectives of the policy.”

33. The Council’s approach will therefore be to pursue every opportunity to achieve Affordable Housing on suitable sites.

Exceptions Housing Sites

34. Policy H9 applies in both the urban and rural parts of the District. Housing arising via the ‘exception’ policy may however augment rural affordable housing provision. The exception policy enables local planning authorities to grant planning permission for land within, or adjoining existing villages, that would not normally be released for housing. Housing created through Policy H10 will always be created in response to a demonstrable local need and all dwellings so developed will be to satisfy that local need in perpetuity. Open-market housing cannot be created via Policy H10. Local Plan policy H10 is reproduced at Appendix 3. Further guidance on Exceptions Housing Sites is provided at paragraph 18 and Annexe B of PPG3 and paragraphs 27 to 29 of Circular 6/98.

Delivering Affordable Housing

Preparing a Proposal for Affordable Housing

35. Affordable Housing schemes can only effectively be arrived at through negotiation between the Council and developers. The Council's intends to be flexible enough to allow room for negotiation between all the parties involved. Developers considering undertaking a residential development scheme should consult with the City Council's planning service at the earliest stage to discuss the suitability of the site as a location for Affordable Housing. Where the City Council determines that a site is an appropriate location for Affordable Housing then, as part of the planning application, the developer should provide details of a proposed scheme of Affordable Housing. Where a developer is intending to implement a scheme of discounted housing for sale the Council will expect to receive the following details:
- a) A description of the Affordable Units to be provided. *Annexe A will assist developers to target different property types to various locations in the district.*
 - b) A description of how the developer has established that the purchase price of the proposed Affordable Dwellings properties will actually be affordable in the **context of the local property market**. Where the method of delivery is to provide homes at a discount on the market price the level of discount will therefore be considered on a case by case basis. *For further details see paragraphs 43-48 below. For assistance also Annex A.*
 - c) A description of which household types will be eligible to purchase a discounted property. *For assistance see Annexe B. In most circumstances Annexe B is expected to represent a full and appropriate description of eligibility. However the Council does not wish to be overly prescriptive and recognises that there may be instances where a developer may justifiably proffer alternative eligibility criteria.*
 - d) Confirmation that the Council to can nominate potential purchasers and that its written approval must be obtained for every individual house purchase.
 - e) A description of how the units will maintain the quality of affordability in perpetuity.

36. For example on a development of 35 houses on a site in the south of Lancaster a developer might propose the following complement of Affordable Houses:

“3 modest three-bedroomed semi-detached houses and 4 one-bedroomed flats.

The semi-detached houses would have a Certified open-market value of circa £75,000 (final value determined prior to sale) and be sold at discount of 25%. These would provide Affordable Homes for families with children with a Gross Household Income of circa £18,750.

The flats would have a Certified open-market value of circa £48,000 (final value determined prior to sale) and be sold at a discount of 20%. These would provide Affordable Homes for single people/couples with a gross household income of circa £12,800.

The eligibility criteria would match that suggested at Annexe B. The City Council would have nomination rights and no property would be sold at a discount without the prior approval of the purchaser by the City Council.”

37. A section 106 Agreement would contain further details. These would include the length of the period that the properties would be retained on the market by the developer (and subsequent purchasers), not less than 6 months, awaiting qualifying purchasers to present themselves before the properties could be sold at a discount to non-qualifying purchasers.
38. The fact that a discount on the market price will be offered to potential purchasers is not sufficient evidence that Affordable Housing will be created. For example a 20% discount on a £100,000 property is not likely to provide an Affordable Home in the context of the local property market in Lancaster District. To assist developers with this aspect of delivery the City Council has developed a method that allows it to determine that proposed dwellings will genuinely provide Affordable Homes in the context of the local property market. This is provided at Annexe A. Developers may wish to use Annexe A as a point of reference when preparing their proposals for Affordable Housing. Alternatively developers may also wish to undertake their own analysis of local affordability using the DCA Study, or their own housing needs study, and present this to the Council.
39. Once submitted as part of a planning application for residential development the developer's proposal for Affordable Housing will be assessed by the Council's Housing Service. The Housing Service will come to a determination on whether the dwellings proposed will make a positive contribution to the stock of local Affordable Dwellings in terms of type, quality location and price. The discounted price of the Affordable Dwellings will be assessed in accordance with Annexe A.

Development Models

40. Circular 6/98 advises that as well as planning for sufficient housing, local authorities should also ensure that there is a mix of dwelling types and sizes and,
- “Should encourage the development of mixed and balanced communities in order to avoid areas of social exclusion.”*

In response to this advice the City Council will seek to ensure that Affordable Housing element is developed on the same site as the proposed Market Housing.

41. Given that Affordable Housing will only be sought on sites that are suitable for accommodating such dwellings it is difficult to imagine the rare circumstance where the Council might accept that Affordable Housing should be developed on an alternative site. The applicant would be required to demonstrate that it was unfeasible to provide the Affordable Housing on the same site as the open-market housing. Such circumstances would probably only occur where a proposal to convert a Grade I or II* listed building on a site that would provide a suitable location for Affordable Housing could not be achieved in a way that would satisfy the design restrictions of converting the building *and* provide dwellings at affordable prices.
42. The Council is aware of five potential models for the delivery of discounted Affordable Housing and these are described below. The first two of these relate to the delivery of Affordable Housing on the same site as the proposed open market housing. It is the Council's position that the last three models should only be given consideration in similar circumstances to those described in paragraph 41 above.

Model 1 - The Developer's Market Discount

43. In this model the developer builds Affordable Homes and sells them at a price discounted below the open-market price to households who qualify as Affordable Housing purchasers. The purchasers would need to have both an income that was insufficient to purchase a property that matched their needs on the open market and have a local connection (a history of residence, employment or other local connection) to Lancaster District.
44. The developer would be expected to place an advert in the appropriate local press advertising the release of discounted homes for sale. Most probably either the Lancaster Guardian or The Visitor. Potential householders would then approach the developer's sales office to make further inquiries.
45. When approached by a potential purchaser the developer would be required to submit to the City Council notice of the final open-market valuation for the property and the discounted price at which it was sold to the qualifying purchaser. The valuations must be paid for by the developer and must be certified by a RICS Qualified Chartered Surveyor or Incorporated Valuer. The valuations must state that the values are to the RICS definition of Open Market Value. The Surveyor/Valuer must state that the City Council can rely upon the valuations and must certify that the valuation has been arrived at independently from all parties to the transaction.
46. To assist in matching qualifying purchasers and the available Affordable Homes the City Council's Housing Service will maintain a list of potentially qualifying households who have asked to be advised of Affordable Housing projects. This list would be made available to the housing developer's sales team. Whilst this mechanism would assist in bringing potential Affordable Housing purchasers and housing developers to each others attention please note that potential purchasers contacted by the developer's sales team from this list would still be obliged to formally apply for the Council's written consent to actually purchase an Affordable House. The City Council may wish to directly nominate individual purchasers and will have to give their approval to all purchasers in writing. Developers should therefore not complete any Affordable Housing purchase until the Council's approval of the purchaser has been received in writing.

47. In submitting proposals for Affordable Housing the developer should state that the after-sales care shown to Affordable House owners will be identical to that offered to open-market price buyers.
48. Importantly the quality of Affordability should be protected in perpetuity by means of a land charge via a Section 106 Agreement. The effect of this land charge will be to restrict subsequent disposal to other qualifying households at the same rate of market discount.

The Process of Obtaining a Discounted Affordable Dwelling

49. The first and subsequent purchasers of an Affordable Home sold at a discount on the market price must obtain a letter of approval from the City Council before the purchase can be completed. To obtain this latter potential purchasers will have to complete a form issued by the Council's Strategic Housing Service. Officers of the Council's Strategic Housing Service will determine Affordable Housing applications. The completed form will need to be accompanied by evidence of the applicant's income, other relevant assets and some proof of an appropriate local connection. For information on the process of applying for Affordable Housing should be obtained from the Council's Strategic Housing Service.
50. The restrictions which will govern the initial and subsequent purchase of an Affordable House bought at a discount must be provided in a Section 106 Agreement. Essentially, should the initial purchaser seek to sell the property it must be advertised for sale at the same level of discount on the current market rate at which it was first purchased.
51. As subsequent purchasers of Affordable Homes must also qualify as Affordable Household Purchasers an Affordable Home must not be sold, gifted, sub-let or otherwise disposed of, by the original purchaser without the prior written approval of Lancaster City Council.
52. Should a qualifying household not present itself within a reasonable time-period (which must be specified in the Section 106 Agreement) to purchase the Affordable House then the City Council will consent to the property being sold to a non-qualifying purchaser **but at the discounted price**. The new purchaser should be aware that the property retains its status as an Affordable House and upon its subsequent disposal they too must advertise the property for sale for purchase by an approved person at the same level of discount on the current market price.
53. To ensure that the property retains its suitability as an Affordable Home the owners of Affordable Housing should contact Lancaster City Council's Housing Service before extending the property. This requirement should be stated in the relevant Section 106 Agreement and is of course in addition to any necessary Planning Approval and Building Control Consent that may be required.

Model 2 - Proposals Involving a Registered Social Landlord (RSL) on the Identified Site

54. In many ways this is the simplest solution to achieving Affordable Housing. It can be achieved by either a Housing Developer supplying a site to a Registered Social Landlord, or by a housing developer building the dwellings then giving possession to a Registered Social Landlord. Obviously, in either case the developer is still obliged to demonstrate that the dwellings so provided will meet the needs of households in need of Affordable Housing in the context of the **local housing market**.

55. Where a complement of Affordable Homes is created by this mechanism the City Council must be satisfied that the housing would not have been arisen in any event. Essentially the housing **must not** have arisen as a result of a Registered Social Landlord simply acquiring part of a site from the developer at its open market value. The developer must be able to demonstrate that the land or dwellings were sold at a significant discount to the RSL.
56. As described in paragraph 13 above, RSL development that counts towards the Local Plan Policy H9 target of 740 dwellings is distinctive by virtue of the fact that the land on which the dwellings are built will have been donated or sold at a significant discount to the RSL. In this way the reduced gross cost of developing the units then permits the RSL to offer rents (or disposal) to qualifying households below open-market prices.

Off-Site Provision

57. Developers may offer arguments claiming that the site that they intend to develop is not appropriate for Affordable Housing because, for example, it is considered to be too exclusive. In these circumstances a developer may offer to fund an element of off-site Affordable Housing. Developers should note that 'market exclusivity' is not among the assessment criteria included in paragraph 10 of PPG3. Conversely the City Council is specifically advised to encourage the development of mixed and balanced communities in order to avoid areas of social exclusion. Also, as PPG3 and Lancaster District Local Plan Policy H12 (as Proposed to be Modified), effectively require all proposed residential development to have a density of at least 30 dwellings per hectare the opportunity for including an element of Affordable Housing can readily be accommodated. The development of Affordable Dwellings on alternative sites is also likely to significantly reduce the number of new homes to be provided. This scaling-down process is described in paragraph 59 below.
58. However, in the exceptional site-specific circumstances described in paragraph 40 above, the following forms of Affordable Housing provision could be given consideration. **Only in such unusual circumstances should the Models 3-5 be given consideration.** Any dwellings that are delivered via these models and intended for disposal at a discount on the market price will be sold in accordance with the method described in paragraphs 49-53 above.

Model 3 - Using another site

59. In this model the developer volunteers another site upon which he proposes to build the negotiated complement of Affordable Housing. Given that the subsidy that gives Affordable Housing its quality of Affordability derives from the value of the site the Council considers it unlikely that a mechanism which involves using an alternative site can deliver the same complement of affordable dwellings that would have been provided on the main site. The proposed alternative site should, naturally, also be one that is suited to the purpose. To avoid a concentration of Affordable Housing on any one site any proposed alternative site must not itself already be subject to an element of Affordable Housing as a result of existing development proposals on that site. Before the Council will consent to such a proposal the developer must have acquired ownership of the alternative site and the alternative site must have planning consent for housing. In these circumstances the Council will condition the planning consent on the open-market housing site such that it cannot be largely completed without the completion of Affordable Dwellings on the alternative site.

Model 4 - Disposal of part-exchange units

60. Developers may suggest that they dispose of properties that have been acquired as part-exchange units to qualifying Affordable Housing Households at appropriate market-level discounts. The City Council is likely to raise two in-principle objections to such a proposal:
- It is difficult to foresee how this arrangement could satisfactorily guarantee the provision of a negotiated number of dwellings, given that the developer cannot know how many houses will be acquired through part-exchange, nor can he know the location, size and price of these house.
 - Part exchanges arise when second and third time purchasers trade up to more expensive and better located new homes. Part exchanged properties are therefore likely to be located in an area already affected by lower housing demand. There is a danger that the discounted disposal of part exchange units will increase this effect and so discourage the development of mixed and balanced communities.

Model 5 - The Commuted Sum

61. This Model involves a developer paying a cash sum to the City Council to forego the requirement to provide Affordable Housing on site that the City Council considers suitable to provide an element of Affordable Housing. This is actually of limited value to the Council in meeting the Objectives of Policy H9. Firstly it doesn't actually guarantee that any Affordable Housing is created. The City Council may not have suitable sites nor the other resources needed to commission the Affordable Housing that the money is intended to provide. Moreover if the money is not used for the intended purpose within a pre-agreed time period it must be handed back and nothing is achieved.
62. Also, as previously stated the source of the subsidy for Affordable Housing comes from **the value of the site to be developed**. It is arithmetically implausible that a cash sum could possibly result in the same number of Affordable Homes being created on an alternative site. For example on a site that could provide ten £60,000 homes discounted by 20%, the total discount is worth £120,000. If this amount of money was offered as a cash sum to the City Council or a third party RSL it would only provide for the development of perhaps three homes on an alternative site, assuming that an alternative site was available. Therefore only three households might benefit instead of ten. Finally, developing the Affordable Homes remote from the market homes means that this option is not likely to encourage the development of mixed and balanced communities in order to avoid areas of social exclusion.
63. Thus in the exceptional circumstances where Commuted Sums are to be accepted the City Council will only accept a developer's contribution **after** contracts have been signed that will actually lead to the creation of affordable housing.
64. The Council will agree a date upon which it will return the cash contribution to the developer in the event that implementation of the off-site Affordable Homes has not commenced.

Monitoring

65. In order to help achieve the right number of Affordable Dwellings of the correct type in the right location (as described in paragraph 27 above) the City Council may request that developers provide a particular type or mix of Affordable Housing in a proposed scheme.
66. The City Council's Legal Service will maintain a list of the sites where Affordable Homes have been built along with a summary of the particular restrictions or conditions that might apply to each site.

Annexe A: Determining the Price of an Affordable Home

Annexe A, Annexe B and Appendix 1 do not form a formal part of this Supplementary Planning Guidance Note. They are produced here for information only to help potential developers in determining what might constitute an acceptable form of Affordable Housing provision.

Introduction

1. When providing the Council with Affordable Housing proposals developers need to describe how the proposed new dwellings will actually provide housing that is affordable in the context of contemporary local property prices and incomes. This Annexe sets out a method through which target prices for Affordable Housing can be established. The base data is derived from the DCA Study of 1999. Until the DCA Study is replaced by a new survey report the 1999 data can be rolled forward each year by making an allowance for the increase in local income and property prices by conducting an annual survey of house asking-prices. This involves inputting the asking price of all the properties advertised for sale in the Property Guide published fortnightly by Lancaster & Morecambe Newspapers.

Affordable Homes for Sale at a Discount

2. No form of household tenure is excluded from Affordable Housing provision. Affordable Homes may be sold to purchasers at a discount; they may be managed by a Registered Social Landlord, offering either rental or part-purchase options. How much a property costs an occupant to buy is influenced by two factors.
 - The market price for that particular property at the time of disposal, and,
 - The financial circumstances of the individual household.
3. An Affordable Dwelling for sale is one that the developer makes available to qualifying households at a discount appropriate to the household income. A suggested approach to assessing which households should benefit and by how much is to use a formula that divides all households into 6 bands according to their gross income. Then the needs of the households that qualify for affordable housing is matched with the appropriate level of discount for a property that suits their household requirements. The formula is presented in the form of a table, "**Schedule of Discounts for Affordable Housing for Sale in Lancaster District,**" included below.
4. The effect, in financial terms, of applying the schedule is shown for the year 2001 in Appendix 1: "*Illustration of Effect of Market Discounts at 2001 Income Levels.*"
5. Table 22(A) of the 1999 DCA Report- "Gross Annual Income of Households" informs the Schedule. The Schedule has been rolled forward to 2001 by applying national wage level increases to the local income levels. The schedule can be fully reviewed each time the Housing Needs Survey is updated.
6. This Schedule can be applied to all sites where Affordable Houses for sale by means of a discount on market price has been negotiated as the method of Affordable Housing provision.
7. The range of income-to-property-price bands and property discounts has been prepared in accordance with the following approach:

- As larger houses are more expensive than smaller properties qualifying purchasers within a single income band (i.e. BAND 3) can obtain a greater discount on a large house than they can on a small one.
 - The level of market discount available declines with increasing income.
 - Households with gross incomes among the lowest quarter of the gross average household income in the district are effectively excluded from outright home ownership. In the City Council's view an income this low would not permit the householder to maintain a sufficient disposable income and buy and furnish the property, and meet regular out goings such as Council Tax and building maintenance.
8. When officers of the Council's Strategic Housing Service are assessing applications from potential purchasers of discounted Affordable Homes they will make reference to the table included at Appendix 1 to help determine if the applicant has;
- an inadequate income to purchase the property in which they have expressed an interest,

or alternatively,
 - an income that allows them to purchase a property at the local market price that matches their needs.

The Council's Officers will also take into account other financial assets, such as capital raised from the disposal of another property.

9. The stock of discounted properties that will be created via Policy H9 will provide Lancaster District with a permanent and valuable amenity for people with both local connections and low incomes. The Council's housing officers will endeavour to ensure that only people who can demonstrate that they genuinely meet the qualifying criteria, on both local connection grounds and financial circumstances, acquire these properties. The Council's approach to determining applications from individual applicants will therefore be robust. The Council is aware that some applicants for market-discount Affordable Housing may not receive its approval to proceed with a purchase.

Table 1 Schedule of Discounts for Affordable Housing in Lancaster District 2001

Household Income	1 bed property	2 bed property	Modest 3 bed property
BAND 1 In lowest quarter of district average gross household income	<i>Income this low effectively excludes household from home ownership</i>		
BAND 2 Between 25% and 30% of average gross household income	Discount on Market Value in <i>Lancaster – Not achievable Morecambe – 20% Carnforth – 30% North Villages- Not achievable South Villages- Not achievable</i>	Discount on Market Value in <i>Lancaster – Not achievable Morecambe – Not achievable Carnforth – Not achievable North Villages- Not achievable South Villages- Not achievable</i>	Discount on Market Value in <i>Lancaster – Not achievable Morecambe – Not achievable Carnforth – Not achievable North Villages- Not achievable South Villages- Not achievable</i>
<i>Note: Applicants in BAND 2 should be encouraged to consider social housing options</i>			
BAND 3 Between 30% & 40% of district average gross household income	Discount on Market Value in <i>Lancaster – 25% Morecambe –Not required Carnforth – 20% North Villages - 30% South Villages - 30%</i>	Discount on Market Value in <i>Lancaster – 30% Morecambe – Not achievable Carnforth – 30% North Villages- Not achievable South Villages- Not achievable</i>	Discount on Market Value in <i>Lancaster – Not achievable Morecambe – Not achievable Carnforth – Not achievable North Villages- Not achievable South Villages- Not achievable</i>
BAND 4 Between 40% & 50% of district average gross household income	Discount on Market Value in <i>Lancaster – Not required Morecambe –Not required Carnforth – Not required North Villages – 20% South Villages - Not required</i>	Discount on Market Value in <i>Lancaster – 20% Morecambe – 25% Carnforth – 20% North Villages – Not achievable South Villages- Not achievable</i>	Discount on Market Value in <i>Lancaster – Not achievable Morecambe –30% Carnforth – Not achievable North Villages- Not achievable South Villages- Not achievable</i>
BAND 5 Between 50% and 67% of district average gross household average income	Discount on Market Value in <i>Lancaster – Not required Morecambe –Not required Carnforth – Not required North Villages - Not required South Villages- Not required</i>	Discount on Market Value in <i>Lancaster – Not required Morecambe –Not required Carnforth – Not required North Villages – Not achievable South Villages - 30%</i>	Discount on Market Value in <i>Lancaster – 30% Morecambe – 20% Carnforth – 30% North Villages- Not achievable South Villages- Not achievable</i>
BAND 6 Between 67% and 80% of district average gross household income	Discount on Market Value in <i>Lancaster – Not required Morecambe –Not required Carnforth – Not required North Villages - Not required South Villages- Not required</i>	Discount on Market Value in <i>Lancaster – Not required Morecambe –Not required Carnforth – Not required North Villages - 25% South Villages- Not required</i>	Discount on Market Value in <i>Lancaster – Not required Morecambe –Not required Carnforth – Not required North Villages – Not achievable South Villages- Not achievable</i>

Table 2: Summary by Area

Household Income	1 bed Property	2 bed property	Modest 3 bed property
Lancaster Urban Area (including Galgate)			
BAND 1	Discount: Not achievable	Discount: Not achievable	Discount: Not achievable
BAND 2	Discount: Not achievable	Discount: Not achievable	Discount: Not achievable
BAND 3	Discount: 25%	Discount: 30%	Discount: Not achievable
BAND 4	Discount: Not required	Discount: 20%	Discount: Not achievable
BAND 5	Discount: Not required	Discount: Not required	Discount: 30%
BAND 6	Discount: Not required	Discount: Not required	Discount: Not required
Morecambe Urban Area (including Middleton & Overton)			
BAND 1	Discount: Not achievable	Discount: Not achievable	Discount: Not achievable
BAND 2	Discount: 20%	Discount: Not achievable	Discount: Not achievable
BAND 3	Discount: Not required	Discount: Not achievable	Discount: Not achievable
BAND 4	Discount: Not required	Discount: 25%	Discount: 30%
BAND 5	Discount: Not required	Discount: Not required	Discount: 20%
BAND 6	Discount: Not required	Discount: Not required	Discount: Not required
Carnforth Urban Area (including Warton)			
BAND 1	Discount: Not achievable	Discount: Not achievable	Discount: Not achievable
BAND 2	Discount: 30%	Discount: Not achievable	Discount: Not achievable
BAND 3	Discount: 20%	Discount: 30%	Discount: Not achievable
BAND 4	Discount: Not required	Discount: 20%	Discount: Not achievable
BAND 5	Discount: Not required	Discount: Not required	Discount: 30%
BAND 6	Discount: Not required	Discount: Not required	Discount: Not required
North Villages (including Bolton-le-Sands)			
BAND 1	Discount: Not achievable	Discount: Not achievable	Discount: Not achievable
BAND 2	Discount: Not achievable	Discount: Not achievable	Discount: Not achievable
BAND 3	Discount: 30%	Discount: Not achievable	Discount: Not achievable
BAND 4	Discount: 20%	Discount: Not achievable	Discount: Not achievable
BAND 5	Discount: Not required	Discount: Not achievable	Discount: Not achievable
BAND 6	Discount: Not required	Discount: 25%	Discount: Not achievable
South Villages (excluding Galgate)			
BAND 1	Discount: Not achievable	Discount: Not achievable	Discount: Not achievable
BAND 2	Discount: Not achievable	Discount: Not achievable	Discount: Not achievable
BAND 3	Discount: 30%	Discount: Not achievable	Discount: Not achievable
BAND 4	Discount: Not required	Discount: Not achievable	Discount: Not achievable
BAND 5	Discount: Not required	Discount: 30%	Discount: Not achievable
BAND 6	Discount: Not required	Discount: Not required	Discount: Not achievable

Annexe B: Occupancy

Introduction

1. When providing the Council with details of their proposals for Affordable Housing developers must describe which categories of households it is intended that the Affordable Housing provision should benefit.
2. The occupancy of Affordable Homes should be restricted to households whose income is not sufficient to allow them to access open market housing, **and**, who have a need or justified desire to live in the town or village of their choice in Lancaster District. In the case of households wishing to locate in the urban area, that is Lancaster, Morecambe and Heysham, it is suggested that prospective purchasers should be able to demonstrate that at the time of seeking to purchase an Affordable House
 - That the household income is not sufficient to enable them to purchase or rent a home on the open market, **and**,
 - at least one adult member of the household (of 18 years and over) has been resident in Lancaster District for any period of at least five of the past ten years, or, at least one adult member of the household (of 18 years and over) has recently commenced (within one year of the date of application) or has formally accepted, but not yet commenced, a full time permanent job within the Lancaster District, or, at least one member of the applicant household who is 55 years of age or older, and has previously resided in Lancaster for a period of at least ten years or has immediate family members who are resident and have been resident in Lancaster District, for at least five years and wish to return to Lancaster District to establish a retirement home, or,
 - at least one member of the applicant household who is currently or has previously resided in Lancaster District for a period of at least five of the previous ten years, is suffering from a debilitating long term illness and wishes to reside in Lancaster District in order to be near a formal carer, or,
 - at least one member of the applicant household, who may or may not be a current or past resident of Lancaster District, wishes to take up residency in Lancaster District to **formally** act as a carer for an elderly or infirm relative who is currently a resident of Lancaster District, or,
 - for reasons not foreseen above at least one member of the household has a justifiable reason to live in Lancaster District and can satisfy Lancaster City Council of the merits of their individual case.

Occupancy in Rural Areas and on Exceptions Sites.

3. To qualify for an Affordable Home in the District's rural areas, provided through either Local Plan Policy H9 or Policy H10, it is suggested that applicants are able to demonstrate that they have an association with the parish, or adjoining parishes, in which the Affordable Housing has been provided. If no qualifying household comes forward to purchase the property within 6 months of the property being advertised for sale then it will be possible, with the written consent of the Council, to make the property available to households which can demonstrate a connection with the District's other rural parishes. If once again no qualifying households come forward within a period of 3 months the Council will

consent to the property being disposed of to a household from a qualifying household which has a connection with the urban area of Lancaster District.

Thus, in the case of households wishing to buy a discounted home in the district's rural area it is suggested that prospective purchasers should be able to demonstrate the following at the time of seeking to purchase an Affordable House.

- That their income is not sufficient to enable them to purchase or rent a home on the open market, **and**,
- at least one adult member of the household (of 18 years and over) has been resident in the parish or adjoining parish for any period of at least five of the previous ten years, or, at least one adult member of the household (of 18 years and over) has recently commenced (within one year of the date of application) or has formally accepted, but not yet commenced, a full time permanent job in a place of work based within one of the District's rural parishes, or, at least one member of the applicant household who is 55 years of age or older, and has previously resided in the parish or adjoining parish for any period of at least ten years, or has immediate family members who are resident and have been resident in the rural parish or adjoining parishes in Lancaster District, for at least five years wishes to return to, or move to, Lancaster District to establish a retirement home, or, at least one member of the applicant household who is currently or has previously resided in the parish or adjoining parish for a period of at least five of the previous ten years, is suffering from a debilitating long term illness and wishes to reside in Lancaster District in order to be near a formal carer, or,
- at least one member of the applicant household, who may or may not be a current or past resident of Lancaster District, wishes to take up residency in the parish or adjoining parish to **formally** act as a carer for an elderly or infirm relative who is currently a resident of Lancaster District, or,
- for reasons not foreseen above at least one member of the household has a justifiable desire to live in the parish and can satisfy Lancaster City Council of the merits of their individual case.

**Appendix 1 Illustration of Effect of Market Discounts in Lancaster at 2001
Income Levels and Property Prices**

Spreadsheet Attachment

ONE BED PROPERTY

BAND 2	1 bed property	2001 Property Average	12.5% New House Premium	Total 2001 Price	On the Open Market this is available to a household with an income of:	For this property to be purchased by a household with an income of £9,600 would require a subsidy of:	The level of discount offered a qualifying purchaser would be:	Price that property would have to be offered at:
Gross Household Income £8,500 to £10,599	Lancaster	42,189	5,274	47,463	15,821	39.3%	<i>not achievable</i>	
	Morecambe	30,763	3,845	34,608	11,536	16.8%	20%	27,687
	Carnforth	38,250	4,781	43,031	14,344	33.1%	30%	30,122
Target Income £9,600	North Villages	45,950	5,744	51,694	17,231	44.3%	<i>not achievable</i>	
	South Villages	45,000	5,625	50,625	16,875	43.1%	<i>not achievable</i>	
BAND 3	1 bed property	2001 Property Average	12.5% New House Premium	Total 2001 Price	On the Open Market this is available to a household with an income of:	For this property to be purchased by a household with an income of £12,000 would require a subsidy of:	The level of discount offered a qualifying purchaser would be:	Price that property would have to be offered at:
Gross Household Income £10,600 to £13,249	Lancaster	42,189	5,274	47,463	15,821	24.2%	25%	35,597
	Morecambe	30,763	3,845	34,608	11,536	-4.0%	<i>not required</i>	
	Carnforth	38,250	4,781	43,031	14,344	16.3%	20%	34,425
Target Income £12,000	North Villages	45,950	5,744	51,694	17,231	30.4%	30%	36,186
	South Villages	45,000	5,625	50,625	16,875	28.9%	30%	35,438
BAND 4	1 bed property	2001 Property Average	12.5% New House Premium	Total 2001 Price	On the Open Market this is available to a household with an income of:	For this property to be purchased by a household with an income of £14,600 would require a subsidy of:	The level of discount offered a qualifying purchaser would be:	Price that property would have to be offered at:
Gross Household Income £13,250-£15,899	Lancaster	42,189	5,274	47,463	15,821	7.7%	<i>not required</i>	
	Morecambe	30,763	3,845	34,608	11,536	-26.6%	<i>not required</i>	
	Carnforth	38,250	4,781	43,031	14,344	-1.8%	<i>not required</i>	
Target Income £14,600	North Villages	45,950	5,744	51,694	17,231	15.3%	20%	41,355
	South Villages	45,000	5,625	50,625	16,875	13.5%	<i>not required</i>	
BAND 5	1 bed property	2001 Property Average	12.5% New House Premium	Total 2001 Price	On the Open Market this is available to a household with an income of:	For this property to be purchased by a household with an income of £18,600 would require a subsidy of:	The level of discount offered a qualifying purchaser would be:	Price that property would have to be offered at:
Gross Household Income £15,900- £21,199	Lancaster	42,189	5,274	47,463	15,821	-17.6%	<i>not required</i>	
	Morecambe	30,763	3,845	34,608	11,536	-61.2%	<i>not required</i>	
	Carnforth	38,250	4,781	43,031	14,344	-29.7%	<i>not required</i>	
Target Income £18,600	North Villages	45,950	5,744	51,694	17,231	-7.9%	<i>not required</i>	
	South Villages	45,000	5,625	50,625	16,875	-10.2%	<i>not required</i>	
BAND 6	1 bed property	2001 Property Average	12.5% New House Premium	Total 2001 Price	On the Open Market this is available to a household with an income of:	For this property to be purchased by a household with an income of £24,000 would require a subsidy of:	The level of discount offered a qualifying purchaser would be:	Price that property would have to be offered at:
Gross Household Income £21,200-£26,499	Lancaster	42,189	5,274	47,463	15,821	-51.7%	<i>not required</i>	
	Morecambe	30,763	3,845	34,608	11,536	-108.0%	<i>not required</i>	
	Carnforth	38,250	4,781	43,031	14,344	-67.3%	<i>not required</i>	
Target Income £24,000	North Villages	45,950	5,744	51,694	17,231	-39.3%	<i>not required</i>	
	South Villages	45,000	5,625	50,625	16,875	-42.2%	<i>not required</i>	

THREE BED PROPERTY

BAND 2	3 bed property	2001 Property Average	12.5% New House Premium	Total 2001 Price	On the Open Market this is available to a household with an income of:	For this property to be purchased by a household with an income of £9,600 would require a subsidy of:	The level of discount offered a qualifying purchaser would be:	Price that property would have to be offered at:
Gross Household Income £8,500 to £10,599	Lancaster	70,379	8,797	79,176	26,392	63.6%	<i>not achievable</i>	
	Morecambe	58,650	7,331	65,981	21,994	56.4%	<i>not achievable</i>	
	Carnforth	71,356	8,920	80,276	26,759	64.1%	<i>not achievable</i>	
Target Income £9,600	North Villages	136,179	17,022	153,201	51,067	81.2%	<i>not achievable</i>	
	South Villages	126,100	15,763	141,863	47,288	79.7%	<i>not achievable</i>	
BAND 3	3 bed property	2001 Property Average	12.5% New House Premium	Total 2001 Price	On the Open Market this is available to a household with an income of:	For this property to be purchased by a household with an income of £12,000 would require a subsidy of:	The level of discount offered a qualifying purchaser would be:	Price that property would have to be offered at:
Gross Household Income £10,600 to £13,249	Lancaster	70,379	8,797	79,176	26,392	54.5%	<i>not achievable</i>	
	Morecambe	58,650	7,331	65,981	21,994	45.4%	<i>not achievable</i>	
	Carnforth	71,356	8,920	80,276	26,759	55.2%	<i>not achievable</i>	
Target Income £12,000	North Villages	136,179	17,022	153,201	51,067	76.5%	<i>not achievable</i>	
	South Villages	126,100	15,763	141,863	47,288	74.6%	<i>not achievable</i>	
BAND 4	3 bed property	2001 Property Average	12.5% New House Premium	Total 2001 Price	On the Open Market this is available to a household with an income of:	For this property to be purchased by a household with an income of £14,600 would require a subsidy of:	The level of discount offered a qualifying purchaser would be:	Price that property would have to be offered at:
Gross Household Income £13,250-£15,899	Lancaster	70,379	8,797	79,176	26,392	44.7%	<i>not achievable</i>	
	Morecambe	58,650	7,331	65,981	21,994	33.6%	30%	46,187
	Carnforth	71,356	8,920	80,276	26,759	45.4%	<i>not achievable</i>	
Target Income £14,600	North Villages	136,179	17,022	153,201	51,067	71.4%	<i>not achievable</i>	
	South Villages	126,100	15,763	141,863	47,288	69.1%	<i>not achievable</i>	
BAND 5	3 bed property	2001 Property Average	12.5% New House Premium	Total 2001 Price	On the Open Market this is available to a household with an income of:	For this property to be purchased by a household with an income of £18,600 would require a subsidy of:	The level of discount offered a qualifying purchaser would be:	Price that property would have to be offered at:
Gross Household Income £15,900- £21,199	Lancaster	70,379	8,797	79,176	26,392	29.5%	30%	55,423
	Morecambe	58,650	7,331	65,981	21,994	15.4%	20%	52,785
	Carnforth	71,356	8,920	80,276	26,759	30.5%	30%	56,193
Target Income £18,600	North Villages	136,179	17,022	153,201	51,067	63.6%	<i>not achievable</i>	
	South Villages	126,100	15,763	141,863	47,288	60.7%	<i>not achievable</i>	
BAND 6	3 bed property	2001 Property Average	12.5% New House Premium	Total 2001 Price	On the Open Market this is available to a household with an income of:	For this property to be purchased by a household with an income of £24,000 would require a subsidy of:	The level of discount offered a qualifying purchaser would be:	Price that property would have to be offered at:
Gross Household Income £21,200-£26,499	Lancaster	70,379	8,797	79,176	26,392	9.1%	<i>not required</i>	
	Morecambe	58,650	7,331	65,981	21,994	-9.1%	<i>not required</i>	
	Carnforth	71,356	8,920	80,276	26,759	10.3%	<i>not required</i>	
Target Income £24,000	North Villages	136,179	17,022	153,201	51,067	53.0%	<i>not achievable</i>	
	South Villages	126,100	15,763	141,863	47,288	49.2%	<i>not achievable</i>	

TWO BED PROPERTY

BAND 2	2 bed property	2001 Property Average	12.5% New House Premium	Total 2001 Price	On the Open Market this is available to a household with an income of:	For this property to be purchased by a household with an income of £9,600 would require a subsidy of:	The level of discount offered a qualifying purchaser would be:	Price that property would have to be offered at:
Gross Household Income £8,500 to £10,599	Lancaster	46,140	5,768	51,908	17,303	44.5%	<i>not achievable</i>	
	Morecambe	50,271	6,284	56,555	18,852	49.1%	<i>not achievable</i>	
	Carnforth	46,853	5,857	52,710	17,570	45.4%	<i>not achievable</i>	
Target Income £9,600	North Villages	84,111	10,514	94,625	31,542	69.6%	<i>not achievable</i>	
	South Villages	70,645	8,831	79,476	26,492	63.8%	<i>not achievable</i>	
BAND 3	2 bed property	2001 Property Average	12.5% New House Premium	Total 2001 Price	On the Open Market this is available to a household with an income of:	For this property to be purchased by a household with an income of £12,000 would require a subsidy of:	The level of discount offered a qualifying purchaser would be:	Price that property would have to be offered at:
Gross Household Income £10,600 to £13,249	Lancaster	46,140	5,768	51,908	17,303	30.6%	30%	36,335
	Morecambe	50,271	6,284	56,555	18,852	36.3%	<i>not achievable</i>	
	Carnforth	46,853	5,857	52,710	17,570	31.7%	30%	36,897
Target Income £12,000	North Villages	84,111	10,514	94,625	31,542	62.0%	<i>not achievable</i>	
	South Villages	70,645	8,831	79,476	26,492	54.7%	<i>not achievable</i>	
BAND 4	2 bed property	2001 Property Average	12.5% New House Premium	Total 2001 Price	On the Open Market this is available to a household with an income of:	For this property to be purchased by a household with an income of £14,600 would require a subsidy of:	The level of discount offered a qualifying purchaser would be:	Price that property would have to be offered at:
Gross Household Income £13,250-£15,899	Lancaster	46,140	5,768	51,908	17,303	15.6%	20%	41,526
	Morecambe	50,271	6,284	56,555	18,852	22.6%	25%	42,416
	Carnforth	46,853	5,857	52,710	17,570	16.9%	20%	42,168
Target Income £14,600	North Villages	84,111	10,514	94,625	31,542	53.7%	<i>not achievable</i>	
	South Villages	70,645	8,831	79,476	26,492	44.9%	<i>not achievable</i>	
BAND 5	2 bed property	2001 Property Average	12.5% New House Premium	Total 2001 Price	On the Open Market this is available to a household with an income of:	For this property to be purchased by a household with an income of £18,600 would require a subsidy of:	The level of discount offered a qualifying purchaser would be:	Price that property would have to be offered at:
Gross Household Income £15,900- £21,199	Lancaster	46,140	5,768	51,908	17,303	-7.5%	<i>not required</i>	
	Morecambe	50,271	6,284	56,555	18,852	1.3%	<i>not required</i>	
	Carnforth	46,853	5,857	52,710	17,570	-5.9%	<i>not required</i>	
Target Income £18,600	North Villages	84,111	10,514	94,625	31,542	41.0%	<i>not achievable</i>	
	South Villages	70,645	8,831	79,476	26,492	29.8%	30%	55,633
BAND 6	2 bed property	2001 Property Average	12.5% New House Premium	Total 2001 Price	On the Open Market this is available to a household with an income of:	For this property to be purchased by a household with an income of £24,000 would require a subsidy of:	The level of discount offered a qualifying purchaser would be:	Price that property would have to be offered at:
Gross Household Income £21,200-£26,499	Lancaster	46,140	5,768	51,908	17,303	-38.7%	<i>not required</i>	
	Morecambe	50,271	6,284	56,555	18,852	-27.3%	<i>not required</i>	
	Carnforth	46,853	5,857	52,710	17,570	-36.6%	<i>not required</i>	
Target Income £24,000	North Villages	84,111	10,514	94,625	31,542	23.9%	25%	70,969
	South Villages	70,645	8,831	79,476	26,492	9.4%	<i>not required</i>	

Appendix 2 Extract from PPG3, March 2000, Paragraphs 9-20

Creating mixed communities - influencing the type and size of housing

9. The Government's household projections indicate the projected increase in the number of new households over the longer term, a large part of which will be brought about by a change in the composition of households. The majority of the projected growth will be in one-person households. Local authorities should therefore adopt policies which take full account of changes in housing needs in their areas and which will widen the range of housing opportunities to allow these to be met.
10. The Government believes that it is important to help create mixed and inclusive communities, which offer a choice of housing and lifestyle. It does not accept that different types of housing and tenures make bad neighbours. Local planning authorities should encourage the development of mixed and balanced communities: they should ensure that new housing developments help to secure a better social mix by avoiding the creation of large areas of housing of similar characteristics.
11. Local authorities should take account of assessments of local housing need in determining the type and size of additional housing for which they should plan. They should assess the composition of current and future households in their area, and of the existing housing stock, and formulate plans which:
 - secure an appropriate mix of dwelling size, type and affordability in both new developments and conversions to meet the changing composition of households in their area in the light of the likely assessed need;
 - encourage the provision of housing to meet the needs of specific groups ([see paragraph 13](#));
 - avoid housing development which makes inefficient use of land and provide for more intensive housing development in and around existing centres and close to public transport nodes;
 - promote improved quality of developments which in their design, layout and allocation of space create a sense of community; and
 - introduce greater flexibility in the application of parking standards, which the Government expects to be significantly lower than at present.

Assessing local housing needs

12. In determining housing requirements for their regions in order to meet the full range of needs, RPG may need to estimate the future balance between market and affordable housing. In deriving such estimates, RPBs and strategic planning authorities should identify and assess regional and sub-regional trends and factors which are likely to influence local housing need. The aim of RPG and structure plans/UDPs should therefore be to provide advice and information on those factors which local authorities should take into account in preparing their plans, informed by local housing need assessments. This should reflect the particular needs and circumstances of different areas, such as those of low demand for housing and rural areas. Estimates for affordable housing set out in RPG should be regarded as indicative and should not be presented as targets or quotas for local planning authorities to achieve. RPG should also take into

account links with Regional Housing Statements. These provide a regional context for local authorities in drawing up their housing strategies and support the development of more strategic approaches to tackling housing need.

13. Assessments of housing need which underpin local housing strategies and local plan policies, are matters for local authorities to undertake in the light of their local circumstances. Local planning authorities should work jointly with housing departments to assess the range of needs for different types and sizes of housing across all tenures in their area. This should include affordable housing and housing to help meet the needs of specific groups - the elderly, the disabled, students and young single people, rough sleepers, the homeless and those who need hostel accommodation, key workers, travellers and occupiers of mobile homes and houseboats. Local assessments should consider not only the need for new housing but ways in which the existing stock might be better utilised to meet the needs of the community. The Department will issue further advice to assist local authorities in preparing local housing need assessments.

Delivering affordable housing

14. A community's need for a mix of housing types, including affordable housing, is a material planning consideration which should be taken into account in formulating development plan policies and in deciding planning applications involving housing. Where there is a demonstrable lack of affordable housing to meet local needs - as assessed by up-to-date surveys and other information - local plans and UDPs should include a policy for seeking affordable housing in suitable housing developments.
15. Local plan policies for affordable housing should:
 - define what the authority considers to be affordable in the local plan area in terms of the relationship between local income levels and house prices or rents for different types of households;
 - indicate how many affordable homes need to be provided throughout the plan area, including the different types of affordable housing needed by households of different characteristics, taking account of rural as well as urban needs; and
 - identify suitable areas and sites on which affordable housing is to be provided and the amount of provision which will be sought.
16. Decisions about the amount and types of affordable housing to be provided in individual proposals should reflect local housing need and individual site suitability and be a matter for agreement between the parties. Local planning authorities and developers should be reasonably flexible in deciding the types of affordable housing most appropriate to a particular site. The objective should be to ensure that the affordable housing secured will contribute to satisfying local housing needs as demonstrated by a rigorous assessment.
17. The policy in this guidance on planning and affordable housing is set out in more detail in DETR Circular 6/98 *Planning and Affordable Housing*. Where a local planning authority has decided, having regard to the criteria set out in paragraph 10 of Circular 6/98, that an element of affordable housing should be provided in development of a site, there is a presumption that such housing should be provided as part of the proposed development of the site. Failure to apply this policy could justify the refusal of planning permission.

Providing for exception housing in rural areas

18. Local planning authorities should seek to meet the needs of local people for affordable housing in rural areas by making effective use of the affordable housing policy set out above. Rural affordable housing provision may, however, be augmented by an 'exception' policy. This enables local planning authorities to grant planning permission for land within or adjoining existing villages which would not normally be released for housing, in order to provide affordable housing to meet local needs in perpetuity. Local plans and UDPs should make clear whether such a policy exists and how it will be applied. Details of the rural exception policy are contained in [Annex B](#) to this guidance.

Monitoring of Affordable Housing

19. Local planning authorities should monitor the operation and outputs of local plan affordable housing policies, and housing delivered on rural exception sites. They should work closely with their housing departments to establish arrangements for keeping accurate and up-to-date information on the amount of such housing, or (where this is exceptionally the case) contributions towards the provision of such housing, secured by the authority. This information should be included in the material housing authorities are required to provide to Government Regional Offices in the annual Housing Investment Programme exercise to inform the assessment of their performance in their strategic housing role.
20. Decisions involving affordable housing contributions should be transparent and accountable: all parties should know the full basis for planning decisions, including planning obligations agreed in order to make housing proposals acceptable. Therefore, in addition to the requirements set out in Article 25 of the Town and Country Planning (General Development Procedure) Order 1995, local planning authorities should ensure that full information about planning obligations involving affordable housing contributions is placed on the statutory planning register.

Appendix 3: Local Plan Policy H9

Policy H9 as proposed by Proposed Modification 15, February 2001.

THE COUNCIL WILL SEEK THE COMPLETION OF AROUND 740 AFFORDABLE DWELLINGS WITHIN THE LOCAL PLAN PERIOD. ON THE FOLLOWING SITES, THE COUNCIL WILL, THROUGH NEGOTIATION, SEEK TO ENSURE THAT UP TO 20% OF COMPLETIONS ARE AFFORDABLE

SITE	NET AREA (Ha)	CAPACITY (Dwellings)	COMPLETIONS BY 2006
ROYAL ALBERT WHINNEY CARR AND LAWSON'S BRIDGE LANCASTER MOOR NORTH*	12.5	350	350
LUNESIDE EAST	18.3	550	550
LUNDSFIELD QUARRY*	12.2	220-400	0
PYE'S FEEDMILL	3.4	200-300	150
	14.0	100-150	0
	1.0	139	139

ON OTHER SITES IN LANCASTER, MORECAMBE, HEYSHAM, CARNFORTH AND BOLTON-LE-SANDS OF 1.0HA OR MORE, OR WHICH CONTAIN 25 OR MORE DWELLINGS; AND IN SETTLEMENTS WITHIN THE RURAL AREA WITH A POPULATION OF 3000 OR FEWER ON SITES OF 0.4HA OR MORE, OR WHICH CONTAIN 10 OR MORE DWELLINGS;

THE COUNCIL WILL, THROUGH NEGOTIATION, SEEK TO ENSURE THAT A REASONABLE NUMBER OF COMPLETIONS ARE AFFORDABLE.

DEVELOPMENT WILL NOT BE PERMITTED WHERE THE DEVELOPER IS UNWILLING TO INCLUDE A REASONABLE AMOUNT OF AFFORDABLE HOUSING WITHOUT GOOD REASON.

Local Plan Policy H10: Exceptions Policy

Policy H10 as proposed by Proposed Modification 15, February 2001.

EXCEPTIONALLY THE COUNCIL MAY PERMIT PROPOSALS FOR AFFORDABLE HOUSING ON SMALL SITES OF LESS THAN 0.4HA IN THE RURAL AREA WHICH WOULD NOT OTHERWISE BE RELEASED FOR HOUSING PROVIDED THAT;

THE APPLICANT CAN SATISFY THE LOCAL PLANNING AUTHORITY THAT THE PROPOSAL MEETS A SPECIFIC AND PROVEN LOCAL NEED,

THERE ARE NO OTHER SUITABLE SITES OR MEANS BY WHICH THE NEED CAN BE MET; AND

THE PROPOSED DWELLINGS REMIAN RESTRICTED TO LOCAL OCCUPANCY IN PERPETUITY; AND

THE SITE IS WITHIN OR ADJOINING A SETTLEMENT LISTED IN POLICY H7 AND THE PROPOSED DEVELOPMENT;

IS APPROPRIATE TO ITS SURROUNDINGS AND THE SETTLEMENT IN TERMS OF SITING, SCALE, DESIGN, MATERIALS, EXTERNAL APPEARANCE AND LANDSCAPING;

WOULD NOT RESULT IN A SIGNIFICANT ADVERSE IMPACT ON THE CHRACTER OF THE SETTLEMENT, THE AMENITIES OF RESIDENTS, THE RURAL LANDSCAPE, OR NATURE CONSERVATION INTERESTS; AND

WOULD NOT RESULT IN THE LOSS OF OPEN SPACE WITH PUBLIC AMENITY OR RECREATIONAL IMPORTANCE.