

10 CONCLUSIONS AND POLICY IMPLICATIONS

10.01 The key reason for undertaking this SHMA is to provide an evidence base for the development of policy. The Department of Communities and Local Government (CLG) has identified key reasons why local authorities should work together to investigate the characteristics of sub-regional housing market. These are;

- The ability to better understand how housing markets work;
- The ability to develop a more strategic approach to housing;
- To facilitate better integration of planning and housing policy;
- To enhance ability to pool resources and developing best practice;

10.02 The requirements of the SHMA and how they have been met are summarised in Figure 10.1, below.

Figure 10.1: Core Outputs of the SHMA

Requirement of SHMA Guidance	How these are met in this document
Estimates of current dwellings in terms of size, type, condition, tenure	Provided in Section 6
Analysis of past and current housing market trends, including balance between supply and demand in different housing sectors and price/affordability. Description of key drivers underpinning the housing market	Provided in Sections 3 (Drivers), Section 4 (demographic drivers), Section 5 (economic drivers), Section 6 (supply)
Estimate of total future number of households, broken down by age and type where possible	Provided in Sections 4 and 8.
Estimate of current number of households in housing need	HNA not required for this study. HNS (2007) reported in Section 7.
Estimate of future households that will require affordable housing	HNA not required for this study. HNS (2007) reported in Section 7. Section 7 provides estimate of the scale of the intermediate market.
Estimate of future households requiring market housing	Section 8 provides evidence on future household types and the implications for dwelling requirements. Overall housing requirements are considered in the Draft RSS and these are also reviewed in Section 6.
Estimate of the size of affordable housing required	HNS not required for this study. HNS (2007) reported in Section 7 provides analysis of waiting list and re-let data in order to understand the need for different dwelling sizes.
Estimate of household groups who have particular housing requirements eg families, older people, key workers, black and minority ethnic groups, disabled people, young people, etc.	Provided in Section 7

10.03 The preceding chapters have indicated that the planning and housing authorities for the HPDD Sub Area face significant challenges to ensure a future balanced housing market. The key conclusions of this SHMA can be broken down into four key areas:

- A need for housing to be affordable if a robust local economy is to be maintained
- An ageing population – the result of both national trends and selective patterns of migration
- A very substantial requirement for Affordable Housing for low income groups – well in excess of the ability to deliver

- Modest housing supply targets that constrain the scope for addressing affordability issues through new supply

10.04 The following paragraphs run through each of these conclusions in turn.

Housing Supply and Affordability as an Economic Development Issue

- 10.05 The first of the four key issues facing the HPDD Sub Area is that housing affordability and the related issue of the supply of affordable housing has a material bearing on the economy of the Sub Area and its business base. The area has a reasonably substantial business base, and, at least in 2001, reasonably high levels of self containment; that is a fairly high proportion live and work locally (Section 5 revealed how a relatively high (29%, compared with the England average of 23%) proportion of people travelling to work are based less than 2 km from their place of residence).
- 10.06 This is evident in that the Sub Area is covered by two Travel to Work areas, the Buxton TTWA and the Matlock TTWA. A TTWA is an area within which at least 70% of people resident in the area also work within the area; and within which at least 70% of people who work in the area also live within the area. Self containment may have fallen since 2001, with more longer distance commuting to surrounding urban centres, though this may have been offset by more people working from home making use of the internet.
- 10.07 The achievement of reasonably high (recognising that self containment tends to diminish with settlement size) levels of self containment are desirable in terms of sustainability since it is associated with shorter journeys to work than would otherwise be the case. It is also desirable in terms of maintaining mixed and balanced communities; that is, communities that are not just dormitory towns or villages, but in which people live and work. Maintaining the business and employment base of the locality is therefore highly desirable for the health of the community as a whole.
- 10.08 Yet trends in the housing market threaten the economic base of the area and the maintenance of more sustainable journey to work patterns. The key issue is that the HPDD Sub Area is generally a fairly low wage economy. Yet it is also simultaneously quite a high price area; so there is a risk that those who are employed in local industries are increasingly squeezed out of the local housing market, and move to surrounding urban areas in search of cheaper housing.
- 10.09 This process is likely to be combined with in-migration of wealthier households who are retired or economically inactive and have no need to work. This reinforces the existing bias within the population of the HPDD Sub Area to the older age groups, and exacerbates the national pattern of an aging population. There are additional pressures from those who wish to move into the area, particularly higher income groups, but who work outside the area in the major urban centres surrounding the HPDD Sub Area, or have flexible work patterns.
- 10.10 The outcome of these processes may be either that local businesses find it increasingly difficult to recruit staff; or that they have to pay more to attract staff. The latter is desirable if it does not undermine the competitiveness of business. It is part of the process by which a local economy grows and develops and local incomes are enhanced. The risk is that a significant element of the local business base is disadvantaged compared to their urban competitors in that they have to pay more to attract staff because of higher local housing costs.

- 10.11 An alternative scenario is that local businesses continue to be able to recruit but only because they recruit staff who live in areas of cheaper accommodation in the surrounding urban areas. The normal pattern of commuting between rural areas and urban areas is that people travel from rural areas into adjacent urban areas to work. A number of rural areas are starting to see significant reverse commuting from urban areas into rural areas because younger families and those in low income employment cannot afford to live in the rural area where they work.
- 10.12 In all likelihood elements of each of the above scenario are likely to be apparent in the HPDD Sub Area. Some businesses struggle to recruit and either move or go out of business. Some pay more to attract labour and hold their own in the market. Some find that they are recruiting larger numbers of people who live in the surrounding urban areas, and some arrange for their employees to be brought in by bus. But generally staff availability becomes more difficult because of in-migration of those who work outside the area, and of economically inactive households.
- 10.13 The net result of these processes is very probably a weaker local employment base; greater difficulty for all employers in recruiting – especially in low pay activities. Many key public services employ relatively large numbers of low paid workers – eg those in the care sector. It is likely that it will become more difficult (though perhaps not during the current economic downturn) for key community services to recruit. This is all associated with less sustainable patterns of journey to work; and less balanced communities.
- 10.14 Action is therefore needed for **economic development and sustainability** reasons to ensure the affordability of housing at the bottom end of market provision, and an expanded supply of subsidised affordable housing (both social rented and intermediate housing). This is needed to sustain the area's local business base, the provision of essential services, to help foster balanced communities in which people at different life stages mingle, and to allow people to work close to where they live.
- 10.15 This is not to suggest that there should be any endeavour to 'preserve' the structure of the local economy exactly as it is now. A healthy economy exhibits a process by which lower value activities are replaced by higher value activities, and in the process wage levels rise. The area will attract new businesses; and part of its strength is the offer of a high quality lifestyle, including suitable housing, for business owners and managers. But growth and sustainability will be constrained if housing at an affordable price is not available for working people on modest incomes.
- 10.16 This points to a need to develop policies to ensure provision of entry level housing, and the provision of market housing at the more affordable end of the spectrum. The natural inclination of the market will tend to be to provide larger housing, through new build and conversion, that will be attractive to equity rich in-migrants. There is therefore little risk of under-provision of housing for more senior personnel, since the latter can be assumed to have the resource to compete for housing in the open market and are willing and can afford to travel further to work which widens their choices

The Effects of an Ageing Population and Selective Migration

- 10.17 The HPDD Sub Area is characterised by having a somewhat more elderly population than regional and county benchmarks, though this entirely attributable to the much higher representation of older age groups in Derbyshire Dales, while the High Peak has a lower proportion of older households than county and regional benchmarks; However across both the High Peak and Derbyshire Dales the number of older households can be expected to increase in the future.
- 10.18 These patterns are the product of a number of effects. First, the anticipated growth in older age groups reflects a national trend of growing numbers of older people as the baby boom generation age, and as people live longer. This will affect both Derbyshire Dales and High Peak Districts. It is also associated with growth of single person households comprising increases in single pensioner households and single person households below pensionable age.
- 10.19 In Derbyshire Dales it is also clear that there is a pattern of selective migration going on that reinforces the bias of the older population, with in-migration of families with older children, probably associated with those who have advanced in their career, and are making a lifestyle move to a rural location; and in-migration of those who have significant resources and no longer need to work, or are formally retired. The counterpart of this is that the younger economically active population is being squeezed out.
- 10.20 The economic implications of these trends have been highlighted above. The implications in terms of sustainable and balanced communities have also been highlighted, and these apply to Derbyshire Dales in particular where the pattern of selective migration is most apparent. But there are housing and social care implications for both authorities in dealing with an aging population living in relatively dispersed locations.
- 10.21 The authorities will need to start to consider the extent to which they seek to ensure that there is a mix of housing and care options that meet the needs of the growing numbers of frail elderly in the existing population. Derbyshire Dales may additionally seek to address the particular biases in its existing housing stock and patterns of new development that reflect and reinforce selective patterns of migration. The housing needs of those of who will provide care for growing numbers of elderly people also merit consideration.

The Need for Affordable Housing

- 10.22 In many parts of the HPDD Sub Area, a majority of households cannot afford to buy suitable accommodation and may therefore be forced to move out of the area in order to find affordable alternative. This situation means that the Housing Needs Survey identifies an annual requirement for between 600 and 750 new affordable homes each year over the next five years. This compares to an average rate of new build completions (market and affordable) of around 505 dwellings over the period for the period 1998-06, and a planned target in the EIP Panel Report in the Draft RSS of 500 dwellings pa for the HPDD Sub Area.
- 10.23 Put simply, the assessed annual need for affordable homes exceeds the totality of new homes built each year at a time when the development market was very active, and exceeds the totality of all new housing development as envisaged in the Draft RSS or the Panel Recommendations. The conclusion to be drawn from this is simple. The HPDD Sub Area needs as much additional affordable housing, social rented and intermediate, as it can secure. Housing need vastly outweighs the capacity to deliver. Through whatever

mechanisms are available the housing and planning authorities need to maximise the provision of affordable housing.

Modest Housing Supply Targets Constrain Action through New Development

- 10.24 The Draft Regional Spatial Strategy proposed a target of an average annual provision of 420 new dwellings within the HPDD Sub Area. This is below the average annual provision of around 500 dwellings pa achieved in HPDD Sub Area in recent years, though new provision in the Peak District National Park has contributed to the achievement of this target, and there can be no presumption that the level of provision in the Peak Park will be maintained in future. The Secretary of State has proposed that the annual provision figures be increased to 500 dwellings pa, all of which would have to be provided outside of the Peak National Park, since there is no target for housing provision in the National Park. All provision of new housing in the Peak District National Park is on an exception basis.
- 10.25 Provision of an average of 500 dwellings pa in future years would only represent an annual addition of 0.7% to the annual stock of dwellings (assumed to be around 71,900 at the end of 2007). If this target were to be achieved by 2026 around 12% of the stock in existence at that time would have been built in the previous 20 years. The capacity to influence the overall profile of the stock of dwellings in terms of size, type and tenure is quite modest, but not unimportant.
- 10.26 It is important to the achievement of not just national and regional policy, but to achievement of local policy objectives that every effort is made to deliver this quantum of new housing development. Without it, affordability problems will be worse, though acknowledgement needs to be made that the strength of demand arising from the desire to live in a high quality rural environment, is such that affordability would not be significantly better even if double or treble the number of dwellings were built.
- 10.27 However, increased provision of affordable housing depends on new development unless there are funds for purchase of existing properties, be they existing properties in good condition or properties in need of renovation. In the recent past an increasing proportion of affordable housing has been secured in conjunction with the development of new market housing through Section 106 agreements. It is important therefore to secure new market housing development as a means to secure additional affordable housing provision, and to encourage market provision at the more affordable end of the spectrum of market housing.
- 10.28 The challenge for the planning and housing authorities in the HPDD Sub Area is that the supply of land for residential development is significantly constrained (see Section 6). This is in part due to the large extent of the Peak District National Park. There is a presumption against new open market housing in the National Park except in a few cases where it may be essential to an agreed need for enhancement. But even outside of the National Park, land suitable for housing development is in short supply given the rural nature of the area; and the sites that are available are often small and both costly and time consuming to develop. Even within the urban areas the scope for development is generally limited to a number of small sites or conversions of existing buildings. The authorities will have to work hard to identify sites that are viable for housing development.

IMPLICATIONS OF CURRENT TRENDS

The economy of the HPDD Sub Area is likely to have to adapt to a reduction in the number of working age people.

- 10.29 The number of residents in employment in the HPDD Sub Area has been increasing in recent years, to the point where in 2007 most people seeking employment are now in work. Population projections based on the housing allocations outlined in the RSS suggest that the number of resident working age people in the HPDD Sub Area will decline by almost 10,000 over the next 20 years. If the resident workforce does indeed decline by some 10,000 people this could have a major impact on the local economy. The Housing Needs Survey identifies that a number of employers were already facing difficulties in recruiting.
- 10.30 There are some trends which may ameliorate the recruitment problems implied by population projections and restraint on housing growth. The peak of the economic cycle occurred in 2007 and from 2008 it is anticipated that unemployment nationally is likely to grow, and there is likely to be some impact of the national downturn in the economy on the local economy. Some businesses are likely to cease trading in a severe economic downturn and unemployment will increase. However, recovery is expected in due course, and the trends would suggest that labour shortages could re-appear. Increased participation in the workforce by those over the current retirement age may provide a partial solution to recruitment difficulties. It has also been suggested that since the local economy has a high proportion of small business and self employed people, they may retire with no creation of a corresponding vacancy. However if the economy remains buoyant the most likely impact is increased in-commuting from urban areas with lower housing costs. This has implications in terms of sustainability.
- 10.31 Policy makers therefore face a considerable challenge over the next 20 years in securing a good balance between the need of the HPDD Sub Area in terms of having a good variety of employment opportunities; the need for staff to provide quality services to support local communities; the staffing requirements of local businesses; and the availability of people within the local labour market to meet these requirements. The provision of housing is important, and the role of affordable housing in ensuring that those in lower paid employment can work locally is a vital part of achieving a good balance of jobs, homes, workforce and population in a sustainable manner.

Affordability Issues in the HPDD Sub Area are Here to Stay

- 10.32 As shown earlier in this study average house prices in the HPDD Sub Area are now similar to the national average but average earnings remain around 10% below the national average. The relatively high prices compared to incomes is a result principally of the in-migration of higher earning households from neighbouring conurbations, further exacerbated by the popularity of the area for holiday and second homes. There is a deep seated desire among a large proportion of the English population to live in attractive rural areas. Thus there is no evidence that the pressure of demand for housing in the HPDD Sub Area will diminish and alleviate affordability problems.
- 10.33 The draft RSS constrains housing supply in the HPDD Sub Area relative to anticipated household growth as set out in CLG Household projections. There may be some improvement in affordability as a consequence of the downturn in the housing market, but attractive properties and areas are likely to retain their value better than other areas, so any improvement in affordability may be modest, and it is possible that the relative position of the area deteriorates. In the long run, demand is likely to exceed supply, given that the area

is accessible to surrounding urban centres with their opportunities for employment and the pressure from in-migrants simply wanting to live in an attractive area. Therefore prices will be bid up and the area is likely to experience above average house price inflation over the long term.

- 10.34 This does however imply that the development market is likely to be more robust than other areas in both the short and longer term; and that there is more scope for securing affordable housing provision through Section 106 agreements than in lower value areas experiencing weaker demand.

Housing, Planning and Social Care Policy needs to Anticipate the Consequences of the Aging Population of the Area

- 10.35 The aging population of the HPDD Sub Area will be the major source of the predicted increase of one-person households within the HPDD Sub Area, as the in-migration of the 45-64 , or “Baby Boomer”, cohort grows older. An increase in the under-occupancy of dwellings can be anticipated, especially in the owner occupied sector, with increasing numbers of older couples and singles living in 3-bed or larger properties.
- 10.36 While many high income in-migrants should have the means to maintain, modernise and adapt their homes, it is quite possible that with difficult times for investment products and savings, and inadequate provision for pensions, not all will have the means to look after and adapt their home. There are also many “indigenous” people in 45-64 age cohort who have worked locally and have limited savings. There is likely to be an increase in the number of people living in ‘problem housing’ as defined in the Housing Needs Survey because it is less suited to the needs of the occupant and possibly too large for them to maintain.
- 10.37 Policy makers need to respond to this emerging challenge. The desire of the majority of older people is to stay in their existing home as long as they can; and if they do have to move, to stay within the community in which they have lived. Policy makers are likely to respond by providing assistance to help people stay in their existing home. However, declining health, mobility of financial need may mean that people have to move. It is important that a range of suitable accommodation is available within local communities, so that people do not have to move away from established support networks in their later years, when those networks are of increasing importance. Ensuring the provision of a suitable range of accommodation is something the planning and housing policies can contribute to.

RECOMMENDATIONS

Recommendation 1: Work to Identify and Maintain Flow of Residential Land Supply

- 10.38 The discussion above highlights the importance of securing the ongoing delivery of new market housing provision to the delivery of new affordable housing, notwithstanding that there may be enhanced opportunities for housing associations to acquire land for direct development in the current housing market downturn. These opportunities are only likely to last for a few years, and may not be on a significant scale in the HPDD Sub Area, given that the underlying drivers of demand and supply will provide a floor to the downturn.

- 10.39 Authorities are required by PPS3: Housing¹ to identify in Local Development Documents broad locations and specific sites that will enable continuous delivery of housing for at least 15 years, and separately identify sufficient deliverable sites to deliver housing in the first five years of the plan. Authorities are to maintain the five year supply of sites year by year throughout the implementation period of the housing trajectory.
- 10.40 The HPDD partners are working towards the achievement of these objectives and have commissioned a Strategic Housing Land Availability Assessment (SHLAA) to identify suitable land for housing development. Information from the SHLAA has not been available within the time period before completion of this study. Given the nature of the land market in the HPDD Sub Area, and the downturn in the development market, it may be challenging both to identify a 15 year supply and a supply of land suitable for delivery in the current market. However the SHLAA is a key stepping stone to ensure delivery of both new market and affordable homes.
- 10.41 Policy constraints within the National Park will necessarily continue to modify the approach needed towards open market housing, the concept of a 5 year supply and the use of SHLAA findings.
- 10.42 Some indications of possible new sources of land for housing development have been identified in the Employment Land Review undertaken for the three local planning authorities. The Employment Land Review suggests housing could have an enabling role in bringing forward for development some of the allocated employment sites on the margins of viability; that is, there may be a win-win solution to ensuring the development of some employment sites that have not attracted development interest, by permitting the development of a mixed residential and business development, the higher returns from residential use in effect cross subsidising the development for employment uses.
- 10.43 The Employment Land Review also identifies a significant number of existing sites in industrial use, that in the event of the relocation or closure of the occupier, would be unlikely to attract interest for redevelopment for employment use given their location. Such sites, the ELR suggests, would have little role in a future employment land portfolio, and hence could be brought forward for housing. Some of these sites are well located in central locations and it could be argued would be better in residential use than industrial use.
- 10.44 The HPDD partners should consider the recommendations of the ELR on a site by site basis, particularly with regard to sites that may be released from employment use. The findings should be considered together with the pending findings of the Strategic Housing Land Availability Assessment. The three authorities will then be able to develop and identify land supply strategies over the medium to longer term to meet housing demands.
- 10.45 If there are difficulties in identifying land suitable for housing development, there may be a case for the HPDD partners adopting a proactive approach to encourage change of use on employment sites. This might entail helping existing employers to identify alternative sites, and providing enabling development to enable businesses to relocate, and thereby release sites for residential or mixed use development. It may be possible to structure partnership arrangements on significant sites so that development proceeds are shared by the existing occupier, a developer and the community. It may not always be possible, however, to find alternative employment sites.

¹ Planning Policy Statement 3 (PPS 3) November 2006

10.46 DTZ cannot emphasise enough the importance of ensuring an adequate supply of land for residential development and property suitable for redevelopment or conversion, for both meeting housing provision targets and helping to address the very substantial and urgent requirement for more affordable housing. The SHLAA should therefore be updated on a regular basis to ensure that the information is current and useful to stakeholders, housing organisations and developers. PPS3 requires local authority planning departments to review the supply of deliverable sites each year and to monitor housing delivery.

10.47 Some might think that the pressure to identify housing sites has reduced as a consequence of the downturn in the housing market. In practice the need for good information and a supply of a wide range of sites is important to maintaining delivery through the housing downturn. Many developers may not proceed with development until values have recovered sufficiently to cover the costs incurred in acquiring land. Others may not develop because they lack finance. This does not mean that development is not viable in the current climate, but many sites may be sterilised for a while. Increasing the number, and variety of housing sites available for development increases the chance of maintaining the momentum of development in the downturn.

Recommendation 2: Increase the Contribution made to the Provision of Affordable Housing through Section 106 Policies

10.48 The scale of housing need in the HPDD Sub Area is such that it justifies policies that seek to maximise the provision of affordable housing through Section 106 policies to the degree this is consistent with viability. It has been no part of this study to consider development viability, so DTZ cannot formally recommend the adoption of a particular thresholds at which affordable housing policies should apply or the appropriate level of quota. However on the basis of the insight we have gained to the local market as a result of this study and our experience elsewhere we would make a number of observations that will help inform policy development.

10.49 First, we note that it is a particular difficult time in which to develop policies for affordable housing, because development viability in most locations has been significantly undermined by the downturn in the housing market. However, authorities are seeking to develop policies for affordable housing that will apply in normal market conditions. Affordable housing policies should therefore be developed on the presumption that the market for new housing development will recover, even if the conditions of 2006-07 do not return. It is also possible that sites may be viable, but not at the inflated land prices at which they were acquired. Some restructuring of land values and possibility with this, land ownership, may be required to revitalise the development market.

10.50 Analysis needs to be undertaken of the pattern of past housing provision by site size, and the size of sites likely to be brought forward for housing development in future. If, as we understand to be the case, smaller sites account for a reasonably significant proportion of future housing output, consideration should be given to reducing the threshold at which affordable housing policies apply as part of endeavours to maximise affordable housing provision. Housing associations would have greater scope to develop affordable housing units if the threshold was reduced.

10.51 In the context of the HPDD Sub Area DTZ would recommend that the planning authorities consider reducing the threshold at which affordable housing policies apply outside of the National Park. PPS3 states that in general the minimum level at which the threshold should be set is 15 and outside the National Park this is the threshold generally applied in the HPDD Sub Area currently. However PPS3 confirms that thresholds can be set at a lower level than 15 where an area has high levels of need which cannot be met on larger

- sites alone and/or where the majority of housing supply comes from small sites. This would in many ways complement the 100% requirement for affordable housing on sites (other than enhancement sites) within the National Park. Here, the authority should consider applying thresholds and viability criteria to conversions and sites (albeit few) where open market housing is justified in order to enable an enhancement project. Particularly in the National Park context, it will be important to continue using section 106 agreements to make sure that new, locally needed, affordable housing continues to fulfil that role in perpetuity.
- 10.52 The Secretary of State's proposed changes to the RSS indicate a target of 7,300 affordable homes over the period 2001 – 2026 for the Peak, Dales and Park HMA, which suggests that 58% of all new housing (assuming the proposed RSS target of 12,500) should be affordable (or 53%, if presuming 1,200 homes are build in the National Park during the period). This does not necessarily imply that the affordable housing quota set by local authorities in their Local Development Documents can realistically seek to achieve a 58% quota of affordable housing. In practice very fewer authorities were achieving a quota of even 50% affordable housing at the peak of the housing market. Currently High Peak District seeks a 30% affordable housing quota and Derbyshire Dales a 45% quota where applicable. Both authorities should investigate the scope to increase the quota of affordable housing they could achieve, but undertaking a strategic viability study. It is important that such a study examines viability not only in the current market but assesses viability in a more normal context.
- 10.53 Of course establishing a quota in policy does not necessarily mean that this level of quota will in fact be achieved. This reflects the fact the economics of development on each site are different and it may be genuinely difficult because of exceptional costs to deliver the level of affordable housing on a particular site. But the HPDD partners need to be in a position of strength in negotiating affordable housing contributions. To do this, the three authorities need to be able to undertake their own development appraisals if they are to be able to test and challenge the viability assessments prepared by developers. This is an area in which the authorities have some expertise but it could be further developed.
- 10.54 The HPDD partners will also want to ensure that they maximise the investment drawn into affordable housing provision from the Housing Corporation, and from December 2008 from the Homes and Communities Agency. In the current environment the authorities should work with housing associations to identify opportunities for associations to acquire sites, and potentially, part completed developments, for development of schemes comprised wholly of affordable housing. There is a particular opportunity in the current market environment for associations to acquire land, and provided there is flexibility from the Housing Corporation about grant rates, to build for social rent and more Low Cost Home Ownership and Intermediate Housing products, and thereby increase the stock of affordable housing. This will compensate for the likely reduction of affordable housing provision through Section 106 agreements.
- 10.55 Success in drawing in Housing Corporation/HCA investment depends on good relationships with well capitalised housing association and non-RSL (e.g. private developers and Arms Length Management Organisations (ALMOs) investment partners. The HPDD partners should continue to develop constructive partnership arrangements with key associations that are willing to commit themselves to the area. The local authority partners should seek to ensure that their housing association partners are committed to reinvesting in the locality the proceeds of any sales through shared ownership sales or subsequent staircasing receipts, where this is permitted.

Recommendation 3: Policies for the Mix of Market Housing

- 10.56 PPS3 consolidates government thinking on planning for mixed communities and what that should mean in terms of planning for a mix of tenures and housing types in new development. The government wishes to foster the creation of mixed communities. What a mixed community is not defined but for an area such as the HPDD Sub Area which comprises a number of self contained towns and villages it must mean that settlements have a mix of people at different life stages and of different incomes.
- 10.57 Policy as set out in PPS3 is that authorities should be aware of the ‘overall balance of different household types to be provided for across the plan area, to ensure housing provision is made for example for family, single person, and multi-person households..... for smaller sites, the mix of housing should contribute to the creation of mixed communities’. PPS3 does not indicate a requirement for authorities to set specific targets for different types or sizes of dwellings, though if this is needed to achieve mixed communities they may be appropriate.
- 10.58 The authorities in the HPDD Sub Area therefore have a responsibility to think about the implications of planning for mixed communities and planning for the types of household that will be living in the HPDD Sub Area in the future. This thinking should inform how the local authorities seek to influence the type and size of dwellings both in new private sector development and in terms of affordable housing provision, the latter through their partnership with Registered Social Landlords.
- 10.59 In addition to planning for mixed communities and for the types of household that will be living in the HPDD Housing Market Area in the future DTZ maintain that three additional considerations need to be taken into account by the authorities in seeking to influence the type and size of dwelling provision:
- Long-term policy objectives.
 - The nature and location of the site;
 - Evidence of market demand;
- 10.60 We consider each of these factors in turn.
- 10.61 **Long Term Policy Objectives:** A key consideration for the HPDD Sub Area arises from the need to achieve sustainability in terms of the balance of jobs, workforce and housing. In particular the area faces a considerable challenge that local employers are likely to find it increasingly difficult to recruit lower paid employees because of the shortage of affordable market housing and subsidised housing. In the longer term this is likely to damage the local economy, work against sustainable patterns of travel to work with labour being sucked in from areas with lower housing cost areas adjacent to the HPDD Sub Area, work against mixed and balanced local communities within the Sub Area.
- 10.62 The overall quantum of new housing that can be developed within the HPDD Sub Area is to be determined through the RSS process taking into account economic and demographic issues and environmental constraints on new housing provision, within an overall strategy for ensuring the sustainable development of the region. Given that (with the exception of the relatively small number of new houses anticipated within the National Park) the quantum of new development is determined externally, the principal lever through which the HPDD partners can seek to influence the social structure of the Sub Area is by

influencing the type of new market housing, as well as maximising the provision of affordable housing.

- 10.63 **The Nature and Location of the Site:** Different sites and locations will lend themselves to provision of different dwelling types, densities, and hence size of dwellings. Normal planning considerations need to be applied taking into account the characteristics of particular sites and the surrounding area. Given that the HPDD Sub Area has a number of distinctive towns, it will be important to consider what is appropriate in terms of the size and type of dwellings needed in those towns as well as what is appropriate to the particular site under consideration.
- 10.64 **Market Demand:** In general it is accepted throughout the majority of the economy that markets provide an effective way of matching demand and supply, and that the relative profitability of different products provide a powerful signal to enable the allocation of those resources to where they produce the greatest benefits to society. The market for new housing is a highly regulated market, because the private market cannot fully take into account all the societal costs and benefits arising from a certain pattern of land use. But market signals can still play a very important role in indicating what type and size of dwelling is most in demand.
- 10.65 The problem about simply letting the market determine what type of new housing should be built in the HPDD Sub Area is that housing supply is significantly constrained relative to demand; and the area is subject to very significant demand for housing arising from outside the area. The market will naturally respond to the dominant demand, and will therefore tend to encourage in-migration, and reinforce the patterns that are undermining the sustainability of the local economy and of local communities.
- 10.66 In the case of the HPDD Sub Area DTZ maintain that there are strong justifications for the authorities seeking to exert strong influence over the size and type of market housing that is developed; since the market is not able to take into account the societal disbenefits of the resultant patterns of economic and social change that catering for the dominant market demand will give rise to. DTZ's view is that the market is sufficiently robust that the development industry will not be deterred from development if tight guidelines over what is built for market sale are imposed.

Recommendations for Policies on Mix of Market Housing:

- 10.67 In Derbyshire Dales District there is a bias in the existing stock of dwellings to larger and detached dwellings. The problem of housing affordability in the District is partly due to this bias in the housing stock of the District. Overall affordability could be improved by encouraging development of smaller units (2 and 3 bed properties) when in many locations the natural inclination of the market will be to build larger family houses, which are likely to particularly appeal to in-migrants. Caution should be exercised in encouraging the development of very small units (eg 1 bed properties) since they are inherently less flexible than larger units and hence less suitable for a wide range of different households.
- 10.68 High Peak Borough has a large stock of small properties (many old terraced houses in mill towns) than Derbyshire Dales and this is a factor explaining why High Peak District is more affordable than Derbyshire Dales District. The development market is also somewhat weaker than in Derbyshire Dales District. There is therefore less need to seek to correct a bias in the existing stock of properties through influencing the pattern of new supply, and more risk of discouraging development.

- 10.69 Within the Peak District National Park all new housing is built on an exception basis, or to enable enhancement projects including conversions. Considerations of what is environmentally acceptable in a particular location are likely to be dominant, but within the constraints imposed by these considerations there are likely to be benefits in terms of improving the overall affordability of housing of building small units. There is however, more scope to take into account specific local needs in deciding the appropriate mix of housing.
- 10.70 As a more general principle within particular towns within the HPDD Sub Area local authorities should seek to ensure the provision of a mix of accommodation to suit the different life stages and financial circumstances of residents. The provision of a range of housing types and tenures will reduce the requirement of individuals and families to move elsewhere because suitable accommodation is not available. It may therefore be sensible to deliberately seek to encourage greater variety of provision (in terms of dwelling type and size) at the level of individual settlements.
- 10.71 This principle would indicate that authorities may wish to consider the development of settlement specific policies regarding the mix of tenure and types of new housing in different parts of the HPDD Sub Area to recognise the different characteristics, needs and opportunities for development in the towns within the Sub Area.
- 10.72 It is worth noting that local authorities have no real powers to control or even influence the tenure mix of new market housing or the division in the existing housing stock between home ownership and private renting. It is important to acknowledge however that the private rented sector performs a useful role in local housing markets and is now the primary source of accommodation for those unable to buy, but who cannot access social housing.

Recommendation 4: The Tenure and Size Mix of Affordable Housing

- 10.73 With respect to affordable housing, PPS3 indicates that there is a need to establish an overall target for affordable housing provision. Recommendation 2 sets out the key considerations in determining the overall target for affordable housing in terms of a quota of affordable housing to be secured in connection with new housing developments. Outside of the National Park targets and thresholds should be set out in relevant LDF documents as they will form the development plan for use in the determination of planning applications. Within the National Park, the Housing Strategy, which is updated annually, may be the appropriate document in which to publish targets for social rented and intermediate housing in light of need for the National Park planning authority to liaise with several housing authorities.
- 10.74 The Housing Needs Survey recommends that the local authorities seeks to secure 80% of all affordable housing as social rented housing and 20% as intermediate housing. DTZ would endorse this recommendation but would encourage the authorities to be very flexible as to where, when and how much intermediate housing to seek on any particular scheme. The predominant requirement is for social rented homes, but there are a variety of reasons why provision of intermediate housing is useful tool and can make a contribution to achieving policy objectives.
- The inclusion of an element of intermediate housing can, in the right market conditions, improve scheme economics, helping schemes that would struggle to provide a full quota of affordable housing to do so.

- Intermediate housing provides a broader range of housing choices to those unable to buy in the open market; and is targeted on a different group to social rented housing and hence helps to create more mixed communities.
 - There are often separate funding allocations for intermediate housing, so seeking an element of intermediate housing increases the chances of maximising the overall investment that can be secured for the area from the Housing Corporation/HCA investment.
- 10.75 However, DTZ would recommend that the authorities do not seek to apply the 80:20 social rent to intermediate housing rigidly, consideration must be had for both site specific circumstances and pervading market sentiment; at certain times in the market there may be little demand for shared ownership or shared equity schemes. In most areas this is the case at the present time, when the entire sales market is affected by lack of mortgage availability and confidence. Care always need to be taken to ensure that any proposed provision of intermediate housing is attractive to potential purchasers and competitive compared to buying entry level housing elsewhere in the region.
- 10.76 Consideration should also be given to what form of affordable housing is appropriate in any particular neighbourhood. In the HPDD Sub Area, there are relatively few large concentrations of existing social housing. But where there are such concentrations it may be desirable to promote a higher proportion of intermediate housing in order to introduce more social mix into the community.
- 10.77 It is also useful for the authority to be able to have flexibility in determining the proportion of intermediate housing when negotiating the level of affordable housing provision on particular sites. It can be that in the right market conditions, increasing the proportion of intermediate housing will make it possible to achieve a full quota of affordable housing, when it would not be viable to do if the authority stuck rigidly to the 80:20 ratio. Flexibility on the proportions of social rented housing and intermediate housing is useful in seeking to achieve the overall quota for affordable housing on a consistent basis.
- 10.78 In terms of the size and type (houses or flats) of affordable housing provision there is no need for local authorities to specify the requirements in Local Development Documents. Local authorities can influence the pattern of provision in the light of current needs, as identified by analysis of Local Housing Registers, through their relationship with housing associations.

Recommendation 5: Maximise the Provision of Affordable Housing through Exception Sites

- 10.79 There is a very successful programme of provision of affordable housing on exception sites throughout the HPDD Sub Area, achieved with the support of rural housing enablers. This success needs to be maintained since it has not only delivered affordable housing in particular localities where it is needed, but the programme has delivered a significant volume of new affordable housing. The Peak District National Park has been particularly successful and the other authorities should seek to explore if the same approaches adopted by the National Park Authority can be adopted into policy in the other rural parts of the authorities outside of the National Park.
- 10.80 The Peak District National Park Authority's approach to affordable and its 'More Affordable' Housing scheme relates to RSL and privately developed housing for occupation, which is delivered through the rural exceptions route at less than the market price. At the heart of the programme is the imposition of legal conditions that imply a

restrictive condition on occupancy 'in-perpetuity'. This condition typically restricts sales to people with strong local connections – such as 10 years residence in the past 20 years. This ensures that new affordable housing continues to meet the need in the locality that justified, exceptionally, a new building within a protected landscape.

- 10.81 The application of restrictive sales covenants, along with policies limiting the size of dwelling to be built to accommodate no more than five persons and, has had the effect of keeping prices of the 'more affordable' housing around 37% below open market levels; hence the description of the dwellings provided through this programme as 'more affordable' is apt. In addition schemes of three or more dwellings have to involve an RSL.
- 10.82 All this has resulted in building up a portfolio of new rented, part owned and fully owned sub-market homes where relative affordability has been secured in perpetuity. They form part of more than 1500 new homes permitted between 1991 and 2007, (approximately 95 per annum) within the National Park. Some of these were conversions, and with a few unusually large new-build schemes contributed to the relatively high and significant average rate of completions. For example in 2006/07, 105 residential units were completed, including three schemes providing affordable housing.
- 10.83 The supply of large sites or buildings suitable for or in need of redevelopment is likely to be finite, so in the future, the Peak District National Park Authority considers it likely that the supply of new housing will be closer to the trend completion rate of smaller schemes and conversions (around 48 dwellings per annum of which 43 would be in Derbyshire). This will make it all the more imperative that an adequate supply of land is found in the HPDD Sub Area outside of the National Park to deliver the RRS target for housing completions.
- 10.84 The HPDD Sub Area authorities need to clarify with the Regional Assembly whether housing completions completed in the National Park will contribute to the delivery of housing targets set out in the RSS as they have in the past; and whether the authorities can make any assumptions about the possibility of what are essentially windfall completions that may come forward in the National Park in preparing their housing trajectories, and ensuring a 5 year land supply. The National Park Authority have emphasised that there is and can be no target for provision of housing in the National Park.

Recommendation 6: Planning for an Aging Population

- 10.85 The evidence indicates that the population in the HPDD Sub Area is aging. There is an increasing number of elderly single person households and this is associated with increasing levels of under-occupation of private housing. These homes, if released back onto the market, could provide accommodation for families within the HPDD Sub Area or for those migrating from outside.
- 10.86 It must be acknowledged that most older people wish to stay in their existing home. However there is scope for planning, housing and social care policies to work together to ensure that older people have a good range of housing choices, and can if they wish move to accommodation within their established community that is better suited to their needs in terms of cost, location or access to support services.
- 10.87 The recommendation that the HPDD authorities seek to ensure provision of a significant proportion of new housing provision is made up of smaller units would contribute to this choice by providing older people with more options if they wish to downsize, whether that be for financial reasons or because they are struggle to maintain or look after large homes.

- 10.88 The HPDD authorities are also likely to receive applications for development of specialist housing provision for older people ranging from schemes for the active elderly to schemes providing high levels of care.
- 10.89 Careful consideration needs to be given to issue of whether such schemes will contribute to addressing the needs of the existing residents of the area, or will merely stimulate in-migration of older people with no prior connection to the area. If the latter is the case these schemes merely reinforce patterns of selective migration, and may, if they occur in significant numbers reinforce the bias in the age profile of the local population to older age groups, which may be undesirable given the need to provide housing to maintain the working population of the area to support the local economy. Similar consideration needs to be given to the possible in-migration of people into the houses that are released by any such down sizing, many of whom will themselves need to downsize within 15 to 20 years.
- 10.90 The HPDD authorities should therefore seek to encourage and plan for housing developments for older people that clearly meet locally arising need (though not necessarily exclude non local people), even if this is achieved through market developments. In an area of high house prices it is also important that authorities consider the ability of schemes that entail high levels of care, to recruit local staff, who will generally be low paid, and the interaction that this creates with housing policy. In view of this it may well be appropriate to seek to ensure that schemes targeted at the elderly make a contribution to affordable housing provision.
- 10.91 The local authorities need to consider a range of methods to increase the options available to the elderly population including, lifetime home requirements on new developments, increased numbers of small and accessible housing units, and the provision of help for individuals wanting to stay in their own homes. The use of improvement agencies could be important here since they are able to help individuals stay in their homes by carrying out small jobs but also help to retain the integrity of the housing stock.
- 10.92 In future years older people are also likely to make greater use of equity release schemes, though it is not a suitable option for all households. It does represent one option however to enable older households to raise finance to cover the costs of maintenance and repairs to homes.
- 10.93 All of the above points to a growing need for authorities to provide advice on housing issues to elderly households as the population of older people in the HPDD Sub Area increases. Strong working relationships therefore between the professional stakeholders is essential and methods of working should be reviewed regularly.
- 10.94 Provision of suitable accommodation, comprising both targeted schemes and market provision of smaller self contained homes, when combined with a range of support services for moving home such as quality information, help and advice on a range of issues will enable additional choices to be made available to the older people.
- 10.95 There is more scope for the HPDD authorities to actively plan for meeting the housing needs of older people in the social rented sector. Partnership working should continue to include the health authorities and voluntary sector. There is a need to review existing social housing schemes for the elderly to ascertain whether these are suitable for current and future demand requirements. One particular issue to be addressed is the fact that some of the existing provision for older people, particular bedsit provision, is outdated. The local authorities within the HPDD Sub Area are currently looking at options for this form of accommodation.

- 10.96 The authorities should also consider whether there is scope for freeing up larger family homes in the social rented sector by encouraging older people who are under-occupying existing houses to move to smaller units. There is a significant level of overcrowding in the social rented sector. Encouraging existing tenants who under-occupy to move would help address this issue.
- 10.97 However, to encourage older people to move into smaller accommodation authorities are likely to need to offer an attractive alternative – probably a two bed property in a good location. While technically an older couple might be deemed to be under occupying this property, this may be a good investment if it frees up a three or four bed property suitable for a family. In turn the ability to re-house a family may free up a smaller property suited to meeting the high level of need for smaller dwellings. Creating these letting chains can lead to more efficient use of the stock of social rented housing as a whole.
- 10.98 Development of an overarching strategy for meeting the housing and care needs of older people should help inform local authority priorities for Housing Corporation/HCA allocations and inform the type of housing sought in connection with Section 106.

Other Recommendations

- 10.99 Other recommendations arising out of this study are as follows:
- The housing markets of High Peak District and Derbyshire Dales are subject to significant influences from the neighbouring urban areas. The HPDD partners should seek to maintain good liaison with the authorities of adjacent urban authorities, and explore areas of common interest. However the character of the HPDD Sub Area is quite distinctive and the policy solutions appropriate to the housing challenges of the Sub Area are quite different to those in the adjacent urban authorities. So the main areas of joint working are between the authorities in the Sub Area. These are already well developed.
 - The authorities should consider, in consultation with the development industry, if there is sufficient clarity and consistency in the application of Section 106 agreements in the HPDD Sub Area. A significant proportion of output in the area is likely to be delivered by smaller builders and if threshold levels are reduced as recommended, more small builders will need to become familiar with Section 106 agreements. It will help the process of housing delivery if the HPDD authorities seek to simplify and or standardise the Section 106 agreement as much as possible, so landowners and housebuilders are clear about the obligations they are likely to have to meet. It would be important for any such work to build on lessons learned in the past and make sure that these are not lost in any simplified text.
 - While there should be a general presumption in favour of on-site provision of affordable homes as part of any Section 106 agreements, there may be situations where off-site provision is a sensible approach or even a payment in lieu of affordable housing provision is appropriate. The HPDD authorities should make it clear the circumstance under which off-site provision or a contribution in lieu of affordable housing provision will be considered.
 - The HPDD Sub Area is subject to significant additional housing pressures arising from demand for second homes, and this may increase as the area is cheaper than locations such as the Lake District and Cornwall. Derbyshire Dales in particular is likely to experience such pressures. The authorities have limited powers to deter purchase of properties for use as second homes and are using such powers as are

available to them. The HPDD partners should however lobby for effective national policies to prevent second home ownership in areas of high housing pressure.

- Consideration should be given to whether there would be merit in establishing a special purpose unit that would be focused on housing delivery and work across the whole HPDD Sub Area. The purpose of this unit would be to ensure best use of public sector land ownership to achieve housing objectives, to work with the HCA to maximise public sector investment in housing provision, especially affordable housing and to ensure a co-ordinated and consistent approach to developer negotiations. Effective use of public sector land – much of it not owned by local authorities – is increasingly important in housing delivery, yet achieving alignment of the objectives of different public sector bodies is far from straight forward.
- Community Land Trusts have been attracting increased attention, have now been given statutory recognition, and may represent an opportunity to draw in additional funding. However it is not clear within the HPDD Sub Area if the CLT model would deliver added value on top of the well developed policies for exception site development. DTZ recommend that the HPDD partners examine whether the CLT approach offers any added value or opportunities to existing practice.