



**PRELIMINARY CONSULTATION REPORT
ON RURAL HOUSING PROPOSALS**

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INTRODUCTION

Since July 2002, the Institute of Welsh Affairs has been carrying out research into the extent and nature of housing pressures in the Welsh National Parks and Ceredigion, and examining the ways in which to mitigate these pressures. This document provides a summary of the background information and early findings, and forms the basis for a public consultation exercise which will run until the end of 2002. The project is funded by the Joseph Rowntree Foundation.

THE CONTEXT

- There is concern that communities in National Parks (and rural Wales more widely) are being affected by the combined problems of depopulation, in-migration, and the decline of the Welsh language, all of which can be partly linked to rural housing issues.
- There has been a decline in Local Authority and tied housing, mainly through the Right to Buy. Housing association activity and planning approaches have been the only means to address this decline.
- In many National Parks, many local people can no longer afford to enter the housing market in their communities. This can be partially attributed to pressure on limited housing supplies, in attractive areas where in-migration for retirement, second and holiday homes can form a significant part of the housing market, resulting in high house prices.
- Provision of more housing on the open market would not necessarily help those experiencing difficulty in finding affordable housing, and would conflict with the need to conserve and enhance National Parks.

THE RESEARCH

This project examines the issues surrounding housing in three Welsh National Parks, and Ceredigion, which is a comparable rural area without National Park status. It will evaluate a range of policy solutions through direct consultation with the communities and stakeholder groups affected by these issues. The project will run until March 2003, and aims to contribute to the development of rural housing policy through a locally-based assessment of the issues and policy solutions.

Aims:

- to examine the housing pressures operating in Welsh National Parks and comparable rural areas
- to identify planning policies which address these pressures, and assess the public response to these proposals
- to identify other policies which will impact on housing issues
- to highlight issues requiring further consideration by the National Assembly for Wales and local authorities, and make recommendations for policy development.

The study has involved:

- a desk based research exercise on housing issues and planning policies in Welsh, English and Scottish National Parks, including analysis of Unitary Development Plan and Local Plan housing policies.
- interviews with planning representatives from all Welsh and three English National Parks, and further local interviews in the Welsh Parks and Ceredigion. A limited number of interviews with housing association representatives, estate agents and pressure groups have also been carried out.
- production of this preliminary report

And will involve:

- workshops in each Welsh National Park and Ceredigion to gauge responses to the various policy options.

BACKGROUND TO RURAL HOUSING ISSUES

Rural housing has been a source of contention in Wales for many decades, although the specific rural housing debates have varied through time and between areas. In general, previous studies have identified the following issues as relevant to housing pressures in rural areas. These issues are of varying importance in different areas of rural Wales:

- Out-migration of young people. Previous studies show that they tend to leave rural communities for reasons of employment, education or lifestyle. However, lack of affordable housing may prevent their return, and many young people aspire to return to their home communities at a later stage (Jones, 1999).
- In-migration, because of the attractiveness of the environment and lifestyle of rural areas, and the cheaper properties that they offer. External purchasers can lead to increased housing prices, and reduce the amount of affordable housing available to local people.
- Limited and often poorly paid job opportunities in rural areas mean that it can be difficult for local people to afford to purchase or rent housing.
- Levels of council and social housing have tended to be low in rural areas, and turnover of tenants is low. The Right to Buy, and low levels of social house building in rural areas, have compounded shortages in this sector.
- Second and holiday homes, which can affect community structure and service provision if present in high concentrations. These can also contribute to increased house prices.
- In many areas of Wales, the Welsh language is also a consideration, as in-migration of non-Welsh speakers is thought to undermine the status of the spoken language within the community.

Many of these problems are particularly intense in National Parks because of environmental constraints on the housing market, and the attractiveness of these areas. Various rural housing proposals, involving the prioritisation of local needs housing, planning agreements and consideration of Welsh language issues in development planning, have been suggested in rural areas of Wales.

What are the housing pressures in the Welsh National Parks and Ceredigion?

We would like to hear more about this from people living and working in each area. However, our review of available information and some initial interviews, indicate that:

In *Brecon Beacons National Park*, in-migration is often linked to commuting from the Cardiff area. Anecdotally, we are told that young families also move into this area, sometimes as returning former residents. A survey of recently advertised house prices within the park suggests that average prices tend to be over £150,000 within the National Park, compared to a Powys average of £83,000. The lower end of the market within the Park is estimated as £80,000, which is likely to cause problems for first-time buyers. Numbers of council and social houses are likely to be low. Second homes numbers in the Park are low (close to Welsh average), and interviewees indicate that, while there are some small clusters of second homes, this is not viewed as a problem. The number of Welsh speakers in this area is low (ranging from 22% in Powys to 2% in the south of the park) and no particular concerns over language planning were evident.

In *Pembrokeshire Coast National Park*, in-migration is thought to involve mainly the 45-64 age group. A 2001 survey by the National Park Authority indicated that, of new housing built between 1991 and 2001, 41% were occupied by people who had moved from outside Pembrokeshire, and 35% were occupied by retirees. This Park has very little land available for housing development, and house prices in 2001 averaged over £142,000, compared to a county average of around £73,000. This area is traditionally popular for second homes, and some parts of the National Park record second home numbers of 20-100% above the Welsh average. In the 1991 census, approximately 20% of dwellings were not used as permanent homes, and this was as high as 32% in some communities. The 1997 Welsh household survey showed that 20.4% of people in Pembrokeshire could speak Welsh. No particular concerns over the links between housing and language were evident.

In *Snowdonia National Park*, in-migration is regarded as a particular concern, and this is related to concerns over Welsh-speaking communities. The area is a key Welsh language heartland, with 72.7% of people able to speak, read or write Welsh in Gwynedd (1991 Census) and 32.1% in Conwy. Gwynedd Council have estimated that 32% of housing bought during the first 9 months of 1999 was bought by people from outwith the area, and that this figure was as high as 80% in some communities. With regard to second homes, while Anglesey and the Llyn Peninsula are regarded as hotspots, research by Gwynedd Council indicated that second homes reach levels of 6% of the total housing stock, most of which are concentrated in the most attractive areas of the county (for example, in Llanengan 32% of all properties are second homes) and fall within higher council tax bands. Recent house prices within the National Park indicate an average cost of £128,000, which is substantially

above the regional average, but also shows that a range of houses are available for under £60000. Although Snowdonia National Park Authority has said that there is no evidence of local people being routinely priced out of the market, low local salaries and external demand for housing may lead to pressures in certain highly attractive locations, while the areas with low prices tend to be former industrial towns with high levels of older housing.

Ceredigion shares many of the characteristics of the National Park areas, but is without National Park status. In direct contrast with Pembrokeshire and the Brecon Beacons, Ceredigion Council has recently been criticised for building too many houses, as this is believed to undermine the Welsh language and contribute to social problems, by encouraging in-migration. Ceredigion is regarded as having one of the highest population increases (8.4%) since 1991, with an estimated 7000 people moving into the area between 1991 and 2000. Second homes are not regarded as an important issue here, and recent studies confirm that numbers are around the Welsh average. Average house prices in Ceredigion are currently around £81,000, which is slightly above the Welsh average. Economic concerns are particularly acute, following recent factory closures, and planners have highlighted concerns over a lack of affordable housing, particularly for young people. Over 60% of people in Ceredigion could speak, read or write Welsh at the 1991 census.

PLANNING POLICY OPTIONS

Planning for affordable housing

The planning system can have a limited impact in securing affordable housing in rural areas, through the following mechanisms:

- Conditions on new developments can be used to ensure that a proportion of affordable housing is required in new housing developments above a certain size threshold.
- Local authorities can also use rural 'exception' policies to secure affordable housing for local needs, by stating that they will only allow exceptions to the housing in its development plan in cases of proven local need for affordable housing. This policy usually relates to only a small number of new houses in land close to existing settlements, but should allow land to be purchased at lower costs than that of allocated development land.
- Such affordable housing is usually secured through a Section 106 planning agreement (under the 1990 Town and Country Planning Act) which can limit occupancy to local affordability criteria. This agreement is written when planning permission is granted, and usually applies in perpetuity.

Planning for 'local needs' housing

- In Wales, policies to limit new development opportunities to those who can meet certain local and essential needs criteria have recently been proposed in Pembrokeshire Coast and Snowdonia National Parks.
- These policies have been viewed as contentious, but are established in many English National Parks. They involve a definition of who will qualify as 'local', and how a 'need' for housing will be determined.
- Houses built under such policies will usually be secured for local need in perpetuity although, in Snowdonia, the occupancy tie may be removed if the house cannot be sold.
- Such occupancy restrictions are usually related to 'rural exceptions' building under a planning agreement, which is only permitted if they relate to affordable properties for local needs. The Welsh Assembly Government have objected to the Pembrokeshire National Park proposal on the basis that it will not provide affordable housing. In other areas of the UK, the affordability of such houses is ensured by a definition of 'local affordability' or a restriction on the size and type of houses that can be built in this way.

Controlling the 'Right to Buy'

It has been suggested that the 'Right to Buy' former council housing has depleted the stock of affordable housing in rural areas.

- In National Parks, Areas of Outstanding Natural Beauty (AONBs) and 'designated rural areas' affected by high numbers of second homes, local authorities have the right of first refusal on former council houses being resold within 10 years of purchase under the Right to Buy policy. Alternatively, resale can be limited to those living and working in the local area, under a covenant.

- During consultation on the National Housing Strategy, it was suggested that the Right to Buy should be reconsidered in certain areas of Wales. The Assembly Government, responded that alteration to this primary legislation would be contentious and difficult, and have decided to investigate the designation of further 'designated rural areas'.
- All the Welsh National Parks and Ceredigion (a designated rural area) have access to the above powers when council houses are resold. However, it has proved difficult to find examples of these powers being used.

Planning for the Welsh language

- Welsh language aspects of planning are guided by Technical Advice Note (TAN) 20, which recognises the need to consider the Welsh language when determining applications for housing, large-scale developments, economic developments and settlement policies,
- This guidance states that planners must ensure the creation of sustainable and linguistically-balanced communities. It is stressed that such policies should not allow any discrimination between individuals on the basis of their linguistic ability, or control occupation on linguistic grounds.
- Although welcomed, TAN 20 is generally criticised as lacking in specific guidance on how to achieve linguistically-balanced communities. The lack of information on when, and how, planners should intervene has restricted Welsh language policy so far.
- Despite these concerns, some planning authorities have developed specific Welsh language policies, such as restricting the size of new developments (Snowdonia NPA), or applying the 'precautionary principle' and requiring linguistic impact statements from developers (Gwynedd Council).

Planning to restrict second home numbers

- It has been suggested that the Welsh Assembly Government could make a change to the planning 'Use Class System' which would classify holiday and second homes as separate from the permanent dwelling use class.
- This would mean that changes from permanent dwellings to second/holiday use would require planning permission, which could be refused if a high level of second homes already existed in the area.

A summary of the way in which the above policies have been used in English and Welsh National Parks is appended to this document.

Questions for consideration

- *Is there any opposition to affordable housing developments in rural areas?*
- *To what extent is 'exceptions policy' building being used in National Parks and other rural areas? Who is building 'exceptions' houses? Are these houses affordable?*
- *How well are Section 106 agreements working to secure affordability in perpetuity? e.g. are these conditions resulting in unnecessary restrictions, or are they being removed too easily?*

- *Should National Park Authorities have to allocate land for new housing, or should environmental considerations take priority?*
- *What is your opinion on policies which limit new building to people who qualify as 'local' and 'in need'?*
- *How well are existing Welsh language planning policies working to safeguard Welsh speaking communities? If you are a practitioner, would you like any changes or additional guidance in TAN 20?*
- *Do you think that control over second homes is necessary in your local area? Is planning control an effective way to control second home numbers.*

Fiscal policies

- Registered social landlords (RSLs) can play an important role in securing new affordable housing, by providing rented accommodation for those who meet allocation criteria. It has been suggested that their allocation criteria could be tied to National Park criteria on local needs.
- Social housing is paid for by the Social Housing Grant, which has a 'National Park Multiplier'. However, research by the Welsh Federation of Housing Associations suggests that the costs of building, and costs associated with small developments, act as an additional cost in National Parks and remote rural areas.
- RSLs also operate the Home Buy scheme, a shared equity scheme which gives a 50% interest free equity loan to those in rural areas, repayable when the property is sold. This scheme is very popular, and has suffered due to lack of funding. There is also some concern over the long-term benefits of this policy – research is needed to see if it acts as a first step on the housing ladder, or if greater flexibility between tenures may be required.
- Fiscal control of second homes, by a raising of Council Tax over the 100% level, has also been proposed by Cymuned and Plaid Cymru.

Questions for consideration

- *Should we provide more social housing in rural areas? If so, how should these houses be allocated?*
- *Should more money be made available to cover the costs of providing social housing in rural areas?*
- *What effects would an increase in council tax on second homes have in rural areas?*

PRELIMINARY CONCLUSIONS

Background

- Rural housing problems have been a long-running issue, and apply throughout the UK. The issues of affordable housing raised by this project are currently receiving attention in urban areas, but there are specific problems in rural areas caused by external pressures on the housing market.
- There is a general agreement that wider economic and social issues are usually the causes of out-migration by young people. However, housing policies to enable those who wish to stay do play an important role. It was suggested that young people may have to reduce their housing expectations in order to make an initial house purchase.
- The importance of the local economy was also made clear, with most interviewees highlighting the link between low wages and housing difficulties. Most believe that policies to strengthen local economies are the key to ensuring that local people stay in areas and can afford suitable housing.
- The decline in council housing has been a strong contributor to the affordability gap, and the number of council and social housing in rural areas is too low.
- Most people tend to consider housing association schemes when discussing affordable housing, and there is evidence of opposition to Housing Association developments in some areas. There have been problems in finding tenants in some rural areas, and it was suggested that tenants from outside the local area have been brought in, leading to social problems.
- All interviewees identified problems in balancing supply and demand of housing, but demonstrated differing perceptions of this issue. In some National Park areas, some interviewees felt that a 'sustainable' level of new building would reduce pressure on the housing market, while others felt that the environmental or social context meant that new housing had to be constrained. In Ceredigion, there are indications that some consider the supply of housing to be excessive in relation to the infrastructure, local employment and local needs.

Second Homes

- Second homes received varying levels of attention in different areas, and some people regarded second home owners as having the means to maintain otherwise unusable housing stock, or as supporters of seasonal tourist industries. However, the negative effects in certain popular locations was acknowledged.
- Ideas about raising council tax rates above the current threshold for second home owners were greeted cautiously, as most interviewees felt that this would not deter wealthy owners. The question of where such extra funding would go was also of concern.
- On the idea that second homes could be controlled through the planning system and a separate use class, there was support for this approach, but also concern over the practicalities of monitoring occupancy and

determining the proportion of second homes after which new development would be prevented.

Affordable and Local Needs Housing

- There was consensus that reserving new buildings for people who met 'local' criteria and were 'in need' would not necessarily result in affordable housing, although the occupancy tie will tend to reduce the price of a property. Affordability is not cited as a direct aim of the policies proposed for Snowdonia or Pembrokeshire Coast. This contrasts with several English National Parks, where new house size and type are restricted in order to keep the housing affordable. The Welsh Assembly Government have objected to the Pembrokeshire policies on the basis that occupancy restrictions, and 'exceptions' building, should only be used for affordable housing provided to meet local needs.
- The long term effects of a local and essential needs policy on the prices of existing houses will require monitoring, as will issues such as the reaction of mortgage lenders to such conditions. In England, local occupancy restrictions did not result in greater provision of houses for first-time buyers, and in some cases allowed expensive and attractive new buildings.
- Legal advice suggests that the policy for Pembrokeshire is compatible with Human Rights legislation, as it will not remove any rights from existing owners. However, established case law may be required in order to draw a definite conclusion on this issue.
- Separate policies for affordable housing included exceptions policies and a proportion of affordable housing on new development sites. Key issues here appear to be the low use of exceptions building in the Welsh National Parks, and the difficulty in establishing a need for affordable housing – more detailed housing needs surveys are recommended.
- The role of Registered Social Landlords is an important one, and schemes such as Homebuy were strongly supported by planning authorities and the Welsh Assembly Government, although funding has been severely restricted. However, housing associations have some concerns over the success of this scheme, and the need to 'staircase' up and down from renting to shared ownership has been emphasised, as has research into what long-term benefits are derived from involvement in Home Buy.

Welsh Language

- In general, Welsh language groups oppose large scale housing development as unsustainable in rural areas, and hope to see a planning approach which is more focused on meeting local needs.
- There appears to be consensus that the existing guidance on Welsh language planning needs to be made more positive, and more detailed on specific Welsh language policies. In particular, specific policies such as language impact assessments would be beneficial.
- Local needs housing policies are likely to be of indirect benefit to Welsh language communities. Policies such as phasing of development are also likely to be beneficial.

THE NEXT STEP

As a general conclusion, it is evident from all the material reviewed so far that more accurate data on housing need will be required in order to develop appropriate policies. Any policies designed to secure affordable housing, local housing or to support Welsh speaking communities must be justified on local evidence and carefully targeted, so that they support local communities and address defined problems in a clear way. The next phase of this project will involve definition of the housing issues which affect each area, and consideration of specific policy options for each Welsh National Park and Ceredigion.

Further copies of this report are available on the IWA website (www.iwa.org.uk) or can be obtained by contacting Eilidh Johnston at the Institute of Welsh Affairs. We would welcome open responses to any of the issues raised in this document. A questionnaire for those living in the Pembrokeshire Coast, Snowdonia or Brecon Beacons areas, or Ceredigion, is available, and this can also be completed through our website.

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| Planning Authority | Local and essential needs policy | Second homes policy | Welsh language policy | Affordable housing policy | Use of planning condition | Work with housing associations |
|---|---|--|--|--|--|---|
| Pembrokeshire Coast NPA / Pembrokeshire County Council. <i>Deposit Joint UDP</i> | New housing will be restricted to 'local' people (3 years residency or strong connection) with a proven need for housing, or people with an essential need to live in the area (employment or family). | No specific policy. | Development which will threaten Welsh status in communities will not be permitted. Phased and limited development will be used in key communities. | Element of affordable housing on all new sites. On exceptions sites, affordable housing will have local needs criteria. | Planning conditions will secure local needs occupancy conditions, and affordability. | No specific policy. |
| Snowdonia NPA. <i>Deposit UDP</i> | Outwith areas allocated for general housing, new development will be permitted only for local people (living / working permanently in area) in genuine need, or these with family / employment reasons. | No specific policy. | | 5 or more units can be built on suitable sites, if need is proven, and local / essential criteria applied. | Planning conditions will be used to ensure future occupancy conditions on new houses, affordable houses and exceptions policy houses. Can be removed if not sold after 1 year. | Will work actively to identify areas of need and address these with housing associations. |
| Brecon Beacons NPA. <i>Draft UDP</i> | Building outwith allocated areas must be supported by an independent local housing needs survey. | Debatable as to whether this is an issue. No policy. | Development will be permitted if it does not have detrimental impact on social, linguistic and cultural characteristics. Phasing of development may be required to protect Welsh-speaking communities. | Will encourage a higher density of housing and range of house sizes in appropriate developments. Also see exceptions policy. | Planning conditions will be used to ensure that affordable houses are restricted to proven local need, and affordable for this purpose. | Housing associations should bring forward proposals to provide low cost housing. NPA will react positively and have policies to enable these schemes. |

| Planning Authority | Local and essential needs policy | Second homes policy | Welsh language policy | Affordable housing policy | Use of planning condition | Work with housing associations |
|--|--|--|--|--|--|--|
| Ceredigion County Council <i>Deposit UDP</i> | On exceptions sites, need for affordable housing within the local community must be proven. | No policy. | Developments will be assessed for potential impacts on settlements. Phasing may be required. | In developments of >10 houses, an element of affordable housing will be negotiated if there is a demonstrated need. | All affordable houses will require conditions or obligations to ensure that low cost is passed to future owners. | Developers will be encouraged to work in partnership with RSLs to provide affordable housing as part of proposals. |
| Gwynedd Council <i>Draft UDP</i> | Local criteria (10 years residency) and need (unsatisfactory, renting or new household) must be proven to build in centres and villages. | Proposals leading to an increase in second homes will be refused in communities where the level has reached 10%. | If there is uncertainty over impacts, developers will prepare a linguistic impact statement. Proposals with an unacceptable impact will be refused, under the precautionary principle. | There will be an element of affordable housing in settlements of >10 houses. | Future occupation of 'local needs' and affordable houses will be limited to those who meet local needs criteria. | All tenures (including RSLs) will be subject to occupancy restrictions. |
| Conwy County Borough Council <i>Draft UDP</i> | For rural villages, local criteria (5 years residency, family or employment reasons) will be applied as part of exceptions policy. | No policy. | Any development which undermines the Welsh language will be discouraged. A modest level of building has been proposed for this reason. An increase in Welsh signage is also proposed. | Affordable housing will be required as an element on all allocated sites of 10-15 houses. In rural areas, up to 6 affordable houses can be built if need is established. | A S106 agreement will be used to ensure future local occupancy of houses built under exceptions policy,. | Affordable housing developments should be managed by RSLs, in order to ensure affordability in perpetuity. |
| Powys Council <i>Draft UDP</i> | Individual 'exceptions' houses must be affordable by size, and occupiers must meet local occupancy criteria (3 years, past connection, family / work reasons). | No policy. | Will take precautionary approach to safeguard communities where >40% speak Welsh, and may seek legal agreements. Are undertaking Linguistic Impact Study. | Affordable housing will be required as a proportion on allocated sites, and adjoining settlements, under the rural exceptions scheme. | Planning obligation will be used to ensure affordability / local occupancy in perpetuity, unless it fails to sell after 12 months. | Affordable housing provided by RSLs will not require a planning obligation to ensure affordability. |

| Planning Authority | Local and essential needs policy | Second homes policy | Affordable housing policy | Use of planning condition | Work with housing associations |
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| Exmoor NPA | New housing can only be developed for local people (10 years) who can demonstrate a need for housing. | Propose that occupancy of less than 183 should be classed as a 'change of use' requiring planning permission. This will not be granted in settlements where 10% of homes are second homes. | The occupancy conditions are expected to lower costs by over 30%. The NPA will aim to keep new buildings smaller, and preserve the existing affordable stock by preventing extensions and second home purchases. New houses in rural villages and villages will have to be of an affordable size and type. | Planning conditions will be used to secure housing for local people at affordable prices, or for tied agricultural / forestry use, in perpetuity. | All tenures can contribute to affordable housing, but to achieve affordability, many locals will require rented or shared equity properties from housing associations. |
| Dartmoor NPA | 'Local' defined as 5 years residency or 'strong local connection'. Affordable housing is reserved for local people. | No policy, although a change of use from holiday renting to residential use will be viewed positively. | Within centres, one affordable house should be built for each open market one. Sale price / rent should be 25% below market value. Affordable houses may also be provided under exceptions policy. | Local occupancy restrictions will apply to affordable housing, and planning conditions will ensure that housing is resold at affordable prices. | Housing associations will help determine where affordable housing exceptions occur, and will develop and manage such houses. |
| Yorkshire Dales NPA | In villages, local needs criteria apply for new houses or conversions. 'Local' can be current or former resident, or linked to employment. | Houses built under local needs policy cannot become second homes. | Local needs housing is not always affordable, so one affordable house should be built for every general house in existing settlements, and also at settlement edges under exceptions policy. | Will be used to ensure future local occupancy restrictions, and affordability where relevant. | Housing associations / RSLs should manage the affordable housing stock. |

| Planning Authority | Local and essential needs policy | Second homes policy | Affordable housing policy | Use of planning condition | Work with housing associations |
|--|---|----------------------------|--|--|--|
| Peak District NPA | Conversions and exceptions building will be permitted if there is evidence of local need (usually 10 years residency or family / employment reasons, and need due to overcrowding of lack of affordable properties. | No specific policy. | Housing built under local needs policy will be of a size and type that is affordable, and will remain so in perpetuity. | Planning agreement will be used to secure houses for local needs and at affordable prices in perpetuity. | All tenures are equal under policies, but it is recognised that a housing association will be the best way of ensuring affordable housing in perpetuity. |
| Lake District NPA <i>Local Plan</i> | In developed areas, infill is acceptable, but other development will have 'local' planning condition. In villages, must demonstrate local need for affordable housing. Flexible definitions of 'local' and 'need'. | No specific policy. | Developments involving affordable houses will be considered carefully. Most housing will be rented or shared equity owned by housing associations. | Planning agreements will be used to secure future local occupancy and affordability as appropriate. | Housing associations are viewed as key providers of affordable housing. |