

TITLE	: SUPPLEMENTARY PLANNING GUIDANCE FOR AFFORDABLE HOUSING PROVISION IN NEW RESIDENTIAL DEVELOPMENTS
TO / ON	: Executive 15th October 2003
FROM	: Executive Member for Environment & Transport Executive Member for Regeneration & Housing
STATUS	: For Publication

1.0 TYPE OF DECISION

1.1 What type of decision is to be taken:-

EXECUTIVE DECISION			COUNCIL DECISION	
Key	✓	Non Key		

1.2 If a key decision, has it been included in the Forward Plan

Inclusion in Forward Plan	YES	Date of Plan	01/08/03 – 30/11/03
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2.0 SUMMARY

Draft Development Control Policy Note 5: Affordable Housing Provision in New Residential Developments has recently been drafted (Supplementary Planning Guidance – SPG, Appendix 1). The guidance note sets out the proposed new implementation procedures for Policy H4/1 (Affordable Housing), which brings the policy more in line with national and regional planning advice and with procedures adopted by other local authorities. The SPG will provide clear guidance on these changes to potential applicants, Planning Officers and Members of the Planning Control Committee.

It has long been acknowledged that the current implementation procedures of Policy H4/1 have not resulted in genuine affordable housing being provided and that changes are needed, particularly given the requirement for additional affordable housing identified in the Housing Needs Survey. It is envisaged that the proposed changes in the implementation procedures of the policy will have a significant and positive impact on delivering additional affordable housing throughout the Borough.

The report outlines the background to the SPG, concentrating on frequently asked questions, affordable housing requirements and wider issues surrounding the SPG. This includes a brief look at potential implications of adopting the changes such as impact on staff time and resources and the implications for the sale of Council owned land for residential development. Members are being asked to consider the new implementation arrangements and determine the percentage requirement for affordable housing.

The SPG should be considered on the basis that if approved, it will be applied to all suitable residential planning applications that the Council receives after 1st January 2004, including reserved matters applications that have been conditioned accordingly at the outline stage. As the SPG does not form part of the UDP it does not need to go to full Council for endorsement.

If approved, the proposed implementation procedures would be reviewed after 12 months to determine its effectiveness in securing genuine affordable housing through the planning system and its impact on Council Strategies and resources.

3.0 OPTIONS AND RECOMMENDED OPTIONS (with reasons)

Option 1

That Executive approve the Supplementary Planning Guidance Note (SPG) with a 25% requirement. The SPG will be an important tool in identifying and negotiating affordable housing provision on certain sites, helping to secure genuine affordable housing and creating socially inclusive communities.

Option 2

That Executive approve the Supplementary Planning Guidance Note (SPG) with a 20% requirement. This would reduce the number of units which could be provided but may lessen the potential impact on Council receipts.

Option 3

That Executive approve the SPG with recommended modifications.

Option 4

That Executive reject the approval of the SPG on Affordable Housing Provision in New Residential Developments.

4.0 THIS REPORT HAS THE FOLLOWING IMPLICATIONS

Corporate Aims

The SPG will play a role in the achievement of the Corporate Aims of:

- Develop a stronger community spirit;
- Improving Transport and the Environment;
- Creating a better future for all generations;
- Improving the quality and availability of Council services;
- Making our Communities Safer and Healthier; and
- Achieving Social Inclusion.

Policy Framework

- Bury Unitary Development Plan (adopted August 1997)
- Planning Policy Guidance Note 3: Housing (March 2000)
- Circular 06/98 (Planning & Affordable Housing), 1998

Statement by Monitoring Officer

The Monitoring Officer is satisfied that the recommendation of this report is in compliance with current planning legislation and policy guidance issued by the Secretary of State and is consistent with Bury UDP

Statement by Director of Finance & E-Government

The costs of staff time incurred as a result of implementation of the policy will be met from existing resources supplemented by income from the administration fees receivable from purchasers of the affordable housing. Members attention is drawn to the potential effect on capital receipts for the sale of any Council owned land which is to be used for development which includes affordable housing (please refer to paragraph 7.24).

Human Resource IT/Land and Property Implications

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Wards/Area Boards affected

Boroughwide

Scrutiny Panel's Interest

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Consultations

The draft SPG has been subject to internal consultation with the relevant Sections within the Environment & Development Services Department and other relevant Departments. The report has been considered at Management Board on the 29th September 2003.

Externally, the SPG underwent a comprehensive 6-week consultation period with relevant people/bodies including housebuilders working in Bury, in order to increase its value and legitimacy.

Call-in

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Briefings

Executive Members/ Chair		Chief Executive	
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5.0 INTRODUCTION

- 5.1 The Council recently commissioned consultants to undertake a Housing Needs Survey (HNS) in order to establish the level, type and location of affordable housing need throughout the Borough. The results of the HNS identified that there is a **clear requirement for additional affordable housing to meet local housing needs** (see para 7.3).
- 5.2 The current implementation procedures of UDP Policy H4/1 tend to secure a proportion of smaller dwellings rather than genuine affordable housing (e.g. discounted) and it is therefore necessary to change these procedures through the adoption of Supplementary Planning Guidance (SPG) to help meet the identified needs.
- 5.3 This report sets out the background to the SPG by examining some frequently asked questions (FAQs) and then examines the issues and implications of the SPG in more detail.

6.0 BACKGROUND

- 6.1 There are a number of FAQs regarding the SPG on affordable housing. By way of background, it is considered that identifying and examining these briefly is a good starting point before looking at the issues surrounding these in more detail. The FAQs are in bold italics, followed by a brief response.

6.2 ***What discretion do we have about adopting the policy?***

The Council has a statutory power to help meet the housing needs of its residents, including those in need of affordable housing. In accordance with this, an affordable housing policy has **already been adopted** in the current UDP (1997) and it is just changes to the implementation procedures of this policy that is being proposed. As a Local Planning Authority (LPA), the Council is obliged to take into account government advice on affordable housing, which the SPG does. If it is decided not to follow Government advice, the Council would need to demonstrate why Bury does not need it.

6.3 ***What discretion do we have about the ratio?***

The draft SPG adopts a ratio of 25% of residential units to be affordable on suitable large sites (i.e. sites with 25 or more units). Most Greater Manchester districts are moving towards a 25% requirement for affordable housing (Appendix 2) and this has been adopted as a pragmatic starting point across the country. Most London Boroughs demand a 50% requirement on lower thresholds and even some northern districts require 40%. The 25% would be a starting point for negotiations but could be lowered dependant on individual site circumstances.

In case of any concern about the impact on capital receipts from the sale of Council owned land, Members have been given the option of approving the SPG with a 20% requirement rather than 25%. It is envisaged that this would have less of an impact on capital receipts but it would not secure as much affordable housing (see para. 7.16). Whatever percentage is approved, it is worth noting that developers are likely to try to negotiate requirements down.

6.4 ***Is there a strict definition of what “affordable” means?***

The definition of affordable housing is contained in Circular 06/98. This does not include small residential units simply on the basis that they are cheaper than large units (this is the definition we use under the current implementation procedures). The SPG proposes to change this definition in line with the Circular and considers “affordable housing” to include discounts on the market value of properties, subsidised housing or involvement of a social landlord.

It should be noted that there is a clear difference between affordable housing and social housing. The intention of the SPG will be to secure genuine affordable housing for those individuals or families that can secure a mortgage but not one which would allow them to purchase / lease a property at open-market value. Other types of affordable housing include Registered Social Landlord (RSL) rented, shared ownership schemes or leasehold schemes. It is not intended to provide hostel-type housing or houses in multiple occupation, for example.

6.5 ***Is there a particular time limit we need to follow?***

There is no particular time limit that we need to follow but the opportunities to meet affordable housing needs in Bury are continuously decreasing as the short supply of applicable large sites are granted permission under the current policy procedures. The sooner the SPG is formally approved the sooner it can be used on large housing applications to negotiate genuine affordable housing units in line with the above definition.

6.6 ***Can we implement it in some areas but not in others (e.g. not in regeneration areas/projects)?***

The SPG would be applicable to all areas of the Borough as the HNS identified demand for affordable housing across the whole Borough. However, flexibility has been built into the SPG in line with Government advice, that allows for a reduction or removal of the requirement in exceptional circumstances (e.g. where it can be demonstrated that the requirement would be detrimental to regeneration efforts or on marginal/difficult development sites). Such reductions or exclusions would be objectively examined on a site by site basis.

6.7 ***To what extent can we rely on other ways of providing affordable housing (e.g. working with Housing Associations)?***

In Bury there is very little scope for alternatives to providing affordable housing as the Government's funding is continuously being reduced, including funds for housing associations. Only around 200 affordable units have been built since 2001 giving a shortfall of around 500 between 2003 and 2006. The Housing Department is clear that it sees the proposed changes to the implementation of the policy as the main means by which Bury can help meet the identified demand for affordable housing.

6.8 ***What would be the consequences (practical and legal) of us not adopting the changes to the implementation of the policy?***

If we do not change the way in which the policy is implemented it is unlikely that the Council will make any impact in meeting the considerable need for affordable housing across the Borough. It is difficult to measure the legal implications of not adopting the changes to the policy procedures but it is likely that the Council would be challenged by the ODPM / GONW through the UDP Public Inquiry, and criticised if the changes were not implemented.

Also, the funding regime for Housing across the North West is in the process of change (shift towards a Regional Housing Strategy). Affordable housing is one of the main priorities for the strategy, implying that this is where a significant amount of monies will be directed. It is possible that Bury could miss out on grants etc if we do not have an effective affordable housing policy in operation.

6.9 **How will the Housing Department implement / operate the policy?**

The Housing Department has been heavily involved in the production of the SPG. Although the SPG supports a planning policy, it is envisaged that the Housing Service will be responsible for the majority of its implementation and monitoring. The mechanics of how the policy will be implemented and specific allocated responsibilities have yet to be fully arranged and are difficult to quantify at this stage. However, it is considered that existing staff and resources will be able to plan for the implementation of the changes initially. Continuous monitoring of the SPG's implementation will identify future resource requirements. However, based on experiences of neighbouring local authorities, it is likely that a new post may need to be created in Housing to help with the implementation of the policy. There will be a requirement to maintain a register of appropriate occupants for the affordable homes, whose financial and personal details will have to be verified and registered according to affordability criteria.

7.0 **ISSUES**

7.1 This section of the report sets out the issues surrounding the SPG in more detail, looking at both the benefits and implications of adopting changes to the implementation of the affordable housing policy.

Government Guidance & HNS

- 7.2 PPG3 reiterates advice in Circular 06/98 on affordable housing, stating that the need for affordable housing is a material consideration that can justify refusal of residential planning applications. It states that "where there is a demonstrable lack of affordable housing to meet local needs ... UDPs should include a policy for seeking affordable housing in suitable housing developments"
- 7.3 The HNS identifies a considerable need for affordable housing across the Borough, justifying the changes to the implementation procedures of the policy. This demonstrable need is identified in the summary of the HNS in the tables below:

Affordable requirements by area and property size (2001 to 2006)

Area	Size of Dwelling (bedrooms)				Total Dwellings
	1	2	3	4	
Bury East	0	85	85	0	170
Bury West	0	30	10	0	40
Prestwich	0	21	106	0	127
Radcliffe	0	57	76	19	152
Ramsbottom and Tottington	14	43	58	0	116
Whitefield and Unsworth	29	29	29	0	88
Total	44	266	365	19	694

Affordable requirements by area and property type (2001 to 2006)

Area	Property Type					Total Dwellings
	Detach	Semi	Terrace	Bung	Flat	
Bury East	0	57	85	29	0	171
Bury West	0	20	20	0	0	40
Prestwich	0	85	21	0	21	127
Radcliffe	19	19	114	0	0	152
Ramsbottom and Tottington	29	29	43	14	0	116
Whitefield and Unsworth	0	15	29	15	29	89
Total	48	224	313	58	51	694

- 7.4 Approximately, only 200 genuine affordable housing units have been built since 2001, giving a significant shortfall of around 500 units to 2006. Without the proposed changes to the implementation procedures, it is unlikely that the Council will be able to add significantly to these 200 units as funding initiatives have been cut back, with most available funds being concentrated in the Pathfinder authorities (see para. 7.20). Indeed, the Housing Service only has 41 units in the pipeline that would help meet the identified affordable housing need.
- 7.5 The current implementation of this policy would be ineffective in meeting this need as 'smaller house types' are not considered to be affordable in the true sense (e.g. 1 or 2 bedroom apartments in some areas of the Borough can cost in the range £100,000 - £250,000 which can clearly not be considered as affordable to the great majority of people).
- 7.6 Therefore, the SPG has been developed to change the way Policy H4/1 is implemented in order to reflect Government advice and to allow for **genuine** affordable housing to be negotiated on suitable residential sites.

Definition of Affordable Housing

- 7.7 As stated, asking for small house types simply on the basis that they are cheaper than larger units is not what is meant by being affordable. Instead, the Government states that affordable housing should comprise of both low-cost market and subsidised housing. Effectively this amounts to either Housing Association involvement or discounted market housing for rent or shared ownership / full purchase. The policy does not seek to establish more social housing but to secure genuine affordable housing for people unable to purchase or rent properties at open market values.
- 7.8 This is what the SPG will seek to secure in the proposed implementation changes. Depending on the site, location or nature of the scheme, the SPG will be used as a starting point for negotiations to provide a suitable type and size of affordable housing units in line with the HNS (whether this be through discounts on the market value of properties, units built for housing association management, land given for affordable housing development or a commuted sum for affordable housing elsewhere).

Discretions

- 7.9 For some time now, national and regional planning guidance has been putting more emphasis on delivering affordable housing through the planning system. Whilst an affordable housing policy was included in the UDP in 1997, the implementation procedures did not fully take account of national and regional planning guidance, which has moved on since then. It is clear that Council's should take account of national and regional planning guidance and apply it based on local circumstances.
- 7.10 The SPG takes full account of national and regional planning guidance on affordable housing, the implementation procedures of neighbouring Boroughs and the results of the HNS. This includes taking a relatively flexible approach to the requirement in certain exceptional circumstances.
- 7.11 A 25% requirement is considered to be at a level that will help meet the affordable housing need, whilst not being too onerous that developers cannot realistically afford to meet it. The 25% requirement is typical across the country as a starting point for negotiations. However, in line with Circular 06/98, this percentage could potentially be lowered in exceptional circumstances in order to achieve a successful housing scheme and for regeneration purposes. This would be dependent on specific site circumstances and clear evidence of material issues (e.g. an applicant would have to present evidence to demonstrate that they could not meet the full 25% requirement due to high unforeseen decontamination costs, for example). Whilst, lowering the requirement is an option, it is evident from the table in paragraph 7.16 that the option to reduce the requirement to 20% would produce less affordable housing.
- 7.12 If sufficient evidence or factors are presented on a specific site, it may even allow for the complete removal of the affordable housing requirement. However, any evidence submitted would have to be assessed objectively and on the basis that a site has been bought based on all known development constraints and planning requirements (i.e. simply stating that they were unaware of the affordable housing policy would not be acceptable).

Consequences of not Adopting Policy

- 7.13 If the Council does not amend the way in which it implements the affordable housing policy then it is possible that no genuine affordable housing would be provided through the planning system. This is clearly not in line with national and regional planning guidance and the Council has a duty to implement procedures to secure genuine affordable housing where there is clear evidence of need. There are no benefits of continuing with the current procedures if the Council is to tackle the affordable housing issue.

- 7.14 The Government is consulting on current planning and affordable housing advice (see para 7.19) and when referring to Comprehensive Performance Assessments, the consultation paper states that “**Where an assessment finds an authority failing to tackle housing needs satisfactorily, the local authority runs the risk of a more detailed inspection, or in more serious cases being referred to the Secretary of State for statutory intervention**”. Changing the implementation procedures of the affordable housing policy is vital in tackling housing needs in Bury.
- 7.15 If there are no affordable units being provided through the planning system then the Council would have to find other means of meeting the housing needs of its residents. At the moment it is unclear what the financial implications of this would be given the uncertainties surrounding future funding regimes under the Regional Housing Boards and dictated by priorities held within the Regional Housing Strategy (see para 7.18). However, it is unlikely that the Housing Department will have sufficient funds to subsidise housing associations to meet the demand for affordable housing in Bury. Much of the money available to local authorities in this respect will be directed towards Housing Market Renewal Pathfinders. This is why the Housing Strategy 2003 - 2008 highlighted the approval of the SPG as a **key objective**. Effectively this means that there are no alternatives to providing the level of affordable housing needed in Bury at present apart from through Planning Policy.
- 7.16 In terms of time limits, the longer we wait for the implementation procedures to change the fewer sites we will be able to apply it to and therefore fewer affordable housing units will be secured (i.e. some of the few suitable sites where the SPG would have been applicable have already come forward/are coming forward and the SPG cannot be applied). This is illustrated in the table below which details current or recently approved planning applications in the past 18 months over 25 units where, if adopted, the SPG could have instigated negotiations for affordable housing.

SITE	NO OF UNITS	POTENTIAL AH (25%)	POTENTIAL AH (20%)
<i>(Private Sites)</i>			
Orchid Court	43	11	8
Dumers Lane	55	14	11
Bury General (approx)	140	35	28
Tesco's	120	30	24
Bridge Hall Lane	40	10	8
Sainsbury's Site	140	35	28
Albert Road	27	7	5
Victoria Works	54	13	11
Mayfair Cinema	35	9	7
Baron Street	27	7	5
Strebor (at appeal)	125	31	25
Booth Street	34	8	7
<i>(Council Owned Land)</i>			
Gigg Lane	89	22	19
Claremont EPH (approx)	50	12	10
Brandlesholme Road	36	9	7
TOTAL	958	253	203

- 7.17 The table above underlines the potential number of affordable housing units that could have been secured if we applied either a 20% and 25% ratio to recent large sites that have come forward over the past 18 months (these numbers would significantly increase if we examined all permissions on large sites since August 1997). It is clear that there would be less affordable housing secured if a 20% requirement was approved. However, both requirements (or even a percentage of them) would have made a considerable impact on housing need in Bury and in meeting the Council's aim of achieving social inclusion. Also, as the table shows, the vast majority of sites that have come forward are on privately owned land (over 80%).
- 7.18 It is envisaged that the number of large sites coming forward for residential development will start to fall as there becomes less available land in the urban area. Subsequently, it is envisaged that the opportunities to provide affordable housing through the SPG will also dwindle. Therefore, the longer we wait to adopt the SPG the less affordable housing units are likely to be secured through the planning system.

Emerging Guidance

- 7.19 The ODPM has just issued proposed changes to PPG3 – *“Influencing the size, type and affordability of housing”*, which is a consultation paper on the planning system's role in securing affordable housing. From this, it is envisaged that current guidance on affordable housing in PPG3 and Circular 06/98 will be replaced with updated and more in-depth advice that may make it easier to secure affordable housing through the planning system. The consultation period runs to 31st October 2003 but there is no indication when new or amended (if any) advice will be available. In the meantime, Councils should follow existing government guidance in planning for affordable housing, as contained in the SPG.

Regional Housing Strategy

- 7.20 Priorities contained within the Regional Housing Strategy focus attention on creating and maintaining balanced housing markets locally and sub-regionally. Major priority and allocation of funding will be concentrated in areas of low housing demand and high depreciation, which is likely to be to the detriment of funding awarded to Bury. Affordability and the provision of additional affordable housing is a secondary priority and a potential source of funding for Bury in future years. However, in order to pursue this funding option we will need to be able to demonstrate an effective and robust affordable housing policy.

Corporate Strategies

- 7.21 The proposed change to the implementation of the Council's affordable housing policy is in line with other corporate policies and strategies. As indicated, the approval of the guidance is one of the main priorities identified in the Housing Strategy in helping to meet housing needs in the Borough. The guidance also complements other corporate strategies including the Corporate Plan, Community Strategy and Local Community Plans, Regeneration Strategy and the Social Inclusion Plan, for example.

Implications of Adopting the SPG

- 7.22 There are recognised benefits from adopting the SPG, including ensuring that more quality affordable homes are provided and creating more inclusive communities. However, there are a number of issues surrounding the adoption and implementation of the SPG that should be underlined.
- 7.23 Staff Time and Resources: The implementation and operation of the SPG is expected to increase the workloads of staff in Housing, Legal and Planning (other divisions of the Council may be required to help process the Policy from time to time, including Local Land Charges or Property Services, for example). It is too early to identify exactly the extent of the impact on staff time but it is envisaged that the SPG could be implemented initially through existing resources. Continuous monitoring of the SPG's implementation will identify future resource requirements and it has been suggested that a new post may need to be created in Housing to help with the implementation of the policy. The Council is able to charge an administration fee for processing affordable units and it is intended to use such monies to resource any future workloads in Housing.
- 7.24 Regeneration Efforts: There have been concerns that the adoption of the SPG will threaten the regeneration of rundown and derelict brownfield sites in the Borough (as developers may be concerned with the additional costs in providing affordable housing). However, the Council is aware that there are some sites that are marginal and that the full requirement for affordable housing may hamper regeneration efforts in some areas. In such instances, the SPG allows the applicant to present evidence of the costs involved. This would be assessed and if the evidence is deemed acceptable it could result in partial or full relaxation of the policy.
- 7.25 There have been concerns expressed that the approval of the SPG could reduce developer interest in Bury. However, it is considered likely that the profit margins made from the Bury housing market would still allow for sufficient profits to attract developers. Indeed, it is because of the market conditions in Bury that the need for an affordable housing policy exists.
- 7.26 In addition, developers are faced with affordable housing policies throughout the country on a daily basis. Whilst the vast majority of them may not like the policy, they do acknowledge that it stems from central Government and accept it as part of their development programme (albeit reluctantly). There is no evidence to suggest that developers shy away from developing in a Borough simply because they have an affordable housing policy.
- 7.27 Landowners: It is likely that developers will build the cost of providing affordable housing into the price that they pay for residential land, and consequently, it is expected that landowners will not receive as much money for their land. This may include Council owned land, which would need to be put out for tender on the basis that the successful bidder may have to meet the requirements of the Policy H4/1 (affordable housing), similar to planning requirements for public art and recreation provision. This has obvious implications for the amount of monies the Council receives for any large residential sites that may be for sale, if developers build affordable housing requirements into the amount they pay for the land. However, if the SPG is not implemented, the Council could potentially have to fund the provision of affordable housing from other Council resources.
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- 7.28 It is difficult to quantify what impact the implementation changes would have on the Council's capital receipts, as each site will have a range of different considerations to take into account, such as location, site constraints, type of expected development or type of affordable units required, for example. However, there is a worked example of how the Council will seek to apply discounts to the market value of properties in appendix 1 (page 16 of the SPG). This gives an indication of the financial requirements of the policy effectively equating to a 6.25% discount on the total market value of a development. It is difficult to make accurate assumptions from this but it is considered that developers will try and recoup some of this loss through the price that they pay for land.
- 7.29 Best Value Performance Indicators (BVPIs): The Council's performance is measured through a number of BVPIs, one of which is the amount of time taken to determine planning applications. On sites where Policy H4/1 would be applicable the Council has a target of 60% of applications to be determined within 13 weeks (91 days). It is envisaged that negotiations on affordable housing could be time consuming and initially could have an impact on the Council's performance in meeting this target. However, in addition to providing a fast and efficient service, Housing and Planning services should monitor performance against housing targets (i.e. meeting local housing needs), and performance in this area will be greatly improved by the implementation of the SPG.
- 7.30 In addition, the Planning Service is looking at possible ways to improve its performance against BVPIs. One way that is being examined is requiring applicants to enter into negotiations on affordable housing before an application is formally registered. It is hoped that the type and location of affordable housing provision can be agreed in pre-application discussions and that an agreed statement of intent would be submitted as part of an application. This could reduce or remove the requirement to negotiate further on affordable housing requirements once an application has been registered, thus helping to improve performance against BVPIs.

8.0 CONCLUSIONS

- 8.1 It is clear that there is a considerable need for additional affordable housing throughout the Borough, as identified in the HNS. The issue of securing more affordable housing through the planning system is high on the Government's and Housing Department's list of priorities, and adopting the SPG will help achieve genuine affordable housing that will help meet local housing needs and create socially inclusive communities.
- 8.2 There are a number of issues that adopting the SPG raises (including resources) but if the Council is committed to reducing the shortfall in affordable housing and creating more inclusive communities, it is important that the SPG is adopted and obtains the support needed to implement it.

**COUNCILLOR S SMITH
EXECUTIVE MEMBER
FOR ENVIRONMENT & TRANSPORT**

**COUNCILLOR T CHAMBERLAIN
EXECUTIVE MEMBER
FOR REGENERATION & HOUSING**

Background documents:

- Bury Unitary Development Plan (August 1997)
- Circular 06/98 "Planning and Affordable Housing"
- PPG3: Housing 2000
- Bury Housing Needs Survey 2001
- Bury Housing Strategy – 2003 to 2008

For further information on the details of this report, please contact:

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DEVELOPMENT CONTROL POLICY GUIDANCE NOTE 5

Affordable Housing Provision In New Residential Developments

FINAL DRAFT - NOVEMBER 2002



This guidance note is aimed at developers and providers of new housing and includes information on:

- **Introduction and Background**
- **Advice:**
 - **Sites Suitable for Affordable Housing**
 - **Definition of Affordable Housing**
 - **Quantity of Affordable Housing**
 - **Quality and Design of Affordable Housing**
 - **Integration of Affordable Provision**
- **Types of Affordable Housing:**
 - **Shared Ownership**
 - **Housing For Rent**
 - **Low Cost Market Housing**
 - **Involvement of a RSL**
- **Implementation of Affordable Housing:**
 - **Full On-Site Provision**
 - **Off-Site Provision**
 - **Mixture of Above**
- **Other Procedures:**
 - **Occupancy Control**
 - **The Use of Section 106 Agreements**
 - **Monitoring**
- **Conclusion**
- **Background Documents**
- **Contacts**
- **Appendices**
 - **UDP Policy H4/1 (Appendix 1)**
 - **Identification of Housing Needs in the Borough (Appendix 2)**
 - **Discounted Market Housing (Appendix 3)**

1.0 - INTRODUCTION

- 1.1 This Development Control Policy Guidance Note relates to the Council's planning policy in respect of affordable housing provision in association with new residential development. It provides additional and updated information on Policy H4/1 of the Bury Unitary Development Plan which deals specifically with this issue and requires developers on suitable sites to make provision for affordable housing (Appendix 1 contains details of UDP Policy H4/1).
- 1.2 The advice in this note is aimed at all persons and bodies who provide and control new residential developments, including conversions. It will be used by the local planning authority in negotiating and determining planning applications, and should be used by developers in formulating residential planning applications.

Background

- 1.3 The Council seeks to meet the housing needs of all of its residents and aims to ensure that everyone has the opportunity of a decent home that is affordable to their needs. In recent years the Council's ability to meet these aims directly has eroded and its role is now one of 'enabling' the provision of affordable and suitable accommodation through other bodies.
- 1.4 The function of Planning in this enabling role was identified initially in Circular 07/91 and in more detail in PPG3 (1992) and Circular 13/96. Circular 13/96 in particular, identified the planning process as a tool that can enable local authorities to provide an element of affordable housing on suitable residential sites. Policy H4/1 was developed to reflect this advice.
- 1.5 Since the adoption of Policy H4/1 new Government guidance on planning and affordable housing has been issued, namely Circular 06/98 and PPG3 (2000). This advice note provides guidance and supporting text to supplement Policy H4/1.
- 1.6 This advice note also takes account of current information on housing needs in Bury including the results of the Housing Needs Survey (2002) and the Borough's Housing Strategy. This information will be updated on a regular basis and policy reviewed to take account of changes in housing need.

Negotiation Process

- 1.7 The Council is keen to enter into negotiations on affordable housing at the earliest possible stage of the planning process, and the box below illustrates the Council's view on how negotiations should take place:-

- Developers should consult the Council at the earliest opportunity to determine planning requirements on a particular site they may be interested in prior to an application (including affordable housing);
- All parties concerned should then enter into pre-application discussions to identify the amount, type and location of affordable housing provision;
- A statement of intent to make affordable housing provision should then be agreed in writing, preferably through a draft S106, and submitted at the time of making an application. Without such a statement applications will be considered to be incomplete and as a result may not be considered acceptable for registration; and
- Planning applications will then be processed based on the outcome of negotiations.

2.0 - ADVICE

- 2.1 Circular 06/98 states that a community's need for affordable housing is a material planning consideration, which should be taken into account when determining planning applications. It also states that where there is a clear need for affordable housing, local planning authorities should develop clear planning policies to meet these needs (para 1).
- 2.2 This section concentrates on the basic principles of the Council's affordable housing policy and requirements in the light of the above advice. It deals specifically with the factors that need to be taken into consideration by developers and development control officers on suitable residential applications.
- 2.3 The advice contained in this note is applicable to both full and outline planning applications, and for the avoidance of doubt is applicable to both allocated and 'windfall'¹ sites.

Sites Suitable for Affordable Housing Provision

- 2.4 In accordance with Circular 06/98 (para 10) the Council has identified the following thresholds where it will seek the provision of affordable housing:
- a) housing developments of 25 or more dwellings; and
 - b) residential sites of 1 hectare or more, irrespective of the number of dwellings.
- 2.5 The Council will seek to avoid situations whereby the landowner / developer attempts to subdivide the site below these affordable housing thresholds. In addition, where an applicant proposes to phase the development, the whole site will be subject to assessment under policy H4/1.
- 2.6 Developers should be aware that where there is an increase in the number of residential units on a site at a later date, then the affordable housing policy would be applicable if the increase takes the total to 25 or more units. Significant increases on sites that are already subject to policy H4/1 will subsequently have to amend the provision of affordable housing to reflect the increase. Any later increase will not, therefore, be treated as a separate application for the purposes of this policy.
- 2.7 In assessing the need for affordable housing provision on suitable sites, the Council will also take into consideration the following factors:
- the proximity of local services, facilities and access to public transport² ;
 - the particular costs associated with the development³;
 - whether the provision of affordable housing would prejudice the realisation of other planning objectives that need to be given priority in the development of the site; and
 - the need to achieve a successful housing development.

¹ Windfall sites are those which have not been specifically identified as available in the development plan.

² The Council is of the view that few sites within the urban area are likely to be unsuitable for affordable housing based on the proximity of local services and facilities and access to public transport.

³ The Council will negotiate affordable housing provision on the basis that a particular site has been bought (or is being purchased) at a price which includes all known development constraints (such as access) and planning requirements, including provision of open space and affordable housing.

Definition of Affordable Housing

- 2.8 The advice in Circular 06/98 states that local authorities should define 'affordability' locally and that it should include **both** low-cost market and subsidised housing (para 9[a]). Therefore, for the purposes of this policy note affordable housing is defined as comprising:
- a) Subsidised Housing – Housing available for either rent or shared ownership at below market levels which is allocated on the basis of need, and is managed and controlled by local authorities and/or registered social landlords (RSLs)/or other appropriate body; and
 - b) Low Cost Market Housing – Housing which is available for either rent or sale at a discount compared to open market value, and where a planning agreement ensures that this discount remains available in perpetuity to people identified as being in housing need.
- 2.9 Affordable housing in Bury should comprise of a range of dwelling types and sizes, to reflect the diverse characteristics of those in need. Therefore, in addition to starter homes and housing for small families there may be requirements for specialist types of housing to meet the specific needs of certain groups in need including larger family type housing, sheltered housing and housing for disabled groups, for example. The exact affordable housing requirements will depend on the specific needs within a particular site or locality. Appendix 2 identifies the general housing needs in the Borough and in particular localities.

Quantity of Affordable Housing

- 2.10 Based on recent completions on **all** sites (small and large) the Council has calculated that it would require over 40% of **all** future completions to be affordable housing to meet need for the same. This is unrealistic as it is envisaged that the vast majority of future completions will be on small sites (<25 units) and Policy H4/1 will not apply. In addition, it is felt that a 40 % requirement on larger sites (expected to be made up of previously developed sites) would be economically unviable in Bury.
- 2.11 Therefore, the Council believes that a 25% requirement will assist in meeting the identified housing need in the Borough without placing too high a demand on private developers that could not be realistically funded by them.
- 2.12 The Council embraces Circular 06/98 and PPG3 objectives of ensuring that new residential developments provide a mix of dwelling types and sizes to cater for a range of housing needs. Therefore, to help create more sustainable and balanced communities the Council will expect large housing developments to comprise a mixture of different house types and sizes (where appropriate), including the affordable housing element. The 25% affordable housing provision should therefore seek to reflect a range of house types and sizes and should not necessarily consist of 1 particular house type or size unless local need indicates otherwise (see para 2.9 above).

Quality and Design of Affordable Provision

- 2.13 On sites where Policy H4/1 is applicable, the Council will expect the affordable housing provision to be designed and implemented to an equally high standard and quality as other housing on the site. Affordable units should therefore blend in and maintain consistency with the general character and appearance of a development.

- 2.14 However, it may be permissible, within certain limits, to reduce the specification of some of the affordable units to achieve affordability. For example, this may include reducing the provision of garages or parking standards as car ownership rates are generally lower for occupants of affordable housing.

Fully Integrating Affordable Housing Provision

- 2.15 The Council does not believe that different types of housing and tenures make bad neighbours and advice in PPG3 clearly indicates the Government's desire to create more socially inclusive communities. As a result, the Council will seek to ensure that new housing developments fully integrate the range of house types they provide, including any affordable provision.
- 2.16 The Council will therefore seek to ensure, that any affordable housing provision should be fully integrated and spread throughout the site. The Council will not accept proposals whereby the affordable housing provision is separated or cornered off from the remainder of the development. As stated above, there should be no visible differences that would distinguish affordable and full market cost housing.

3.0 - TYPES OF AFFORDABLE HOUSING

- 3.1 This section examines the types of affordable housing required in Bury and the means by which these should be delivered. This includes the Council's preference for provision of affordable housing through Registered Social Landlords (RSLs), either through shared ownership or socially rented accommodation.
- 3.2 On sites where Policy H4/1 is applicable, the Council will seek to negotiate the type of provision required. The Council's preferred choice of affordable housing will vary from site to site depending on the nature and particular circumstances of the site and locality. However, the Council will seek to ensure that any provision meets identified housing needs in the Borough and therefore should comprise of one or more of the following types of affordable housing.

Shared Ownership

- 3.3 Shared ownership housing will be accepted as affordable housing provision if it is provided through an arrangement with an approved RSL or other suitable body, who shares the ownership of dwellings with occupiers and charges a rent for occupation. The affordability is provided through lower rents than market rents. Conventional shared ownership schemes use Social Housing Grant funding and require occupiers to be given the right to acquire full equity.
- 3.4 The normal procedures for providing shared ownership is for the developer to construct the units to the RSLs specification (having regard to the advice in paras 2.12 & 2.13) and then to sell the units to the RSL at an agreed discounted rate. The discounted rate will vary from site to site depending on a number of circumstances, but it will need to be sufficient to secure RSL involvement on an appropriate number of units.

Housing for Rent

- 3.5 It is also important that the provision of affordable housing for rent be made available through a RSL approved by the Council. RSL involvement will ensure that rented accommodation will be subject to a form of management arrangement to control the tenancy and the future occupancy of the units.

- 3.6 As with shared ownership arrangements, it is normal for the developer to provide the specified affordable units to an RSL at an agreed discounted price that secures RSL involvement, which again will be negotiated on a site by site basis as above.

Discounted Market Housing

- 3.7 When a scheme intends to develop low-cost market housing the Council will endeavour to ensure that the affordable housing units provided are actually 'affordable' to people on low incomes who otherwise would be unable to buy homes at open market prices.
- 3.8 To help achieve this objective, any approval of planning permission will incorporate a right for the Council to nominate and/or approve purchasers of the affordable units so as to ensure that the units are occupied by people on lower incomes and in need of affordable housing.
- 3.9 It is also important that low cost market housing remains affordable for subsequent occupiers. Therefore, the Council will seek to impose occupancy controls to ensure that the affordable housing built is occupied in perpetuity only by people in need of affordable housing.
- 3.10 In order to ensure that the levels of subsidy required from developers are consistent, the discount should be equivalent to 25% of the average market valuation of the development (please see Appendix 3 for a worked example of how discounted market housing could be negotiated on this basis).
- 3.11 It may be that on certain sites within the Borough a 25% discount would not provide adequate affordable housing (e.g. a 25% discount on a £100,000 dwelling would not be considered affordable for those in need). In such circumstances the Council will seek to apply the agreed discount to a fewer number of units in order to achieve affordability. However, developers should note that the Council will still seek to ensure that residential developments incorporate a good mix of dwelling size, type and affordability.
- 3.12 The Council will consider other means for providing discounted market housing, as long as they would result in the provision of genuine affordable housing for those in need.

Involvement of a RSL

- 3.13 The Council considers that rented and shared ownership dwellings managed by RSLs are particularly good examples of dwellings that will be able to meet local needs, in line with the advice and preference of Circular 06/98. It is envisaged that the bulk of affordable housing provision in Bury will be provided in this manner.
- 3.14 The Council supports the involvement of RSLs as they have their own occupancy criteria and are governed by the rules of the Housing Corporation, making further occupancy controls unnecessary. In addition, RSL involvement **may** include Social Housing Grant subsidy but developers should be aware that public subsidy for the provision of affordable housing is limited and resources **fall significantly short of need**.
- 3.15 For these reasons, the Council will encourage applicants to meet affordable housing requirements through forming partnerships with RSLs at an early stage (ideally pre-application). RSLs should be drawn from those who have an existing role in the Borough, and form part of the Bury Joint Commissioning Partnership (developers should contact the Council's Housing Department for further details of the Partnership – See para 7.1).

4.0 - IMPLEMENTATION OF AFFORDABLE HOUSING PROVISION

- 4.1 This part of the advice note identifies the three possible ways whereby affordable housing provision can be implemented by a developer.
- 4.2 It should be noted that the following ways of implementing affordable housing are **not options** for the developer, as the Council will generally demand that any affordable housing be fully integrated within a site. Therefore, the alternative ways of providing affordable housing will only be applicable in **exceptional circumstances**.

Full On-Site Provision

- 4.3 The Council will generally demand that affordable housing provision be met fully on-site as part of the developer's own scheme, as favoured by Central Government. This approach will make the greatest contribution towards the Council's objectives of creating more mixed and inclusive communities, which will help provide a broader social structure capable of supporting a wider range of community facilities.
- 4.4 As identified in 2.12, the on-site provision of affordable housing should be addressed sensitively in the design of new housing developments and the Council will not accept proposals whereby areas of affordable housing are clearly separate from general market housing.

Off-Site Provision

- 4.5 Only in exceptional circumstances will the Council accept affordable housing provision to be provided partly or wholly off-site. Generally, the onus is on the applicant to demonstrate to the Council's satisfaction why affordable housing provision should not be provided on-site, bearing in mind the Council's desire to diversify housing in the Borough. Alternatively, there may be instances where the Council feel that it is actually preferable to provide affordable housing off-site and will enter negotiations on this basis. In any event, the option for off-site provision will only be acceptable if all parties agree.
- 4.6 The Council accepts that there may be circumstances where it may be desirable to reduce or remove the affordable housing requirement on-site, if such provision on-site would prejudice other planning priorities⁴ (e.g. if off-site provision elsewhere would have a greater impact in meeting the identified housing needs of the local population). In such instances it will be necessary for the developer to demonstrate that the off-site provision is of equal or greater value than the amount of on-site affordable housing foregone.
- 4.7 Where exceptional circumstances lead to the provision of affordable housing off-site, the Council will endeavour to ensure that the affordable housing provision (either units, land or commuted sum) is provided within the vicinity of the main development. Where this is not possible, the Council will direct the provision within the general locality and otherwise to areas of need elsewhere in the Borough.
- 4.8 The Council has identified three ways in which the provision of affordable housing off-site can be met;

⁴ It should be noted that the provision of affordable housing off-site should not prejudice other Council objectives of creating more socially balanced communities and diversifying housing types and sizes in the Borough.

Erection of Affordable Units Off -Site

- 4.9 The Council’s next preferred option (after on-site provision), is for the developer to meet the affordable housing requirement on a suitable site nearby.
- 4.10 When the Council agrees to the provision of affordable housing off-site it will seek to impose controls to ensure that the timing of the construction of the affordable units will run parallel with the construction of the main site. Developers will be required to enter into a planning agreement to this effect.

Provision of Development Land

- 4.11 There may be instances where an applicant wishes to offer land free of charge for development by a RSL, to offset the requirement of on-site provision. However, the Council has reservations about this approach due to polarisation of communities and will generally not accept such proposals under ‘normal’ circumstances. Developers should also note that the Council will not accept land that is incapable of accommodating the required number and type of affordable housing units, or land in areas where there is no requirement for affordable housing.
- 4.12 Any acceptance of land off-site will be subject to RSL involvement and their ability to secure development finance to construct the affordable units.
- 4.13 In addition, the applicant will have to demonstrate that the land on offer is fully serviced, and is free from inherent development constraints or abnormal development costs. The suitability of the land will also be considered against other planning policies and its proximity to local services, including public transport.

Commuted Sum (financial contribution)

- 4.14 As a last resort, the Council may accept an in-lieu financial contribution to meet the affordable housing requirement off-site. This is the Council’s least favoured option for providing affordable housing as the resulting delay in accumulation of sufficient moneys to fund development schemes is unacceptable to the Council. Therefore, this approach will only be considered after all other options are exhausted.
- 4.15 Due to the above concerns, the Council will seek to negotiate off-site provision at 30% (rather than 25% on on-site provision) of the average market value of the proposed development on a suitable number of dwellings (25%). For clarity, the box below gives an illustration of this calculation.

For a development of 100 houses with an average market price of £65,000, the calculation would be:		
Affordable Housing Quota <i>(25% of site Capacity)</i>	x	Financial Contribution <i>(30% of market Price)</i>
25 houses	x	£19,500
		= £487,500

- 4.16 It is essential that commuted sums actually result in the provision of affordable housing and, therefore, all contributions made in respect of policy H4/1 will be held in the Council's affordable housing fund. These funds will be ring-fenced, only to be used for affordable housing, and the Council will endeavour to ensure that provision is implemented in the general locality of the main housing site. Where this is not possible, or where there is no demand in the immediate locality, monies will be used elsewhere in the Borough. The specific timescales of spending any commuted sum will be covered by a planning agreement but it will normally be over a minimum of 7 years.
- 4.17 In the event of dispute between the Council and a developer in connection with the calculation of open market value arising from the implementation of this SPG: Affordable Housing, the same shall be referred to an expert to be agreed upon between the parties or in default of such agreement being reached by a suitably qualified expert nominated by the President for the time being of the Royal Institution of Chartered Surveyors or any person authorised by him to make appointments on his behalf. The fees and expenses of such an expert including VAT and the cost of their appointment will be borne equally by the Council and the Developer or each must otherwise bear their own costs.

Mixture of Above

- 4.18 There may be circumstances whereby the applicant and/or the Council wish or need to incorporate a mixture of affordable housing provision (e.g. some provision on-site and some off-site). Such a mixture will depend on individual site circumstances but as a general rule, developers should have regard to the advice highlighted above, bearing in mind the Council's strong preference for provision on-site.

5.0 - OTHER PROCEDURES

- 5.1 This section examines the measures that will be used by the Council to secure affordable housing on suitable sites, including occupancy controls.

Occupancy Control

- 5.2 The Council will seek to ensure that the affordable housing provision in a development will be occupied in perpetuity only by people in need of affordable housing. In imposing occupancy controls, the Council will use planning conditions/agreements, detailing clear eligibility criteria for occupants.
- 5.3 In line with Circular 06/98, the Council will not impose any additional occupancy controls over and above those of a RSL where a RSL will manage the affordable units.
- 5.4 For all other types of affordable housing provision, it will be necessary for the Council to impose occupancy controls to ensure that units will remain affordable for successive households. The details for ensuring that initial and subsequent occupants of affordable units are actually in need may vary according to the particular details of a housing scheme.
- 5.5 As stated in paragraph 3.8, the Council will control the occupancy of discounted market housing by reserving the right to approve/nominate purchasers.

Planning Conditions & Section 106 Agreements

- 5.6 Once the level, type and location of affordable housing has been agreed, the use of planning conditions and/or legal agreements will be used to secure affordable housing provision⁵. It is normal practice for the Council to use a formal Planning Agreement under Section 106 of the Town & Country Planning Act 1990, which normally should be signed before a decision on an application is made.

Section 106 agreements may cover, among other things:

- **the level of affordable housing provision to be provided;**
- **occupancy controls to ensure that dwellings will remain affordable to successive occupiers (in the absence of RSLs involvement);**
- **the nomination process;**
- **the provision of off-site dwellings/payments/release of land elsewhere, to ensure that dwellings/monies/land is released before the occupation of an agreed amount of market dwellings;**
- **the timing of on-site affordable housing provision within the overall scheme to ensure that affordable housing units are developed at an agreed rate in relation to the open market housing;**
- **the location of affordable housing provision within the site;**
- **arrangements for the involvement and role of suitable RSLs or other appropriate Social Housing Agencies; and**
- **details of dates for the spending of commuted sums (when applicable).**

The exact details to be covered in any agreement will depend on the individual circumstances of each site and may include additional matters not identified above.

- 5.7 Any approval granted for outline residential permission where policy H4/1 may be applicable will be conditioned so that subsequent reserved matters are required to provide adequate affordable housing provision. Outline and reserved matters applications may also be subject to a Section 106 agreement in the same format as a full planning application.
- 5.8 Where there are proposed changes to an original planning permission (as discussed in paragraph 2.6), applicants should be aware that this may also require changes to any planning condition and/or agreements

Monitoring

- 5.9 The Council will update the advice in this guidance note on a regular basis, taking account of any review of the Borough's housing needs and housing strategy.
- 5.10 All residential schemes (including those where policy H4/1 has not been applied) will be subject to ongoing monitoring to ensure that an appropriate amount, type and tenure of affordable housing is being provided where it is most needed. This will enable the Council to amend policy details to take account of changes in the levels or types of housing needs.

⁵ Providing that other matters of Council concern are acceptable.

6.0 - CONCLUSION

- 6.1 This guidance provides detailed advice on the implementation of affordable housing in Bury. It supplements Policy H4/1 by taking account of recent Government guidance in the form of Circular 06/98 and PPG3 (2000). It also sets out the types of affordable housing that may be required, and underlines the locational and procedural issues that will be taken into account when negotiating and implementing provision.
- 6.2 The guidance will be implemented in determining planning applications, and ideally should be referred to by persons proposing to submit residential applications before they do so.

7.0 - BACKGROUND DOCUMENTS

- Bury Unitary Development Plan, Bury MBC (August 1997);
- Planning Policy Guidance Note 3: Housing (1992), DoE (March 1992);
- Planning Policy Guidance Note 3: Housing (2000), DETR (March 2000);
- Circular 13/96 (Planning & Affordable Housing), DoE (8th August 1996);
- Circular 06/98 (Planning & Affordable Housing), DETR (8th April 1998);
- Bury MBC – 2001 Housing Needs Survey (2001)
- Bury MBC – 2001 Housing Strategy

8.0 - CONTACTS

- 8.1 The advice in this note has been designed to be user-friendly and seeks to clarify the Council's policy on affordable housing and on housing need in the Borough of Bury. However, if you require further information, the following people can be contacted:

**For Information on the Implementation of Policy H4/1 of the Bury UDP
Contact:**

Crispian Logue, Planning Officer (Planning Policy)
Bury Metropolitan Borough Council
Department of Development and Environmental Services
Planning Division
Craig House
5 Bank Street
Bury
BL9 0DN
Tel: 0161 253 5306
Email: c.logue@bury.gov.uk

For Information on RSLs Forming part of the Bury Joint Commissioning Partnership Contact:

Housing Service Manager of Strategy, Planning & Research,
Bury Metropolitan Borough Council,
Department of Personal & Community Services
Town Hall
Tel: 0161 253 7315

For Information on Section 106 Agreements contact:

Christine Swinnerton, Principal Legal Officer,
Corporate Resources Department,
Town Hall
Knowsley Street
Bury
BL9 OSW
Tel: 0161-253-5215
Email: c.swinnerton@bury.gov.uk

App 1. POLICY H4/1 OF THE BURY UNITARY DEVELOPMENT PLAN

H4/1 AFFORDABLE HOUSING

The Council will encourage the provision of affordable housing through negotiation, partnership agreements and the identification of land suitable for such purposes. There will be particular emphasis given towards encouraging the development of affordable housing as an integral part of large housing developments.

Justification

This policy will be implemented in accordance with Government guidance in PPG3 "Housing" and, more particularly, its supplement, Circular 13/96 "Planning and Affordable Housing", which deals specifically with the provision of affordable housing.

In accordance with the above mentioned guidance and for the purposes of implementing this policy, reference to "affordable housing" is defined as encompassing both low-cost market housing and subsidised housing (irrespective of tenure, ownership - whether exclusive or shared - or financial arrangements) that will be available to people who cannot afford to occupy houses generally available on the open market, (Circular 13/96, paragraph 6).

Furthermore, also in accordance with the above mentioned guidance and for the purposes of implementing this policy, reference to "large housing developments" is defined as applying to suitable developments of 40 or more dwellings, or residential sites of 1.50 hectares or more, (Circular 13/96, paragraph 10 b i)).

The ability of the Council to house those unable to purchase housing on the open market has declined over the last decade or so. Increasingly, local authorities throughout the country are looking towards partnership schemes with housing associations and the private sector as a means of providing affordable housing, and for the private sector themselves to provide low cost market housing.

The level of housing association building in the Borough remains relatively low, however, making up approximately 4% of housing completions since 1986. Further, the introduction of the Right to Buy has seen a reduction of the Council's housing stock from 13,387 to 10,337 (23%), with family housing forming the majority of those dwellings lost. As a result there has been a reduction in the level of social housing in the Borough from 13,400 in 1986 to 12,392 in 1993.

Meanwhile, the need for affordable accommodation remains. The number of General Waiting List (GWL) applicants stands at 2,230 and is continuing to rise. Of 2,074 applicants requiring non-sheltered accommodation, 44.4% (921) require family accommodation. An analysis of the allocations over the period 1992 - 1993, however, shows that only 45 families were housed in Council properties and 68 housed under nomination agreements with housing associations. At this rate it would take over 8 years to accommodate those families currently on the GWL. Further, it is recognised that there is a lack of larger housing to meet the needs of extended family networks of some ethnic groups.

Single person accommodation is also highly demanded - forming 55.6% (1,153) of applicants requiring non-sheltered accommodation. The ability of the Council to meet the need is restricted by low relet levels for this type of accommodation. Over the period 1992 - 1993 only 77 single people were housed in Council properties and 8 under nomination agreements with housing associations. At this rate it would take over 13 years to accommodate those single people currently on the GWL. Further, it is clear that through social change, changes in lifestyle and the move towards independent living, the demand for single person accommodation will continue to be an important issue.

It should also be noted that a third of all GWL applicants are either living with parents or another household and it is these applicants, in particular, who have a high risk of becoming homeless. Between 1992 and 1993, out of a total of 666 households accepted as homeless, 41% belonged to these two categories.

The increase in the number of homeless is a particular area of concern. In 1979, 147 applicants were accepted as homeless, in 1993 this figure had increased to 666. Housing the homeless utilises a significant level of resources and has had a major impact upon the Council's ability to house those on the GWL and those on the transfer list. Over the period 1992 - 1993, out of a total of 682 new allocations, the homeless accounted for 60% (425) and GWL applicants only 40% (257). Further, out of a total of 407 households allocated to family dwellings, 89% were allocated to homeless families.

It is clear that there will be a continuing need to provide affordable family and single person housing in the Borough, not only to cater for the demand from the homeless, but also to allow the Council to increase the allocations to GWL applicants. It is equally clear that in order to meet these needs an increase in the Borough's stock of affordable housing is required.

In order to meet these housing needs the Council is keen to encourage increased housing association development, joint venture schemes with the private sector and low-cost market housing. In particular, the Council will seek to ensure that large housing developments make a contribution to meeting the need for affordable housing in the Borough, with an emphasis on the provision of family and single person accommodation.

In accordance with PPG3 and Circular 13/96, when assessing planning applications, the willingness of the developer to include an element of affordable housing will form a material consideration, although it is the Council's intention to pursue this policy through negotiation.

Research into housing needs in the Borough is continuing and a Borough-wide housing needs survey has been undertaken.

It is important that any housing provided under this policy should be retained as affordable housing and, in order to achieve this, the Council will consider the use of such measures as agreements under Section 106 of the Town and Country Planning Act 1990, agreements giving the Local Authority control over lettings, and arrangements with Housing Associations.

In the light of guidance in Circular 13/96, further research into housing needs in the Borough will be undertaken, particularly to provide a more precise definition of affordable housing based on local incomes in relation to house prices/rents; to

establish a plan-wide affordable housing target and site specific targets; and to establish occupancy criteria.

When available it is intended that this information will be published in the form of supplementary planning guidance pending the review of the Bury UDP. Where applicable, housing proposals should have regard to any supplementary planning guidance issued by the Council. Any such supplementary planning guidance will be issued solely for the guidance of applicants and will be consistent with the Plan and subject to Council approval. Where appropriate, public consultation will be carried out.

APP. 2 - BRIEF DETAILS OF HOUSING NEEDS IN BURY

The following bullet points relate to the key findings from Bury's housing needs survey 2001.

- 4,682 (6.1%) households are deemed to be living in unaffordable accommodation;
- there is a specific requirement for 694 affordable units in Bury;
- at least 50 of these should be shared ownership units;
- there is an issue of affordable housing across Bury, affecting a broad range of household types living in different tenures; and
- there is a particular concern for older social renters, with a specific demand for sheltered bedsits.

APP. 3 - DISCOUNTED MARKET HOUSING

This appendix identifies how the Council will seek to implement Policy H4/1 in instances where affordable housing provision is to be met through discounted market housing. However, as stated in 3.11, the Council will consider other ways of securing discounted market housing, provided that genuine affordable housing provision is secured for those in need.

For a development of 100 houses with an average market price of £65,000, the calculation would be:

Affordable Housing Quota Contribution	x	Financial Contribution	= Developer
<i>(25% of site Capacity)</i>	<i>x</i>	<i>(25% of average market Price)</i>	<i>(market discount)</i>
 <i>25 houses</i>	 <i>x</i>	 <i>£16,250</i>	 <i>= £406,250</i>

In this instance, the Council will seek to ensure that the £406,250 discount is applied to an appropriate number and type of units to achieve affordable units.

Effectively, a 25% discount on 25% of the total number of units is equivalent to a 6.25% discount on the total market value of the development.

As mentioned in 3.11, there are parts of the Borough where a 25% discount is unlikely to secure 25% of the units to be affordable. In such instances the Council will seek to apply the collective discount on a fewer number of units to make them affordable.

In all cases, an affordable housing price for a particular development will be negotiated based on the results of the housing needs survey and the most up-to-date information relating to local house prices and local incomes.

APPENDIX 2

Neighbouring Districts

The table below identifies the position of other Greater Manchester Local Authorities in relation to affordable housing, in their adopted UDP's.

LA	AH POLICY?	THRESHOLD	% REQUIRED	TYPE	SPG
Bolton	YES	25 Units/1 ha	Varies / Negotiation	Varies (Discounted Market/RSL)	No
Bury	YES	25 Units/1 ha	20%	Small Units	Draft
Manchester	NO	N/A	Assumed enough AH	N/A	N/A
Oldham	YES	25 Units/1 ha	Varies / Negotiation	Varies (Discounted Market/RSL)	Draft
Rochdale	YES	25 Units/1 ha	Varies / Negotiation	Varies (Discounted Market/RSL)	Draft
Salford	YES	25 Units/1ha	Varies / Negotiation	Mixture of house types & sizes in absence of HNS (as currently in Bury). Expected to change soon.	Not yet
Stockport	YES	25 Units/1 ha	25% currently to rise to 35%	Varies (Discounted Market/RSL)	Yes
Tameside		25 Units/1 ha	10%	Varies (Discounted Market/RSL)	Not Yet
Trafford	YES	25 Units/1 ha	10% adopted /25-35% in deposit	RSL	Early Draft
Warrington	YES	15 Units/0.5 ha	Varies / Negotiation	Varies (Discounted Market/RSL)	Not Yet
Wigan	NO	N/A	Assumed enough AH	N/A	N/A

At the moment Manchester and Wigan are the only two GM authorities not to have an affordable housing policy. However, recent surveys undertaken by both authorities have indicated a need for affordable housing in at least some parts of their Boroughs and both are looking at developing an affordable housing policy in line with Government guidance.

In terms of the percentages required, many GM authorities do not have any standards written down. However, all Districts either have or are working towards having a standard 25% requirement. The only exceptions to this is Stockport and Trafford who are working towards a 35% requirement.

Currently, all other GM Districts (apart from Manchester, Salford and Wigan – who are changing their approach) have applied their affordable housing policies to secure genuine affordable housing, in line with Government advice. Changing the way we implement the policy would bring Bury in line with neighbouring authorities current or emerging implementation procedures.