

# **Local Development Framework**

~~Draft~~ **Supplementary Planning Document**

## **Affordable Housing Provision in New Residential Developments**

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**Planning and Regeneration Department, Wigan  
Council**

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## **1. Introduction**

- 1.1 This Supplementary Planning Document (SPD) relates to the Council's planning policy in respect of affordable housing. Developers are required to make provision for such housing under the provisions of policy R1H of the Replacement Unitary Development Plan, which is expected to be adopted by early 2006. The text of the policy can be found in Appendix A.
- 1.2 The SPD will be used by the Council as a basis for negotiating with developers prior to the determination of planning applications for housing development. Developers are therefore advised to have regard to the advice in formulating residential planning applications.

## **2. Background**

- 2.1 The Affordable Housing Policy (R1H) was introduced into the Revised Deposit Draft Plan after the publication of the Wigan Borough Housing Needs Survey in 2003. This identified a need for such housing, primarily in the light of significant house price inflation and the mismatch between the needs and preferences of current and future households and the supply available. The affordable housing needs requirement was assessed using a model prepared in accordance with the ODPM Good Practice Guidance. One of the purposes of the Needs Survey was to inform the Council's affordable housing policies in the UDP and assist in target setting for negotiation with private developers.
- 2.2 Circular 06/98 identified a community's need for affordable housing as a material planning consideration and established the local planning authority's obligation to ensure that there is a mix of dwelling types and sizes to cater for a mix of housing needs. This is reinforced in PPG3 (2000) which states that everyone should have the opportunity of a decent home. Also that economic growth should not be frustrated by a lack of homes for those wishing to take up new employment. This affects the balance between market and affordable housing.

## **3. The Need for Affordable Housing**

- 3.1 In the past Wigan Borough has not had a demonstrable lack of affordable housing to meet local needs, principally due to the supply of low cost terraced housing and the relatively low house prices prevailing in the local housing market. The Wigan Borough Housing Needs Survey carried out in 2003, referred to above, first produced evidence to demonstrate that an affordability problem existed in the Borough arising from significant house price inflation. This study indicated that there was a need for some 48 affordable housing units per year in the Borough, after allowing for net re-lets of the existing social housing stock.

3.2 Further research was subsequently commissioned to update the 2003 survey to a 2005 base so as to provide an up to date basis for the implementation of the affordable housing policy. This research indicated a current net need for some ~~493~~ 106 affordable housing units per annum from 2005 to 2011.

#### **4. Suitable Sites for Affordable Housing**

4.1 As specified in Circular 06/98, Policy R1H requires the provision of affordable housing on all suitable housing sites of 25 dwellings or more or which are over one hectare in size. This means that all sites for which planning permission for housing is applied for and which are for:

(a) developments of 25 or more dwellings; or

(b) housing sites of 1 hectare or more, irrespective of the number of dwellings,

will be subject to the application of Policy R1H and will be required to provide affordable housing.

4.2 Where a housing site is subdivided or it's development is phased, it will not be possible to evade the provision of affordable housing since the Council will apply the above thresholds to the whole site. Where there are subsequent changes to a site, which results in it accommodating 25 or more dwellings, this will lead to the application of the affordable housing policy to the site. Similarly, where a site, which is already subject to affordable housing provision, has an increase in dwelling numbers, the provision of affordable housing will also need to be proportionately increased.

4.3 Suitable sites for affordable housing are also those, which have reasonable proximity to local services and facilities and access to public transport. However it is the Council's view that any site which receives planning permission for housing under Policy R1B of the Plan, will have such proximity to facilities and access to public transport.

4.4 The only circumstances in which the provision of affordable housing under Policy R1H may be waived or reduced by the Council will be where one of the 2 following situations prevails on a particular site:

- (i.) Where there are particular costs associated with the development of a site; and
- (ii.) Where 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.

4.5 What this means is that there may be exceptional circumstances in which particular costs associated with the development of a site need

to be taken into account when assessing the quantity of affordable housing or the extent of a financial contribution. Such *particular* costs may be taken wholly or partly into account if the development would, in the Council's view, achieve other planning objectives, which would not otherwise be achieved. For example, if there were particular costs associated with securing the reclamation of derelict land or with bringing a listed building back into use, as part of the development.

- 4.6 It should be noted however that negotiations over affordable housing provision will normally reflect the assumption that the site has been bought at a price which reflects all known development constraints, including infrastructure, services and planning-related requirements including the provision of open space and affordable housing. Only costs which were not reasonably foreseeable at the time of site acquisition and which cannot be recouped in the sale price of units will be taken into account and will need to be supported by an audited professionally certified financial statement.

## 5. Definition of Affordable Housing

- 5.1 Circular 06/98 recommends that local planning authorities should define what the authority regards as *affordable housing* but that this should include both low-cost market and subsidised housing. The Council therefore uses the following definition of affordable housing, as recommended by David Couttie Associates Ltd who carried out the Housing Needs Assessment:

*"Affordable housing is that provided with subsidy, both for rent and low cost market housing, for people who are unable to resolve their housing requirements in the local private sector housing market because of the relationship between housing costs and incomes."*

- 5.2 The types of affordable housing complying with this definition therefore are as follows:-

- Units for rent;
- Shared ownership ~~with grant~~;
- Shared equity where land value is retained to provide housing for sale at below market levels and where control of the 'equity discount' can be retained as long as they are needed;
- Discounted market ~~rented housing~~.

## 6. The Quantity of Affordable Housing

- 6.1 The study carried out to update the 2003 Housing Needs Survey found that there was a need for 493-106 affordable houses per year in the Borough between 2005 and 2011.

- 6.2 Since Policy R1H only applies to sites of 25 dwellings or more, there will be many sites to which it will not apply. The Council therefore considers that to achieve the quantity of affordable housing required, 20% of housing on suitable sites should be affordable. This will meet

the identified need without placing such high demands on developers that they could not realistically fund them.

## **7. Quality, Design and Integration of Affordable Housing Provision**

- 7.1 On sites where affordable housing is provided, the Council expects that provision to be designed and implemented to an equally high standard and quality as the other housing on the site. Therefore it must achieve the design standards laid down in Policy R1D (The Design of New Residential Development and House Extensions) and in the Supplementary Planning Document, Design Guide to Residential Development, as must all new housing schemes. Affordable housing units should therefore blend in to the scheme maintaining consistency with the general character and appearance of a development so that there are no visible differences that would distinguish affordable from full market cost housing.
- 7.2 It may be permissible however, within ~~certtain the~~ [limits laid down in Policy R1D](#), to reduce the specification of some or all of the affordable units if this is necessary to achieve affordability. This must be done in such a way that the affordable houses are not visibly different from others in the development. For example, it may be possible to reduce the provision of garages, as car ownership rates are likely to be lower for the occupants of affordable housing.
- 7.3 The Council wishes, as part of its wider aims, to create sustainable and fully inclusive communities. It will therefore ensure that new housing developments fully integrate the range of house types provided including affordable housing provision. This also means that the Council will not accept proposals where the affordable housing is separated or distinguished from the rest of the development. Rather it will seek solutions whereby the affordable housing is spread throughout the site and does not appear to be any different from the rest of the housing.

## **8. Types of Affordable Housing**

- 8.1 There are various types of affordable housing that can be provided in accordance with the implementation of Policy R1H. The Council will seek to negotiate the type of housing preferred which will vary from site to site according to local circumstances. The Council will ensure that any provision meets identified housing needs in the Borough and should therefore be of one or more of the following types of affordable housing.
- Housing for Rent/ [Discounted Market Rent](#)
- 8.2 It is anticipated that a significant part of affordable housing provided will be housing for rent which should be made available through a Registered Social Landlord (RSL) or other suitable landlord approved by the Council. This will ensure that the rented accommodation will be

managed so as to control the tenancy and future occupancy of the units so that they remain available to meet affordable housing needs.

- 8.3 It will be expected that the developer will provide the specified affordable housing units to an RSL or other suitable landlord at an agreed discounted price that secures their involvement.

#### Shared Ownership

- 8.4 Shared ownership housing should be provided through an arrangement with an approved RSL or other suitable body, who will share the ownership of the dwellings with the occupier and charge a rent for occupation. Affordability is provided through lower than market rents. ~~Normal~~ Some shared ownership schemes use Social Housing Grant funding and requires occupiers to be given the right to acquire full equity.

- 8.5 It will be expected that the developer will build the units ~~to the RSL's (or other suitable organisation's) specification~~ and then sell them to the RSL (or other suitable organisations) at an agreed discounted rate. The discount will vary from site to site but it will need to be sufficient to secure their involvement on an appropriate number of units.

#### Shared Equity/Discounted Market Housing

- 8.6 Shared equity housing differs from shared ownership housing in that the occupier does not pay rent on the share of the property that they do not own. Instead the equity share is retained by the RSL or other body and on sale of the property, either retained or the receipt split according to the proportions of the equity share. In practice, the equity share is normally likely to be retained so that the property can continue to be available as an affordable housing unit.

#### Discounted Market Housing

- 8.7 Where discounted market housing is provided the Council will ensure that the affordable housing units provided are genuinely 'affordable' to people on low incomes who would not otherwise be able to buy a home at open market prices. This will be achieved by conditioning the planning permission or via a S.106 agreement such that the Council has the right to nominate and/or approve the purchasers of the affordable units so as to ensure that they are occupied by those on lower incomes in need of affordable housing.

- 8.8 It is important that affordable housing remains available in the long term and that the benefit provided can be passed on to subsequent occupiers. The Council will therefore impose occupancy controls on any planning permissions which include such affordable housing to ensure that the affordable housing provided is occupied only by those in need of such housing in perpetuity.

### **9. Other Ways of Providing Affordable Housing**

- 9.1 It is expected that most affordable housing will be provided on-site. As explained in section 7. above, this is in line with the Council's desire to create sustainable and inclusive communities. However Policy R1H does specify four other ways of providing affordable housing which are seen as bringing additional benefits as well as the provision of the affordable units themselves. Examples of this would include those where the provision of affordable homes would make a substantially greater contribution in a different locality or where there are pressing needs in the surrounding housing market such as vacant or defective housing which require action to secure a sustainable community.
- 9.2 Such off-site provision will not be accepted as a means of increasing the value of the original housing site or of separating the occupiers of the market housing from the affordable housing but only where some of the other benefits accrue from off-site provision. The value of the off-site provision must equal that of providing affordable housing on the original site. Given below is a brief description of four ways of providing off-site affordable housing specified in Policy R1H.

#### Off-Site Provision in the Locality

- 9.3 The Council accepts that there may be circumstances where it may not be appropriate to provide the affordable housing requirement on-site. In particular, it is considered that where the original housing site is in an area where there is little or no local need for affordable housing and where it is proposed to provide affordable housing on another site in an area where there is a need for affordable housing, such a solution would be likely to be acceptable to the Council. In such cases the developer will be required to enter into a planning agreement which ensures that the timing of the construction of the affordable housing precedes or runs parallel with the construction of the main site.

#### Refurbishment of Defective Housing

- 9.4 It will be acceptable to provide affordable housing by the refurbishment or renovation of existing housing which is defective\*. Such refurbishment must be to a level which meets the national decency standard and must provide the same number of units or units to the value of those which would have been provided on the original site.

*\*Defective housing is defined as that not meeting the required statutory standard or which is in serious disrepair.*

#### Financial Contribution to Refurbishment of Defective Housing

- 9.4 Similarly, the Council will accept a financial contribution towards the refurbishment of defective housing which produces affordable housing. The implementation of such a scheme will, of course, be dependant on an identifiable refurbishment scheme being available for such investment. The amount of the financial contribution will be a sum equivalent to the value of the units which would have been provided on the original site.

Reusing Vacant Dwellings/Converting Redundant Buildings for Residential Use

- 9.5 Affordable housing may also be provided by bringing back into use vacant housing or converting redundant buildings for residential use. Such housing/buildings must have been vacant for at least 6 months prior to the reuse taking place. As with the other ways of providing affordable housing, the number of units provided or their value must equal those which would have been provided on the original site.

**10. Involvement of a Registered Social Landlord**

- 10.1 The Council will encourage developers to meet affordable housing requirements through forming partnerships with Registered Social Landlords (RSL's) or a suitable approved landlord (likely to be on the Council's approved list for such schemes) at an early stage. Rented and shared ownership dwellings managed by RSL's or approved landlords are best able to meet local needs, in line with the guidance in Circular 06/98.
- 10.2 RSL's have their own occupancy criteria and are governed by Housing Corporation rules so that further occupancy controls by the Council are not necessary and the affordable houses can be maintained as long as they are required to meet affordable housing needs.

**11. Occupancy Control**

- 11.1 The Council will ensure that affordable housing provision in a development will be occupied in perpetuity, or as long as there is a need for it, only by people in need of affordable housing. To control occupancy the Council will use planning conditions/agreements detailing clear eligibility criteria for occupants.
- 11.2 As specified above and in Circular 06/98, the Council will not impose any additional occupancy controls in addition to those of an RSL where a RSL is to manage the affordable dwellings.
- 11.3 In all other types of affordable housing provision the Council will impose occupancy controls to ensure that the units will remain affordable for successive households. The details for ensuring that the initial and subsequent occupants of affordable units are actually in need will vary according to the particular details of a housing scheme.
- 11.4 As specified above, the Council will control the occupancy of discounted market housing by reserving the right to approve/nominate purchasers.

**12. Planning Conditions and Section 106 Agreements**

- 12.1 When the amount, type and siting of affordable housing has been agreed, the use of planning conditions and /or legal agreements will be used to secure affordable housing provision. The Council will normally use a formal Planning Agreement under Section 106 of the Town and Country Planning Act 1990 which is normally signed before a decision on an application is issued.
- 12.2 Amongst other things, Section 106 agreements for affordable housing provision may cover:
- The amount of affordable housing provision to be made;
  - The nomination process;
  - Occupancy controls to ensure that dwellings will remain affordable to successive occupiers (in the absence of RSL involvement);
  - 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 market housing;
  - The location of affordable housing provision within the site;
  - The provision of off-site dwellings/refurbishment of unfit housing/payments to refurbish unfit housing/reusing vacant dwellings to ensure that dwellings/refurbishment/payments are released before the occupation of an agreed amount of market dwellings;
  - Arrangements for the involvement and role of RSL's or other appropriate Social Housing Agencies; and
  - Details of dates for the spending of commuted sums (when applicable.)
- 12.3 An outline planning permission for residential development where Policy R1H is applicable will be conditioned so that subsequent reserved matters applications 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.
- 12.4 Applicants should be aware that where there are proposed changes to an original planning permission, this may also require changes to any planning conditions and/or agreements.

### **13. Conclusions**

- 13.1 This guidance is provided to assist developers in the implementation of schemes of affordable housing provision, in accordance with Policy R1H of the Wigan Unitary Development Plan. The policy requires the provision of an element of affordable housing on all housing sites of 25 dwellings or more or on sites of 1 hectare or over in size.
- 13.2 The guidance provides further information on what are considered to be suitable sites for affordable housing, defines affordable housing,

indicates the quantity of such housing that will be required on any particular site and provides advice on the types of affordable housing which will be acceptable. It will be a key document in the negotiations that take place between housing developers and the Council over such schemes.

- 13.3 Guidance is also given on the alternatives to on-site provision of affordable housing which the policy allows. In particular, the off-site provision, refurbishment of defective housing, financial contribution to the refurbishment of unfit housing and the reuse of vacant dwellings.

## **Appendix A.**

### **Policy R1H of the Wigan Unitary Development Plan**

#### **R1H Affordable Housing**

**The Council will require developers to provide an element of affordable housing on suitable housing sites of 25 dwellings or more or over one hectare in size where there is a demonstrable lack of affordable housing.**

**Alternatively, it may be acceptable for the element of affordable housing to be located on another site in the locality or for the developer to refurbish unfit housing or bring housing which has been vacant for more than six months back into use or make a financial contribution towards such refurbishment where it would result in the production of affordable housing.**

The Council is in the process of carrying out a comprehensive survey of housing needs to inform its wider housing strategy. When the results of that survey have been assimilated into the housing strategy and the need or otherwise for affordable housing in local areas or in the Borough as a whole has been considered, Supplementary Planning Guidance will be brought forward to apply this policy to particular areas. Such guidance is likely to include an indication of what are considered to be suitable sites for such provision, define what the Council considers to be affordable housing in the local context and indicate how many affordable homes need to be provided in the Borough.

The provision of affordable housing will be negotiated by the Council with developers on appropriate sites. In any provision made under this policy, occupancy will be controlled by means of a planning condition, by an agreement under section 106 of the Town and Country Planning Act or by the involvement of a registered social landlord to ensure that it is occupied by those in genuine need.

## Appendix B.

### Sustainability Appraisal of Affordable Housing SPD

#### Background

This *Affordable Housing* SPD supports and supplements the Unitary Development Plan (UDP) which was subjected to a sustainability appraisal in January 2003.

The background to sustainability appraisal and the methodology and outcomes of the sustainability appraisal of the UDP are described in Chapter 5 and Appendix 7 of the Revised Deposit Draft Replacement UDP (February 2004). These two UDP extracts form the basis for the sustainability appraisal of this *Affordable Housing* SPD and should be read in conjunction with it. (They can be found on the Council's website at [www.wiganmbc.gov.uk/pub/planning/pages/udpreview.htm](http://www.wiganmbc.gov.uk/pub/planning/pages/udpreview.htm)).

The aim of conducting a sustainability appraisal of the *Affordable Housing* SPD was to discover how, if at all, the introduction of the SPD might influence the sustainability assessments made in 2003 of the relevant UDP policies and proposals.

#### Process

The sustainability appraisal of the *Affordable Housing* SPD took place on Monday 1 August 2005. It was conducted by three officers from the Planning and Regeneration Department: Martin Stuart (Principal Planning Officer and author of the Guide), Kate Brewer (Assistant Planning Officer) and Janet Withington (Sustainability Co-ordinator).

In order to ensure compatibility with the original (2003) UDP sustainability appraisal, a consistent methodology was used to assess the sustainability impact of the SPD. First, the UDP policies relevant to the SPD were listed. In this case, one policy was found to be relevant (R1H). Then the original (2003) assessments of this policy against 19 sustainability criteria were revisited with the content of the SPD in mind.

A judgement was then made about whether the introduction of the SPD influenced these original assessments and, if so, in which direction (positively or negatively). Wherever it was considered that the SPD *would* have an impact on an original assessment, the reasons why were recorded alongside the new "score".

The scoring method used was the same as that used for the sustainability appraisal of the UDP in 2003, namely:

+ Significant positive impact

- O Neutral or no impact
- ? Lack of knowledge makes judgement difficult (or, it will depend on how the policy is translated into action)
- Significant negative impact

## Conclusions

The *Affordable Housing* SPD was found to make the sustainability impact of UDP policy R1H significantly more positive, with 2 changes of score in a positive direction in the following areas:

- crime and disorder ;
- sustainable regeneration and development.

No negative sustainability impacts were found.

A full breakdown of these conclusions (showing the UDP policies in question, the 19 sustainability criteria used to assess the policies, the original 2003 appraisal “scores”, the 2005 appraisal “scores” and the reasons for any changes made to the scores) is available on the Council’s website at <http://www.wiganmbc.gov.uk/pub/planning/pages/spd.htm>.

A paper version of relevant website documents may be requested from the Planning and Regeneration Department.