

WIGAN LOCAL PLAN



Affordable Housing

Supplementary Planning Document



Contents

ONE	Introduction	2
TWO	Methods of delivery	2
THREE	Promoting mixed communities	3
FOUR	Involvement of Registered Providers	4
FIVE	Delivering shared equity schemes	4
SIX	Delivering via third party providers	5
SEVEN	Occupancy control	5
EIGHT	Transfer of free serviced plots	6
NINE	Off-site provision	7
TEN	Financial contributions	7
ELEVEN	The type and tenure of affordable housing sought	8
TWELVE	Provision of specialist and retirement housing	10
THIRTEEN	Viability	11
FOURTEEN	Section 106 agreements	12

Appendices

Appendix A	Definition and types of affordable housing	13
Appendix B	How to contact us	14

ONE

Introduction

1.1 This Affordable Housing Supplementary Planning Document 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 this document in formulating residential planning applications.

1.2 The Wigan Core Strategy was adopted in September 2013. Policy CP6 is the housing policy. Clause 7 of policy CP6 sets out the Council's approach to securing affordable housing. It reflects the National Planning Policy Framework and takes account of local evidence in respect of local housing need.

1.3 This document provides supplementary guidance on how policy CP6 will be applied and sets out the council's approach to securing affordable housing. It also reflects current housing market circumstances and the experience gained over recent years in the practical delivery of affordable housing.

TWO

Methods of delivery

2.1 On all sites consisting of 10 or more dwellings, developers are required to make a contribution towards the provision of affordable housing in line with policy CP6, subject to viability. There is a presumption that affordable housing will be delivered on-site as part of the development unless there are specific circumstances to indicate otherwise. Contributions can take one of the following forms:

1. On-site provision of affordable units, equivalent to 25% of the total units, transferred to a Registered Provider at a discounted price for rent and/or affordable sale.
2. On-site provision of affordable units, equivalent to 25% of the total units, as shared equity or other low cost home ownership scheme sold by the developer direct to eligible purchasers.
3. Transfer of free serviced land, equivalent to the level of contribution secured, to a Registered Provider, the council or other delivery agent to enable them to deliver affordable housing itself within the site.

4. On-site provision of affordable units equivalent to 25% of the total units through transfer to an agreed third party provider which will hold the asset and enter into a long term lease with a Registered Provider.
5. Where a developer can robustly justify that on-site provision or the transfer of land to a Registered Provider, the council or other delivery agent is not appropriate, or where this would not meet the council's strategic priorities, the council will consider:
 - Off site provision, which can include improvements to, or refurbishment of, existing stock, or new provision on alternative parcels of land.
 - A financial contribution equivalent to the cost of on-site provision.
6. A mix of the above, such as part on-site provision and part off-site financial contribution, will be considered by the council where this can be justified, for example, on larger sites or where the development of specialist homes are proposed to be included in the affordable housing requirement. This must meet the level of the overall contribution required by the policy.

THREE

Promoting mixed communities

3.1 In accordance with the National Planning Policy Framework, the council expects affordable housing need to be addressed on-site, unless off-site provision or a financial contribution can be robustly justified. Where affordable housing is to be provided on-site, an appropriate mix in terms of dwelling style, type and size must be incorporated which reflect the site's characteristics and the development as a whole. The council will seek to negotiate the exact tenure, type and size split on each site through pre-application discussions or as soon as possible in the process thereafter.

3.2 In calculating the required number of affordable units, the total requirement will be rounded up or down to the nearest whole unit as appropriate. For example a development of 75 units would require a contribution of 19 units as $75 \times 0.25 = 18.75$.

3.3 To promote mixed communities and minimise social exclusion, the council requires affordable units to be integrated effectively into the overall development rather than be grouped together in one particular area. On larger developments it may be appropriate for affordable units to be located in small clusters for management reasons.

3.4 The affordable units should be indistinguishable from the market housing in terms of their location, external appearance, design, standards and build quality. All standard policies and guidelines in respect of new housing, as set out for example in the adopted Supplementary Planning Document 'Design Guide for Residential Development', must be met.

FOUR

Involvement of Registered Providers

4.1 We are keen to involve a range of Registered Providers in the delivery of affordable housing secured through planning obligations, and encourage developers to seek opportunities to partner with Registered Providers at an early stage in the development process. Where homes are to be delivered in partnership with a Registered Provider, the developer will be required to build the homes to the current Homes and Communities Agency minimum development standards.

4.2 Homes may be delivered as social/ affordable rent or as shared ownership or a mix of both tenures. The mix of tenures and size of homes will be agreed between the developer, the Registered Provider and the council according to the local need.

4.3 An up-to-date list of Registered Providers that are currently active in developing affordable housing is available on the Housing Strategy web pages at www.wigan.gov.uk.

FIVE

Delivering shared equity schemes

5.1 Shared equity schemes provide an alternative for the delivery of affordable housing. With shared equity the council secures an equity loan as a second charge against the affordable home, or other low-cost home ownership is delivered directly by the developer. The council has developed a scheme for delivering shared equity homes with developers. This is set out in a separate guidance note: 'Affordable

Housing Provision – Guidance for Developers’ which is updated periodically. However, we will be willing to consider alternative proposals that meet the National Planning Policy Framework definition of affordable housing – see Appendix A.

SIX

Delivering via third party providers

6.1 We will consider new ways of providing affordable housing through delivery involving third parties, such as joint venture companies, special purpose vehicles, Public Private Partnerships and Real Estate Investment Trusts. These will usually involve the transfer of the affordable homes or land into a holding company that will own the properties and enter into a long term lease agreement with a housing provider. Such arrangements offer equity stakes and long term returns to stakeholders.

6.2 These arrangements may lead to greater delivery of affordable homes for rent as firstly, it will provide developers with a guaranteed end user and secondly, the affordable homes can be delivered by accessing additional private finance without government subsidy. Before entering into any such arrangements a full business case will need to be approved by the council and any other partners, demonstrating the additional delivery or cost savings that can be achieved through the proposal.

SEVEN

Occupancy control

7.1 In line with the National Planning Policy Framework, the council will ensure that affordable housing provision in a development will include provisions to ensure it remains affordable for future eligible households, or for any subsidy released at the subsequent resale of an affordable home to be recycled for alternative affordable housing provision. To control occupancy the council will use planning obligations detailing clear eligibility criteria for occupants.

7.2 Where the affordable housing will be owned and managed by a Registered Provider and the council has an existing Nominations Agreement with them, the council will not impose any additional occupancy controls. Where a nominations agreement is not in place, the Registered Provider will be required to sign up to the

council's Model Nominations Agreement. Registered Providers will also be expected to adhere to any current Local Lettings Policy that applies to new build or specialist homes.

7.3 In all other types of affordable housing provision the council will include occupancy controls within the section 106 agreement, to ensure that it can reserve the right to qualify or nominate occupiers.

EIGHT

Transfer of free serviced plots

8.1 Rather than delivering actual affordable units on site and transferring them to a Registered Provider, developers can transfer free serviced land / plots to such a provider to enable it to deliver affordable units itself within the site. Alternatively the land can be transferred the council in the interim, until it is developed. The amount of free serviced plots must reflect the level of contribution secured in the case of a particular development, i.e. 25% of the total number of units.

8.2 Free serviced land / plots is defined as fully cleared and remediated with all services including gas, electricity, water, sewerage, telephone, broadband and lighting, and infrastructure including roads to an adoptable standard, footpaths, and boundary walls, necessary for the development, provided at least to the edge of the land / plots, for straightforward connection by the developer constructing the affordable housing. Furthermore, there must be no legal, physical or financial barriers to the developer constructing the affordable housing.

8.3 For full or reserved matters applications, developers will be expected to provide details of the specific location of the serviced plots within the site. The council will usually expect the plots to be clustered, but with no more than 25 plots in any one place. The appropriateness of proposed locations for affordable housing will be determined as part of the planning process.

NINE

Off-site provision

9.1 Where a developer can robustly justify that on-site provision or the transfer of land to a Registered Provider, or the council, is not appropriate, or where on-site provision would not meet the priorities established in the council's housing strategy, off-site provision will be considered by the council. Applicants will be required to provide reasoned evidence that demonstrates, to the council's satisfaction, that:

- The site proposed for market housing development is in an area where there is little or no local need for affordable housing, and
- There is an identified local need for affordable housing in the area where the alternative site is proposed for affordable homes, or
- There is other reasoning and justification for off-site provision.

9.2 Off-site provision can include improvements to, or refurbishment of, existing stock, or new provision on alternative parcels of land. Improvements to, or refurbishment of, existing stock must be to a level which meets the 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.

9.3 Where off-site provision in the locality is deemed appropriate, the applicant/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.

TEN

Financial contributions

10.1 Where the applicant can robustly justify that on-site provision is not appropriate or where it would not meet the priorities established in the housing strategy, the affordable housing contribution can take the form of a financial contribution equivalent to the cost of on-site provision. This will be based on provision of 25% of the units, with an assumed disposal to a Registered Provider for a mix of tenures with an

average discount of 35% off open market value. A formula will be applied to agree a sum based on the Gross Development Value of the whole residential development, as follows:

25% dwellings x 35% average discount = 8.75% contribution from Gross Development Value of residential development.

10.2 Financial contributions will be ring-fenced in an Affordable Housing Delivery Fund that will facilitate affordable housing delivery in the borough.

10.3 The fund may be used for a variety of schemes that support the delivery of affordable housing, including specialist housing schemes and the refurbishment of homes to be made available for affordable homes for rent or sale. This may include 'gap funding' for particular high cost schemes, for example supported housing schemes or schemes that have been identified as a strategic priority in the housing strategy.

10.4 Gap funding will only be made available to support the capital cost of developments and will not be used to contribute to revenue funding streams.

10.5 The balance of the fund will be reviewed annually and an investment plan agreed, although some flexibility will be retained to respond to opportunities that arise for new innovative ways to deliver affordable housing.

10.6 Any sums received from receipts from the sale of affordable homes or the repayment of equity loans will be paid in to the Affordable Housing Delivery Fund.

ELEVEN

The type and tenure of affordable housing sought

11.1 The various types of affordable housing that can be provided are identified in the definition of affordable housing in the National Planning Policy Framework, set out in Appendix A. The council will seek to negotiate the type of housing, which will vary from site to site according to local circumstances. This will be determined in discussion with the applicant and by considering a combination of information, including:

- Local housing needs studies
- Waiting list / Choice Based Lettings data

- Availability and type of existing stock
- Local housing market data
- Strategic Housing Market Assessments

11.2 From this evidence of local housing needs, the council will identify the tenure mix and unit sizes required in particular areas of the borough and on particular types of development. This will be made available and updated regularly through the guidance notes. There will be a requirement for a range of homes to meet different household types, these should include;

- Affordable rented homes for single people, couples and smaller families – mainly 1 and 2 bedroom homes
- Low cost home ownership for first time buyers – mainly 2 and 3 bedroom houses
- Homes suited to the needs of older and disabled households, including specialist and extra care accommodation.

11.3 On larger developments of 100 homes or more, and in areas where there is an identified shortage of affordable rented accommodation, the council will require an element of social / affordable rented tenure to be included within the development. For the period 2013 to 2018 our evidence indicates that the majority of affordable housing proposed is for social/affordable rent. Therefore we will seek a tenure mix of one-third social/affordable rent and two-thirds low cost home ownership. This will be the starting point for negotiations. However the mix of affordable tenures on each individual site will be agreed with the developer depending on local circumstances and may be altered in future based on more up to date housing market information and as set out in the guidance note.

11.4 Notwithstanding, in order to facilitate development and ensure that a mix of different housing types and tenures is available, both in specific localities and across the borough, the council will consider proposals for different types of properties as well as intermediate and affordable rented units and any emerging hybrid models, where this is supported by evidence of local need or the viability of development.

11.5 Further details on the methods of delivery of affordable homes is available in the guidance note Affordable Housing Provision - Guidance for Developers, which is available to view on the council website and will be updated periodically.

TWELVE

Provision of specialist and retirement housing

12.1 Our housing needs information indicates a growing requirement for housing suitable to older and disabled households. The priorities in our housing strategy are to provide more housing based solutions to meet these types of needs, across all tenures, providing more appropriate and cost effective solutions rather than residential care homes, nursing homes and other institutional residential settings.

12.2 Proposals for supported and retirement housing, for example sheltered or extra care accommodation, as set out below, will be subject to affordable housing requirements:

- Individual self contained accommodation units
- Individual occupancy rights as a tenant or leaseholder
- Provision of housing management services to all residents
- Communal facilities within the development
- Access to 24 hour care and support services available to meet the needs of the individual resident.

12.3 A charitable trust or non registered housing association that proposes to provide a supported or extra care housing scheme may be accepted as satisfying the affordable housing requirement in a stand alone scheme. Although not strictly meeting the national policy definition, we recognise that this type of provision can meet housing needs provided that it offers a cost-effective solution when compared to existing provision for the client group. The council has developed separate policies and procedures that will be adopted to ensure that the accommodation meets needs appropriately; that the provider and accommodation meets minimum standards; and that occupancy controls and nominations rights are put in place in favour of the council.

12.4 However, where there are proposals for a larger development including an element of supported or extra care accommodation, there will be a need to meet the full affordable housing requirement and definition, working with a Registered Provider to deliver the affordable homes requirement, including:

- Affordable or social rents and/or low cost home ownership, for example, shared ownership for the elderly
- Security of tenure in line with Registered Provider minimum requirements
- Adopting Registered Provider lettings management standards
- Adopting Homes and Communities Agency minimum design and quality standards
- Adopting a nominations agreement and local lettings policy as required.

THIRTEEN

Viability

13.1 The requirement for an affordable housing contribution will be waived, reduced or deferred only when, and to the extent that, an independent viability appraisal clearly demonstrates that such provision would make the development unviable. The specification for the viability appraisal will need to be agreed with the council. The council will generally obtain an independent assessment on the viability appraisal, usually from the District Valuer for which a fee will be charged. Further guidance is available in the note: Development Viability in Relation to Affordable Housing Provision - Guidance for Developers, which is available on the council's website.

13.2 All assessments of development viability will only consider the viability of the particular development site in question. They will not take into account the specific financial circumstances of any given developer. Equally, assessments will not take into account the specific needs of landowners to maximise the amount they are paid by developers in order to ensure the viability of, for example, the relocation of a property, facility or service to an alternative location.

13.3 Developers will be expected to show evidence that they have taken known development costs into account in agreeing realistic land values. Only costs that were unforeseeable at the time of acquisition will be considered abnormal for the purposes of affordable housing negotiations. Where abnormal costs can be clearly demonstrated, a reduction in the affordable housing requirement may be agreed.

FOURTEEN

Section 106 agreements

14.1 The provision of affordable housing, whether on or off-site or via a financial contribution will be secured through a section 106 agreement. Where affordable housing is to be delivered via a financial contribution, it is expected that the sum will be payable on commencement of development or on commencement of each strategic phase of development as agreed.

14.2 Amongst other things, section 106 agreements for affordable housing provision may cover:

- The amount and tenure of affordable housing provision to be made.
- The nomination process.
- Occupancy controls.
- 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.
- Trigger points for the provision of off-site affordable housing or payment of financial contributions.
- Arrangements for the involvement and role of Registered Providers or other appropriate agency.
- Details of dates for the spending of financial contributions.
- Details of the transfer of land for the development of affordable housing by a Registered Provider.
- Details of the arrangements for review of viability of affordable housing delivery on schemes that are currently unviable, including methodology and timescales.
- Mortgagee in possession clauses.

Appendix A

Definition and types of affordable housing

A.1 The council uses the Government's own definitions of affordable housing as set out in the National Planning Policy Framework. Affordable housing is defined as:

Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.

Social rented housing is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency.

Affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).

Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.

Homes that do not meet the above definition of affordable housing, such as "low cost market" housing, may not be considered as affordable housing for planning purposes.

A.2 In the event that national planning policy changes, the most up-to-date definition will be used by the council for the purposes of delivering affordable housing.

Appendix B

How to contact us

B.1 Further details are available from the following contacts, as appropriate:

- Development management - telephone: 01942 489144; email: planningrepresentations@wigan.gov.uk
- Affordable housing - telephone: 01942 489203; email: housingservices@wigan.gov.uk
- Section 106 monitoring - telephone: 01942 489149; email: section106monitoring@wigan.gov.uk
- Planning policy - telephone: 01942 489223; email: planningpolicy@wigan.gov.uk

WIGAN LOCAL PLAN

**We can make this information available
in other formats and languages on request**

Steve Normington

Director Economy and Skills

Wigan Council, PO Box 100, Wigan, WNI 3DS

www.wigan.gov.uk



Places Directorate: Economy, Waste & Infrastructure