



Affordable Housing

Supplementary Planning Guidance - Affordable Housing and Housing Mix



Supplementary Planning Guidance - Affordable Housing And Housing Mix (October 2003)

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1. Introduction

1.1 This guidance provides advice to developers on the element of affordable housing the Council will seek to achieve in new residential developments in South Norfolk. The guidance also looks at the overall mix of property sizes and types in new housing development.

1.2 The guidance primarily elaborates on Policy HOU 12 of the South Norfolk Local Plan (SNLP), as set out below, and is prepared in line with the Government publications Circular 6/98 'Planning and Affordable Housing' and Planning Policy Guidance Note (PPG) 3 : Housing (March 2000).

POLICY HOU 12

Negotiations will take place with developers to secure the inclusion of an element of affordable housing on sites proposed for residential development which:

in settlements of 3000 people or more, are for 25 or more dwellings or where the site is of 1.0 ha or more;

in other settlements, with populations of less than 3000 people, are for 10 or more dwellings or where the site is of 0.4 ha or more.

In cases where the council and the developer both consider that it would not be appropriate to provide this affordable housing on the development site the council may, exceptionally, consider a financial or other contribution towards affordable housing that would not otherwise be provided, on a different site.

1.3 Circular 6/98 and PPG3 state that the community's need for affordable housing is a material consideration in planning decisions. The Circular is also clear that any assessment of need should be based on an up-to-date survey. A housing needs survey has recently been undertaken on behalf of the Council by Fordham Research, with the Final Report published in July 2002, the results of which are set out in section 3 below.

2. Defining 'Affordable Housing'

2.1 Broadly the South Norfolk Local Plan definition of affordable housing reiterates Circular 6/98 which uses the term 'affordable housing' or 'affordable homes' to encompass both low cost market and subsidised housing (irrespective of tenure, ownership - whether exclusive or shared - or financial arrangements) that will be available to people who cannot afford to rent or buy houses generally available on the open market'.

2.2 The inclusion of low-cost market housing as an element of affordable housing provision is echoed in the Local Plan.

2.3 Within South Norfolk subsidised housing has been provided either as social rented property, through shared ownership or at a percentage of the market value (the percentage being fixed in perpetuity), all provided in conjunction with a Registered Social Landlord (RSL).

2.4 Low cost market housing will be taken to be housing which is available at a lower cost than any equivalent size property on the open market in South Norfolk. Open market property covers housing of any age that would be considered of an acceptable standard and condition to house people on the Council's waiting list.

3. Housing Need in South Norfolk

3.1 A district wide Housing Needs Survey for South Norfolk was undertaken in 2001 by Fordham Research and the final report issued July 2002. It was undertaken simultaneously with studies for Breckland and Broadland District Councils and Kings Lynn and West Norfolk Borough Council. Based on the results of this report the Planning Committee of 31 July 2002 resolved to seek a minimum of 25% affordable housing on all appropriate developments, this was endorsed by the Council on 9 September 2002.

3.2 Overall the survey indicated a need for 534 affordable units per year in South Norfolk. This was derived as follows:

The survey indicated that there were already 290 households living in unsuitable housing, who could not afford market housing¹ and whose needs could not be met in their current accommodation (e.g. by physical improvements to the dwelling). A further 217 households were either currently 'concealed' households in need of affordable housing, most commonly households currently living with other family members, (198) or which were currently homeless (19). This gave an existing need of 507 affordable housing units. Tackling this backlog over a five year period equates to approximately 101 units a year.

The survey also projected the additional housing need likely to be generated each year. This is made up of newly forming households, existing households falling into need and in-migrant households, totalling 808 per year. This gives a total affordable need of 909 affordable housing units per year (101 existing plus 808 projected).

Set against this a supply of 375 affordable housing relets from the Council and Registered Social Landlords come forward each year. Consequently the net affordable housing requirement is 534 units per year (909 households in need minus 375 relets).

3.3 In accordance with the Local Plan, the survey anticipates that 643 new dwellings will be built each year in South Norfolk. This means that, to meet the predicted level of need, 83.0% of the projected house building up to 2006 would need to be affordable units.

3.4 The study acknowledges that 83.0% is not a realistically achievable target. Based on their considerable experience in the field Fordham Research recommend setting a target based on 'custom and practice on the one hand, and on the other the likely yield of a range of percentage targets in a given local authority area'.

¹ Inability to afford market housing was assessed on the basis of not having sufficient savings to cover a 5% deposit on a suitable home and a gross household income of less than 1/3 of its mortgage requirement or because the rental of suitable private rented accommodation would be more than 30% of net household income.

Using this approach they propose an overall target of 40% affordable housing provision. This target has been suggested on a district-wide basis, which is considered an appropriate scale to be justified as 'local' need. Therefore the target would be applicable to all housing sites above the threshold sizes set out in Policy HOU 12.

3.5 It should be noted that this target includes low-cost market housing. However Fordham Research were clear that none of the housing need identified by the survey could actually be met by that type of provision. Consequently it is likely that, if provided, low-cost market housing will form only a very small proportion of affordable housing provision.

4. Target for South Norfolk

4.1 South Norfolk has, to date, been successful in achieving up to 15% affordable housing. Much of this success has been due to having a consistent approach and to being realistic as to what developers are likely to achieve without public subsidy.

4.2 The supporting text of the Deposit SNLP, as modified by the first inquiry inspector, included the indicative figure of 15%. However the Plan made it clear that, for both allocations and windfall sites, the actual level of affordable housing would be determined by the level of need indicated by the most up-to-date information available at the time.

4.3 The Fordham Research target of 40% is the same as that suggested for the other three Council areas surveyed at the same time. The same target is proposed despite differences in the actual levels of need identified, the methods of provision across the different authorities and the levels of public subsidy available.

4.4 Currently South Norfolk Council does not provide any public subsidy towards affordable housing provision and, at present, has no plans to alter this position. Housing Corporation and Council priorities, plus the uncertainties over resources, mean that it cannot be assumed public subsidy will be available in the foreseeable future.

4.5 Consequently the Council has two main options, either to set a target of 40% affordable housing as the starting point for negotiation, but realising that this is unlikely to be achieved, or to set a lower, more achievable figure, as a minimum target. As stated in paragraph 3.1 above, the Planning Committee and Council resolved to seek a minimum of 25%, which is considered by the Council to strike a balance between achievability and making meaningful inroads into the identified need.

4.6 The following table indicates the likely level of affordable housing provision the SNLP allocations would achieve (please note this is not an exhaustive list):

Site	Total House Number (Approx.) ²	Affordable Housing at 15%	Affordable Housing at 25%
Costessey, North of the Tud	1,440 (including Strategic Land Reserve)	216	360
Costessey, South of Dereham Rd	30	4	8
Costessey, Lodge Farm	330 (subject to confirmation)	49	83
Cringleford, North of the A11	750 (including Strategic Land Reserve)	112	188
Easton, South of Marlingford Way	80	12	20

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Site	Total House Number (Approx.)²	Affordable Housing at 15%	Affordable Housing at 25%
Poringland, West of the B1332	720 (including Strategic Land Reserve)	108	180
Long Stratton, West of Lime Tree Ave.	67	10	17
Wymondham, Silfield Road	45	7	12
Diss, Fenze Hall Lane	143	21	36
Chedgrave, Hurst Rd	25	4	7
Harleston, South of Limes Close	30	4	8
Harleston, Mendham Lane	120	18	30

5. Securing the Affordable Housing

5.1 Circular 6/98 makes it clear that the inclusion of affordable housing will not be appropriate on all sites. Broadly the Circular considers that the suitability of a site for affordable housing will be related to site size, accessibility (including the proximity to services), any other exceptional costs associated with the site and the need to ensure that other planning objectives are not compromised.

Site size

5.2 In terms of site size SNLP Policy HOU 12 already sets out minimum threshold sizes which are consistent with the Circular. The Council will ensure that sites are not artificially subdivided to create individual phases which fall below the threshold size as this would be likely to result in piecemeal development. For the purposes of calculating affordable housing numbers each phase of a site will be expected to provide a pro-rata contribution towards the amount anticipated from the whole site.

5.3 Settlement size will be taken from the most up-to-date information available for the town/parish at the time of any planning application, either the 2001 Census or Norfolk County Council mid-year estimates.

Accessibility/Proximity to Services

5.4 Generally affordable housing, whether on allocations or windfall sites, will be guided by the overall principles of the Local Plan in terms of sustainable locations. The majority of the SNLP allocations are in the Norwich Policy Area, with good access to a wide range of shops, facilities and employment opportunities and a reasonable choice of transport modes. Development of many of the allocations is also likely to include improvements to local facilities, the provision of new facilities and/or improved accessibility by non-car modes. Consequently, if a site is deemed an acceptable location for general market housing, there is a presumption that the site is also sufficiently well served to be suitable for affordable housing.

Exceptional Costs/Other Planning Objectives

5.5 The Council recognises that in some cases there can be high costs associated with the development of a site. For example, the costs of physically preparing the site, such as clearing/decontamination of brownfield land, or costs imposed by outside agencies, such as major highways improvements. In addition, the improvements to existing facilities and provision of new facilities requested by the Council place costs on the developer. For example the District Council will seek developer contributions towards other infrastructure and services (such as education and library provision, fire hydrants as well as highway and transport infrastructure).

² Site figures based on housing densities of approximately 27 to 30 dwellings per hectare as used in the South Norfolk Local Plan, but likely to be subject to change in line with PPG3 advice.

5.6 The SNLP policies for specific housing allocations attempt to set out in considerable detail the likely requirements of developing the site, in order that developers can take these into account at the earliest stages of the development process, including costing these in to the purchase price of the land/site. Any developer proposing less than 25% affordable housing provision will be expected to provide clear and detailed information as to why the exceptional costs of development justify a reduced level and/or which other planning objectives would not be met if the affordable housing were provided. This is expected to involve full cost/income analysis in a form capable of independent verification, submitted on a strictly confidential basis.

On-site Provision

5.7 Both Circular 6/98 and PPG3 indicate that there is a strong presumption that affordable housing will be provided on-site.

5.8 For all on-site provision the Council will require the involvement of a Registered Social Landlord (RSL) or other similarly constituted body. Circular 6/98 recognises that the involvement of an RSL is a good method of ensuring that future occupancy of the affordable housing is controlled. The developer, in conjunction with the Council, should involve the RSL at the earliest possible stage of the pre-application process.

5.9 In all cases the Council will require the transfer of completed housing units to the RSL, rather than the transfer of land or payment of commuted sums. Units should be transferred at a value which recognises that there is no public subsidy available from the Council or the Housing Corporation. The Council will not normally become involved in negotiations between the developer and the RSL.

5.10 In order to achieve balanced communities and reduce social exclusion the Council will require that affordable provision be on-site and well integrated with the general market housing. It will be important to involve the RSL so that management costs are not unduly increased by scattering affordable units throughout a development. The location of affordable housing units within a site will clearly depend on individual site circumstances, however, the Council is not prepared to accept substantial numbers of affordable dwellings concentrated in one part of a development.

Off-site Provision

5.11 As set out in Policy HOU 12, and in accordance with Government guidance, a financial, or other contribution towards off-site provision will be considered acceptable in exceptional circumstances. This will only be acceptable where the Council and the developer are in agreement and the financial contribution is capable of achieving equivalent provision to that which would be provided on-site.

5.12 Specifically the Council may consider off-site provision where the on-site provision would amount to less than one pair of semi-detached houses. This is because individual, scattered properties can unnecessarily increase the cost of maintaining/managing the affordable units for the RSL. Additionally, where two or more dwellings are provided the developer has more options as to how these units can be configured (flats, houses, detached, semi-detached, terraced etc.) so that they can be assimilated with the rest of the development. However, given the aim of achieving a minimum of 25% affordable housing on those sites above the threshold sizes in Policy HOU 12, there are likely to be very few cases where provision amounts to only one dwelling.

6. Type/Mix of Affordable Housing

Circular 6/98 states that to achieve a successful housing development, wherever possible the Council should ensure sites incorporate a mix of affordable housing types such as family households and smaller households. The Fordham Research survey included information on the particular types and sizes of dwellings which are needed and indicated that the majority of need was for smaller properties. However, the biggest discrepancy between demand and supply is for four bedroom accommodation. The Council's most recent Housing Strategy will set out affordable housing priorities, but the most up-to-date information from the Council's Housing Strategy and Enabling Team will be used to suggest the types of dwelling which are most in need at a particular time and in a given location.

7. Planning Obligation

7.1 Following the process of negotiation the Council will seek to secure the affordable housing element through the use of a planning obligation. As a minimum the Council will expect planning obligations to cover:

- **the number of affordable units to be provided (or the financial or other contribution in exceptional circumstances);**
- **the type, size and tenure of the properties;**
- **the location of the affordable units within the site;**
- **the trigger points at which certain numbers of the affordable units should be completed and transferred to the RSL (e.g. once a given number of the market houses have been completed/occupied);**
- **the price of the affordable units if a fixed percentage of market value; and**
- **if necessary, any mechanisms needed to ensure the properties are maintained as affordable units in perpetuity.**

7.2 Should the planning permission be varied, or a new application submitted, the affordable housing element will be re-negotiated accordingly.

7.3 The Council will enter into a Section 106 Agreement with the developer which sets out the basic requirements. This will include a clause requiring an affordable housing agreement to be completed between the Council and a Registered Social Landlord (RSL) prior to the completion of a given number of units, a draft version of which will be annexed to the main Section 106 Agreement. An example of the current standard agreement between the Council and RSL is attached as Appendix 1.

8. Rural Exceptions

8.1 In addition to affordable housing provided as part of other residential developments SNLP makes provision for the development of affordable housing on sites outside Development Limits and Village Boundaries as exceptions. These are covered by SNLP Policy HOU 13. Despite being outside Limits/Boundaries such sites should still be located in areas with good access to services, so as not to cause social exclusion and isolation. Government guidance is clear that, by virtue of the fact that they are being permitted in locations where general needs housing would not, exceptions sites must remain available as low cost housing in perpetuity.

POLICY HOU 13

Exceptionally, the Local Planning Authority will be prepared to permit residential development which can be demonstrated to meet a particular local need that cannot be accommodated in any other way. In or adjoining villages where there are adequate facilities (for example schools, shops and public transport), residential schemes for rental or sale on an equity sharing basis whose occupation can be controlled in the long term may be permitted

To be considered favourably, the local need for housing shall first have been established by means of a local needs survey and the proposal must be demonstrated to be economically viable and to be capable of proper management and long term control through a housing association or other similarly constituted social housing agency as might be set up by, for example, a parish council.

Proposals to construct dwellings offering a discounted initial purchase price only or cross subsidy scheme (part open market, part low cost) will not normally be considered within this policy.

8.2 Local need should be clearly demonstrated by a local survey, over and above the district-wide Housing Needs Survey, which would be used to justify the exceptional circumstances of a particular proposal.

9. Housing Mix

9.1 Paragraphs 9 to 11 of PPG3 make it clear that local authorities should influence the type and size of dwellings provided, in the interests of achieving mixed communities. The guidance encourages development which helps 'create mixed and inclusive communities, which offer a choice of housing and lifestyle' (PPG3, para 10). A number of the larger housing allocations in the South Norfolk Local Plan will create significant new communities or additions to existing communities. Consequently, including a full mix of house types is one element in achieving community cohesion and balance.

9.2 The work by Fordham Research also considered the issue of market housing demands, noting that 'it is ... important for local authorities to know what the pressure of demand for different dwelling sizes is, in relation to the supply, in order to negotiate an appropriate mix on new sites'. Overall the principal demand was strongly in favour of smaller 1 and 2 bedroom properties. This was particularly the case for locally generated demand, as opposed to those migrating into the District. Fordham Research indicated that failure to provide smaller properties can have negative impacts in terms of delaying household formation, with the knock-on effects of households becoming overcrowded and/or living in unsuitable accommodation. It may also encourage out migration by local households and in migration of more affluent households which 'could well have the effect of polarising the social structure of the ... area'. Consequently, in addition to integrating an element of affordable housing, the Council will expect residential development proposals to include a full range of dwelling types and sizes to reflect the varied needs of the community, particularly the demand for smaller units. This means that all developments must provide an acceptable proportion of 1 and 2 bedroom properties to address the existing lack of such dwellings.

9.3 Ensuring that development includes a mix of property types and sizes will also contribute to the PPG3 aim of making the best use of the available land.

10. Summary

10.1 The Council will seek a minimum of 25% affordable housing on all sites, allocated and windfall, above the thresholds in SNLP Policy HOU 12.

10.2 Where the affordable housing requirement amounts to 2 or more dwellings the Council will expect provision to be on-site and well integrated with the rest of the development.

10.3 The Council will expect the affordable housing element to comprise a mix of dwelling types and sizes appropriate to the identified need.

10.4 The affordable housing element will be secured using a planning obligation containing the basic elements set out above.

10.5 The Council will expect all housing development to include an appropriate mix of house types and sizes, particularly reflecting the local need.