



District of Easington Local Development Framework

Affordable Housing Policy Statement



District of **easington**.

September 2007

Introduction

- 1.1 This advice note is provided to give further guidance to developers on the provision of affordable housing in conjunction with residential development proposals. The note has been written to ensure that a consistent approach is taken in the implementation of the affordable housing policy. Developers can feel confident that they are working within a fair and consistent policy framework.
- 1.2 These advice notes set out the need for an affordable housing policy, the policy itself and how it will be implemented.
- 1.3 The note forms non-statutory guidance to supplement the policies and proposals of the Easington local Development Framework (LDF). The note will be a material consideration when determining applications.
- 1.4 The Council considers affordable housing to include social rented and intermediate housing, provided to specified eligible households who cannot afford to buy or rent on the open market. Intermediate housing can include shared equity products and other low cost homes for sale or intermediate rent.

Background

- 2.1 The average price of a property in the District more than doubled between 2000 and 2005. In 2006 the Council commissioned a report into the need for affordable housing in the District, the Easington Affordable Housing Strategy, which is available on the Council's website, www.easington.gov.uk
- 2.2 The strategy found that in 2002, 60.1 % of property sales were affordable to people on lower quartile incomes, but this dropped to 20.1% by 2005. Due to increases in houses prices and in the type and size of new developments, opportunities to access the housing market for a great many people have now become more limited.
- 2.3 One of the Government's key housing policies is to improve affordability across the housing market. Planning Policy Statement 3, Housing (PPS3), requires that Local Development Frameworks:
 - set an overall target for the amount of affordable housing to be provided;
 - set separate targets for social-rented and intermediate affordable housing;
 - specify the size and type of affordable housing that is likely to be needed;
 - set out the range of circumstances in which affordable housing will be required; and
 - set out the approach to seeking developer contributions to facilitate the provision of affordable housing.

- 2.4 The need for this interim guidance has arisen as the Easington District LDF is still under preparation, but the need for affordable housing is acute. Given the advice in PPS3, the Council can seek to secure affordable housing to meet identified needs and a number of sites are coming forward for development where the Council would wish to see affordable housing provision.
- 2.5 An issues and options paper for the Easington Local Development Framework Core Strategy was published for public consultation during the summer of 2006. One of the priorities in the paper asked if an appropriate amount and type of affordable housing should be built in all new housing developments. Respondents indicated that an affordable housing policy was a key matter for the Council to include in the LDF.
- 2.6 This policy has been discussed with Registered Social Landlords and Private Developers active in the District. The responses received were positive and many offered advice in order to develop the policy further.

Policy Statement

AFFORDABLE HOUSING

In housing development proposals of 15 or more dwellings, a provision of affordable housing will be required equivalent to 20% of the total number of dwellings proposed for the site.

The provision of the affordable housing dwellings will comprise either intermediate housing or housing for social rent, or a mix of the two determined by the site location and housing needs and demand information.

A lower proportion of affordable housing provision may be accepted where alternative planning provisions included in a Section 106 agreement are agreed as necessary related to the proposed development's implementation.

Exceptionally, a commuted sum payment will be accepted where it can be demonstrated that an on site provision would not be appropriate.

The Council will require affordable housing provision to be retained for the purpose in perpetuity and as such will expect it to be delivered through a Registered Social Landlord or similar body approved by the Housing Corporation.

- 3.1 The Affordable Housing Strategy identified that housing choice in the District is limited in broad terms to lower priced properties or the social rented sector. The consultants recommend that more home ownership needs to be encouraged if areas are to become more sustainable. An affordable housing policy was recommended to diversify the housing supply to provide more market sector housing. They proposed a

number of policy options in the report which they considered would be appropriate to deliver the affordable housing needs of the District.

- 3.2 The Strategy proposed a methodology which identified different levels of affordability between 10 - 20%, based on the relationship between lower quartile household incomes and housing costs in each ward. This recommendation has been reviewed in the light of the potential impact on development proposals of using a variable percentage of affordable housing in different wards, and in the light of the PPS3 requirement to maintain a deliverable housing land supply.
- 3.3 The rapidly changing nature of housing markets within communities makes it difficult to accurately monitor an affordability threshold at ward level where markets will change in response to regeneration measures improving the stability of neighbourhoods, and as new residents contribute to higher income levels. There are also potential delivery problems where villages are split by ward boundaries. Research carried out to identify a 5 and 10 year housing land supply, required under PPS3 policy, also identified that the majority of planned new housing sites are located in the wards recommended for higher levels of affordability provision.
- 3.4 In view of the above, and to maintain a coherent and transparent approach to affordable housing thresholds, an overall rate of 20% provision of all qualifying housing schemes has been set.
- 3.5 The precise nature, scale and type of affordable housing built on individual sites will be a matter for negotiation between the Council and applicants. The Council recognises that some sites will not achieve the target set out in the policy due to the economics of provision. The Council accepts there may be instances where other planning objectives for a site should prevail over provisions of affordable housing and affordable provision may need to be reduced. An Affordable Housing Plan should be prepared as the basis for these negotiations, and will be required to be submitted along with the planning application for the scheme.

Providing Affordable Housing in Easington

Delivery Methods

- 4.1 There are a number of methods that can be used to provide affordable housing, either for sale or rent, although those outlined below are considered to be most appropriate for the District.

Discounted Sale/discount for sale (fixed equity)

- 4.2 This has been used effectively throughout the country to provide affordable homes for sale. The property is offered for sale at a predetermined discounted market price. The freehold is retained in perpetuity by a RSL.

4.3 Dwellings should be provided at 70% of the open market value. Resale will be through an RSL to those in need of affordable housing.

Shared ownership home

4.4 Frequently referred to as ‘part buy/part rent’ home where the purchaser buys a share in the home (usually 50%). The purchaser enters into a ‘shared ownership lease’ with the RSL. The remaining equity is retained by the RSL, on which the purchaser pays rent to the RSL. However, the purchaser has the ability to buy additional shares from the RSL (at open market value) and may eventually own the home outright. In the event that additional shares are bought by the purchaser, the RSL is required to recycle the monies accrued into meeting local housing needs. In the event the purchaser wishes to sell, they can only sell the percentage of equity that they own at the prevailing market value.

4.5 Both discounted sale/discount for sale and shared ownership homes are classed as intermediate housing by the definition given in PPS3.

Social Rent

4.6 Once the dwellings are completed they are either gifted to or purchased by an RSL or the Council and rented to those who are eligible.

Commutated sums

4.7 Commuted sums provided by developers may also be used to provide affordable dwellings. The Council recognises that in some instances the provision of the affordable units on site may not be appropriate, such as where the provision of apartments or bungalows for the elderly would not meet the urban design requirements of the site. The value of off site provision via a commuted sum will as a minimum be the equivalent of the cost of providing the units on site.

4.8 The value of commuted sums will be calculated using the equation below and will be used to provide affordable housing with the vicinity of the site.

$$\text{Market Value of property} \quad \times \quad \text{Number of units required} \quad = \quad \text{Value of commuted sum}$$

4.9 Section 106 agreements (S106) will be used to secure the provision of affordable housing where it is required. This will fix the initial sale price, and the developer should work with a Register Social Landlord to ensure that the units remain affordable and available in perpetuity.

4.10 Eligibility for Affordable Housing

The developer in partner with an RSL must ensure that the occupier is able to demonstrate that they cannot afford to buy a property at full market value and evidence must be provided to the RSL to verify that this is the case. The dwelling must be occupied by the purchaser and not be relet.

Marketing

4.10 Section 106 agreements (S106) will be used to agree a marketing strategy for the affordable units provided. The marketing strategy should address the methods of marketing and the marketing period, it must also take in account any phasing of development and release of housing.

4.11 Design and Layout of development

Affordable units should be distributed across a site and not be segregated from the remainder of the development. The design of the affordable housing units should not differ from the remainder of the site and should be to the Housing Corporation Quality and Design Standards.

4.12 Where the development comprises of flats/apartments, it would be beneficial for the affordable units to be located on one floor or in one block to enable acquisition of the freehold more easily.

4.13 Phasing

To ensure that the affordable units are delivered, appropriate clauses in the Section 106 agreement will ensure that affordable housing requirements are satisfied before occupation of the remainder of the site is complete. Phasing will be agreed and determined on a site by site basis.

4.14 Abnormal Costs

Abnormal costs will not be accepted as a reason why affordable housing should not be provided on site, although developers may negotiate the 20% target level. Where disputed, a qualified valuer will be asked to assess the financial viability of the site. The developer must make available their costings for the site.

4.15 Known costs such as site clearance, preparation, retaining walls, piling, infrastructure provision and or diversion, highway works, servicing, flood mitigation measures, archaeology and decontamination will not be considered as abnormal.

4.16 The type and size of new dwellings on a site should be discussed and negotiated with the Council and will be based on the identified need in the local area.

Affordable Housing Plans

5.1 An Affordable Housing Plan should be submitted with every application for 15 or more residential units. The plan can also be used to assist pre-application discussions with the Council. The plan should give consideration to the following:

- Number, type and location of the affordable units

- Where affordable housing is to be provided through an RSL Partner, the details of any agreement that has or will be made with the partner should be given;
- Open market valuations of the proposed affordable units;
- Confirmation of proposed service charges – any charges should be reasonable and affordable;
- Parking provision – should not differ from that provided for the remainder of the site;
- Development programme with approximate completion dates;
- Proposed marketing strategy.

Further information on this policy statement can be obtained from:

Planning Policy

Dolly Hannon 0191 527 4347; or Debbie Shanks 0191 527 4306

Housing Strategy

Norman Hunt 0191 527 4513; or Jill Waite 0191 527 4514