

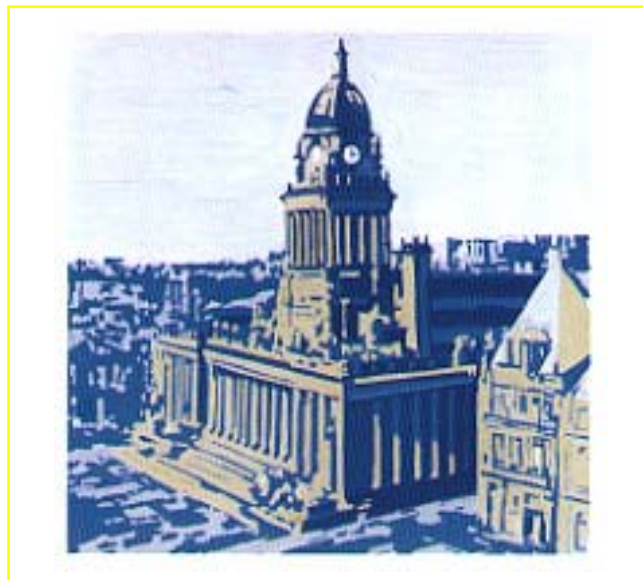


REVISED SUPPLEMENTARY PLANNING GUIDANCE No. 3

AFFORDABLE HOUSING POLICY GUIDANCE NOTE

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L E E D S C I T Y C O U N C I L



LEEDS UNITARY DEVELOPMENT PLAN



Foreword

This SPG has been introduced to improve performance and optimise delivery of dwellings on the ground whilst continuing to ensure that the affordable housing is genuinely affordable for people in need and secured for long term benefit. The case for replacing the 1997 SPG on affordable housing stemmed from poor levels of achievement on the ground. Less than 5% of dwellings in qualifying development schemes were secured during the three initial years of that SPG.

A draft version published in June 2001 was the subject of extensive public consultation. This SPG addresses comments received as can be seen from the Report of Consultation published separately. It has been written to be clear, concise and user friendly whilst covering all pertinent issues. Special consideration is given to housing issues of Black and Minority Ethnic communities. Assessment of housing need is provided in a separate annex to the SPG so that it can be updated regularly.

1. INTRODUCTION

- 1.1. Within the context of town planning there are two types of affordable housing. The most common form is where private housing developments include a proportion of affordable dwellings. The other form is "rural exceptions" where housing development would not normally be acceptable on a rural site, but on the basis of local housing need, planning permission may exceptionally be given for 100% affordable housing. This SPG deals purely with the former.
- 1.2. Current government guidance is provided by PPG3 "Housing" (April 2000) and Circular 6/98 "Planning and Affordable Housing" (April 1998). Circulars 11/95 and 1/97 concerning conditions and planning obligations are relevant in terms of means of securing delivery of affordable housing. Also, the DETR has published "Local Housing Needs Assessment: A Guide to Good Practice" (July 2000).

2. UDP POLICY

- 2.1. The Leeds UDP was adopted August 2001. The policy on affordable housing contains a definition:

"accommodation provided to meet the present and future needs of households unable to secure adequate housing at prices determined by the market" (para 7.6.10)

- 2.2. It has a demonstration of district-wide need for affordable housing translated into a target proportion of affordable housing of 15-25% (paras 7.5.14 - 20) and three policies:

H11 For housing developments throughout the district the Council will negotiate with the developers to provide and maintain an appropriate proportion of affordable houses

H12 The City Council will negotiate the proportion and type of affordable units appropriate on individual sites, in the context of an appraisal of the extent and nature of need for affordable housing in the locality, and the characteristics of the specific site

H13 Prior to any development commencing, applicants will be required to demonstrate that the affordability of the units provided under Policy H11 will where possible be maintained in perpetuity using:

- i) a management scheme in association with an appropriate body,
or
- ii) a planning condition or obligation to control occupancy

- 2.3. The UDP only supplies the basic policy framework and this supplementary guidance note provides more detailed advice on how the policies should be applied in practice.

3. AFFORDABLE HOUSING CONSIDERATIONS

- 3.1. This SPG will be relevant for considering affordable housing in association with pre-application enquiries and development briefs, outline applications and full planning applications. Particular concerns will be site development size thresholds, site suitability, housing need and considerations of development costs, which are considered in turn below.

Site Development Size Thresholds

- 3.2. Circular 6/98 advises that planning authorities may only seek affordable housing on housing developments which are on sites of at least 1 hectare in size or propose at least 25 dwellings. For settlements of 3000 population or less, local authorities are required to set appropriate thresholds through the local plan process taking account of local housing needs and land supply. New thresholds for rural settlements may be set in the Review of the UDP, but in the meantime the general thresholds of 1 hectare and 25 dwellings will be used.
- 3.3. Determining whether sites qualify under the thresholds may not always be straightforward. Sometimes the size of site may be open to interpretation. In general, where single housing sites have been allocated in the UDP, the size of these should normally indicate whether affordable housing should be sought rather than the size of any partial development of the site. In other cases, the natural land development boundaries forming a site area should be used unless there are valid reasons for making particular sub-divisions. The City Council will resist attempts to deliberately circumvent the threshold requirements of the Circular, such as by piecemeal site development or reductions in the number of dwellings proposed. If difficulties exist, such as phasing and different land ownership, these can normally be adequately dealt with by apportioning obligations fairly through Section 106 Agreements or conditions.

Suitability of site location in terms of proximity to local services and public transport:

- 3.4. Advice in PPG3 means that sites which are not or cannot be made accessible to jobs, shops and services by modes of transport other than the car will normally be considered unsuitable for housing development. In terms of considering suitability of site location, affordable housing should be treated the same as private housing, with the exception of those types of affordable housing – such as elderly person dwellings - which have a particular need to be close to services and public transport.

Housing Need

- 3.5. The UDP district-wide target proportion of 15-25% of total on-site dwellings will be sought as affordable housing on suitable sites.
- 3.6. Based on the methodology of the DETR's good practice guide "Local Housing Needs Assessments" (July 2000), the Council will produce periodic district wide assessments of affordable housing need for Leeds including analysis of different spatial sectors. District Wide Assessments will identify the scale of affordable housing to be sought in broad areas of Leeds, and make particular recommendations of level and type of provision for identified housing sites (see Annex to SPG). Future Assessments will be expected to take account of relevant policy decisions which emerge from urban capacity studies.

- 3.7. The Council will endeavour to offer early advice on the type and size of affordable housing required. It will advise on a case by case basis on sizes, types or designs of affordable housing to be sought on those sites where recommendations have not already been made. As regards Black and Minority Ethnic (BME) housing needs, for development proposals in any area of the city the Council will advise on whether any particular sizes, types or designs of affordable dwellings would be appropriate to reflect BME needs. Council advice will be based upon housing needs information and take account of requirements identified in Community Plans. Thus, the recommended target percentages set out in the Housing Needs Assessment Annex along with additional advice from the Department of Housing will provide the recommendation for provision of affordable housing on particular sites.

Housing Mix

- 3.8. Housing need information should inform the mix of types and sizes of affordable housing required on each site to address the local need. If such advice is not available, developments will be expected to provide a mix of affordable types and sizes. Normally, a ratio of houses to flats and sizes of units reflecting that proposed on the scheme as a whole would be appropriate.

Site development costs

- 3.9. The Council will have regard to economics of provision and costs of development. Where in exceptional circumstances, the development value of a scheme would be insufficient to cover all development costs (normal and abnormal) as well as all necessary planning benefits and provide a reasonable land value, the Council may consider relaxing the requirements for planning benefits in order to enable the development to proceed. In these circumstances the developer will be required to provide justification by submission of a full financial appraisal.
- 3.10. To help developers make informed land purchase arrangements, the Council will be willing to engage in early discussion of the scale and type of affordable housing required.

4. TYPES OF AFFORDABLE HOUSING NEED

- 4.1. For simplicity, housing need can be divided into a number of categories which should be met by provision of appropriate types of affordable housing. These include the following:

Need for General Social Rented Housing

- 4.2. This need covers households whose existing housing situation is inadequate, or they have social, economic or medical needs and they have specified a preference to be housed in suitable social housing. This category of need will best be met by a housing association providing social housing to rent.

Need for Specialist Social Rented Housing

- 4.3. This category of need includes households whose existing housing situation is inadequate for the particular type of medical or special need that they have (for example elderly, infirm or disabled people) and they have registered a need for social housing. The type of housing best suited to meeting these needs will be flats and bungalows designed with level access and provided by housing associations.

Need for Sub-Market Housing

- 4.4. This includes households with earnings insufficient to afford market houseprices and rents for satisfactory accommodation in areas that they wish to live. For example, it might include young working adults wishing to leave the parental home but unable to afford market houseprices. There may be a range of types of affordable housing to meet this need including social rented housing, shared ownership, discount sale and sub-market renting.

5. DELIVERING AFFORDABLE HOUSING

On-site Provision

- 5.1. Where a development is required to provide affordable housing, there is a presumption that the affordable housing should be provided on-site. This reflects Government objectives to create mixed and inclusive communities (PPG3 paras 10, 11 and 17).
- 5.2. Exceptionally, where the Council and the developer agree that it would be preferable, i) affordable housing may be provided off-site, or ii) a commuted sum may be provided in lieu of affordable housing provision on-site. Any agreement should be contingent upon the off-site provision or the commuted sum making at least an equal contribution to the mix and inclusivity of the communities of Leeds compared with on-site provision.
- 5.3. Commuted sums should be equivalent to the cost which would have been borne by the developer/owner in providing the negotiated number and mix of types and sizes of affordable dwellings on-site, plus cover the reasonable administration costs of the Council in using the money to secure the provision of affordable housing elsewhere.

Layout, Design & Specification

- 5.4. The external appearance of affordable dwellings should be designed to harmonise with the private market housing on a site and surrounding townscape. They should also be designed to suit the type of affordable housing required.
- 5.5. When funded by Housing Corporation grant, social rented housing must be built to the Scheme Development Standards (SDS) specified by the Housing Corporation. However, when funded by developer subsidy through planning powers, the planning authority cannot insist that social rented housing is constructed to SDS as these matters go beyond the scope of planning control. Nevertheless, SDS does provide a benchmark of appropriate physical attributes which are considered necessary for safe, effective and durable social housing. Some aspects of SDS are particularly important including minimum floor spaces, energy efficiency ratings, storage, electrical socket provision and circulation space. As the future owners/managers of new social rented housing, housing associations will need to be satisfied with the specification, otherwise they will not be willing purchasers. Developers who intend to build the affordable housing themselves are encouraged to negotiate agreement of the physical specification of dwellings with housing associations prior to construction to ensure that dwellings are fit for the purpose. Consequently, affordable housing should be built in reasonable accordance with Housing Corporation Scheme Development Standards, with such variations as may be agreed with the participating housing association.
- 5.6. Affordable dwellings should be suitably integrated into housing developments.

Ensuring Delivery

- 5.7. A controlling mechanism for affordable housing provision must ensure that the affordable housing is physically completed and arrangements for maintaining affordability are implemented. Deadlines must be set for delivery of the affordable housing relative to the timescale of the private housing. The deadlines must not be set so late in the development that the delivery of the affordable housing is put at risk and delivery must be easily capable of being verified for enforcement purposes.
- 5.8. Exceptionally, where commuted sums are agreed, they should normally be payable early in the development process to help reduce the time lag between completion of the private housing and ability to complete affordable housing using the money.
- 5.9. Where affordable housing is provided on-site, as a rule, not more than 25% of the private dwellings on site should be allowed to be occupied until a legally binding contract has been signed with a housing association (or similar body) for the affordable housing to be delivered. And normally not more than 75% of the private dwellings should be allowed to be occupied until the affordable housing is completed and ready for occupation. The developer should be obliged to notify the Council of date and details of contracts signed and completions of affordable dwellings.
- 5.10. For full planning applications, the affordable dwellings must be clearly identified on submitted drawings with plot and flat numbers specified. Planning application submissions must be accompanied by a statement explaining clearly what the affordable housing provision comprises of - including design, specification and affordability - and how it will be delivered. Applications where affordable housing is a requirement will not be accepted unless this information is provided. The principal components of the affordable housing arrangement covering numbers, location, types, tenure, level of discount and phasing of affordable dwellings should be discussed at an early, pre-application stage and agreed with officers and any housing associations involved before presentation of planning applications to Panel.
- 5.11. For outline planning applications, delivery of affordable housing must be agreed in principle. Details of numbers and types of affordable housing should be agreed and a delivery arrangement set out. Where such details cannot be agreed at the time, a controlling mechanism should constrain the developer from commencing development until arrangements for delivering an appropriate number and type of affordable housing have been agreed with the Council. Normally, not more than 25% of private dwellings should be allowed to be occupied until legally binding contracts have been signed to secure the implementation of the arrangements, and not more than 75% occupied until the affordable dwellings are completed and ready for occupation.

Affordability

- 5.12. Social housing must be made available at rent levels which broadly equate to those levels expected by the Housing Corporation and, in practice, charged by Registered Social Landlords (RSLs) for their existing social rented property in Leeds.
- 5.13. Sub-market housing should be sufficiently affordable for households on lower incomes who cannot afford adequate housing available through the market. In effect, sub-market housing is aimed at those households whose earnings approximate to the lower quartile of Leeds earnings. Newly qualified teachers and nurses along with many other low paid "key" workers fall into this category.

- 5.14. The Housing Need Assessment Annexes to this SPG will set out benchmark prices for both social rented and sub market affordable housing. These will be based upon actual social rents charged by RSLs in Leeds according to Housing Corporation guidelines and lower quartile income affordability, derived from earnings of average household sizes. The rents and prices are exclusive of service and maintenance charges but excessive service charges should be avoided.

Maintaining affordability

- 5.15. The affordability embodied within affordable dwellings must be maintained in perpetuity. Where possible, the dwellings themselves should be maintained as affordable for successive occupiers by using appropriate controlling arrangements. In situations where the dwellings cannot be retained as affordable – for example because of rights to buy applicable to housing association property – arrangements must be made to ensure that the affordability embodied within such dwellings can be extracted and re-used toward provision of alternative affordable housing within Leeds.
- 5.16. Where neither the ownership nor management of occupation of affordable housing is to be vested in a housing association or other appropriate body, the Council will expect other arrangements for maintaining affordability to be robust and enforceable either without placing obligations upon the Council to operate & police the arrangements or with mechanisms (subject to the Council's approval) to ensure that the operational costs of the Council are fully paid for by the landowners.

Housing Associations

- 5.17. Use of housing associations registered with the Housing Corporation will be the favoured method for delivering affordable housing because of their ability to select appropriate occupants, and their aims, objectives and local knowledge.
- 5.18. Housing associations will normally be expected to acquire the affordable housing from developers using their own reserves and/or private borrowing. It is important that associations are able to acquire interests in property at a price which will enable sufficient affordability to be passed on to occupiers.
- 5.19. The Council will recommend to the developer a choice of appropriate housing associations to acquire and provide affordable housing on development sites. In this way, the Council can help identify an association which has a presence in the locality of the site and who is willing and able to provide the types of affordable housing needed. Developers are urged to commence early negotiations with housing associations to agree terms for provision of the affordable housing.
- 5.20. Whilst developers cannot be compelled to work with one single housing association, provision of affordable housing by associations that have no operational presence in Leeds will not normally be considered acceptable.

Black and Minority Ethnic (BME) Strategy

- 5.21. The City Council will actively encourage the involvement of BME Housing Associations in a fair share of affordable housing partnership opportunities in Leeds.
- 5.22. It is important that all Housing Associations who take on affordable housing in Leeds adopt appropriate BME strategies covering all aspects of their operations. They will be expected to demonstrate that they have such policy in place and are implementing it. Any other organisations who deliver and manage affordable housing or are involved with allocations or re-sales, must also demonstrate that they operate satisfactory BME policies.

Planning and Development Briefs

- 5.23. Where it is possible that a site, subject of a Planning Brief, may accommodate a development of housing in excess of the size thresholds, advice on provision of appropriate amounts and types of affordable housing will be included in the Brief. Justifiable requirements will be set out as clearly as possible to enable equity in consideration of financial offers for sites.

6. MONITORING AND COMPLIANCE

- 6.1. As is required for the Housing Investment Programme annual submission to the Government Regional Office, the Council will keep a record of all affordable housing completed, with details of type and location. This will help the Council in assessing what provision of affordable housing should be made on forthcoming suitable sites and enable periodic review of progress toward meeting identified needs.
- 6.2. Also, the Council will monitor the affordable housing delivered in areas with significant ethnic minority populations and the take-up of the houses delivered through planning powers, wherever located, by Black & Minority Ethnic (BME) households. It will also monitor the degree of involvement of BME housing associations in delivering affordable housing.
- 6.3. Details of planning obligations and conditions involving affordable housing will be maintained and made available for public inspection on the statutory planning register. In particular, agreement deadlines will be monitored by the Council to ensure that affordable housing is delivered and financial contributions paid when due.