

LOCAL PLANNING GUIDANCE NOTE NO.9 AFFORDABLE HOUSING

Background

In recent years rising house prices across the United Kingdom generally have put properties beyond the reach of lower income households and many first time buyers. The problem has been exacerbated by the decline in the supply of council housing over the past two decades and, in Flintshire, by the inward migration of commuters who are often better able to pay higher prices. A Housing Needs Survey (HNS) undertaken for Flintshire County Council by consultants in 2004/05 demonstrates that **the affordability of homes has become an acute problem for Flintshire communities**. The social and economic problems generated by a lack of affordable homes manifest themselves in several ways including: the county's limited capacity to accommodate additional households in social housing; annually increasing costs for the County Council to house households in temporary accommodation; overcrowding in existing households; housing being wanted to meet special needs (such as physical disability and sensory impairment); and local people being priced out of their local communities and being forced to find cheaper accommodation elsewhere. **Appendix 4 provides more information on the Survey.**

The County Council wishes to secure the provision of affordable housing within large residential development schemes, and for this to remain available for as long as it is required by the community, in other words for as long as there is a local need for the affordable accommodation. This Local Planning Guidance Note (LPG) provides detailed information for developers, landowners, Registered Social Landlords (RSL), and the public on how the Council's planning policy on affordable housing will be delivered in practice, with the aim of alleviating the housing needs problem in the short, middle and long term.

Policy

The justification for seeking the provision of affordable housing via the planning system is provided by the Welsh Assembly Government's **Ministerial Interim Planning Policy Statement 01/2006 Housing** which states that "a community's need for **affordable housing is a material planning consideration** which must be taken into account in formulating UDP policies. It is also an essential element in contributing to community regeneration and strengthening social inclusion. It is desirable in planning terms that **new housing development in both rural and urban areas should incorporate a reasonable mix and balance of house types and size to cater for a range of housing needs.**"

The Assembly's **Technical Advice Note 2 Planning and Affordable Housing (TAN2)** of June 2006 also provides a context for seeking affordable homes as part of new residential development.

In Flintshire, the **Unitary Development Plan (UDP)** recognises as a strategic issue the **need for "the provision of a range of housing including affordable and special needs housing"** in **Policy STR4 Housing**, supplemented by two key policies in relation to the provision of affordable housing, reproduced in **Appendix 1**. Where there is a local need for affordable housing, **Policy HSG10 requires the provision of affordable homes as part of large residential developments within settlement boundaries**; that is, within the confines of the towns and larger villages as defined for planning purposes. A list of these settlements is provided in **Appendix 2**. **Within settlement boundaries where there is demonstrable need for affordable housing to meet local needs, the Council will take account of this as a material consideration when assessing large housing proposals, namely those for 25 or more units or occupying one hectare or more.** (Note that such sites in total comprise below half of the county's housing land requirements for 2000-2015, as set out in the UDP.) **Where this need exists the Council will negotiate with developers to provide 30% affordable housing in suitable appropriate schemes within defined settlement boundaries.** It will not be acceptable to deliberately sub-divide or phase the total development in an attempt to avoid the provision of affordable housing.

Policy HSG11 allows affordable housing outside of these settlement boundaries under specified circumstances where rural exceptions can be justified. The localities to which this exceptions policy applies are listed in **Appendix 3**. TAN2 makes it clear that the case for releasing such sites is a matter for local judgement and that it is not envisaged that the scale of provision will be large or such as to unbalance the pattern of settlements in the county. In line with national policy, there may be a few additional localities such as some brownfield sites where affordable housing may be acceptable.

What is affordable housing, who is it for and how is affordability measured?

Affordable housing is defined as dwellings which meet the needs of those people in the local community whose income does not enable them to buy or rent property suitable for their needs in the open market, for as long as they are required within the community. The different types of affordable housing are described

later. "Affordable" does not mean built to low standards: the housing should incorporate low cost maintenance and energy efficiency measures, and meet current building regulations.

Affordable housing should be provided to meet the genuine needs of local people. **"Local people" are defined as households of which at least one adult occupant either works within Flintshire or has had his/her only or principal home within Flintshire for a continuous period of five years.** (Five years can be made up in part by living, and in part by working in Flintshire.)

The **affordability** of any particular household depends on the relationship between the amount that the household is able to afford and the cost of appropriate local housing. It is considered that **a household is not eligible for a mortgage if it has a gross household income less than one third its mortgage requirement, and it is unable to afford private rented accommodation if renting privately would take up more than 30% of its net disposable household income.**

Options for affordable housing provision

Whilst all types of affordable housing provision are needed in the county, the Council will require the applicant to consider the type of homes to be provided in a **cascading order of preference**, as follows:

1. **Social Rented** - through an RSL, such as a housing association.
2. **Shared Ownership** - through an RSL or other bona fide management organisation.
3. **Subsidised Market Homes** - provided as low cost discounted housing for sale.
4. **Private Rented** - provided as low cost rented accommodation.

Working through the order of preferences the applicant should consider the feasibility of including each type of housing within their proposed development scheme and provide justification for their final approach. Whilst the Council appreciates the need for schemes to be viable, it will stress the need for affordable homes to meet local community needs, and will negotiate accordingly with applicants. **Applications which provide a form of affordable housing which is not considered to best meet the needs of the local community will be regarded less favourably.**

Whilst certain types of affordable homes are more preferable than others, the Planning Authority considers that there is sufficient scope for negotiation to ensure a reasonable mix of tenures are provided to meet the different types of affordable housing need. (See **Appendix 4**).

Types of affordable dwellings

Working from the above list, these are:

- **Social rented housing on site** provided by the developer and transferred at a discount to an RSL approved by the Council. The maximum sales values will be set according to the formula of the Welsh Assembly Government's Acceptable Cost Guidance Levels minus the associated level of social housing grant that would have been available. The developer's financial contribution will equal the social housing grant.
- **Shared ownership on site.** This may appeal to households who can afford a mortgage but who are not able to afford to buy a property outright. Shared ownership costs will vary according to the market value, interest rates and the percentage of equity sold. Onsite shared ownership housing provided by the developer will be transferred to an RSL or other bona fide management organisation approved by the Council. Schemes similar to "Homebuy" may be acceptable if affordability of the units can be preserved in perpetuity.
- **Onsite subsidised/discounted market rate housing and privately rented housing.** The standard, size and type of such housing must satisfy needs and accord with local planning and housing policies. Discounted market rate housing must be affordable in perpetuity. As such, the Council will require landowners and developers to enter into covenants which will also bind future owners to ensure that affordability is maintained. In order to make such housing to buy affordable its price will be established with reference to income levels for households unable to buy in the County. Values for discounted market rate housing to buy will be restricted to a maximum of three times the average household income. Values for discounted market rate housing for rent will equal the rent charged by a regulated organisation on a similar sized property in the locality.

Exceptionally, consideration may be given to:

- **Offsite provision** If in exceptional circumstances it can be justified by the applicant that none of the previous affordable housing options nor combinations of those options can be accommodated onsite then it will be important to consider the potential for offsite provision. Where exceptions are made alternative off-site provision will be required in the vicinity of, and at the same time or prior to the completion of, the facilitating residential development.

Only as a last resort, **not making a provision for affordable housing** will be considered where:

- The case for off-site provision has been satisfactorily made but no viable or suitable site has been identified or secured, in which case a commuted sum will be payable.
- Previous planning history makes it unreasonable to require affordable housing.

- The proposal meets an over-riding approved regeneration aim/project in which the introduction of affordable housing would seriously prejudice the project.

Rural exceptions sites

In the rural areas it is likely that there are insufficient housing sites of a sufficient size available within settlement boundaries to provide an element of affordable housing. Thus, **Policy HSG11** is an exception to the general principle that new housing will not be permitted outside settlement boundaries. For the purposes of this policy, **“villages” are those settlements listed in Appendix 3.**

Sites must be located immediately adjacent to the edge of the village and respect the physical appearance and design characteristics of surrounding properties. It is not envisaged that the scale of provision on these sites will be large or out of balance with the character, form and function of the village or the existing pattern of settlements in Flintshire, and will take account of landscape and other environmental considerations.

This policy does not apply to proposals by local people for individual self-build dwellings where satisfactory proposals cannot be made to ensure that the dwelling remains affordable in the same way. It is an essential part of the policy that occupation of the dwellings can be controlled in the long term so that successive occupants can benefit. The most practical way this can be achieved is by involving an organisation such as the County Council, a housing association or the formation of a local trust. The organisation or the developer will be expected to enter into a **Section 106 agreement** (see below) to ensure homes remain affordable.

Planning matters

Pre-application discussions

Discussion with the appropriate officer in the Development Control Section, Planning Services, County Hall, Mold, CH7 6NF, is advisable before making the planning application in order to understand fully the Council's affordable housing requirements. **Initial contact** should be with one of the Planning Support Officers from that Section, on 01352 703234.

Detailed matters for consideration

In considering proposals for affordable housing it will be important to ensure:

- The **design and layout** of the proposed affordable housing, both in terms of the site and individual housing units, will be in character with the locality and should be designed to ensure that the proposed affordable units and existing housing and proposed market housing blend together. The affordable housing should be dispersed across the site, and phased into the development of the site as a whole because the Council seeks to create mixed and balanced communities.
- The **size of individual dwellings** should be suitable to meet the established need and not too large, or it may become unaffordable. A condition removing permitted development rights may be appropriate, so that they are not extended and thereby become unaffordable.
- The provision of affordable homes does not substitute the need for the developer to make provision for **other reasonable planning requirements**. For example, where there is a requirement for public open space this will be in addition to requirements for affordable homes.
- Any homes provided under the guise of affordable housing are subject to a **Section 106 Agreement** to ensure affordability for as long as there is a need within the community.
- Where an RSL is required for the scheme, the **RSL must be involved from the outset** of the scheme.

Conditions and Section 106 Agreements

Under Policy HSG10 it is essential that the future occupation of affordable housing is retained for those in local need. This will be achieved through a planning condition or Section 106 agreement covering the management of the scheme by an appropriately regulated RSL or similar body. **LPG Note 22 Planning Obligations** in this series provides more detailed information.

A **phasing condition** may also be applied to the planning permission for a housing site to ensure that a specified proportion of the market price housing on the site cannot be occupied until the affordable element has been built and allocated to a household in need of affordable housing.

In negotiating the provision of affordable homes the LPA will seek to secure a **legal agreement** with the applicant, with the following legal expectations:

- a. Where it is anticipated that a RSL will be involved in the scheme that they be a signatory to the legal agreement between the LPA and the developer.
- b. The type and quantity of affordable housing provision will be specified within the legal agreement.
- c. The location of affordable housing will be shown by the inclusion of a map within the legal agreement.
- d. The legal agreement will contain provisions to ensure the completion of affordable units before the completion and occupation of the remainder of the development.
- e. The legal agreement should explicitly state how the properties will be maintained in an affordable state to meet future housing need within Flintshire.

- f. To ensure that affordable homes are allocated to local households in genuine housing need it will be important that the legal agreement shows how households in affordable housing need will be assessed.
- g. The legal agreement should include criteria which determine initial sale prices together with a protection mechanism for future re-sales and the terms under which re-sales will be subject to. Provisions should also be included to calculate initial rents together with future rental increases which should be restricted to inflationary rises only.
- h. The legal agreement will specify the appropriate trigger during the development when the ownership of affordable homes should be transferred to the care of an RSL or other specified management body.
- i. That the legal agreement make provision for alternative means of securing affordable housing to allow for those unforeseen instances where efforts to secure RSL funding fails.

Appendix 1: The relevant UDP policies

Policy HSG10 Affordable Housing within Settlement Boundaries

Where there is a demonstrable need for affordable housing to meet local needs, the Council will take account of this as a material consideration when assessing housing proposals. Where this need exists the Council will negotiate with developers to provide 30% affordable housing in suitable or appropriate schemes within settlement boundaries.

Policy HSG11 Affordable Housing in Rural Areas

Outside village settlement boundaries, proposals to develop affordable housing in rural areas will only be permitted in exceptional circumstances, where:

- a. there is evidence of genuine local need for such provision;
- b. there are no suitable alternative sites or properties within settlement boundaries to meet the need;
- c. schemes abut settlement boundaries and form logical extensions to settlements, avoiding ribbon and fragmented development and incorporates suitable boundary treatment and landscaping measures;
- d. the scale, design, and layout of the proposed development are sympathetic and appropriate to the size and character of the settlement and its landscape setting, and reflects the scale of need identified;
- e. houses will remain affordable in perpetuity for those in need, managed by a housing association, the County Council, a bona fide trust or similar organisation.

Appendix 2: Settlements to which Policy HSG10 applies

Afonwen	Holywell
Alltami	Hope, Caergwrle, Abermorddu, Cefn y Bedd
Bagillt	Leeswood
Bretton	Lixwm
Broughton	Llanasa
Brynford	Llanfynydd
Buckley	Mold
Cadole	Mostyn
Caerwys	Mynydd Isa
Carmel	Nannerch
Cilcain	Nercwys
Coed Talon & Pontybodkin	New Brighton
Connah's Quay	Northop
Cymau	Northop Hall
Deeside Settlements*	Pantymwyn
Dobshell	Pen- y- ffordd
Drury & Burntwood	Pentre Halkyn
Ewloe	Penyffordd & Penymynydd
Ffrith	Pontblyddyn
Ffynnongroyw	Rhes- y- cae
Flint	Rhewl Mostyn & Phorthladd Mostyn Port
Flint Mountain	Rhosesmor
Gorsedd	Rhydymwyn
Greenfield	Saltney
Gronant	Soughton
Gwaenysgor	Talacre
Gwernaffield	Trelawnyd
Gwernymynydd	Trelogan & Berthengam
Gwespyr	Treuddyn
Halkyn	Whitford
Hawarden	Ysceifiog
Higher Kinnerton	

* - Deeside Settlements comprises Aston, Garden City, Mancot, Pentre, Queensferry, Sandycroft and Shotton.

Note that, for all settlements, it is necessary to view the Proposals Map of the UDP, which shows in detail the considered boundaries of each settlement, in order to understand the planning situation in any particular settlement.

Appendix 3: Settlements to which Policy HSG11 (rural exceptions) applies

Afonwen	Gronant	Mostyn	Rhydymwyn
Brynford	Gwaenysgor	Nannerch	Sychdyn
Cadole	Gwernaffield	Nercwys	Talacre
Caerwys	Gwernymynydd	Northop	Trelawnyd
Carmel	Gwespyr	Northop Hall	Trelogan & Berthengam
Cilcain	Halkyn	Pantymwyn	Treuddyn
Coed Talon & Pontybodkin	Higher Kinnerton	Penyffordd	Whitford
Cymau	Hope, Caergwle, Abermorddu, Cefn y Bedd	Pentre Halkyn	Ysceifiog
Ffrith	Lixwm	Rhes y Cae	
Fynnongroyw	Llanasa	Rhewl Mostyn	
Gorsedd	Llanfynydd	Rhosesmor	

These are villages of Category B and C settlements according to the UDP and which fall within the rural area as defined by the Cadwyn Leader+ area and/or the area defined under the Article 33 Rural Areas Initiative maintained by the National Assembly for Wales.

Appendix 4: The Housing Needs Survey

In June 2005 Fordham Research presented their Housing Needs Survey (HNS) to their client Flintshire County Council, based on work undertaken from October 2004 onwards. Their Executive Summary report can be viewed on the website. This Appendix summarises the Survey.

The Survey concludes that there is an affordable housing need in Flintshire, with a **significant shortfall in the number of available and affordable smaller properties**. 91% of the identified need is for one and two bedroom dwellings. The report explicitly states that to meet affordable needs within the County **“as much affordable housing as possible should be sought on new residential developments.”** It also indicates the type of affordable homes, in terms of size, tenure and affordability, required to meet identified shortfalls in affordable housing provision. Fordham Research considers that as there are wide variations in household income across Flintshire, this makes it difficult to identify a “one size fits all” solution to the problem of affordable housing provision. As such there is a need to consider both social housing (that is, rented housing provided at below market cost by either the Local Authority or an RSL) and intermediate housing (that is, housing providing for households who cannot afford market priced starter homes but can afford more than social rents) to satisfy local housing need.

The HNS analysis of affordable housing need concludes that the majority of those households able to afford intermediate homes could only afford the cheapest ‘intermediate’ housing (prices close to social rents) and so traditional options such as shared ownership may be of little benefit in meeting large quantities of housing need. The report goes on to state, **“it is likely that most of the new affordable housing provision will need to be social rented housing if it is to meet much of the need in Flintshire.”**

The Survey indicates that there is significant need for affordable dwellings to be provided at the cheaper end of the pricing spectrum, as shown in Table 1.

Numbers of households					
Size Requirement	Social Housing	Cheapest Intermediate Housing	2 nd	3 rd	Most Expensive
Single Bed	501	116	135	98	0
Two Bed	235	58	88	16	45
Three Bed	40	36	43	0	0
Four + Bed	21	11	0	0	69

In order to meet identified affordable needs properties should be priced in the mortgage bands shown in Table 2. The prices shown should ideally include both mortgage repayment and any additional payments required, for example ground rent.

Approximate outgoings (£/week)				
Size Requirement	Cheapest Intermediate Housing	2 nd	3 rd	Most Expensive
Single Bed	£46-£59	£60-£74	£75-£89	£90-£103
Two Bed	£48-£65	£66-£82	£83-£100	£101-£118
Three Bed	£54-£77	£78-£101	£102-£125	£126-£149
Four + Bed	£66-£103	£104-£141	£142-£178	£179-£216

Appendix 5: Useful Contacts

The following are local **Registered Social Landlords**:

Pennaf Housing Association
Unit 14
Ffordd Richard Davies
St Asaph Business Park
St Asaph,
Denbighshire
LL17 OLJ

Cymdeithas Tai Clwyd
54 Strd y Dyffryn, (Vale Street),
Dinbych
Denbighshire
LL16 3BW

Cymdeithas Clwyd Alyn
46-54 Stryd y Dwr, (Water Street),
Rhyl
Denbighshire
LL18 1SS

Wales and West Housing Association
Unit 2 Acorn Business Park
Aber Road
Flint
Flintshire
CH6 5YN

In addition to the above it may be useful to approach **Flintshire County Council's Housing Manager** at Flint Offices, Flint, Flintshire CH6 5BD. (Telephone 01352 703800)