

AFFORDABLE HOUSING FOR LOCAL NEEDS SUMMARY GUIDE

Feb 2007



1. Introduction

Powys County Council has published Interim Development Control Guidance (IDCG) on Affordable Housing for Local Needs (Feb 2007). This provides detailed planning guidance for planning applicants, developers and landowners on the provision of Affordable Housing in Powys (excluding the Brecon Beacons National Park).

The IDCG forms an important material consideration when preparing and determining planning applications. It is based on the affordable housing policies contained in the Powys Unitary Development Plan (UDP). The guidance should be taken into account by developers, agents / architects when preparing planning applications for housing development. The IDCG also provides guidance to households / applicants applying for their own affordable home.

This Summary Guide of the IDCG provides a brief introduction to the Council's planning policies on affordable housing.

2. What is Affordable Housing?

“**Affordable Housing**” is housing where there are secure mechanisms in place to ensure that it is accessible to those who cannot afford market housing, both on first occupation and for subsequent occupiers.

“**Local need**” is defined in the UDP, which states, “The Council will consider qualifying households to be in local housing need if they are in unsuitable housing, and due to their low income relative to their housing needs, cannot afford open market housing where they have a strong connection to an area by virtue of family or work.” (Powys UDP, Para 5.14.13).

In detail, the IDCG provides a specific monetary value or “affordability” definition of affordable housing for sale and for rent. The purpose of this is to ensure that affordable houses built for sale or rent are genuinely affordable to local income earners at below open market prices. These definitions are included in the following box.

Affordable Housing for sale*	Affordable Housing for rent*
Maximum price to be set at the prevailing Accepted Cost Guidance (ACG) - published annually by the Welsh Assembly Government (WAG) every August - plus a monthly addition / reduction based on the monthly average change in ACGs over the preceding 2 years.	A rent not exceeding Benchmark Rents set out by the WAG OR The prevailing Indicative Rent - published every month by the Rent Office, WAG.

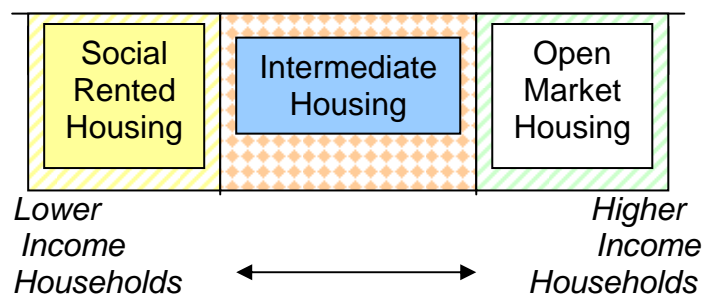
(* Details of these can be found on the web address & from the contacts given at the end of this Summary Guide).

All planning permissions granted for affordable housing must include adequate arrangements, either by way of planning condition or more usually via a legal agreement, to ensure that such housing is:

- only occupied by households in need of such housing; and is
- retained as affordable housing in perpetuity i.e. forever.

Types of Affordable Housing

Various types of affordable housing exist, but the UDP & IDCG essentially seek to provide social rented and intermediate housing, including shared ownership / equity housing. These types of housing are all less expensive than equivalent open market values.



Social rented housing is most likely to be provided by Registered Social Landlords (RSLs), such as Housing Associations, and intermediate housing by private sector house builders. In addition, Community Land Trusts (CLTs), which are not for profit organisations that own land and property on trust for the benefit of the local community, and can develop affordable housing to rent or buy for members of the community. Shared ownership / equity housing could be provided by RSLs, private housebuilders or CLTs.

RSL/ Council rented housing	Commonly referred to as social housing.
Intermediate housing	Will preferably be provided in partnership with a Registered Social Landlord (RSL) or CLT to ensure the property remains affordable in the longer term, and can include:
Rural Homebuy	These are schemes under which existing social housing tenants, and those on waiting lists, can purchase a home on the open market with an interest free equity loan of up to 50% of the purchase price.
Shared Equity	The occupier owns a percentage of the property or equity share (typically around 70%) and the remainder is owned by a third party (RSL, developer, landowner, employer or their agent). Rent may be charged on the outstanding equity.
Sub-Market Rent	This is sometimes referred to as discounted private rented housing.

3. Evidence of Housing Need

All planning applications for affordable housing must be supported by evidence of a need for affordable housing. “**Housing need**” is defined as, “households who are unable to access suitable housing without some financial assistance” (as per Para 1.5 of Local Housing Market Assessment Guide, WAG 2006).

The main sources of evidence for affordable housing include:

- Powys Housing Needs Survey 2002.
- Local Housing Market Assessment (Currently being conducted, and will update the Housing Needs Survey 2002).
- Local / Community Housing Needs Surveys.
- Housing registers / waiting lists of RSLs and Powys County Council.
- Evidence submitted by applicants, using the Affordable Housing Eligibility questionnaire, in support of an affordable home(s) on a rural exception site or in a rural settlement.

Once a housing need has been identified, development proposals should be designed to meet the identified need. The Council will consider planning applications against such evidence sources.

4. The Powys UDP’s Affordable Housing Policies

Based on the Housing Needs Survey 2002, the Council will seek, as a guideline, to negotiate the provision of **30-35% of the total provision of residential units as affordable housing** on sites capable of accommodating five or more residential units. This includes all sites allocated in the UDP and other “windfall” sites.

Higher targets will be negotiated in high housing need areas identified by the Council through its monitoring of all available data sources/ evidence of housing needs.

Developers are encouraged to work with RSLs and Community Land Trusts (CLTs) to provide affordable housing. RSL/CLT involvement is encouraged by reducing the proportion of affordable housing sought to 30%. Where a RSL/CLT is not involved, the Council will seek 35% affordable housing provision. For details of RSLs operating in your area, please refer to the Housing Services contact at the end of this Summary Guide.

In circumstances where an individual household wishes to construct a house on grounds of affordability, the applicant must demonstrate their personal need and will be expected to provide evidence through the Affordable Housing Eligibility Questionnaire. This asks for details of:

- The household's financial and personal circumstances.
- Efforts sought to obtain suitable housing on the open market.
- The price (mortgage) or rent the household is able to afford.
- The reason for living in a particular area.
- The constraints on obtaining alternative accommodation.

Summary of Powys UDP's Affordable Housing Policies

Policy HP5 Residential Development

Seeks a mix of dwellings types and sizes on sites capable of accommodating 5 or more houses and a proportion of affordable housing in accordance with Policy HP7.

Policy HP7 Affordable Housing Within Settlements

States that the Council will seek to negotiate a proportion of affordable housing on sites of 5 dwellings or more based on the extent and type of need as identified by the Housing Needs Study or other robust data sources and the nature of the site. A guideline of 30-35% is given for the proportion of the homes to be built as affordable for local households in need.

Policy HP8 Affordable Housing Adjoining Settlements with Development Boundaries

Outlines the circumstances in which the Council will consider the development of affordable housing adjacent to villages as an exception to normal planning policies subject to the following criteria:

1. The site adjoins a settlement with a development boundary.
2. The proposal is small in scale, well located and sensitively designed in keeping with its surroundings and local building styles.
3. The housing should remain affordable in perpetuity.
4. The proposal complies with Policy HP10.

NOTE

Policy HP8 does not apply to Area Centres (the County's largest towns) which have a range and choice of housing sites where affordable housing can be provided. Evidence of need must be provided in support of applications for exceptions developments (see Section 3).

Policy HP9 – Affordable Housing in Rural Settlements

This is intended to help individual households in small settlements, as listed in the UDP, which do not have a development boundary. As an exception, the development of single dwellings within rural settlements which provide affordable housing for local need will be permitted subject to the following criteria:

1. The dwelling would be sensitively located and designed and would be capable of being integrated into the settlement without unacceptably adversely affecting the amenity and character of the area.
2. The housing should remain affordable in perpetuity.
3. The proposal complies with Policy HP10.

NOTE

The settlements are listed in Appendix 4 of the IDCG. Detailed evidence of individual need must be provided in support of such applications via an Affordable Housing Eligibility questionnaire (Appendix 5 of the IDCG).

Policy HP10 Affordability Criteria

Sets an upper limit on the size of affordable dwellings (i.e. up to 130 sq. metres) and sets out occupancy criteria that all households who inhabit the dwelling need to comply with. It is considered in the majority of cases that affordable housing sizes will follow closely the Welsh Assembly Government pattern book (See table under Section 8. f) Mix of housing types and sizes). Most properties will be well below 130 sq. metres in size. Permitted development rights will also be restricted preventing further extensions above that size.

Eligibility criteria are defined by this Policy. These criteria are used to determine which households are eligible / ineligible to occupy affordable houses. Initial and successive occupiers must demonstrate that:

1. They have lived in the local community for at least 3 consecutive years or were born and brought up in the community; OR
2. They are existing residents who require separate accommodation within the local community, such as newly married couples; OR
3. They are already principally employed in the community; OR
4. They have an offer of employment in the area but cannot take up the offer because of a lack of affordable accommodation; OR
5. They wish to move into the community in order to look after an infirm or elderly relative or to be looked after by a relative already resident in the community.
6. Occupiers shall not already mortgage or own a residential property and shall not have recently sold a property, (i.e. within the last 5 years) unless the Council is satisfied that the occupier has an exceptional need for the affordable home.

Policy GP6 Conversion of Buildings in the Countryside

Encourages the conversion or reuse of existing buildings in the countryside for affordable housing.

5. Who is eligible for Affordable Housing?

The eligibility criteria for affordable housing are set out in Policy HP10 of the UDP (see table above).

In order to match affordable housing provision to ‘local needs’, the UDP includes the following definition of “community” in Policy HP10(c):

‘References in this policy to community are defined for initial occupiers as the community council area in which the site lies, together with immediately adjoining town or parish council areas. If successive occupiers cannot be found within the community, occupiers resident at the time in the appropriate shire area in Powys should be next sought, followed by occupiers resident in the rest of Powys and adjoining local authority areas. The Council will require proof that substantial efforts have been made to find a local occupier before the eligible area is widened to the next level.’

An example of an ‘exceptional need’ under policy HP10 allows for households already living in affordable housing to move into different sized affordable housing as a result of changes in household circumstance or size.

The Affordable Housing Eligibility Questionnaire has also been designed to enable the eligibility of initial and successive households to occupy an affordable dwelling to be assessed.

6. The use of Planning Obligations

Where Powys County Council is minded to grant planning permission for affordable housing, a Planning Obligation (**Section 106 agreement**) will usually be sought by the Council. Such agreements are made between the Council and the planning applicant. The purpose of the Section 106 agreement is to ensure the affordable housing is reserved for local needs in perpetuity.

To retain units as affordable in perpetuity, the housing will be required to be available as affordable housing to each successive occupier at an affordable sale price/rent in order to satisfy the continuing need for such accommodation. In addition, clauses relating to dwelling size, eligibility criteria, and phasing of construction will be included.

Appendix 9 of the IDCG provides model heads of terms for planning obligations.

7. How to achieve site viability?

House builders can ensure a development is economically viable provided they build the cost of providing affordable housing into their plans from the outset. This already occurs with any other foreseeable constraints associated with a site’s development such as drainage or highway access improvements.

Site viability is achievable through a combination of:

- a. **Reduced land values** – land must be purchased at a value that reflects the need to provide affordable housing; and
- b. **Cross subsidy** – from the sale of open market housing on the same site. It is also possible that increased densities, where acceptable, will enable further cross-subsidy.

Usually affordable housing will be provided on site, but there may be instances where applicants can either provide the affordable housing off-site or make a **financial contribution** in lieu of the affordable housing. Contributions will be paid directly to the Council and will be added to a specific fund for financing affordable housing provision in Powys.

8. Site specific details

a) Pre-application negotiations

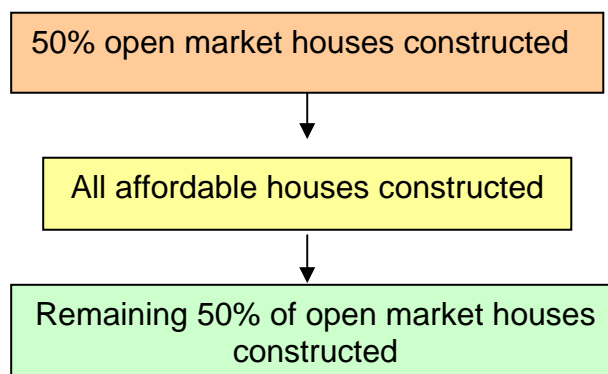
Applicants are advised to contact Planning Services prior to the submission of any planning application for the development of affordable housing. Pro-active discussion regarding tenure, stock mix and design is considered highly important. For larger development sites, this is considered essential to ensure that the housing needs of the community/future occupants concerned are met.

b) Development Priorities for affordable housing provision

The Council has established the following preferred priorities for affordable housing provision:

1. On site provision.
2. Part on-site provision, part off site provision / commuted payment in lieu of provision.
3. Off site provision:
 - Provision on an agreed alternative site.
 - Commuted payment in lieu of provision
 - Transfer of land to an RSL or CLT

c) **Phasing of construction on site** should be carried out in the following order:



d) Mix of Tenure

A mix of different tenures is encouraged. The Council's preference is for the majority of affordable housing provision to be for rent and not sale. The tenures should reflect the specific housing needs identified by the evidence source used to justify the provision of the affordable housing.

f) Mix of Housing Types & Sizes

A variety of housing types and sizes on each site should be provided to reflect the diversity of housing needs in Powys.

Minimum Space Standards for Affordable Homes

House type/ Number of Bedrooms	Size of Dwelling (M ²)
1 BR/2p flat (common access) (2 person)	44.8
1 BR/2p flat (walk up) (2 person)	50
2 BR/3p flat (walk up) (3 person)	64
2 BR/3p flat (common access) (3 person)	58.1
2 BR/3p bungalow (3 person)	58.1
2 BR house (4 person)	77.4
3 BR house (4 person)	82.7
3 BR house, (4 person) wide fronted	83.7
3 BR house (5 person)	88.5
4 BR house (6 person)	103.7
4 BR house (7 person)	110.9

(Source: WAG Pattern Book for RSLs)

The Council wishes to see a mix of units from 1 & 2 bed flats and houses, through to larger 3 & 4 bed family houses. Dwelling size should always reflect housing need. Although a maximum floorspace of 130 square metres may be acceptable to cater for the proven needs of very large families, this should not be considered as the norm for affordable housing. The Council expects dwellings to be provided in accordance with the floorspace standards set out in WAG's Pattern Book for RSLs (See table above).

g) Design & Layout

Planning applications must be supported by a design statement which follows the design process set out in the UDP. Further details are contained in the Council's Residential Design Guide. Affordable housing should be designed so that its external appearance is indistinguishable from open market units.

In terms of site layout, the affordable housing units should be "pepper potted" or spread throughout the site and not clustered in a limited number of locations. This will facilitate community integration and cohesion.

The Council encourages energy efficiency & the use of the "lifetime homes" standards to be adopted in the development of all affordable housing.

h) Site Size Threshold

Affordable housing should be provided on all sites allocated by the UDP. For windfall sites, the site size threshold is 5 units or more (or 0.3 hectares). The splitting / subdivision of sites or phasing of development to avoid the provision of affordable housing will not be acceptable. In deciding whether a particular site qualifies as being above the requisite site size thresholds set out above, the Council will assess not merely the proposal submitted but the potential capacity of the site.

Where the splitting up of a site would result in two or more sites which physically abut each other, any of which fall below the site size thresholds, the Council will treat them as one site for the purposes of UDP Policy HP7.

Where sites fall below the threshold, developers will nevertheless be encouraged to provide an element of affordable housing.

9. Details of useful contacts are given below

If you would like to register your need for affordable housing, please contact Housing Services and apply to have your details placed on the affordable housing register.

If you wish to discuss and individual proposal for affordable housing, please contact a development control officer in Planning Services.

The Rural Housing Enabler can also provide additional help and advice in South Powys.

Copies of the IDCG can be viewed on-line at www.powys.gov.uk or are available from Planning Services at a cost of £12 (incl P&P).

Powys County Council	
Planning Services	Please ask to speak to the Development Control Officer.
	<u>Brecknockshire (excl. Brecon Beacons National Park)</u> Neuadd Brycheiniog, Cambrian Way, Brecon, Powys, LD3 7HR (01874) 612285
	<u>Montgomeryshire</u> Neuadd Maldwyn, Severn Road Welshpool, Powys, SY21 7AS (01938) 551310
	<u>Radnorshire</u> The Gwalia, Ithon Road, Llandrindod Wells, Powys, LD1 6AA (01597) 827177
	e-mail: planning.services@powys.gov.uk
	<u>Website</u> www.powys.gov.uk (follow the "planning" link to "planning policy")
Housing Services	Terry Flynn Affordable Housing Officer Powys County Council Neuadd Brycheiniog, Cambrian Way, Brecon, LD3 7HR. (01874) 612297