



Development Control Committee
11 March 2008

REPORT OF HEAD OF ASSISTANT DIRECTOR – STRATEGIC HOUSING

Draft Supplementary Planning Document (SPD) for Affordable Housing

1.0 PURPOSE OF REPORT

To inform Development Control Committee of the implications of the draft Supplementary Planning Document (SPD) for Affordable Housing.

2.0 RECOMMENDATIONS

- i) That the report be noted;
- ii) That Cabinet be recommended to adopt the SPD for Affordable Housing.

3.0 FINANCIAL IMPLICATIONS

The cost of producing this document (including draft documents for consultation) has been met from approved resources and will be contained within existing budgets

4.0 POLICY IMPLICATIONS

The SPD does not contain any new policy but expands on policy H4 of Walsall's Unitary Development Plan (UDP). It provides further detail on what type, size, tenure, location and quality of affordable housing is required.

5.0 LEGAL IMPLICATIONS

The content of the SPD is in accordance with the policies of the UDP, specifically, H4 and H10 (a) III. The SPD becomes a material consideration that the Council must take into account when making planning decisions. The SPD will guide the content of Planning Obligations (Section 106 Agreements) entered into by the Council.

6.0 EQUAL OPPORTUNITY IMPLICATIONS

Provision of more affordable housing, fully integrated within developments, will increase social and economic inclusiveness by making housing developments accessible to people with lower incomes.

7.0 **ENVIRONMENTAL IMPACT**

The SPD provides clear guidelines to developers that affordable housing must not be substandard housing, in space or standards. It encourages developers to achieve the Housing Corporation's Design and Quality Standards, including Code for Sustainable Homes Level 3 as a minimum. It expects that new affordable housing will be built to Lifetime Homes Standards.

A sustainability appraisal has been prepared, which shows that environmental impacts are either neutral or positive. A Screening Statement has identified that the environmental impacts are not great enough for a Strategic Environmental Assessment (SEA) to be required. This was sent to English Heritage, Natural England and Environment Agency who have agreed that there is no need for an SEA.

8.0 **WARD(S) AFFECTED**

All

9.0 **CONSULTEES**

A formal consultation period of 4 weeks ran from 23rd January to 20th February 2008. This included contacting housing developers, Registered Social Landlords, Local Neighbourhood Partnership members etc, as outlined in the Statement of Consultation.

10.0 **CONTACT OFFICER**

Neil Hollyhead
Housing Strategy and Partnerships
01922 653469

11.0 **BACKGROUND PAPERS**

Walsall Unitary Development Plan 2005
Planning Policy Statement 3(PPS3)
Planning Policy Statement 1(PPS1)
Planning Policy Statement 12 (PPS12)
Regional Planning Guidance 11 (RPG11)
The Planning and Compulsory Purchase Act 2004 and associated regulations

S. Byard - Assistant Director – Strategic Housing

1. This SPD expands on Policy H4 of Walsall's Unitary Development Plan (UDP), which requires 25% affordable housing on all applicable sites. The SPD does not contain any new policy but does provide further detail on what type, size, tenure, location and quality of affordable housing is required. The SPD has been subject to a formal consultation period and a copy is attached at Appendix A.
2. The SPD, Sustainability Appraisal (SA), Strategic Environmental Assessment (SEA) Screening Statement and Statement on Consultation (SOC) are available on the Council's website at:
http://www.walsall.gov.uk/index/environment/planning/local_development_frame_work/ldf_supplementary_planning_documents.htm
3. Council adopted Walsall's first SPD for Affordable Housing in July 2005. Since then, it has been used to negotiate 300 affordable home ownership (mainly shared ownership) units on applicable private sector developments. Walsall's Housing Needs and Demand Study Update (published by Fordham Research November 2007) demonstrated a need for a minimum of 305 affordable homes per annum, being mainly larger social rented family homes. The study concluded that due to increasing unaffordability and an increased supply since 2005, there was a reduced need for additional shared ownership homes. Based on these results, the new SPD requires affordable housing to be 100% social rent in the East of the Borough, and 75% social rent and 25% shared ownership in the West. It also demonstrates a need for the majority of these affordable homes to be larger family accommodation.
4. Planning Policy Statement 3 was published in November 2006 and was supplemented by advice in "Delivering Affordable Housing". The documents aim to support local authorities and others "in delivering more high quality affordable housing within mixed sustainable communities by using all the tools available to them". The Government's key objective for planning for housing is to ensure that everyone has the opportunity of living in a decent home, which they can afford, in a community where they want to live. They supersede the earlier Planning Policy Guidance Note 3, and Circular 6/98 on Planning and Affordable Housing. Changes included the lowering of the threshold from 25 to 15 units for developments where affordable housing is applicable. There have also been minor changes to the affordable housing definition, all of which have been incorporated within the new SPD.
5. Affordable Housing is also provided in the borough through Housing Corporation funded schemes. Walsall attracted £15m funding for the 2006/08 programme, delivering 348 social rent and shared ownership affordable homes across the borough. Announcements have just been made by the housing Corporation for the 2008/11 funding programme, which has seen £20.6m allocated to housing providers in Walsall to provide 516 affordable homes.



**Walsall
Council**

**WALSALL METROPOLITAN BOROUGH
COUNCIL**

**SUPPLEMENTARY PLANNING DOCUMENT
FOR AFFORDABLE HOUSING**

Draft Version - 3 January 2008

Supplementary Planning Document (SPD) Matters

Title of SPD

Supplementary Planning Document for Affordable Housing.

Subject

This SPD expands on “saved” policy H4 of the Walsall UDP regarding provision of affordable housing in the metropolitan borough of Walsall.

Consultation

Representations may be made on this SPD during a four week period between 23/01/08 and 20/02/08.

Address

Further information may be obtained, in written or electronic form, from:

Housing Strategy and Partnerships
Walsall Metropolitan Borough Council

2nd floor, Civic Centre

Darwall Street, Walsall

WS1 1TP

Telephone: 01922 653469

Fax: 01922 652043

Email: LDF@walsall.gov.uk

The relevant documents can be inspected on the Council’s website at: www.walsall.gov.uk/planning/local_development_framework/ldf_supplementary_planning_documents.htm , or during normal opening hours, at First Stop Shop reception in Walsall Civic Centre and at public libraries in the borough of Walsall.

Adoption

Anyone could request to be notified of the adoption of this SPD at a specified address.

Evidence

The key element of the evidence gathering stage was a Housing Needs and Demand Study completed in November 2007. In addition, this document is supported by or has links to a number of Walsall strategies, specifically

- Housing Strategy 2005-2008,
- Housing Strategy Summary 2005-2008,
- Private Sector Housing Renewal Strategy 2005-2008
- Empty Property Strategy 2005-2008,
- Black and Minority Ethnic (BME) Housing Strategy 2005-2008.

Copies of these documents are available on request from the contact address above.

**DRAFT SUPPLEMENTARY PLANNING DOCUMENT FOR AFFORDABLE
HOUSING**

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Summary

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SUMMARY

There is a requirement to provide affordable housing on each new development of 15 dwellings or above. These sites will be considered on a site by site basis, using the criteria below, detailing the requirements for the provision of affordable housing:

- Provide a negotiated 25% affordable element,
- Provided on site, unless there are exceptional circumstances,
- An affordable property mix across the Borough focussed mainly on social rented larger homes,
- Residential developments should not differentiate between affordable and private houses in terms of design, location or material specification and should therefore be 'tenure blind'.

DRAFT

1. Introduction

- 1.1 The Council intends to publish a revised Supplementary Planning Document (SPD) setting out detailed policy regarding the provision of affordable housing in the Borough of Walsall.
- 1.2 The purpose of the SPD is to expand on Policy H4 of the Walsall Unitary Development Plan (UDP) 2005. The policies in this document will not in themselves lead to any extra house building in new locations; they simply seek to shape developments that would happen anyway. It is intended to help developers, planners, local people and other interested parties to enable them to take the need for affordable housing into consideration at an early stage in the development process.
- 1.3 The SPD is accompanied by a Sustainability Appraisal and a Screening Statement for Strategic Environmental Assessment.
- 1.4 The Council has also published a statement on how stakeholders have been involved in preparing the SPD. Stakeholder involvement has been carried out in accordance with Walsall's Statement of Community Involvement (SCI).
- 1.5 The Government in Planning Policy Statement 3 reflects its main aims for affordable housing, to provide everyone with an opportunity for a decent home which they can afford, within a sustainable mixed community.
- 1.6 The Draft Walsall Sustainable Communities Strategy has a commitment to transforming the Borough's environment by improving housing conditions and widening the range and quality of residential and living environments available for existing and future residents.
- 1.7 Both the Walsall UDP and the Housing Strategy provide the guidance for delivering the aspirations of the Walsall Community Plan. The SPD has been produced to guide the provision of affordable housing where it is needed across the Borough. A Housing Needs and Demand Study Update was completed in November 2007 by Fordham Research and will guide the implementation of the Housing Strategy and the UDP.
- 1.8 This SPD will be a material consideration in the determination of planning applications for residential development within the Borough.

Conformity

- 1.9 The policies and other content of this SPD must be in conformity with the Walsall Unitary Development Plan and the West Midlands Spatial Strategy, embodied in the Regional Spatial Strategy for the West Midlands (RPG 11), and must be consistent with national planning policy. Therefore, in response to any comments received during consultation the Council has only altered the SPD within the confines of the conformity requirements.
- 1.10 This SPD has been prepared in line with the Local Development Scheme submitted to Government in January 2008.

Comments

- 1.11 As part of the consultation comments or representations could be made concerning the content of this SPD only. It is not an opportunity to seek to alter Policy H4 or any other policy of the Unitary Development Plan. A feedback form is made available for people to comment on this document.
- 1.12 This SPD also takes account of changes made by PPS 3. It includes the new threshold of 15 units and affordable housing definitions which supersede the UDP, and these may not be altered by this consultation process.
- 1.13 The purpose of the consultation is to improve this SPD. The Council therefore welcomes comments about any relevant aspect of this SPD and will respond positively where it considers that any suggested changes lead to an improvement.

2. Aims of the SPD

- 2.1. The aim of this SPD is to provide advice and guidance to landowners, developers, Registered Social Landlords and other affordable housing providers. It will contribute to meeting the housing priorities contained within Walsall's Draft Housing Strategy 2008-2011, namely 'increasing housing choice and opportunity', and to ensure Housing Needs in Walsall are met.
- 2.2 The SPD will guide delivery of affordable housing to appropriate locations in the Borough, while at the same time providing for balanced, mixed communities. The SPD has been produced in accordance with relevant Government guidance. It will ensure a consistent approach to the provision of affordable housing across the Borough.

3. Development of the SPD

Process

- 3.1 The process for preparing this SPD has been carried out in line with Walsall's SCI and that detailed within Planning Policy Statement 12: Local Development Frameworks (PPS 12) (paragraph 4.39), which sets out a number of stages:
- Stakeholder Involvement: The period of stakeholder involvement began in December 2007, with a focus group of RSLs and Housing Developers, and continued until the adoption of the SPD.
 - Evidence Gathering: The key element of the evidence gathering stage was a Housing Needs and Demand Study Update, which was completed in November 2007 by Fordham Research. In addition, supporting information was used from Walsall's Housing Strategy 2005-2008.
 - A Sustainability Appraisal has been prepared to accompany this SPD.

- A Screening Statement on the determination of the need for a Strategic Environmental Assessment (SEA) has also been prepared, in accordance with The Environmental Assessment of Plans and Programmes Regulations 2004 and European Directive 2001/42/EC.
- This formal consultation is for a period of four weeks during which people can comment on any relevant part of this draft SPD. A separate Statement on Consultation has been prepared to accompany this SPD.
- Monitoring and Review: The Council will monitor the effectiveness of the SPD in delivering affordable housing against the background of changing needs and aspirations and will review the SPD as necessary. Details will be published in the Annual Monitoring Report.

National Policy

- 3.2 Planning Policy Statement 1 (PPS 1): Delivering Sustainable Development contains guidance for considering affordable housing as a material planning consideration. PPS 1 says (at 23 (vii)) that, in promoting sustainable economic development, planning authorities should: “Ensure the provision of sufficient, good quality, new homes (including an appropriate mix of housing and adequate levels of affordable housing) in suitable locations, whether through new development or the conversion of existing buildings. The aim should be to ensure that everyone has the opportunity of a decent home, in locations that reduce the need to travel”.
- 3.3 Planning Policy Statement 3 (PPS3): In November 2006 Government published a revised planning policy on affordable housing contained in Planning Policy Statement 3 (PPS 3) on Housing, supplemented by advice in “Delivering Affordable Housing”. The documents aim to support local authorities and others “in delivering more high quality affordable housing within mixed sustainable communities by using all the tools available to them”. The Government’s key objective for planning for housing is to ensure that everyone has the opportunity of living in a decent home, which they can afford, in a community where they want to live. They supersede the earlier Planning Policy Guidance Note 3, and Circular 6/98 on Planning and Affordable Housing.

PPS3 requires Local Authorities to:

- Set separate targets for social-rented, intermediate affordable and shared ownership housing where appropriate.
- Specify the size and type of affordable housing that, in their judgement, is likely to be needed in particular locations and, where appropriate, on specific sites. This will include considering the findings of the Strategic Housing Market Assessment.
- Set out the range of circumstances in which affordable housing will be required. The national indicative minimum site size threshold is 15 dwellings. However, Local Planning Authorities can set lower minimum thresholds, where viable and practicable, including in rural areas.

Planning and Compulsory Purchase Act

- 3.4 The Planning and Compulsory Purchase Act came into force on 28th September 2004, introducing a new system for preparing and updating development plans. Walsall UDP 2005 has been “saved” until March 2008 and the council has currently placed a submission with government to continue to ‘save’ UDP policies until replaced. Among the saved policies is Policy H4: Affordable Housing, which this SPD is designed to expand.

Regional Spatial Strategy

- 3.5 Regional Planning Guidance for the West Midlands (RPG 11) in Policy CF5 on delivering affordable housing and mixed communities, sets out the strategic policy for the region on affordable housing. In particular, it says, at B: “Local authorities should keep under review the need for affordable housing in their area, based on local housing needs assessments, using a broadly consistent approach, the production of which will be coordinated by the Regional Planning Board. Both social and low cost market housing should contribute to meeting the need for affordable housing. Opportunities should be sought within the existing housing stock where this would help the creation of mixed communities, as well as through new build.” The Black Country Core Strategy and the Regional Spatial Strategy (RSS) review will be taken into account when reviewing policy H4 as part of the LDF process. Specifically RSS Phase 2 Revision currently states in H8B that ‘Across the Region as a whole, local authorities should aim to contribute to the delivery of a minimum of 5000 affordable housing units each year’. These targets have not yet been specified by housing market area.

The Walsall Unitary Development Plan (UDP)

- 3.6 Walsall Unitary Development Plan and Walsall’s Draft Sustainable Communities Strategy both recognise the importance of good quality and choice in residential environments. They include objectives to improve the existing stock and promote choice of accommodation, in terms of tenure and affordability, and promote mixed-use developments. The UDP has a major role to play in the achievement of these objectives. Policy H4, Affordable Housing sets out the Council’s approach to the provision of affordable housing.

UDP Policy H4: Affordable Housing

- (a) The Council will seek the provision of some 3,600 additional affordable homes over the Plan period. Taking account of completions 1991-2002, this implies a need for some 1,841 dwellings over the remainder of the Plan period.
- (b) For the purposes of this Plan, affordable housing is defined as:-
 - I. Housing provided by an organisation - such as a registered social landlord or local authority - allocating on the basis of need. While such dwellings will normally be made available for rent, they may also include subsidised home ownership, such as shared ownership, where a registered social landlord or local authority retains a continuing interest; and

- II. Low cost market housing, helping to meet the needs of first time buyers, single people, the elderly, key workers, and other lower income households, who cannot afford to rent or buy houses generally available on the open market.
- (c) The Council will negotiate with developers for the provision of an appropriate element of affordable housing in all private housing developments of at least 1 hectare or 25 dwellings in size which are considered suitable for this provision (see the criteria set out in (d) below). Smaller sites which form part of a larger site of at least 1 hectare or 25 dwellings, or which with further land assembly could reasonably be expected to form part of a site of at least 1 hectare or 25 dwellings, will also be subject to this policy. The policy will apply to all sites allocated in this Plan, windfall sites and whenever application is made to renew or extend an existing permission.
- (d) Sites will be considered suitable for an element of affordable housing provision unless developers can demonstrate to the Council's satisfaction that this provision would be inappropriate. Factors to be taken into account include the following:-
 - I. The level of need for, and provision, of affordable housing in the local area;
 - II. Any abnormal development costs associated with the site which in combination with the inclusion of an element of affordable housing would prejudice the viability of the development;
 - III. The need to provide for a mix of housing types and sizes which offer a choice of housing and lifestyle and help to create mixed and balanced communities.
- (e) On sites considered suitable for the provision of an element of affordable housing under (c) and (d) the Council will normally negotiate with developers for 25% of total dwellings to be affordable homes within the terms of the definition set out in (b).
- (f) There will be a strong presumption in favour of the affordable homes being provided on-site as part of the proposed development. Where this is the case, the Council will negotiate with developers for the affordable homes to be integrated within the development.
- (g) In exceptional circumstances, the Council may consider provision of the affordable housing element off-site, subject to an equivalent level of housing need being met. This may be either by the developer directly providing affordable units on the alternative site, or by making a financial contribution to enable the provision. The meeting of other policy objectives or the economics of housing provision could provide justification for such off-site provision.
- (h) Developers must ensure that affordable housing will be reserved for those who need it (these will include people on housing waiting lists and those who cannot afford to purchase a property on the open market) and that it will remain available at low cost for initial and successive occupants. Developers are encouraged to enter into partnership arrangements with registered social landlords whose interest in the property will ensure control over initial and future ownership and occupation. Alternatively, developers must demonstrate how these

objectives will otherwise be secured. Where affordable housing is provided under Part II of the definition it will be necessary for developers to prove that such housing will meet the needs of those who cannot otherwise afford rents or prices prevailing in the locality.

- (i) The provision and continued availability of affordable housing under this policy will normally be secured through the use of Planning Obligations.
- (j) In addition to the affordable housing to be secured under the foregoing parts of this policy, the Council will also continue to encourage the direct provision of affordable housing in developments promoted specifically for this purpose by registered social landlords or others. These schemes will often be on smaller sites below the size threshold specified in (c) or through conversions.

4. Outline of Housing Market and Need in Walsall

Stock and condition

- 4.1 There are 107,600¹ dwellings in Walsall, of which 27% is socially rented, 8% rented from a private landlord or living rent free and the remaining 65% is owner occupied. Stock in the social rented sector is being improved to meet the Decent Homes standard by 2010, which is including some selective demolition, providing new sites for housing. A recent stock condition survey in the Private Sector showed that TBA% of stock failed the Decent Homes standard.

Demographics

- 4.2 The 2001 Census showed Walsall's population at 253,499; a reduction of 3.1% since 1991. The HDAM model² predicts overall, the population in Walsall will decline from 253,200 in 2004 to 249,400 by 2026. This is a consequence of outward migration. However, this reduction in population is not reflected by the projected increases in household formation over the coming years. Office for Deputy Prime Minister (ODPM) interim projections of the numbers of households (2002-based) for the West Midlands, released in September 2004, indicate an additional 14,400 households in the West Midlands each year compared with 10,400 in the previous 1996-based projections. Further increases are projected, mainly for lone parent, other multi person and one person households. A key objective of the Regional Spatial Strategy is to counter the trend of migration out of the major urban areas and this is carried forward in the Phase 1 Revision: the Black Country. It would have implications for household formation rates.
- 4.3 Census 2001 indicates an ageing population profile in Walsall. 24% of all households consist entirely of pensioners; this includes lone pensioner households that account for 14.8% of all households. There is a diverse range of communities living within the borough. Black and Minority Ethnic (BME) communities account for 13.6% of the total population. HDAM³ shows that the White

¹ Census 2001

² Population and Household Forecasts for Black Country Districts with an Ethnic Group Dimension Report to Wolverhampton City Council C3551 / September 2007

³ Population and Household Forecasts for Black Country Districts with an Ethnic Group Dimension

British population will decline from 217,300 to 201,250 and will make up 81% of the total population in 2026 compared to 86% in 2004. The most significant predicted increases are for mixed ethnicity groups, Pakistani and Bangladeshi/other Asian between 2004 and 2026. Our communities are becoming even more diverse with the new arrivals from a variety of different countries. The 2001 Census showed that unemployment and retired levels are higher than England and Wales averages.

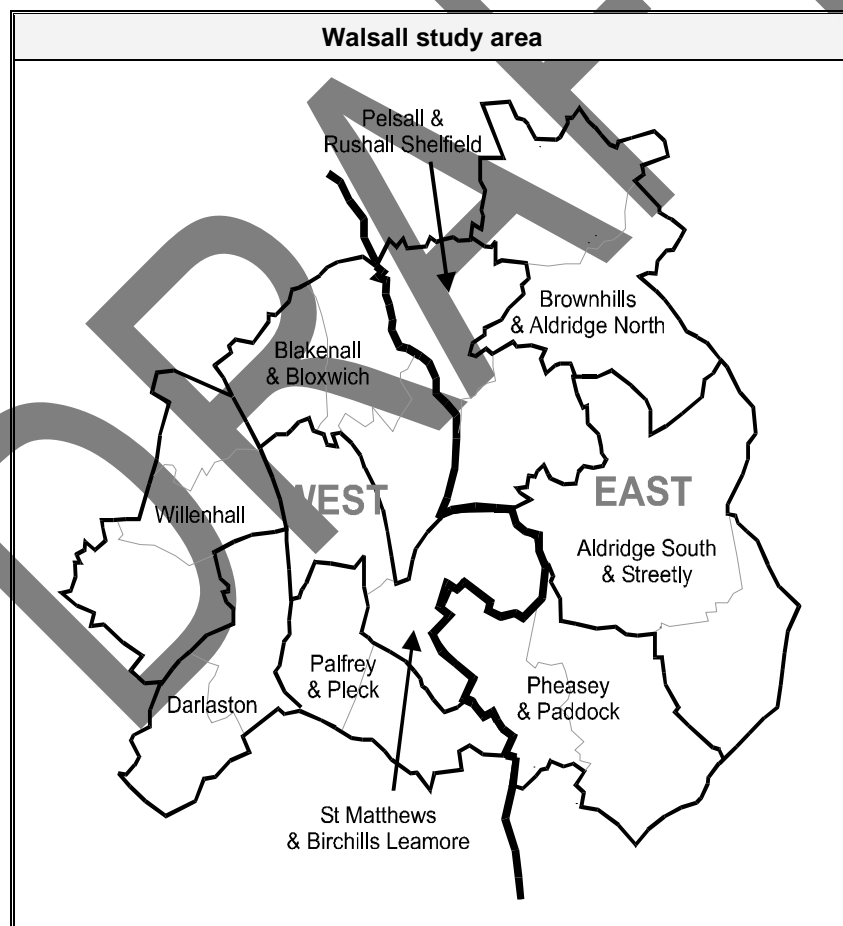
Affordability

4.4 Housing affordability continues to be an issue for Walsall, as with the majority of the country. Average annual income is £18,500⁴ and average house price is £131,040⁵, demonstrating on average (excluding any deposit) that prices are 7 times average income.

East/West Housing Market Profile

4.5 There are differences in the housing market in these 2 areas of the Borough. The map below shows the 9 Local Neighbourhood Partnership boundaries and the East/ West split in the Borough.

Figure 1



⁴ source: calculations from Inland Revenue 2004/05, tax payers survey)

⁵ Land Registry House Price Index

4.6 The East/West markets are highlighted by characteristics from Census 2001 data below:

- a quarter (26%) of properties in the east of the borough are detached compared with 12% in the west of the borough,
- the vast majority (77%) of housing in the east of the borough is owner occupied compared with only 55% in the west of the borough,
- there is almost twice the rate of overcrowding in the west of the borough (7%) than in the east of the borough (4%),
- there are twice the number of Black and Minority Ethnic (BME) residents in the west of the borough (17%) than in the east of the borough (9%),
- Land Registry 2007 Sales showed that average property prices in the east of the borough are 42% higher than in the west of the borough.

Housing Need

4.7 Housing Need within the Borough has been determined through an update to the Borough Wide Housing Needs and Demand study which was conducted in 2004/5, by Fordham Research. The original survey included 500 face to face interviews and 10,000 postal questionnaires distributed randomly across the Borough, with an additional 1750 distributed to areas of higher Black and Minority Ethnic resident concentration. 2,806 questionnaires were returned, giving a total sample of 3%. The study gave results with a confidence level of 95% and confidence interval of +/- 2% across the Borough, and robust results for the East and West housing markets in the Borough.

4.8 This study was updated in November 2007 by Fordham Research. The main changes take account of:

- the housing market (i.e. changes in prices/rents),
- local incomes,
- supply of affordable housing,
- a re-basing of household figures.

4.9 The results and estimated supply are based on information available at the time of the study, and do not take any account of investment or policy change that takes place after that date. For the purpose of this study, households were deemed as requiring affordable accommodation if they could not afford their housing costs within a sliding scale of 25% to 35% of their income.

4.10 The study shows that there is a projected annual shortfall of 305 units

and supports the target of at least 25% affordable housing element on each development.

Required Property Mix

- 4.11 The study indicates the required property types within the shortfall, and recommends the property sizes in table 1. Firstly, residents need was measured against a strict bedroom standard using the Basic Needs Assessment Model (BNAM) as defined in ODPM Guidance 2000 'Local Housing Needs Assessment: A Guide to Good Practice.' However, this does not take account of the respondents' stated requirements in the study and therefore a Balanced Housing Market (BHM) Analysis has been produced, as also recommended in the Government guidance and Audit Commission work. Due to the different methodologies, the two methods produce different results although, both the BHM and BNAM analyses suggest that there will be a shortage of larger affordable housing in the future. To ensure a balance between need and aspiration in the affordable housing provision in the Borough, the 2 analyses have been combined in Table 1. For further details, see Walsall's Housing Needs and Demand Study Update November 2007 (www.walsall.gov.uk/index/housing/surveys_research_and_statistics.htm) Table 1 summarises the position from both methods and provides an average figure.

- 4.12 Fordham Research states 'The figures in the 'average' column represent our suggested size mix for additional affordable housing. This shows that the main shortfalls are for three and four-bedroom housing, although there is also a need for two-bedroom affordable properties.'

Table 1: Affordable Housing Shortfall

Table S9 Total annual shortfall or surplus (constrained model)			
Tenure	BNAM	BHM	AVERAGE
1 bedroom	6.5%	(12.9%)	(3.2%)
2 bedroom	(5.2%)	20.8%	7.8%
3 bedroom	15.4%	77.7%	46.5%
4+ bedroom	83.7%	14.5%	49.1%
TOTAL	100.0%	100.0%	100.0%

Source: Fordham Research Walsall HNDS Update 2007

- 4.13 Table 2 provides an analysis of need by property type. It clearly demonstrates a need for houses rather than flats. It should be noted that this analysis covers all tenures, not just affordable. This will not preclude support for affordable flats, but the focus will clearly be on houses.

Table 2: Property Type Shortfall – All Tenures

Table S8 Total annual shortfall or surplus (constrained model)					
() indicates surplus					
Property type	Accommodation requirement				TOTAL
	1 bed	2 bed	3 bed	4 bed	
Flat	(143)	(343)	48	0	(438)
House	0	1,047	(328)	219	938
TOTAL	(143)	704	(279)	219	500

Source: Fordham Research Walsall HNDS Update 2007

The Housing Needs Study 2007 update also identifies a need for bungalows across all tenures for older people, particularly social rented (Tables 9.8 and 9.9). It specifically states that for affordable housing bungalows there is a 'demand for 230 units per annum over the next two years, some of which can be met through relets of the current stock' (9.15).

Tenure and Area

- 4.14 The Housing Needs and Demand Survey was stratified across the 9 Local Neighbourhood Partnership (LNP) Areas highlighted on the map in Figure 1. However, due to the smaller respondent numbers involved at these sub areas levels, and the earlier data showing a clear distinction between the East and West markets, it was felt more robust to analyse the differences in the East and West markets of the Borough.
- 4.15 Table 3 shows that the West of the Borough has a need mainly for social rent, with some shared ownership. The East of the Borough shows a need for 100% social rent.

Table 3: Overall net need by East/West

Overall net need by East/West			
Sub-area	Shared ownership	Social rent	TOTAL
East	(13) (0%)	140 (100%)	128
West	39 (22%)	138 (78%)	178
TOTAL	26 (9%)	279 (91%)	306

Source: Fordham Research Walsall HNDS Update 2007

Supported Housing Schemes

- 4.16 There is a requirement for supported housing schemes in the Borough, including Young Parent, Learning Disability and Older Person Schemes, specifically Extra Care. This requirement will be updated by the Supporting People Strategy Review due for completion in August 2008. The Strategy will be used to inform the need for future affordable supported housing schemes.

5. Definition and Design of Affordable Housing

Definition

- 5.1 The Council follows the policy guidance given in PPS3 which provides an affordable housing definition. These definitions replace guidance given in *Planning Policy Guidance Note 3: Housing (PPG3)* and *DETR Circular 6/98 Planning and Affordable Housing*. This definition supersedes UDP H4 and is as follows:

Affordable housing is:

Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:

- Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices.
- Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.

Social rented housing is:

Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. The proposals set out in the Three Year Review of Rent Restructuring (July 2004) were implemented as policy in April 2006. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Housing Corporation as a condition of grant.

Intermediate affordable housing is:

Housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria set out above. These can include shared equity products (eg HomeBuy), other low cost homes for sale and intermediate rent.' The definition does not exclude homes provided by private sector bodies or provided without grant funding. Where such homes meet the definition above, they may be considered, for planning purposes, as affordable housing. Whereas, those homes that do not meet the definition, for example, 'low cost market' housing, may not be considered, for planning purposes, as affordable housing.

- 5.2 As illustrated earlier, the main need is for social rented housing, with some Intermediate Affordable Housing (Shared Ownership/equity) as detailed by the Housing Needs and Demand Study 2007 Update.
- 5.3 Social rented housing generally tends to be provided by registered social landlords and is allocated on the basis of need and in accordance with the Council's Nominations Policy at that time. The developer sells the property to an RSL at a discounted rate.

- 5.4 Shared ownership is housing that is partly sold and partly rented. The developer sells the property to an RSL at a discounted rate. The home buyer purchases a share of the property, between 25% and 75%, and rents the other portion from the RSL. The owner can purchase additional shares at any point, up to full ownership. The cost of the additional shares will be based on market property value at that time. The Registered Social Landlord would have first option on any resale so that the affordability benefits are enjoyed beyond the first occupier. In cases where the shared ownership purchaser increases their share of ownership to 100%, the Council will expect the Housing Association to reinvest the money in Walsall for the purposes of affordable housing.
- 5.5 Shared equity housing is housing where land value is retained by the landowner or housing provider, to enable in effect, the sale of the property at a discounted market value to the homebuyer (as the homebuyer purchases the property but not the land). There is no requirement for the purchaser to pay rent or interest on the retained land charge. It is possible for the homeowner to purchase further shares in the property, which would be repaid to the landowner on sale of the property. The Council would expect the land value to be retained to enable subsequent purchasers to access low cost home ownership
- 5.6 Housing provided at a discount by the developer to the first occupier only is unlikely to constitute a suitable form of affordable housing. To be affordable, it would need to be demonstrated that the accommodation would be priced below the current average price paid by first time buyers in the Borough for properties of a corresponding size in similar areas. This price would need to be affordable to 1st time buyers in agreement with the council. The developer must be able to demonstrate that the discount will be retained for subsequent purchasers. The Council will negotiate shared ownership as the majority of the affordable home ownership housing element. However, the Council will consider 'discount for sale' affordable units, where there is no difference in quality of the units, on a site by site basis.
- 5.7 The council will consider other affordable home ownership products as long as they are deemed to meet the affordability needs of residents, and can be demonstrated as to why they are more appropriate.

Design

- 5.8 All affordable housing should be designed to the highest standards and should be indistinguishable from neighbouring open market housing. The Council is committed to the fact that affordable housing must not mean substandard housing, either in terms of space or standards. Detailed guidance on housing layout and design principles is contained within the SPD for Urban Design, January 2008. The Council encourages all affordable housing to conform to a minimum of the Housing Corporation's Housing Design and Quality Standards, including the Code for Sustainable Homes level 3.

- 5.9 The Council will encourage developers to build the affordable housing units to a 'Lifetime Homes' standard.

AH1 - Quality of Affordable Housing

(a) Affordable housing must not be substandard housing, in terms of space or standards, and is encouraged to conform to the Housing Corporation's Housing Design and Quality Standards. Residential developments should not differentiate between affordable and private houses in terms of design or material specification.

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6. Level of Need for Tenure, Type and Size

- 6.1 The Housing Need and Demand Study Update 2007 demonstrates a need for an additional 305 affordable homes per annum, which supports the affordable target of 25% on applicable developments. It demonstrates that across the Borough there is a need for 90% social rented property, and 10% shared ownership. This requirement has been split across the East and West of the Borough to reflect the different markets. The study also provides guidance on the desired size and type of property, showing the main requirement is for larger properties and houses. There is also some need for social rented bungalows. Flats will only be considered where appropriate to the specific site.
- 6.2 In addition there is a requirement for supported housing schemes in the Borough, including Young Parent, Learning Disability and Older Person Schemes, specifically Extra Care. This requirement will be updated by the Borough Strategic Partnership's Older Persons Strategy due for completion in March 2008 and by the Supporting People Strategy Review due for completion in August 2008. The considerations for the suitability of sites for such schemes would need to include size, property type and location and would again be judged on a site by site basis. The Council may seek the provision of supported housing for people with particular needs as part of the affordable housing contribution made by larger housing developments. Such proposals should be located within easy reach of local facilities and good quality public transport and supported by appropriate professional services.
- 6.3 It should be noted that not all sites will be suitable for all types of dwellings and the Council will take this into account when negotiating the appropriate mix of dwellings to be provided. The council will adopt a flexible approach towards the type and size mix, having regard to the overall Borough requirement contained in AH2. In arriving at a final required mix, the Council will consider the results of the Housing Needs Study Update alongside any more recent information at the time of application and will include the Strategic Regeneration Framework (SRF) and Walsall Regeneration Company (WRC) masterplans, consultation with local housing providers in the area and take consideration of existing commitments. The Council will monitor the affordable housing provision by property size and tenure. These tenure, types and sizes of affordable housing may be subject to revision in light of continued monitoring from Housing Needs Updates, Walsall Housing Market analysis reports, Sub Regional Housing Market Assessments etc.

AH2 Tenure Type and Size

Wherever possible the Council will require:

- (a) West of Borough – 75% social rent and 25% shared ownership**
- (b) East of Borough – 100% social rent**
- (c) Supported Housing Schemes across the borough where appropriate**
- (d) A property mix of predominately houses (to include flats and bungalows where appropriate) with 10% 2 bedroomed, 40% 3 bedroomed and 50% 4 bedroomed and above**

Abnormal development costs

- 6.4 Policy H4(d)II refers to the relationship between abnormal site development costs, the cost of providing affordable housing and subsequent financial viability of the development.
- 6.5 Although a particular development scheme may not be able to accommodate affordable housing at 25% or some lesser proportion, it might be the case that the requisite quantity and mix of affordable housing could be provided by a different scheme. The Council will take this possibility into account when judging the viability of schemes and whether a reduction in affordable housing provision would be acceptable.
- 6.6 “Abnormal” is a relative term, which should be considered in the context of a metropolitan borough where it is expected that the overwhelming majority of new homes will be built on previously-developed land (the UDP sets a target of 95% during 2002 to 2011). This is likely to lead to costs associated with past industrial and mining activity, for example, which developments will normally be expected to bear in addition to providing a full complement of affordable housing. However, in some circumstances these development costs might be so exceptional as to render a full complement of affordable housing unviable. Consequently, the UDP makes an allowance for abnormal development costs to be taken into account in negotiating the affordable housing contribution.
- 6.7 In these cases, the developer would be expected to submit a full financial appraisal, demonstrating the impact of abnormal costs and a full complement of affordable housing on the financial viability of the development. The Council will appoint independent assessors for this purpose to provide professional and impartial advice. The developer shall reimburse the Council its costs for the assessment, as this is carried out for the benefit of the developer and the cost should not be borne by the public purse. In considering financial appraisals and other information, the council will respect confidentiality and commercial sensitivity, within the confines of the Freedom of Information Act.

AH3 Abnormal Development Costs

- a) **The Council does not define ‘abnormal’ in absolute terms, but this may include: contamination; past mining; infrastructure; flood management; or other constraints, which, individually or in combination, might severely affect the viability of the development.**
- b) **The onus will be on the developer to submit evidence, including a detailed financial appraisal of the scheme, to demonstrate that abnormal development costs would necessitate a reduction in the affordable housing element. The appraisal will be independently assessed and the developer will bear the cost of this assessment.**

7. Affordable Housing Location

The council will expect affordable housing to be provided on site. UDP H4 e specifically states ‘There will be a strong presumption in favour of the affordable homes being provided on-site as part of the proposed development.’ There may be exceptional circumstances where the council may consider an off site provision.

On-Site Provision of Affordable

7.1 There are two main ways of providing affordable housing on-site:

- the site is developed and a proportion of the units are transferred by the developer to a Registered Social Landlord (RSL) to manage (with or without a transfer of ownership of land); or
- the transfer of a fully serviced site, with full access rights, to an RSL.

7.2 The Council’s preferred approach is for the developer to construct all of the housing and transfer a proportion to an RSL to manage. This will ensure that the affordable homes are evenly distributed and not isolated in one part of the development.

7.3 The on site affordable housing will be required to be fully integrated within the development. This is very often referred to as ‘peppercotting’. The location of the affordable units should be shown on a location plan as part of the Section 106 agreement. If this is not possible, prior to the work commencing on each phase of the development, a plan showing the location and mix of the affordable housing units will need to be submitted to and approved by the Council.

AH4 – Provision Location

When considering the location of the provision of Affordable Housing:

- (a) The Council’s preferred approach is for the developer to construct all of the housing and transfer a proportion to an RSL to manage.**
- (b) The Council requires the affordable housing units to be fully integrated and spread across the development.**
- (c) The spread of non-flatted accommodation will be negotiated on a site by site basis, but should be in clusters no greater than 4 houses.**
- (d) The spread of the flatted element will be subject to negotiation on a site by site basis. For ease of management purposes, the Council may accept affordable flatted accommodation together in the same block.**

8. Off-Site Provision of Affordable Housing

Examples of exceptional circumstances could include:

- 8.1 **Regeneration Areas:**
Affordable housing provision may be guided by SRF or WRC masterplans, which may in exceptional circumstances require the use of commuted sums to deliver balanced communities. It should be noted that there will still be a strong presumption that affordable housing will be provided on site.
- 8.2 **Supported Housing Schemes:**
If suitable sites based on size, property type and location do not become available to meet the needs of client group schemes, such as young parent or older person schemes, it may be appropriate for the Council to negotiate off site provision.
- 8.3 **Meet property type and size shortfalls:**
The property type and size requirements are discussed in Section 4. For certain property types and sizes which, subject to monitoring, are found to be underrepresented in developments, it may be suitable to provide off site.

Types of off site provision

- 8.4 There are two main ways that Walsall Council will consider off site affordable housing provision. These are firstly Direct Off Site Provision or finally Commuted Sum.

Direct Off site Provision

- 8.5 There may be instances where other sites may be more appropriate and beneficial for meeting the affordable housing needs of the Borough. However, it is likely that this will only happen in circumstances where the Council, the developer or an RSL owns such a suitable site. The number of affordable units to be provided on an alternative site will be calculated in the same way.

Commuted Sums

- 8.6 PPS3 recognises that commuted sums are appropriate in place of affordable housing provision, in certain circumstances where on-site provision is not possible. The Council will accept commuted sums only in exceptional circumstances where all other avenues have been explored and the developer has proved to the Council's satisfaction that the site is unsuitable for affordable housing, or that the Council deems that a commuted sum would be more beneficial in the instances outlined above in 8.1 to 8.3. The Council may negotiate with the developer for a full or part commuted sum.
- 8.7 All cash payments will be held in a ring-fenced account and used to fund affordable housing in line with the Council's Housing Strategy. Contributions will mainly be used to fund affordable housing opportunities across the Borough, although there may be occasions where the funding will be used to improve the condition of existing dwellings.

- 8.8 The Council will base the calculation of the commuted sum on the sum required to enable a similar amount of affordable housing of an appropriate type and size to be provided on another site in the borough.
- 8.9 As a basis for negotiation, the commuted sum will be the theoretical subsidy cost of on-site provision (assuming 25% provision and the tenure, type and size requirements contained in AH2).
- 8.10 These costs are available from the Council should a commuted sum be necessary.
- 8.11 In addition, any money paid to the Council for the purposes of providing affordable housing shall be repaid to the developer if not used by a specified date for the specified purpose. Commuted sums will be secured in line with the Government Circular 05/2005.

AH5 Off Site Provision

- (a) **The Council will always seek on site provision, but may consider exceptions which are not defined in absolute terms, but these may include: guidance from regeneration areas (SRF and WRC masterplans), specific client need schemes, specific property size and type of provision.**
- (b) **In these instances of off site provision, the Council will in the first instance, encourage off site direct provision. Where this is not suitable, the Council will require a commuted sum from the developer.**
- (c) **The Commuted sum will be calculated to ensure that the Council receives an adequate amount from the developer to enable the Council with a housing partner to develop the level of affordable housing required in AH2 in a similar area of the Borough**

9. Planning Obligations

- 9.1 Where affordable housing is to be provided, the applicant will be expected to enter into a S106 or other appropriate legal agreement to secure the agreed provision and to ensure that the provision remains genuinely affordable for as long as is required. Developers will also be encouraged to enter into partnership arrangements with Registered Social Landlords early in the process, whose interest in the property will control initial and future ownership and occupation. A list of RSL partners is included in Appendix 1. This list may change over the life of this SPD.
- 9.2 Affordable housing should be available, both initially and for subsequent occupancy, only to those with a demonstrable housing need and at a price level which can be sustained by them.
- 9.3 It is intended that the Council will consider draft S106 agreements at the same time as the planning application. The Council will ensure that the agreement is concluded before the granting of planning permission. In order to be as specific as possible about the amount and type of affordable housing to be provided, the Council will encourage the submission of full rather than outline applications.
- 9.4 The Section 106 Agreement or Obligation will usually include clauses setting out requirements with regard to:
- The housing mix, type, size and number of affordable units,
 - The location and distribution of affordable housing within the site,
 - The timing of construction and occupation in relation to the whole site (a development threshold to secure the affordable housing provision before a specified date or stage in the development - on phased housing developments there will be a requirement to include a reasonable proportion of affordable housing in each phase),
 - Design and Quality Standards,
 - The mechanisms to ensure the initial and subsequent occupancy of the affordable housing benefits those in housing need,
 - The timing and conditions for the transfer of the land or affordable housing to a housing association,
 - Mortgagee in possession clause.

10. Monitoring and Review of the Supplementary Planning Document

- 10.1 The Council currently monitors the levels of provision of affordable housing on an annual basis as part of our contribution to regional monitoring. The Council will plan, monitor and manage the levels of affordable housing provision across the borough to ensure that sufficient homes of the right type, size, tenure and quality are produced to meet the needs of the borough's existing and potential residents. As discussed earlier, this will be fed back into the planning process to encourage the right property mix, through focus on specific sites or commuted sum if necessary.
- 10.2 Information from a variety of sources will need to be linked to any review of affordable housing requirements, and subsequently any review of this SPD. These may include future revisions to government guidance, Walsall's UDP and future Housing Needs updates, Sub Regional Housing Market Assessments, Walsall Housing Market analysis reports, Walsall's Strategic Regeneration Framework, Black Country Core Strategy and Evolve prospectus.
- 10.3 Walsall's Local Development Framework (LDF) will be monitored through the Annual Monitoring Report. The provision of affordable housing will be monitored through this report.
- 10.4 The provision of Affordable Housing will be monitored by:
- Number of affordable homes which are provided by LA planning powers,
 - Average percentage of affordable housing on all developments,
 - % of developments where the 25% target was achieved,
 - % of provision by property type and size

Appendix 1

List of Registered Social Landlord (RSL) partners.

- Matrix Partnership
- Sanctuary Housing Association
- Jephson Housing Association
- Bromford Housing Group
- Servite Housing Association
- Housing 21
- Midland Heart Housing Association
- Walsall Housing Group
- Waterloo Housing Association

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