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# DEVELOPMENT CONTROL POLICY

## GUIDANCE NOTE 5

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# Affordable Housing Provision In New Residential Developments

*JANUARY - 2004*



This guidance note is aimed at developers and providers of new housing and includes information on:

- Introduction and Background
- Advice:
  - Sites Suitable for Affordable Housing
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- Types of Affordable Housing:
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## PRE-TEXT

This pre-text to the Development Control Policy Guidance Note No.5 sets out the details of the consultation and publicity steps that were undertaken during the preparation of Supplementary Planning Guidance (SPG).

The SPG which supports policy within the Bury UDP (adopted 31<sup>st</sup> August 1997) has been prepared in accordance with PPG 12, which states,

*"...the Secretary of State will give substantial weight in making decisions on matters that come before him to SPG which derives out of and is consistent with the development plan, and has been prepared in the proper manner".*

The 'proper manner' requires SPG to be subject to public consultation, revision where necessary and formal adoption by the Council.

This SPG was approved for a consultation exercise by the Chief Borough Planning Officer on the 4<sup>th</sup> July 2002. This was after a period of internal consultation with Officers in various Sections of the Council. Views were sought from members of the public and private organisations and relevant interest groups over a six-week period (4<sup>th</sup> July 2002 to 16<sup>th</sup> August 2002). Copies of the Draft SPG were made available for inspection at the planning reception desk. Further copies could also be obtained on request. The draft was also made available on the Council's web-site.

The draft SPG was revised in the light of the comments received through the consultation process. The revised version went to full Council on 5<sup>th</sup> November 2003 where Members minded to approve the SPG. The SPG was formally adopted on 1<sup>st</sup> January 2004.

In accordance with the requirements in PPG12, a Statement of Consultation was drawn up, which outlined the representations received and the Authorities response to these. This statement is available for inspection on request, together with the adopted version of the SPG.

## 1.0 - INTRODUCTION

- 1.1 This Development Control Policy Guidance Note relates to the Council's planning policy in respect of affordable housing provision in association with new residential development. It provides additional and updated information on Policy H4/1 of the Bury Unitary Development Plan which deals specifically with this issue and requires developers on suitable sites to make provision for affordable housing (Appendix 1 contains details of UDP Policy H4/1).
- 1.2 The advice in this note is aimed at all persons and bodies who provide and control new residential developments, including conversions. It will be used by the local planning authority in negotiating and determining planning applications, and should be used by developers in formulating residential planning applications.

### Background

- 1.3 The Council seeks to meet the housing needs of all of its residents and aims to ensure that everyone has the opportunity of a decent home that is affordable to their needs. In recent years the Council's ability to meet these aims directly has eroded and its role is now one of 'enabling' the provision of affordable and suitable accommodation through other bodies.
- 1.4 The function of Planning in this enabling role was identified initially in Circular 07/91 and in more detail in PPG3 (1992) and Circular 13/96. Circular 13/96 in particular, identified the planning process as a tool that can enable local authorities to provide an element of affordable housing on suitable residential sites. Policy H4/1 was developed to reflect this advice.
- 1.5 Since the adoption of Policy H4/1 new Government guidance on planning and affordable housing has been issued, namely Circular 06/98 and PPG3 (2000). This advice note provides guidance and supporting text to supplement Policy H4/1.
- 1.6 This advice note also takes account of current information on housing needs in Bury including the results of the Housing Needs Survey (2002) and the Borough's Housing Strategy. This information will be updated on a regular basis and policy reviewed to take account of changes in housing need.

### Negotiation Process

- 1.7 The Council is keen to enter into negotiations on affordable housing at the earliest possible stage of the planning process, and the box below illustrates the Council's view on how negotiations should take place:-

- Developers should consult the Council at the earliest opportunity to determine planning requirements on a particular site they may be interested in prior to an application (including affordable housing);
- All parties concerned should then enter into pre-application discussions to identify the amount, type and location of affordable housing provision;
- A statement of intent to make affordable housing provision should then be agreed

in writing, preferably through a draft S106, and submitted at the time of making an application. Without such a statement applications will be considered to be incomplete and as a result may not be considered acceptable for registration; and

- Planning applications will then be processed based on the outcome of negotiations.

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## 2.0 - ADVICE

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- 2.1 Circular 06/98 states that a community's need for affordable housing is a material planning consideration, which should be taken into account when determining planning applications. It also states that where there is a clear need for affordable housing, local planning authorities should develop clear planning policies to meet these needs (para 1).
- 2.2 This section concentrates on the basic principles of the Council's affordable housing policy and requirements in the light of the above advice. It deals specifically with the factors that need to be taken into consideration by developers and development control officers on suitable residential applications.
- 2.3 The advice contained in this note is applicable to both full and outline planning applications, and for the avoidance of doubt is applicable to both allocated and 'windfall'<sup>1</sup> sites.

### **Sites Suitable for Affordable Housing Provision**

- 2.4 In accordance with Circular 06/98 (para 10) the Council has identified the following thresholds where it will seek the provision of affordable housing:
- a) housing developments of 25 or more dwellings; and
  - b) residential sites of 1 hectare or more, irrespective of the number of dwellings.
- 2.5 The Council will seek to avoid situations whereby the landowner / developer attempts to subdivide the site below these affordable housing thresholds. In addition, where an applicant proposes to phase the development, the whole site will be subject to assessment under policy H4/1.
- 2.6 Developers should be aware that where there is an increase in the number of residential units on a site at a later date, then the affordable housing policy would be applicable if the increase takes the total to 25 or more units. Significant increases on sites that are already subject to policy H4/1 will subsequently have to amend the provision of affordable housing to reflect the increase. Any later increase will not, therefore, be treated as a separate application for the purposes of this policy.
- 2.7 In assessing the need for affordable housing provision on suitable sites, the Council will also take into consideration the following factors:
- the proximity of local services, facilities and access to public transport<sup>2</sup> ;

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<sup>1</sup> Windfall sites are those which have not been specifically identified as available in the development plan.

- the particular costs associated with the development<sup>3</sup>;
- whether the provision of affordable housing would prejudice the realisation of other planning objectives that need to be given priority in the development of the site; and
- the need to achieve a successful housing development.

### Definition of Affordable Housing

2.8 The advice in Circular 06/98 states that local authorities should define 'affordability' locally and that it should include **both** low-cost market and subsidised housing (para 9[a]). Therefore, for the purposes of this policy note affordable housing is defined as comprising:

- a) Subsidised Housing – Housing available for either rent or shared ownership at below market levels which is allocated on the basis of need, and is managed and controlled by local authorities and/or registered social landlords (RSLs)/or other appropriate body; and
- b) Low Cost Market Housing – Housing which is available for either rent or sale at a discount compared to open market value, and where a planning agreement ensures that this discount remains available in perpetuity to people identified as being in housing need.

2.9 Affordable housing in Bury should comprise of a range of dwelling types and sizes, to reflect the diverse characteristics of those in need. Therefore, in addition to starter homes and housing for small families there may be requirements for specialist types of housing to meet the specific needs of certain groups in need including larger family type housing, sheltered housing and housing for disabled groups, for example. The exact affordable housing requirements will depend on the specific needs within a particular site or locality. Appendix 2 identifies the general housing needs in the Borough and in particular localities.

### Quantity of Affordable Housing

2.10 Based on recent completions on **all** sites (small and large) the Council has calculated that it would require over 40% of **all** future completions to be affordable housing to meet need for the same. This is unrealistic as it is envisaged that the vast majority of future completions will be on small sites (<25 units) and Policy H4/1 will not apply. In addition, it is felt that a 40 % requirement on larger sites (expected to be made up of previously developed sites) would be economically unviable in Bury.

<sup>2</sup> The Council is of the view that few sites within the urban area are likely to be unsuitable for affordable housing based on the proximity of local services and facilities and access to public transport.

<sup>3</sup> The Council will negotiate affordable housing provision on the basis that a particular site has been bought (or is being purchased) at a price which includes all known development constraints (such as access) and planning requirements, including provision of open space and affordable housing.

- 2.11 Therefore, the Council believes that a 25% requirement will assist in meeting the identified housing need in the Borough without placing too high a demand on private developers that could not be realistically funded by them.
- 2.12 The Council embraces Circular 06/98 and PPG3 objectives of ensuring that new residential developments provide a mix of dwelling types and sizes to cater for a range of housing needs. Therefore, to help create more sustainable and balanced communities the Council will expect large housing developments to comprise a mixture of different house types and sizes (where appropriate), including the affordable housing element. The 25% affordable housing provision should therefore seek to reflect a range of house types and sizes and should not necessarily consist of 1 particular house type or size unless local need indicates otherwise (see para 2.9 above).

#### **Quality and Design of Affordable Provision**

- 2.13 On sites where Policy H4/1 is applicable, the Council will expect the affordable housing provision to be designed and implemented to an equally high standard and quality as other housing on the site. Affordable units should therefore blend in and maintain consistency with the general character and appearance of a development.
- 2.14 However, it may be permissible, within certain limits, to reduce the specification of some of the affordable units to achieve affordability. For example, this may include reducing the provision of garages or parking standards as car ownership rates are generally lower for occupants of affordable housing.

#### **Fully Integrating Affordable Housing Provision**

- 2.15 The Council does not believe that different types of housing and tenures make bad neighbours and advice in PPG3 clearly indicates the Government's desire to create more socially inclusive communities. As a result, the Council will seek to ensure that new housing developments fully integrate the range of house types they provide, including any affordable provision.
- 2.16 The Council will therefore seek to ensure, that any affordable housing provision should be fully integrated and spread throughout the site. The Council will not accept proposals whereby the affordable housing provision is separated or cornered off from the remainder of the development. As stated above, there should be no visible differences that would distinguish affordable and full market cost housing.

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## **3.0 - TYPES OF AFFORDABLE HOUSING**

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- 3.1 This section examines the types of affordable housing required in Bury and the means by which these should be delivered. This includes the Council's preference for provision of affordable housing through Registered Social Landlords (RSLs), either through shared ownership or socially rented accommodation.
- 3.2 On sites where Policy H4/1 is applicable, the Council will seek to negotiate the type of provision required. The Council's preferred choice of affordable housing will vary from site to site depending on the nature and particular circumstances

of the site and locality. However, the Council will seek to ensure that any provision meets identified housing needs in the Borough and therefore should comprise of one or more of the following types of affordable housing.

### **Shared Ownership**

- 3.3 Shared ownership housing will be accepted as affordable housing provision if it is provided through an arrangement with an approved RSL or other suitable body, who shares the ownership of dwellings with occupiers and charges a rent for occupation. The affordability is provided through lower rents than market rents. Conventional shared ownership schemes use Social Housing Grant funding and require occupiers to be given the right to acquire full equity.
- 3.4 The normal procedures for providing shared ownership is for the developer to construct the units to the RSLs specification (having regard to the advice in paras 2.12 & 2.13) and then to sell the units to the RSL at an agreed discounted rate. The discounted rate will vary from site to site depending on a number of circumstances, but it will need to be sufficient to secure RSL involvement on an appropriate number of units.

### **Housing for Rent**

- 3.5 It is also important that the provision of affordable housing for rent be made available through a RSL approved by the Council. RSL involvement will ensure that rented accommodation will be subject to a form of management arrangement to control the tenancy and the future occupancy of the units.
- 3.6 As with shared ownership arrangements, it is normal for the developer to provide the specified affordable units to an RSL at an agreed discounted price that secures RSL involvement, which again will be negotiated on a site by site basis as above.

### **Discounted Market Housing**

- 3.7 When a scheme intends to develop low-cost market housing the Council will endeavour to ensure that the affordable housing units provided are actually 'affordable' to people on low incomes who otherwise would be unable to buy homes at open market prices.
- 3.8 To help achieve this objective, any approval of planning permission will incorporate a right for the Council to nominate and/or approve purchasers of the affordable units so as to ensure that the units are occupied by people on lower incomes and in need of affordable housing.
- 3.9 It is also important that low cost market housing remains affordable for subsequent occupiers. Therefore, the Council will seek to impose occupancy controls to ensure that the affordable housing built is occupied in perpetuity only by people in need of affordable housing.
- 3.10 In order to ensure that the levels of subsidy required from developers are consistent, the discount should be equivalent to 25% of the average market valuation of the development (please see Appendix 3 for a worked example of how discounted market housing could be negotiated on this basis).

- 3.11 It may be that on certain sites within the Borough a 25% discount would not provide adequate affordable housing (e.g. a 25% discount on a £100,000 dwelling would not be considered affordable for those in need). In such circumstances the Council will seek to apply the agreed discount to a fewer number of units in order to achieve affordability. However, developers should note that the Council will still seek to ensure that residential developments incorporate a good mix of dwelling size, type and affordability.
- 3.12 The Council will consider other means for providing discounted market housing, as long as they would result in the provision of genuine affordable housing for those in need.**Involvement of a RSL**
- 3.13 The Council considers that rented and shared ownership dwellings managed by RSLs are particularly good examples of dwellings that will be able to meet local needs, in line with the advice and preference of Circular 06/98. It is envisaged that the bulk of affordable housing provision in Bury will be provided in this manner.
- 3.14 The Council supports the involvement of RSLs as they have their own occupancy criteria and are governed by the rules of the Housing Corporation, making further occupancy controls unnecessary. In addition, RSL involvement **may** include Social Housing Grant subsidy but developers should be aware that public subsidy for the provision of affordable housing is limited and resources **fall significantly short of need**.
- 3.15 For these reasons, the Council will encourage applicants to meet affordable housing requirements through forming partnerships with RSLs at an early stage (ideally pre-application). RSLs should be drawn from those who have an existing role in the Borough, and form part of the Bury Joint Commissioning Partnership (developers should contact the Council's Housing Department for further details of the Partnership – See para 7.1).

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## 4.0 - IMPLEMENTATION OF AFFORDABLE HOUSING PROVISION

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- 4.1 This part of the advice note identifies the three possible ways whereby affordable housing provision can be implemented by a developer.
- 4.2 It should be noted that the following ways of implementing affordable housing are **not options** for the developer, as the Council will generally demand that any affordable housing be fully integrated within a site. Therefore, the alternative ways of providing affordable housing will only be applicable in **exceptional circumstances**.

### **Full On-Site Provision**

- 4.3 The Council will generally demand that affordable housing provision be met fully on-site as part of the developer's own scheme, as favoured by Central Government. This approach will make the greatest contribution towards the

Council's objectives of creating more mixed and inclusive communities, which will help provide a broader social structure capable of supporting a wider range of community facilities.

- 4.4 As identified in 2.12, the on-site provision of affordable housing should be addressed sensitively in the design of new housing developments and the Council will not accept proposals whereby areas of affordable housing are clearly separate from general market housing.

#### **Off-Site Provision**

- 4.5 Only in exceptional circumstances will the Council accept affordable housing provision to be provided partly or wholly off-site. Generally, the onus is on the applicant to demonstrate to the Council's satisfaction why affordable housing provision should not be provided on-site, bearing in mind the Council's desire to diversify housing in the Borough. Alternatively, there may be instances where the Council feel that it is actually preferable to provide affordable housing off-site and will enter negotiations on this basis. In any event, the option for off-site provision will only be acceptable if all parties agree.
- 4.6 The Council accepts that there may be circumstances where it may be desirable to reduce or remove the affordable housing requirement on-site, if such provision on-site would prejudice other planning priorities<sup>4</sup> (e.g. if off-site provision elsewhere would have a greater impact in meeting the identified housing needs of the local population). In such instances it will be necessary for the developer to demonstrate that the off-site provision is of equal or greater value than the amount of on-site affordable housing foregone.
- 4.7 Where exceptional circumstances lead to the provision of affordable housing off-site, the Council will endeavour to ensure that the affordable housing provision (either units, land or commuted sum) is provided within the vicinity of the main development. Where this is not possible, the Council will direct the provision within the general locality and otherwise to areas of need elsewhere in the Borough.
- 4.8 The Council has identified three ways in which the provision of affordable housing off-site can be met;

#### **Erection of Affordable Units Off -Site**

- 4.9 The Council's next preferred option (after on-site provision), is for the developer to meet the affordable housing requirement on a suitable site nearby.
- 4.10 When the Council agrees to the provision of affordable housing off-site it will seek to impose controls to ensure that the timing of the construction of the affordable units will run parallel with the construction of the main site. Developers will be required to enter into a planning agreement to this effect.

#### **Provision of Development Land**

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<sup>4</sup> It should be noted that the provision of affordable housing off-site should not prejudice other Council objectives of creating more socially balanced communities and diversifying housing types and sizes in the Borough.

- 4.11 There may be instances where an applicant wishes to offer land free of charge for development by a RSL, to offset the requirement of on-site provision. However, the Council has reservations about this approach due to polarisation of communities and will generally not accept such proposals under 'normal' circumstances. Developers should also note that the Council will not accept land that is incapable of accommodating the required number and type of affordable housing units, or land in areas where there is no requirement for affordable housing.
- 4.12 Any acceptance of land off-site will be subject to RSL involvement and their ability to secure development finance to construct the affordable units.
- 4.13 In addition, the applicant will have to demonstrate that the land on offer is fully serviced, and is free from inherent development constraints or abnormal development costs. The suitability of the land will also be considered against other planning policies and its proximity to local services, including public transport.

**Commuted Sum (financial contribution)**

- 4.14 As a last resort, the Council may accept an in-lieu financial contribution to meet the affordable housing requirement off-site. This is the Council's least favoured option for providing affordable housing as the resulting delay in accumulation of sufficient moneys to fund development schemes is unacceptable to the Council. Therefore, this approach will only be considered after all other options are exhausted.
- 4.15 Due to the above concerns, the Council will seek to negotiate off-site provision at 30% (rather than 25% on on-site provision) of the average market value of the proposed development on a suitable number of dwellings (25%). For clarity, the box below gives an illustration of this calculation.

<b>For a development of 100 houses with an average market price of £65,000, the calculation would be:</b>			
<b>Affordable Housing Quota</b>	<b>x</b>	<b>Financial Contribution</b>	<b>= Developer Contribution</b>
<i>(25% of site Capacity)</i>	<i>x</i>	<i>(30% of market Price)</i>	
<b>25 houses</b>	<b>x</b>	<b>£19,500</b>	<b>= £487,500</b>

- 4.16 It is essential that commuted sums actually result in the provision of affordable housing and, therefore, all contributions made in respect of policy H4/1 will be held in the Council's affordable housing fund. These funds will be ring-fenced, only to be used for affordable housing, and the Council will endeavour to ensure that provision is implemented in the general locality of the main housing site. Where this is not possible, or where there is no demand in the immediate locality, monies will be used elsewhere in the Borough. The specific timescales of spending any commuted sum will be covered by a planning agreement but it will normally be over a minimum of 7 years.
- 4.17 In the event of dispute between the Council and a developer in connection with the calculation of open market value arising from the implementation of this SPG: Affordable Housing, the same shall be referred to an expert to be agreed upon

between the parties or in default of such agreement being reached by a suitably qualified expert nominated by the President for the time being of the Royal Institution of Chartered Surveyors or any person authorised by him to make appointments on his behalf. The fees and expenses of such an expert including VAT and the cost of their appointment will be borne equally by the Council and the Developer or each must otherwise bear their own costs.

### **Mixture of Above**

- 4.18 There may be circumstances whereby the applicant and/or the Council wish or need to incorporate a mixture of affordable housing provision (e.g. some provision on-site and some off-site). Such a mixture will depend on individual site circumstances but as a general rule, developers should have regard to the advice highlighted above, bearing in mind the Council's strong preference for provision on-site.

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## **5.0 - OTHER PROCEDURES**

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- 5.1 This section examines the measures that will be used by the Council to secure affordable housing on suitable sites, including occupancy controls.

### **Occupancy Control**

- 5.2 The Council will seek to ensure that the affordable housing provision in a development will be occupied in perpetuity only by people in need of affordable housing. In imposing occupancy controls, the Council will use planning conditions/agreements, detailing clear eligibility criteria for occupants.
- 5.3 In line with Circular 06/98, the Council will not impose any additional occupancy controls over and above those of a RSL where a RSL will manage the affordable units.
- 5.4 For all other types of affordable housing provision, it will be necessary for the Council to impose occupancy controls to ensure that units will remain affordable for successive households. The details for ensuring that initial and subsequent occupants of affordable units are actually in need may vary according to the particular details of a housing scheme.
- 5.5 As stated in paragraph 3.8, the Council will control the occupancy of discounted market housing by reserving the right to approve/nominate purchasers.

### **Planning Conditions & Section 106 Agreements**

- 5.6 Once the level, type and location of affordable housing has been agreed, the use of planning conditions and/or legal agreements will be used to secure affordable housing provision<sup>5</sup>. It is normal practice for the Council to use a formal Planning Agreement under Section 106 of the Town & Country Planning Act 1990, which normally should be signed before a decision on an application is made.

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<sup>5</sup> Providing that other matters of Council concern are acceptable.

**Section 106 agreements may cover, among other things:**

- **the level of affordable housing provision to be provided;**
- **occupancy controls to ensure that dwellings will remain affordable to successive occupiers (in the absence of RSLs involvement);**
- **the nomination process;**
- **the provision of off-site dwellings/payments/release of land elsewhere, to ensure that dwellings/monies/land is released before the occupation of an agreed amount of market dwellings;**
- **the timing of on-site affordable housing provision within the overall scheme to ensure that affordable housing units are developed at an agreed rate in relation to the open market housing;**
- **the location of affordable housing provision within the site;**
- **arrangements for the involvement and role of suitable RSLs or other appropriate Social Housing Agencies; and**
- **details of dates for the spending of commuted sums (when applicable).**

**The exact details to be covered in any agreement will depend on the individual circumstances of each site and may include additional matters not identified above.**

- 5.7 Any approval granted for outline residential permission where policy H4/1 may be applicable will be conditioned so that subsequent reserved matters are required to provide adequate affordable housing provision. Outline and reserved matters applications may also be subject to a Section 106 agreement in the same format as a full planning application.
- 5.8 Where there are proposed changes to an original planning permission (as discussed in paragraph 2.6), applicants should be aware that this may also require changes to any planning condition and/or agreements

**Monitoring**

- 5.9 The Council will update the advice in this guidance note on a regular basis, taking account of any review of the Borough's housing needs and housing strategy.
- 5.10 All residential schemes (including those where policy H4/1 has not been applied) will be subject to ongoing monitoring to ensure that an appropriate amount, type and tenure of affordable housing is being provided where it is most needed. This will enable the Council to amend policy details to take account of changes in the levels or types of housing needs.

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## 6.0 - CONCLUSION

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- 6.1 This guidance provides detailed advice on the implementation of affordable housing in Bury. It supplements Policy H4/1 by taking account of recent Government guidance in the form of Circular 06/98 and PPG3 (2000). It also sets out the types of affordable housing that may be required, and underlines the locational and procedural issues that will be taken into account when negotiating and implementing provision.
- 6.2 The guidance will be implemented in determining planning applications, and ideally should be referred to by persons proposing to submit residential applications before they do so.

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## 7.0 - BACKGROUND DOCUMENTS

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- Bury Unitary Development Plan, Bury MBC (August 1997);
- Planning Policy Guidance Note 3: Housing (1992), DoE (March 1992);
- Planning Policy Guidance Note 3: Housing (2000), DETR (March 2000);
- Circular 13/96 (Planning & Affordable Housing), DoE (8<sup>th</sup> August 1996);
- Circular 06/98 (Planning & Affordable Housing), DETR (8<sup>th</sup> April 1998);
- Bury MBC – 2001 Housing Needs Survey (2001)
- Bury MBC – 2001 Housing Strategy

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## 8.0 - CONTACTS

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- 8.1 The advice in this note has been designed to be user-friendly and seeks to clarify the Council's policy on affordable housing and on housing need in the Borough of Bury. However, if you require further information, the following people can be contacted:

**For Information on the Implementation of Policy H4/1 of the Bury UDP  
Contact:**

**Crispian Logue**, Planning Officer (Planning Policy)  
Bury Metropolitan Borough Council  
Department of Development and Environmental Services  
Planning Division  
Craig House  
5 Bank Street  
Bury  
BL9 0DN  
Tel: 0161 253 5306  
Email: [c.logue@bury.gov.uk](mailto:c.logue@bury.gov.uk)

**For Information on RSLs Forming part of the Bury Joint Commissioning Partnership Contact:**

Housing Service Manager of Strategy, Planning & Research,  
Bury Metropolitan Borough Council,  
Department of Personal & Community Services  
Town Hall  
Tel: 0161 253 7315

**For Information on Section 106 Agreements contact:**

**Christine Swinnerton, Principal Legal Officer,**  
Corporate Resources Department,  
Town Hall  
Knowsley Street  
Bury  
BL9 OSW  
Tel: 0161-253-5215  
Email: [c.swinnerton@bury.gov.uk](mailto:c.swinnerton@bury.gov.uk)

## APPENDIX 1 - POLICY H4/1 OF THE BURY UNITARY DEVELOPMENT PLAN

### H4/1 AFFORDABLE HOUSING

**The Council will encourage the provision of affordable housing through negotiation, partnership agreements and the identification of land suitable for such purposes. There will be particular emphasis given towards encouraging the development of affordable housing as an integral part of large housing developments.**

#### Justification

This policy will be implemented in accordance with Government guidance in PPG3 "Housing" and, more particularly, its supplement, Circular 13/96 "Planning and Affordable Housing", which deals specifically with the provision of affordable housing.

In accordance with the above mentioned guidance and for the purposes of implementing this policy, reference to "affordable housing" is defined as encompassing both low-cost market housing and subsidised housing (irrespective of tenure, ownership - whether exclusive or shared - or financial arrangements) that will be available to people who cannot afford to occupy houses generally available on the open market, (Circular 13/96, paragraph 6).

Furthermore, also in accordance with the above mentioned guidance and for the purposes of implementing this policy, reference to "large housing developments" is defined as applying to suitable developments of 40 or more dwellings, or residential sites of 1.50 hectares or more, (Circular 13/96, paragraph 10 b i)).

The ability of the Council to house those unable to purchase housing on the open market has declined over the last decade or so. Increasingly, local authorities throughout the country are looking towards partnership schemes with housing associations and the private sector as a means of providing affordable housing, and for the private sector themselves to provide low cost market housing.

The level of housing association building in the Borough remains relatively low, however, making up approximately 4% of housing completions since 1986. Further, the introduction of the Right to Buy has seen a reduction of the Council's housing stock from 13,387 to 10,337 (23%), with family housing forming the majority of those dwellings lost. As a result there has been a reduction in the level of social housing in the Borough from 13,400 in 1986 to 12,392 in 1993.

Meanwhile, the need for affordable accommodation remains. The number of General Waiting List (GWL) applicants stands at 2,230 and is continuing to rise. Of 2,074 applicants requiring non-sheltered accommodation, 44.4% (921) require family accommodation. An analysis of the allocations over the period 1992 - 1993, however, shows that only 45 families were housed in Council properties and 68 housed under nomination agreements with housing associations. At this rate it would take over 8 years to accommodate those families currently on the

GWL. Further, it is recognised that there is a lack of larger housing to meet the needs of extended family networks of some ethnic groups.

Single person accommodation is also highly demanded - forming 55.6% (1,153) of applicants requiring non-sheltered accommodation. The ability of the Council to meet the need is restricted by low relet levels for this type of accommodation. Over the period 1992 - 1993 only 77 single people were housed in Council properties and 8 under nomination agreements with housing associations. At this rate it would take over 13 years to accommodate those single people currently on the GWL. Further, it is clear that through social change, changes in lifestyle and the move towards independent living, the demand for single person accommodation will continue to be an important issue.

It should also be noted that a third of all GWL applicants are either living with parents or another household and it is these applicants, in particular, who have a high risk of becoming homeless. Between 1992 and 1993, out of a total of 666 households accepted as homeless, 41% belonged to these two categories.

The increase in the number of homeless is a particular area of concern. In 1979, 147 applicants were accepted as homeless, in 1993 this figure had increased to 666. Housing the homeless utilises a significant level of resources and has had a major impact upon the Council's ability to house those on the GWL and those on the transfer list. Over the period 1992 - 1993, out of a total of 682 new allocations, the homeless accounted for 60% (425) and GWL applicants only 40% (257). Further, out of a total of 407 households allocated to family dwellings, 89% were allocated to homeless families.

It is clear that there will be a continuing need to provide affordable family and single person housing in the Borough, not only to cater for the demand from the homeless, but also to allow the Council to increase the allocations to GWL applicants. It is equally clear that in order to meet these needs an increase in the Borough's stock of affordable housing is required.

In order to meet these housing needs the Council is keen to encourage increased housing association development, joint venture schemes with the private sector and low-cost market housing. In particular, the Council will seek to ensure that large housing developments make a contribution to meeting the need for affordable housing in the Borough, with an emphasis on the provision of family and single person accommodation.

In accordance with PPG3 and Circular 13/96, when assessing planning applications, the willingness of the developer to include an element of affordable housing will form a material consideration, although it is the Council's intention to pursue this policy through negotiation.

Research into housing needs in the Borough is continuing and a Borough-wide housing needs survey has been undertaken.

It is important that any housing provided under this policy should be retained as affordable housing and, in order to achieve this, the Council will consider the use of such measures as agreements under Section 106 of the Town and Country Planning Act 1990, agreements giving the Local Authority control over lettings, and arrangements with Housing Associations.

In the light of guidance in Circular 13/96, further research into housing needs in the Borough will be undertaken, particularly to provide a more precise definition of affordable housing based on local incomes in relation to house prices/rents; to establish a plan-wide affordable housing target and site specific targets; and to establish occupancy criteria.

When available it is intended that this information will be published in the form of supplementary planning guidance pending the review of the Bury UDP. Where applicable, housing proposals should have regard to any supplementary planning guidance issued by the Council. Any such supplementary planning guidance will be issued solely for the guidance of applicants and will be consistent with the Plan and subject to Council approval. Where appropriate, public consultation will be carried out.

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## **APPENDIX 2 - BRIEF DETAILS OF HOUSING NEEDS IN BURY**

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The following bullet points relate to the key findings from Bury's housing needs survey 2001.

- 4,682 (6.1%) households are deemed to be living in unaffordable accommodation;
- there is a specific requirement for 694 affordable units in Bury;
- at least 50 of these should be shared ownership units;
- there is an issue of affordable housing across Bury, affecting a broad range of household types living in different tenures; and
- there is a particular concern for older social renters, with a specific demand for sheltered bedsits.

## APPENDIX 3 - DISCOUNTED MARKET HOUSING

This appendix identifies how the Council will seek to implement Policy H4/1 in instances where affordable housing provision is to be met through discounted market housing. However, as stated in 3.11, the Council will consider other ways of securing discounted market housing, provided that genuine affordable housing provision is secured for those in need.

**For a development of 100 houses with an average market price of £65,000, the calculation would be:**

<b>Affordable Housing Quota</b> <i>(25% of site Capacity)</i>	<b>x</b>	<b>Financial Contribution</b> <i>(25% of average market Price)</i>	<b>=</b>	<b>Developer Contribution</b> <i>(market discount)</i>
25 houses	x	£16,250	=	£406,250

**In this instance, the Council will seek to ensure that the £406,250 discount is applied to an appropriate number and type of units to achieve affordable units.**

Effectively, a 25% discount on 25% of the total number of units is equivalent to a 6.25% discount on the total market value of the development.

As mentioned in 3.11, there are parts of the Borough where a 25% discount is unlikely to secure 25% of the units to be affordable. In such instances the Council will seek to apply the collective discount on a fewer number of units to make them affordable.

In all cases, an affordable housing price for a particular development will be negotiated based on the results of the housing needs survey and the most up-to-date information relating to local house prices and local incomes.