



Providing for Housing Choice - Planning Guidance

Providing for Housing Choice - Planning Guidance



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1 Introduction

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1 Introduction

1.1 This document provides planning guidance about the mix of new housing provision required in Manchester to meet the requirements of the City's planning policies and government guidance about planning policies for housing provision, as set out in *Planning Policy Statement 3 (PPS 3)*, November 2006.

1.2 The City Council is committed to establishing a strategy for affordable housing provision in Manchester. This coincides with the Government's proposals in a Green Paper on Housing 'Homes For The Future: More Affordable, More Sustainable.' This emphasises the duty of local authorities to take the lead in providing more affordable housing, with increased levels of funding available for grants and loans to local authorities and housing associations to invest in shared ownership schemes.

1.3 It is important that everyone living in Manchester has the opportunity of a decent, affordable and accessible home and that the range of available housing both supports the City's economic growth and develops and sustains neighbourhoods, attracting families and workers.

1.4 We need a diverse range of housing provision, which varies according to needs at a neighbourhood level. The City has a housing stock in which, overall, social and private rented housing is over represented; this has been a factor in the failure of local housing markets and specific neighbourhoods. New development, with a high proportion of good quality, private housing, especially for owner occupation, and which meets the needs of the whole community continues to be a priority. But alongside this, sharply increasing house prices means that many more people now need affordable housing options, and the range of provision has to cater for this requirement.

1.5 The scale of change has been dramatic. In 2002, at least 50% of homes sold in Manchester were affordable to households with the average income of City residents. By 2006, this had fallen to 23%, and the great majority of newly forming households, with below average incomes, are struggling to afford to purchase a home. Economic forecasts predict that a significant number of jobs will be created in the City over the next 10 years at both the higher and lower ends of the market therefore it is likely that the demand for a range good quality affordable homes will increase over time.

1.6 The City also needs to diversify its housing offer to support continued economic growth and the delivery of Community Strategy objectives, in particular the target of creating a more balanced housing market by increasing levels of owner occupation from 42% to 60% by 2015. In order to be successful the housing offer needs to be seen as a key integral component of the wider Community Strategy to address new demands and aspirations as well as meeting need. Manchester's future housing offer has to be driven by and supportive of the demands of residents benefiting from the outcomes of the Community Strategy.

1.7 There is a buoyant planning pipeline (extant planning permissions and units under construction) within the City at present. The City Council encourages developers and investors, in a spirit of partnership for the future well being of the City to reconsider extant



Introduction 1

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development proposals to examine whether more could be done to increase the supply of affordable housing. The City Council believes that this makes commercial sense given the prevailing market conditions and the growing gap between house prices and incomes.



2 Affordable Housing Strategy

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2 Affordable Housing Strategy

2.1 As the City's economic growth continues to accelerate the City needs to diversify its housing offer through a new policy framework to support economic success, inclusion, social and environmental improvements and the outcomes of the Community Strategy. The Council needs to ensure better opportunities are available for lower paid and lower skilled residents to access housing and share in the predicted growth. Achieving this requires a new, more sophisticated strategic approach to the City's housing strategy. The Council needs to lead on improving the quality, quantity and balance of housing supply in the City. The City Council's Affordable Housing Strategy is an important tool to secure the provision of a range of new housing suitable for existing and future residents, with an emphasis on mechanisms to enable access to home ownership.

2.2 The housing offer must be seen as a key integral component of the wider Community Strategy to address new demands and aspirations. Raising average household income levels and reducing worklessness are critical to the longer term sustainability of housing markets and to increasing choice and improving affordability. Whilst improved access to housing is an immediate element of creating neighbourhoods of choice, it also plays a significant role in the drive to raise self esteem and independence and in further rewarding greater economic activity.

2.3 The proposed approach is a combination of developing new housing policies to more effectively use the existing stock and planning guidance to shape new provision. The former is emerging as the key element of the strategy - not only will these policies make a more immediate impact, they are also necessary to achieve the required scale. New supply contributes marginally to the City's overall housing stock. Over the last 5 years, new build has contributed 15,795 additional units - increasing the stock by 1.5% pa, under the draft RSS this will rise to 1.7%pa. Whilst it is important to maximise the contribution that new supply can make this has to be seen as complementary to larger scale interventions with the existing stock.

2.4 The Affordable Housing Strategy (2007) will comprise a suite of documents of which this planning guidance is part. Other documents will outline in more detail the approach to development of innovative financial packages and products to enable existing and future residents to access home ownership, for example engaging with developers to pilot a competition to provide a home for an average £25k income household which will be constructed to the highest design standard; making best use of existing affordable housing; and, better and more integrated use of the private rented sector.

2.5 It is essential that the Affordable Housing Strategy is not interpreted as a strategy to deliver low quality, low value homes. The aim of the City Council is to deliver high quality homes at all levels of the market across the City. It is essential that all new housing in the City is built to optimum environmental and design standards. The outcome of the affordable housing strategy is a high quality housing offer undifferentiated by type or tenure housing supply which can meet the needs of existing and future residents.



Affordable Housing Strategy 2

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2.6 In developing its approach to affordable housing delivery, the Council is keen to continue its partnership working with stakeholders, and in particular developers, to ensure that housing requirements are met and sustainable communities are delivered across the City. We appreciate that a strong working relationship can achieve added value that goes well beyond the basic essentials of meeting prescribed planning requirements.

Objectives of the Affordable Housing Strategy

- The need to ensure the development of homes and places to attract and retain workers at all levels in the new economy through their housing life cycles.
- Promoting pathways into owner occupation by providing new financial products, skills and employment training to retain and attract working households in the city.
- Making best use of existing affordable housing in the social sector, by more efficient management and by promoting social mobility.
- Better and more integrated use of existing private housing, especially the private rented sector, through improving its quality and accessibility to deliver social mobility effectively and meet residents' aspirations.
- Utilising opportunities available through the planning system to assist in the provision of affordable housing.
- Supporting delivery of balanced and sustainable communities through the provision of additional social rented housing where there is an identifiable need.
- Ensuring the housing needs of key workers are adequately met.

This Guidance

2.7 This guidance deals specifically with the provision of affordable housing through the planning system in Manchester. The main focus is therefore on new supply. It sets out policies concerning the proportion and types of affordable housing required, the sites on which this will be required and the practical planning, design and procedural requirements.

2.8 The need to comply with national and regional policy requirements dictate the format and content of the document to some degree, however it is intended that the specific needs and demands of the Manchester situation are recognised and addressed. The Council wishes to see an innovative approach to resolving affordability as an issue within the housing market. As such, it is asking the development industry to develop and share good practice on financial packages which meet identified need within the income/house price ratios identified at paragraph 4.21.

2.9 This document has been initially adopted as Planning Guidance (in March 2008). Those areas shaded in purple will be formally adopted as having Supplementary Planning Document status later in 2008.

2.10 This guidance is consistent with saved UDP policies H1.2 and H1.5 (see table 3.1), which are to promote a range of housing stock, in terms of the type and size of new housing, in order to cater for all who wish to live in Manchester. It also corresponds to national guidance on affordable housing provision in Planning Policy Statement 3 (Nov 2006) and in the draft North West Regional Spatial Strategy. The document has been prepared in accordance with



2 Affordable Housing Strategy

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the requirements of the Planning & Compulsory Purchase Act 2004; the Town & Country Planning (Local Development) (England) Regulations 2004 and is in line with the forthcoming amendments to these Regulations due in May; and is in accordance with the Council's Statement of Community Involvement.



3 Strategic Context

National Policy

3.1 The Department of Communities and Local Government (CLG) introduced a new set of national policy documents about the provision of Affordable Housing in November 2006. These provide the main policy framework for local strategies and comprise:-

Planning Policy Statement 3: Housing (PPS3) which sets out the national planning policy framework for delivering the Government's housing objectives, within the context of the national Sustainable Communities Plan, together with a

Delivering Affordable Housing policy statement, providing information on how the existing mechanisms operate to help in delivery of affordable housing.

These documents replace the previous guidance known as PPG3 (2000) and Planning Circular 6/98. The powers to negotiate affordable housing provision through "planning obligations" under S106 of the Town and Country Planning Act 1990 remains a key tool, and consideration of possible changes to this continue as part of the proposals made for a Planning Gain Supplement.

3.2 The policy statement sets out local authorities' vital role in delivering affordable housing provision through their planning and strategic housing powers. Authorities need to take the lead in ensuring that the right housing is in place to meet current need and future housing demand. There will need to be a good evidence base, and close working is needed with regional bodies and local delivery partners.

3.3 There is key guidance within PPS3 in respect of affordable housing policy; the main points are summarised in Appendix B, Requirements for Affordable Housing, and include requirements to:

- Set **targets for affordable housing**, in terms of the amount of affordable housing, and the type and tenure of the affordable homes required.
- Set **site thresholds** above which affordable housing will be required.
- Set out the **approach to developer contributions, included for off-site provision** where that is agreed.

3.4 This increased national emphasis on affordable housing delivery has been further underlined by the recent Green Paper 'Homes for the future: more affordable, more sustainable' (CLG July 2007). The Green Paper sets challenging new targets for the increased delivery of affordable homes, both for rent and sale.



3 Strategic Context

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3.5 The Green Paper sets the context within which local authorities will need to demonstrate that they have taken all necessary steps to facilitate the supply of affordable housing to meet identified need. This guidance represents a critical part of the City Council's work in this area, as we respond to Government's challenge that:-

3.6 "Local authorities have a critical role to play in achieving a major increase in new homes and their strategic housing role is at the heart of achieving our ambitions for affordable housing supply. We want to see local authorities step up to play a stronger role in addressing the housing needs of all their residents, as part of their strategic housing role" ⁽ⁱ⁾

Regional Policy

3.7 Draft Regional Spatial Strategy (RSS) for the North West of England (January 2006) provides a policy framework to direct physical development and growth across the region for the next fifteen to twenty years. Following its Examination in Public in autumn 2006, and the subsequent publication of the Panel Report in May 2007, it is anticipated that the draft RSS will be adopted later this year.

3.8 The Panel Report does not recommend radical changes to the overarching strategy presented in draft RSS (2006), but suggests however that affordability targets are included in the next review of RSS. The draft Regional Spatial Strategy (RSS) was prepared before PPS3 (2006) was finalised, but it reflects similar requirements. It does not propose specific targets for affordable housing provision but states that, to a greater or lesser extent, there is a shortage of supply of affordable housing in all parts of the North West, and a key issue is the need to maintain sustainable, balanced communities. The draft RSS policy L5 requires that:-

3.9

"Plans and strategies should set out requirements for affordable housing, and the location, size and types of development to which these requirements apply. They should set quotas and thresholds for affordable housing provision along with an indication of the type, size and tenure of affordable housing required, which should be supported by evidence from sub regional housing market assessments."

3.10 The provision of affordable housing is also a key priority within the North West Regional Housing Strategy (2005), which seeks to 'provide affordable homes to maintain balanced communities.' The Regional Housing Strategy, which is currently under review, states that:

3.11 "Local Authorities will need to make full use of the planning system, including the use of Section 106 Agreements to require the provision of affordable housing in new developments to meet local needs. They should continue to consider the need for affordable housing when preparing development plans (or local development documents under the new guidance) and adopt policies to make sure that this will be delivered." ⁽ⁱⁱ⁾

i CLG Homes for the future: more affordable, more sustainable. July 2007 page 12

ii North West Regional Housing Strategy 2005 page 23

City Policies and Programmes

3.12 This Guidance has been prepared to support the vision and aims of the 'Manchester Way' the **Sustainable Community Strategy** ⁽ⁱⁱⁱ⁾, for the City:

- That meets and exceeds the needs of all residents, with particular regard to those who have been socially excluded;
- Of successful neighbourhoods which attract and retain people from diverse communities and in which people feel secure and supported.

3.13 A core driver of success will be the creation of "Neighbourhoods of Choice" with truly sustainable communities where people choose to live because of the quality of life on offer.

Neighbourhoods of Choice

It is through the creation of neighbourhoods of choice that (we) will succeed in delivering the household growth needed to underpin the City Region's economic growth potential. The creation of neighbourhoods of choice will demand an integrated and planned approach that can ensure that there are quality public services in the right location, along with quality local amenities, a choice of housing, a quality local environment and low levels of crime and disorder.

(MSP Scheme Update, October 2005. p29)

3.14 One of the central themes in the 'Neighbourhoods of Choice' vision is that there should be wide choice of housing, across tenures, with higher levels of home ownership than currently exist and higher overall property values. The needs of existing residents should also be met. These aims set an important context for affordable housing delivery.

3.15 The Community Strategy sets the aspiration of a growing population, a higher percentage of working families, and owner occupation increasing to around 60% of households by 2015. Implicit in this latter objective is a parallel reduction in the overall proportion and numbers of social and private rented housing. The aim is to create local housing markets that will attract and retain economically active households working in the City, rather than being a magnet – as it has been historically – to low-income households due to its plentiful supply of cheap housing. There is an important balance to be struck here, so that the housing needs of existing residents can still be met. This guidance operates within this context.

3.16 In addition the Community Strategy seeks to address the entrenched problems of worklessness within the City to provide pathways into employment for residents and to retain working residents through their lifetime. An appropriate and enduring supply of decent housing to meet the needs of these households into the future is required.

iii Sustainable Community Strategy 2006-2015, launched March 2006. This is the overarching Partnership Strategy in Manchester which fits into and supports a framework of other partnership strategies and the Strategic Regeneration Frameworks



3 Strategic Context

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Housing Market Renewal

3.17 The Manchester Salford Housing Market Renewal Partnership (MSP) is driving forward programmes for the inner city which aim ‘to support the economic growth potential of the Manchester City Region by creating neighbourhoods of choice that meet the needs of existing residents and are attractive to new and former residents.’

3.18 The successful delivery of the Pathfinder programme and the City’s Sustainable Community Strategy will create:

- A significantly increased population, and considerably more households, sustaining high quality local services;
- A broader range of housing, by tenure and type, with higher levels of home ownership and property values equal to the Greater Manchester average;
- A higher proportion of people in employment and in higher paid and higher skilled employment; and
- A dramatically lower level of multiple deprivation.

The Unitary Development Plan

3.19 The UDP was adopted in 1995, and is currently in the process of being replaced by the new Local Development Framework (LDF). Within the UDP there are a number of policies that support the approach set out within this guidance note, these are summarised in Table 3.1.

Table 3.1 UDP Policies

| UDP Ref | UDP Text |
|---------------------------------|---|
| Introduction to Housing Chapter | The Council wishes to see new housing schemes of a high quality. It will expect all schemes to be designed so that they provide safe and attractive places for people to live |
| Housing Policy H1.2 | The Council wishes to ensure that the housing stock contains a wide enough range of housing types to meet the needs of people who want to live in Manchester |
| Housing Policy H1.2 (b) | Provision of accommodation for larger households (6+) including units suitable to meet the needs of ethnic minorities with extended families |
| Housing Policy H1.2 (c) | Provision of low cost homes for rent |
| Reasoned Justification to H1.2 | The Council wants to encourage change within the housing stock to increase the range of housing types available to meet the needs of people who want to live in Manchester. This means: Widening the range of affordability... Widening the range of property sizes and types to cater for the needs of people at different stages in their life with different housing requirements. |

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| | |
|---|---|
| Housing Policy H1.5 | The Council wishes to ensure that the city's various communities remain, or become more, sustainable in economic and social terms. |
| Housing Policy H2.1 | The Council will encourage environmental improvements to make residential areas safer and more attractive. |
| Regeneration Policy R1.1 | The Council will pursue an area-based regeneration strategy working with the local communities, public sector agencies, the private and voluntary sectors and Central Government in order to achieve a holistic approach to dealing with economic, social and environmental problems. The Council will ensure that regeneration programmes maintain and create sustainable communities. |
| Part 2 Policy EM1 (i) | The sustainable regeneration of East Manchester ...will comprise... the provision of sustainable urban neighbourhoods |
| Part 2 Policy HC1 (g) | Provide new and affordable housing for local people (in Harpurhey, Lightbowne and Collyhurst) |
| Part 2 Policy HU1 (d) | Provide...housing choices to ensure a balanced and self-sustaining community (in Hulme) |
| Part 2 Policy MS1 (e) | Provide opportunities for a range of house types to meet the needs of all sections of the community (in Moss Side) |
| Part 2 Policy GO1 (a) | Improve the quality and range of the local housing stock to meet the needs of the community (in North and South Gorton) |
| Part 2 Policy WR1 (d) | Provide for a range of living accommodation suitable for all sectors of the community (in Whalley Range) |
| Part 2 Policy LL1 (a) | Improve the quality and range of housing to meet the needs of the local community (in Longsight and Levenshulme) |
| Implementation of the Plan Chapter, Background and Introduction section (d) | It is intended that the Council will produce an annual monitoring statement. The objectives of this will be to: ...provide an opportunity for the City Council to influence the actions of the other agencies, in both the public and private sector which will play an important role in the implementation of the plan. |
| Implementation of the Plan Chapter, Community Benefit section | The Council is committed to improving the quality of life for all Manchester residents, especially the disadvantaged. |



3 Strategic Context

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3.20 The LDF will be radically reviewing planning policies across the City, including issues in respect of housing choice and affordability. However, until new LDF policies are in place, policies within the UDP, in conjunction with national and regional planning policy guidance, form the basis upon which this affordable housing guidance has been developed.

3.21 In particular, this guidance also takes account of the advent of the new PPS3 on housing, the recently published Housing Green Paper, and a compelling new evidence base (2007 Housing Needs Assessment) about the level of unmet housing needs. These all highlight the need to adopt an interim approach to extending housing choice and tackling affordable housing issues across the City, prior to the development of longer-term LDF policies



Affordable Housing Needs 4

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4 Affordable Housing Needs

4.1 Having established the strategic policy and wider housing market context for housing choice and affordable housing delivery across Manchester, it is important to establish the evidence base for its provision. This section of the guidance seeks to:

- Explain what affordable housing is.
- Evidence the need for affordable housing

What is Affordable Housing?

4.2 PPS3 sets out new definitions of affordability and affordable housing, these are summarised here:

Affordability

4.3 Affordability is a measure of whether housing may be afforded by certain groups of households. It is measured on the basis of gross household income and based on ODPM/CLG Draft Housing Market Assessment Guidance:

- An owner-occupied or intermediate tenure property is unaffordable if it costs more than 3.5x a single or 2.9x a joint gross household income. Households entering owner-occupation are also assumed to have at least a 5% deposit.
- A rented property is unaffordable if it costs more than 25% of gross household income.

Affordable Housing

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

4.5 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 price; and
- 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.

4.6 PPS3 identifies two types of affordable housing:

- Social rented; and
- Intermediate tenure.



4 Affordable Housing Needs

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Social Rented Housing

4.7 Social rented housing is rented housing owned by local authorities and registered social landlords for which guideline target rents are determined through the national rent regime. 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 authorities or with the Housing Corporation as a condition of grant.

Intermediate Housing

4.8 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 (e.g. HomeBuy), other low cost homes for sale and intermediate rent.

The Evidence Base

4.9 During 2006 the City Council commissioned, with Salford City Council, a Housing Needs Assessment of the Cities. This research, which was carried out by Fordham Research, provides an up-to-date evidence base, setting out affordable housing requirements across the City. The Study found that:

“Despite the high proportion of existing affordable housing in Manchester, there is still a net need for extra affordable housing”^(iv)

4.10 The study identified a **net annual shortfall of 1,375 affordable homes** across the City. Table 4.1 sets out the summary results of housing needs assessment for Manchester.

4.11 In line with PPS3 requirements, the study identifies how many social rented homes are needed and how many intermediate tenure homes; these requirements are also summarised in Table 4.1. The research demonstrates that approximately half, or 47.9%, of affordable housing requirements are for intermediate tenure homes.

Table 4.1 Fordham Research Housing needs assessment for Manchester (Source: Housing Needs Assessment 2007)

| ref | | | Social rented | Intermediate housing | Total |
|-----|--------------------|-------------------------------|---------------|----------------------|-------|
| 1 | Current need | | 2,059 | 100 | 2,159 |
| 2 | Available stock | | 1,380 | 0 | 1,380 |
| 3 | <i>Shortfall</i> | <i>Line 1 less Line 2</i> | 679 | 100 | 779 |
| 4 | Newly arising need | | 5,160 | 636 | 5,796 |
| 5 | Future supply | | 5,123 | 77 | 5,200 |

iv Fordham Research Housing Needs Assessment 2007



Affordable Housing Needs 4

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| | | | | | |
|----|---------------------------|--|--------------|--------------|--------------|
| 6 | Net shortfall | Line 3 plus (Line 4 minus Line 5) | 716 | 659 | 1,375 |
| 7 | % of net shortfall | | 52.1% | 47.9% | 100% |
| 8 | Gross annual need | | 7,219 | 737 | 7,955 |
| 9 | Gross annual supply | | 6,503 | 77 | 6,580 |
| 10 | Net annual need | | 716 | 659 | 1,375 |

4.12 The table above has been prepared in accordance with the practice guidance issued by the department for Communities and Local Government. It shows how the net annual shortfall (line 6) takes account of both existing needs, which are assumed to be met over 5 years, and anticipated future needs. It takes account of the availability of existing social housing stock and the incomes of households requiring a home.

4.13 The evidence from the Housing Needs Assessment, which suggests a housing needs target of approximately 30%^(v) has to be considered alongside other regeneration objectives and an estimate of what the current housing market conditions can deliver upon sites across Manchester, taking into account land values and high remediation costs. The Council is anxious that the demand for new development remains strong and that any affordable housing target should not deter investment. In developing this policy, the Council has had particular regard to the practice, experience and targets set by neighbouring authorities, as well as the onus in Planning Policy Statement 3 of meeting both need and increasing home ownership but at the same time of deliverability. The targets in Providing for Housing Choice attempt to reconcile these competing priorities.

Affordable Housing Trends

4.14 In addition to the Housing Needs Assessment, there is a wealth of other data available that demonstrates how the changing nature of the housing market in Manchester and the City Region has now resulted in a shortage of affordable housing, which we expect to continue. This has resulted from a sharp reduction in the availability of social housing relets, linked to the sharp increase in house prices relative to local incomes, in the City.

4.15 The extent of the current needs, their causes, and the likely level of future needs for affordable housing have been extensively researched in order to establish policies that will meet the long term aims of the City's Community Strategy. The principal sources of additional information are:

- Technical report: Affordable Housing Trends in Manchester and Salford (2007)^(vi)

v Housing Needs Assessment 2007 paragraph 11.2

vi Technical Report: affordable housing trends. Arc4 Ltd. (2007)



4 Affordable Housing Needs

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- Housing Needs Assessment (2007) ^(vii)
- Access to Affordable Housing Strategic Document (2007) ^(viii)

4.16 The cost of buying a home in Manchester now puts outright purchase beyond the reach of many residents who aspire to owner occupation. The median price of the “entry level” terraced house is now £95,000 ^(ix), which compares to an average household income in Manchester of £24,000 and is therefore 3.9 times income. Whilst there are some parts of Manchester that offer lower prices, mainly for entry-level small terraced housing, these do not provide an adequate range of choice to meet the range of needs, or to retain younger households in the City.

4.17 The target at 2006 prices should therefore be that a property is available for purchase on a shared ownership basis for £85,000. The evidence shows that this will be accessible to 11% of households in rented accommodation who wish to move into owner-occupation ^(x) and it will specifically target those who cannot readily afford full purchase of a home that meets their requirements. This target price will be up-lifted annually in line with incomes ^(xi).

4.18 The amount of affordable rented housing stock has fallen by 8,346 over the five years 2001-2006, a reduction of 10.4%, due to right-to-buy sales, demolitions and limited new building. Alongside this, the number of low income households on housing benefit in the private rented sector (which is the main alternative) has fallen by 1,471 (16%).

4.19 The reduction in available lettings has been far greater with turnover rates reducing from 11.6% to 8.2%, resulting in an overall decline in lettings (2002-7) of 34.1%. This reduction has been particularly sharp for family housing (3+ bedrooms) with the supply falling by 42%. The reduced availability of lettings has been greatest in certain neighbourhoods of south Manchester especially Rusholme and Mosside, Withington and Burnage and Gorton.

4.20 House price increases have been a major factor in these changes, as households find it increasingly difficult to afford to buy a home. The increase in prices of properties attractive to “first time buyers” has been comparable to, and slightly exceeded, the Regional rate of increase, as shown in the graph below. (Figure 4.1).

vii Housing Assessment (2007)

viii Affordable Housing Policies & Programme. Manchester City Council Housing with arc4 (2007)

ix first half 2006

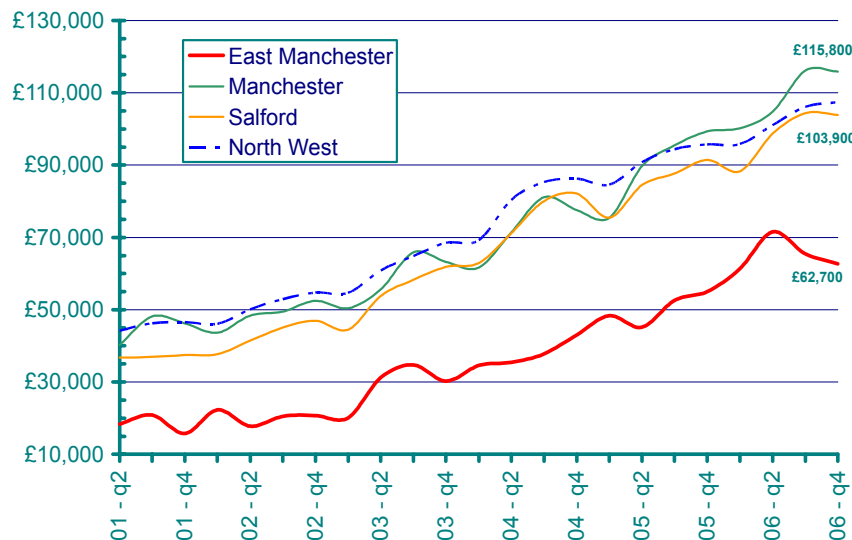
x This assumes that Shared ownership will be attractive to those who have a purchasing power in the range £85k-£110k, based on a 3.5 income multiplier and 5% deposit. Higher purchasing power is assumed to result in an open market purchase and, for comparison, 15% of the target group of households in rented housing, who wish to move, appear to be able to afford this option.

xi In the absence of updated Manchester specific data, it is proposed this income level be updated by reference to the percentage increase in local incomes reported in the Annual Survey of Hours and Earnings (ASHE)



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4.21 As a consequence the affordability of these “first time buyers” properties is now above the recommended affordability ratios for most parts of Manchester (which are 2.9 times a joint income and 3.5 times a single income). The pattern is shown in map 4.1 below.

4.22 The option of a two-bedroom Victorian terrace in part of North and East Manchester is the main option for the average household. Whilst it is welcome that this market situation will help strengthen regeneration in these areas, we recognise that this limited choice will not meet the aspirations of all first time buyers. The consequence is that many will continue to rent in their area of choice (putting pressure on the affordable housing sector) or will leave the City for the wide range of choice elsewhere.

4.23 Therefore we wish to see a broader affordable home ownership offer, which will meet these aspirations and help retain residents wishing to stay within the City whilst also building sustainable communities. This underpins our approach to the provision of a strong “intermediate housing” offer and to a mix of new affordable housing provision, which places the emphasis on home-ownership options.

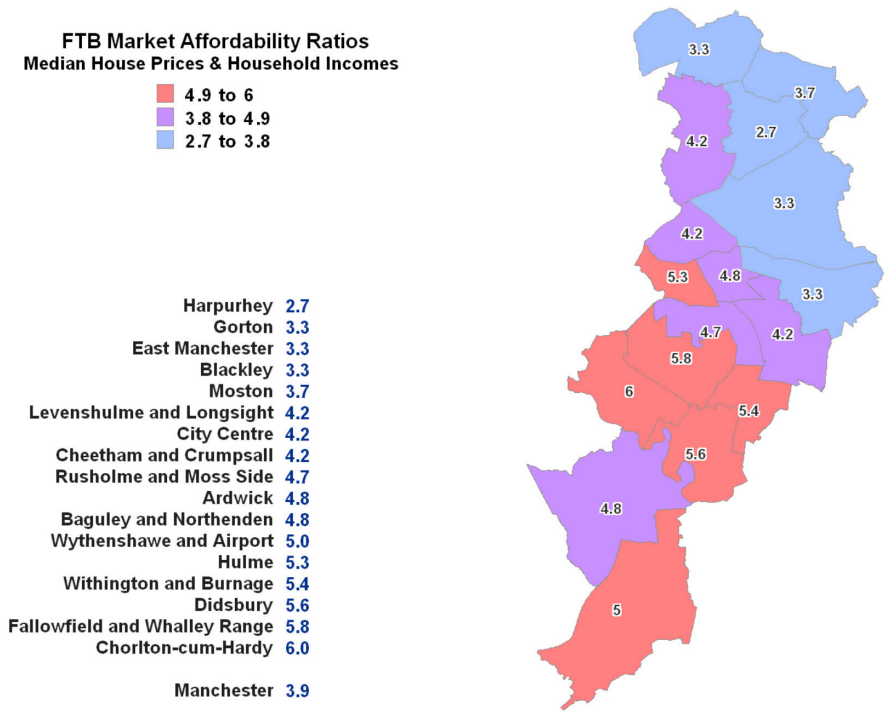
4.24 The City Council, through the Strategic Housing Partnership is looking at a range of mechanisms to increase access to affordable housing opportunities. These include existing publicly supported schemes (EP First Time Buyer for example) but these are too restricted in scale and eligibility to make the impact we are seeking. We are looking therefore to develop a range of more flexible and accessible commercial products tailored to the City’s needs.



4 Affordable Housing Needs

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Map 4.1 Affordability of median terraced house/flat prices (Source: Land Registry data sets 2006)





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5 Delivering Affordable Housing

5.1 The previous section has summarised the evidence base, demonstrating the need for affordable housing and a wider housing choice. This section of the guidance sets out our policy approach and requirements in respect of:

- Affordable housing thresholds.
- Targets for affordable housing provision in each tenure.
- Essential worker needs.
- The types of affordable housing required.
- The location of the affordable homes within developments.
- The phasing of affordable home provision.
- Design and layout requirements.
- Funding for affordable housing.
- Policy principles for off-site provision, including any related commuted sum payments.
- The process for site viability assessment.

5.2 Policies that are proposed to have Supplementary Planning Document status are highlighted and the policy basis for this is shown.

Thresholds

5.3 In order to address affordable housing requirements across the City, it is important that all medium or larger sites should consider the contribution they could make to increasing affordable housing options.

5.4 Our guideline is the national indicative minimum in PPS3 of developments of 15 or more dwellings. Based on an average assumed density of 50 dwellings per hectare, this will also apply to sites of 0.3 hectares and larger. The gross developable area of the site, as shown on the planning application, will be applied. If affordable housing is inappropriate on a site which is larger than 0.3 Ha because there are less than 15 units, payment of a commuted sum by a developer will be acceptable instead.

5.5 To avoid site areas being sub-divided or otherwise reduced below the threshold size, this guidance will be applied on the basis of the composite or naturally defined larger developable area available, regardless of ownership. This will apply if development is proposed in phases on the same or adjoining land.

UDP Policies H1.2, H1.5 and PPS3



5 Delivering Affordable Housing

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Targets and Tenure

5.6 The Housing Needs Assessment suggests a City-wide affordable housing target in the range of 30%, and states that

"From the affordable housing perspective, however there are no very good reasons from the housing needs perspective to vary the target across submarkets" ^(xii)

5.7 It proposes, with regard to the tenure split, that

"The evidence in Manchester is that half of the affordable housing should be intermediate".

5.8 The City Council has carefully considered the findings and advice from the Housing Needs Assessment, and the context of the Community Strategy objective to increase the City's overall proportion of owner-occupation and the creation of "Neighbourhoods of Choice". The introduction of new policy approaches for housing choice, and the fact that the City Council previously has no specific affordable housing policy, suggests that it is right to proceed cautiously, putting an emphasis on working closely with partners to achieve the right overall quality of both place ^(xiii) and of new housing provision.

5.9 The City Council places a strong emphasis on encouraging assisted home-ownership options including joint equity schemes within the intermediate housing tenure, as this will help meet the wider social objectives of the Community Strategy. This approach is designed to retain stability and continuity across the City and monitor the impact of changes introduced by the policy. An ongoing process of evaluation will be introduced to ensure an equitable application of the policy and its effectiveness. The 'target' will of course be reviewed as part of the LDF process, following monitoring and ongoing discussion with stakeholders.

xii Housing Needs Assessment paragraph 11.18

xiii The Council adopted a Sense of Place Framework in 2007, see http://www.manchester.gov.uk/site/scripts/documents_info.php?categoryID=500006&documentID=164&pageNumber=4



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5.10 This guidance proposes a **City-wide target for 20% of new housing provision to be affordable housing** (the number of units will be rounded to the nearest whole number). On development sites which are larger than the thresholds set out in paragraph 5.4 the Council will expect developers to use the 20% target as a starting point for calculating affordable housing provision. The Council will monitor progress in respect of this initial affordable housing target, and appraise delivery to ensure that housing needs are being effectively addressed.

5.11 It is envisaged that 5% of new housing provision will be social rented. This will be addressed on a site-by-site basis. Provision will be targeted to address specific affordable housing needs taking account of the particular requirements in the area of the proposed development. A further 15% of the new housing provision is envisaged to be intermediate housing, delivering affordable home ownership options. The proportion of intermediate or social rented housing might vary on each site. The City Council wishes to develop its approach in partnership with developers and housing providers and expects and welcomes the opportunity to work closely with promoters of schemes from the outset. UDP Policies H1.2, H1.5 and PPS 3.

5.12 All thresholds and the preferred dwelling mix will be monitored and reviewed on a regular basis to ensure that the policy is being implemented effectively both in the delivery of affordable homes and with respect to its impacts upon regeneration objectives and other related policies.

5.13 The site specific housing needs, in terms of tenure and dwelling types will be assessed in pre-application discussions on a site-by-site basis, with reference to the most up-to-date available evidence.

5.14 The requirement for a focus on options to increase home ownership not only reflects identified need but also the very limited provision of assisted home ownership options in the existing stock. It supports the City Council's policy aims to increase home ownership and to provide a wider choice of housing options to encourage young families to stay in the City and contribute to mixed, diverse communities. It will be supported by active parallel policies (in the Affordable Housing Strategy) to make better use of existing social rented housing stock, and to promote the opportunities for tenants and housing applicants to move into assisted home ownership.

5.15 In line with PPS3 we are seeking both social rented and intermediate tenure housing to meet identified need. Good practice in respect of delivering affordable housing for rent is that it should be owned and managed by an RSL. This guarantees that the homes will be affordable in perpetuity and let in accordance with the national rent regime^(xiv). It also secures a consistent approach to housing management issues and nominations. We expect that the



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RSL would be one of the city's recognised RSL partners. However, other alternative mechanisms for owning/managing affordable housing are welcome. Non-RSLs can and will own affordable stock.

5.16 The City Council will require 100% nominations on the first letting of new social rented housing. Subsequent lettings will comply with the standard nominations policy. See Appendix D for a definition of the eligibility criteria for social rented and intermediate housing.

5.17 The intermediate tenure options are expected to result in a range of assisted home ownership offers. The essential factor is that the sale price of the property (which is expected to be on a shared equity basis) should be affordable to those identified as being in need. We will seek sale prices to be in the order of, or below, the median household income for Manchester residents. The implication of this, at 2006 prices, is illustrated at paras 4.16/4.17 above. The sale price level will need to take account of other charges and should be able to demonstrate that the overall outgoings will be affordable to the target income group.^(xv)

5.18 It will also be important that affordability is not prejudiced by high service charges and these will be considered in the assessment of proposed affordable housing provision.

"The overall stock of affordable housing is very large, and any additions will be marginal to that stock. It is clear from the assessment that extra affordable housing is needed, but in view of the large stock it is not highly critical as to where it is provided. Hence there is scope to provide it where the housing mix suggests rather than purely on the level of need."

Housing Needs Assessment June 2007 Paragraph 11.22

Meeting the needs of the future workforce

5.19 In Manchester the need to ensure that the forecast job growth is supported by appropriate housing provision is a critical issue. This has led to a different approach: a definition of "essential workers" being identified which is more reflective of Manchester's economic needs than the definition of key workers used elsewhere. The traditional definition of "key workers" based on public sector employees has become an important element of policies for housing choice and affordable housing in other parts of the country.

5.20 There is no current firm evidence of significant labour market problems in Manchester amongst public sector employers, which are attributable to a lack of suitable affordable housing. This will be kept under review. The housing offer in the City needs to be sufficiently good to attract and retain the workers needed for growing business sectors. This is an important requirement to underpin the economic strategy. Essential workers are those

xv The guideline in the CLG Practice Guidance for Strategic Housing Market Assessments is that this should be no more than 25% of gross household income, although local partnerships may vary this figure.



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workers who are critical to the City's economic growth and who cannot afford to buy on the market, thus leading to difficulties in recruitment or retention. (See Appendix D for examples of the application of this definition).

5.21 The option of providing priority in certain new housing schemes for workers who will have a key role in the local economy is therefore one that the City Council wishes to have available. This would be limited to access to intermediate tenure housing. Priority for essential workers will be established in the allocations and marketing for specific schemes, or groups of schemes, where this is appropriate to the needs of essential workers, having regard to location and the types of property available. This may then be an element of the site-specific requirements.

Gypsy and Traveller housing needs

5.22 Government Guidance states ^(xvi) that Gypsy and Traveller sites are considered to be affordable housing where they are owned and managed by a local authority or Registered Social Landlord. The Association of Greater Manchester Authorities is currently carrying out a Gypsy and Traveller Accommodation Assessment which is due to be published in June 2008. Manchester City Council will use the results of this study to inform the development of a criteria-based policy in the Core Strategy which will provide a framework against which to assess proposals for Gypsy and Traveller sites.

Property Type

5.23 The needs of recent and newly forming households are mostly for smaller accommodation. But the evidence from management of the affordable rented housing stock is that the greatest demand pressures are for family accommodation. This has been the type of property for which available lettings have fallen most sharply and where there is currently the greatest pressure.

5.24 Future provision should recognise the aspirations for larger accommodation. Whilst the housing needs data shows apparent need for one-bedroom accommodation, we do not consider that substantial proportions of such small housing will be sustainable in the longer term. The evidence from a Pathfinder resident survey is that 51% of those households planning to move want a three bedroom home or larger.

5.25 There is also a major problem, evidenced in the Housing Needs Survey of 7,274 overcrowded households, of whom 1,927 require 3 bedroom housing and 4,713 require 4 bedrooms or more. Most of these households will require an affordable housing option.

5.26 This pattern of need for dwelling sizes differs greatly from the current mix of housing provision in the City. The pipeline of housing provision across tenures, as reflected in planning permissions and dwellings under construction, shows a predominance of 2 bedroom properties with only 17.9% of 3 bedroom or larger.

xvi Local Authorities and Gypsies and Travellers: A Guide to Responsibilities and Powers, May 2007 - paragraph 37



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5.27 The mix of new housing provision, and especially –intermediate and socially rented housing, therefore needs to strike a balance between the strictly defined needs and future aspirations. It is proposed that this requires a shift in the dwelling size mix towards that shown below. In practice, we will prefer that 1 bedroom needs be mostly met with 2 bedroom units, as experience is that this property type is far more popular.

Table 5.1 Preferred dwelling size mix

| Dwelling size | % of provision |
|---------------|----------------|
| 1 bed | Max 20% |
| 2 bed | 37% |
| 3 bed | 25% |
| 4+ bed | 18% |



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5.28 The types and size of housing provision suitable for each site will vary and should take account of the housing need of the immediate neighbourhood, the location of the site relative to services, facilities and public transport; and the type and form of development appropriate to the character of the area.

5.29 In some circumstances, where there is an identified need, provision of affordable housing will need to address more specific housing needs, such as extra care provision for the elderly. This specialist type of provision can be delivered in a number of ways and the Council would seek to adopt a flexible approach to delivery, in order to accommodate both scheme viability and housing need requirements.

5.30 Where schemes relate to wider regeneration initiatives, the Council may also wish to consult with the local community to ensure that local needs are considered. The appropriate mix of development should be part of pre-application discussions, which the Council will welcome.

5.31 In general, the need for family size and other larger housing should be reflected in the mix of affordable housing provision. A benchmark is that 43% of new social rented housing should be three bedroom or larger homes, and in areas where the need exists, this should include suitable provision of four bedroom or larger dwellings.

5.32 For assisted home ownership, the main client group will be newly or recently formed households and the requirement will be mainly two-bedroom accommodation. This does not preclude the provision of 1-bed intermediate housing units where an insufficient supply of this type of property exists. In addition to this, there is a need for affordable larger homes for households who are overcrowded, typically lower-income owner-occupiers. We will therefore require an element of larger homes within the assisted home ownership element, whilst recognising that such provision will be innovative and will require careful research and marketing.

These provisions regarding size may be reviewed in other locations where the Guide to Development^(xvii) indicates that due to the character of the area, high density flats are suitable, and where these are not considered appropriate as family accommodation. UDP Policy H1.2 and PPS 3



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Location of the affordable homes

5.33 The Council aims to achieve mixed tenure developments where the affordable housing units are truly integrated into the overall scheme. The policy approach is set out below, and is based on English Partnership's Policy Guidance on "Quality and Price Standards" ^(xviii).
UDP Policy H1.2 and PPS 3.

Policy to achieve integration of affordable housing in overall scheme design

5.34 The developer must demonstrate clear proposals to integrate tenure such that social housing and other affordable and low cost home ownership housing types are not differentiated by design, quality or location within a site, timing of development or by significant differences in access to services and amenities.

5.35 Development and designs should be 'tenure- neutral', in that the type of tenure could not be deduced from the design, quality, location within the site, timing of development or by significant difference in the access to services and amenities. In all schemes, the developer must not merely pledge to abide by these objectives but should also give concrete proposals to show how they will be achieved.

5.36 The Council encourages mixed-tenure development and mixed income communities to achieve better social cohesion and sustainability. Site briefs may indicate the maximum size or grouping of social housing units in any development. Typically no more than six social units should be grouped together in any development. Large apartment blocks of only social housing units are not acceptable.
UDP Policy H1.2, Guide to Development in Manchester Supplementary Planning Document and Planning Guidance and PPS 3.

Phasing

5.37 On larger schemes, the Council wishes to ensure that affordable housing is delivered in phases in parallel with the development of market housing, and will look to see this reflected in S106 planning agreements, or possibly other appropriate legal agreements in certain cases.

xviii English Partnerships. May 2006. Available on Website
www.englishpartnerships.co.uk/qualityandprice.htm



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5.38 In schemes with high levels of ‘pepper-potting’ it will be reasonable to expect a standard proportion of the affordable homes to be made available at each stage of development. There will also be a requirement that all the affordable housing should be in place prior to completion of the last phase of market units. This is to ensure that affordable housing provision is made in a timely manner.

Design

5.39 As with all other forms of residential accommodation, the Council expects affordable housing to be built to a high standard of design and amenity. Affordable housing units provided within a new residential development should be of at least similar size and quality to the open market housing and should be visually indistinguishable. All homes should comply with requirements set out within the Council’s Guide to Development SPD and Planning Guidance and take account of the relevant provisions of Design for Access 2.

UDP Policy H1.5, Guide to Development Supplementary Planning Document & Planning Guidance and PPS 3.



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Funding for affordable housing

5.40 The Council will engage in early discussions with developers and agents regarding the affordable housing requirements on a given site. This will enable applicants to undertake appropriate site appraisals and ensure the financial viability of schemes. To promote an open discussion on the financial situation the Council will use a financial appraisal.

5.41 Where public subsidy (e.g. Housing Corporation grant finding), is used to deliver affordable housing, 'additionality' in respect of the affordable housing provision must be demonstrated; additionality being:

- Delivery of a greater number of affordable homes than would have been possible without grant.
- Delivery of the affordable homes at a lower (more affordable) price than would have been possible without grant.

Social Rented Homes

5.42 Where affordable homes are to be delivered for social rent these must comply with PPS3 requirements; out-turn rents should comply with guideline target rents determined through the national rent regime.

5.43 On this basis, the price an RSL can pay a developer for an affordable home is determined by the mortgage it can service from the affordable rent chargeable for a given property under the national rent regime.

5.44 These prices are determined on a scheme-by-scheme basis, and vary subject to area, property type and size.

Intermediate Homes

5.45 The need for intermediate housing should be met through the provision of affordable housing for sale, meeting the requirements set out within PPS3. To address affordable housing requirements, affordable housing for sale should aim for a sale price which is affordable to households –below the median income levels of City residents, as set out at para 4.16/17 above.
UDP Policy H1.2 and PPS 3.

5.46 As identified earlier, the challenge for Manchester is to meet identified need and newly arising need as a result of a dynamic and changing economy which requires a new approach, new products and new skills to complement existing approaches. Use of equity based financial products to improve access to affordable housing is an important element of the City Council's approach.



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Policy principles for off-site provision

5.47 Given the need to ensure balanced and sustainable communities across the City, it is expected that affordable housing provision should normally be delivered on site.

5.48 Sub division of plots will not be accepted if this would result in losing the opportunity to provide affordable housing. In some instances, conditions will be applied to planning permissions to ensure full on-site affordable housing provision at a later date if sites are sub divided.

UDP Policies H1.2, H1.5 and PPS3

Commuted Sums

5.49 The presumption is that affordable housing will be provided on the application site so that it can contribute to delivering mixed and sustainable communities.

5.50 However, where it can be robustly justified by reference to local housing needs or the infeasibility of on-site provision, then off-site provision, or a commuted sum or payment in lieu of on-site provision, will be considered. This sum will not exceed the cost of providing the equivalent proportion of affordable housing on site.

5.51 It will be a requirement that a full consideration of other options is made before a payment is agreed. Each scheme will be treated on an individual basis.
PPS 3

5.52 If accepted, commuted or in lieu payments will need to provide sufficient funds to enable the affordable housing from the site in question to be delivered elsewhere.

5.53 The payments should reflect that 100% of the facilitating site will be private market accommodation (compared to 80% where there is on-site provision of affordable housing). Thus for every 8 dwellings on-site, the payment should provide for 2 off-site. This method ensures that there is an equitable distribution of both private market accommodation and affordable housing to meet the housing needs of the local community.

5.54 Where appropriate, commuted sums may also be used to bring empty stock back into use as affordable housing, or to enable the continued use of existing stock as affordable housing.

5.55 The formula for calculating a commuted sum for each unit is as follows:
The market price of the property minus the contribution that the RSL is able to make by raising private funding supported by predicted revenue and capital income from the property, which will be made available to a household on an average income (see 4.16-17) or in the case of social rented provision at benchmark rents. To this figure will be added costs of



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approximately 5% of the agreed sum above, to cover the RSL's management and/or maintenance liabilities for the given property. The number of housing units upon which the charge would be based would include all of the housing units sold at market cost.

Exceptions

5.56 A lower proportion of affordable housing, a variation in the proportions of socially rented and intermediate housing, or a lower commuted sum, may be permitted where material considerations indicate that this would be appropriate. Such circumstances could include, for example:

- There is a very high level of affordable housing in the immediate area;
- There is either a high proportion of socially rented housing (35%) or low house prices in the immediate area compared to average incomes;
- Such housing would be prejudicial to the diversification of the existing housing mix;
- The inclusion of affordable housing would prejudice the achievement of other important planning or regeneration objectives which are included within existing Strategic Regeneration Frameworks, planning frameworks or other Council approved programmes; or financially undermine significant development proposals critical to economic growth within the City;
- The financial impact of the provision of affordable housing, combined with other planning obligations would affect scheme viability (see below);
- A legally binding agreement had been reached on land values by 1st December 2007 which had not incorporated the cost of affordable housing.

PPS 3

Site viability and abnormal development costs

5.57 The Council recognises that requiring developers to allow part of their site to be used for non-market housing will result in a cost. In order to offset these costs, developers will be expected to take the requirement into account in negotiating realistic land values with site owners.

5.58 There may be exceptional circumstances where particular costs associated with the development of a site may need to be taken into account in order to agree the amount of affordable housing and tenure mix. Negotiations will be carried out on the assumption that the development site has been acquired at a price, which reflects all the known development costs, and only costs that are proven to be unforeseeable at the time of site acquisition, will be taken into account for the purpose of negotiation and any subsequent lowering of targets.

5.59 Known site requirements and development constraints will include costs of site demolition, preparation, retaining walls, piling, infrastructure provision and/ or diversion, highways works, servicing, flood mitigation measures, and decontamination (unless costs are so high as to make site development totally unviable).



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5.60 Planning related requirements such as financial contributions towards education and community facilities, children's play areas and other planning obligations will, likewise, be seen as known costs. The onus is on the developer and their agents to negotiate reasonable site acquisition costs with the landowner in order to offset these requirements.

5.61 Affordable housing and other planning related requirements as outlined in the paragraph above will be negotiated as one coherent package.

5.62 Architectural details and expression, including vaulted roofs, lifts, high quality finishes and more expensive materials needed to meet design and conservation requirements will be expected to be reflected and recouped in open market values.

5.63 Where an applicant proposes to demonstrate particular or 'abnormal' costs the onus will be on them to show, through a detailed financial appraisal, that these are genuine additional costs that:

- Cannot be offset by depreciated land value;
- Were not known prior to purchase; or
- Cannot be recouped in the open market sale price of the new homes.

5.64 Financial statements will be treated in confidence by the Council but will be referred to property and financial consultants where there is disagreement over appraisal conclusions. The financial appraisal should be submitted for pre-application consideration.

5.65 Where abnormal costs can be demonstrated to the satisfaction of the Council, a negotiated deduction may be agreed, either to the overall scale of affordable provision or to size and/or tenure.



6 Planning Procedures

Providing for Housing Choice - Planning Guidance

6 Planning Procedures

6.1 This section of the guidance briefly sets out the procedure of dealing with planning applications for which there is an affordable housing requirement. The purpose of this is twofold:

- To make applicants aware of the key stages of the process and the information requirements associated with each stage.
- To help speed up the planning process by ensuring that applications submitted have addressed fully all affordable housing policy requirements.

6.2 The flow chart following illustrates the planning process that all applications should go through.

Pre-Application Discussions

6.3 Negotiations where affordable housing is involved often require considerable input. Contact should be made with the Council's City Planning Teams listed in Chapter 7 at the earliest opportunity, well in advance of any planning application being submitted.

Planning Applications

6.4 Planning applications with an affordable housing element will be considered in the usual way. Affordable housing proposals will then be checked against policy requirements.

6.5 Affordable housing Head of Terms for either a Voluntary Agreement or Section 106 agreement should be agreed prior to an application being considered by Planning Committee. This ensures that all affordable housing requirements are addressed prior to planning permission being granted and that the affordable housing proposals are available for scrutiny by members.

Post-Application Monitoring

6.6 The City Council is required to monitor affordable housing delivery for Government statistical returns; the process is also an important part of the Council's 'plan, monitor, manage' approach to planning policy and housing commitments. However, it is important that monitoring affordable housing also incorporates an element of evaluation. Monitoring will be undertaken on two levels:

- Strategic monitoring.
- On-site monitoring.

Strategic Monitoring

6.7 At a strategic level, the City Council is required to monitor the delivery of affordable homes for the purpose of their Housing Investment Programme submission, RSS delivery purposes and their Housing Flows Reconciliation returns.



Planning Procedures 6

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6.8 Strategic monitoring is also important in terms of reviewing progress on other corporate priorities, particularly in respect of the Neighbourhoods of Choice agenda, to ensure that housing needs and imbalances are being addressed

On-site Monitoring

6.9 On-site monitoring of affordable housing delivery by the Council is important to :

- Ensure that the affordable homes provided on site comply with planning permission requirements
- Ensure that the standard of affordable housing is acceptable.

6.10 Site monitoring will be undertaken in line with existing policies and procedures within the Housing and Planning Teams. These processes will ensure that homes are delivered in accordance with the planning permission, are handed over to a partner RSL at an appropriate stage, and marketed or allocated according to policy priorities.

Evaluation

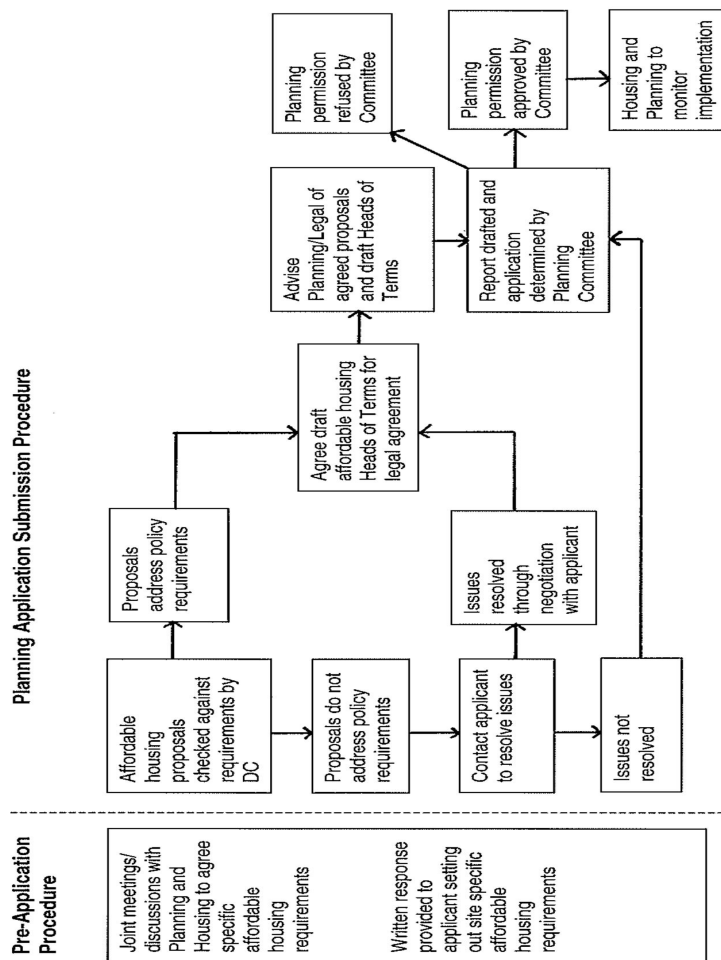
6.11 Upon completion of a scheme, the Council will undertake a satisfaction survey to evaluate the clients' satisfaction with their affordable home. Using the survey, and overall scheme outputs, the Council can specifically assess:

- The affordability of the scheme.
- The demand for houses (by property type).
- How the scheme has addressed issues of affordability or housing market imbalance.

6 Planning Procedures

Providing for Housing Choice - Planning Guidance

Picture 6.1 Planning application procedure





Contacts and Further Advice 7

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7 Contacts and Further Advice

Planning Strategy - tel 0161 234 4559

Housing Strategy - tel 0161 234 1221/ 0161 234 4660

City Centre Development Control - tel 0161 234 4567

South Area Development Control - tel 0161 234 4536

North Area Development Control - tel 0161 234 4522



Appendix A PPS 3 Requirements for Affordable Housing

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Appendix A PPS 3 Requirements for Affordable Housing

Targets and Tenure

A.1 Set an overall (i.e. plan-wide) **target** for the amount of affordable housing to be provided. The target should reflect the new definition of affordable housing in this PPS. It should also reflect an assessment of the likely economic viability of land for housing within the area, taking account of risks to delivery and drawing on informed assessments of the likely levels of finance available for affordable housing, including public subsidy and the level of developer contribution that can reasonably be secured. Local Planning Authorities should aim to ensure that provision of affordable housing meets the needs of both current and future occupiers, taking into account information from the Strategic Housing Market Assessment.

A.2 **Set separate targets for social-rented and intermediate affordable housing** where appropriate. A sufficient supply of intermediate affordable housing can help address the needs of key workers and those seeking to gain a first step on the housing ladder, reduce the call on social-rented housing, free up existing social-rented homes, provide wider choice for households and ensure that sites have a mix of tenures.

Type

A.3 **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 and any specific requirements, such as the provision of amenity and play space for family housing, and, where relevant, the need to integrate the affordable housing into the existing immediate neighbourhood and wider surrounding area.

Thresholds

A.4 **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. This could include setting different proportions of affordable housing to be sought for a series of site-size thresholds over the plan area. Local Planning Authorities will need to undertake an informed assessment of the economic viability of any thresholds and proportions of affordable housing proposed, including their likely impact upon overall levels of housing delivery and creating mixed communities. In particular, as the new definition of affordable housing excludes low cost market housing, in deciding proportions of affordable housing to be sought in different circumstances, Local Planning Authorities should take account of the need to deliver low cost market housing as part of the overall housing mix.

Commuted Sums

A.5 Set out the **approach to seeking developer contributions** to facilitate the provision of affordable housing. In seeking developer contributions, the presumption is that affordable housing will be provided on the application site so that it contributes towards creating a mix



PPS 3 Requirements for Affordable Housing Appendix A

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of housing. However, where it can be robustly justified, off-site provision or a financial contribution in lieu of on-site provision (of broadly equivalent value) may be accepted as long as the agreed approach contributes to the creation of mixed communities in the local authority area.



Appendix B Strategic Regeneration Framework Policy Areas

Providing for Housing Choice - Planning Guidance

Appendix B Strategic Regeneration Framework Policy Areas

Picture B.1 Making Housing Count and Strategic Regeneration Framework boundaries





Calculation of Commuted Sums Appendix C

Providing for Housing Choice - Planning Guidance

Appendix C Calculation of Commuted Sums

C.1 The formula for calculating a commuted sum for each unit is as follows: the market price of the property minus the contribution that the Registered Social Landlord is able to make by raising private funding supported by predicted revenue and capital income from the property, which will be available to a household on an average income (see 4.16-4.17) or in the case of social rented provision at benchmark rents. To this figure will be added costs of approximately 5% of the agreed sum above, to cover the Registered Social Landlord's management and/or maintenance liabilities for the given property. The number of housing units upon which the charge would be based would include all of the housing units sold at market cost.

$$\text{Developer Subsidy} = (A - B) \times C$$

Where:

A = Average market price per unit

B = Affordable price per unit

C = Total number of units

Worked Example

Average market price = £150,000

Affordable price = £70,000

Total number of units = 100

In a scheme of 100 dwellings, the Council's normal on-site requirement for affordable housing is up to 20% (20 units) and thus the provision of private market accommodation is at least 80% (80 units).

However, where an in lieu payment is agreed, the calculation will be made on the basis that all 100 dwellings are for private market accommodation. The contribution for affordable housing should take into consideration all new housing units resulting from the facilitating site. Hence, the 100 private market dwellings should still represent 80% of the overall development.

The total resulting from the facilitating site is therefore calculated as:

100 divided by 80 x 100 - 100 = 25 units

Commuted sum = (£150,000 - £70,000) x 25 = £2,000,000

Plus 5% management/maintenance/administration charge = £100,000

Total commuted sum = £2,100,000



Appendix D Definition of Eligibility Criteria

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Appendix D Definition of Eligibility Criteria

D.1 Eligibility criteria have been defined so as to create a balance between meeting the needs and aspirations of existing residents and encouraging new working households to live in the City. Eligibility criteria will be specified for each site in an agreement with the Developer as part of the Planning permission process.

Social Rented Housing

D.2 Developers' contributions of social rented affordable units will be allocated by the managing RSL, normally with 100% nomination rights for the City Council on first letting.

Intermediate Housing Provision

D.3 Essential criteria:

- that properties are available for lower income households to purchase – target prices being adjusted in accordance with average household income levels (4.16-17)
- That an upper household income limit be set of £50,000
- that purchasers remain in the homes as occupiers
- that they are accessible to essential worker ^(xix) groups where appropriate

D.4 Additional criteria:

- that local connection is taken into account if appropriate to the site
- that access to properties is used to incentivise existing social housing occupants to aspire to home ownership
- that they meet housing need
- that those approaching the City for accommodation should be presented with a full range of options to open up a wider range of tenure choice.

xix essential workers are those workers who are critical to the city's economic growth and who cannot afford to buy on the market, thus leading to difficulties in recruitment or retention. The forecast growth in the population and workforce of Manchester anticipates significant in-migration. Therefore the question of "essential workers" will be kept under review to ensure early identification of any groups affected and avoid any impact on the City's growth.

اگر انگریزی آپ کی مادری زبان نہیں اور آپ کو ان معلومات کا ترجمہ چاہیے یا یہ معلومات بڑے حروف، بریل (ناپیدا فراوی تحریر)، ہڈی کی میل یا ڈیٹا پیپر پر چاہیں تو براہ مہربانی
0161 234 4579 پر فون کریں یا ای میل: planning@manchester.gov.uk کے ذریعے مارے ساتھ رابطہ کریں۔

إذا كانت الإنجليزية ليست لغتك الأم، وأنت في حاجة إلى نسخة مترجمة، أو بحروف كبيرة أو بالبريل أو على شريط، الرجاء الاتصال
برقم الهاتف: 0161 234 4579 أو اتصل بنا عن طريق الإيميل ب: planning@manchester.gov.uk

આપની પ્રથમ ભાષા અંગ્રેજી ન હોય અને આપને મોટાં છાપેલાં અક્ષરોમાં, અંદાજિતિમાં, ઇલેક્ટ્રોનિક ડે ઓડિયો ટેપ પર અથવા અભુવાદની જરૂર હોય તો કૃપા કરી,
0161 234 4579 નંબર પર ફોન કરી અથવા ઇ-મેઇલ દ્વારા અમારો સંપર્ક સાધો: planning@manchester.gov.uk

Haddii afka Ingiriiska aysan ahayn afkaaga hooyo haddana farjumaan aad u baahan tahay, daabacada weyn,
qoraalada dhibic dhibida ee dadka indhaha la', elekteroonik ama cajalada dhegeysiga, fadlan wac:
0161 234 4579 ama nala xiriir habka iimeelka: planning@manchester.gov.uk

যদি ইংরেজী আপনার মাতৃভাষা না হয় এবং আপনার কোনো অনুবাদ, বড় অক্ষরে, ব্রেইলে, ইলেকট্রনিক অথবা অডিও টেপে প্রয়োজন হয়, তাহলে
দয়া করে যোগাযোগ করুন 0161 234 4579 এই নম্বরে অথবা আমাদের ই-মেইল করুন planning@manchester.gov.uk এই ঠিকানায়।

ਜੇ ਅੰਗ੍ਰੇਜ਼ੀ ਤੁਹਾਡੀ ਪਹਿਲੀ ਭਾਸ਼ਾ ਨਹੀਂ ਹੈ ਅਤੇ ਤੁਹਾਨੂੰ ਲਿਖਤੀ ਤਰਜਮਾ, ਵੱਡੇ ਅੱਖਰਾਂ ਦੀ ਛਪਾਈ ਵਿਚ, ਝੂਲ (ਨੋੜਹੀਂਟਾ ਦਵਾਰਾ) ਪੜ੍ਹਨ ਲਈ) ਤੇ,
ਕੰਪਿਊਟਰ ਜਾਂ ਆਡਿਓ ਟੇਪ ਤੇ ਚਾਹੀਦਾ ਹੈ, ਤਾਂ ਕਿਰਪਾ ਕਰਕੇ ਟੈਲੀਫੋਨ "ਬਰ 0161 234 4579 ਤੇ ਫੋਨ ਕਰੋ ਜਾਂ ਈਮੇਲ ਰਾਹੀਂ ਚੱਲੋ:
planning@manchester.gov.uk

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