

CP12 Affordable Housing



Supporting Documents:

Sustainable Community Strategy- 2006
 PPS3 Housing - 2006
 Draft South East Plan - 2006
 Housing Needs Survey - 2005
 Housing Strategy 2004-2007 (under review)
 Affordable Housing Development
 Viability Study Update - 2007
 Strategic Housing Market Assessment - 2008

Introduction

3.91 Housing affordability is a major issue for the city, particularly for families and newly forming households. The 2005 Housing Needs Survey identified an annual affordable housing need of 1,456 units, a supply requirement almost six times greater than recent new build delivery levels⁴⁸. Given the evidence of the scale of housing need, planning must ensure that the affordable housing secured as part of new residential development across the city facilitates the matching of local housing/accommodation needs and requirements of particular groups and communities (e.g. families, key workers, the elderly, gypsies and travellers and those with support needs).

Preferred Option – CP12 Affordable Housing

A plan wide target is set to secure an annual average of 230 units of affordable housing over the plan period; to be achieved from all available mechanisms.

The Council will negotiate with developers to secure up to a 40% element of affordable housing where proposals for residential development are capable of producing 10 or more dwellings. The policy will apply to all types of residential development including conversions and changes of use.

The proportion and type of affordable housing proposed will be assessed against the following criteria:

- i. local need in respect of the mix of dwelling types and sizes including the need to provide family-sized affordable housing;
- ii. the accessibility of the sites to local services and facilities and public transport;
- iii. the particular costs associated with the development of the site;

⁴⁸ 2001/2 – 2006/7: annual average 250 units affordable housing delivered.

- iv. the extent to which the provision of affordable housing would prejudice the realisation of other planning objectives; and
- v. the need to achieve a successful housing development

Across the city, the required tenure split for affordable housing in terms of total delivery will be 55% social rented affordable housing and 45% intermediate forms of affordable housing. For individual development sites, the exact tenure split will be guided by up to date assessments of local housing need and site/neighbourhood characteristics.

The preferred affordable housing mix (in terms of unit size and type of dwelling) on individual schemes will be determined through negotiation and informed by up to date assessments of local housing needs and site/neighbourhood characteristics. For the city as a whole, the preferred affordable housing mix to be achieved from new build is 30% one bedroom units; 45% two bedroom units and 25% 3+ bedroom units.

Any enabling residential development on identified employment sites will be subject to the same requirements for affordable housing as set out in the above preferred option (see CP16 and CP17).

Affordable housing Definition:

Affordable housing includes social rented and intermediate housing, that is provided to eligible households whose needs are not met by the market, available at a cost that is genuinely affordable to local people and which includes provision for the accommodation to remain at an affordable price or for the subsidy to be recycled for alternative affordable housing provision. In Brighton & Hove affordable housing will be managed by a Registered Social Landlord. Low cost market housing is not considered, for planning purposes, as affordable housing. (Source: PPS3, Annex B, Adopted Brighton & Hove Local Plan)

Supporting Text

3.92 The 2005 Housing Needs Survey (HNS) found that annually, 2,520 affordable housing units are needed across the city, 1,456 more than existing re-let supply (1,064 net re-lets each year) and a supply requirement almost 6 times recent new build delivery levels (2005 Housing Needs Survey). Taking account of recent delivery levels⁴⁹, the HNS identified a net shortfall of 1200 affordable homes per annum. Despite the evidence of the scale of housing need, the 2005 HNS acknowledges that there are a range of issues to consider when setting targets for the delivery of affordable housing from new developments. There is a need to build viable, sustainable developments and to provide for mixed and balanced communities.

3.93 Underlying the scale of the need for affordable housing is an acute affordability problem. In terms of house price affordability, the 2008 Strategic Housing Market Assessment (SHMA) notes that housing in the city has become less affordable in recent years. In the period 1997 – 2007, average house prices in Brighton & Hove have almost tripled⁵⁰. New households wishing to enter the market face particular difficulties together with family households wishing to move to larger properties. The SHMA estimates that a first time buyer buying a flat would need a household income of £40-45,000 in order to be able to buy an entry-level flat/maisonette in the city. To buy a semi-detached or

⁴⁹ See Footnote 1.

⁵⁰ Figure 7.4, Strategic Housing Market Assessment, April 2008.

terraced dwelling would require a household income of £60-65,000. The SHMA also points to affordability problems within the private rented sector; results indicate that, at current prices and incomes, approximately 65% of households would be unable to afford to rent a 2 bedroom property.

3.94 With annual levels of housing need currently exceeding annual regional housing requirements for all new residential development (the draft South East Plan⁵¹ requires the city to provide at least 570 new homes each year), the city council considers that the most pragmatic approach is to require that all new suitable residential development provides a viable and deliverable proportion of affordable housing. In accordance with PPS3, a plan-wide affordable housing target is set which seeks to achieve an annual average of 230 units over the plan period from all mechanisms (i.e. not just through planning obligations). The target reflects that set in the city council's Sustainable Community Strategy and reflects average delivery in the period 2001/2 – 2006/7. The target also reflects that set by the draft South East Plan and accords with the sub-regional target for affordable housing set for the Sussex Coast sub-region. It is expected that the target will be monitored annually and assessed over each five-year phase of the plan period to 2026 and be reviewed accordingly.

3.95 The current adopted Local Plan for the city sets a target proportion of 40% for affordable housing on all suitable larger development sites (10 or more units). In response to consultation replies at the Preferred Options Stage (October 2006), the city council commissioned new research in the form of an updated Affordable Housing Development Viability Study⁵² to determine whether higher quotas sought for affordable housing (45% and 50%) would be economically viable in development terms and likely to achieve greater amounts of affordable housing for the city. The study recommends that for onsite affordable housing provision the target proportion for negotiation remain at 40% and that the council might also aim to secure (through a supplementary document or similar) a greater level of local subsidy. Higher targets would be stretching development viability and may jeopardise development.

3.96 On the basis of the updated Viability Study, the Council considers that the most balanced way forward, in terms of a range of inter-related factors (including site supply, housing market trends, local needs and local affordability, together with wider planning obligations) is to continue to seek onsite provision of affordable housing on suitable development sites by applying a target quota of up to 40% on larger development sites (up to 10 units or more). The proportion and type of affordable housing will be assessed against criteria i-iv set out in preferred option CP12. This approach would accord with the draft South East Plan presumption in favour of on-site affordable housing provision.

3.97 PPS3 also requires local planning authorities to set out the type and size of affordable housing required. In terms of the preferred affordable housing mix (including unit size mix, dwelling type and tenure balance), ongoing monitoring of local housing needs together with site and neighbourhood characteristics will continue to inform the preferred option as it is applied to individual sites. For example, in accordance with preferred option SN2, it may be appropriate to allow higher proportions of intermediate housing in Residential Renewal Areas to help facilitate regeneration in those areas and achieve mixed and sustainable communities. Such an approach is supported by the 2008 SHMA.

3.98 In terms of the size of affordable housing required, the SHMA indicates that amongst those households identified as in the highest priority need (Bands A and B of

⁵¹ Panel Report recommendations

⁵² 2007 Affordable Housing Viability Study, Adams Integra, December 2007.

the Housing Register), 41% need a 2 bedroom or larger property⁵³, often because they are young families with children. The SHMA also identifies that although the greatest need (numerically) is for smaller (one/two bedroom) properties there are also significant pressures on larger homes and a short term priority for a number of three/four bedroom properties⁵⁴. The need for family sized affordable housing will be a specific consideration when assessing the overall amount and type of affordable housing that is required to be provided by suitable development proposals.

3.99 'Social rented housing' is rented housing owned and managed by local authorities and registered 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 authority or with the Housing Corporation as a condition of grant (PPS3 Annex B). Intermediate affordable housing is housing at prices and rents above those of social rent, but below market price or rents and which meets the requirements set out in the definition of affordable housing. These can include shared equity products (eg HomeBuy), or other low cost homes for sale and intermediate rent. The definition does not exclude homes provided by private sector bodies or provided without grant funding. Where such homes meet the definitions above, they can be considered for planning purposes as affordable housing. Whereas, those homes that do not meet the definition for example 'low cost market housing' may not be considered, for planning purposes as affordable housing PPS3, Annex B).

3.100 The council is committed to providing high quality housing for people who are unable to access or afford market housing, for example, vulnerable people and key workers as well as helping people make the step from social-rented housing to home ownership. The Government's definition of key workers includes those groups eligible for the Housing Corporation funded Key Worker Living programme and others employed within the public sector (i.e. outside of this programme) identified by the Regional Housing Board for assistance.

Implementation

3.101 Local assessments of housing needs (for example, the 2005 Housing Needs Survey and subsequent updates together with ongoing monitoring of local housing needs via the council's Housing Strategy and Housing Market Assessment) will guide the implementation of the Core Strategy preferred option for Affordable Housing. This evidence base will be particularly important in terms of helping to determine an appropriate affordable housing mix (unit size mix, dwelling type and tenure balance) required as part of any development scheme. It will be essential to tailor the provision of affordable housing to the local housing needs of particular household groups including families, the elderly, single and multi-person households, families, the elderly and all groups with particular support needs. The council is also currently reviewing its Housing Strategy and this will specifically identify the housing/accommodation and support needs of particular household types.

3.102 A Supplementary Planning Document for Affordable Housing will also be prepared to assist with detailed aspects of implementation.

3.103 Any enabling residential development on employment sites will be subject to the requirements for affordable housing as set out in the above preferred option (see CP16 and CP17).

⁵³ Figure 10.18, SHMA, April 2008.

⁵⁴ Section 11, SHMA.