



**AFFORDABLE HOUSING**

**SUPPLEMENTARY PLANNING DOCUMENT  
BOLTON COUNCIL**

**February 2013**

# CONTENTS

<b>1</b>	<b>INTRODUCTION</b> .....	<b>1</b>
	WHAT IS THIS DOCUMENT? .....	1
	WHAT IS AFFORDABLE HOUSING? .....	1
	PARTNERSHIP WORKING .....	2
	BOLTON'S AFFORDABLE PLAN .....	2
<b>2</b>	<b>POLICY CONTEXT</b> .....	<b>3</b>
	NATIONAL PLANNING POLICY .....	3
	LOCAL PLANNING POLICY .....	3
	EVIDENCE .....	3
<b>3</b>	<b>APPLYING POLICY PRINCIPLES</b> .....	<b>5</b>
	AFFORDABLE HOUSING THRESHOLDS .....	5
	TARGETS, TENURE, TYPE AND QUALITY .....	5
<b>4</b>	<b>VIABILITY</b> .....	<b>7</b>
<b>5</b>	<b>DELIVERY</b> .....	<b>8</b>
<b>6</b>	<b>EXAMPLE CALCULATIONS</b> .....	<b>9</b>
	ONSITE PROVISION .....	9
	COMMUTED SUMS .....	10
	<b>APPENDIX I:</b> .....	<b>12</b>
	<b>APPENDIX II:</b> .....	<b>13</b>
	<b>APPENDIX III:</b> .....	<b>14</b>

# 1 Introduction

## What is this document?

- 1.1 This document is a Supplementary Planning Document (SPD) and replaces the Interim Affordable Housing Planning Guidance Note (February 2008).
- 1.2 This SPD provides further detail to policies in Bolton's Adopted Core Strategy, which, as a key part of the development plan for Bolton, is the primary consideration in making planning decisions. Supplementary Planning Documents can also be useful in determining planning applications, as they are capable of being a material consideration, but they are not part of the development plan.
- 1.3 The document is intended to support pre-application discussions, and will inform all involved in development proposals. It deals specifically with the provision of affordable housing through Bolton's planning processes, with a focus on new supply. It sets out Bolton Council's policy on achieving affordable housing so that the situation is clarified ahead of detailed discussions with developers. The contents of this supplementary planning document should assist applicants to make successful applications and also increase the delivery of much needed affordable housing in line with the requirements of national planning policy. Applicants are advised to contact the council to discuss their proposals as early as possible.
- 1.4 This document has been jointly prepared by Bolton Community Homes and Housing Strategy. Bolton's Strategic Housing Partnership continues to focus on the provision of affordable housing as one of its key priorities and will continue to perform negotiations with the Homes and Communities Agency and private developers as part of the planning process on behalf of the council.
- 1.5 The Affordable Housing SPD will be reviewed on an annual basis or when new evidence becomes available.

## What is affordable housing?

- 1.6 Released in March 2012, the National Planning Policy Framework (NPPF) provides the most up to date definition of affordable housing, which is described below:
- 1.7 Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.
- 1.8 Social rented housing is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency.
- 1.9 Affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).

- 1.10 Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.
- 1.11 Homes that do not meet the above definition of affordable housing, such as “low cost market” housing, may not be considered as affordable housing for planning purposes.

## **Partnership Working**

- 1.12 To deliver a truly affordable product and to support existing neighbourhood regeneration Bolton Council will endeavour to ensure that developers deliver affordable housing units in conjunction with the council’s preferred Registered Provider Partners.
- 1.13 Bolton has a well-established enabling partnership – Bolton Community Homes– where each of the developing Housing Association partners has been allocated a geographical zone in the Borough based on stock holding, management presence and community involvement / engagement and neighbourhood regeneration activities. In addition, following the council’s stock transfer to its former ALMO Bolton at Home, now a Registered Provider in its own right, there is an acceptance that opportunities within or directly adjacent to Bolton at Home existing properties ought to be directed to them in the first instance. Appendix ii – zoning map.
- 1.14 The council will therefore nominate a Registered Provider partner at an early point in negotiations, usually the zoned provider or Bolton at Home. Occasionally a “non-zoned” partner would be identified, where they are importing a particular expertise or additional resource.
- 1.15 The value a Registered Provider can acquire an affordable unit from the developer is determined by the financing it can raise supported by predicted revenue and capital income from a property. The council and the HCA do not support the delivery of affordable housing through s106 agreements to be reliant upon grant subsidy.

## **Bolton’s Affordable Plan**

- 1.16 The Bolton Community Homes Delivery Plan forms part of the wider Housing Strategy. It contributes to the Housing Strategy priority ‘to provide housing that is affordable whilst meeting the needs and demands of the future’.
- 1.17 The Delivery Plan sets out BCH’s vision, which is to ‘work in partnership with others and maximise resources both new and existing to:
  - Deliver a person-centred approach that places the customer first in everything we do and provides value for money housing services
  - Develop sustainable communities and neighbourhoods that people choose to live in and work in.
  - encourage and support communities to develop and achieve their aspirations
  - provide real housing choice in safe and cohesive neighbourhoods’

## 2 Policy context

### National planning policy

- 2.1. The Coalition Government has introduced many changes to the way new and affordable housing is delivered. The Localism Act will result in the abolition of regional strategies and targets and the National Affordable Housing Programme has changed to include a new 'affordable rent' model.
- 2.2. The introduction of the National Planning Policy Framework (NPPF) in March 2012 provides streamlined planning policy, promoting sustainable development with a localist approach. Emphasis is placed on delivering a wide choice of quality homes, which includes both market and affordable housing. The effective use of land is endorsed, with the retention of prioritising the reuse of brownfield land, although no percentage target is set for this. In respect of affordable housing Local Plans are to meet objectively assessed needs and set policies to ensure that where affordable housing is needed, this is met on site, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified (for example to improve or make more effective use of the existing housing stock) and the agreed approach contributes to the objective of creating mixed and balanced communities.
- 2.3. Circular 05/2005 "Planning Obligations", which provided advice on the use of planning obligations under section 106 of the Town and Country Planning Act 1990, has been replaced by the National Planning Policy Framework.
- 2.4. In December 2011, the government consulted on the relationship between the Community Infrastructure Levy and the provision of affordable housing through funds raised from the Levy; however the government has yet to publish the outcomes of this consultation. Changes to existing policy may have far-reaching implications for future affordable housing policy and the delivery of both affordable housing and infrastructure.

### Local planning policy

- 2.5. Provision of affordable housing is a high priority for Bolton and is identified as such in Bolton's Community Strategy, specifically through the Prosperous theme, where increasing the provision of affordable housing is a key indicator. It is also identified as a key action within the Housing Strategy action plan. Bolton's Core Strategy strategic objective 14 under the Prosperous theme is to provide housing that meets the needs of everyone and more detailed requirements are set out in its housing policy SC1, and IPC1 on infrastructure and planning contributions.

### Evidence

- 2.6. Prepared to support the development of the Core Strategy, the Strategic Housing Market Assessment, the Strategic Housing Land Availability Assessment (SHLAA) and the Affordable Housing Viability Study (AHVS) provided the information needed to justify the housing policy in the Core Strategy, referred to as SC1 (please see Appendix i).
- 2.7. More up to date evidence, available in Bolton's Housing Market and Needs Survey (September 2011) clearly evidences the shortage of affordable housing in the borough. It recommends delivery of 377 new affordable units per annum and recommends that Bolton

Council should continue to pursue subsidised affordable homes from suitable development sites over the course of the Core Strategy. With regard to local incomes and local house prices, information collected in the Housing Needs and Market Assessment 2011 in Bolton concluded that a sole income of £33,504 or dual income of £40,436 is required to buy the current average priced house in Bolton, assuming a 10% deposit (£13,030) is available. The required incomes are expected to increase to £36,348 and £43,868 respectively by 2015 and the required deposit will be £14,135. The survey also found that 42% of newly forming households said that they could afford up to £320 per month towards rent or mortgage costs. A further 26% said that they could afford up to £400 per month.

- 2.8. Bolton's changing demographic context is also an influencing factor on the need and demand for housing. The CLG 2008 based household projections predict that by 2033 there will be 128,000 households in Bolton, which is 17,000 households higher than in 2008.

## 3 Applying policy principles

### Affordable Housing Thresholds

- 3.1. Core Strategy policy SC1 stipulates that all developments which incorporate open market housing with a capacity for 15 or more dwellings should ensure that provision of affordable housing is made. **On previously developed land 15% of the total provision should be affordable, and in the case of Greenfield 35%.** A lower proportion and/or a different tenure split may be permitted where it can be clearly demonstrated that development would not be financially viable and affordable housing provision is being maximised.

### Targets, Tenure, Type and Quality

- 3.2. As referenced previously, the shortage of affordable housing in Bolton is set out in the Housing Market and Needs Survey, which recommends delivery of 377 new affordable units per annum to meet current housing need.
- 3.3. Bolton's Core Strategy Policy SC1 states that the council and its partners will ensure that 35% of new housing is affordable, broken down into 75% for social rent or affordable rent and 25% for intermediate housing.
- 3.4. Policy SC1 also sets out that the council and its partners will ensure that for market and social rented housing, around 50% of dwellings are 3 bedroomed or larger and no more than 20% (for market housing) or 10% (social rented) are 1-bedroomed. They will also ensure that for intermediate housing about 20% of dwellings are 3-bedroomed, and no more than 40% are 1-bedroomed.
- 3.5. Through this policy the council aims to meet the needs of newly forming households requiring predominantly smaller unit types and the demand for larger family homes as evidenced through Bolton's Choice Based Lettings system. It will aim to secure a mixture of property types which reflects the design of the scheme and meets the identified housing needs and aspirations of the local community.
- 3.6. Affordable housing units must be fully integrated into the overall scheme design and must not be differentiated from the rest of the scheme in any way. It is also expected that all affordable housing will meet the Homes and Community Agency's Design and Quality Standards or any relevant standard current at time of delivery. In addition, 25% of the affordable housing provision delivered through planning gain will ideally be constructed to Lifetime Homes Standard.
- 3.7. The council will require 100% nominations for all affordable housing provision and access to social rental units through the council's Housing register (Choice Based Lettings scheme) and to ensure that initial and successive occupiers enjoy the benefits, occupancy restrictions may be the subject of conditions or legal agreements.

### On Site Provision

- 3.8. In most circumstances the council will look for the affordable housing requirement to be met fully on-site, making the greatest contribution towards the council's objective of creating more

mixed and inclusive communities. This supported by paragraph 50 of the National Planning Policy Framework.

- 3.9. In exceptional circumstances the council will accept affordable housing provision to be met partly or fully off-site. The onus is on the developer to demonstrate why this affordable housing obligation should be discharged in this manner and all parties must agree. If accepted, an offsite provision or financial contribution will need to be of a broadly equivalent value.
- 3.10. Commuted sums are calculated following a formula described in section 6 of this document.
- 3.11. The requirement for affordable housing may be relaxed if the inclusion of affordable housing provision on a site would adversely impact on the delivery of other important planning or regeneration activities, or other strategic aims of the council; or that the financial impact of the provision of affordable housing combined with other planning obligations could be proven to affect scheme viability for developments which the council wants to see delivered.

## 4 Viability

- 4.1. The council recognises the important role that private developers have to play in regeneration and that there may be circumstances when particular costs associated with the development of a site may need to be taken into account in order to agree affordable housing contributions. Developers will be expected to show evidence that they have taken known development costs into account in agreeing realistic land values, and only costs that were unforeseeable at the time of acquisition will be considered abnormal for the purposes of affordable housing negotiations. Where abnormal costs can be clearly demonstrated, a reduction in the affordable housing requirement may be agreed on a site by site basis.
- 4.2. Developers will be required to supply evidence to back any claims through detailed and open book financial appraisals and may be required to show that 'abnormal' development costs cannot be offset by depreciated land value or overcome through reasonable changes in layout or specification.
- 4.3. Financial statements will be treated in confidence by the council but it may refer appraisals to specialist property and financial consultants where there is disagreement.
- 4.4. Financial Statements should be submitted at the 'pre-application' stage so as not to unduly hold up the planning approval process.

## 5 Delivery

- 5.1. The submission procedure for planning applications subject to affordable housing provision is set out in Appendix iii.
- 5.2. In line with the council's planning policies planning applications for open market development which include 15 or more houses are expected to make provision for affordable housing. The recommended process for these applications is as follows.

### **Pre-Application Discussions**

- 5.3. Contact should be made with the council's Planning Control Team at the earliest opportunity, well before the submission of any planning application. Any requirement for affordable housing will be confirmed at this stage and the enquiry referred to Bolton Community Homes, who will discuss these requirements and negotiate on behalf of the council. Developers will be required to supply evidence to back any claims for 'abnormal' development costs through detailed and open book financial appraisals.
- 5.4. Affordable housing negotiations are performed on a site by site basis and often require considerable discussion. Pre-application discussions will enable affordable housing policy requirements to be addressed and provisional agreement reached prior to planning submission and help speed up the planning process.

### **Planning Application Submission**

- 5.5. Following the submission of planning applications, the Planning Control Team will consult with Bolton Community Homes and confirm the requirement for affordable housing provision on sites over the 15 unit threshold. If agreement has not been reached at the pre-application stage, Bolton Community Homes will discuss further with Planning colleagues and the Developer to reach an agreement. Agreements for affordable housing provision including the number, phasing, plot numbers, unit types, open market value (OMV) discount, tenure and agreement of the relevant Registered Provider should be reached before consideration by Planning Committee.

### **Planning Decision and Section 106 Agreements**

- 5.6. Following the decision by Planning Committee, the requirement for affordable housing provision will be included in S106 agreements.

### **Approval and Monitoring**

- 5.7. The council is required to monitor affordable housing delivery for government statistical returns and to ensure that delivery remains in line with the strategic priorities contained within sub-regional strategies, the council's Housing and Core Strategies, Affordable Housing Plan and Community Strategy.
- 5.8. Housing completions and commuted sum contributions will be monitored in line with existing policies and procedures to ensure that all units are delivered in accordance with Section 106 agreements, comply with planning condition requirements and ensure that the standard of affordable housing is acceptable.

## 6 Example Calculations

### Onsite Provision

- 6.1. The following three tables provide calculations for nominal development sites, to give an indication of the levels of affordable housing which would be required, and the resulting cost to the developer, based on what would be achieved through open market sales.

Figure 1. Site Example - 100 Units

Type of Site	Total No Units	Affordable Housing (AH) Units	% AH	Tenure	Discount	Cost to Developer	
Greenfield	100	35	35	26 x Social Rent	60% discount off OMV (40% of OMV)	<b>£1,830,000</b> (Assumes £100,000 per unit, £10m total sales value)	<b>£2,745,000</b> (Assumes £150,000 per unit, £15m total sales value)
				9 x Shared Ownership	30% discount off OMV (70% of OMV)		
Brownfield	100	15	15	11 x Social Rent	60% discount off OMV (40% of OMV)	<b>£780,000</b> (Assumes £100,000 per unit, £10m total sales value)	<b>£1,170,000</b> (Assumes £150,000 per unit, £15m total sales value)
				4 x Shared Ownership	30% discount off OMV (70% of OMV)		

Figure 2. Site Example – 60 units

Type of Site	Total No Units	Affordable Housing (AH) Units	% AH	Tenure	Discount	Cost to Developer	
Greenfield	60	21	35	16 x Social rent	60% discount off OMV (40% of OMV)	<b>£1,110,000</b> (Assumes £100,000 per unit, £6m total sales value)	<b>£1,665,000</b> (Assumes £150,000 per unit, £9m total sales value)
				5 x shared ownership	30% discount off OMV (70% of OMV)		
Brownfield	60	9	15	7 x Social rent	60% discount off OMV (40% of OMV)	<b>£480,000</b> (Assumes £100,000 per unit, £6m total sales value)	<b>£720,000</b> (Assumes £150,000 per unit, £9m total sales value)
				2 x Shared ownership	30% discount off OMV (70% of OMV)		

**Figure 3. Site Example - 30 Units**

Type of Site	Total No Units	Affordable Housing (AH) Units	% AH	Tenure	Discount	Cost to Developer	
Greenfield	30	11	35	8 x Social rent 3 x Shared ownership	60% discount off OMV (40% of OMV) 30% discount off OMV (70% of OMV)	<b>£570,000</b>  (Assumes £100,000 per unit, £3m total sales value)	<b>£855,000</b>  (Assumes £150,000 per unit, £4.5m total sales value)
Brownfield	30	5	15	4 x Social rent 1 x Shared ownership	60% discount off OMV (40% of OMV) 30% discount off OMV (70% of OMV)	<b>£270,000</b>  (Assumes £100,000 per unit, £3m total sales value)	<b>£405,000</b>  (Assumes £150,000 per unit, £4.5m total sales value)

- 6.2. An Affordable Rent may be considered by the Registered Provider rather than Social Rent or Shared Ownership.
- 6.3. The Affordable Rent is 80% of Market Rent and Market Rent varies across the borough, therefore it is not possible to quantify these discounts. The discount required will depend upon the rental income and will have to be negotiated on a site-by-site basis with the zoned Registered Provider.

### Commuted Sums

- 6.4. In some instances, it may not be possible to provide affordable housing on site. In these situations, the council will look to receive monies through commuted sums to be spent on providing affordable housing off site.
- 6.5. The following table provides calculations for a nominal development site, to give an indication of the levels of commuted sums required to satisfy the affordable housing policy requirements.

Site	Total No Units	AH quota	Financial Contribution	Cost to developer
Greenfield	100	35%	26 x £60,000 contribution towards social rented units (60% discount off OMV) 9 x £30,000 contribution towards shared ownership units (30% discount off OMV)	<b>£1,830,000</b>  (Assumes £100,000 per unit, £10m total sales value)
Brownfield	100	15%	11 x £60,000 contribution towards social rented units (60% discount off OMV) 4 x £30,000 contribution towards shared ownership units (30% discount off OMV)	<b>£780,000</b>  (Assumes £100,000 per unit, £10m total sales value)

## 7. Further information and contacts

### **Planning Control Section**

Planning Division  
Development and Regeneration Department  
Bolton Council  
Town Hall  
Victoria Square  
Bolton  
BL1 1RU  
Telephone: (01204) 336000  
Email: [planning.control@bolton.gov.uk](mailto:planning.control@bolton.gov.uk)

### **Bolton Community Homes**

2 Silverwell Lane  
Bolton  
BL1 1QN  
Telephone: (01204) 335389  
Fax: (01204) 3365365

# Appendix i:

Extract from the Core Strategy, showing the text of policy SC1.

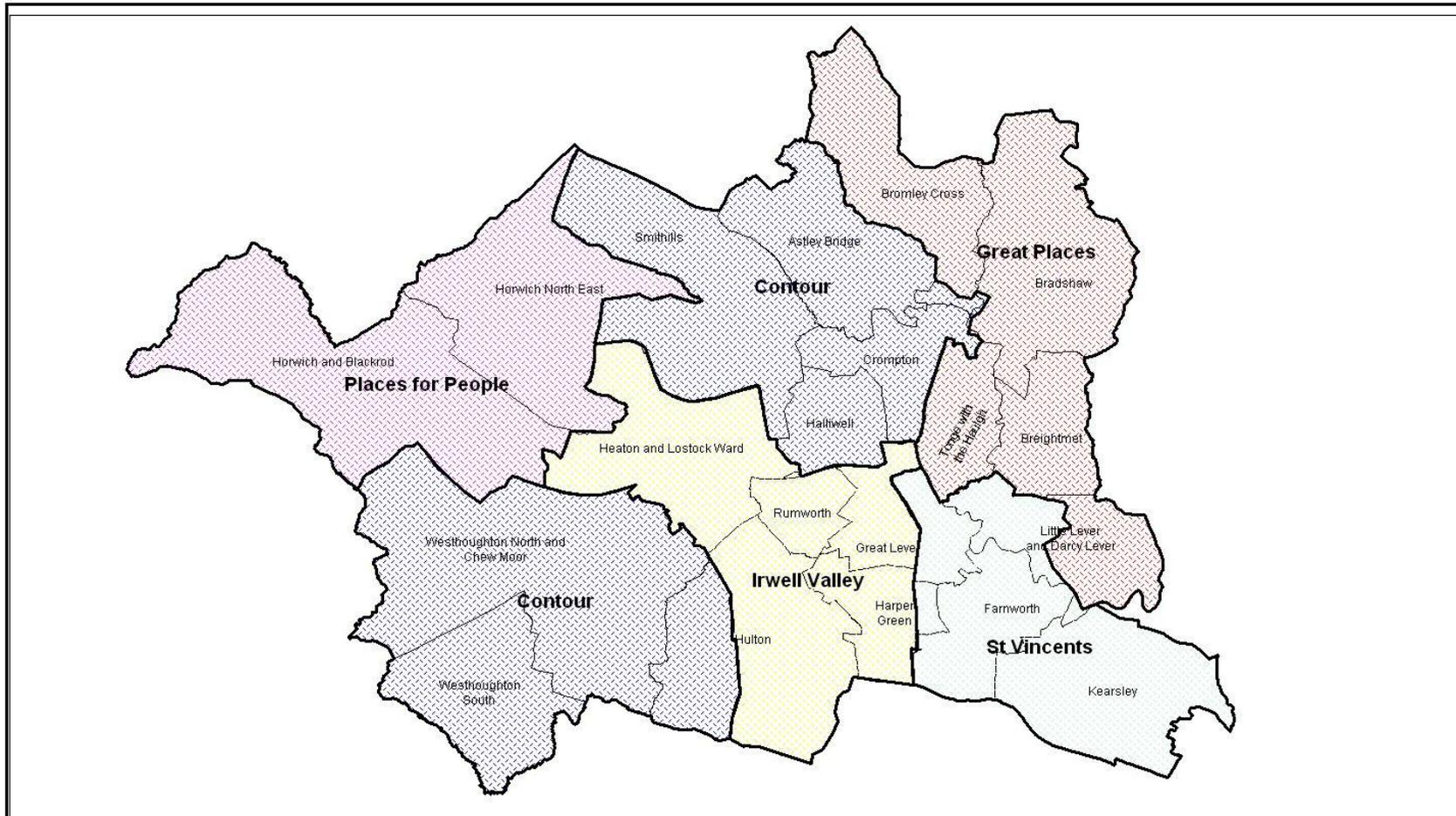
## Policy SC1

### The council and its partners will:

1. Identify a range of housing sites for additional provision of 694 dwellings per annum between 2008 and 2026.
2. At least 80% of housing development will be on previously developed land in accordance with the Regional Spatial Strategy; the Transforming Estates programme will provide up to 20% of housing development on Greenfield land.
3. Ensure that 35% of new housing is affordable, broken down into 75% for social renting and 25% for intermediate housing. All developments which incorporate open market housing and with a capacity of 15 or more dwellings should ensure that provision of affordable housing is made. On previously developed land 15% of total provision should be affordable and in the case of Greenfield land 35%. A lower proportion and/or a different tenure split may be permitted where it can clearly be demonstrated that development would not be financially viable and affordable housing provision is being maximised.
4. Ensure that for market and social rented housing, about 50% of dwellings are 3-bedroomed or larger, and no more than 20% (for market housing) or 10% (social rented) are 1-bedroomed. Ensure that for intermediate housing about 20% of dwellings are 3-bedroomed, and no more than 40% are 1-bedroomed.
5. Ensure that new housing has a density of at least 30 dwellings per hectare, and achieve higher densities where possible taking into account local character.
6. Provide an adequate supply of sites for gypsies and travellers, and travelling show people, taking into account such considerations as proximity to local services, the amenity of adjoining occupiers, the effect on the environment and the strategy of concentrating development in the existing urban area.

# Appendix ii:

## Housing Association Development Zones



	<p>Development and Regeneration Bolton Community Homes</p>	<p><b>Housing Association Development Zones</b></p>	<p>prepared by: Cheryl Foster reference: date: 17/05/2007</p>	<p><small>Information on this site is provided for general information only. It is not intended to be used as a basis for any legal or other professional advice. For more information, please contact the relevant Bolton Council department.</small></p>	<p>■ scale</p>
--	--	---	---	--	--------------------

# Appendix iii:

## Procedure for planning application submission

