

## **AFFORDABLE HOUSING**

- **What is meant by 'affordable housing'?**

It is often difficult for households on low incomes to obtain adequate housing, especially in a market-led sector of the economy. Affordable housing development meets those needs by providing social rented and intermediate housing (such as shared ownership), being made available for eligible households whose requirements are not met by the open housing market. The Council's objective is therefore to make provision for affordable housing accommodation, for rent or sale that people on below-average incomes can afford.

- **Policy Background**

The Government's policy on '**affordable housing**' is set out in Planning Policy Statement 3 'Housing' and the 'Delivering Affordable Housing' statement. The policy emphasises that everyone should have the opportunity of living in a decent home, which they can afford, in a community where they want to live. The role of local planning authorities is to ensure that new homes are built in the right place and at the right time for the community, including homes for those with special housing needs.

As part of research into the need to provide more affordable housing in the borough, the Council has adopted a policy in the Unitary Development Plan Review (Policy HP2.1). The Council has also prepared Supplementary Planning Guidance on 'Provision of Affordable Housing' to outline the policy and explain how it will work in practice. Both documents are available from Hygarth House, or you can view them on the Council's website <http://www.stockport.gov.uk> (see related items)

As the inclusion of an element of affordable housing could form part of a planning consent, then a **Section 106 Planning Obligation** may be needed to ensure that enough affordable homes are provided to meet the community's needs.

- **Applying Policy HP2.1.**

The Council will apply the policy in line with current government advice for the provision of affordable housing. The following site size thresholds will therefore apply:

- Proposed housing development sites containing 15 or more dwellings; or
- Proposed housing development sites of 0.5 hectare or more in area, regardless of the number of dwellings proposed.

In order to obtain a successful mixed-type of housing development, the Council will negotiate to ensure that 35% of the total number of dwellings to be built on the site is classified as being 'affordable' (this figure is reduced to 17.5% for housing developments in Stockport town centre). However, if this percentage would hinder the achievement of other planning objectives on the development

site, then the Council may be willing to reduce the amount of affordable housing provision if special circumstances apply.

In exceptional circumstances, the Council may decide that it would be better to seek a financial or other contribution towards providing affordable housing on a different site (to the one proposed for development) providing it is located within the borough. Such a decision would be based on all material considerations relating to the particular application and development site. Any financial contribution made to the Council would be held in a ring-fenced interest account. The Council would return to the developer any capital sum remaining unused after eight years.

The Council will use S106 Planning Obligations to ensure that the housing remains affordable to both initial and subsequent occupiers of the property.

- **Calculating housing costs**

As affordable housing will include a wide range of housing, and as property size varies, the Council has adopted the following guidelines for affordable price ceilings for four main house types (prices shown at 2007–08 and may therefore be subject to change):

Property size	Number of people	Rent per week	Monthly mortgage repayments	Maximum sale price
45 sq. metres or less	2	£85.25	£369.88	£63,251
46 to 65 sq. metres	3	£90.75	£391.87	£67,032
65 to 84 sq. metres	3–4	£93.49	£409.76	£70,126
Over 85 sq. metres	4–6	£110.00	£483.87	£82,501

The 'Provision of Affordable Housing' Supplementary Planning Guidelines' explains how these price ceilings are calculated. The price ceilings will be reviewed at the end of each year.

- **What kinds of tenure are suitable?**

Several categories of tenure are associated with affordable housing provision:

- social rented
- shared ownership schemes
- discounted sale

The Council strongly prefers the shared ownership scheme and, for rented housing, ownership by '[Registered Social Landlords](#)' (RSLs). The Council, has formed the 'Stockport Housing Partnership' with five of the RSL's who operate within the borough.

Further information and details of the RSL's involved in the partnership can be obtained from the Council's website [www.stockport.gov.uk](http://www.stockport.gov.uk) (see related items).

## SECTION 106 PLANNING OBLIGATION TOPIC PAPER

However the housing is provided, arrangements must ensure that it remains affordable for ever, or that capital receipts from 'stair-casing'\* continue to be applied towards providing affordable housing in the borough. These goals can best be met by the developer signing a **Section 106 Planning Obligation**.

*\*Staircasing means residents in shared ownership schemes increase their financial share of the property, e.g. from 50% to 75%.*