

Affordable Housing Statement

Content of Affordable Housing Statement

An affordable housing statement should specify what is being proposed in relation to affordable housing and should provide a justification for the amount and type proposed and the location within the site. To help compile an AHS, applicants are advised to have regard to Local Plan Policy H14 which sets out the Council's affordable housing requirements. The Statement should be professionally prepared by a suitably qualified person(s).

It is expected that the applicant will have thoroughly tested the viability of their scheme to ensure that it can satisfactorily meet the required policy compliant levels of affordable housing.

All applicants for major housing developments are advised to take advantage of the Council's pre-application advice service:

<https://www.barrowbc.gov.uk/residents/planning/development-control/pre-application-advice/>

Outline applications

If the application is in outline it is understood that some details may be unknown. The Statement should confirm that a legal agreement will be entered into in order to abide by the terms of Barrow Council's affordable housing Policy (H14). It should include details of any discussions with Registered Providers; you are advised to engage with Registered Providers at an early stage.

Full or Applications for Reserved Matters following Outline Permission

A typical affordable housing statement should include details of the following:

- the total number of all proposed residential units
- details of the affordable provision as a percentage of the overall number of residential units
- details of the tenure mix of the affordable units, for example (eg. market housing, affordable rent, intermediate / shared housing etc) and the percentage split
- details of affordable units, numbers of bedrooms and property types across all tenures to demonstrate a representative mix of unit types and size
- details of the affordable unit space standards and floor areas (sqm)
- metric scaled plans showing the location of affordable units within the site
- details of any Registered Providers acting as development partners
- the different levels or types of affordability or tenure proposed for different units. This should be clearly and fully explained in line with policy expectation
- explanation as to how the affordable housing units will be managed

- the affordable housing statement should be accompanied by a report from an independent chartered surveyor and should provide market valuations for each affordable unit
- details of the type of dwelling (eg. house, flat, studio, duplex etc);
- identification of the specific units (the units should be numbered to correlate with the numbering of the units on the submitted floorplans)

It may be appropriate, especially for larger schemes, to set the information out in the form of a schedule of accommodation. In some instances it may be helpful to include additional information, for example number of habitable rooms. An example table is set out below:

Table 1

Unit	Type	Tenure	Total Bedrooms	GIA(sq m)
1	House	Market	3	85
2	House	Affordable	2	67
3	Bungalow	Affordable	2	68
4	House	Market	3	87

For the provision of affordable housing by way of a S106 Agreement please also complete the a S106 Heads of Terms pro-forma.

If the application is in outline, we do not expect you to complete the form in full, as many of the details will be unknown at this time.

Further evidence of the need for affordable homes is available via the Council's Strategic Housing Market Assessment.

Reducing the affordable housing contribution

The Council recognises that the impact of any planning obligations, when coupled with other policy requirements, may affect the viability of some development proposals. In such exceptional circumstances, the Council will consider whether the benefits of the proposed development would outweigh the disadvantages of a more limited planning obligation, or no planning obligation at all. This will only be possible, however, where the developer provides evidence of the likely impact of the proposed planning obligation(s) on the viability of their development.

In relation to affordable housing the assessment should include details of the amount of affordable housing (%) that could be provided against a diminishing scale of profit levels, to the level of full affordable housing provision.

The expected applicant/developer contribution towards affordable housing may qualify for a reduction if it would make the development economically unviable. Where the applicant/developer considers that they cannot meet the full affordable housing contribution, we will need to reach agreement on the level of provision.

If no affordable housing is being offered, the AHS must state why. If the reason for no provision, or for provision below the Council's adopted policy position, is viability then a detailed financial viability assessment must be provided as part of the AHS.

The viability assessment will need to include a full financial appraisal with a breakdown of development costs. This should include the following information:

- The methodology used in the FVA
- anticipated sale prices or lease rents with evidence of values of similar schemes in the locality
- land purchase price/costs and anticipated profit / profit margins and minimum profit level assumptions
- cost of the land and associated fees including residual land value (RLV) and gross development value (GDV)
- build costs (per sq m), of dwellings and infrastructure supported by independent quantity surveyor estimates
- full details of any abnormal building costs, for example, unusual ground conditions may mean that deeper and more expensive foundations are needed. These should be accompanied with supporting reports and independent estimates which justify them
- design and project management fees
- The interest rate / lending costs plus programme and cash flow
- Costs of geotechnical and environmental surveys with a summary of the findings
- interim development financial calculations with any details from of the loan facility from the provider
- Details of the costs for the provision of local infrastructure / services, and other planning obligations /agreements
- Costs for marketing and sales (including legal fees) as a % of the GDV
- Costs for other professional fees
- References to the sources of data used, including those used for evidence of local property market values. To include market evidence for both market and affordable housing and benchmark or refer to BCIS rates for build costs
- The expected sales price for each dwelling proposed on the site
- Details of whether the land is owned by the applicant or whether it is subject of an option or other arrangement
- Whether any grant / other source of income will be available to augment the finance needed for the affordable units

- Ground rents and service charges for flats if relevant
- Anticipated price paid for the affordable dwellings by the registered provider
- all viability assessments and reports will be published on our website in accordance with the requirements of paragraph 57 of the National Planning Policy Framework.

Fee payable

There is a separate fee payable, in addition to the standard planning fee, for applications requiring a viability assessment.

The fee is to cover our costs in appointing an independent professional to evaluate the assessment submitted. Price will be on application on a case by case basis.

Policy

Barrow Borough Local Plan 2016-2031, Policy H14 relates to the provision of affordable housing:

Policy H14: Affordable Housing

Delivery of affordable housing, including Rent to Buy homes, will be supported where the proposal meets national and local policy. Proposals for housing development will be assessed according to how well they meet the identified needs and aspirations of the Borough's housing market area as set out in the most up-to-date Strategic Housing Market Assessment and/or any more recent evidence of need. It is expected that 10% of dwellings on sites of 10 units or over should be affordable (as defined by the NPPF (2012) or any document which replaces it). Alternatively contributions to the provision of affordable units off-site will be considered where justified. On and off site provision will be secured through a Section 106 Agreement. Tenure split must reflect that stated as required in the latest Strategic Housing Market Assessment where possible.

A lower proportion of affordable housing, or an alternative tenure split, may be permitted where it can be clearly demonstrated by way of a financial appraisal that the development would not otherwise be financially viable either due to this requirement or due to the cumulative impact of this requirement and other required contributions. Early dialogue with the Council on this matter is essential. It is not acceptable to sub-divide a site and purposely design a scheme to avoid making affordable housing contributions.

Affordable Housing definition

The Glossary to the NPPF includes the following definition of affordable housing:

Affordable housing: housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions:

a) Affordable housing for rent: meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be

a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).

b) **Starter homes:** is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household's eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.

c) **Discounted market sales housing:** is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.

d) **Other affordable routes to home ownership:** is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision, or refunded to Government or the relevant authority specified in the funding agreement.