



SPG11  
Supplementary Planning Guidance  
*for the*  
London Borough Of Ealing  
REPLACEMENT UNITARY DEVELOPMENT PLAN

# Affordable Housing



## REPLACEMENT UDP

The 'New Plan for the Environment' is Ealing's replacement unitary development plan (UDP). It provides the policy context for decisions on planning applications and other proposals concerning development and transport in the London Borough of Ealing.

## SUPPLEMENTARY GUIDANCE on AFFORDABLE HOUSING

The UDP policies are amplified by Supplementary Planning Guidance. This Guidance may bring together planning and other considerations (in this case housing matters) which need to be taken into account by people proposing development or affected by development.

Only the policies of the Development Plan have the status afforded by Section 54A of the Town and Country Planning Act, 1990 (as amended), in deciding planning applications. Supplementary Planning Guidance (SPG) may be taken into account as a material consideration, and the weight accorded to it is increased if it has been prepared in consultation with the public, and has been the subject of a Council resolution.

## THE PRODUCTION OF THIS SUPPLEMENTARY PLANNING GUIDANCE

This document has been produced in partnership between the London Borough of Ealing and the Ealing Housing Association Forum. The contact details are listed below.

<b>Planning Policy Team</b> Brian Capon Planning Policy Team London Borough of Ealing Environment Group Perceval House 14-16 Uxbridge Road London, W5 2HL 020 8825 7317 <a href="mailto:planpol@ealing.gov.uk">planpol@ealing.gov.uk</a> <a href="http://www.ealing.gov.uk/planpol/index.htm">www.ealing.gov.uk/planpol/index.htm</a>	<b>Housing Strategy Team</b> Marek Sikorski Housing Strategy Team London Borough of Ealing Housing and Social Services Perceval House 14-16 Uxbridge Road London, W5 2HL 020 8825 6135 <a href="mailto:sikorskim@ealing.gov.uk">sikorskim@ealing.gov.uk</a> <a href="http://www.ealing.gov.uk">www.ealing.gov.uk</a>
The document was prepared for Ealing Council and the Housing Association Forum by	
TETLOW KING PLANNING 32 HIGH STREET WEST MALLING MAIDSTONE KENT ME19 6QR	TEL: 01732 870988 FAX: 01732 870882 EMAIL: <a href="mailto:info@tetlow-king.co.uk">info@tetlow-king.co.uk</a> WEBSITE: <a href="http://www.tetlow-king.co.uk">www.tetlow-king.co.uk</a>
OUR REF: C:\SH\GD\M2\0703.RPT	Constructionline Approved – Registered No: 8559

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## **Section 1**

### ***Status of this Guidance***

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- 1.1 This guidance note on Affordable Housing is non-statutory guidance prepared to supplement the policies and proposals of the adopted Ealing Unitary Development Plan, (Plan for the Environment) August 1995 as amended and adopted in 1998.
- 1.2 The adopted Unitary Development Plan is currently being replaced by a replacement UDP, known as the New Plan for the Environment. The second deposit version of the plan, dated October 2002 is approved for development control purposes. The new plan, along with this guidance, comprises a material consideration in decisions on planning applications.
- 1.3 This guidance supplements policies H.3, H.4 and P.2 of the adopted UDP and makes reference to other complementary policies where applicable. It also supplements policy 1.9, 5.2 and other policies in the replacement UDP.
- 1.4 This Supplementary Planning Guidance is approved for development control purposes, and will be adopted formally as guidance relating to the New Plan for the Environment at the same time that the new plan is formally adopted as the statutory plan for the borough.

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## Section 2

### Introduction

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#### The adopted UDP

- 2.1 Policy GL8 of the adopted UDP states that the Council will consider how to ensure that the (housing) supply meets local needs, given the problems associated with low cost housing and low income groups and will also seek to maintain decent standards for all residents and to achieve a better environment for households most in need.
- 2.2 The Borough Planning Housing Objective is:
- “To increase the quantity of housing to meet needs and to help ensure its satisfactory quality for all residents with better choice and availability for households in most need”.*
- 2.3 The Borough Planning Equal Opportunity Objective states:
- “The Council will ensure that the needs of all sections of the community are taken into account in the implementation of planning policies. Particular regard will be paid to the needs of, and implications of any proposals for elderly people, women, people with disabilities, children, people of ethnic minorities, and people on low incomes”.*
- 2.4 The actual policy on affordable housing in the adopted UDP is set out below. Operationally, this policy has been replaced by the relevant policy in the New Plan for the Environment.

#### *H4 Affordable Housing in Residential Development*

*When considering development proposals for private housing schemes comprising 25 or more dwellings the Council will seek to achieve agreements with developers to secure affordable housing through, for example, housing associations, co-operative housing and equity sharing schemes. The Council will seek to secure the maximum reasonable proportion of housing to meet the needs of buyers or renters on low and middle incomes who are unable to gain access to market housing. This will be a priority in reaching agreements with developers, in order to make adequate provision for housing needs as required by Strategic Planning guidance for London. The Council will expect that the benefits of affordable housing are enjoyed by successive as well as initial occupiers of the property. The details of arrangements to achieve this*

*will be negotiated between the Council and the applicant for planning permission.*

## **The replacement UDP**

2.5 The strategic policy (as set out in chapter one) is –

*Policy 1.5.*

*Housing*

**To increase the quantity of housing to meet needs and to ensure its satisfactory quality for all residents, with improved choice for those most in need. Priority will be given to reusing empty property, converting existing buildings and developing brownfield land.**

2.6 The Introduction to the Housing chapter in the New Plan for the Environment states –

*The most recent study on residential capacity (London Planning Advisory Committee 1999) indicates that 9,750 more homes can be added to Ealing's housing stock in the period 2002 – 2017. This study is supported by the Government Office for London and forms the basis for the work on housing in the Mayor of London's 'spatial development strategy' (The Draft London Plan).*

*The Ealing total implies that an annual average of 650 units can be expected over the plan period. This figure will be regarded as a minimum target for residential development. It increases the council's previously approved figure of 540 units per annum.*

*'Affordable' housing (ie homes available to people who cannot afford to buy in the open housing market) is a key issue all over London. The government and the regional and London-wide authorities all indicate that development on significant sites should include an appropriate mix of 'market' and affordable housing. This theme is followed through in the Ealing Plan. The London Planning Advisory Committee's 1999 Housing Capacity Study suggests that one third of residential development in the plan period is likely to be defined as affordable. The policies in the new plan aim to increase this to 50% of additional residential units, including 'key worker' accommodation, ie for people recruited to work in essential services, and who otherwise would not be able to afford to come and live in the borough.*

2.7 Affordable housing is dealt with in policy 5.2 –

**Development projects which can accommodate 15 or more residential units, are required to provide 50% of the units on site as affordable housing.**

**Affordable housing is also required on other sites, if these are artificially below the development threshold because of a high proportion of large units, or the phasing of the development.**

**Where a developer manages a number of development sites in the borough, the 50% requirement relates to the total number of units, with the actual number per site to be agreed with the Council.**

**The benefits of affordable housing are to be extended to successive as well as initial occupiers. Where the agency is not a Registered Social Landlord, agreement will be reached between the Council and the developer and secured by legal agreement.**

- 2.8 This is the key policy statement on affordable housing. The guidance supplements this policy.

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## **Section 3**

### ***National Planning Guidance – PPG3 and Circular 6/98***

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- 3.1 Planning Policy Guidance note 3 (PPG3): Housing (2000) includes the following:
- Meeting the housing needs of the whole community by providing everyone with the opportunity of a decent home
  - Provide a wide mix of housing to create mixed and balanced communities, including affordable housing
  - Identify both unmet and future needs by undertaking up to date, robust and continuous assessments of housing need. Policies should reflect local needs and circumstances.
  - Define what is affordable in the local context and indicate how many affordable homes are needed. Identify sufficient sites to meet needs.
- 3.2 Circular 6/98, Planning and Affordable Housing includes the following:
- A community's need for affordable housing is a material planning consideration. UDP's should ensure sufficient land is available for affordable housing.
  - Policies on affordable housing should be based on up to date assessments of need.
  - Councils should seek to involve RSLs in the management of affordable housing. Where an RSL is involved in the development of a site, this can provide an effective way of achieving control over future occupancy.
  - Where exceptional local constraints can be demonstrated it may be appropriate to set threshold levels below 25 units.

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## Section 4

### *Planning Guidance*

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#### **The need for supplementary planning guidance**

- 4.1 This guidance is produced to supplement the policies of the adopted UDP and the replacement UDP. Changes to government guidance since adoption means that the UDP policies require an updated interpretation. It is important for those submitting planning applications that the implementation of policies is fair and consistent with latest government guidance. Since the adoption of the UDP there has been considerable research and advice on the subject of affordable housing:
- Circular 6/98
  - PPG3 : Housing
  - Housing Corporation F2-42/98
  - The Draft London Plan (and related technical reports)
  - A housing needs survey for Ealing

#### **Defining affordable housing**

- 4.2 PPG3 states that:

*“UDP policies for affordable housing should define what the authority considers to be affordable in the UDP area in terms of the relationship between local income levels and house prices or rents for different types of households”.*

- 4.3 Affordable Housing is defined in the adopted UDP as:

*“Housing accessible to people whose incomes are insufficient to enable them to afford adequate housing locally on the housing market. It includes social-rented or shared ownership housing provided by housing associations or local authorities and low cost homes for sale at discount”.*

- 4.4 Recent research has established that in practice affordable housing to meet priority needs will normally only be provided by RSLs. This is because suitable housing to the occupier which costs in excess of the Housing Corporation’s benchmark rent levels will not be affordable to the priority need groups. If housing can be provided at these levels by other organisations or individuals and this housing is retained as such in

the longer term, then such housing will be considered as affordable for the purposes of the policies.

### **Housing need**

- 4.5 A housing needs survey has been carried out which has indicated that 50% of the housing on residential sites capable of accommodating 15 or more dwellings should be affordable housing.

### **Funding for affordable housing**

- 4.6 Developers should make arrangements, before planning permission can be issued to ensure that the affordable housing can be provided at an affordable level for those in need in the longer term. Public subsidy, provided by the Housing Corporation and/or the Borough Council, will not be available sufficient to meet all of the requirements for affordable housing.
- 4.7 In order to enable the provision of 50% of housing on qualifying sites as affordable, the Council will seek to make available an element of public subsidy, i.e. Social Housing Grant (SHG). Where public subsidy is to be made available in order to subsidise the costs to the occupier, it is proposed that the price to be paid to the developer will be based on 65% of the Housing Corporation's Total Cost Indicator (TCI) for 2003/4. For the avoidance of doubt this sum (i.e. 65% TCI) shall include the land cost and cost of constructing the affordable housing, including any contractor's design fees etc, but will exclude RSL on-costs.
- 4.8 The table at appendix 1 is to be used as a guide to developers in the provision of affordable housing. These figures will be reviewed on an annual basis.
- 4.9 The table at appendix 2 is a guide as to how the Borough will prefer to calculate cash in-lieu sums. The amount payable to the Borough will normally be a percentage of the TCI figure equivalent to the prevailing Housing Corporation grant rate.
- 4.10 As stated in Paragraph 4.12, in the case of off-site and cash in-lieu arrangements, the solution will need to reflect that the facilitating or parent site will be developed for 100% private market housing. This means that, for example, off-site or cash in-lieu provision of 100% of the on-site private market accommodation will be needed to maintain the overall 50% affordable housing requirement.

### Example

	<b>Total units</b>	<b>Market</b>	<b>Affordable</b>	<b>Ratio</b>
On-site example	100	50 on-site	50 on-site	1:1
Off-site example	100	100 on-site	100 off-site	1:1

4.11 Cash in-lieu will be paid into a discrete Affordable Housing Fund.

### **Negotiating affordable housing**

4.12 Policy H.4 states that the Council will seek to secure the maximum reasonable proportion of housing to meet the needs of buyers or renters on low and middle incomes who are unable to gain access to market housing. The policy applies to private housing schemes of 25 or more dwellings. The review of the plan includes policy 5.2 which requires 50% of the housing on development projects which can accommodate 15 or more residential units as affordable housing.

4.13 Whilst it is the Council's priority to secure the affordable housing on-site, Circular 6/98 provides for the possibilities for the developer to make a financial or other contribution to ensure the affordable housing of equivalent value is provided on another site in the borough. Such arrangements known as '*cash in-lieu*' and '*off-site*' will only be considered in exceptional circumstances.

4.14 When the affordable housing is to be provided on-site, 50% of the gross increase in the residential content should be made available as affordable accommodation. This will normally be measured in the form of habitable rooms. Where an off-site or cash-in-lieu arrangement is considered acceptable, affordable housing equivalent to a minimum of 100% of the facilitating development will normally be sought.

### **Live/Work units**

4.15 Proposals for live/work units will be located as residential for the purposes of assessing whether or not policy H.4 applies. The '*work*' element of a live/work unit is not habitable and would not be taken into account when assessing how much affordable housing is required.

## **Suitable sites**

4.16 Paragraph 10 of Circular 6/98 sets out the criteria to take into account when considering the suitability of a site for affordable housing. The borough's interpretation of these issues is as follows:-

**A** Site size – where a site is considered to have the capacity for 25 or more dwellings, Policy H.4 will apply. The policy will also apply where the Council reasonably considers that a development site has been specifically defined to fall below the threshold, or where the design or mix of uses has been specifically selected to avoid the application of Policy H.4.

The proposed change in the threshold size to 15 units in Policy 5.2 of the review UDP is a material consideration which will also be taken into account.

**B** Suitability – All potential housing sites in the borough are considered to be sufficiently close to local services and public transport to be suitable for some form of affordable housing.

**C** Economics of provision – In view of the high level of priority housing need in the borough, the provision of affordable housing is considered by the Council to be the primary objective when discussing the range of benefits which may appropriately be secured in any planning obligation. Where there are genuine unforeseen costs associated with the site (such as unexpected contamination) and all other sources of potential finance have been exhausted, the Council may accept a reduced amount of affordable housing. It will be for the developer to provide full and verifiable details to prove this case.

## **The importance of Registered Social Landlords**

4.17 Policy H.3 states that the Council will strongly support Registered Social Landlords. The Council therefore encourages landowners and developers to meet their affordable housing requirements through forming partnerships with RSLs who have an existing development role in the borough. Attached at Appendix 3 is the list of RSLs currently working in the borough.

4.18 Negotiations with a social housing provider should ideally commence prior to the submission of a planning application. The basis for an agreement should ideally be concluded prior to the application being submitted. The Council will seek to ensure that the affordable homes will be occupied by those in affordable housing need in the borough (achieved through nominations being granted to the Council). Affordable

housing provided by or for an RSL should be built to the Housing Corporation's current Scheme Development Standards.

### **Officer advice**

- 4.19 Officers from the housing and planning departments are available to advise developers on potential RSL development partners and on the size and type of units required. The key contacts can be found on the inside front cover of this guidance.

### **Where the affordable housing should be provided**

- 4.20 The Council is concerned that most affordable housing provided as part of a private residential development should be provided '*on-site*'.

### **On site provision**

- 4.21 Circular 6/98 states that where a local planning authority considers that a site is suitable for the inclusion of an element of affordable housing and an applicant does not make an appropriate provision as part of the proposed development, such failure could justify the refusal of planning permission. In effect this places a presumption in favour of on-site provision and it is this Council's preference to secure on-site provision.
- 4.22 A reduced on-site provision may be acceptable in the case of genuine unforeseen costs (see Paragraph 4.14c). If in such cases the resulting number of on-site affordable units mean that it would be more difficult to arrange on-site management, then an off-site or cash in-lieu arrangement may be more appropriate.
- 4.23 On suitable sites developers will be required to ensure the design of the proposals can accommodate the required affordable housing. In exceptional circumstances, for example where sub-division into different tenure types is not possible or alternatively where different tenure types cannot be fully integrated within the same building (pepper potting), alternative solutions may be considered. However, such circumstances will be rare and the onus will be placed on the developer to show why a conventional on-site provision cannot be made.

### **Off-site provision**

- 4.24 Alternative sites should be:-
- in the borough
  - ideally in the vicinity of the parent site
  - suitable for affordable housing
  - available within an appropriate time scale and have planning permission

- provided at the same time as the development of the parent site

### **Type of residential mix in affordable housing**

- 4.25 Policy H.6 states that the Council will, taking into account the housing market, have regard to the range of dwellings in any development in relation to the size and type of units most urgently required to meet existing and anticipated housing need in different parts of the borough and the potential of the site in relation to the local environment. Particular consideration will be given to family accommodation, the needs of women, elderly people, minority groups and people with disabilities.
- 4.26 In order that the affordable housing component meets prevailing needs the Council will publish the size and type of units required on an annual basis. For the year 2003/2004, the proportions of affordable housing to be sought in each scheme are set out in appendix 4. These proportions will be reviewed each year and published as an amendment to this SPG.

### **Key worker and intermediate housing**

- 4.27 There is no formal national definition of key worker housing, but it has been recognised in London that key workers are part of a larger group of households who cannot afford suitable market housing, but who at the same time are not eligible for conventional social housing. Housing for this group is often called 'intermediate'. The Council will seek to ensure housing for this group is provided as part of the affordable element on suitable 'threshold' sites. As a guide, the intermediate housing component will normally be no more than 15% of the total housing provision, i.e 30% of the affordable element, on any one site. However, it is recognised that there may be occasions where the most suitable form of affordable housing will be for households requiring intermediate housing and a higher proportion may be appropriate, for example accommodation for nurses on a site close to a hospital. Normally the Council will not provide public subsidy for intermediate housing developments as the limited public resources available will be required to subsidise housing for priority needs. However the Council will seek to ensure that mechanisms are in place so that any intermediate housing remains affordable and available to those requiring it in the longer term. Often the best way of achieving this is through the involvement of a RSL.

### **Future additional dwellings**

- 4.28 If later proposals have the result of increasing the amount of housing above the threshold on a particular site, the affordable housing policy will be applied to the total number of units.

### **Artificial sub-division**

- 4.29 Where sites are artificially sub-divided in order to avoid the application of the affordable housing policy, the entire site will be calculated to assess whether policy H4 applies.

### **Planning obligations**

- 4.30 Planning conditions and planning obligations will be used to secure arrangements for the provision and future control of the affordable housing, having regard to the advice in Circulars 1/97 and 6/98.

- 4.31 Within any planning obligation the Council will seek the agreement to:-

- a design brief
- a management schedule

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## APPENDIX 1

# A GUIDE TO THE FINANCIAL CALCULATIONS TOWARDS THE PROVISION OF AFFORDABLE HOUSING

### AFFORDABLE HOUSING FORMULA: PREFERRED METHOD OF FINANCIAL CALCULATION

The table below shows how the Council determines the calculation of the potential financial implications of its affordable housing policies. The table will be amended on an annual basis to reflect changing circumstances including Housing Corporation data.

#### *On-site or off-site provision of affordable housing 2003-2004*

Dwelling Area (m <sup>2</sup> gross internal)	TCI (£)	TCI minus on costs (£)	Price paid to Developer (£)
30-35	88,500	75,225	48,896
35-40	97,600	82,960	53,924
40-45	106,800	90,780	59,007
45-50	116,000	98,600	64,090
50-55	125,100	106,335	69,117
55-60	134,300	114,155	74,200
60-65	143,500	121,975	79,283
65-70	152,600	129,710	84,311
70-75	161,800	137,530	89,394
75-80	171,000	145,350	94,477
80-85	180,100	153,085	99,505
85-90	189,300	160,905	104,588
90-95	198,500	168,725	109,671
95-100	207,600	176,460	114,699
100-105	216,800	184,280	119,782
105-110	226,000	192,100	124,865
110-115	235,100	199,835	131,891
115-120	244,300	207,655	134,975

#### Notes

1. Currently on-costs are set at 15%
2. Measurements are expressed as 'gross internal' as per the Housing Corporation's definition

## APPENDIX 2

### IN-LIEU PAYMENTS

#### *In-Lieu Payments 2003-2004*

Dwelling Area (m <sup>2</sup> gross internal)	TCI	Developer's Contribution
30-35	88,500	48,675
35-40	97,600	53,680
40-45	106,800	58,740
45-50	116,000	63,800
50-55	125,100	68,805
55-60	134,300	73,865
60-65	143,500	78,925
65-70	152,600	83,930
70-75	161,800	88,990
75-80	171,000	94,050
80-85	180,100	99,055
85-90	189,300	104,115
90-95	198,500	109,175
95-100	207,600	114,180
100-105	216,800	119,240
105-110	226,000	124,300
110-115	235,100	129,305
115-120	244,300	134,365

#### **Notes**

1. The Total Cost Indicator is the yardstick by which the Housing Corporation measures a scheme's value for money.
  
2. Calculations of in-lieu payments assume an average grant rate of 55%.

**APPENDIX 3**

**MAIN RSLs WORKING IN EALING**

(Schedule to follow)

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## APPENDIX 4

### SIZE AND TYPE OF AFFORDABLE HOUSING SOUGHT

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#### Housing Mix 2003/4

When proposing an element of affordable housing developers should be aware that the Council will seek to ensure that the units will include a mix of sizes which will be meet prevailing needs. This mix will change over time as needs change and information in this appendix will be updated on an annual basis. For 2003/04 the preferred mix is:

1 bed	10%
2 bed	30%
3 bed	50%
4 bed	10%

