

**PLANNING CONTROL**

**Document Title:** Affordable Housing

Supplementary Planning  
Guidance

Adopted September 2001

Please note—This threshold was originally 25 dwellings or over - as stated in this document - but was lowered to 15 or over in 2006



*“Securing a **Better** environment for all the people of **Birmingham**”*

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## **1. Purpose**

- 1.1 The City Council is aware of the difficulties many of Birmingham's residents face in gaining access to good quality, affordable homes, and is currently seeking to address this issue through a wide range of initiatives. These include investment in the Council's own housing stock, urban renewal activity and joint working with housing associations and private developers.
- 1.2 The purpose of this Supplementary Planning Guidance (SPG) is to provide an additional, complementary mechanism for securing affordable homes in response to recent Government advice. This involves the City Council negotiating with developers for the provision of an element of affordable dwellings as part of substantial housing developments.
- 1.3 In preparing this SPG it is the City Council's intention not only to provide details of its affordable housing policies but to provide other practical information in order to assist developers when preparing schemes for residential development. It is envisaged that this SPG will enable developers to be aware of the City Council's expectations at an early stage in the development process. It is intended that this SPG will provide a consistent approach to the provision of affordable housing to the benefit of the City Council, developers and, ultimately, those in housing need.

## **2. Background**

- 2.1 The starting point for this Supplementary Planning Guidance (SPG) is the Unitary Development Plan (UDP), adopted in July 1993. The UDP, as the sole statutory land use plan for Birmingham, contains both the broad strategic policy direction and more detailed local planning and development policies and proposals necessary to guide and control development in the City up to the year 2001. The UDP to a large extent pre-dated the concept of affordable housing and did not, therefore, make direct reference to it. Draft Supplementary Planning Guidance on Affordable Housing was produced in June 1994 to take account of this emerging government policy.
- 2.2 Since the UDP and draft SPG were prepared the Department of the Environment, Transport and the Regions has issued updated guidance relating to affordable housing. This takes the form of Planning Policy Guidance note 3 (Housing), Circular 6/98 'Planning and Affordable Housing' and RPG11 'Regional Planning Guidance for the West Midlands'.
- 2.3 Alterations are being made to the UDP, which will update the City Council's planning policies on housing provision in accordance with the aims and provisions of PPG3, circular 6/98 and RPG11. The alterations, which were placed on deposit during May and June 2001, also take into account the findings of the Birmingham Housing Study, undertaken during 2001, the Review of Regional Housing Provision in the West Midlands, published in January 1997 and the Birmingham Housing Requirements Study, completed in late 1996. As part of these alterations affordable housing policies are included in the UDP for the first time (See Appendix 1).

- 2.4 This revised SPG takes account of the guidance, studies and policies which have emerged since 1993 and replaces the earlier SPG.

### **3. What is Affordable Housing?**

- 3.1 The revised UDP defines affordable housing as:

A. Housing provided by an organisation – such as a registered social landlord or local authority allocating on the basis of need. While such dwellings will normally be made available for rent, they may also include subsidised home ownership, such as shared ownership, where a registered social landlord or local authority retains a continuing interest,

and

B. Low-cost market housing, helping to meet the needs of first time buyers, single people, the elderly and other low income households, who cannot afford to rent or buy houses generally available on the open market.

- 3.2 The City Council considers rented and shared ownership dwellings provided and managed by registered social landlords or the local authority to be particularly good examples of dwellings which can meet affordable needs. It is envisaged that the bulk of rented and shared-ownership affordable homes provided as a result of this policy will be managed by registered social landlords, in particular by housing associations.
- 3.3 Affordable housing comprises a wide range of dwelling type as households requiring affordable homes are diverse in their characteristics. In addition to starter homes and housing for families there will be requirements for specialist types of housing to meet the specific needs of groups not well provided for by the market. These will include larger family dwellings (in particular for minority ethnic households) and sheltered and other housing for those with special needs including people with disabilities.
- 3.4 The City Council is especially keen to ensure that the affordable dwellings provided as a result of this policy continue to meet pressing housing needs into the future.

### **4. Housing Needs in Birmingham**

- 4.1 Substantial needs exist within Birmingham for affordable accommodation. Throughout the early 1990s there have been in the region of 20,000 households on the City Council's housing waiting list with another 25,000 on the transfer list. Each year some 10,000 households approach the City Council as homeless, three times the number applying in 1979. Households requiring affordable homes are diverse in their characteristics. They include single people wishing to set up their first home, families with children living in inadequate dwellings, older people needing accommodation more suited to their needs and people with special needs including those with learning difficulties and mental health problems.

- 4.2 Regional Planning Guidance for the West Midlands (RPG11) issued in April 1998 states that 46,500 homes should be provided within Birmingham over the period 1991-2011. To meet the requirement of RPG11, an average of 2,700 dwellings need to be provided per annum from 2000-2011. The Birmingham Housing Study found that, in order to deal with the backlog of affordable housing need within 5 years, as advocated in the DETR publication "Local Housing Needs Assessments - A guide to good practice" all new house building would need to be affordable over that period. This would, of course, not be practicable or desirable. The West Midlands Regional Forum's Review of Housing Provision (completed in 1997) recognised this and suggested a target of 49% for the period 1991-2011.
- 4.3 Changes in incomes, house prices, interest rates, mortgage tax relief policies and the lending policies of financial institutions all influence the number of households able to buy their own home at any one time. Experience shows, however, that there will always be many households unable to afford to buy and, currently a large number of these also find it impossible to gain access to accommodation in the rented sectors. These problems are particularly concentrated in certain parts of the City. In broad terms, housing needs are concentrated where the poorest people live. Particular concentrations of need can, however, arise as results of clearance activity, and the specific needs of elderly and ethnic minority households, for example, are not spread evenly across the City.
- 4.4 As a consequence of these wide spatial and temporal variations in housing need within Birmingham, it would be inappropriate for the City Council to spell out precise affordable housing requirements to developers in this SPG.
- 4.5 When seeking to negotiate with developers for the provision of affordable dwellings on individual sites the City Council will provide evidence of the scale and nature of housing needs in the City. The City Councils assessment of the number and types of affordable dwellings required as part of the development will be based on the best information available including data from waiting lists, the census of population, local surveys, RSLs, estate agents and other organisations as appropriate.

## **5. The Developer's Contribution**

- 5.1 The nature of the developer's contributions to the provision of affordable housing will vary from site to site. It may include:
- the provision of land to registered social landlords or other appropriate agencies (for example, the City Council or self build groups),
  - the transfer of completed units to registered social landlords or other appropriate agencies (including the City Council) or
  - the construction of low cost market housing for sale.

Negotiations, however, may produce different solutions and the City Council will be open to suggestions from developers. The City Council will, in its negotiations, seek to reach agreement with developers that the affordable housing will be provided in agreed timescales.

- 5.2 The scale of the expected contribution will also vary depending on the particular circumstances of the site. It is not considered appropriate to set a rigid quota or target for all sites, as this would be arbitrary and inflexible in view of the wide variety of circumstances applying to sites in a City as large and diverse as Birmingham. As a broad guide, however, on sites where affordable housing is being sought the City Council will expect that a minimum of:
- 25% of all dwellings will be affordable housing as defined in part A of the affordable housing definition (see paragraph 3.1) and,
  - 10% of all dwellings will be affordable housing as defined in part B of the affordable housing definition (see paragraph 3.1).
- 5.3 The precise mix of dwelling types to be provided will vary from site to site depending on the nature of housing needs identified and the particular circumstances of the site. The City Council will expect that at least three quarters of the affordable housing provided under part A of the definition will be homes for rent. The remaining market provision on sites where affordable housing provision is sought should meet a range of needs and demands.
- 5.4 Where a requirement for an element of affordable housing is appropriate, there will be a strong presumption in favour of the affordable homes being provided as part of the proposed development. In exceptional circumstances, the City Council may consider provision of the affordable housing element off-site, subject to an equivalent level of housing need being met. This may be either by way of the developer directly providing affordable units on the alternative site, or by making a financial contribution to enable the provision. The meeting of other policy objectives could provide justification for such off-site provision (see Para 6.6).
- 5.5 The City Council wish to encourage the development of mixed and balanced communities. The affordable homes should, therefore, be fully integrated into the development as a whole. They should be located throughout the site and not developed as an estate within an estate.
- 5.6 In larger residential developments where the site will be developed in phases developers will be expected to prepare a master plan which sets out the number and type of affordable dwellings to be provided in each phase. The number of affordable dwellings in each phase should be proportionate to the overall level of affordable housing on the site. Developers should ensure that the affordable housing element continues to reflect local need at the time each phase comes forward for development.
- 5.7 It is considered essential that affordable homes are also good quality homes. Housing needs will not be met by the provision of sub standard affordable homes. All planning applications subject to affordable housing negotiation will be considered against the City Council's other development guidelines, including the "Places for Living".
- 5.8 In order to ensure that the City's housing stock will meet the needs of all residents in the future, the City Council expect all new affordable housing to be designed in

accordance with the latest 'Lifetimes Homes' standards. These standards improve accessibility and allow for maximum flexibility for adaptation of the dwellings.

- 5.9 Public subsidy for the provision of affordable housing is limited and resources fall significantly short of need. When subsidy is available it will be directed towards the City Council's strategic objectives. The City Council will identify priority areas on an annual basis and may support the use of Social Housing Grant to assist in the provision of appropriate affordable housing in these areas.

## 6. Circumstances when Affordable Housing Provision will be Sought

- 6.1 In deciding whether to seek the provision of affordable housing and determining the type of affordable dwellings that will be required, the City Council will be guided by the following criteria:
- 6.2 **Site Size** - The provision of an element of affordable housing will be required on housing developments (including conversion schemes) involving:
- 25 dwellings or more or 1 ha or more.
  - Smaller sites which form part of a larger site of 25 dwellings or more or 1ha or more.
  - Smaller sites which, with further land assembly, could reasonably be expected to form part of a site of 25 dwellings or more or 1ha or more.
- 6.3 **Local Housing Need** – The City Council will demonstrate the existence of local housing need when negotiating with developers and this evidence will determine the precise types of affordable housing which will be sought. With regard to the two part definition, it may be that one category of affordable housing does not have a role to play in a particular area. Where this is the case it will be clearly defined as part of the needs assessment. However, one category of affordable housing should not be treated as a substitute for the other. Local housing market conditions will also be taken into account. In the context of this policy, local is defined as need that exists within the City.
- 6.4 **Development Costs** – The City Council acknowledge that the ability of a developer to provide affordable homes will be reduced when development costs are excessive. This may occur when land reclamation works are required, where it is part of a mixed use scheme or where conversion works are not straightforward. The City Council will take account of such constraints. Should developers consider that the City Council's affordable housing requirements would threaten the economic viability of a scheme, they should provide full details including costings and valuations. This information will be essential if the City Council are to reduce or waive its requirements.
- 6.5 **Other Policy Objectives** – The City Council may have other policy objectives which would render the provision of affordable housing on a site undesirable. Efforts to diversify housing tenure in an area in order to create more balanced and sustainable communities, could, for example, override the objectives of the affordable housing policy. The provision of, say, further social housing over and above that planned for could prejudice the strategic objectives for the locality. Where this is the case it will

normally be expected that affordable housing will be provided on an alternative site, or that a financial contribution be made to enable this to happen.

- 6.6 **Other Planning Benefits** - Affordable housing will quite likely be one of many benefits which the City Council would like to see as a result of the development. As such, any planning agreement reached with the developer for affordable housing will need to be balanced against the other planning benefits which are being sought.
- 6.7 **Public Transport/Proximity to Centres** – Some types of affordable housing may be particularly suited to sites well located in relation to public transport provision and / or close to town centres. Such sites will be especially suitable for the elderly and other special needs groups and will also be good locations for non-car owning households. In order to facilitate housing provision generally and affordable housing provision in particular, the City Council will adopt a flexible approach to density and parking standards in centres and other locations well served by public transport so long as good quality dwellings and scheme layouts are proposed. More detail on this is set out in "Places For Living".
- 6.8 **Non-residential developments** – The City Council may also seek the provision of affordable dwellings as part of mixed use developments. Developments in the City Centre, in particular, may offer such opportunities.

## 7. Occupancy

- 7.1 The City Council is keen to ensure that the benefits of affordable dwellings will be enjoyed by successive as well as by initial occupants of houses. The involvement of registered social landlords (RSLs) can play a key role in ensuring that this happens, and for this reason it is anticipated that such landlords (including housing associations) will manage the bulk of the rented and shared ownership affordable houses provided under part A of the affordable housing definition. The City Council is keen to ensure that housebuilders and RSLs are able to develop effective and mutually beneficial relationships, and that the partners involved in each development are well suited to meet local housing needs.
- 7.2 Developers must ensure that affordable housing will be available only to those who need it. These will include those on public sector and registered social landlords housing waiting lists and those who wish to buy their own homes, but cannot purchase a property on the open market.
- 7.3 Where affordable housing is provided under part B of the definition it will be necessary for developers to prove that such housing will meet the needs of those who cannot afford market rents or prices prevailing in the locality.

## 8. Planning Applications, Decisions and Obligations

- 8.1 Discussions between the Council, the developer and, if appropriate, the registered social landlord should take place throughout the planning process in order to ensure



- the smooth progress of planning applications involving an element of affordable housing. When residential developments are proposed within Birmingham which include, or may include, an element of affordable housing, negotiations will preferably commence prior to the submission of the application, and developers are advised to contact City Council officers as early as possible in their preparation of residential schemes. Prospective developers are encouraged, in the first instance, to contact the Development Control officer responsible for the area in which their site lies – see appendix 2.
- 8.2 When appropriate, detailed planning applications should ideally be made jointly by the developer and the registered social landlord(s). Where this is not the case the Council will require assurances that appropriate contractual agreements exist between the developer and a registered social landlord for the provision of the affordable housing.
- 8.3 With its detailed knowledge of local housing needs and close working arrangements with RSLs and the Housing Corporation, the City Council is well placed to provide advice and assistance to developers regarding the selection of appropriate partners. In this respect, developers are encouraged to contact City Council officers as early as possible. Where developers already have close working relationships with one or more RSL and wish to involve these in the proposed development, the City Council will welcome early discussions on this matter to ensure that they are suitable to meet the needs identified.
- 8.4 It is unlikely that planning permission will be granted if the Council is not satisfied that secure arrangements are in place to ensure the delivery of affordable housing. The council will also have to be satisfied that the affordable housing proposal is workable, viable and acceptable in terms of need. The design of the housing including quality and space will also be taken into account, as will the proposed rent levels. The rent levels of dwellings for social rent should be consistent with the rent levels currently being approved for similar schemes by the Housing Corporation for RSL development in Birmingham. The registered social landlord will also have to be acceptable to the Council.
- 8.5 Following negotiations between the City Council and the developer the details of affordable housing provision will in most circumstances be confirmed by the use of a planning agreement under section 106 of the Town and Country Planning Act 1990. The agreement will provide details on the number and type of affordable dwellings to be provided, their location within the site, the phasing of their provision, the involvement of suitable housing associations and/or other agencies, and any other relevant considerations.
- 8.6 Affordable homes built as a result of this policy will be provided to meet housing needs identified by the City Council. The City Council will seek to ensure that these dwellings continue to meet the identified needs into the future. As a consequence, Planning Agreements will, where appropriate, incorporate mechanisms that ensure that successive as well as initial occupants of such dwellings are beneficiaries of this policy. Where appropriate, planning conditions will also be used to secure this objective.

## Appendix 1 – The Proposed UDP Affordable Housing Policies

**5.37** Balanced provision of affordable and market housing across the City will be sought. In addition to the provision to be met within Birmingham, it is proposed - in accordance with the Regional Housing Review - that further affordable dwellings will be provided elsewhere in the Region, to meet needs generated in Birmingham. Should resources (public or private) be forthcoming to enable such provision, the City Council will liaise with other local authorities regarding the scale, location and mix of housing.

**5.37A** For the purpose of this Plan affordable housing is defined as comprising:

A. Housing provided by an organisation - such as a registered social landlord or local authority - which is allocated on the basis of need. While such dwellings will normally be made available for rent they may also include subsidised low-cost home ownership, such as shared ownership, where a registered social landlord or local authority retains a continuing interest.

And

B. Low cost market housing, which may help to meet the needs of first time buyers, single people, the elderly and other low income households, who cannot afford to rent or buy houses generally available on the open market.

**5.37B** In order to meet the City's overall requirement for affordable housing an element of affordable housing will be required on housing developments\*\* (including conversion schemes) involving:

- 25 dwellings or more or 1 ha or more
- Smaller sites which form part of a larger site of 25 dwellings or more or 1ha or more

- Smaller sites which, with further land assembly, could reasonably be expected to form part of a site of 25 dwellings or more or 1ha or more.

This will be secured through S106 agreements. On all such private sites the City Council will require a minimum of:

- 25% of total dwellings to be affordable dwellings as defined in part A of the above definition, and
- 10% of total dwellings to be affordable dwellings as defined in part B of the above definition.

**5.37C** The City Council will provide details of the precise affordable housing mix it is seeking when individual proposals are brought forward by developers. The scale and nature of the affordable housing sought will depend on a number of factors including:

- Local housing needs (as defined by the Local Housing Authority)
- The suitability of the site and other economic constraints
- Accessibility to public transport and proximity to centres
- Other policy objectives (e.g. tenure diversification)

To assist developers, Supplementary Planning Guidance is being prepared, setting out the City Council's detailed requirements for affordable housing.

**5.37D** Where a requirement for an element of affordable housing is appropriate, there will be a strong presumption in favour of the affordable homes being provided as part of the proposed development. The affordable homes should be fully integrated within the development as a whole, and should be located throughout the site. In phased housing developments, developers will be

expected to prepare a Master Plan, setting out the number and type of affordable dwellings to be provided in each phase. These should be proportionate to the overall level of affordable housing on the site (i.e. if 25% affordable housing is to be provided overall, then 25% of the housing in each phase should also be affordable), with each phase reflecting local need at the time that the proposal comes forward.

**5.37E** In exceptional circumstances, the City Council may consider provision of the affordable housing element off-site, subject to an equivalent level of housing need being met. This may be either by way of the developer directly providing affordable units on the alternative site, or by making a financial contribution to enable the provision. The meeting of other policy objectives and/or the economics of housing provision could provide justification for such off-site provision.

**5.37F** In the Housing Priority Areas, as defined by the City Council's annual Housing Strategy Statements, the City Council will support the use of Social Housing Grant to assist in the provision of appropriate affordable housing.

Developers will be expected to secure affordable housing provision without recourse to such grant within Housing Priority Areas when appropriate grant support cannot be identified by the City Council and on schemes outside the Housing Priority Areas.

**5.37G** Developers must ensure that affordable housing will be available only to those who need it. These will include those on housing waiting lists and those who wish to buy their own homes, but cannot purchase a property on the open market. Developers are therefore encouraged to enter into partnership arrangements with registered social landlords whose interest in the property will control initial and future ownership and occupation. Where affordable housing is provided under Part B of the definition, it will be necessary for developers to prove that such housing will meet the needs of those who cannot afford market rents or prices prevailing in the locality.

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Footnotes

\* Report on Review of Housing Provision in the West Midlands Region, Appendix 1, Technical Report by former West Midlands Forum of Local Authorities.

\*\* This will apply to both new planning permissions and renewals of lapsed planning permissions.

## Appendix 2 - City Council Contact Officers

Prospective developers are encouraged, in the first instance, to contact the Development Control officer responsible for the area in which their site lies. The following are the Constituency Planning Officers as at August 2001.

Edgbaston	Reddy Nallamilli	0121 303 3185
Erdington	John Culligan	0121 303 2934
Hall Green	Adrian Jones	0121 303 2802
Hodge Hill	Linda Vincent	0121 303 2716
Ladywood	Roger Shipton	0121 303 2780
Northfield	Chris Cox	0121 303 4812
Perry Barr	Alan Orr	0121 303 3765
Selly Oak	Catherine Money	0121 303 3518
Small Heath/Sparkbrook	Tony White	0121 303 4863
Sutton Coldfield	Richard Thomas	0121 303 4778
Yardley	Barrington Bowie	0121 303 2942
City Centre	Simon Hodge	0121 303 3148

Any general enquiries about this SPG should be directed to:

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