

GUIDANCE NOTE DEVELOPMENT CONTROL OF AFFORDABLE HOUSING

This Guidance Note illustrates the requirements to be met by planning applicants who have triggered the council's affordable housing policy, which is laid out below. It forms the foundations for a new Supplementary Planning Document on affordable housing. It took effect from October 2006 following consultation and Executive Committee Approval.

This document is based on the London Plan, London Plan: Housing Supplementary Planning Guidance, PPS3 and the London Housing Strategy.

SEEKING ADVICE

The Principal Affordable Housing Officer (AHO) is responsible for advising and leading negotiations on all section 106 (s.106) affordable housing issues. The AHO operates within both the Planning and Housing Departments and should be your first point of contact. Early involvement is crucial to ensuring an acceptable affordable housing element of a residential planning application. Advice will be given by the AHO on issues such as choosing a registered social landlord partner and public funding, as well as the other aspects contained within this Guidance Note.

The Major Applications Team within the Planning Division will provide further development control advice on sites where affordable housing or mixed-use policies are relevant and initial plans are being prepared. There will be a charge for pre-application meetings. Please see the 'Major Development pre-application procedure note,' for further guidance.

MEETING PEOPLE'S NEEDS

Housing is the most extensive land use in the Borough, providing homes for local residents and dominating the local environment. Despite this there is still an overwhelming demand for further new housing. Land and build costs have increased substantially over the last five years. This has led to an increasing gap between a proportion of very high earners who are able to take full advantage of the owner-occupier and private rented markets and a much larger lower income group with a limited choice because of cost.

Definition of Affordable Housing

Recent studies of housing need in London and Islington, particularly the Housing Needs Survey 2002, show a continued shortage of housing that people can afford. The term 'affordable housing' means housing that has cost/rents below market price designed for people who otherwise could not afford suitable accommodation within the open market.

There are two main categories for affordable housing, the social rented and intermediate sectors. Social rented is available to those who are assessed as being Homeless as

defined within the Housing Act 1996. They will benefit from a subsidised rent, which in some instances is below 50% of the full open market value.

The intermediate sector includes provision for shared ownership (part buy, part rent) and intermediate rented accommodation. Shared ownership is available to those who wish to move away from social rented accommodation but cannot afford the open market value of properties in the private market. It allows individuals to part rent and part buy their properties. If their income increases they can buy further equity until they have purchased the property outright and become a homeowner.

Intermediate rented means rental levels that are set between the affordable social rented level and the full open market rental level. This level allows those on low incomes who are not entitled to social rented accommodation to rent at a level lower than the full open market value.

The need for affordable housing in all categories within the Borough continues to grow.

This Guidance Note reflects the emerging affordable housing policy and will concentrate on maximising supply.

KEY PRINCIPLES FOR THE PROVISION OF AFFORDABLE HOUSING

[\(a\) In schemes of 10 or more housing units 50% of provision should be affordable.](#)

The London Plan requires that 50% of new housing from all sources should be affordable. A large proportion of sites that are developed for housing in Islington are small. They are also below the Affordable Housing Policy, April 2003, 15 unit threshold. The draft Core Strategy therefore proposes to reduce the threshold to 10 units and seek 50% for affordable housing.

[\(b\) The tenure mix as a percentage of the total amount of housing in each scheme achieving 50% affordable, should be 60% social rented and 40% intermediate.](#)

It is recognised that the extra development costs of achieving 50% provision (particularly on smaller sites) may possibly create economically unviable developments. This could result in less housing schemes being developed and as a consequence fewer affordable housing units. Islington Council wishes to find the best balance, which maximises provision without endangering supply.

In order to meet the growing demand for low-cost home ownership and to help with the viability of schemes that achieve 50% affordable housing the Council will accept a 60% social rented and 40% intermediate housing mix.

The current preferred mix of affordable housing units required is 70% social rented and 30% intermediate {e.g. Homebuy Newbuild (formerly shared ownership) and Intermediate Rented schemes (rents set below market value but above social rented levels)}. This remains in force for those schemes not meeting the above 50% target.

(c) In exceptional circumstances Islington Council will accept 50% off site provision within the Borough.

Islington Council has a policy that encourages on-site provision, in order to encourage mixed and balanced communities and to resist segregation. However in exceptional circumstances Islington Council will accept an off site provision that is equivalent to 50% of the affordable housing units that would have been provided on-site.

(d) In order to maximise provision of affordable housing Islington Council will calculate this on a habitable room basis. Where there is a 5% disparity or more between floor space and habitable rooms the higher figure will be used.

In calculating the provision of affordable housing Islington Council will seek to ensure both the highest amount and the most appropriate type of accommodation, to meet housing needs. The amount of affordable housing will be calculated using habitable rooms as a primary measure to allow for the most suitable mix and to encourage larger family housing.

However, in cases where the private market dwellings are larger than the affordable units, Islington Council may calculate the affordable housing requirement on the basis of gross floorspace. For example 50% of the floorspace within the scheme should be affordable. This method will be used where the disparity between the private market dwellings and the affordable dwellings is greater than 5%.

(e) Islington Council in partnership with registered social landlords and other partners will retain nomination rights to all affordable housing units.

Islington Council with registered social landlords reserves the right to retain nomination rights to all affordable housing units. Islington Council will enter into planning/ nomination agreements/conditions to ensure dwellings provided continue to be available as affordable housing. Affordable housing will be secured across all tenures.

Any receipts generated from the subsequent sale of low cost ownership housing will be required to be recycled within social housing schemes within the borough.

(f) In exceptional circumstances Islington Council will consider a commuted sum payment. This shall be equal to the full open market value of the units lost.

If it is agreed, by Islington Council, that a commuted sum payment can be made in-lieu of units not provided on site or if no alternative off site provision can be agreed it will expect a payment-in-lieu equivalent to the full open market value of the total units forfeited.

(g) In circumstances where the developer considers that the affordable housing requirements cannot be achieved Islington Council will seek an independent financial assessment. The applicant will meet all fees.

Where there are genuine unforeseen costs associated with the site and all remedial finance has been exhausted, the developer will be expected to provide all relevant financial details of the scheme for further consideration. Islington Council may appoint an independent assessor/s to advise on the developer's ability to produce the affordable housing policy requirements. The fees will be the applicant's responsibility. The level of affordable housing will then be determined.

[\(h\) Islington Council has a preferred mix of unit sizes derived from its studies of housing need within the Borough and the North London sub-region, which it will apply. These may be revised from time to time.](#)

All housing schemes should provide a variety of unit sizes to ensure that Islington continues as a mixed and balanced community. Islington Council will adopt the North London sub-region proposals, which are as follows in order of priority: -

Social Rent

5 bedrooms	5%
4 bedrooms	10%
3bds/5person	25%
2bds/4person	40%
1bds/2person	20%

Intermediate

3bds/5person	10%
2bd/3person	50%
1bd/2person	40%

This will be subject to site constraints and development capacity. Please note the Council will not support the development of studio flats for affordable housing.

[\(i\) All affordable housing schemes must meet the Scheme Development Standards \(SDS\) as set down by the Housing Corporation regardless of whether or not the scheme has received grant funding.](#)

The Scheme Development Standards sets out the Housing Corporation's requirements and recommendations for all housing projects. It is a guide for all Housing Associations and their partners. It is also the basis upon which the Housing Corporation will assess Housing Associations' performance on developing housing projects. It is expected that the best elements of design from both social and private sectors should increasingly merge to ensure that homes are equally suitable for both sectors, whether for sale or rent.

Within three bedroom units the kitchen must be separated from the living room.

[\(j\) Lifetime Homes and Wheelchair Standard](#)

Islington Council will require that all affordable housing homes be built to lifetime homes standards as per the requirements of the Core Strategy. They must be easily adaptable to meet the changing needs of residents and to help create a more balanced and inclusive community. Where wheelchair homes are provided Islington Council will require that the locations are suitable and sufficient to meet the needs of long-term wheelchair users with very limited independent mobility. Islington Council aims to ensure that up to 10% of affordable housing units are built to wheelchair standard. Design guidance again is given in the SDS.

(k) Car parking

Where car parking is provided there should be a proportionate split between affordable and private.

(l) Requirement for amenity space

Amenity space should be provided on all affordable housing sites unless there is adequate public open space in the immediate area. Open space at ground level is ideal but not always possible. Therefore innovative approaches such as roof and podium gardens as well as winter gardens and balconies must be explored to address liveability issues. The needs of families with children must also be considered when designing amenity space including children's play areas. Communal amenity space must be functional and of useable size.

Adequate internal storage space should also be provided within all units.

(m) Islington Council will encourage the provision of Supported Housing in suitable locations with good access to amenities and transport

Certain development sites because of their location or other factors may be desirable to provide Supported Housing for either all or part of the affordable housing provision. At present the Council feels that high care special needs facilities are not appropriate for the affordable housing policy because of the complex nature of such schemes, which may necessitate well planned revenue and care packages. However, the provision of low-care accommodation is appropriate, as the costs are comparable to general needs housing. In the event that the low care provision incorporates communal facilities it will be taken into account in the overall calculation for affordable housing. This will ensure that the provision of Supported Housing does not have a financial detriment to the developer in comparison to general needs housing.

(n) Registered Social Landlords (RSLs) as Managing Agents of Affordable Housing

Islington Council prefers developers to use RSLs to provide the affordable housing element. This is an effective way of controlling occupancy without the need for additional occupancy controls that would need to be imposed by Islington Council. Through the North sub-regional protocol Islington Council will ensure that affordable housing is allocated to those eligible.

The Housing Development section of the Council will suggest a number of RSLs who have a local presence in management and development terms and have previous experience with Section 106 agreements.

Negotiations with the registered social landlord ideally should be conducted at pre-application stage and should be concluded and agreed before any planning permission is issued.

(o) Social Rents and Service Charges

Developers' should be aware that the social rental values for affordable housing units would be set according to the latest guidelines issued by the Housing Corporation. Annual increases are not normally more than RPI+ 1%. The present guidelines relate to

'restructured rents'. For further information please see the Housing Corporation website. In order to ensure affordability service charges must be agreed on a scheme by scheme basis with the Housing Development section of the Council.

[\(p\) Public Subsidy](#)

It is expected that the costs of providing affordable housing will be borne by the developer. The registered social landlord partner will be expected to carry an element of the costs. If a developer demonstrates that public subsidy is needed to finance a particular scheme then the Housing Development section of the Council will determine the likelihood of securing funding either through the Housing Corporation or other sources. Such funding is not guaranteed. Islington Council will consider the recycling of grant into affordable housing schemes within the Borough.

Please see below for a guide to the potential grant that may be supported by the Council on s.106 sites:

Average grant rate per unit - £80,000

Average grant rate per person - £20,000

[\(q\) Live/Work](#)

Live/work units are considered to be residential for the purposes of assessing whether or not they should be included in the affordable housing calculation. The non-residential element of the live/work element is not considered to be a habitable room and will not be included within the affordable housing calculation but all other habitable rooms are eligible for assessment.

[\(r\) Mixed Use Sites with Alternative Benefits](#)

Islington Council will in calculating the amount of affordable housing to be provided on any mixed-use site, consider the totality of the planning benefits required. These benefits can include any non-commercial use being provided for example, the provision of a subsidised nursery or community centre and other objectives such as repair and bringing back into use of statutory listed or locally listed buildings, environmental and transport benefits and subsidised employment or training.

[\(s\) Additional Dwellings at a Later Date](#)

Developers should be aware that if at a later date, there is an increase in the number of residential units on the facilitating site then the affordable housing policy will be applicable if the increase in the number of units triggers the threshold.

If there are any significant amendments proposed to previous planning permissions then the affordable housing policy current at the time of the revised application would be applied.

[\(t\) Regeneration Sites](#)

On certain estate regeneration schemes Islington Council may consider relaxing the affordable housing policy. It must be demonstrated that the provision of additional market housing on an estate regeneration site is absolutely necessary in order to cross subsidise

the works being undertaken. This could include making existing dwellings into a decent home standard and/or improve the tenure mix of the existing housing on the remainder of the estate regeneration site.

(u) Single Tenure Sites

If the total affordable housing provision for a site is five or less units then Islington Council can if deemed necessary accept a single tenure depending on the circumstances of the site.

(v) Intermediate Renting

Intermediate renting is rented housing that costs more than social rented housing but is provided at a cost that is substantially below open market levels. Eligible tenants are households that are not entitled to social rented housing but cannot afford the full cost of housing in the private market. Islington Council wishes to increase the level of intermediate renting made available over the coming years. The rental values per week that we are expecting are as follows: -

One bedroom -	£150
Two bedroom -	£210
Three Bedroom -	£260

(w) Sustainability

Islington Council is committed to the provision of sustainable homes; it is therefore expected that all new developments of affordable housing achieve an Eco Homes rating of Excellent.

x) Student Housing

Student housing will not be included in the calculation for the assessment of affordable housing units.

Student housing is not considered to be a housing needs group. It is not eligible for social housing grant and is not recognised under the Housing Act 1996 as an eligibility criterion for social housing. This is because it is temporary housing and the Housing Act 1996 is concerned with permanent provision for those without a home. Most students, not all, primary accommodations are with their parents and are considered under the Act to be housed.

Houses in multiple occupation and hostels have served as useful provision for student housing.

The Borough does wish to support students and as such any applicant wishing to develop student housing will not be subject to the affordable housing provision.

