

Adopted  
Supplementary Planning Document  
Affordable Housing  
March 2008



THE LONDON BOROUGH  
[www.bromley.gov.uk](http://www.bromley.gov.uk)

## **STATUS OF THIS GUIDANCE**

The Council's affordable housing policy is included within the Adopted Unitary Development Plan (July 2006). This document expands on how the Council anticipates the policy will operate. It aims to provide clear and consistent guidance on the main planning, financial and legal aspects involved in negotiating the provision of affordable housing through the planning process. The document will thereby contribute to the delivery of good quality affordable homes within the borough by helping all parties including developers, landowners, registered social landlords (RSLs) and the Council to deliver affordable housing.

The guidance is adopted for development control purposes forming part of the London Borough of Bromley's "Local Development Framework" and is a material planning consideration in the determination of planning applications. The document has been prepared in line with the requirements of the Planning and Compulsory Purchase Act 2004, associated regulations and guidance.

## **OBJECTIVES**

The objectives of the Supplementary Planning Document are:

- To assist in delivering affordable housing to meet the needs of the borough;
- To provide a clear framework on how affordable housing is provided in the borough;
- To outline the processes and procedures that are used to secure S106 agreements relating to affordable housing.

## **POLICY CONTEXT**

### **1.0 National Guidance**

1.1 The Council's policies relating to affordable housing were prepared in accordance with Circular 6/98 Planning and Affordable Housing and Planning Policy Guidance Note 3 (PPG3): Housing (March 2000). Planning Policy Statement 3 Housing (PPS3) and Delivering Affordable Housing (November 2006) have replaced Circular 6/98 and PPG3, in addition to a number of other housing related policy and guidance documents.

PPS3 Housing (November 2006)

1.2 PPS3 sets out the following guidance in relation to the provision of affordable housing:

- The Government's key housing policy goal is to ensure that everyone has the opportunity of living in a decent home, which they can afford, in a community where they want to live;
- To widen opportunities for home ownership for people who are vulnerable or in housing need and improve affordability across the housing market;
- Outcomes deliverable through the planning system include:
  - high quality housing that is well-designed and built to a high standard which contributes to the creation of sustainable, mixed communities;
  - a mix of housing both market and affordable, particularly in terms of tenure and price, to support a wide variety of households in all areas, both urban and rural;
  - a sufficient quantity of housing taking into account need and demand and seeking to improve choice;
  - housing developments in suitable locations, which offer a good range of community facilities and with good access to jobs, key services and infrastructure.
- LPAs should encourage applicants to bring forward sustainable and environmentally friendly new housing developments, including affordable housing to reflect Draft PPS Planning and Climate Change including the Code for Sustainable Homes;
- Within Local Development Documents LPAs should set an overall (plan-wide) target for affordable housing provision, set separate targets for social-rented and intermediate affordable housing where appropriate and specify the size and type of affordable housing likely to be needed in particular locations and where appropriate on specific sites, taking into account the findings of the Strategic Housing Market Assessment;
- LPAs should also set out the range of circumstances in which affordable housing will be required (national indicative minimum site size threshold is 15 dwellings but lower thresholds can be set where viable and practicable) and set out the approach to seeking developer contributions with the presumption that affordable units will be provided on site to contribute towards creating a mix of housing. Alternative approaches including off-site provision or payment in lieu may be accepted as long as the agreed approach contributes to the creation of mixed communities;
- Annex B sets out revised definitions for affordable housing (social-rented housing and intermediate affordable housing) and excludes low cost market housing from the definition. The guidance suggests that local authorities should consider the potential to provide low cost market housing as part of their approach to achieving a mix of housing generally.

1.3 PPS3 should be read in conjunction with Delivering Affordable Housing (November 2006). That document sets out the following relevant points:

- The increase in house prices across the country in recent years will have consequences relating to the need for more intermediate housing and more social-rented housing, particularly family-sized housing. High house prices mean there is greater scope to secure affordable units through planning obligations and paragraph 9 states that the

Government strongly encourages the best possible use of planning obligations and other tools to improve delivery;

- Local authorities should consider challenging developers to produce high quality housing designs that help integrate affordable and market units into a mixed community;
- Registered Social Landlords (RSLs) are housing associations which are registered with and regulated by the Housing Corporation. Since the early 1990s RSLs have been the main providers of new affordable housing. They have the capability of accessing private finance allowing them to deliver more units for a given amount of public expenditure. They also own and manage the affordable homes they provide;
- RSLs and unregistered bodies (including private developers and Arms Length Management Organisations) are eligible to bid for social housing grant from the Housing Corporation. Standards and public money are protected through contracts with developers;
- Government does not want local authorities to adopt restrictive practices which could preclude innovation and competition between potential providers.
- Local authorities should not prescribe providers in planning conditions, obligations or local development documents. They may include information on their standards (e.g. development, management, local presence, cost) in respect to providers. They should be able to robustly justify rejecting any particular provider on the basis of these standards.
- Early dialogue between developers, the local authority and potential providers can help to ensure the provider is acceptable to all parties;
- Planning obligations can be used to prescribe the nature of a development by requiring the inclusion of a given proportion of affordable housing. The requirement for the provision of an element of affordable housing should reflect planning policies;
- Paragraphs 89-92 sets out the Housing Corporation's approach for paying grant on sites subject to planning obligations highlighting: a preference for units to be delivered without grant when economically viable, the need for early dialogue with the Corporation, the Corporation's use of financial appraisal tools to ensure it receives value for grant and the need for schemes to follow mixed communities principles. Where grant is forthcoming the HC imposes conditions relating to design and construction, the criteria necessary to ensure homes are provided to those identified as needing them and eligibility and price for initial purchase and resale;
- In case grant is not forthcoming alternative options should be considered;
- Paragraph 99 highlights that where grant is not forthcoming a planning obligation may be used to ensure conditions usually imposed by the HC are addressed. For example that homes are built to suitable standards and could include provision requiring that the property be transferred on completion by the developer to an RSL. As a result the RSL may be required to retain the unit as affordable housing or recycle any receipts for affordable homes.

## **2.0 The London Plan**

2.1 The London Plan has been updated and was adopted in February 2008. Policies within the Plan provide regional guidance on affordable housing provision in addition to the Mayor's Supplementary Planning Guidance on Housing (November 2005).

2.2 The London Plan defines affordable housing within Policy 3A.8 as follows:

*Housing designed to meet the needs of households whose incomes are not sufficient to allow them to access decent and appropriate housing in their borough. Affordable housing comprises social housing, intermediate housing.*

*DPD policies should ensure that new affordable housing provision seeks to meet the full spectrum of housing need.*

- 2.3 The Plan defines social and intermediate tenures in paragraph 3.37. These definitions are reflected in the Council's affordable housing Policy H2.
- 2.4 The income figure of £40,000 (gross income) relating to the Plan's definition of intermediate housing is updated to £49,000 within the Mayor's Supplementary Planning Guidance: Housing (November 2005) and set out as a range of £16,900 – £52,500 (midpoint £35,600 to be reviewed annually to reflect changes in lower quartile house prices) in the updated London Plan (February 2008). This pan-London figure will be kept under review through the GLA SPG both in terms of its quantum and distribution across boroughs.
- 2.5 In relation to borough affordable housing targets Policy 3A.9 of the Plan states that UDP policies should set an overall target for the amount of affordable housing provision over the plan period in their area and this should be based on an assessment of all housing needs and a realistic assessment of supply. Account should also be taken of potential sources of supply such as:
- Registered Social Landlords' developments
  - low-cost market housing where it can be shown to be affordable
  - private residential development negotiations secured through planning agreements or conditions
  - vacant properties brought back into use
  - provision from non-self contained accommodation.
- 2.6 Policy 3A.9 also specifies that account should be taken of regional assessments of need and the Mayor's strategic target for affordable housing provision that 50% of provision should be affordable and of that provision 70% should be social-rented and 30% intermediate housing. In terms of setting thresholds Policy 3A.11 advises that boroughs should not set a threshold higher than 10 units and where justified should set lower thresholds. Off-site provision or payments-in-lieu are only considered acceptable in exceptional cases.

### **3.0 Bromley's Adopted Unitary Development Plan (UDP) (July 2006)**

- 3.1 The Adopted UDP includes objectives for the delivery of affordable and market housing in addition to 2 specific policies relating to the provision of affordable housing.
- 3.2 Objective 2 of the Housing chapter aims to promote mixed and balanced communities by meeting the housing requirements of the whole community and Objective 4 seeks to make provision for at least 3012 additional affordable homes during the Plan period (1997 – 2016) as part of an overall housing provision target of 11,450 units (from 2007 10,570).
- 3.3 The Council's annual housing provision target has been reduced from approx 570 dwellings to 485 dwellings as a result of the 2004 London Housing Capacity Study (July 2005) and the London Plan (February 2008).
- 3.4 The overall affordable homes target has been reviewed and increased as a result of the UDP review process and takes into account all possible sources of supply likely to be achieved within the borough. For example, Section 106 sites, 100% affordable housing sites and units sought through other strategies within the Council that may not be subject to the planning process.
- 3.5 Policy H2 (see also Appendix 1) of the Adopted UDP states that:

*In order to meet the needs of the Borough, affordable housing will be sought on all housing sites capable of providing 10 dwellings or more, or housing sites of 0.4ha or larger, irrespective of the number of dwellings. On all sites at or above this threshold negotiations will take place to determine the number of affordable dwellings to be provided. In negotiating*

*the amount of affordable housing on each site, the Council will seek 35% provision, with 70% social-rented housing and 30% intermediate provision, unless it can be demonstrated that a lower level should be sought or that the 70:30 split would not create mixed and balanced communities.*

*The affordability of different elements of the scheme should not immediately be apparent from the siting, design and layout.*

*The affordable housing should be made available for transfer or occupation before a certain proportion (to be determined through negotiations between the Council and developer) of the market housing is occupied.*

3.6 The Council defines social-rented and intermediate housing as:

**Social-rented housing:** housing provided by a landlord where access is on the basis of housing need, and rents are no higher than target rents set by the Government for housing association and local authority rents.

**Intermediate housing:** sub-market housing available to people on moderate incomes who cannot afford to buy or rent housing generally available on the open market. This is presently defined as households on an income of less than £40,000 per annum (as at 2004), however this figure will be reviewed annually to reflect changes in income: house price ratios. Intermediate housing may take the form of shared ownership, low cost home ownership or sub market rented housing. These sources of intermediate housing can play an important role in providing mixed communities, ensure that those on moderate incomes in Bromley (including key workers) have access to decent homes and can be controlled to ensure that it is available in the long term.

The affordability threshold for intermediate housing has been reviewed resulting in the level of household income decreasing from £40,000 to £35,000.

3.7 Detailed information and definitions regarding eligibility within the borough are set out in the Committee report entitled 'New Definitions of those Eligible for Keyworker Housing' approved by the Social Care, Health and Housing Portfolio Holder and updated by the Adult and Community Services Portfolio Holder on 19<sup>th</sup> April 2006.

3.8 Paragraph 4.20 of Policy H2/H3 specifies that the affordable housing element of a scheme will usually be applied to the number of habitable rooms.

3.9 Through negotiations the Council will seek 35% provision on site unless material considerations indicate otherwise. As stated in paragraph 4.21 of the policy, principal considerations include:

- Proximity to local services and facilities and access to public transport;
- Whether there are particular costs associated with the development of the site;
- Whether the realisation of other planning objectives would be prejudiced;
- The need to achieve a successful housing development, both in terms of unit size/tenure mix and management.

3.10 Policy H3 deals with payments in lieu and off site provision of affordable housing. It specifies that where a site meets the size threshold and is suitable for affordable housing payments in lieu or off-site provision will only be acceptable in exceptional circumstances where it can be demonstrated that:

- i. it would be impractical to transfer the affordable housing to a registered social landlord (RSL); or*

- ii. *on site provision of affordable units would reduce the viability of the development to such a degree that it would not proceed; or*
- iii. *on site provision of affordable units would not create mixed and balanced communities and there would be benefit in providing such units at another location.*

- 3.11 Payments in lieu and off-site provision is discouraged in light of Objective 2 (Housing) of the UDP that seeks to achieve mixed and balanced communities.
- 3.12 Policy H5 requires that in larger residential developments of 20 or more new units, 10% should be specifically designed to be capable, without further structural alteration, of adaptation for occupation for a wheelchair user. These units, dependent upon site suitability, should be well-distributed throughout the development and should cater for a varying number of occupants. Parking provision should be adjacent to these dwellings. This policy also refers to Policy 3A.5 of the London Plan that seeks to ensure all new housing is built to Lifetime Homes standards.
- 3.13 Policy H7, paragraph 4.35 specifies that affordable housing brought forward under Policy H2 (or H3) will generally have to comply with the Housing Corporation's Scheme Development Standards. The Housing Corporation have published new guidance consisting of a design and quality strategy and design and quality standards (April 2007). This guidance supersedes the current Scheme Development Standards referred to in Policy H7.
- 3.14 Policy ER4 sets out guidance on sustainable and energy efficient development for all new development (new build and conversion), in addition to thresholds of 1000sqm for non-residential development and residential development comprising 10 dwellings or more. With regard to the latter, applicants will be required to include the use of on-site renewable power generation equipment to provide at least 10% of the projected energy requirement. Where this is not feasible applicants will need to demonstrate why it is not viable or appropriate.
- 3.15 Section 6 of this document deals with parking standards as set out in Appendix II of the UDP.
- 3.16 The above references to policies in the UDP are not exhaustive and the Plan should be considered in its entirety when development proposals are prepared.

#### **4.0 Housing Needs Survey**

- 4.1 In September 1999 a general Housing Needs Survey was carried out by Fordham Research Ltd that sets out the following issues in terms of housing need within the borough:
- A total of just over 9,000 existing households were in need
  - Projected housing needs to 2006 amounted to 21,000 households
  - To meet those needs in full would require a range of measures, including building 10,000 new affordable dwellings by 2006.
- 4.2 The survey illustrated that the majority of need within the borough would need to be accommodated by social-rented housing (i.e. 25% out of 30% target) with shared ownership housing accommodating the remainder.
- 4.3 An update to the above report (see Appendix 3 for summary) was carried out in October 2003 and showed that:
- The backlog of housing needs totals 1852 dwellings (370 per annum for five years);
  - There is a newly arising need of 2730 dwellings per annum from all sources;
  - A likely supply of 945 units per annum from all sources; and
  - There is a net affordable housing requirement of 2155 units per annum from all sources compared to an estimate of 2176 units from the 1999 survey.

4.4 In terms of the proportions of tenure that would be most suitable to meet the identified need the update report also showed that the majority of the need would have to come from social-rented housing with shared ownership housing being able to contribute approximately 6% of the need.

## 5.0 Bromley Housing Strategy 2004-2007

5.1 The Housing Strategy 2004-2007 Executive Summary (December 2005) illustrates further that there continues to be unmet need in terms of actual need and supply of affordable housing within the borough.

### Extract from Housing Strategy 2004-2007 Executive Summary (December 2005)

Housing Supply and Demand - Bromley from 2000/01							
	00/01	01/02	02/03	03/04	04/05	05/06	06/07
Homeless Approaches	1681	1839	1976	2199	1738	1303	1055
Homeless Acceptances	881	785	867	1030	863	718	621
Other Priority Applicants on the waiting list*	289	331	271	301	299	290	300
Supply of Social Rented Housing	943	830	818	783	820	731	615
<b>Unmet Need (difference between Need and Supply)</b>	<b>227</b>	<b>286</b>	<b>320</b>	<b>548</b>	<b>342</b>	<b>277</b>	<b>306</b>
Total on Housing Register at the end of each period	3787	3592	3556	3866	3778	4280	4459

\* Other priority applications include cases with high medical priority, statutory overcrowding, statutorily unfit properties, accepted homeless where long term temporary accommodation ending, social services referrals for wheelchair adapted properties, etc.

## 6.0 GUIDANCE

The purpose of this guidance is to help ensure delivery of good quality affordable housing of the right type, size, tenure and design/quality. It has been prepared to support the affordable housing Policies H2 and H3 as set out within the London Borough of Bromley Unitary Development Plan that was adopted in July 2006.

6.1 **Thresholds:** Affordable housing will be sought on all sites capable of providing 10 dwellings or more or 0.4ha or larger in accordance with Policies H2 and H3 of the Adopted UDP (July 2006).

6.2 **Additional Dwellings at a Later Date:** Where there is an increase in the number of residential units on a site at a later date, then the affordable housing policy will be applicable if the increase in the number of units takes the total to 10 or more units and the guidance within this document will be applicable to all affordable dwellings.



- 6.3 Sub Division of Sites: Where the Council consider that a site has been artificially sub-divided in order to avoid the application of the affordable housing policy, the policy will be applied across the entire site and any sub-phase of the site.
- 6.4 Affordable housing requirement: The Council will seek the provision of 35% of habitable rooms for affordable housing in accordance with Policies H2 and H3 of the Adopted UDP (July 2006). However, there may be cases where the percentage will relate to the number of units and/ or net residential internal area to ensure that the affordable housing provision is proportional to the amount and scale of the physical development of the market units provided.
- 6.5 Tenure split: Of the 35% habitable rooms provided, the Council will seek a tenure split of 70% social rented housing and 30% intermediate provision. However, on some schemes it may, on occasion, be impractical to split the affordable housing into social and intermediate housing and it may more practical to provide the affordable housing as a single tenure. On such sites, it is likely that all of the affordable housing shall be provided as social rented, reflecting the over-riding need for social rented accommodation. The exact tenure split to be provided will be determined by the Council on a site-by-site basis. All affordable housing provided within the borough will be subject to nomination agreements to ensure that they are occupied by persons nominated by the Council.
- 6.6 Wheelchair Standard Housing: The Council will expect a minimum of 10% of all housing including the affordable housing to be wheelchair accessible in larger residential developments of 20 or more new units. Wheelchair units must be built in accordance with the standards set out in the 'South East London Housing Partnership: Wheelchair homes design guidelines' unless the site is not perceived by the Council to be appropriate for this form of housing. The Council requires that all wheelchair units are provided with on-site car parking unless otherwise agreed by the Council. The latter document is used by all local authorities within the South-East London sub-region (South East London Housing Partnership). The Mayor's Accessible London SPG provides further guidance.
- 6.7 Affordable Family Homes: The need for larger family units has been recognised by the Council through the approval of a report entitled 'Delivering High Quality Affordable Family Homes' presented to Development Control Committee 6<sup>th</sup> June 2006. The Council will positively encourage residential planning applications that contribute towards providing larger family units for social rent and aim to secure a ratio of at least 35% of habitable rooms within affordable housing schemes (35% of the overall 35% affordable provision) being used to provide 3 bed or larger family homes wherever possible. This figure will be reviewed and updated annually in line with regional, local and funding guidance.<sup>1</sup>
- 6.8 In terms of the larger family homes the Council's preference is for three-bedroom five-person units or larger. The Council recognises that different sites may pose different design challenges in terms of providing larger family accommodation. However, even in blocks of flats the Council believes that, good quality family accommodation can be provided, particularly at ground and lower floor levels, with access to a private garden, balcony, terrace or private communal amenity space.
- 6.9 In order to ensure that affordable family units are successfully integrated within the development the Council will involve an RSL provider at the earliest opportunity to give detailed advice in terms of design, location, and management of units.

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<sup>1</sup> The Draft Mayor's Housing Strategy (September 2007) now specifies that 42% of social-rented homes from new supply to have three or more bedrooms.

## Design and Quality Standards

- 6.10 In line with Policy H2, the affordability of different housing tenures within a scheme should not immediately be apparent from the siting, design and layout and the redevelopment should respect the character and appearance of the local area (see Policy H7).
- 6.11 Unit Size and Layout Standards: In line with UDP Policy H5 paragraph 4.28, the Council seeks that all units of all tenures are built to Lifetime Homes sizes and standards. The Council will advise applicants of the exact requirement on a site-by-site basis.
- 6.12 Whilst the Lifetime Homes size and layout standards are the Council's standard, in order to ensure that adequate size and layout standards are always achieved on all affordable units, the Council will also refer to UDP Policy H7 paragraph 4.35 that sets out the design and quality standards (see paragraph 3.13) to which all affordable units must be built and which includes guidance specific to the size and layout of affordable units. For example, a 1 bedroom flat built to Lifetime Homes Standards is likely to be in the region of 50-55m<sup>2</sup>, exceeding the range referred to in the Housing Quality Indicators (HQIs) for a 2 bedroom flat. As a consequence of this, all units should normally exceed the HQI range for size and should not be lower than the mid point of the HQI range.
- 6.13 The Council aims to provide homes that people will want to live in, and will want to continue to live in, by ensuring that affordable new homes have sufficient space for storage, furniture and circulation. Good design takes into account the need to accommodate a range of furnishings, white goods and storage. The achievement of adequate and generous space standards should include adequate minimum floor to ceiling heights.
- 6.14 Housing Corporation Design and Quality Strategy (April 2007); UDP Policy H7 paragraph 4.35 requires that all affordable units meet Housing Corporation Scheme Development Standards Essential Items and Ecohomes Very Good and as updated from time to time. The Housing Corporation design and quality standards for affordable housing have recently been updated in line with the Housing Corporations Design and Quality Strategy (April 2007). Therefore, this SPD formally updates guidance referred to in UDP Policy H7 4.35. From hereon, as a minimum target, all affordable units must be built to meet or exceed the targets set out within the Housing Corporation's Design and Quality Standards (April 2007) and as set out below.
- 6.15 Housing Quality Indicators: The following Housing Quality Indicator minimum performance measure scores will indicate compliance with the following size, layout and noise standards and must be achieved on each affordable unit:
- A score of 41 for Size
  - A score of 32 for Layout and
  - A score of 22 for Noise, Services and Light.
- 6.16 In meeting the HQI unit layout minimum score, it is expected that internal and external storage provision meets the requirements for storage specified in the HQI guidance for the occupancy and does not fall short in any aspect. The DCLG web page below describes how the system works and provides links to the HQI scoring spreadsheet and HQI form (Version 2).
- <http://www.communities.gov.uk/index.asp?id=1152812>
- 6.17 Code for Sustainable Homes: The achievement of the Code for Sustainable Homes (DCLG, December 2006) Level 3 (Three Star) as a minimum. Full points need to be achieved in the

security section. The Planning Portal web page below includes links to technical guidance on achieving the above in addition to a summary of the 'Code for Sustainable Homes – a step change in sustainable home building practice' (December 2006).

<http://www.planningportal.gov.uk/england/professionals/en/1115314116927.html>

6.18 ***Building for Life***: An assessment against the 20 'Building for Life Delivering great places to live: 20 questions you need to answer' (CABE, February 2007) criteria which demonstrates a minimum achievement of:

- 10 out of 20 positive responses (rural and street-fronted infill)
- 12 out of 20 positive responses (all other developments).

The document can be accessed through the web page link below.

<http://www.cabe.org.uk/AssetLibrary/9350.pdf>

6.19 ***Parking requirements***: Parking provision should be in accordance with the standards as set out in Appendix II (para II.17) of the Adopted UDP and Table A4.2 'Maximum Residential Car Parking Standards' within the London Plan. No differential parking standards apply to intermediate housing provision but reduced parking provision applies to social-rented housing as follows:

- 1 bedroom unit (0.5 spaces per unit)
- 2 bedroom unit (0.75 spaces per unit)
- 3 bedrooms or larger (1 space per unit).

6.20 These are the maximum standards in line with government policy. Appropriate provision for a scheme will depend on a number of factors including location, accessibility of the site to services and public transport, and the mix of unit sizes.

6.21 On developments that include an element of affordable housing, the total number of car parking spaces for the affordable units and/ or the management of the car parking arrangements should be negotiated at the pre-application stage. On developments where parking is provided, the Council will expect a reasonable proportion to be made available for the occupants of the affordable housing and illustrated clearly on plans submitted. The Council's starting point is that the parking should be split so that the proportion of car parking spaces for the affordable housing reflects the proportion of homes that are affordable. No additional cost should be charged by the developer for the parking provision.

6.22 The Council requires that all wheelchair units are provided with on site car parking unless agreed otherwise by the Council.

6.23 Advice from the Council's Highways Division will also inform the appropriate number of parking spaces on site.

6.24 ***Site suitability tests***: Policy H2 states that affordable housing will be sought on all housing sites capable of providing 10 dwellings or more, or housing sites of 0.4ha or more irrespective of the number of dwellings. Paragraph 4.21 sets out tests of site suitability for affordable housing. The table set out below addresses how these tests will be assessed in relation to affordable housing provision:

<b><i>Suitability test</i></b>	<b><i>Comments</i></b>
Proximity to local services/public transport	<ul style="list-style-type: none"> <li>▪ Reference will be made to public transport accessibility levels (Map 5.1 Adopted UDP July 2006), but local factors will also be taken into account.</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Intermediate housing unlikely to be constrained by access to public transport (no differential parking standards apply).</li> </ul>
Particular development costs	<ul style="list-style-type: none"> <li>▪ These will usually be reflected in land values.</li> <li>▪ Where applicants consider there are unforeseen additional costs involved in a site's development, then it is the Council's requirement that the GLA Development Control Toolkit is used to demonstrate how these costs would impact on the ability to contribute to affordable housing requirements and to provide units that comply with the price set out within this SPD. The Council may also accept an 'open book' approach of full financial disclosure whereby all required financial inputs and outputs are made available and assessed/ validated. Other financial methodologies may be applicable to undertake the economic viability of a specific scheme, especially in the case of complex mixed used schemes. However, the use of any alternative financial methodology in place of the GLA Development Control Toolkit must be agreed with the Council in advance of undertaking the appraisal.</li> <li>▪ The Council does not perceive that the costs usually associated with redevelopment of previously developed but otherwise uncontaminated land to be 'abnormal' and would expect such costs to be reflected in land values. The applicant will be required to demonstrate why they think a development cost should be defined as 'abnormal'.</li> <li>▪ Any information submitted will be assessed jointly with the Council's in-house valuers and RSL partner.</li> <li>▪ Exceptionally, confidential information may be required to be submitted to be seen only by in-house valuers and the Housing Development Team.</li> </ul>
Realisation of other planning objectives	Other planning objectives will be taken into account but it is advised that all potential planning objectives should be discussed in detail with the Council prior to the submission of an application and therefore, should be factored in to the viability of the site and any Toolkit assessment carried out.
Need to achieve successful housing development	<ul style="list-style-type: none"> <li>▪ Relates to aspects including unit size, tenure mix, service charges, management, design and quality standards, including adequate amenity space.</li> <li>▪ Whether there are particular costs associated with living within the development, e.g. service charges within flatted developments.</li> <li>▪ Onus on applicant to demonstrate that such issues apply.</li> </ul>

**Requirements on particular sites:**

6.25 *Specific Housing Need:* The Council will advise applicants of any particular housing needs that might be required on a specific site or within particular geographical locations across the borough. This may include advice on matters including dwelling type (flats/houses), unit sizes, tenure, enhanced design and quality standards and any special needs requirements in relation to guidance set out in this document such as provision of wheelchair units on sites under 20 units. In some cases the Council may consider specific housing needs as

requested by the Council to be defined as ‘additionality’ when considering the need for public subsidy on an application.

- 6.26 Special Needs Housing: The London Plan requires that special needs housing, including sheltered housing for the elderly, should be provided for, in line with local needs. The UDP also supports proposals for special needs housing. The Council is keen to encourage a range of housing to meet the needs of specific groups across all tenures and income groups.
- 6.27 Proposals for sheltered housing and extra care homes are subject to other residential policies. This means that the affordable housing policies will be applied to schemes that fall within the thresholds. Where the Council receives planning applications for a ‘market’ sheltered housing scheme or extra care scheme the Council will confirm whether or not there is a need for affordable accommodation of this type. If there is, the required amount of affordable housing will be sought as sheltered accommodation on-site. If there is no identified need for affordable sheltered housing, the applicant will be required to provide general needs or other forms of affordable supported housing on site, through re-design exercises if necessary. For clarification Policy H2 also applies to mixed-use development proposals.

#### Preferred Registered Social Landlords

- 6.28 The Council has established good relationships with a number of Registered Social Landlords (known as ‘Preferred RSLs’) that operate effectively in partnership with the Council to provide affordable housing that meets local housing need. As such, the Council encourages developers to meet their affordable housing obligations by forming partnerships with the Council’s preferred list of RSLs following discussion with the Council. Early dialogue between applicants, the Council and any potential RSL can help to ensure that the RSL provider is acceptable to all parties.
- 6.29 RSLs need to manage the affordable housing homes built on mixed tenure sites effectively. The Council has selected its preferred partners on the basis of a range of criteria including that they have an existing local presence and high standards in managing affordable housing.
- 6.30 In addition, these RSLs may receive the Council’s support in bidding for public subsidy where a case has been put forward in line with paragraph 6.44 and agreed by the Council that subsidy may be used. If other non-partner RSLs are engaged in discussions, then it may be unlikely that they will fully meet the Council’s affordable housing and selected partnering requirements and thus it is unlikely that subsidy will be forthcoming.
- 6.31 Once the Council and the applicant have established the principle of the appropriate amount and type of affordable housing, applicants should make early contact with the RSL and work with them to ensure that standards in relation to design, quality, management, local presence and costs are met. As part of the Housing Corporation’s Regulatory Code, all RSLs are required to have their own design standards and guidance. The application of such guidance may be a matter for negotiation on individual schemes.
- 6.32 The Council may choose to work with other RSLs or affordable housing providers. Where this is the case the Council will require robust information from the RSL or housing provider to demonstrate that their Development Strategy reflects the aims of the Council as set out within Corporate and Housing Strategy / Policy. This should include information in relation to management and maintenance, local presence, design and quality standards, affordability, occupancy, future availability of affordable units and costs. Furthermore, in line with paragraphs 6.43-6.45 affordable dwellings being delivered via the affordable housing policy must be delivered without the use of public subsidy unless agreed otherwise by the Council.

6.33 The Council will take into consideration arrangements relating to the management and maintenance of common areas and common parts and how these costs will be controlled to provide successful housing developments. This is in accordance with Para 4.21 of the UDP. On applications where some or all of the units are affordable it is the Council's preference for the RSL to manage these aspects of the scheme, as they are often able to deliver a service providing better value for money. This usually equates to efficiencies and lower service charges. As RSLs have experience of managing and maintaining housing developments of all tenure types the Council advocates early discussion between the RSL and the applicant to ascertain whether the RSL can carry out all the maintenance and services, as required on private units as well. This achieves cohesive and consistent management and maintenance across the entire development.

Nature of Transaction:

6.34 This depends on site circumstances, but will involve an RSL (or other affordable housing provider if approved by the Council taking unencumbered freehold ownership of completed units in perpetuity. Where this is not feasible a lease of 999 years will be required.

6.35 The Council will require an appropriate mechanism to be in place to ensure that the affordable housing provided remains both affordable and available to those in local housing need in the longer term. On applications where the affordable housing units are being transferred to an RSL the Council is satisfied that this should be an effective way of controlling occupancy without the need for additional occupancy control in accordance with paragraph 4.23 of Policy H2/H3 of the UDP. However, if it is agreed by the Council prior to the signing of a legal agreement, that there is no RSL involvement, a legal agreement will be used to ensure affordability levels and to control occupancy to those in need of affordable housing both initially and subsequently. This ensures that the housing is enjoyed by successive as well as initial occupiers of the property at an affordable price.

Completion and Availability of Affordable Units

6.36 The Council wishes to see the affordable housing delivered as quickly as possible. On development sites the Council will therefore seek to secure the completion and transfer of affordable housing dwellings, prior to the first sale or occupation of dwellings to be sold on the open market or rented privately. The market dwellings to be occupied in advance of completed affordable housing being transferred to an RSL will be a maximum of 50% of units.

**Off site provision and Payment in Lieu of on site provision**

6.37 Off-site provision and payments in lieu of on-site provision will only be acceptable in **exceptional circumstances** where applicants can demonstrate a case in accordance with the criteria set out in Policy H3 of the UDP.

6.38 The Council's preference is for onsite affordable housing provision. By advocating pre-application discussions on all applications the Council seeks to work with applicants to ensure that affordable housing provision is onsite by providing detailed guidance on matters relating to design, affordability, management and maintenance.

6.39 Where an applicant is of the view that affordable housing provision should not be made onsite they must discuss this with the Council prior to the submission of the application. Where a case can be proven to the satisfaction of the Council that the affordable units cannot be delivered onsite the onus will be upon the applicant to find an alternative site to accommodate the affordable units. The Council must be convinced that;

- the off-site affordable housing provision delivers a mix of units that meet with housing need and are in accordance with UDP Policies H2/H3 and the SPD;
- mixed and sustainable communities are achieved and off-site provision is provided on a nearby site to the facilitating site;
- the affordable dwellings provided off site are satisfactory in terms of location (proximity to the facilitating site), and the quality, quantity, tenure, size and type of dwellings are acceptable compared with what would have been expected on the facilitating site;
- the arrangements for offsite provision are financially neutral in terms of the benefit to the applicant relative to the on-site provision. This can be demonstrated if necessary through an appropriate development appraisal;
- that no more than 50% of 'onsite' market units are occupied in advance of completed offsite affordable housing being transferred to an RSL.

6.40 Where this is the case the affordable housing provision sought for delivery on the alternative site will amount to 35% of the total number of habitable rooms on both sites. Across both sites the outcome should result in no fewer affordable homes than would have arisen had they both provided affordable housing onsite.

6.41 Where a payment in lieu is considered acceptable the formula for calculating the financial contribution from an applicant/ developer to the Council is as follows:

*Difference between market value and financial contribution (as set out in Appendix 2) x no of affordable units.*

6.42 Payments from applicants/developers will normally be expected within 3 months of the grant of planning permission. Details relating to the payment timescale will be secured within a legal agreement. Payments will be used according to agreed guidelines but will not be tied to any specific scheme(s). Total Cost Indicators and Build Cost Inflation in force at the time of resolution to grant planning permission will apply.

### **Financial Issues**

6.43 There is no requirement that the Council or any Governmental Funding Body should subsidise affordable housing delivered through the Planning system, particularly as the amount of affordable housing required on a site by site basis within LB Bromley is less than that specified within Regional Planning Guidance. Consequently, there should be no assumption that grant will be available when valuing potential development sites.

6.44 Where Council-specified 'additionality', that exceeds the affordable housing planning obligation, is being achieved in-excess of the requirements as set out within this SPD, the Council may consider supporting the use of public subsidy within a scheme. The Council does not support the use of public subsidy on any 'additionality' where the affordable housing planning obligation does not fully achieve the requirements as set out within this SPD.

6.45 It is the responsibility of the applicant, through early discussions with the Council and an RSL, to enquire as to the availability of subsidy. Any decision taken in relation to the use of public subsidy shall include the scrutiny of an affordable housing development appraisal to be presented to the Council by the applicant, in partnership with the RSL, at the earliest stage.

6.46 No additional cost should be charged for parking provision and amenity spaces for affordable dwellings.

## **Rents/total outgoings**

- 6.47 Where affordable housing is developed in combination with general market housing, any service or management charges imposed on the manager/ occupiers of the affordable housing should be affordable. These charges will be considered as part of the overall affordability of the scheme. Applicants should discuss maintenance and management issues with the Council and partner RSL at an early stage in the design process to ensure that the design promotes cost efficient and affordable service and management charges.
- 6.48 The level of service charge is considered when assessing the affordability of the housing. This is because the service charge is not fully covered by housing benefit and therefore a low cost scheme with high services charges can still render the scheme unaffordable if the resident cannot maintain the service charge payments.
- 6.49 Service charges must be set at a level whereby the accommodation is still affordable. Regional guidance advises that, in the case of social rented housing, service charges should not be so great as to make a tenancy unaffordable for a household with an income of less than £16,400 on the basis of rents and service charges not exceeding 30% of net household income. This figure shall be reviewed and updated annually.
- 6.50 For intermediate housing provision, costs, including service charges, should be affordable by households on incomes of less than £35,000 per annum. This figure will be reviewed on an annual basis to reflect changes in income house-price ratio. In line with regional guidance the Council requires that the accommodation and service costs should be no greater than 40% of net household income. In relation to the provision of intermediate housing the Council will adhere to guidance set out in the GLA's SPG on Housing Provision (November 2005) paragraphs 15.5-15.9) and Policy 3A.8 of the London Plan.

## **Securing affordable housing**

- 6.51 Pre-application discussions: This SPD seeks to provide greater certainty and clarity for all parties involved in the delivery of affordable housing through the planning system. However, it cannot replace the need for discussions between the Council and the applicant before a planning application is submitted. Potential applicants are urged to provide as much information as possible on all issues set out within this SPD and agree them with the Council at an early stage.
- 6.52 Legal Agreements: Pursuant to planning permission, and where appropriate, housing developments triggering the Council's Affordable Housing Policy will require a legal agreement. The Council aims to start discussions on legal agreements relating to affordable housing at an early stage in the process so as not to delay the granting of approval. Applicants are advised to agree the Heads of Terms with the Council at the pre-application stage. The Council has developed a model S106 setting out affordable housing requirements that will be forwarded to the applicant as early on in the pre-application or planning process as is possible. The following details will usually be referred to within a legal agreement:
- availability of units in perpetuity;
  - number of affordable units to be provided and details of the affordable unit mix and dwelling type;
  - details of tenure split;
  - definition of sub-market rents and how maintained at sub market levels;
  - agreed maintenance/ service charges;
  - cap on equity element may be required;
  - completion timing and availability of affordable units in relation to others;



- mortgagee in possession;
- name of Registered Social Landlord to whom the freehold or long leasehold (999 years) of the units are to be sold;
- car parking requirement as set out in Appendix II of the UDP;
- wheelchair requirement as set out in Policy H5 of the UDP;
- cost at which affordable housing units must be transferred to an RSL partner;
- arrangements in relation to current and future affordability and occupancy levels.

The S106 agreement may also include:

- details of any off-site provision
- details of any payment in lieu.

6.53 The use of planning conditions or unilateral undertakings to secure the provision of affordable housing may also be appropriate. Where any of the above methods are used it is essential that discussions are undertaken at an early stage with the Council to ensure the decision making process is not unduly delayed.

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'New Definitions of those Eligible for Keyworker Housing' (approved by Social Care, Health and Housing Portfolio Holder and updated by the Adult and Community Services Portfolio Holder 19<sup>th</sup> April 2006).

"Delivering High Quality Affordable Family Homes" (approved by Development Control Committee 6<sup>th</sup> June 2006).

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The London Plan: Spatial Strategy for Greater London (Greater London Authority February 2004, February 2008).

Housing: The London Plan Supplementary Planning Guidance (Greater London Authority November 2005).

Affordable Housing-Development Control Toolkit: Guidance Notes (Greater London Authority 2006 3<sup>rd</sup> Edition).

Housing Corporation Scheme Development Standards (Housing Corporation April 2003 Fifth edition).

Housing Corporation 'Design and Quality Strategy' and 'Design and Quality Standards' April 2007.

Code for Sustainable Homes (DCLG, December 2007).

Lifetime Homes Standards (Joseph Rowntree Foundation:  
[www.jrf.org.uk/housingandcare/lifetimehomes/](http://www.jrf.org.uk/housingandcare/lifetimehomes/))

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<http://www.breeam.org/ecohomes.html>

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Government Circular 6/98 Planning and Affordable Housing.

Royal Institute of Chartered Surveyors: [www.rics.org](http://www.rics.org)

Housing Corporation Total Cost Indicators 2004/05 and 2005/06: Guidance Notes:  
<http://www.housingcorp.gov.uk/publications>

The Town and Country Planning (Local Development) (England) Regulations 2004.

Code of Measuring Practice: A guide for surveyors and valuers (5<sup>th</sup> edition) (RICS books).

The Draft Mayor's Housing Strategy (September 2007)

The Code for Sustainable Homes: Setting the Standard in Sustainability for New Homes (February 2008).

**POLICY H2**

***In order to meet the needs of the Borough, affordable housing will be sought on all housing sites capable of providing 10 dwellings or more, or housing sites of 0.4ha or larger, irrespective of the number of dwellings. On all sites at or above this threshold negotiations will take place to determine the number of affordable dwellings to be provided. In negotiating the amount of affordable housing on each site, the Council will seek 35% provision, with 70% social-rented housing and 30% intermediate provision, unless it can be demonstrated that a lower level should be sought or that the 70:30 split would not create mixed and balanced communities.***

***The affordability of different elements of the scheme should not immediately be apparent from the siting, design and layout.***

***The affordable housing should be made available for transfer or occupation before a certain proportion (to be determined through negotiations between the Council and developer) of the market housing is occupied.***

**POLICY H3**

***Where it has been determined that a site meets the size threshold and is suitable for affordable housing, payment in-lieu of affordable housing on site or provision in another location will be acceptable only in exceptional circumstances and where it can be demonstrated that:***

- (i) It would be impractical to transfer the affordable housing to a RSL; or;***
- (ii) On site provision of affordable units would reduce the viability of the development to such a degree that it would not proceed; or***
- (iii) On site provision of affordable units would not create mixed and balanced communities and there would be benefit in providing such units at another location.***

4.15 Housing needs are a material planning consideration [PPG3 para 14]. Government guidance (in PPG3 and Circular 6/98) states that, where there is a demonstrable lack of housing to meet local needs, as assessed by up-to-date surveys, local planning authorities (LPA) should include a policy seeking provision of affordable housing on suitable sites.

4.16 PPG3 [para 13] states that LPAs should assess the range of needs for different types and sizes of housing across all tenures in their area, including affordable housing and the housing needs of specific groups. A local Housing Needs Survey (HNS) (September 1999) showed that:

- a total of just over 9,000 existing households (7.2%) were in need
- projected future needs to 2006 amounted to 21,000 households
- to meet these needs in full would require a range of measures, including building 10,000 new affordable dwellings by 2006

An update to the 1999 HNS carried out in October 2003 showed that:

- The backlog of housing needs totals 1852 dwellings (370 per annum for five years);
- There is a newly arising need of 2730 dwellings per annum from all sources;

- A likely supply of 945 units per annum from all sources; and
- There is a net affordable housing requirement of 2155 units per annum from all sources compared to an estimate of 2176 units from the 1999 survey.

This situation is reflected in the growth in homelessness acceptances in the Borough in recent years, large numbers of households in temporary accommodation, continuing pressure for larger units and special needs accommodation, and other factors.

- 4.17 This policy is just one of the ways in which the Council is seeking to increase the supply of affordable housing. In line with the advice in Circular 6/98 para 9I, other UDP policies seek to reduce the number of vacant dwellings (Policy H1), to facilitate the conversion of redundant commercial buildings to residential use (Policy H12), and, where appropriate, to make more efficient use of urban land (Policy H7). There is also a range of housing management measures undertaken, outside planning controls, to meet local housing needs from within the existing social housing stock.
- 4.18 The Council believes that most of its priority needs, as identified in the HNS can only be met by social-rented housing. Shared ownership, low-cost market, and sub-market rented housing have a role principally in relation to intermediate housing. Such options may also assist some households unable to access market housing but which the Council has a duty to assist through its strategic enabling role.
- 4.19 Affordable housing comprises both social-rented housing and intermediate housing.
- Social-rented housing is defined as housing provided by a landlord where access is on the basis of housing need, and rents are no higher than target rents set by the Government for housing association and local authority rents.
  - Intermediate housing is sub-market housing available to people on moderate incomes who cannot afford to buy or rent housing generally available on the open market. This is presently defined as households on an income of less than £40,000 per annum (as at 2004), however this figure will be reviewed annually to reflect changes in income: house price ratios. Intermediate housing may take the form of shared ownership, low cost home ownership or sub market rented housing. These sources of intermediate housing can play an important role in providing mixed communities, ensure that those on moderate incomes in Bromley (including key workers) have access to decent homes and can be controlled to ensure that it is available in the long term.
- 4.20 The Council's target for provision of affordable housing up to 2016 is based on the results of the Housing Capacity Study (HCS) (London Planning Advisory Committee 1999) and other realistic sources of supply likely to come forward during the plan period, including vacant units brought back into use. Approximately 350 affordable housing units are to be provided on identified sites. Applying the 35% requirement on sites of 10 units or more would yield approximately 1461 affordable units on windfall sites; using HCS data, it is estimated that some 600 units might be contributed on sites of up to 10 units including conversions. This overall target of 3012 units would comprise approximately 903 intermediate units and 2108 social-rented units allowing for some flexibility as the 70:30 split will only apply to sites granted permission in the second half of the Plan period. Proposal Sites identified for housing purposes will be expected to contribute affordable housing in line with the 35% policy requirement. The quota will usually be applied to the number of habitable rooms. The Council will advise applicants of the mix of units on individual sites that will be required to meet local needs.

- 4.21 In negotiating the level of affordable housing the Council will seek the provision of 35% of habitable rooms on a site unless material considerations indicate otherwise. In these negotiations the principal considerations will be:
- Proximity to local services and facilities and access to public transport.
  - Whether there will be particular costs associated with the development of the site: this will usually be reflected in the residual land value and should not affect a site's suitability. The onus will be on applicants to submit a viability appraisal to demonstrate that abnormal development costs, in addition to the affordable housing contribution, would impact unduly on scheme viability.
  - Whether the provision of affordable housing would prejudice the realisation of other planning objectives.
  - The need to achieve a successful housing development, both in terms of unit size/tenure mix and management.
- 4.22 The Government aims to promote mixed and balanced communities [PPG3 para 10], so off-site provision or payments in lieu will rarely be acceptable. On sites capable of accommodating 10 units/0.4ha or more, off-site provision or a payment in lieu may be acceptable in exceptional circumstances if applicants are able to demonstrate that on-site provision would be practically difficult. If off-site provision is offered, the onus will initially be on the developer to find and provide an alternative site. Where the other site falls below the 10-unit/0.4ha threshold, the 35% requirement will be applied to the total capacity of both sites.
- 4.23 The means of controlling future occupancy of affordable housing will be the subject of negotiations between the relevant parties. The preferred approach for controlling the occupancy of social housing is for the ownership of this housing to be transferred to a RSL nominated or agreed by the Council. In the case of intermediate housing, arrangements will depend on the type and tenure of housing proposed. In all cases, the arrangements for securing occupancy will be confirmed either through a legal agreement or condition attached to the planning permission, whichever is more appropriate in the circumstances.
- 4.24 Further advice on the detailed implementation of the policy will be provided in Supplementary Planning Guidance. The Council will update the HNS on a regular basis.
- 4.25 All other relevant policies will apply to affordable housing developments, including those relating to housing design and layout (Policies H7 and BE1). Differential parking standards apply to social-rented, but not intermediate housing (Policy T3). These, combined with higher densities in accessible locations (Table 4.2), will help RSLs compete for scarce development sites below the size threshold set in this policy, while also increasing the capacity of all mixed-tenure sites.

See also: Policies H7, BE1 and T3, Proposal Sites, Appendix II: parking standards; Supplementary Planning

***Financial contributions payable by the developer***

Based on the Housing Corporation's 2005/2006 Total Cost Indicators and uplifted on an annual basis each April in line with build cost inflation as measured by the Royal Institute of Chartered Surveyors.

These rates apply to all forms of tenure: social rented, sub-market renting and shared ownership, not withstanding the differing rates usually applicable to RSL schemes.

**Table All.1**

<b>Unit floor area m2</b>	<b>Probable Occupancy</b>	<b>100% TCI (Group A2) (£)</b>	<b>47% TCI (Group A2) (£) 05/06</b>	<b>47% TCI plus build cost inflation up to April 2008.</b>
Up to 25	1	78,400	36,848	42,500
25-30	1	89,200	41,924	48,355
30-35	1&2	100,000	47,000	54,209
35-40	1&2	110,800	52,076	60,064
40-45	2	121,600	57,152	65,919
45-50	2	132,400	62,228	71,773
50-55	2&3	143,200	67,304	77,629
55-60	2&3	154,000	72,380	83,483
60-65	3&4	164,800	77,456	89,338
65-70	3&4	175,600	82,532	95,192
70-75	3,4&5	186,400	87,608	101,047
75-80	3,4&5	197,000	92,590	106,793
80-85	4,5&6	208,000	97,760	112,755
85-90	4,5&6	218,800	102,836	118,611
90-95	5&6	229,600	107,912	124,465
95-100	5&6	240,400	112,988	130,320
100-105	6&7	251,200	118,064	136,174
105-110	6&7	262,000	123,140	142,029
110-115	6,7&8	272,700	128,169	147,829
115-120	6,7&8	283,500	133,245	153,685



HOUSING NEEDS SURVEY  
UPDATE 2003

EXECUTIVE SUMMARY



## 1. INTRODUCTION

In 1999 *Fordham Research* carried out a Housing Needs Survey for the London Borough of Bromley. These results have been updated in 2003 to take account of key changes that have occurred since the time of the original survey. The main changes that have been accounted for in the update are:

1. Developments in methodology over the period since the publication in July 2000 of the ODPM Guide on Housing Needs assessments
2. Changes in household numbers and tenure profile
3. Changes in market prices/rents and income levels which have occurred since the HNS

## 2. SURVEY WORK AND VALIDATION

The 1999 survey employed a personal interview approach covering all areas and tenure groups. In total the survey achieved 1,509 responses. Using up to date data sources, the survey data has been re-weighted to an estimated profile of the housing stock by tenure and sub-area to be representative of households in Bromley. A number of sources have been used to estimate household numbers and tenure profile, including; GLA household projections, 2001 Census and H.I.P. return for 2003. At mid-2003 there are an estimated 129,375 households of which 76.5% were owner-occupiers, 13.7% were renting from an RSL and 9.8% were living in the private rented and other rented sectors.

## 3. LOCAL HOUSING MARKET STUDY

An assessment of households' ability to afford private sector housing is crucial to any housing need study and requires an assessment of local private sector housing costs (both to purchase and rent). In Bromley a Local Housing Market study was conducted by means of a series of interviews with local estate and letting agents in order to establish minimum (entry-level) prices of housing in the area. In the case of Bromley analysis of property prices indicated that Biggin Hill, Orpington and Penge were the cheapest parts of the Borough, the average of which has been used in the affordability assessment. The use of cheaper priced areas ensures that affordability levels are not overstated.

### Minimum prices/rents in Bromley (September 2003)

Property size	Minimum price	Minimum rent (£/week)
1 bedroom	£105,000	£131
2 bedrooms	£132,000	£165
3 bedrooms	£173,500	£196
4 bedrooms	£206,500	£254

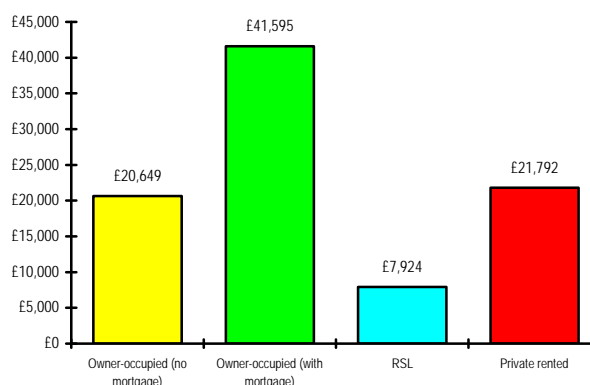
The survey estimated that entry-level prices ranged from approximately £105,000 for a one bedroom home to £206,500 for four bedrooms. Minimum rents were estimated to be from £131 to £254 per week. Minimum and average prices increased by approximately 80% since the 1999 survey. Rental costs also increased but to a lesser extent (around 15%).

## 4. FINANCIAL INFORMATION

The update survey estimates that average earned household income has risen from £24,245 to £28,199 per annum. This compares with a current national average of around £23,000. Average weekly net income (including non housing benefits) is estimated to be £455.

The updated survey data showed considerable differences in income levels between tenure groups. The lowest average gross incomes are those who rent from an RSL (at £7,924). Owner-occupiers with no mortgage have an average household income considerably lower than those with a mortgage.

**Average gross household income by tenure**



**5. AFFORDABILITY**

Bringing together the local housing market data and the financial information collected from each household (and including further information about size requirement) it is possible to estimate which households can afford to access the private sector housing market. This is done by assessing whether or not each household can afford to buy or rent minimum market priced housing in the Bromley Borough.

To assess levels of affordability, housing costs, both to buy and to rent, are compared against a households net income. A household is assessed to be unable to afford if the cost of minimum market priced housing (expressed in terms of weekly outgoings) exceeds the income threshold. The threshold for affordability ranges from between 25% and 35% depending on the income of each household. In assessing the ability of the household to afford the cost of buying, full account is taken of the availability of savings and also equity for existing owner-occupiers.

Developments since the 1999 survey include a more detailed account of the availability of equity for owner-occupiers in the mortgage affordability assessment and the use of the McClements equivalence scale to adjust for household composition.

An assessment is also made of the ability of potential households (namely persons who currently live as part of another household) to access the private sector housing market. The affordability of potential households is assessed using the judgements of respondents; an approach in line with ODPM Guidance.

**6. BACKLOG OF EXISTING NEED**

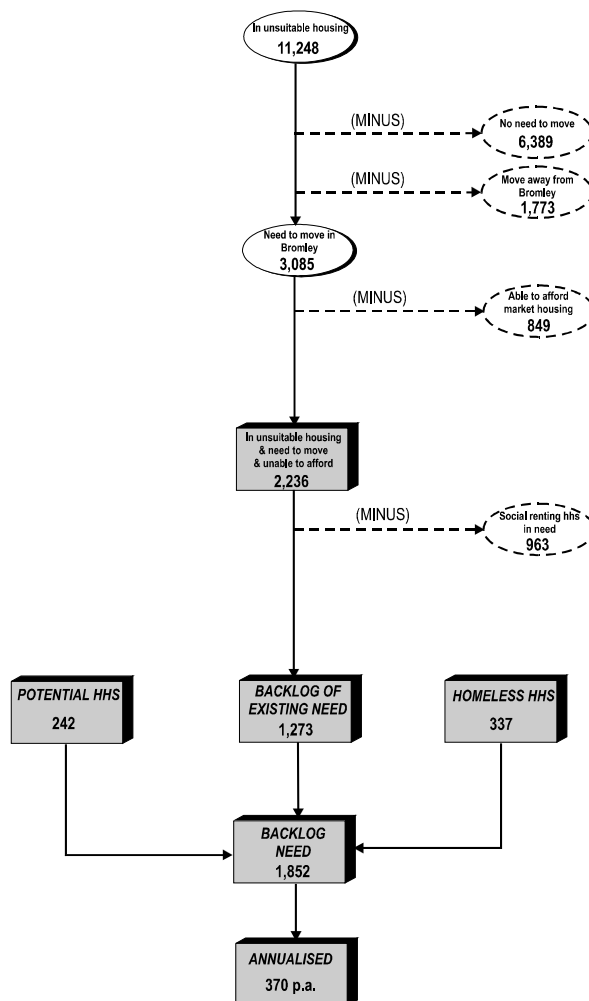
The survey highlighted a series of potential situations, which would make housing unsuitable for the occupants. In total the update estimated that 11,248 households are living in unsuitable housing (8.7% of all households). Of those, 4,858 (43.2%) need to move to solve the problem, and of these 3,085 would be looking to remain living in Bromley.

Of the 3,085 households living in unsuitable housing (and requiring a move within Bromley) it is estimated that 72.5% could not afford local market housing of a suitable size making for 2,236 existing households in housing need (1.7% of all households). When looking further forward to the additional affordable housing requirements we remove households currently living in social rented housing to produce a final figure of 1,273.

The final backlog need elements are those arising from potential and homeless households. The survey update estimates that there are 1,867 potential households who state a need or are likely to move now. Taking account of those joining up with other persons, those moving away from Bromley and those who could afford market housing it is estimated that 242 potential households are in housing need. Further using secondary data sources there are an additional 337 homeless households contributing to the backlog estimate.

Bringing together all these factors it is estimated that there is an overall backlog of need of 1,852 affordable homes. **Annualised, assuming a 20% reduction per year suggests an annual need to reduce the backlog of 370 dwellings.**

### Summary of backlog need (per annum)



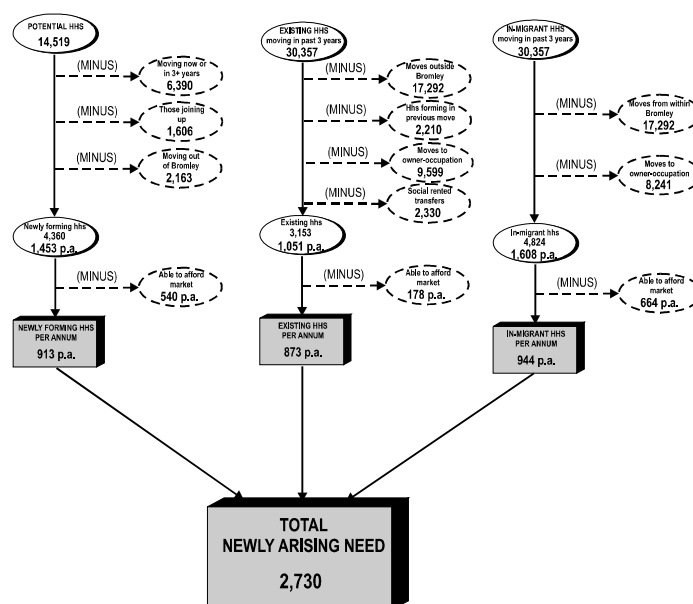
## 7. NEWLY ARISING NEED

In addition to the backlog of existing need there will be newly arising need. Four categories are identified although the additional need from the ex-institutional population is not distinguished as it is most likely picked up in the analysis of additional need arising from existing and in-migrant households. The three main categories contributing to newly arising need are therefore as follows:

1. New household formation (× proportion unable to buy or rent in market)
2. Existing households falling into need
3. In-migrant households unable to afford market housing

It is estimated that there will be an additional 1,453 households forming per year in Bromley. Of these it is estimated that 62.8% cannot afford private sector housing (without housing benefit). This makes for 913 additional households in housing need per year.

The newly arising need from existing households is based on information about previous household moves. Groups excluded from potentially being in need are those who will move to owner-occupation (as they are able to afford market housing), those who previously lived with parents, relatives, or friends (included in the household formation element) and households moving within the social rented sector (additional needs arising from within the social rented stock will be net zero). The data also excludes a group of households who have stated that their previous move could have been avoided if repairs or adaptations had been carried out to their previous home. It is estimated that the number of households falling into need within the Borough is 873 households per annum.



The final element of newly-arising need are households currently living outside of Bromley but who are expected to move into the Borough but cannot afford suitable private sector housing. The survey estimates that a total of some 944 households per annum fall into this category.

Combining the various elements of the newly arising need together, the survey update reveals a requirement for 2,730 units per annum.

## 8. SUPPLY OF AFFORDABLE UNITS

Having made estimates of the numbers of households both currently and projected to be in housing need it is important to assess the likely future supply of affordable housing to meet this need. Affordable housing is taken to be relets (excluding transfers) available from Registered Social Landlords (RSLs). Information for this has been taken from Housing Investment Programme (H.I.P.) returns for the last three years and excludes all transfers within the RSL stock.

<b>Social rented re-lets (excluding transfers) (2001 – 2003)</b>		<b>2002-03</b>	<b>999</b>
		<b>AVERAGE</b>	<b>1,035</b>
<i>Period</i>	<i>Supply of relets</i>		
2000-01	1,114		
2001-02	993		

The figures in the table show declining levels of social rented re-lets over the last three

years. Overall the supply of relets over this period indicates an average of 1,035 per year.

From this we also need to deduct lettings made to new dwellings in order to avoid double counting by not including likely future supply through additions to the stock from RSLs (although these new properties will themselves in time produce some relets).

Finally it is important to consider any pool of vacant units that could become available for letting and likely changes in the future level of available affordable housing. The low level of vacant social rented property in Bromley suggests there is no pool of vacant units available for letting. Further analysis of stock information suggest that units taken out of management and committed units of new affordable supply will net to a gain of around 10 letting opportunity per annum.

Information from the Council suggests the number of new affordable housing units will total 100 per annum in the period 2003/04 to 2004/05. Therefore our estimated supply of affordable housing is 935 per year (1,035-100).

**Overall therefore it is assumed that the future supply of affordable housing will be 945 units per annum (935+10).**

## 9. BASIC NEEDS ASSESSMENT MODEL

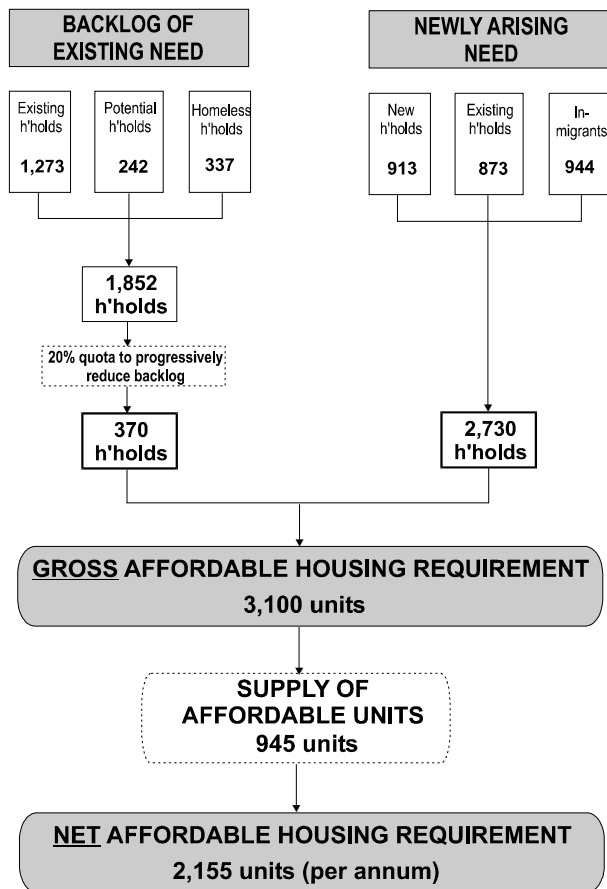
Having made estimates of the numbers of households currently in need and those projected to fall into housing need in the future along with projected supply it is possible to arrive at an estimate of the total requirement for additional affordable housing to meet housing need.

The first element is the backlog of existing need. This is an estimated 1,852 households – made up of 1,273 existing households, 242 potential households and 337 homeless households. The final stage is to include a quota to progressively reduce this backlog. This is a somewhat novel concept introduced by the ODPM guidance. A reduction in the backlog of need of 20% per year has been assumed in Bromley. The annual need to reduce the backlog is therefore 370 dwellings per annum.

The newly arising need is estimated to be 2,730 households per year – this is made up of 913 from household formation, 873 from existing households currently living in Bromley and 944 in-migrant households.

In total it is estimated that there is an annual need over the next five years for 3,100 affordable homes (370+2,730). The supply to meet this need is estimated at 945 dwellings per annum. **Therefore there is an estimated annual shortfall of 2,155 affordable homes.**

## Summary of housing needs situation (per annum)



There are a number of planning policy implications arising from the results of this analysis:

- (i) *Percentage target:* Historically, percentage targets have been set on the basis of custom and practice. The Guide suggests a target based on the requirement as a proportion of total build rates. Following this approach the requirement for affordable housing in Bromley (2,155 p.a.) represents 263% of the total build rate – suggesting that any target is justifiable.
- (ii) *Threshold levels:* Government advice provides a threshold standard of 25 dwellings/ha. It also recognises that, in special circumstances, lower thresholds of 15 dwellings/0.5 ha may be proposed. The draft London Plan does not set site thresholds and the Panel Report suggests thresholds no higher than 15 dwellings. Given the amount of additional housing required it is reasonable to assume the Council would want to maximise its opportunities for affordable housing and have, therefore suggested a site threshold of 10+ dwellings on all allocated and windfall sites would be justifiable.

## **10. BALANCING HOUSING MARKETS**

A traditional housing needs survey can be criticised for not paying enough attention to the broader housing requirements of a local authority area. Generally this implies studying the requirements for additional private sector housing. The survey uses an adapted gross flows approach to consider the degree of balance in the housing market by examining what shortages and surpluses exist, according to size of dwelling and tenure, in the existing stock. The key findings from the analysis are as follows:

- (i) There is a significant shortage of social rented housing and the Council should try to secure as much additional affordable housing as possible.
- (ii) It is likely that the private rented sector will continue to be used to make up for the shortfall of affordable housing although this would not be considered to be a long-term housing solution.
- (iii) In the owner-occupied sector the greatest demand is for smaller one bedroom homes and larger four bedroom homes.

## **11. WHAT TYPES OF AFFORDABLE HOUSING**

The housing needs survey provides a wealth of data about what types of affordable housing can actually meet housing need. Using information calculated from the 'balancing housing markets' analysis, we have carried out further analysis to show how much of this need could be met by 'intermediate' housing, available at outgoings between social rents and the minimum cost of (second hand) market housing. The analysis shows that around a half (50.4%) of households in need could afford such housing.

However when looking at specific types of intermediate housing the analysis indicates that low-cost market housing cannot meet any housing need whilst shared ownership can assist only a small proportion (6.3%). Thus in order to maximise the accessibility of an intermediate housing product, either it must be pitched at costs only a little higher than social rents, or else a series of separate products is needed covering the fullest possible range of affordability.

## **12. SUMMARY AND CONCLUSION**

The update survey has used current sources such as latest H.I.P. and Census information together with current house price information to update the 1999 housing needs survey. It has followed the ODPM Guide approach to produce an estimate of the annual requirement for additional affordable housing.

Using this 'model' it has been estimated that there is a gross requirement for 3,100 affordable housing units and a supply of 945 affordable units. The net affordable housing requirement in Bromley is therefore 2,155 units per annum over the next five years (3,100-945). In the light of the large requirement shown, the Council will need to maximise the availability of affordable housing from all available sources (including new-build, acquisitions, conversions etc.). Attention should also be paid to the cost (to occupants) of any additional housing to make sure that it can actually meet the needs identified in the survey



## APPENDIX 4 GLOSSARY

Term	Definition
<b>Affordable Housing</b>	<p><b>Social-rented housing:</b> housing provided by a landlord where access is on the basis of housing need, and rents are no higher than target rents set by the Government for housing association and local authority rents.</p> <p><b>Intermediate housing:</b> sub-market housing available to people on moderate incomes who cannot afford to buy or rent housing generally available on the open market. This is presently defined as households on an income of less than £40,000* per annum (as at 2004), however this figure will be reviewed annually to reflect changes in income: house price ratios. Intermediate housing may take the form of shared ownership, low cost home ownership or sub market rented housing.</p> <p><i>*(the figure of £40,000 has been reviewed through the SPD process and is now £35,000).</i></p>
<b>Greater London Authority (GLA)</b>	The strategic authority for London, which assumed its main responsibilities in July 2000. The Mayor for London has a duty to prepare a number of city-wide strategies, including a <i>Spatial Development Strategy (The London Plan)</i> .
<b>Habitable Room</b>	A room within a dwelling the primary purpose of which is for living, sleeping or dining - including kitchens where the total area (including fittings) is more than 13 sq.m. In proposals for blocks of flats, rooms exceeding 20 sq.m. readily capable of division will be counted as two.
<b>Household</b>	One person living alone or a group of people (who may or may not be related) living or staying temporarily at the same address, with common housekeeping (1991 Census definition).
<b>Key Worker Housing</b>	<p>Shared ownership and sub-market rented housing; what constitutes a key worker will vary over time and will be defined by an appropriate current Council resolution.</p> <p>The most recent Council resolution to date was approved by Development Control Committee on 06/06/06.</p>
<b>Legal Agreement</b>	In accordance with Section 106 of the Town and Country Planning Act 1990, advantages may be offered or sought as part of a development proposal (planning obligations) in order to limit the effects of that proposal, or which are necessary for it to be implemented e.g. highways improvements or contributions to education provision (see Policy IMP1).
<b>Net residential internal area</b>	<p><b>To Include:</b></p> <p>Living rooms, dining rooms, bedrooms, kitchens and the like.</p> <p>Hallways within residential units.</p>

	<p>Bathrooms, showers and toilets.</p> <p>Areas occupied by fitted cupboards within those rooms.</p> <p>A floor area which contains a ventilation/heating grille.</p> <p>Areas occupied by skirting.</p> <p><b>To Exclude:</b></p> <p>Stairwells, lift-wells and landings.</p> <p>Corridors.</p> <p>Internal walls whether structural or not.</p> <p>Fuel stores, lift rooms, tank rooms, plant rooms.</p> <p>Areas under the control of service or other external authorities including meter cupboards and statutory service supply points.</p> <p>The space occupied by permanent and continuous air-conditioning heating or cooling apparatus and ducting in so far as the space it occupies is rendered substantially unusable.</p> <p>External vehicle parking areas.</p>
<b>Planning Policy Guidance Notes (PPGs) / Statements</b>	Government advice on various planning policy matters issued from time to time to guide Local Planning Authorities in their operation of the planning system.
<b>Registered Social Landlord (RSL)</b>	A non profit-making organisation registered with the Housing Corporation whose purpose is the provision, construction, improvement or management of houses for sale or rent (see Policy H2).
<b>Residential Density</b>	<p>A means of expressing the amount of residential accommodation in a given area. The density of development may be expressed in terms of <i>habitable rooms</i> or dwellings per hectare. Residential densities in the UDP are given in habitable rooms per hectare (hrha) (see Policy H7 and <i>SPG</i>).</p> <p>The density standard is calculated by dividing the number of habitable rooms by the site area, including:</p> <ul style="list-style-type: none"> <li>▪ access roads within the site;</li> <li>▪ private garden space;</li> <li>▪ car parking areas;</li> <li>▪ incidental open space and landscaping; and</li> <li>▪ children's play areas where these are to be provided.</li> </ul>
<b>Spatial Development Strategy</b>	A statutory plan prepared by the Mayor for London. This aims to provide an integrated approach to strategic

	planning and land use issues in London.
<b>Supplementary Planning Guidance (SPG)</b>	The Council publishes additional advice on certain planning topics, such as Residential Design and Telecommunications.
<b>Supplementary Planning Document (SPD)</b>	Introduced under the Town and Country Planning Regulations (2004) previously referred to as SPG (see above). Provides additional guidance on certain planning topics.