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Affordable Housing Statement,

For Proposed Residential Development
At Chapeltown Street, Manchester

(Ferrous)

For [Capital and Centric \(Nineteen\) Limited](#)

November 2021

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1. INTRODUCTION

1.1 This Affordable Housing Statement has been prepared by Zerum Consult Ltd on behalf of the applicant Capital and Centric (Nineteen) Limited and accompanies a planning application submitted for the construction of a 15 storey building (to be known as Ferrous) comprising 107 apartments (Use Class C3), residential amenity facilities including a roof terrace, two ground floor commercial units (Use Class E/ Sui Generis), multipurpose events Pavilion (Use Class E/ Sui Generis) and associated landscaping.

1.2 As set out within the Manchester City Council Validation Checklist, an Affordable Housing Statement is required on:

"Schemes for 15 or more dwellings (Core Strategy Policy H8) a statement will be required which sets out how the proposals contributes to the housing mix in the city; and,

- *The number of proposed units that fall into the Council's definition of affordable housing;*
- *The type of housing being proposed (social rent, shared ownership etc);*
- *Where no affordable housing is being proposed, a full un-redacted viability assessment will be submitted; and;*
- *Why the proposal meets any other policy exception.*

The Statement should also include for all types of housing;

- *The total number of residential units*
- *The mix of units, with number of bedrooms"*

2. AFFORDABLE HOUSING STATEMENT

PROPOSED DEVELOPMENT

- 2.1 This proposed development comprises 107 units. The proposal maximises the diversity of dwellings on the site, comprising a mix of 1-bedroom, 2-bedroom 1 bath, 2-bedroom, 2 bath and 3-bedroom apartments. The scheme will deliver:

40 x 1-bedroom apartments, 63 x 2-bedroom apartments, 4 x 3-bedroom apartments and 1,716 sq. ft of commercial space on the ground floor and a 142sq.ft Pavilion.

PLANNING POLICY

NATIONAL PLANNING POLICY

- 2.2 Paragraph 65 of the NPPF sets out that major development involving the provision of housing, planning policy and decisions should expect at least 10% of the total number of homes to be available for affordable home ownership, unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups. Exemptions to this requirement are made when the proposed development:

- Provides solely Build to Rent homes
- Provides specialist accommodation for a group of people with specific needs
- Is proposed to be developed by people who wish to build or commission their own homes

LOCAL PLANNING POLICY

- 2.3 Policy H8 of the Core Strategy sets out that:

"New development will contribute to the City-wide target for 20% of new housing provision to be affordable. Developers are expected to use the 20% target as a starting point for calculating affordable housing provision. It is envisaged that 5% of new housing provision will be social or affordable rented and 15% will be intermediate housing, delivering affordable home ownership options"

2.4 However, the policy continues, stating:

"Either an exemption from providing affordable housing, or a lower proportion of affordable housing, a variation in the proportions of socially rented and intermediate housing, or a lower commuted sum, may be permitted where either a financial viability assessment is conducted and demonstrates that it is viable to deliver only a proportion of the affordable housing target of 20%; or where material considerations indicate that intermediate or social rented housing would be inappropriate."

2.5 It is clear from the above the importance of meeting affordable housing needs however, there is an acknowledgment that the delivery of affordable housing can affect the viability of a scheme.

AFFORDABLE HOUSING ASSESSMENT

2.6 A Viability Report has been prepared by Savills and is submitted in support of this application. The assessment has consideration for the development costs and the anticipated value of the proposed development on completion. This has then been used to determine if the development can contribute to the delivery of affordable housing.

2.7 The Viability Report assesses the viability of the proposed scheme across two inputs: a scheme that includes 20% affordable units as per planning policy and another scheme that comprises 100% private rent.

2.8 The 20% affordable rent scheme produces a GDV of £24,240,855 across both the residential and commercial elements. Accounting for the appraisal inputs outlined in section 7.2 of the report, the 20% affordable rent appraisal produces a negative residual value of £962,600, say £963,000. This demonstrates that the development with policy compliant affordable is clearly unviable.

- 2.9 The scheme was therefore appraised based on a 100% private rent scheme. This produces a total GDV of £25,783,164. All inputs remaining the same besides this GDV, the 100% private rent appraisal produces a residual value of £193,963, say £194,000. This value is below the BLV of £825,000 and therefore demonstrates that that a 100% private rent scheme produces a land value under the BLV, and this would normally render the development unviable. The applicant however is working hard to bring costs down and increase its value so that the scheme can be delivered.
- 2.10 As outlined in the Viability Report and the Planning Statement, this development is the third phase of a high-quality development along Chapeltown Street by award winning Capital & Centric. It sits alongside the exceptional Crusader Works and Phoenix developments. At this time cost inflation is causing real difficulties in the market and additional cost in the form of any affordable housing would have a real detrimental impact on the viability of this development. Capital and Centric are also paying for the stopping up of Fair Street and providing 2 pocket parks as part of the development proposals to further enhance to local amenity and public realm.
- 2.11 Capital and Centric are very happy to agree to a review mechanism so that if they agree a deal that betters the GDV and or that the costs are lower than currently projected then there is another opportunity for the Council to generate an affordable housing contribution that at this stage is proven to be unviable.
- 2.12 It is clear from the above that the provision of affordable housing would undermine the development proposals, which will continue to bring forward the aspirations of the Manchester Piccadilly SRF.
- 2.13 Whilst both scenarios determine that the proposal cannot viably provide affordable housing, the proposed development will see a significant financial investment in the area, contributing to the creation of public realm which will form part of the wider ambitions for the Manchester Piccadilly SRF area, to create a mixed-use district focused around high quality public space.

3. CONCLUSION

- 3.1 The application proposes a total of 107 new apartments, comprising a mix of 1-bedroom, 2-bedroom 1 bath, 2-bedroom, 2 bath and 3-bedroom apartments.
- 3.2 Due to the findings set out within the submitted Viability Assessment, no affordable housing is proposed as part of the development.
- 3.3 The proposed development will however provide a new City Centre residential development, alongside the creation of new, high quality public realm, which will see a derelict brownfield site brought back into active use, contributing to the urban regeneration of the area. The proposals form part of the wider ambitions envisaged for Piccadilly Central within the Manchester Piccadilly SRF and will support the creation of a mixed-use district focused around high quality public space.