

Aval Consulting Group.



Affordable Housing Statement

Land at Church Lane, Manchester M9 4HW

HAD & Co Property Consultants

04 July 2022

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1 Introduction

- 1.1. Aval Consulting Group Ltd has been commissioned by HAD & Co Property Consultants to produce an Affordable Housing Statement in support of the planning application located at Land at Church Lane, Manchester M9 4HW
- 1.2. The Affordable Housing Statement is to be read in conjunction with the supporting documents and the proposed development plans as part of the planning application.
- 1.3. The proposed development is for the construction of a four-storey residential building consisting of 28no. flats with associated amenity areas and landscaping.
- 1.4. As the total number of flats exceeds 15, as per the local authority, the affordable housing requirements would need to be applied.

2 Planning Policies

2.1 Annex 2 of the NPPF states the definitions of Affordable Housing and the sub-categories:

“a) Affordable housing for rent: meets all of the following conditions: (a) the rent is set in accordance with the Government’s rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).

b) Starter homes: is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household’s eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.

c) Discounted market sales housing: is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.

d) Other affordable routes to home ownership: is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period

of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision, or refunded to Government or the relevant authority specified in the funding agreement.”

2.2 Policy H8 within the Manchester City Council’s Local Plan states the following:

“Affordable Housing The following requirements for affordable housing or an equivalent financial contribution, as set out in Providing For Housing Choice, or any future published SPD and Planning Guidance, currently apply to all residential developments on sites of 0.3 hectares and above or where 15 or more units are proposed. These thresholds will be subject to amendment over the lifetime of the Core Strategy to reflect changing economic circumstances. The targets and thresholds will form part of supporting SPD and/or Planning Guidance.

1. 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. The proportion of affordable housing units will reflect the type and size of the development as a whole; and where appropriate provision will be made within Section 106 agreements to amend the proportion of affordable housing in light of changed economic conditions, subject to a financial viability assessment.

3. Affordable housing units will be inclusively designed to reflect the character of development on the site.

4. 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. In the latter case, such circumstances could include:

- There is a very high level of affordable housing in the immediate area;*
- There is either a high proportion of social rented (35%), or low house prices in the immediate area compared to average incomes;*
- Affordable housing would be prejudicial to the diversification of the existing housing mix.*
- The inclusion of affordable housing would prejudice the achievement of other important planning or regeneration objectives which are included within existing Strategic Regeneration Frameworks, planning frameworks or other Council approved programmes;*

- *It would financially undermine significant development proposals critical to economic growth within the City;*
- *The financial impact of the provision of affordable housing, combined with other planning obligations would affect scheme viability;*
- *There is a need for additional housing provision for older people or disabled people either as affordable or market housing dependent on the results of a financial viability assessment of the scheme.*

5. The Council will also consider the provision of affordable housing which is delivered by taking advantage of other equity based products in addition to those options identified in PPS 3. 6. The definition used for affordable housing is set out in Annex B of PPS 3.”

3 Affordable Housing Provision as part of Proposed Development

- 3.1 The proposed development is aimed at making at least 20% of the proposed flats affordable to comply with the Manchester City Council's Local Plan and the NPPF.
- 3.2 This would therefore create at least 6no. affordable flats as part of the proposed development, with the scope of increasing this if required.
- 3.3 Each affordable rent dwelling should initially, and at all subsequent times upon a vacancy arising, be allocated to a person who is adjudged by the Council or Registered Provider (whichever the case may be) to be in need of affordable housing.
- 3.4 Such allocations shall be made in accordance with the criteria set out in the Council's allocation scheme, local lettings policy and nominations agreement between the Council and the client, or any successor policy or agreement.
- 3.5 The conditions relating to affordable housing within this Affordable Housing Scheme shall not be binding upon a mortgagee or chargee (or any receiver, including an administrative receiver) appointed by such mortgagee or chargee or any other person appointed under any security documentation to enable such mortgagee or chargee to realise its security or any administrator (however appointed) including a housing administrator (each a Receiver) of the whole or any part of the Affordable Housing or any persons or bodies deriving title through such mortgagee or chargee or Receiver.
- 3.6 The conditions shall also not be binding on a person exercising the Right to Acquire or the Right to Buy, or any person who acquires a 100% interest in a dwelling pursuant to a shared ownership lease or shared-equity arrangement or any successor in title.

4 Affordable Viability Assessment

- 4.1 The Affordable Viability Assessment looks into the potential financial contribution towards affordable housing within the proposed development.
- 4.2 The financial contribution can be calculated using the existing land value, the build costs associated with the proposed development and the gross development value upon completion.
- 4.3 The existing land value was calculated to be £500,000 and the build costs were calculated to be £2.7m, giving a total investment cost of £3.2m.
- 4.4 The owners aim to sell each 2no. bedroom at £150,000 and each 1no. bedroom at £125,000, giving a total of £4.125m (assuming all units are purchased).
- 4.5 This gives a predicted profit of £925,000 which can then be used towards affordable housing provision.
- 4.6 As stated in Section 3, at least 6no. flats would need to be affordable. Assuming £550,000 goes towards the profit for the client, the remaining balance of £375,000 can be split between 6no. flats. This results in each affordable flat being reduced in price by £62,500.
- 4.7 The selling price for a 1-bedroom flat (if used for affordable housing) would reduce to £62,500, which is half of the selling price.
- 4.8 The selling price for a 2-bedroom flat (if used for affordable housing) would reduce to £87,500, which is an approximate 41.6% reduction in selling price.
- 4.9 Appendix A contains the predicted construction and selling costs.

5 Conclusion

- 5.1 The proposed development satisfies the local and national policies for affordable housing, with the aim of creating 20% of the proposed flats (6no. flats) as affordable
- 5.2 The Viability Assessment confirms this as the surplus can be used towards affordable housing for at least 6no. flats, with a predicted reduction of £62,500 for each affordable housing after consideration of the client's profit and other various costs.

Appendix A: Construction and Selling Costs

LAND AT CHURCH LANE MOSTON, MANCHESTER M9 4HZ
CONSTRUCTION OF APARTMENT COMPLEX CONSISTING OF 25 UNITS OF 2 BED
APARTMENTS AND 3 UNITS OF ONE BED APARTMENT

DESCRIPTION	AMOUNT (£)
Land Cost	£500,000.00
Construction Cost @ 85,000 per 2 bedrooms apartments and £75,000 per 1 bedroom apartment	£2,350,000.00
Professional Consultants, Utilities connection fee, Stamp Duty and other expenses	£350,000.00
TOTAL ESTIMATED INVESTMENT	£3,200,000.00

Selling Price @£150,000 per 2 bedrooms apartment and £125,000 per 1 bedroom apartment	£4,125,000.00
ANTICIPATED PROFIT	£925,000.00

*****N. B.: QUOTED PRICES ESTIMATED AND MAY VARY DUE TO PREVALENT MARKET DEMAND AND PRICES**