



STOCKPORT
METROPOLITAN BOROUGH COUNCIL

**INVESTING
IN STOCKPORT**

AFFORDABLE HOUSING REQUIREMENTS IN STOCKPORT

Explanatory Note

December 2024

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Introduction/Background

This note has been prepared to guide developers and other interested parties through the various planning documents and policies that relate to the provision of affordable housing in Stockport. In particular, this document is designed to accompany Policy H-3 Affordable contained within the Local Development Framework Core Strategy DPD March 2011.

Policy/Strategic Context

The National Planning Policy Framework (2021, revised) at Paragraph 62 states that, within the context of housing supply,

“...the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes).”

Paragraph 63 goes on to say that;

“Where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, and expect it to be met on-site unless: a) off-site provision or an appropriate financial contribution in lieu can be robustly justified; and b) the agreed approach contributes to the objective of creating mixed and balanced communities.”

The Local Development Framework

Local planning policy regarding affordable housing Stockport is contained within the Local Development Framework Core Strategy DPD which was adopted in March 2011. Policy H-3 Affordable Housing is contained within the Core Strategy which can be viewed by clicking on the link below:

[Stockport Council - Core Strategy DPD](#)

In addition, guidance on affordable housing in Stockport currently exists in the form of Supplementary Planning Guidance (SPG) “Provision of Affordable Housing” which was adopted by the Council in January 2003.

One Stockport Housing Plan

Under Section 2: “Our Priorities” of the One Stockport Housing Plan our vision and what we want to achieve by 2030, is that everyone in Stockport will be able access the right homes in the right places at the right time. These homes will be affordable, safe, sustainable and contribute towards flourishing communities and independent living. Under this priority the objectives are to:

- Increase the provision of new affordable housing; and,
- Increase the supply of affordable first time and family sized accommodation.

The Council has identified a long-term supply of land available for building new homes through the Strategic Housing Land Availability Assessment. In order to ensure that the required levels of affordable housing do not impede the delivery of housing generally a Housing Land Viability Study was also undertaken. The Council is also working closely with the Homes and Communities Agency to enable targeted regeneration projects particularly in and around the town centre and is also working with developers to identify ways in which to unlock stalled sites and bring forward new sites for residential development.

The Council continues to work with Registered Providers and Stockport Homes Ltd under its Stockport Housing Partnership to enable and to support funding bids. As a landowner, the Council is assessing and promoting options for the use of Council owned land for affordable residential development balancing the need to maximise the return from the Council's assets. The Council is also assisting the private sector by encouraging and supporting bids to the Homes and Communities Agency and by utilising its powers to compulsory purchase where necessary.

Stockport's Housing Market

The Council collects up to date information on Stockport's housing market and produces a Quarterly Bulletin which is a free service offered to housing professionals, service providers, landlords and housing developers working within the Borough boundaries. The bulletin provides a quarterly assessment of the housing market in Stockport using a variety of data sources and provides data and information on the following:

- Average house price & Sales Volume and comparison regionally and nationally.
- Average sale price by postcode sector
- Mortgage Repossession Statistics
- Homelessness Statistics
- Information on New Build schemes
- Private rented analysis, weekly rents by property type and availability trend
- General UK economic data.
- House prices in the Town Centre.

Any developer wishing to receive the quarterly bulletin can contact Shamim.miah@stockport.gov.uk and request to be added to the circulation list.

Housing Need in Stockport

A Housing Needs Assessment, undertaken in 2019, identified a shortfall of 549 affordable units per annum in the Borough taking account of affordable housing need and supply.

As there has always been a significant need for affordable housing in Stockport, the Core Strategy sets a strategic of 50% of total provision of all housing. The number of units procured through the planning system or through procuring other resources is significantly less than the annual requirements, meaning that there is still considerable affordable housing need in Stockport.

The Definition of Affordable Housing

Annexe 2 of the NPPF contains the following definition of affordable housing:

Affordable housing: housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions:

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.

First Homes

In addition to the above definition, First Homes are a specific kind of discounted market sale housing and are considered by the government to meet the definition of 'affordable housing' for planning purposes. The government has set a requirement

for 25% of all new affordable homes provided through developer contributions to be delivered as First Homes at up to 70% market value.

It should be noted that 80% local market rent or 70% market sale is unlikely provide affordable units for the residents of Stockport due to the level of rents and values in the borough and therefore schemes involving an element of affordable rent or discounted market sale will be negotiated subject to the overall requirement in respect of the policy being met.

Priorities for Affordable Housing Provision

The priorities for affordable housing provision in Stockport are contained within Development Management Policy H-3 of the Core Strategy March 2011:

- To increase choice, the presumption is that private developers will only provide intermediate affordable housing within the Town Centre;
- In Neighbourhood Renewal Priority Areas the priority is for intermediate affordable housing;
- Outside of these areas, **75%** of the affordable housing provided by developers should be **intermediate housing** for Stockport residents on average and below average incomes. The remaining **25%** should be **social rented housing**;
- In areas with above average property prices and a particular lack of social rented housing, the affordable tenure split sought will be 50% intermediate and 50% social rented housing.
- This information should be read in conjunction with the Council's policy position statement in relation to First Homes (see above).

The price of Affordable Housing in Stockport 2024-25

Where the affordable housing element of a residential scheme is being provided on site, developers are encouraged to work with the Council's partner Registered Providers (RPs) who work with SMBC under the Stockport Housing Partnership to deliver and or manage affordable housing in the Borough. In forming this partnership, the Council has worked with these RPs to agree a price for social rented units. These prices are updated periodically alongside the maximum prices for shared ownership units, which are derived using the methodology set out in the Council's Affordable Housing SPG. These are currently as follows:

Table 1: Shared Ownership Housing (Maximum Shared Ownership Prices)	
Property Size	Affordable Price (inc 5% dep)
< 45 sq m	£96,504
45 - 65 sq m	£110,624
65 - 85 sq m	£116,955
>85 sqm	£133,397

Table 2: Guideline Social Rented (Prices Based on Level of Borrowing that Rental Income Would Support)	
Property Type	Guideline Price
1 bed flat	£66,000
2 bed flat	£80,000
2 bed house	£99,000
3 bed house	£111,000
4 bed house	£126,000

A list of the Council's Registered Providers (RP) Partners is provided in Appendix B.

Site Sizes and Thresholds

Development Management Policy H – 3 contains the site size and thresholds. The policy states:

40% of dwellings on Council sites should be affordable, or as high a level as is viable, having regard to the creation of mixed, balanced communities. Should any urban open space and Green Belt sites (excluding MEDS and buildings to be reused for housing) be released for housing, at least 50% of dwellings should be affordable housing.

Affordable housing is required on sites providing 15 dwellings (gross) or more and sites of 0.5 hectares or more.

The site size threshold is lowered to 5 dwellings (gross) in areas with property prices above the Stockport average*, such as the following:

- Bramhall / Cheadle Hulme
- Cheadle / Gatley / Heald Green
- Hazel Grove / High Lane
- The Heatons (excluding Heaton Norris)
- Marple / Marple Bridge
- Romiley

The proportion of affordable housing sought varies across the borough to take account of property prices and economic viability. Subject to viability, the Council will negotiate to achieve the following proportions of affordable housing and these should be reflected in the cost of land:

- 5%-15% in the Town Centre and the other Neighbourhood Renewal Priority Areas of Adswold and Bridgehall, and Lancashire Hill and Heaton Norris (see below for Brinnington);
- 20-25% in the inner urban areas of the borough such as the Central Housing Area, Cheadle Heath, Heaviley, Little Moor, Offerton, Bredbury and Reddish.

- 30% in areas with above average property prices, for example, those listed in the paragraph above and those areas shown as 'hot' on the map (see Appendix C).
- 40% in areas with the highest property prices, such as Bramhall / Cheadle Hulme (south) / Woodford (shown as 'very hot' on the map).

* Please note that the affordable housing requirement threshold in Hot and Very Hot areas is now 10 units or more, in line with government guidance.

Tenures

In most areas 75% of the affordable housing provided by developers should be intermediate housing for Stockport residents on average and below average incomes. The remaining 25% should be social rented housing. In areas with above average property prices and a particular lack of social rented housing, the affordable housing tenure split sought will be 50% intermediate housing and 50% social rented housing.

Contribution to Provision of Affordable Housing Off-site

Notwithstanding the Council's policy requirement for affordable housing to be provided on-site, in line with National Planning Policy Framework (Para 63), in exceptional circumstances it may be appropriate for an applicant to make a financial contribution in lieu of on-site provision. Such contributions must be robustly justified and designed such that they will contribute to the creation of mixed and balanced communities in Stockport. The amount of contribution will be equivalent to the type, size and number of properties that would have been required to be provided on-site. In these cases, the following procedure will be used to calculate the contribution.

In the first instance, the on-site provision will need to be determined in terms of the house types, size and tenures as if the affordable housing were being provided on-site. The off-site contribution will be determined either by utilising these figures in full if all the affordable housing contribution is to be provided off-site, or by utilising the balance if a proportion of the affordable housing contribution is to be provided off-site. Once this has been agreed, the following procedure will be used as the basis for determining the off-site contribution in fiscal terms:

- A. Determine the full cost of construction (including land, build costs, fees etc) of the intermediate housing (shared ownership) taking account of size and type.
- B. Determine the full cost of construction (including land, build costs, fees etc) of the social rented housing, taking account of size and type.
- C. Determine the price that a Registered Provider can pay for the intermediate housing element using Table 1: Intermediate/Shared Ownership Housing Price.
- D. Determine the price that a registered provider can pay for the social rent housing element using Table 2: Guideline Social Rented Prices Based on Open Market Value.

Once these elements have been agreed, the off-site contribution can be calculated using the formula below:

Off-site Affordable Housing Contribution £'s = (A + B) minus (C + D)

NB: The costs (including a full breakdown) to be determined for A and B will be provided by the developer. The Council may submit these figures for scrutiny by an independent surveyor.

Principles of Design and Appearance of Affordable Housing

Size of Properties

In order to ensure that affordable housing is of a satisfactory size and suitable for the people it is intended for, the Council requires that the following table be used as a guideline for floor areas. This is in line with the benchmark standards utilised by the Homes and Communities Agency:

Table 3: Guidelines for Property Sizes	
Property Size	Number of Persons
45 sq.metres	2
46 to 65 sq.metres	3
65 to 84 sq.metres	3/4
Over 85 sq.metres	4/5/6

Design, Layout, Distribution and Mix

Guidance on design of housing (including affordable housing) is contained within the Council's Supplementary Planning Document, "The Design of Residential Development" (2007) which is available on the Council's website.:

Sustainable Construction

Core Strategy CS1 Overarching Principles: Sustainable Development – Addressing Inequalities and Climate Change states that "The Council will seek to ensure that all development meets an appropriate recognised sustainable design and construction standard where viable to do so, in order to address both the causes and consequences of climate change. In particular, all development will be required to demonstrate how it will contribute towards reducing the Borough's carbon footprint by achieving carbon management standards.

Guidance on the sustainable construction of new housing is contained within the Council's Supplementary Planning Document, "Sustainable Design and Construction" (2012) which is also available on the Council's website.

Housing Negotiations

The Planning Case Officer as principle point of contact will consult the Technical Policy and Planning Officer and the Strategic Housing Team (both within the Place Directorate) immediately on receipt of an enquiry or the submission of a planning application and convey

the affordable housing requirement to prospective developers and act as the contact for subsequent negotiations.

The Council will help facilitate the achievement of schemes by suggesting particular Registered Providers (RPs) to act as partners to developers in delivering or managing affordable housing, in particular advice to developers will be co-ordinated with the Stockport Housing Strategy. In most cases this would mean that developers would be required to make available rented or shared ownership to one of the RPs working in partnership with the Council.

In the circumstances of the affordable housing requirement being fulfilled off site by means of a financial contribution, such commuted sums would be “ring-fenced” for Affordable Housing Initiatives. These initiatives may take the form of the Council, in its own right, utilising the funds to provide appropriate new, or converted units or purchasing dwellings for improvement for use by the Council’s nominated tenants. It could also be used for Registered Providers’ schemes. Expenditure would be made under the supervision of the Strategic Housing Team subject to Council approval. The Council may also decide to contribute from its own resources (land or funding) to an affordable housing project which utilises Affordable Housing Initiatives capital sums.

Viability

As previously stated, the Council’s policy is for affordable housing to be provided on-site. The purchase price of the site will therefore need to reflect the need for policy provision to be met. A development appraisal submitted to support an application must be robust. Where a developer has entered into an option to purchase, the agreement will need to reflect the true value having regard to the policy position.

In circumstances where an off-site contribution is proposed either in part or in full, this must be accompanied by a robust justification. In the event that a developer claims they are unable to provide either the required level or any form of affordable housing contribution because, if required to do so would affect the economic viability of the scheme to such an extent that it would be undeliverable, then a development appraisal / viability assessment will need to be submitted including sufficient evidence to justify the reduced level or lack of affordable housing contribution. Any appraisal / assessment should be submitted at point of validation.

It should be provided on an open book basis and upon receipt of this, officers will pass this to the Council’s surveyor. Where the Council accepts that a suitably robust viability case has been presented to justify a reduction in the level of affordable housing provision, it should be noted that Developers will be expected to enter into a section 106 agreement, with ‘clawback’ or overage provisions to ensure that appropriate commuted sums are paid in lieu of the affordable housing in the event that excess profits are made by the developer. This will be a matter for negotiation on a case by case basis.

Guidance for assessing financial viability is provided in Appendix D.

Conditions and Planning Obligations

The wording of conditions and planning agreements / obligations will vary depending on the circumstances of each case. The Council will require a draft heads of terms to be submitted

at point of validation. This helps to reduce any unnecessary delays during the consideration of the application. Planning permission is issued once the agreement has been signed and sealed.

Matters to be covered in a planning agreement will include clauses to:-

- Set out the requirement for affordable housing at the outline or full application stage;
- Ensure dwellings are transferred to a RP at the specified affordable price or are made available to qualifying persons in housing need at the affordable price;
- State the number of units and show their location on a plan;
- State the specification of the dwellings to be transferred to an RP;
- Ensure the provision of a financial contribution in lieu of actual housing units (where this approach is both acceptable to the Council and the Developer);
- Ensure the affordability of rented accommodation in perpetuity;
- Ensure proper control is exercised over the occupancy in perpetuity;
- Ensure any re-sales retain the element of affordability in perpetuity;
- Prevent completion / occupation of the general housing until the affordable housing has been built / occupied.

Appendices:

Appendix A - Development Management Policy H - 3

(Extract – for full policy follow this link - [Stockport Core Strategy](#))

Affordable Housing

What we're going to do or require:

3.123 To help achieve the 50% overall strategic target, affordable housing will be sought on all Council owned sites to be developed for housing, regardless of size. At least 50% of dwellings on Council sites should be affordable. Should any urban open space or Green Belt sites be released for housing, at least 50% of the dwellings should be affordable housing.

DEVELOPER CONTRIBUTIONS THROUGH PLANNING OBLIGATIONS

3.124 Affordable housing is required on sites providing 15 dwellings (gross) or more and sites of 0.5 hectares or more. The site size threshold is lowered to 5 dwellings (gross) in areas with property prices above the Stockport average, such as the following:

- Bramhall / Cheadle Hulme
- Cheadle / Gatley / Heald Green
- Hazel Grove / High Lane
- The Heatons (excluding Heaton Norris)
- Marple / Marple Bridge
- Romiley

3.125 The proportion of affordable housing sought varies across the borough to take account of property prices and economic viability. Subject to viability, the following proportions apply and should be reflected in the cost of land:

- 5%-15% in the Town Centre areas and the other Neighbourhood Renewal Priority Areas of Adwood and Bridgehall, Brinnington, and Lancashire Hill and Heaton Norris.
- 20-25% in the inner urban areas of the borough such as the Central Housing Area, Cheadle Heath, Heaviley, Little Moor, Offerton, Bredbury and Reddish.
- 30% in areas with above average property prices, for example, those listed in the paragraph above and those areas shown as 'hot' on the map.
- 40% in areas with the highest property prices, such as Bramhall / Cheadle Hulme (south) / Woodford (shown as 'very hot' on the map).

3.126 The relevant threshold and proportion of affordable housing applicable to specific sites will be determined by comparing Stockport's average property price with property prices in the immediate locality of the site and the likely sales prices of the completed dwellings. [The indicative property price map (see Appendix 3)] only gives a broad indication of prices in different areas and should not be used to determine the affordable housing contribution on specific sites. It is likely that in certain localities within the 'moderate' areas shown on the map a 30% affordable housing contribution will be sought.

3.127 In the Town Centre areas the proportion of affordable housing sought will be kept towards the bottom end of the 5%-15% range until viability improves and a private housing market has been established. In terms of the latter, this will be indicated by property prices comparable to the Stockport average and the delivery of a significant proportion of the Town

Centre housing target of up 2000 dwellings. To increase choice, the presumption is that private developers will only provide intermediate affordable housing in the Town Centre.

3.128 In Neighbourhood Renewal Priority Areas, housing development should accord with local regeneration strategies, such as the Brinnington Masterplan. Housing choice in these areas should be improved by increasing the supply of market housing and intermediate affordable housing, to create more mixed, balanced communities.

3.129 In most areas 75% of the affordable housing provided by developers should be intermediate housing for Stockport residents on average and below average incomes. The remaining 25% should be social rented housing. In areas with above average property prices and a particular lack of social rented housing, the affordable housing tenure split will be 50% intermediate housing and 50% social rented housing.

Appendix B - Stockport Housing Partnership - List of Partner Registered Providers

Great Places Housing Group

(Contact: Nick Gornall)

Head of Development

Tel: 07917527333

Email: Nick.Gornall@greatplaces.org.uk

The Guinness Partnership

(Contact: Angela Gerrard)

Bower House, 1 Stable Street, Hollinwood, Oldham OL9 7LH

Tel: 0161 219 7072

Email: Angela.Garrard@guinness.org.uk

Tel: 07808 735207

‘Johnnie’ Johnson Housing Trust

(Contact: Paul Humphries)

Eden Point, Three Acres Lane

Cheadle Hulme SK8 6RL

Tel: 07936372079

Email: paul.humphries@jjhousing.co.uk

Mosscaire St. Vincent

(Contact: Stuart Smallman)

7th Floor, Trafford House, Chester Road,

Stretford, Manchester M32 0RS

Telephone: 07931972912

Email: Stuart.Smallman@msvhousing.co.uk

Stockport Homes

(Contact: Yvonne McDermott and Ingrid Toon)

Cornerstone 2 Edward Street Stockport SK1 3NQ

Tel. No. 0161 474 2927

Email: yvonne.mcdermott2@stockporthomes.org / ingrid.toon@stockporthomes.org

Onward

(Contact: David Tonks)

12 Hanover Street,

Liverpool, L1 4AA

Tel No. 0151 330 2638

Email: David.Tonks@onward.co.uk

Your Housing Group

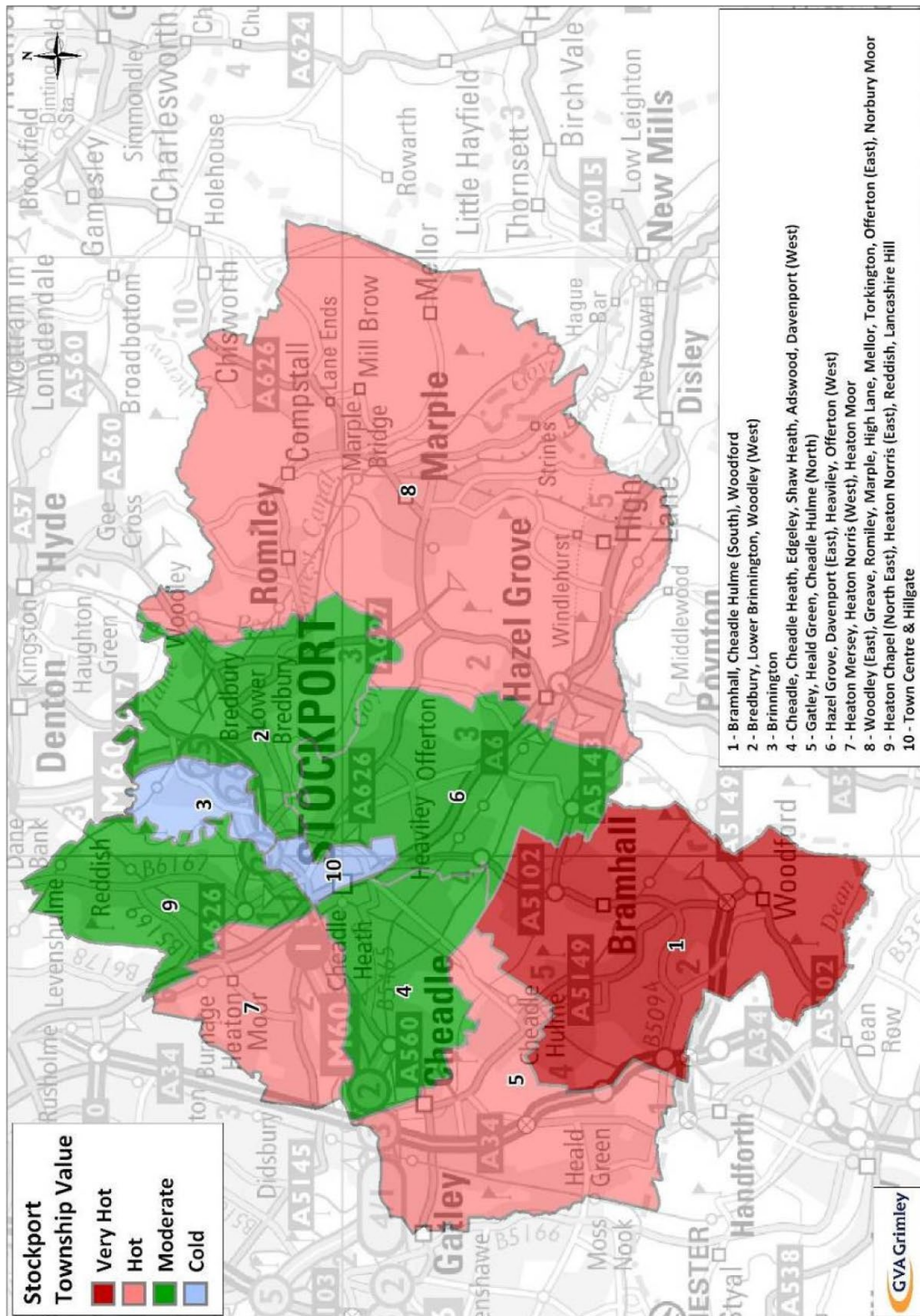
(Contact: Lorraine Donnelly – Development Director)

602 Aston Avenue, Birchwood, Warrington, WA3 6ZN

Tel: 07789920075

Email: Lorraine.Donnelly@yourhousinggroup.co.uk

Appendix C - Property Price Map (Cold to Very Hot Areas)



Appendix D - Guidance for Assessing Financial Viability

The Council will expect to see the workings that lie behind the major components as listed below.

The format in which these are presented is left to the applicant, however, the example below (Figure 1 'Financial Appraisal') has been provided as a guideline to try and assist applicants.

Capital Value of Completed Development

- i. Market Sales – comparable market evidence to support the figures should be provided.
- ii. Affordable Housing Sales

Construction

- i. Construction Cost – this should be provided by a qualified Quantity Surveyor and include information on the nature of the construction i.e. materials, build type.
- ii. Additional / Abnormal Costs – evidence should be provided to substantiate any additional costs i.e. should ground contamination be put forward copies of relevant reports must be provided.
- iii. Highways Works
- iv. Planning Contributions
- v. Finance Costs – proof of funding arrangements needed.
- vi. Professional Fees – this can be expressed in value (£) or as a percentage (%) and should state what has been included i.e. architect fees / planning fees.

Site

- i. Site Acquisition – evidence should be provided for the site purchase price i.e. land registry documents or evidence from the vendor of the site. Developers are expected to have considered the financial implications of any associated planning requirements when purchasing the land for development.
- ii. Professional Fees – this can be expressed in value (£) or as a percentage (%) and should state what has been included i.e. legal fees / agents fees.

Developers Profit

- i. Total Net Profit
- ii. On Cost
- iii. On Completed Development Value

Figure 1:

<u>Financial Appraisal</u>		
	Percentage	Value / Cost £
<u>Capital Value of Completed Development</u>		
Market Sales		£
Affordable Housing Sales		£
Total		£
<u>Construction</u>		
Construction Cost		£
Gross Internal Area of development		sqm
Additional / Abnormal Costs		£
Contingencies		%
Highway Works		£
Planning Contributions		£
Finance Costs		£
Professional Fees		£
Total Construction Costs		£
<u>Site</u>		
Site acquisition		£
Professional Fees		£
Total Site Acquisition Costs		£
<u>Developers Profit</u>		
Total net Profit		£
On Cost		%
On Completed Development Value		%