



Affordable Housing

Supplementary Planning Document

September-April 2021-2024

How to Use This Document

The Fylde Council Affordable Housing SPD is designed to assist applicants, developers, agents and registered providers of affordable housing understand the Council's Local Plan policies that relate to the provision of affordable housing. It provides guidance that gives further detail on the application of those policies in order to help applicants meet policy requirements. This should enable more rapid decision-making on applications which have followed the guidance set out in the SPD.

Structure of the SPD

Following the introduction and review of policy and guidance, the SPD continues in a series of thematic chapters, each of which considers a particular aspect that will require consideration. It is very important that the SPD be read as a whole. Applicants will normally need to have regard to all of the chapters, except those relating to off-site provision and viability assessments which relate to specific circumstances.

Appendices provide information on registered providers, a template Affordable Housing Statement, a pro-forma for the calculation of provision off site and data supporting the discounts for discounted market sales housing. The template and pro-forma are also provided as Word versions on the Council's website. A template legal agreement is not provided: this is provided separately by the Council's Legal Services department; reference should be made to chapter 11 for a full explanation of how the Council deals with any legal agreement needed.

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1. Introduction

- 1.1 Supplementary Planning Documents (SPDs) provide further detail and guidance in relation to policies and proposals within the Development Plan, in this case the Fylde Local Plan to 2032 (incorporating Partial Review) which was adopted by the Council on ~~22nd October 2018~~^{6th December 2021, as amended by the Partial Review (when adopted)}. The main objective of the SPD is to provide greater detail with respect to the requirement for affordable housing on development sites and other issues relating to the provision of affordable housing. It seeks to provide clarity to applicants as to the requirements for an application in respect of this subject.
- 1.2 The context of the Borough of Fylde means that the provision of affordable housing is critical in delivery of sustainable, mixed communities within Fylde. Fylde has higher house prices than generally elsewhere in the North West region or the Fylde Coast sub-region. Although incomes are typically higher than the region and sub-region also, the affordability of homes for lower income groups is poor. The lower-quartile affordability ratio is very high at ~~6.676.30 (2022)~~, meaning that the lower-quartile property ranked by price costs ~~6.676.30~~ times the lower-quartile gross annual income (of those working in the borough). The housing stock profile is slightly larger than average, with a limited supply of smaller, lower value homes suitable for first-time buyers.
- 1.3 The Local Plan, adopted in ~~October 2018~~^{December 2021 (to be amended by the Partial Review when adopted)}, provides the principal planning framework that applies under planning law across the Borough of Fylde. This SPD is written in support of the policies contained in the Local Plan, in particular the Affordable Housing policy H4, to provide further detail on the application of the policies of the Local Plan. Chapter 2 of this document explains more fully the relevant policies of the Local Plan and other policy and guidance to which the Council must have regard in producing this document.
- 1.4 The current total stock of affordable housing according to the 2021 Census is 3,134 social rented units and 288 shared ownership units (excludes discount market sales housing)~~for Registered Providers in April 2018 is 3,248 units, 619 of which have been built under a S106 agreement where sites are 10 units or more and there is a requirement to provide 30% affordable housing.~~ Fylde has seen a growth in affordable housing provision across all tenures: delivery is shown in Table 1 below:

Table 1: Affordable Housing Delivery

Affordable Housing delivery	2015 /16	2016 /17	2017 /18	2018 /19	2019 /20	2020 /21	<u>2021 /22</u>	<u>2022 /23</u>
Affordable rent	23	47	77	186	123	41	<u>136</u>	<u>99</u>
Shared Ownership	0	18	13	32	90	28	<u>59</u>	<u>52</u>
Discounted market sale	0	0	17	14	14	21	<u>20</u>	<u>0</u>

TOTAL UNITS DELIVERED	23	65	107	232	227	90	<u>215</u>	<u>151</u>
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- 1.5 There are currently thirteen registered providers of affordable housing with stock in Fylde: Community Gateway, ForViva (ForHousing), Great Places Housing Group, Heylo Housing, Jigsaw Homes Group / Adactus, Legal & General Affordable Homes, Manchester and District Housing Association (Your Housing Group), Muir Group Housing Association, Progress Housing Group, Places for People, Sage Housing, Step Forward Homes/Auxesia and YMCA Fylde Coast.
- 1.6 The need for affordable housing in Fylde is quantified in the ~~Fylde Coast Strategic Housing Market assessment (SHMA)~~Fylde Housing Needs Survey 2022. The provision of affordable housing in order to contribute to meeting the needs identified, is an element of Strategic Objective 1 of the Fylde Local Plan to 2032 (incorporating Partial Review). The ~~SHMA (including its Addenda)~~Housing Needs Survey identified a high level of affordable housing need in the Borough, of ~~249-418~~affordable homes to rent and 175 affordable homes to buy per annum for the remainder of the plan period over the next five years from the date of the study (SHMA Addendum 1, 2014).
- 1.7 The main settlements of St Anne’s, Lytham, Kirkham, Wesham, Warton and Freckleton are surrounded by rural settlements of Newton, Staining, Wrea Green, Elswick, Singleton, Weeton, Clifton, and Singleton. The Local Plan concentrates new development in four strategic locations: Lytham/St. Anne’s, Kirkham/Wesham, the Fylde-Blackpool Periphery and Warton, with a limited amount of development in the other settlements. Affordability in the rural areas of the Borough is a particular issue, and it is therefore important that affordable housing needs are met in those locations.
- 1.8 It is therefore considered important by the Council that the affordable housing policy H4 of the Local Plan is supported by detailed guidance in order to ensure delivery of the maximum amount of quality affordable housing for the Borough.

Review and Monitoring

- 1.9 Fylde Council’s Affordable Housing SPD will be kept under review, including through monitoring within the Council’s Authority Monitoring Report, to ensure that it remains fit for purpose and that it reflects current delivery, housing need, affordability and wider circumstances.
- 1.9.10 During 2022, the Council engaged consultants to undertake a Housing Needs Survey, to identify the needs for different types of affordable housing and to gain an understanding of what those in affordable housing need can afford. The resulting Fylde Housing Needs Survey was published in January 2023. This SPD has been reviewed to take account of the findings of the Fylde Housing Needs Survey, and has been updated accordingly.

2. Policy, ~~and~~ Guidance and Evidence Review

- 2.1 This chapter provides an overview of the policy and guidance documents, and some more general reference documents, that inform this SPD. The range of documents includes formal Development Plan Documents and national policy documents, non-planning documents that have relevance, best practice documents and existing non-statutory documents produced by the Council.

Fylde Local Plan to 2032 (incorporating Partial Review)

- 2.2 The Fylde Local Plan to 2032 (incorporating Partial Review), adopted ~~October 2018~~ December 2021, as amended by the Partial Review when adopted (see below), together with the Joint Lancashire Minerals and Waste Core Strategy DPD 2009 and the Joint Lancashire Minerals and Waste Local Plan Site Allocations and Development Management Policies DPD, plus the Bryning-with-Warton Neighbourhood Development Plan and the St. Anne's on the Sea Neighbourhood Development Plan for those designated Neighbourhood Areas, form the statutory Development Plan for Fylde.
- 2.3 Policy H4 of the Local Plan provides the principal development plan policy requirements regarding affordable housing. It requires all market housing schemes of 10 or more homes to provide 30% affordable housing. In the rural settlements this will be primarily to meet local needs. The presumption is that affordable housing will be provided on the application site. The tenure of affordable homes will be negotiated on a case-by-case basis, having regard to the viability of individual sites, local need and other Local Plan policies. Stipulations are made about the size and type of affordable housing, and requirements for supporting evidence in the event that the applicant wishes to justify reduced provision of affordable housing on the grounds of viability. The full text of the policy is reproduced below for ease of reference:

Policy H4

Affordable Housing

On-site provision of affordable housing

All market housing schemes of 10 or more homes will be required to provide 30% affordable housing, unless robust viability testing has demonstrated that the cost of the affordable housing provision would prevent the development from being delivered.

- a. For residential developments within or in close proximity to the Key Service Centres and Local Service Centres (i.e. the urban areas), the provision of affordable housing will be to meet the requirements identified for borough wide needs.
- b. For residential developments within rural areas, the provision of affordable housing will be primarily to meet the requirements identified for the closest **Tier 1 Larger Rural Settlements**: i.e. Newton, Staining and Wrea Green or **Tier 2 Smaller Rural Settlements**: i.e. Clifton, Elswick, Singleton and Weeton. If, having regard to an agreed assessment, the level of identified local need is less than the equivalent of 30% of the homes proposed, the balance of the provision will be delivered for borough wide needs.

The presumption is that affordable housing will be provided on the application site so that it contributes towards creating a mix of housing. In circumstances where the Council considers that affordable housing would be most appropriately provided off-site, for instance in relation to applications for residential park homes, the Council will require contributions for off-site provision of affordable housing equivalent in value to the provision of 43% of the number of market homes to be built on site, this being the equivalent of providing 30% affordable housing on-site.

Tenure

The precise requirements for tenure of affordable homes will be negotiated on a case-by-case basis, having regard to the viability of individual sites, local need and compliance with other policies of the plan.

Size and Type

Schemes of sheltered/extra care housing for social rent/affordable rent to the elderly may be provided to meet affordable housing requirements, in conjunction with a Registered Social Landlord. Such schemes should meet the requirements of 100% specialist accommodation for the elderly in policy **H2**.

Affordable housing provided for social rent or affordable rent should be 1, 2 or 3-bedroom homes. Starter homes should normally be 1 and 2-bedroom homes. The size and type of affordable housing on an individual scheme should be determined with reference to the SHMA or subsequent housing needs assessments undertaken by or on behalf of the Council. Affordable housing should meet the requirements of the National Technical Standards and policy **GD7** of this plan.

Viability

The Council will take account of viability when assessing individual schemes. If a level of affordable housing lower than that set out above is proposed for a specific scheme, the Council will expect robust financially-based justification to be provided by the applicant, demonstrating that the development would be unviable with a higher level of affordable housing than proposed. The Council may seek to independently verify such information, with any costs associated with the verification met by the applicant, before approving a scheme with lower levels of affordable housing than that specified above.

- 2.4 Policy H2 of the Local Plan specifies the mix of dwellings required on development sites. It requires a broad mix of types and sizes of home, suitable for a broad range of age groups, on all development sites. The mix should provide for the requirements in the SHMA or any future housing needs assessments, [which has since been provided by the Housing Needs Survey 2022 \(see below\)](#). Some specific requirements are added relating to the sizes of homes. Whilst Policy H2 relates to all types of housing, the mix of affordable housing on development sites will combine with the market housing mix to provide the overall mix on any site, which will need to comply with this policy.
- 2.5 Policy INF2 states that the Council will require contributions from development to mitigate impact on infrastructure, services and environment, and that this may include affordable housing.

2.6 Policy GD7 sets out design requirements for all types of development. It requires a consistently high standard of design and provides a series of considerations in respect to design. Affordable housing is not mentioned specifically, as this is a policy applying to all types of development.

~~2.7 The Fylde Local Plan to 2032 was published and submitted for Examination in Public before the production of the new National Planning Policy Framework (2018) and its subsequent updates the National Planning Policy Framework (2019) and the National Planning Policy Framework (2021) (the Framework) (see also the section below). It was examined under the transitional arrangement set out in paragraph 214 of the 2018 Framework, whereby it was considered, for the tests of soundness, against the 2012 Framework. The glossary of the Local Plan includes a definition of affordable housing which derives from the 2012 Framework. However, paragraph 219 of the 2021 Framework states that due weight should be given to Local Plan policies dependent on their consistency with the 2021 Framework. Reference to affordable housing in Policies H4 and INF2 will henceforth need to be interpreted according to the definition in the Framework (2021). The definition contained in the Local Plan is amended through the Partial Review of the Fylde Local Plan to 2032 (see below), once this is adopted.~~

2.82.7 Although these policies are being highlighted as being particularly relevant to affordable housing, the plan should be read as a whole and other policies and supporting text will be relevant.

2.92.8 Supplementary Planning Documents may not make policy, but must reflect policy that exists, then provide further explanatory detail. The Affordable Housing SPD therefore primarily reflects Local Plan Policies, in particular Policies H4 and INF2, as they are the relevant statutory development plan policies for Fylde.

Partial Review of the Fylde Local Plan to 2032 (FLP32)

~~2.10 The Council has undertaken a Partial Review of the FLP32 to ensure that Local Plan policies are in accordance with the updated Framework (initially the 2019 Framework but subsequently also with the 2021 Framework), and to consider the issue of unmet housing need in the neighbouring Borough of Wyre. The Partial Review was submitted for Examination on 21st October 2020.~~

~~2.11 The Partial Review does not alter the policies most relevant to the provision of affordable housing. However, as noted above, it amends the definition of affordable housing in the glossary to accord with that in the 2021 Framework.~~

St Anne's on the Sea Neighbourhood Development Plan

2.122.9 The St Anne's on the Sea Neighbourhood Development Plan was made on 24th May 2017. Policy DH1 requires the design of all new development to have regard to the principles contained within the St Anne's Design Guide. Policy HOU1 supports housing developments on previously developed land and within the settlement boundary; Policy HOU2 provides criteria for developments of flats and HMOs; Policy HOU3 relates to retirement accommodation; Policy HOU4 sets out specific requirements regarding the design of housing development.

Bryning with Warton Neighbourhood Development Plan

2.132.10 The Bryning with Warton Neighbourhood Development Plan was made on 24th May 2017. Although there are no policies within the Bryning with Warton Neighbourhood Development Plan that are directly relevant to affordable housing, it is part of the statutory development plan and due regard must be given therefore to its policies within its defined area.

National Planning Policy Framework

2.142.11 The National Planning Policy Framework (~~July 2021~~)(December 2023) (the Framework) supersedes the previous versions of the Framework, of September 2023, 2021, 2019, 2018 and 2012.

2.152.12 Paragraph 20 of the Framework requires that strategic policies make sufficient provision for housing including affordable housing. Paragraphs 39-42 encourage pre-application discussion including in relation to affordable housing. Paragraphs 43-44 recommend that applicants discuss the information requirements for the application in advance and states that local planning authorities should publish a list of their information requirements, which should be the minimum needed to make decisions. Paragraph 57 allows planning obligations to only be sought where they are necessary to make the development acceptable, directly related to the development and fairly and reasonably related in scale and kind to the development.

2.162.13 Section 5 of the Framework concerns the specific issue of the supply of homes. Paragraph ~~62-63~~ requires that the size, type and tenure of housing needed for different groups in the community 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).

2.172.14 Paragraph ~~63-64~~ requires that the type of affordable housing prescribed be identified in planning policies and that it normally be met on site. Paragraph ~~64-65~~ states that affordable housing should only be required for major developments apart from designated rural areas, and that the amount required should be reduced where vacant buildings are to be reused or redeveloped. Paragraph ~~65-66~~ states that 10% of major developments should be available for affordable home ownership. Exceptions to the requirement would be for 100% build-to-rent schemes, specialist accommodation e.g. for the elderly or students, for custom- and self-build homes or where the scheme is a 100% affordable housing exception site.

2.182.15 Paragraph 57 states that planning obligations should only be sought where they meet all of the following tests: necessary to make the development acceptable in planning terms; directly related to the development; and fairly and reasonably related in scale and kind to the development.

2.192.16 Annex 2 of the Framework is the Glossary, and this provides the Government's definition of affordable housing. This is significantly altered from the 2012 Framework. The definition is considered further elsewhere in this document.

First Homes Written Ministerial Statement

2.202.17 From 28 June 2021, a home meeting the criteria of a First Home will also be considered to meet the definition of 'affordable housing' for planning purposes. The First Homes Criteria means discounted by a minimum of 30% against the market value and after

discount the first sale price no higher than £250,000; LPAs may set a higher discount. at either 40% or 50% and impose lower price caps, demonstrated through evidence. The same discount percentage must apply each time it is sold in perpetuity, secured through a planning obligation. To ensure that suitable mortgages are available for First Homes, Local authorities should provide for a mortgage lender enforcing its security over a First Homes to be able to realise the full market value of the property.

2.212.18 Eligibility: First Homes must be prioritised for first-time buyers (as defined in paragraph 6 of schedule 6ZA of the Finance Act 2003 for the purposes of Stamp Duty Relief for first-time buyers) and not be sold to any household with a combined annual income in excess of £80,000 (or £90,000 in Greater London). Local authorities will be able to apply additional criteria at a local level. For example, they may wish to set a lower income cap, prioritise key workers (who also meet the first-time buyer definition) and / or specify a particular local connection requirement based on work or current residency. Members of the Armed Forces, veterans and their spouses/civil partners are exempt from local connection restrictions. All purchasers must use a mortgage or home purchase plan for at least 50% of the discounted purchase value. Local criteria are limited to 3 months from the start date of marketing the property. Purchasers may rent out the property for a maximum of two years, more at the discretion of the local authority.

2.222.19 A minimum of 25% of all affordable housing units secured through developer contributions should be First Homes. This is a national threshold which should be applied for England. Homes are expected to be delivered on-site unless off-site provision or an appropriate financial contribution in lieu can be robustly justified. Where cash contributions are secured instead, 25% of these contributions should be used to secure First Homes.

2.232.20 The minimum discount for First Homes should be 30% from market value, which will be set by an independent registered valuer. The valuation should assume the home is sold as an open market dwelling without restrictions. Where evidence justifies it (either in the local or neighbourhood plan, an emerging policy or, where appropriate, a Supplementary Planning Document), the minimum discount in an area can be increased to 40% or 50%.

2.242.21 Transitional Arrangements: Local plans and neighbourhood plans should take into account the new First Homes requirements from 28 June 2021. Local authorities may therefore need to review the tenure mix for the remainder of the affordable housing that they are seeking to secure. Local plans and neighbourhood plans that have been submitted for Examination before 28 June 2021 are not required to reflect the First Homes policy requirements. Across all local authorities, the new requirement for 25% First Homes will not apply to sites with full or outline planning permissions already in place or determined (or where a right to appeal against non-determination has arisen) before 28 December 2021 (or 28 March 2022 if there has been significant pre-application engagement), although local authorities should allow developers to introduce First Homes to the tenure mix if they wish to do so. This transitional allowance will also apply to permissions and applications for entry-level exception sites.

2.252.22 Shared ownership: The minimum share for initial Shared Ownership purchases will be lowered to 10% from the current 25%. The maximum share at initial purchase will remain unchanged at 75%. New shared owners will be able to staircase in 1% increments for 15 years enabling shared owners to purchase up to 15% through this route. This option will be accompanied by reduced fees. It will still be possible to staircase in larger increments with the

minimum additional share purchase reduced from 10% to 5%. Shared owners wishing to staircase in 5% increments or more will have to pay the range of fees as currently, such as a valuation fee, legal and mortgage costs as appropriate. The new Shared Ownership model will end the provider's resale nomination period at the four-week point if they wish to pursue a sale on the open market. The new shared ownership model introduces a new 10-year period during which the Shared Ownership Leaseholder will receive support from their landlord with the cost of repairs and maintenance in new build homes. Only after 10 years will the shared owner take on full responsibility for any repairs and maintenance costs. All new leases must be issued with a minimum lease length term of 990 years.

Planning Practice Guidance (PPG)

2.262.23 Planning Practice Guidance (PPG) is produced by government in support of the policy provided in the Framework. Much of the content has been updated in 2019 to reflect the 2019 Framework.

Housing Needs of Different Groups

2.272.24 Addressing the Needs for Different Types of Housing, Paragraph: 001 Reference ID: 67-001-20190722, states that the need for housing for particular groups of people may well exceed, or be proportionally high in relation to, the overall housing need figure calculated using the standard method. This is because the needs of particular groups will often be calculated having consideration to the whole population of an area as a baseline as opposed to the projected new households which form the baseline for the standard method. When producing policies to address the need of specific groups strategic policy-making authorities will need to consider how the needs of individual groups can be addressed within the overall need established.

Housing and Economic Needs Assessment PPG

2.282.25 Affordable Housing, Paragraph: 018 Reference ID: 2a-018-20190220 to Paragraph: 024 Reference ID: 2a-024-20190220, states that all households whose needs are not met by the market can be considered in affordable housing need. The considerations involved in calculating affordable housing need are detailed, involving assessments of the current number whose needs are unmet, together with projections of the likely number of newly forming households whose needs are likely to be unmet. This section then sets out how the current affordable housing supply should be assessed. The total needs, having subtracted stock, then should be converted into an annual flow based on the plan period. The affordable housing need can then be considered in the context of the likely delivery through new development sites, taking account of the probable proportion of affordable housing to be delivered by market housing-led developments.

Before submitting an application PPG

2.292.26 Paragraph: 005 Reference ID: 20-005-20150326 states that the level of information necessary for effective pre-application engagement will vary depending on the scale and nature of the proposed development; in all cases the level of information requested by the LPA needs to be proportionate to the development proposed.

Planning Obligations PPG

~~2.302.27~~ Planning obligations policy should be set out in development plans. The relevant tests must be met: necessary to make the development acceptable in planning terms, directly related to the development, and fairly and reasonably related in scale and kind. Local planning authorities may wish to consider adding planning obligations or heads of terms for section 106 agreements to their local list. ~~Planning obligations should not normally be a requirement for validation on a local list; if they are, the local planning authority should be able to justify their inclusion in relation to any particular development.~~

~~2.312.28~~ Local planning authorities are encouraged to use and publish standard forms and templates to assist with the process of agreeing planning obligations. These could include model agreements and clauses (including those already published by other bodies), that could be made publicly available to help with the planning application process. Any further information required by the local planning authority, or issues raised by the applicant regarding planning obligations, should be addressed at an early stage of the planning application process. Use of model agreements does not remove the requirement for local planning authorities to consider on a case by case basis whether a planning obligation is necessary to make the development acceptable in planning terms.

Viability PPG

~~2.322.29~~ The viability PPG sets out a methodology that should be adopted for viability assessments. Viability assessments should be undertaken at plan-level; development in accordance with the plan should then be assumed to be viable.

~~2.332.30~~ The inputs and findings of any viability assessment should be set out in a way that aids clear interpretation and interrogation by decision makers. Reports and findings should clearly state what assumptions have been made about costs and values (including gross development value, benchmark land value including the landowner premium, developer's return and costs). At the decision making stage, any deviation from the figures used in the viability assessment of the plan should be explained and supported by evidence.

First Homes PPG

~~2.342.31~~ The national standards for a First Home are that: a) a First Home must be discounted by a minimum of 30% against the market value; b) after the discount has been applied, the first sale must be at a price no higher than £250,000 (or £420,000 in Greater London); and, c) the home is sold to a person who meets the First Homes eligibility criteria, as set out in first 2 paragraphs under First Homes eligibility criteria. In addition, to qualify as a First Home, there should be a section 106 agreement securing the necessary restrictions on the use and sale of the property, and a legal restriction on the title of the property to ensure that these restrictions are applied to the property at each future sale. The price cap of £250,000 (or £420,000 in Greater London), however, applies only to the first sale and not to any subsequent sales of any given First Home.

~~2.352.32~~ Homes meeting the above minimum criteria can be sold as First Homes and should be considered to meet the definition of 'affordable housing' for planning purposes.

~~2.362.33~~ The landowner should enter into a planning obligation under section 106 of the Town and Country Planning Act 1990 enforceable by the local planning authority that: (a) secures the delivery of the First Homes; and, (b) ensures that a legal restriction is registered onto a First Home's title on its first sale. When a First Home is sold by the developer to the first owner,

a restriction is to be entered onto the title register identifying the unit as a First Home. This restriction should ensure that the title cannot be transferred to another owner unless the relevant local authority certifies to HM Land Registry that the First Homes criteria and eligibility criteria have been met, including the discounted sale price. In circumstances where this restriction needs to be removed, such as an invocation of the Mortgagee Protection Clause, the Local Authority will be required to apply to enable the removal of the restriction.

2.372.34 In order to qualify as a First Home, a property must be sold at least 30% below the open market value. Therefore, the required minimum discount cannot be below 30%. However, the First Homes Written Ministerial Statement does give local authorities and neighbourhood planning groups the discretion to require a higher minimum discount of either 40% or 50% if they can demonstrate a need for this. In such circumstances, the minimum discount level should be fixed at either 40% or 50% below market value and should not be set at any other value. In each case, these percentages represent the minimum discount required for a home to qualify as a First Home. Developers who are able to offer higher discounts within their contributions should be free to do so but the local authority cannot require this. In such cases, whatever discount (as a percentage of market value) is given at the first disposal should be the same at each subsequent sale. These minimum discounts should apply to the entire local plan area (except if Neighbourhood Plans are in place in certain areas) and should not be changed on a site-by-site basis.

2.382.35 In order to qualify as a First Home, the initial sale of the home cannot be at a price greater than £250,000 (or £420,000 in Greater London) after the discount has been applied. Therefore, local authorities cannot set price caps higher than these national caps. However, the First Homes Written Ministerial Statement of 24 May 2021 does give local authorities and neighbourhood planning groups the discretion to set lower price caps if they can demonstrate a need for this. Local price caps should not be set arbitrarily and should only be used if evidence demonstrates a need for intermediate housing at particular price points. Whilst the national standard price caps will be high for many local areas across England, homes built as First Homes will need to be of appropriate size and price for first-time buyers in any area. The national price caps should not be used as justification for delivering more expensive properties than are necessary or required in any area.

2.392.36 First Homes should be physically indistinguishable from the equivalent market homes in terms of quality and size. Developers should obtain a valuation from a registered valuer acting in an independent capacity, and that valuation should be in accordance with the Royal Institution of Chartered Surveyors red-book valuation guidance for new-build homes. When the home is resold in future, the seller should secure a valuation in the same way in accordance with RICS's guidance. When a mortgage or home purchase plan offer is being considered, the lender will also value the property in the usual way. The sale price of the property should not change unless this valuation is lower than the agreed sale price. In this case, the lender's valuation (after the discount has been applied) should act as a price cap for the sale of the property.

2.402.37 A purchaser (or, if a joint purchase, all the purchasers) of a First Home should be a first-time buyer as defined in paragraph 6 of schedule 6ZA of the Finance Act 2003 for the purposes of Stamp Duty Relief for first-time buyers. Purchasers of First Homes, whether individuals, couples or group purchasers, should have a combined annual household income not exceeding £80,000 (or £90,000 in Greater London) in the tax year immediately preceding the year of purchase. A purchaser of a First Home should have a mortgage or home purchase

plan to fund a minimum of 50% of the discounted purchase price. These national standard criteria should also apply at all future sales of a First Home.

2.41~~2.38~~ Local authorities or neighbourhood planning groups can apply eligibility criteria, to be secured through the section 106 agreements, in addition to the national criteria described above. This may involve lower income caps (if this can be justified with reference to local average first-time buyer incomes), a local connection test, or criteria based on employment status and affordability. Local connections may include (but are not limited to) current residency, employment requirements, family connections or special circumstances, such as caring responsibilities.

2.39 Any locally set income caps should be considered with reference to mortgage requirements and loan-to-income ratios for appropriate homes for the area's identified target market for First Homes. Income caps should not be set at a level which would prevent a borrower from obtaining a 95% loan-to-value mortgage for the discounted price of suitable properties.

Fylde Housing Needs Survey 2022

2.40 The Council commissioned a Borough-wide Housing Needs Survey that considers current and future housing need in the Borough, different types of affordable housing tenures required and the economic needs/income levels the tenures should meet in the Borough of Fylde over the next five years.

2.41 In total 2,973 households completed a survey, of which 2,492 were households originally targeted through sampling and 481 completed forms on-line. The total response rate was therefore 20.4% from the targeted sample, rising to 24.4% if additional completions are included. The consultant's commented that these response rates are very high relative to those currently seen for similar surveys across the country.

2.42 A Housing Need Assessment is a 'snapshot' that assesses housing need at a particular point in time. The robustness of the data to inform future housing and planning policies is determined by the response rates at the time of the survey. The high response rate to the Housing Needs Survey demonstrates that the data and conclusions are robust.

2.43 The study identified that, when looking at rented needs, the analysis suggests a need for 2,091 affordable homes over the next five years (418 per annum) and therefore the Council is justified in seeking to secure additional affordable housing. There is also a need shown in all parts of the Borough. In interpreting this level of need it must be noted that many households find a housing solution through benefit support in the private rented sector. Additionally, much of the need is due to churn in the private rented sector (e.g. households moving from one benefit supported private tenancy to another) with the survey picking up a need at the point when households move. This means that whilst the need is high, it is the case that many households are able to find a solution to their housing needs (albeit one which is unlikely to be secure and may well be in accommodation that is unsuitable).

2.44 The Council should ensure that any new affordable housing provided is available to Fylde residents or those with a local connection rather than to households across a wider area (e.g. neighbouring authorities).

2.45 Some rented homes do see low demand and few bids on the local MyHomeChoiceFyldeCoast system that works across Fylde and neighbouring authorities. This seems likely in part to be due to households with debt of over £500 being unable to make applications through

MyHomeChoiceFyldeCoast. The survey highlighted high levels of debt amongst households in the private rented sector and so the Council should consider working with Registered Providers to see if there are ways to enable these households to access affordable housing. In June 2023, the Housing Need Survey was presented to the wider Fylde Coast Housing Providers Group to discuss amendments required to the Consistent Assessment Policy of MyHomeChoiceFyldeCoast – the choice-based lettings scheme for the Fylde Coast.

- 2.46 When looking at the need for affordable home ownership products, the analysis also suggests a need across the Borough, albeit (at 874 dwellings over five-years (175 per annum) the need is lower than for rented housing.
- 2.47 The evidence does point to a clear and acute need for rented affordable housing for lower income households rather than affordable home ownership products, and it is important that a supply of rented affordable housing is maintained to meet the needs of this group including those to which the Council has a statutory housing duty.
- 2.48 Overall, the analysis identified a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue in the Borough. It does however need to be stressed that the report did not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided. The evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.
- 2.49 Analysis was carried out to look at housing costs for rented products (social and affordable rents). Focussing on 2-bedroom homes, a social rent is about 70% of the cost of a lower quartile market rent, whereas affordable rents are at 90% of lower quartile market rents). Local Housing Allowance (LHA) rates are generally similar to affordable rents, but it is notable that LHA rates are generally lower than market rents (both lower quartile and median) – this means households seeking accommodation in some locations (notably those areas with higher rents) may struggle to secure sufficient benefits to cover their rent.
- 2.50 On the basis of current market and affordable rents, only around 18% of households in need could afford an affordable rent (without claiming benefits or spending more than 30% of their income on housing). Therefore, it is considered the Council should prioritise the provision of social rents where possible: such rents will be the cheapest available and will therefore be accessible to a greater number of households. However, it will be important that seeking social rented provision does not prejudice the overall delivery of rented affordable housing, and affordable rents should be allowed where these can help delivery of on-site provision – it will however be important to ensure that affordable rents are truly affordable in a local context.
- 2.51 Analysis has been carried out to look at the affordability of Affordable Home Ownership (AHO). This includes Discounted Market Sales Housing (which will include First Homes), shared ownership and Rent-to-Buy housing - these are likely to be the main tenures of AHO moving forward. Given current housing costs in the Borough, it is suggested that to make 2-bedroom homes affordable, a discount of up to around 30% would be required; for 3-bedroom homes, a discount up to 40% would be needed. The Council could investigate a higher than 30% discount for First Homes (maybe 40%), however as this might impact viability a higher figure should only be considered if this would not prejudice the provision of other forms of affordable housing (notably rented accommodation).

2.52 Survey data about households' financial situation also highlights the potential difficulty for many in accessing even discounted homes; for the group of households identified by the survey as being able to privately rent but not buy a home, some 33% can afford no more than £80,000 (which is about half the lower quartile prices of existing homes). The main reason for the low values that can be afforded is levels of debt being the main barrier, rather than income. Such households are unlikely to be able to raise a large deposit and may be suited to other forms of affordable home ownership, notably shared ownership and rent to buy.

2.53 Regarding shared ownership, the analysis suggests that equity shares of less than 50% will be needed to make this tenure affordable (for 2- and 3-bedroom homes). It also looks difficult to make larger (4+-bedroom) homes affordable in a local context. The Council should therefore investigate the viability of providing shared ownership with lower equity shares, but again it is noted that this would potentially mean Registered Providers are less able to cross-subsidise other forms of (rented) affordable housing. It is recommended that the provision of rented products is not jeopardised where viability is an issue.

2.42.54 Finally, given clear issues raised in the survey about levels of debt and lack of money for deposits to buy a home, the Council should encourage and enable Rent-to-Buy housing as an option. These schemes are designed to ease the transition from renting to buying the same home. Initially (typically five years) the newly built home will be provided at the equivalent of an affordable rent (approximately 20% below the market rate). The expectation is that the discount provided in that first five years is saved in order to put towards a deposit on the purchase of the same property. Rent to Buy can be advantageous for some households as it allows for a smaller 'step' to be taken on to the home ownership ladder.

3. Tenures of Affordable Housing for Fylde

- 3.1 Affordable housing is defined in the Framework, within Annex 2 (Glossary). The Framework (~~2018, 2019 and 2021~~December 2023) definition is as follows:

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.*

- 3.2 Footnote 81 of the December 2023 Framework states “This definition should be read in conjunction with relevant policy contained in the Affordable Homes Update Written Ministerial Statement published on 24 May 2021.” The Framework of July 2021 does not amend the above definition. The Written Ministerial Statement of 24th May 2021 states that First Homes meet the definition. It states:

“From 28 June 2021, a home meeting the criteria of a First Home will also be considered to meet the definition of ‘affordable housing’ for planning purposes. The First Homes Criteria means:

- A First Home must be discounted by a minimum of 30% against the market value; and,
- after the discount has been applied, the first sale of the home must be at a price no higher than £250,000 (or £420,000 in Greater London).

Local authorities will be able to set a deeper minimum discount at either 40% or 50% and impose lower price caps, if they can demonstrate a need for this through evidence. However, the same level of discount as a percentage below market value must apply to the home each time it is sold in perpetuity (subject to certain specific exclusions), so that communities continue to benefit from the homes for years to come. The discount in perpetuity should be secured through a planning obligation.”

Tenures of Affordable Housing Required in Fylde

3.3 Local Plan Policy H4 states:

The precise requirements for tenure of affordable homes will be negotiated on a case-by-case basis, having regard to the viability of individual sites, local need and compliance with other policies of the plan.

3.4 The Fylde Housing Needs Survey considered the affordability of affordable housing to buy. It identified that the cohort of those currently renting who can afford to buy is small, and households in need seeking to buy typically lack a deposit. The study concluded that the need for a deposit was a barrier to home ownership. Therefore, tenures of affordable housing to buy will need to reflect this, and the Council will prioritise rent-to-buy and shared ownership products over those requiring significant levels of deposit.

3.5 In respect of the balance between affordable rented products and affordable home ownership products, the study recommended a roughly 70/30 rented/ownership balance.

3.43.6 Therefore tThe Council will normally require a tenure mix that consists of ~~60~~70% of the affordable homes for affordable rent, with ~~40~~30% for other affordable housing tenures. This preferred mix, and the tenure of affordable homes providing ~~40~~30% of the total, will be subject to negotiation as set out in Local Plan Policy H4 as shown above.

3.53.7 National policy in paragraph ~~65-66~~ of the Framework currently requires 10% of homes on major development sites to be for affordable home ownership, subject to some exceptions:

Where major development involving the provision of housing is proposed, planning policies 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 10% requirement should also be made where the site or proposed development:

- a) provides solely for Build to Rent homes;
- b) provides specialist accommodation for a group of people with specific needs (such as purpose-built accommodation for the elderly or students);
- c) is proposed to be developed by people who wish to build or commission their own homes; or

d) is exclusively for affordable housing, an entry-level exception site or a rural exception site.

~~3.63.8~~ This national requirement would require at least 33% of affordable homes on sites to be affordable housing to buy, where 30% of all homes on a site are affordable in line with Local Plan Policy H4. However, the Fylde Housing Needs Survey notes the “clear need for additional social/affordable rented housing” and suggests that this could “significantly prejudice the ability to meet the identified affordable housing needs of specific groups” which is the exception under which the requirement can be waived under national policy. The Council’s expectation of 30% of affordable homes to be affordable housing to buy, rather than 33%, does not represent a complete waiving of the national requirement, but a small modification in order to more fully meet local affordable housing needs. ~~where it applies, is provided for within the “other affordable housing tenures” element of the Council’s preferred tenure mix as set out in paragraph 3.4 above, based on the overall requirement of 30% on-site affordable homes.~~ Shared ownership homes, discounted market sales housing and rent-to-buy homes can all contribute to ~~this the national~~ requirement.

~~3.73.9~~ National policy has introduced the requirement for 25% of affordable homes secured through developer contributions or S106 agreements to be First Homes, although a transitional arrangement applies. Where required, these will be an element of the ‘other affordable housing tenures’ element of the development leaving the target of ~~60~~70% of affordable homes on a site to be affordable rent unaffected by this obligation.

~~3.83.10~~ Tenures of affordable housing required by the Council will be specified and updated when required in this SPD. The requirement will reflect the particular circumstances of Fylde, including the strategic level of affordable needs for different types of accommodation and tenure and the tenures that are considered suitable by Registered Providers operating in Fylde. Exceptions to the preferred tenure mix will only be permitted where:

- It is supported by the Council’s Housing Services Manager;
- The applicant’s proposed tenure mix is supported by a Registered Provider that has agreed with the applicant to be recipient of the proposed affordable housing once completed;
- The affordable housing to be provided will fulfil the requirements of Local Plan Policy H4; and
- The proposed tenure mix will contribute to the fulfilment of the objectives of the Council.

Maximising opportunities to deliver a Basket of Tenures

~~3.9~~ ~~Fylde Council are keen to maximise opportunities that provide a basket of tenures on new build schemes to ensure we are meeting the housing needs of households with a range of incomes, including economically active households.~~

~~3.103.11~~ For developments including 15 or more affordable homes, the Council would welcome a basket of affordable housing tenures to be provided within the site. A mix may also be required on smaller sites, but this will be subject to negotiation, considering issues such as the configuration of the site, its location and affordable housing need locally (the latter will only be relevant at non-strategic locations).

3.113.12 The Local Plan policy H4 states that the tenure mix will be negotiated on a case-by-case basis, having regard to the viability of individual sites, local need and compliance with other policies of the plan. Wherever possible the tenure mix should be discussed with the Council in advance of the submission of the planning application, considered below in Chapters 5 and 6.

Affordable Rent

3.13 Affordable rent provides a tenure of affordable housing that attempts to ensure that those on low incomes can be housed satisfactorily. Rental levels (including service charges) are restricted to a maximum of 80% of the market rents that the individual properties would achieve. Further details are set out in the Capital Funding Guide produced by Homes England. Eligibility is restricted (see Chapter 9).

3.123.14 The Housing Needs Survey identified a clear and acute need for rented affordable housing and recommended that 70% of affordable housing should be for rent. In considering the split between affordable rent and social rent, the Housing Needs Survey recommended that the Council should prioritise the provision of social rents where possible; although it also recognised that there will be the consideration of the cost and the amount that can viably be delivered, so seeking social rents should not prejudice overall delivery of rented affordable housing. As Local Housing Allowance rates are aligned closely with the cost of affordable rented housing, the Council considers that the provision of affordable rent units is preferred in order to maximise delivery.

3.133.15 Therefore, Affordable-affordable rent should normally be the form of tenure for the majority of affordable homes on development sites as noted in paragraph 3.43.6 above.

3.143.16 Housing provided for affordable rent will be required to be transferred to a Registered Provider. This may be one of the existing Registered Providers active in Fylde, which are listed in Appendix 1, or an alternative provider proposed by the applicant and approved by the Council.

3.153.17 Housing for affordable rent must be retained as affordable rent in perpetuity, unless sold under right-to-buy legislation; where disposed of through the right to shared ownership, the subsidy should be recycled (see Chapter 9). The Affordable Housing Statement (see Chapter 6) will need to confirm these restrictions, as well as those relating to the allocation of the properties, and these will be tied to any planning permission through condition or Section 106 agreement.

3.163.18 Affordable rented accommodation is available by registering with [MyHomeChoiceFyldeCoast](#). Residents with a local connection to Fylde are able to apply to join the Choice Based Lettings system. Applicants must be over 18 to hold a tenancy. Fylde Council does not have any housing stock but there are 8 providers who collectively make up MyHomeChoiceFyldeCoast who have accommodation across Blackpool, Fylde and Wyre. Further details are set out in Chapter 9.

Shared Ownership

3.173.19 Shared ownership provides an alternative to other forms of low-cost home ownership products that is well-established and tested. It allows for a higher level of discount on the market price than discounted market sales housing providing that sufficient subsidy is available at the outset.

3.183.20 Shared ownership requires the involvement of a Registered Provider. The occupier will purchase a percentage of the equity, which may be as low as 10% or as high as 75%. The remainder of the property is owned by the Registered Provider, and the occupier must pay rent on that share of the property. Shared ownership allows the occupier to increase their share of the property that they own by purchasing tranches of the remaining share from the Registered Provider (sometimes known as “staircasing”), each time reducing the residual amount on which rent is payable. The occupier may purchase the entire remaining share so as to own the property outright at open market value. Restrictions may be applied to give first refusal on any subsequent sale of the property to the Registered Provider.

3.193.21 Rent to buy (which includes a period of intermediate rent) may be offered by Registered Providers as a route into shared ownership (see section later in this chapter).

3.22 Provisions are necessary to ensure that any discount (which is the element of equity held by the Registered Provider at the outset) is recycled for further affordable housing provision.

3.23 In order that shared ownership homes genuinely provide for those in need of affordable housing, the size of properties and the shares purchased would need to be appropriate. The Housing Needs Survey undertook some indicative analysis that identified that equity shares of around 50% could be appropriate for units of up to 3 bedrooms, but any larger units would require a very small equity share that would render them not deliverable. It notes the costs and assumptions will vary between sites and should be assessed on a scheme by scheme basis. Therefore, where a developer proposes shared ownership homes, the Council will require supporting information of open market values, proposed equity shares, monthly costs of mortgages and rents and any service charges, in order to demonstrate that properties proposed for shared ownership will be affordable (i.e. will not exceed lower quartile market rents for that size of property in the Borough). Applicants/ registered providers should use the following format to set out this information:

Table 2: Shared Ownership Affordability Information

	<i>(Example shared ownership scheme)</i>
<u>Open market value</u>	<u>£126,500</u>
<u>Share purchased</u>	<u>42%</u>
<u>Amount of equity purchased</u>	<u>£52,900</u>
<u>Deposit</u>	<u>£5,300</u>
<u>Mortgage needed</u>	<u>£47,600</u>
<u>Assumed rate of interest and term</u>	<u>4% over 25 years</u>
<u>Monthly cost of mortgage</u>	<u>£251</u>
<u>Equity retained by Registered Provider</u>	<u>£73,600</u>
<u>Basis for rent calculation</u>	<u>2.75% pa on unsold equity</u>

<u>Monthly rent on retained equity</u>	<u>£169</u>
<u>Service charge per month</u>	<u>£100</u>
<u>Total cost per month</u>	<u>£520</u>

3.203.24 In rural parishes of the Borough¹, shared ownership properties are subject to additional restrictions, being Designated Protected Areas (DPA) as defined in Schedule 5, Part 6 of The Housing (Right to Enfranchise) (Designated Protected Areas) (England) Order 2009². The effect of the restriction is that shared ownership housing must be offered by Registered Providers with a lease that contains provisions that either:

- a) restrict staircasing to no more than 80%; or
- b) in instances where the leaseholder is permitted to acquire more than 80% (i.e. up to full ownership), then there is an obligation on the landlord (or a designated alternative landlord) specified in the lease that commits them to repurchase the property when the leaseholder wishes to sell

3.213.25 The purpose of the restriction is to prevent the loss of affordable housing in rural communities where affordable housing is in short supply.

3.223.26 The Council requires the above restrictions to be applied but takes a flexible approach by allowing the following exceptions:

- a) In the event that the shared ownership units are not being acquired with Homes England grant funding (and so are outside the restrictions of their standard clauses which would deal with the DPA status) then any staircasing out to 100% will only be permitted: (i) where this is agreed in writing with the Council and there must be legitimate reasons for that (i.e. that a new eligible purchaser cannot be found after a set period of marketing and evidence of that marketing provided); (ii) after a minimum period of 10 years; and (iii) providing that the 20% staircasing funds received after the 10 year period are recycled/reinvested in Fylde – including an agreed mechanism for that to take place (e.g. notices from the Registered Provider as to when that occurs, confirmation of the sale price and a time limit for the relevant monies to be paid into the Council’s affordable housing S106 fund thereafter).
- b) In the event that an eligible person to occupy the shared ownership units cannot be found within a period of 6 months of marketing, the tenure of the unsold units can be transferred to affordable rent in agreement with the Council.

3.233.27 Applicants are advised to discuss the details of any proposed shared ownership arrangement with the Council prior to the submission of the planning application.

Discounted Market Sales Housing

¹ Elswick, Greenhalgh-with-Thistleton, Little Eccleston-with-Larbreck, Newton-with-Clifton, Ribby-with-Wrea, Singleton, Staining, Treales Roseacre and Wharles, Weeton-with-Preese, Westby-with-Plumpton

² <https://www.legislation.gov.uk/ukxi/2009/2098/contents/made>

3.243.28 Discounted market sales housing will provide an element in the delivery of affordable housing going forward. Government policy as stated in the Framework promotes the provision of discounted market sales housing. The Council has included discounted market sales housing as part of the affordable housing mix on sites for some time, and its key features are set out in this section. The Government is prioritising the delivery of discounted market sales housing through its introduction of the First Homes scheme, which has some different features, and is considered separately below.

3.253.29 The 2018/2019 Framework introduced a requirement that at least 10% of all homes on major development sites to be available for affordable home ownership; although it should be noted that shared ownership and rent-to-buy homes could alternatively fulfil this requirement, or contribute alongside discounted market sales housing.

3.263.30 Discounted market sales housing offers a route to outright home ownership: the purchaser acquires 100% of the equity in the property and, with it, all of the responsibility for repair and maintenance costs. The need for the Council to provide routes to affordable home ownership reflect the high affordability ratio in the borough: the high cost of house purchase in relation to incomes, which has left people in affordable housing need as they are unable to raise sufficient finance to make a house purchase within the borough on the open market.

3.273.31 Discounted market sales housing therefore meets an affordable housing need for those people who aspire to home ownership but are unable to access market housing for purchase (although they may be able to access private rented housing).

3.283.32 It is critical that any affordable housing will meet identified affordable housing need, in order for the requirement for such affordable housing to be justified in relation to the tests that a planning obligation must pass, set out in The Community Infrastructure Levy Regulations 2010, regulation 122(2), and reiterated in the Framework. Therefore, it is critical that the resulting discounted market sales homes will be genuinely affordable to those who have been assessed as being in housing need. This means that the level of discount must be sufficient to make the homes affordable to the target group of those in affordable housing need.

3.293.33 ~~The Council uses the lower quartile workplace-based earnings, and the lower quartile house prices, to make its assessment of the appropriate level of discount. The earnings (2018) for the lower quartile worker in Fylde were £21,445. The Council uses a multiple of 1.5 incomes per household, to reflect the fact that such households reflect a spectrum of circumstances. Using a standard mortgage multiple of 3, and allowing for a 10% deposit, this means that householders earning the lower quartile Fylde worker's income could raise £107,225 towards the cost of a home purchase. The Housing Needs Survey considered the affordability of discounted market sales housing. It identified that in order to provide for households in need of affordable housing to buy, the price after discount should lie in a range between £92,400 and £103,700 for a 2-bedroom property (September 2021 prices).~~

3.303.34 ~~The lower quartile house price in Fylde is £143,000 (year to September 2018). As such those earning at around the lower quartile level, which will often be the younger cohorts of the working population, are some way distant from affording even those homes in Fylde at the cheaper end of the market, without intervention. The Housing Needs Survey went on to consider typical open market values of discounted market sales homes and the discount necessary to make these affordable. It concluded that, on a Borough-wide basis, a discount level of 30% could be supported.~~

~~3.313.35~~ However, there is a high degree of variation in house prices in the borough. In seeking to assist potential home buyers in affordable housing need, the discount will need to be appropriate in relation to the prevailing prices in the local market, and the open market value of the affordable dwelling and local incomes. For instance, the lower quartile house price in Elswick and Little Ecclestone is £160,500 and in Lytham is £185,791 but for those in St Anne's and Kirkham/Wesham is around £130,000. The discount applicable for the different areas of the borough has therefore been pitched to make the dwellings as affordable as possible whilst remaining viable for the developer as part of the affordable housing mix. The discount applicable from the open market value is shown in the right hand column of Table 2 below. The data used to derive these is provided in Appendix 3 considers the appropriate discount for different areas of the Borough, and concludes that the single Borough-wide discount level of 30% as recommended by the Housing Needs Survey should be adopted.

~~3.323.36~~ The open market value of the dwellings should be established. This should be through the mean of valuations by independent RICS-accredited property surveyors, and should then be verified by the Council. The appropriate level of discount shall then be applied to the open market value, to give the discounted market sale price. The valuation undertaken by the lender providing the mortgage must be provided to the Council to verify the valuation: where the valuation of the mortgage lender is lower, the mortgage lender's valuation will be the open market valuation to which the discount will be applied to give the discounted market sale price.

~~3.333.37~~ Discounted market sales properties will be marketed by the developer. Those who wish to purchase the properties will be required to fill in an application form that will be passed to the Council for an assessment as to their eligibility. Controls on eligibility are essential to ensure that the homes provide for those in affordable housing need, and in accordance with eligibility as detailed in MyHomeChoiceFyldeCoast Consistent Assessment Policy³. Further details are set out in Chapter 9.

~~3.343.38~~ Once purchased, a discounted market sale property is the absolute property of the purchaser, but restrictions are put in place so that on resale, the property may not be sold for more than the open market value minus the same discount that was applied initially, and that the subsequent purchaser will also be eligible for affordable housing, in accordance with eligibility as detailed in MyHomeChoiceFyldeCoast Consistent Assessment Policy. The developer must provide information to the purchaser so that the restrictions are clearly understood, notwithstanding any legal enquiry that the purchaser may also carry out. Chapter 9 gives further details. The developer will need to declare the restrictions will apply within the Affordable Housing Statement (Chapter 6 and Appendix 2).

First Homes

~~3.353.39~~ The First Homes scheme requires 25% of all affordable homes delivered through developer contributions (rather than directly grant-funded) to be First Homes on sites where the transitional arrangement set out in paragraph 3.38 below does not apply. In Fylde, this 25% will be a proportion of the up-to-4030% of "other affordable housing tenures" element of the required affordable housing mix. Under the 30% on-site overall affordable housing

³ <https://www.myhomechoicefyldecoast.co.uk/Data/Pub/PublicWebsite/ImageLibrary/MHC CAP 1.0 Final 2018.pdf>

requirement, this means 7.5% of all homes on a development site will be required to be First Homes under national policy.

3.40 The First Homes scheme requires a level of discount of a minimum of 30%. Higher discount levels of 40% or 50% are allowable, but only Borough-wide or through a Neighbourhood Plan. Accordingly, in Fylde the discount level under the First Homes scheme is set at 30%, to ensure compliance with national guidance.

3.363.41 The Council's restrictions on eligibility for First Homes are detailed in Chapter 9.

3.373.42 The First Homes scheme ~~also~~ allows for a cap on the sale price after the application of discount. The default national figure is £250,000 but this is considered by the Council to be an excessive figure for Fylde as it even exceeds the median house price in the Borough (£205,000 in September 2020) by a very considerable margin. Fylde Council will therefore set a cap on the price of a First Home lower than the national figure. ~~This will be set to ensure that the sale price (with discount applied) is in reach of a typical household with lower quartile earnings in the Borough, as considered above. The cap is therefore set at £113,790 (for 2021-22), the amount (based on 2020 data) that the example lower quartile household could raise. This equates to an open market property valuation of £162,557, which is comfortably higher than the lower quartile property value in Fylde of £146,000 (2020). The cap of £113,790 will be indexed using the change in the lower quartile, workplace-based earnings figure⁴ in the borough compared to the baseline 2020 figure. The Housing Needs Survey made an indicative recommendation of a price cap of around £150,000, which would ensure that the First Homes would be affordable even in locations where the open market value is high. This figure is below the Borough-wide lower quartile price for existing dwellings. The Council will therefore apply a cap at £150,000 (for 2021-22), to be increased each year by the UK House Price Index as published by ONS, using the 12 months to March on each occasion.~~

The transitional arrangement

3.383.43 The Council's discounted market sales housing tenure will accord with the Government's First Homes Scheme where this is required for compliance with national policy: the discount applicable is shown in the middle column of Table 2 below. Sites granted planning permission prior to or shortly after the introduction of the First Homes policy, including outline permissions, are covered by a transitional arrangement. The Written Ministerial Statement of 24th May 2021 states:

"Across all local authorities, the new requirement for 25% First Homes will not apply to sites with full or outline planning permissions already in place or determined (or where a right to appeal against non-determination has arisen) before 28 December 2021 (or 28 March 2022 if there has been significant pre-application engagement), although local authorities should allow developers to introduce First Homes to the tenure mix if they wish to do so."

Therefore, the requirements of the First homes policy do not apply on sites where there is an existing permission, or where permission is granted before those dates. In such cases, where discounted market sales housing is proposed and agreed by the Council, it will need to accord with the Council's requirements for discounted market sales housing as set out above. will

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<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/ratioofhousepricetoworkplacebasedearningslowerquartileandmedian>, updated annually

have a discount in accordance with the Council's own evidence, as set out in the right hand column of Table 2 below.

Table 2: Discount Level for Discounted Market Sales Housing

Settlement(s)	Amount of discount, % of open market value (First Homes)	Amount of discount, % of open market value (transitional arrangement)
St Annes	30*	20
Kirkham and Wesham	30*	20
Fylde-Blackpool Periphery (Whitehills, Whyndyke and Squires Gate)	30*	20
Warton and Freckleton	30*	25
Clifton and Newton	30*	25
Elswick, Singleton, Weeton and Staining	30*	40
Lytham	30*	40
Wrea Green	30*	40

* To accord with the minimum 30% discount level in the Government's First Homes scheme

The data underpinning these required levels is set out for information in Appendix 3.

Rent-to-Buy

3.393.44 Rent-to-Buy is a tenure which is listed within the Framework definition of Affordable Housing under the broad category of "Other affordable routes to home ownership". It has emerged as an innovative tenure that could become increasingly important. The Council considers that it could form part of the "other affordable housing tenures" within the Council's required affordable tenure mix on suitable sites. As with all tenures, applicants should discuss the proposed mix of tenures with the Council.

3.403.45 The main feature of Rent-to-Buy is a period of affordable rent, following which tenants are required to either buy the property outright, or enter a shared ownership arrangement. Registered Providers must let to working households who are unable to buy a home on the open market.

3.413.46 Rent-to-buy units will be marketed by the developer in association with the Registered Provider. As with discounted market sales housing, applicants will be required to complete an application form that will be passed to the Council for an assessment as to their eligibility. Only those with insufficient funds to buy on the open market will be eligible, in order that the units fulfil affordable housing need in the Borough.

3.423.47 The Council will expect that, where units are not purchased by the tenant at the end of the rental period (which may be five years, or longer, at the discretion of the Registered Provider in agreement with the Council) the units will be offered on a shared ownership basis to a new tenant (which could be on rent-to-buy terms if appropriate for the new tenant's circumstances).

4. The Amount of Affordable Housing Required

- 4.1 The Council requires that developers declare the amount of affordable housing to be provided as part of any planning application for 10 or more net homes, and set out the justification for this amount in their Affordable Housing Statement. The considerations that may be included in this are set out below.

The Requirement

- 4.2 The requirement for affordable housing provision in Fylde is set out in the Local Plan. Policy H4 requires:

All market housing schemes of 10 or more homes will be required to provide 30% affordable housing, unless robust viability testing has demonstrated that the cost of the affordable housing provision would prevent the development from being delivered.

- 4.3 The Fylde Housing Needs Survey provides evidence that supports the maximising of delivery of affordable housing where it can be delivered viably. It states:

the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue across the Borough. It does however need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided. As noted previously, the evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.

Therefore, the Council will maintain adherence to the requirement set out in the policy.

- 4.34.4 The threshold used in the Local Plan requirement accords broadly with the minimum standard threshold incorporated in the PPG, which states that affordable housing should not be sought on sites that are not major development.

- 4.44.5 The number of affordable homes within any development site will need to be sufficient to fulfil the 30% requirement. This will mean that, when calculating the number of affordable homes required, where the result is not a whole number, the result will need to be rounded up. For instance, on a development site of 34 dwellings in total, 11 will be required to be affordable, as 10 affordable dwellings would fall short of providing the 30% required by the policy.

- 4.54.6 Where an application site is for a smaller part of a larger site, the affordable housing requirement will be assessed on the basis of the context of the larger site. The reference to market housing schemes in Policy H4 of the Local Plan will be taken to encompass the whole site. Therefore, attempts to circumvent the requirement by the division of the site into two or more smaller sites will result in the imposition of the requirement in accordance with the proportion of housing units proposed across the whole development site. The tests used to establish whether this applies would include where a site shares its access with other sites, where it is in the same land ownership, or where there are common areas of infrastructure.

- 4.64.7 The Framework (~~2021~~December 2023) paragraph ~~65–66~~ requires that where major development involving the provision of housing is proposed, 10% of the homes should be 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. ~~Whilst this requirement continues to remain national policy, it will be incorporated within the overall requirement, unless the Council determines that the qualification in paragraph 65 applies~~As noted in Chapter 3, evidence strongly indicates a need to prioritise affordable housing for rent, so that the Council's requirements for affordable home ownership may fall marginally short of this figure. Similarly, the Written Ministerial Statement of 24th May 2021 requires that 25% of affordable homes delivered through planning obligations are First Homes; however, as described in Chapter 3, a transitional arrangement applies and therefore First Homes will only be required on development sites where the national policy requires it (i.e. where the transitional arrangement does not apply).

4.74.8 In respect of changes of use, the same requirements will apply except as considered below.

4.84.9 The Local Plan states that there will be a presumption that affordable housing will be delivered on site, in the interests of creating a mix of housing and promotes the creation of sustainable communities. Off-site provision will be acceptable only in such circumstances where the Council considers it to be so. There will be the assumption that such circumstances will be exceptional. Where the Council considers that off-site provision will be appropriate, the preferred delivery mechanism will be on a different site elsewhere in the local area, but as a last resort financial contributions to provide for this will be payable. The calculation of contributions is considered in Chapter 8.

Exceptions to the Requirement

4.94.10 Where the development is a change of use that is permitted development under the General Permitted Development Order, PPG states that affordable housing cannot be sought.

4.104.11 Policy H2 states that on sites where 100% specialist accommodation for the elderly is proposed ... affordable housing contributions will not be sought. The criteria that must be satisfied to demonstrate that a development is considered by the Council to be specialist accommodation for the elderly, are set out in Local Plan Policy H2.

4.114.12 Affordable housing will not be sought on development sites (including conversions) for between 1 and 9 homes, except where larger sites have been sub-divided in order to attempt to circumvent the requirements. An exception to this will be where a proposed development consisting solely of affordable housing is put forward on an appropriate smaller site.

Legal Agreement and Affordable Housing Statement

4.124.13 Legal agreements and undertakings are considered in detail in Chapter 11 and the Affordable Housing Statement in Chapter 6. The amount of affordable housing, and any other details relating to it that are agreed by the applicant, including type, tenure, registered provider and management arrangements etc. should be contained within the Affordable Housing Statement, with a clause within the legal agreement (or planning condition where appropriate) securing this by reference to the agreed Affordable Housing Statement.

Reduced Proportion on Viability Grounds

4.134.14 Matters relating to situations where an applicant claims that a reduced amount of affordable housing should be provided on viability grounds are considered in Chapter 10.

Effect of Vacant Building Credit

4.144.15 Paragraph ~~64-65~~ of the Framework states that where vacant buildings are being reused or redeveloped, any affordable housing contribution due should be reduced by a proportionate amount. Footnote ~~30-31~~ clarifies that this is “equivalent to the existing gross floorspace of the existing buildings. This does not apply to vacant buildings which have been abandoned.” Therefore, the number of affordable homes required will be reduced accordingly on such schemes. Developers will be required to set out how this will affect their development within the Affordable Housing Statement, and are encouraged to discuss the matter where applicable with the Council prior to submitting the application.

4.154.16 Developers will be expected to provide evidence in support for any claim for vacant building credit. The evidence will need to demonstrate:

- The floorspace of the vacant building;
- That the building is vacant: it will not be considered to be vacant if the building or part of the building has been in continuous use for any six months during the last three years up to the date that the application is submitted. The building must be entirely vacant: the credit is a vacant building credit rather than a vacant floorspace credit;
- That the building concerned is a permanent building which has a previous use;
- That the building has not been abandoned: evidence will be required that the building has been marketed in a genuine attempt to bring it back into use;
- That the building has not been vacated for the purpose of conversion: that the vacation of the premises has been a result of the decision of the tenant, rather than the landlord.

Phasing of Delivery

4.164.17 The Council will expect affordable housing to be constructed concurrently with the market housing on the development site. In order to ensure timely delivery, the Council will require the phasing of affordable housing delivery to be detailed on the Affordable Housing Statement, where the application is for full or reserved matters permission or will impose a phasing requirement through clauses in the s106 agreement sitting alongside the planning permission. This will be in the form of a requirement for the transfer of a certain number of units of affordable housing to the appointed Registered Provider in advance of the occupation of a certain number of market dwellings, or the completion and marketing of a number of units of other affordable tenures, or a combination of the two. Generally, at least half of the affordable homes should be transferred before half of the market housing is occupied, with the remaining half transferred before the occupation of 85% of the market homes. The precise arrangement will be subject to negotiation and agreement with the Council and set out in the affordable housing statement or s106 agreement as appropriate.

4.174.18 Developers should consider how the phasing requirements will affect their site, and provide details on the Affordable Housing Statement having regard to their order of construction for the homes on the site, in particular the different tenures of affordable housing, to ensure that their proposals for the phasing of affordable housing are achievable when the planning application is determined.

5. Pre-application Engagement

- 5.1 The Framework strongly emphasises the benefits of discussion between parties at the pre-application stage, and encourages the resolution of issues prior to applications being made.
- 5.2 There are advantages to both developers and to the Council in effective pre-application engagement taking place regarding affordable housing provision. In particular, providing understanding of the information required by the Council will assist applicants.

Discussions with Registered Providers

- 5.3 Applicants and/or their agents should make contact with Registered Providers prior to making any planning application, including at outline stage. At outline stage, they are encouraged to establish in principle that the affordable homes they propose to build can be transferred, in the case of affordable rent or other tenures involving Registered Providers. The mix of properties will be required to meet Local Plan Policy H2, to the extent that any details on mix have been determined.
- 5.4 At reserved matters stage or prior to a full planning application being submitted, the applicant should have discussed and come to agreement with the Registered Provider over all detailed matters including the individual dwellings to be part of the transfer, specific tenures of specific plots, the phasing of delivery and timings of the transfers, agreement that the Registered Provider will take on the management arrangements, letting and allocation in accordance with Fylde Council's local connection policies. Failure to provide this information at application stage is highly likely to delay the determination of the application.
- 5.5 The Council will require that a single Registered Provider is engaged in relation to all tenures of affordable housing within the scheme where a Registered Provider has involvement. The Council will only consider agreement to this requirement being waived where the Registered Provider which will take on all of the Affordable Rent properties declines to take on properties under other tenures.

Discussions with the Council

- 5.6 The Council believes that engagement by developers with the Council prior to making an application is an essential element in bringing forward a development proposal of an acceptable form.
- 5.7 Discussions will be advantageous prior to making an outline planning application in the first instance.
- 5.8 Elements that need to be discussed centre around the amount of housing and affordable housing proposed, the tenure mix of the affordable units, and where the proposal is for a full or reserved matters application, the size, design and distribution of the affordable units within the development. Other matters may also require discussion at that stage.
- 5.9 The Council offers a pre-application discussion service for applicants, to consider outline development proposals and to provide "without prejudice" advice on their planning merits. Applicants are encouraged to use this service in relation to the full range of potential planning issues.

5.10 Applicants or their agents should contact the Development Management Team at the Council through the use of the pre-application advice service when they are considering preparation of a planning application. They should be prepared to discuss the number and overall mix of affordable housing prior to making an outline application. A pre-application advice enquiry can be initiated through the Council's website: <https://new.fylde.gov.uk/resident/planning/advice/#1554802742366-1e75650a-72ed>

6. The Affordable Housing Statement

- 6.1 It is expected that the Affordable Housing Statement will be a document that applicants will provide with the application when submitted. In providing this at submission, it will demonstrate and reflect the outcomes of any pre-application engagement that has taken place. The Affordable Housing Statement will be part of the Local List of Validation Requirements which will be required in support of a full or reserved matters planning application for 10 or more dwellings or where the site area is greater than 0.5 hectares, in order to be considered valid at receipt by the Council.
- 6.2 For a full or reserved matters application, the Affordable Housing Statement should cover the following aspects of provision:
- Registered Provider appointed to take the housing stock and provisions for transfer to them; (see also chapter 3)
 - Number of dwellings and number of affordable dwellings within the development (see also chapter 4; where off-site provision is proposed see chapter 8);
 - Tenure including mix of tenures where appropriate (see also chapter 3);
 - Affordable dwelling size (see also chapter 7);
 - Distribution of affordable housing within the development (see also chapter 7);
 - Timing of the construction of the affordable housing and its phasing in relation to the occupancy of the market housing (see also chapter 4);
 - Management arrangements for the completed affordable dwellings (see also chapter 9);
 - Mechanism to secure on-going affordability (see also chapter 9);
 - Allocation arrangements (see also chapter 9);
 - Provision for the recycling of subsidy in the event of the exercise of right-to-buy, purchase of the remaining share of shared ownership or the resale of discounted property (see also chapter 9).
- 6.3 A template that should be used to produce an Affordable Housing Statement is provided as Appendix 2. A Word version of the template is provided on the Council's website.
- 6.4 Where an application is submitted in outline, applicants will be expected to set out how their development will deliver affordable homes in line with development plan policy.

Revision of the Affordable Housing Statement

- 6.5 It may be necessary, during the course of consideration of an application, for amendments to be made to certain details of the Affordable Housing Statement, in order that the requirements of the Council are satisfied. These might reflect, for instance, revisions to the mix of affordable homes on the scheme, the overall number of homes or the mixture of tenures; alternatively revisions may be required where certain necessary details are missing on the initial submission. In such cases the Council will require the submission of an amended Affordable Housing Statement, clearly identified by date.

The Role of the Affordable Housing Statement

- 6.6 The version of the Affordable Housing Statement that is agreed by the Council will form part of any planning permission granted, through a clause in the Section 106 agreement or through a planning condition. The applicant or successor in title to the land in the event that permission is implemented will be tied to all of the details set out in the Affordable Housing Statement, including the tenure and allocation arrangements of individual dwellings, the

overall number of affordable dwellings provided, management arrangements and appointed Registered Provider etc. The Affordable Housing Statement therefore is the device through which the Council will ensure that affordable housing is provided through the development in accordance with the Council's policies.

- 6.7 It is envisaged that there will be circumstances when the practicalities of the development and delivery of affordable housing on larger sites indicates that revisions to an agreed Affordable Housing Statement are requested. These will be considered through an appropriate formal application to the council and will only be accepted where the proposed change is supported by evidence and continues to comply with the relevant Policy.

7. Size, Type, Design and Distribution of Affordable Housing

- 7.1 It is essential, if the affordable homes delivered are to meet the needs of those requiring affordable housing in Fylde, that they are of a size and type which provides suitable accommodation, considering the circumstances of those in need.
- 7.2 Local Plan Policy H2 makes reference to the affordable housing need as detailed in the Fylde Coast Strategic Housing Market Assessment (SHMA). It makes some prescriptions of the types of homes required, based on the SHMA, but then refers to the SHMA or any subsequent housing needs surveys undertaken on behalf of the Council. The Council has since had the Housing Needs Survey 2022 produced. This does not update the overall mix required on sites, but does set out suitable sizes for certain affordable tenures, further explained below.
- 7.3 Applicants will need to engage with the Council and a Registered Provider, to ensure that the proposed affordable homes will meet the identified need.
- 7.4 The Local Plan provides policy on the design of development generally, and the Council is producing a separate Good Design SPD to provide further detail on design for all types of development. It is therefore not intended to repeat those elements of guidance contained within the Good Design SPD, but rather to highlight design requirements which apply specifically to affordable housing.

Size and Mix of Types of Affordable Dwellings

- 7.5 The affordable homes to be provided on a development site will contribute to the overall mix of housing on the site, and as such the mix of sizes of the affordable homes provided will need to be chosen so that the affordable housing provision contributes to the overall mix required by Local Plan Policy H2, whilst also reflecting the overall mix of housing on the site.
- 7.6 The mix of affordable housing to be provided on an application site will need also to reflect affordable housing need. The overall mix should be agreed with the Council at pre-application stage, and be supported by an affordable housing provider.
- 7.7 The Housing Needs Survey provided a breakdown of the size mix of properties required by those in future need for affordable rented housing. Aggregating the newly forming households and the existing households falling into need, the future need for affordable rented housing is approximately 35% for 1-bedroom homes, 49% for 2-bedroom homes and 16% for 3-or-more bedroom homes. The Housing Needs Survey does not provide information on the sizes of homes needed by those in current need; however, there is no reason to suppose that the overall need would be substantially different once those in current need were included. Therefore, proposals for affordable rented homes on sites should consist mainly of one- and two-bedroom homes, with only smaller numbers of larger homes.
- 7.8 For discounted market sales housing / First Homes, the Housing Needs Survey identifies the amount that the households paying the lower quartile rents for different sizes of property would be able to afford to buy, on a Borough-wide basis.
- 7.9 In the case of 1-bedroom properties, the lower quartile renting household could afford to buy an existing dwelling of that size: discount would only make up for the premium on new-build property. Therefore, the Council does not consider it justifiable to seek 1-bedroom discount market sales housing on developments.

7.10 In the case of 2-bedroom homes, across the Borough, the housing needs survey demonstrates that a discount of between 20 and 30% could be justified. Therefore, provision of 2-bedroom homes with the Borough-wide discount of 30% could be appropriate.

7.11 In the case of larger homes, although it would be possible to deliver 3-bed and 4-bed homes, those households (who would be able to afford market rents) would also be able to afford to buy a smaller housing unit in the market. The discounted price of a 3-bed dwelling would be £130,000, significantly in excess of the market price of a new-build 2-bedroom dwelling; whilst such a household (with a need for 3-bedroom accommodation) would technically still be in affordable housing need, the Council does not consider that such households should be prioritised for affordable housing delivery. For 4-bedroom homes, larger discounts would likely be needed, and the Housing Needs Survey notes that it is important to ensure that any discount above 30% does not prejudice the viability of rented forms of affordable housing for which there is a more acute need. With these factors in mind, the Council will therefore expect that discount market sales housing is restricted to 2-bedroom units.

7.12 For shared ownership homes, the Housing Needs Survey identified that equity shares of less than 50% will be needed to make this tenure affordable (for 2- and 3-bedroom homes). It also looks difficult to make larger (4+-bedroom) homes affordable in a local context. Therefore, any shared ownership units should be 2- or 3-bedroom homes (and demonstrate affordability as set out in Chapter 3).

7.13 Affordable housing may be provided in the form of houses, flats or bungalows. However, the type(s) proposed should have been agreed with a Registered Provider (for affordable rent properties or other tenures where involvement of a Registered Provider is required) and with the Council prior to any full or reserved matters planning application being submitted. This is to ensure that, once the development is brought forward, the accommodation is suitable for its intended purpose and can be successfully marketed after completion.

7.14 Affordable housing must be able to meet the needs of those in affordable housing need. Therefore, the specific accommodation requirements of the individuals or families that are to occupy the units will need to be provided for at the stage of initial development. This means that, for instance, a 2-bedroom dwelling will have to be fit for purpose as a dwelling that can be let to or purchased by people in affordable housing need for a dwelling of that size. In addition, Homes England will not provide grant funding for affordable homes below certain sizes, the limit being set at 85% of the minimum gross internal floor areas in the Nationally Described Space Standard.

7.15 Registered providers consider that the overall size (i.e. floor area) of the affordable dwelling is reflective of the overall number of people that can be accommodated in a dwelling. Accordingly, the size of individual dwellings by floor area should be specified for each affordable dwelling proposed, within the Affordable Housing Statement for full or reserved matters applications. The number of bedrooms for each unit must also be specified.

7.16 The affordable housing units should normally be at least the following Gross Internal Area (GIA) for the number of bedrooms specified, in order to be considered suitable for the requirements of Registered Providers for a home of the stated size, unless the applicant can demonstrate that the units proposed will meet the declared requirements of a supporting Registered Provider:

Table 3: Minimum Gross Internal Area

Bedrooms	No. of persons	Min GIA m ² 1-storey flat	Min GIA m ² 2-storey house
1	1	33	
1	2	43	
2	3	52	60
2	4	60	67
3	4		71
3	5		79
4	7		98

7.117.17 The affordable housing units will need to be clearly identified on the site layout plan: they must be directly denoted as such on the drawing and should not require cross referral (e.g. by plot numbers or house types) from some other document.

Design

7.127.18 Affordable housing design needs to reflect the requirements of Local Plan (and where appropriate, Neighbourhood Plan) Policies in the same way as other parts of the same development, or indeed as any other development.

7.137.19 Local Plan Policy GD7 provides the starting point for considerations of design. Most elements of the policy are directly relevant but in particular the following criteria are of note, in that they will need to be applied equally to the affordable housing as to other parts of the site:

- *d) Ensuring the siting, layout, massing, scale, design, materials, architectural character, proportion, building to plot ratio and landscaping of the proposed development, relate well to the surrounding context.*
- *i) Taking the opportunity to make a positive contribution to the character and local distinctiveness of the area through high quality new design that responds to its context and using sustainable natural resources where appropriate*
- *k) Ensuring the layout, design and landscaping of all elements of the proposal, including any internal roads, pedestrian footpaths, cycleways and open spaces, create user friendly, sustainable and inclusive connections between people and places resulting in the integration of the new development into the built and historic environment*
- *m) Protecting existing landscape features and natural assets as an integral part of the development; requiring multi-functional green infrastructure to be integrated into urban areas; providing enhancements to open spaces to encourage people to use them; protecting and enhancing habitats; providing open spaces and linkages to the wider ecological networks as part of the Green Infrastructure network; and enhancing the public realm.*
- *o) All new housing developments should result in a high standard of amenity for occupiers. The standard of amenity for occupiers should not be compromised by inadequate space, poor layout, poor or lacking outlook or inconvenient arrangements for waste, access or*

cycle storage. Developments should include adequate outside amenity space for the needs of residents. New homes designed specifically to accommodate the elderly should comply with optional standard M4(3(2a)) in accordance with policy H2.

7.147.20 The Good Design SPD will provide a design process that should be used by applicants when designing a scheme, and provide guidance on how the context of the site should shape the overall and detailed form of developments.

7.157.21 As the majority of new affordable housing will be within larger development sites, the context for the design of the affordable housing on the site will be the overall design principles adopted for the site. These will in turn be required to reflect the wider context of the site within the immediate surroundings and the settlement as a whole.

7.167.22 Developments should be “tenure-blind”, i.e. affordable housing should not appear distinctive from the market homes found on the same site. The design features and materials should be consistent. Sometimes, the different size of the affordable homes from the surrounding dwellings is notable. In such cases, dwellings might be distinctively smaller but they should not be distinctively affordable. The affordable dwellings should result in a similar (high) standard of visual appearance for the part of the development concerned, compared to the remainder of the site.

7.177.23 Below are set out some typical design mistakes with affordable housing that are not considered acceptable. On developments where the features described are present, the affordable housing is likely to be clearly distinctive from the market housing, in contravention of policy.

Examples of Affordable Housing Design Mistakes

Featureless elevations: dwellings with plain elevations and with standard form windows and doors, resulting in a spartan appearance lacking any distinctiveness

Prominent bin storage: bin storage should always be located within private areas, not visible from the street, even when provided on a communal basis for flats.

Hard-surfaced frontages: dedication of the whole or almost the whole of the frontages of houses to car parking resulting in continuous hard surfacing and a cramped, utilitarian appearance.

Absence of rear access: a means of gaining external access to the street from the rear of a property other than through the dwelling must always be included.

Extreme low-cost design: eaves sharply cut off to be almost flush with the wall face, uniformly plain materials, soil pipes and other services on the front elevation etc.

Absence of soft landscaping: use of cheap fencing, prominent metal railings or other excessive hard landscaping to define boundaries at the front, where use of hedging plants or other soft landscaping would be more appropriate.

7.187.24 Proposals should follow the requirement for a high standard of design set out in Local Plan Policy GD7. For affordable housing some particular examples of this are shown below.

7.197.25 Proposals that fall short of the required standard for the design of affordable housing, even where the design of the remainder of the development is considered acceptable, will be refused.

Good Practice in Affordable Housing Design

Blends into the Development Site: the affordable dwellings should utilise some of the same design features as the market homes on the site so as to integrate the affordable homes into the development. The development as a whole should respond to the wider local context as required by Policy GD7.

Small dwellings disguised as large dwellings: identification of dwellings as affordable on the basis of their size can be avoided by utilising similar designs as the larger properties on the site, varying the orientation of the front entrance doors or use of a single entrance door to a number of flats that otherwise appears to be a single house.

Well landscaped: effective use of landscaping at the front of dwellings can add character without substantial cost.

Variation: avoidance of excessive uniformity by varying the design features used between groups of dwellings, use of colour, offsetting, detail features to create homes that are distinguishable from one another.

Distribution

7.207.26 Housing developments should not be “exclusive”: Paragraph 127–135 of the Framework requires the creation of places that are inclusive. Affordable housing should therefore be distributed within the development so that is clearly integrated into the wider development site, and could not be regarded as separate from it.

7.217.27 Normally the expectation will be for affordable housing to be distributed in several small groups throughout the development site. Such groupings should not result in segregation (i.e. for instance in a cul-de-sac just consisting of affordable housing).

7.227.28 Where the Council has agreed that affordable housing is to be a distinct type from market housing on the site (for instance where it is to be flats, or to be housing designed for the elderly), it should not be located in a segregated part of the site, such as the furthest extremity from the main access; it should be no less visually prominent within the overall street scene than other housing on the site.

Affordable Specialist Accommodation for the Elderly

7.237.29 Local Plan Policy H4 allows for affordable housing requirements to be met in full or part by the provision of sheltered or extra care housing, providing that it is provided for social rent or affordable rent and therefore meets the definition of affordable housing. Such schemes must fulfil the requirement of Policy H2 for specialist accommodation for the elderly, that the accommodation is built in compliance with optional technical standard M4(3(2a)), which means that the accommodation is wheelchair-adaptable. The specific design requirements relating to the standard are contained within the Building Regulations Approved Document Part M.

7.247.30 Affordable Specialist Accommodation for the Elderly should have regard to Lancashire County Council’s Care and Support Strategy, which outlines the type of accommodation considered suitable. LCC are the revenue funding provider for this type of accommodation as they are typically placing the tenants and may be paying some or all of the rental for certain types of such accommodation.

7.257.31 Local plan Policy H2 carries requirements where a proposal is for 100% accommodation for the elderly, and these apply equally when the accommodation is to be affordable. The design criteria are as follows:

- *It is situated to provide easy access to regular public transport. Within larger development sites, the part of the site in closest proximity to bus stops with a regular service should be chosen for this type of accommodation;*
- *The proposal is well-designed, avoiding unnecessary use of high fencing around the perimeter, orientated towards the street with an entrance on the street side of the building providing the shortest possible pedestrian access, including usable outside landscaped gardens with seating, and access and parking for vehicles well separated from pedestrian routes;*
- *The development complies with the development strategy and other policies of the plan; and*
- *Convenient access arrangements are provided for vehicles providing hospital transport.*

Affordable Housing and Residential Park Home Sites

7.267.32 Residential park homes form part of the broad mix of dwelling types required to meet needs set out in national policy. The Council does not consider park homes to be suitable to form part of the affordable housing mix as they are considered unsuitable by Registered Providers and do not provide living conditions acceptable to the Council for people in affordable housing need.

7.277.33 Policy H4 of the Local Plan states

The presumption is that affordable housing will be provided on the application site so that it contributes towards creating a mix of housing. In circumstances where the Council considers that affordable housing would be most appropriately provided off-site, for instance in relation to applications for residential park homes, the Council will require contributions for off-site provision of affordable housing equivalent in value to the provision of 43% of the number of market homes to be built on site, this being the equivalent of providing 30% affordable housing on-site

7.287.34 Therefore, where residential park homes are proposed, off-site contributions will be required in accordance with Policy H4. How this will be applied is dealt with in Chapter 8.

8. Off-Site Contributions

When will off-site provision be acceptable?

- 8.1 Policy H4 of the Local Plan is clear on the presumption that affordable housing will be provided on-site:

“The presumption is that affordable housing will be provided on the application site so that it contributes towards creating a mix of housing. In circumstances where the Council considers that affordable housing would be most appropriately provided off-site, for instance in relation to applications for residential park homes, the Council will require contributions for off-site provision of affordable housing”

- 8.2 Where an applicant proposes that affordable housing provision should be off-site, this should be the subject of discussion with the Council prior to the submission of the application. Only where the Council has agreed that off-site provision is likely to be acceptable, does the Council recommend that a planning application based on affordable housing provision off-site be submitted. Any such advice would be without prejudice to any decision made on a planning application submitted.

Calculation of Off-Site Contributions

- 8.3 The Local Plan sets out the requirement for off-site provision of affordable housing, where it is considered acceptable. Policy H4 states:

“the Council will require contributions for off-site provision of affordable housing equivalent in value to the provision of 43% of the number of market homes to be built on site, this being the equivalent of providing 30% affordable housing on-site”

- 8.4 For clarification, the use of 43% as the off-site calculation rather than 30% is a straightforward mathematical relationship. Where a site has 100 dwellings, if the affordable housing is to be on-site as normal, the result will be 30 affordable and 70 market homes. A site of 100 dwellings where the affordable housing is off-site will result in 43 affordable and 100 market homes: the requirement is for 30% of the total, not of the number on-site. The proportions of the total are the same: $30/100 = 43/143 = 30\%$.

- 8.5 In the same way as with provision on-site, where the calculation of the number of off-site homes to be provided does not result in a whole number, the result will need to be rounded up. For instance, in a case where 33 homes are provided on-site, but the Council agrees to provision off-site, 15 off-site affordable homes will be required ($15/33=45.45\%$, corresponding to $15/48=31.2\%$ of the total number), as 14 would fall short of the requirement of 43% of homes on site: $14/33=42.4\%$ (and correspondingly, short of 30% of the total number $14/47=29.8\%$).

- 8.6 The contributions payable will be calculated as the discount that would have been applicable to affordable homes constructed on the site, multiplied by the required number of affordable homes off-site. The discount will be calculated as a proportion of the open market value of equivalent sized homes on-site to the affordable homes needed. The contribution will be calculated as 30% of the open market value, equivalent to the discount that would have been required for discounted market sales housing (including First Homes) on the site. Sale prices

~~of homes vary significantly across the borough for similar properties, being typically higher in the villages than most of the urban areas, and higher in Lytham than for instance Kirkham. Off-site contributions would therefore be a greater amount per home in the higher price areas. The proportion of the open market value used to calculate the discount will accord with the discount applied to discount market sales housing in the same area. Reference should be made to the right-hand column of Table 2 in chapter 3.~~

- 8.7 Appendix 4 sets out the detailed method to be used in calculating these contributions and provides a template. The contributions will be phased in a front-loaded manner as with the provision of actual affordable dwellings.
- 8.8 Off-Site contributions can also be made through the provision of actual affordable dwellings on other sites in the borough. Where this is proposed there will need to be a mechanism to tie the delivery of those properties to the delivery of the 'parent' scheme, for the off-site affordable housing to meet all other affordable housing and general policy requirements, and that the level of provision complies with the requirement of Policy H4 to deliver off-site affordable housing contributions at 43% of the total on-site development. This will usually be through a s106 agreement to the market homes planning permission that secures provision and front-loads the phasing of its delivery. A further alternative that can be chosen is a hybrid, where another site provides only a proportion of the off-site units required, with the remainder provided for through a financial contribution for the residue.

Securing off-site contributions

- 8.9 Where off-site provision has been agreed by the Council, the payment of the commuted sum will need to be secured through a S106 legal agreement with the Council prior to the grant of planning permission. Chapter 11 of this document provides further guidance.

Provision of Affordable Housing Using Off-Site Contributions

- 8.10 The Council has adopted a strategic approach to the use of future S106 funds to deliver affordable housing. The Council has invited Registered Providers to come forward with expressions of interest for funding to support schemes they are developing. These expressions of interest will be assessed and taken before the Planning Committee to determine if the scheme meets the priorities for the funding.
- 8.11 Registered Providers will need to evidence they already have affordable housing stock within Fylde and that local management arrangements are in place. It is preferred that Registered Providers are registered as a partner in the Choice Based Letting (CBL) Scheme MyHomeChoiceFyldeCoast. If Providers current stock levels are not sufficient to formally become a partner with the scheme, they will need to demonstrate an allocation arrangement in place for affordable homes developed in Fylde with a partner of the (CBL) scheme.
- 8.12 Each scheme will be assessed under the following five criteria:
- Brownfield site – suitable previously developed land that is not currently in use, whether contaminated or not;
 - Local regeneration to an area – to support environmental, economic and social well-being of an area, and the sustainability of local communities;
 - Value for money – consideration of match funding available from other sources that will enable the development, for example Homes England funding and private finance raised by the Registered Provider.

- Tenure to be Social or Affordable rent – Affordable and social rented housing is let by private registered providers of social housing to households that are eligible for social rented housing. Affordable rent is not more than 80% of the local market rent (including services charges, where applicable). Guideline target rents are determined through the national rent regime for social rented housing that are agreed by the local authority and Homes England.
- Evidence of a need for affordable housing provision – The proposed scheme should take into account levels of housing need for development as determined by the Strategic Housing Market Assessment and Local Plan to 2032. In addition details of households registered for re-housing through MyHomeChoiceFyldeCoast will be considered to establish if the proposed size of units and location will meet housing need within Fylde.

9. Management arrangements

Allocation

- 9.1 It is imperative that affordable housing delivered through the Council's Local Plan policies provides for people in Fylde who are in affordable housing need. Therefore, the entitlement to apply for affordable housing units is restricted to ensure, as far as is practicable, that those provided with affordable housing are people with a local connection to Fylde in affordable housing need.
- 9.2 The Council, notwithstanding its status as Local Planning Authority and Local Housing Authority, must have control over the allocation of affordable housing through the Affordable Housing Statement secured through the S106 agreement or Unilateral Undertaking, or through a planning condition. Ensuring that such controls are sufficient is vital.
- 9.3 The restrictions that the Council will require applied to each tenure are set out below. It will normally be necessary that provisions to ensure that the restrictions are placed, and retained in the future, are contained within affordable housing statement and secured by the S106 agreement or planning condition.
- 9.4 Affordable housing for rent should only be allocated to those with a maximum of £30,000 in savings and a maximum household income of £60,000. This is in accordance with the criteria used by MyHomeChoiceFyldeCoast for eligibility to bid⁵. These limits will be subject to review in line with the criteria used by MyHomeChoiceFyldeCoast and any specified in national policy.

Local connection test

- 9.5 All affordable units are to be rented or sold to people with a local connection as set out in the Consistent Assessment Policy operated by MyHomeChoiceFyldeCoast, the choice-based lettings scheme (except for shared ownership properties, see below). This will mean that homes will be allocated to those applicants with a local connection to the Borough of Fylde, either through residence or work. Applicants must therefore be able to demonstrate they meet one or more of the following criteria:
- Local residency – they have lived in the local authority of Fylde continuously for the last three years;
 - Permanent employment in the area of Fylde or offer of permanent employment that is intended to last for at least 12 months;
 - Close family association – has a parent, adult child, adult brother or sister who is living in the area of Fylde and has done continuously for the last 5 years;
 - Applicants who are serving in the Armed Forces and who are either employed or are resident in the area of Fylde; and
 - Former armed forces personnel who had a previous residence in the area of Fylde as a result of a former posting in the area of Fylde within the last 5 years.
- 9.6 Within the rural settlements affordable rented properties require a local connection to the parish which includes priority for current residence in the parish, family residing in the parish,

⁵ Page 11 of the MHCFC Consistent Assessment Policy - Ineligibility (Non qualifying Persons) – 5. Households whose gross household income exceeds £60,000 pa and 6. Applicants and households aged under 55 with savings exceeding £30,000.

the need to give or receive care in the parish, or other long-standing connection. With new build stock in rural areas enabled under a S106 agreement or planning condition, where an occupant does not come forward with a local connection to a particular parish the eligibility criteria can open up to a Fylde Borough connection. New build stock delivered under a S106 agreements cannot be let to households outside of Fylde.

Affordable Rent

- 9.7 People who wish to express an interest in taking up affordable housing in Fylde, register their interest through the MyHomeChoiceFyldeCoast service, the choice-based lettings scheme operated on behalf of affordable housing providers (including Progress Housing who took over Fylde Council's former housing stock) and Fylde, Blackpool and Wyre Councils.
- 9.8 The Council will require that all affordable housing provided on development sites or through developer contributions, as affordable homes for rent, are allocated through MyHomeChoiceFyldeCoast. It will be a requirement for this to be incorporated in the Affordable Housing Statement, tied to the planning condition, Section 106 Agreement or Unilateral Undertaking, which will require the agreement of the Registered Provider as well as the Council and applicant.

Shared Ownership

- 9.9 Under the Affordable Homes Programme 2021-26 operated by Homes England no shared ownership properties funded under this scheme can be subject to local occupancy restrictions. The properties must be occupied as the main or only home by the purchaser.
- 9.10 Initial and future sales of other shared ownership homes will be marketed and sold to customers whose eligibility is determined with regard to local incomes and local house prices, in accordance with the Affordable Homes Programme in force at the time of the application. The Council would expect that applicants will normally meet the local connection criteria as apply to other types of affordable housing.

Discounted Market Sales Housing and First Homes

- 9.11 For First Homes, the requirements are:
- Purchasers of First Homes must be first-time buyers;
 - They must have a household income not exceeding £80,000;
 - A First Home should be the buyers only home;
 - A purchaser will need to use a mortgage or home purchase plan for at least 50% of the purchase price of the home.
 - Additional criteria can be applied by local authorities. Those for Fylde are set out in the following paragraph. Such local criteria can be applied only for the first three months of marketing, before reverting to national criteria only.
- 9.12 For discounted market sales housing, the Council's policy is as follows. In the case of First Homes, the following are local criteria:
- Must be a qualifying buyer unable to afford a home in their local market. Applicants must not be able to buy a home suitable for their needs within a reasonable travelling distance of their work place, without assistance. Qualifying purchasers must live, work or have a

family connection to Fylde, specifically one of the following must apply but in no particular order:-

- They are permanently employed in the Borough of Fylde
 - They have been offered permanent employment in the Borough of Fylde
 - Or in the opinion of the Council has some other sufficiently long-standing connection with the Borough of Fylde
 - They have lived in the Borough of Fylde continuously for the last 3 years
 - Have a close family association (a parent, adult child, brother or sister) who has lived in the Borough of Fylde continuously for the last five years
 - For First Homes, Members of the Armed Forces, divorced/separated spouses/civil partners or members of the Armed Forces, the spouses/civil partners of deceased members of the Armed Forces (if their death was wholly or partly caused by their service) or veterans within 5 years of leaving the Armed Forces will be exempt from any local connection criteria.
- Must be able to demonstrate access to savings or sufficient funds to pay, if required, a deposit (which may be 5% or more of the purchase price), legal fees, stamp duty and other costs of moving.
 - Must have savings/equity of less than ~~£60,000~~£30,000 and a household income of less than ~~£80,000~~£60,000.
 - Must be able to sustain home ownership in the longer term. Typically applicants will be employed on a permanent contract of employment (there are exceptions for key workers). If self-employed, the applicant must be able to provide accounts for the last 3 years.
 - Must occupy the property as their only and principal home.
 - Must have a good credit history – if applicants have rent arrears during the last 12 months, are in breach of their current tenancy agreement or have an adverse credit history, which means they are unlikely to be able to sustain ownership, they will not be eligible for the scheme.
 - Must take out a first mortgage with a qualifying lender.
 - Must be approved by the local authority as being eligible under the scheme for discounted market sale

9.13 Applicants for discounted market sale properties will therefore need to approach the developer who in turn will be required to ensure that any potential buyers for discounted market sale properties are assessed for eligibility by the Council before proceeding with the sale.

9.14 A copy of the application form is available from the Council's Housing Services team. Applications should be made in respect of specific properties for sale: the Council will not keep a waiting list of applicants, and all information from the applicant must be up-to-date at the time of the potential purchase.

9.15 On the first occupancy from the developer to the buyer there will not be a charge for completing the assessment for the DMS application. On subsequent sales of the unit the Council will make a charge for assessment of these applications to the seller.

Rent-to-Buy

9.16 Government guidance stipulates that Rent-to-Buy tenants must be working households and intending to buy their own home in the future at time of letting. To be eligible for Rent to Buy

tenants must be first time buyers having not previously owned their own home. An exception to this is where an applicant is looking to return to home ownership following a relationship breakdown.

- 9.17 Government guidance notes that Rent-to-Buy homes are not subject to local authority nominations although landlords may choose to work with the local authority to identify potential tenants. The applicants must be working households who intend to live in the properties concerned as their main or only home and therefore must be working within reachable distance of the property. It is therefore anticipated that most applicants will meet the local connection criteria used for other types of affordable housing.

Implications for applicants/developers

- 9.18 Whichever tenure is adopted, it will be necessary to ensure that the allocation policy is specified within the Affordable Housing Statement and secured through either Legal Agreement or planning condition.

Retention as Affordable in Perpetuity

- 9.19 The Council will require that affordable housing is retained as affordable in perpetuity, or where staircasing up to full ownership takes place that the subsidy previously applied is recycled for further use for the provision of affordable housing.
- 9.20 Provisions, within either the legal agreement or by the Affordable Housing Statement secured by legal agreement or planning condition, will be required to state explicitly how this will be achieved.
- 9.21 In the case of affordable rented housing, where a home is purchased under right-to-buy legislation, or partially purchased under right-to-shared ownership legislation, the home will previously have been wholly (or partially) owned by the Registered Provider. The requirement for the Registered Provider to reinvest the proceeds for the further provision of affordable housing may be subject to legislative provision.
- 9.22 There will be a requirement that any affordable rented housing that becomes available for re-letting, shall be re-let and not sold on the open market. Reletting shall be in accordance with the Council's allocation policy to those in affordable housing need.
- 9.23 In the case of discounted market sales housing / First Homes, there will be the requirement for any future sale of the property to remain at a discounted price in perpetuity. This will be secured through a restriction to be contained in the legal document disposing of the dwelling to the purchaser. The discount for any future resale will be set at the same percentage of open market value as the discount level applied to the original sale price. Open market value will be determined by assessment by two valuations undertaken by RICS-accredited valuers who are not connected to the vendor, with the average taken. When the property is offered for sale, there will be a requirement for the property to be offered in accordance with the Council's allocation policy. Owners will be required to complete and submit to the Council a form produced by the Council's Housing section in the first instance.
- 9.24 In the case of shared ownership homes, the occupier may purchase additional proportions of the equity from that acquired in the first instance, to "staircase" to a higher proportion of ownership, including up to 100%. Where additional shares are purchased, this payment is made to the owner of the previously rented share, which will be a Registered Provider, and is

a repayment of the subsidy originally provided as grant. Recycling of this funding to provide for further affordable housing in Fylde will be required, with detail provided in the Affordable Housing Statement secured by a s106 agreement or planning condition.

Service Charges

- 9.25 The scope of any service charges to be imposed on occupiers must be expressly set out within the Affordable Housing Statement. Matters might include maintenance of the building, provision and maintenance of landscaping/gardens and other communal areas, security matters etc. The proposed level of charges should be declared in the Affordable Housing Statement and should not increase each year by more than the annual Consumer Price Index (CPI) published by the Government.

10. Viability Assessment

- 10.1 The Framework stresses the importance of ensuring housing delivery, in order that councils fulfil the national priority to boost significantly the supply of housing. Councils are required to identify sufficient land through their local plans to meet their local housing need. Local plans must be viability tested to ensure that they are deliverable. The Framework strongly stresses that assessment of viability should be undertaken at the plan-making stage.
- 10.2 The 2018 Local Plan, adopted in October 2018, was viability tested in accordance with these requirements. The Fylde Local Plan to 2032 (incorporating Partial Review) was subject to an Economic Viability Assessment Review which updated the assessment to take account of the amended policies, and of updated land values, build costs and sales prices. The testing identified that the plan as a whole was viable, and the sites allocated were developable in accordance with the policies contained in the Local Plan.
- 10.3 PPG states that there is a presumption that development on development plan allocations will be viable, as the principle will have been tested through the Local Plan examination, as was the case in Fylde. It follows that a challenge to the requirements of the policies of the Local Plan on the grounds of viability will only be justified exceptionally.
- 10.4 PPG states that plans should set out the contributions expected from development; that policy requirements should be clear so that they can be accurately accounted for in the price paid for land; to provide this certainty affordable housing requirements should be set out as a single figure rather than as a range. The Local Plan requirement figure of 30% accords with this guidance.
- 10.5 Where a developer proposes a lower number of affordable homes than the 30% requirement, Local Plan policy H4 requires:
- “robust financially-based justification to be provided by the applicant, demonstrating that the development would be unviable with a higher level of affordable housing than proposed.”*
- 10.6 Since development in accordance with the Local Plan will be taken as viable, PPG states that the developer will be required to demonstrate that the particular circumstances justify the need for a viability assessment at the application stage. This could include where innovative types of development are proposed, where unallocated sites are brought forward that are very different from the types of sites allocated in the Local Plan, where additional site costs have become apparent or where the macro-economic environment has significantly worsened.
- 10.7 Where the circumstances do not justify a reassessment of viability, any viability assessment submitted in support of a planning application can be given limited weight at most.

Contents of the Viability Assessment

- 10.8 The PPG prescribes the inputs to any viability assessment.
- 10.9 The PPG indicates that any Viability Assessment should include an Executive Summary which sets out the headline data in the format of a template, to follow the Government’s data standards. The template will be produced by Government, but is not currently available. In

anticipation of the publication of this template, the Council has decided that it should not create its own template for viability assessment, which could become very quickly inconsistent with that provided by Government.

- 10.10 Any Viability Assessment submitted with a planning application should be based on and refer back to the viability assessment that informed the Local Plan; the applicant should provide evidence of what has changed since then.
- 10.11 The Viability Assessment that informed the ~~Local Plan~~ [Fylde Local Plan to 2032 \(incorporating Partial Review\)](#) was produced by Keppie Massie. It is in ~~two main~~ [three](#) parts. The principal assessment was conducted in support of the Revised Preferred Option Local Plan [\(2015\)](#), with an update provided in support of the Publication Version Local Plan [\(2016\)](#), and a further [update in support of the Partial Review \(2020\)](#). ~~Both~~ [All three](#) documents are available on the Council's website⁶.
- 10.12 The Local Plan's Viability Assessments utilise a residual valuation approach as the appraisal methodology, in accordance with the Royal Institution of Chartered Surveyors guidance note Financial Viability in Planning. Further details are provided in Section 3 of the main Viability Assessment⁷ document. The Viability Assessment and update are based on an assessment of a range of site typologies reflecting on the mix of sites within the Local Plan, with a range of densities, housing types, locations and on greenfield/brownfield land. Site specific assessments were made for three sites.
- 10.13 Any Viability Assessment submitted with a planning application will therefore need to clearly relate the site concerned to the appropriate typologies within the viability assessment and provide justification for the reasons why changes have resulted in the original assessment or assumptions no longer being considered appropriate.

Reassessment of Schemes

- 10.14 Frequently, developers request revisions to schemes after initial approval, to alter the type or reduce the amount of affordable housing provided within the scheme.
- 10.15 The PPG stresses that, since the allocation of any site has been subject to Examination, where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. Therefore, the need for viability assessment should be exceptional.
- 10.16 There are some circumstances where a reassessment after an initial permission might be appropriate. These include, as referred to in PPG, where a recession or significant economic changes have occurred since the plan was brought into force. Other circumstances could be where the applicant has evidence of significant unforeseen costs, the initial affordable housing tenure proves to be unviable or difficult to deliver.

6

<https://www6.fylde.gov.uk/assets/legacy/getasset?id=fAA3ADcANQA0AHwAfABUAHIAdQBIAHwAfAAwAHwA0> and <https://online.fylde.gov.uk/council/planning-policy--local-plan-/local-development-framework/comprehensivelistofevidence/> (items ED016 a-e)

7

<https://online.fylde.gov.uk/assets/legacy/getasset?id=fAA3ADcANgA5AHwAfABUAHIAdQBIAHwAfAAwAHwA0>

10.17 Where an assessment of viability is proposed by a developer, when one was not provided previously with the application, the same requirements will apply to a developer in producing an assessment of viability as would be required when submitted initially with an application.

Council Verification of Submitted Viability Assessments

10.18 Where the Council receives a Viability Assessment in support of a lower proportion of affordable housing than 30%, the Council will normally seek to verify its contents. Local Plan Policy H4 states:

“The Council may seek to independently verify such information, with any costs associated with the verification met by the applicant, before approving a scheme with lower levels of affordable housing than that specified above.”

10.19 The Council will normally use its retained consultants to undertake such verification. The Council will require that the applicant provides an undertaking to pay for the verification before it is carried out, and that payment is made in advance of any decision on the planning application being issued.

11. Legal agreements and undertakings

- 11.1 Section 106 of the Town and Country Planning Act 1990 provides a mechanism for the provision of affordable housing in connection with the grant of planning permission, through a legal agreement.
- 11.2 It is necessary to ensure, where affordable housing is proposed as part of a development, that the Local Planning Authority retains safeguards to ensure that it is actually delivered, once planning permission is granted. There will be occasions when the Council will impose planning conditions to secure affordable housing delivery: usually this will be only in the most straightforward of cases.
- 11.3 Where the Council considers that the use of planning conditions will be ineffective, open to circumvention, or cannot provide for all of the obligations necessary, the Council will require the landowner to enter into a Section 106 legal agreement, or submit a Unilateral Undertaking committing to obligations under Section 106, to ensure a commitment to deliver affordable housing linked to the grant of planning permission.
- 11.4 Where it is necessary to secure provision of affordable housing through legal agreement, it will be necessary for the Council to produce the agreement. The landowner will be liable for the fees to pay the costs incurred by the Council's legal department whether or not planning permission is granted. The Council's legal department will only commence work on the legal agreement once formally instructed by the Council's Planning Section, and will require the agreement of the landowner or applicant to pay the fees incurred usually by way of a costs undertaking from the firm of solicitors acting on behalf of the landowner or applicant.
- 11.5 The Council provides templates for legal agreements used to secure affordable housing provision. The templates are updated from time to time and are provided on the Council's website: <https://new.fylde.gov.uk/resident/planning/section-106-agreements/> The form of the main agreement is standardised and unlikely to require significant alteration; the schedules within the agreement will vary dependant on the nature of the obligations on the developer.
- 11.6 Where an applicant wishes to submit a draft agreement, it must only be produced using the template, it must be submitted in Word format and all changes to the template made by the applicant must be shown using Word's tracked changes facility.
- 11.7 When a draft agreement has been submitted with a planning application, the Council will hold it until the Council's legal department are formally instructed to proceed with further work on it. This instruction will only be accepted subject to confirmation that the costs incurred by the Council's legal department will be paid irrespective of the outcome of the planning application.
- 11.8 The legal agreement will, in most cases, need to make reference to the Affordable Housing Statement, and by virtue of this will link the obligations of the developer to the declared intentions set out within the Affordable Housing Statement.

12. Decision-taking, implementation and monitoring

- 12.1 Supplementary Planning Documents may be given weight in decision-making. Although not part of the Development Plan, they provide detailed guidance on the application of policy that is contained with the Local Plan. Therefore, accordance with the SPD helps an applicant demonstrate compliance with development plan policy. Failure to accord with the SPD may demonstrate failure to comply with the development plan policy, and this may justify the refusal of a planning application.
- 12.2 Therefore, the Council will use the SPDs as guidance for determining planning applications, in support of Local Plan policies. It will similarly be used for helping determine whether enforcement action is justified, where development has taken place that is unauthorised.
- 12.3 In addition, the Council will take account of the guidance within the SPD when bringing forward housing projects it will be undertaking, or [that](#) are undertaken on its behalf.
- 12.4 The Council intends to include the requirement for an Affordable Housing Statement to be on its Local List of information requirements for the validation of a planning application. Where the applicant fails to provide this, or where what is provided does not constitute such a document for the purposes of determining the application, the Council intends that an application will be invalid and will not be processed or determined until this is remedied.
- 12.5 Where the Council considers that a development proposal is in contravention of an aspect of this SPD, the Council will inform the applicant and seek amendments to the application, including the affordable housing statement. It will be necessary for applicants to engage at the pre-application stage in order that the planning application including the affordable housing statement that is submitted will have been subject to officers' advice, and any necessary alterations made.
- 12.6 The outcomes of this SPD will be monitored through:
- The number of affordable homes delivered;
 - The proportion of sites where 30% affordable housing is achieved;
 - Adherence by applicants to the requirements for the content of Affordable Housing Statements;
 - Appraisal of the design quality of the affordable housing within completed developments.

13. Glossary

13.1 Certain definitions in this Glossary are based on existing National Policy at the time of the production of the document (shown by reference to that document where applicable). However, the definitions should be considered revised in the event that the national policy as shown is revised, superseded or deleted.

Affordable Housing	(Definition from the Framework (2019 December 2023), as amended by the Written Ministerial Statement of 24 th May 2021): 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: (see separate entries for Affordable housing for Rent, Starter Homes, Discounted Market Sales Housing, Other Affordable Routes to Home Ownership, First Homes).
Affordable Housing for Rent	(Definition from the Framework (2019 December 2023)): 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).
Affordable Private Rent	On-site affordable housing for rent provided as part of a build-to-rent scheme.
Affordable Rent	A class of Affordable Housing for Rent (see separate entry), and complying with all of the restrictions under that definition. Affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80 per cent of the local market rent (including service charges, where applicable).
Build to Rent	(Definition from the Framework (2019 December 2023)): Purpose built housing that is typically 100% rented out. It can form part of a wider multi-tenure development comprising either flats or houses, but should be on the same site and/or contiguous with the main development. Schemes will usually offer longer tenancy agreements of three years or more, and will typically be professionally managed stock in single ownership and management control.
Designated Protected Areas	Areas designated in Schedule 5, Part 6 of The Housing (Right to Enfranchise) (Designated Protected Areas) (England) Order 2009. The effect of the designation is to impose a restriction that shared ownership housing must be offered by Registered Providers with a lease that contains provisions that either: a) restrict staircasing to no more than 80%; or b) in instances where the leaseholder is permitted to acquire more than 80% (i.e. up to full ownership), then there is an obligation on the

	landlord (or a designated alternative landlord) specified in the lease that commits them to repurchase the property when the leaseholder wishes to sell
Discount Market Sales Housing	(Definition from the Framework (2019 December 2023)): 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.
First Homes	(Definition from PPG) First Homes are a specific kind of discounted market sale housing and should be considered to meet the definition of 'affordable housing' for planning purposes. Specifically, First Homes are discounted market sale units which: a) must be discounted by a minimum of 30% against the market value; b) are sold to a person or persons meeting the First Homes eligibility criteria; c) on their first sale, will have a restriction registered on the title at HM Land Registry to ensure this discount (as a percentage of current market value) and certain other restrictions are passed on at each subsequent title transfer; and, d) after the discount has been applied, the first sale must be at a price no higher than £250,000.
Market housing	Housing sold or rented on the open market, without any planning restriction applied by the Council.
Other affordable routes to home ownership:	(Definition from the Framework (2019 December 2023)): 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.
Planning Obligation	A legal agreement entered into under section 106 of the Town and Country Planning Act 1990 to mitigate the impacts of a development proposal.
Registered Provider	A body that is registered by Homes England as a provider of social housing (including affordable rent and social rent) under the Housing and Regeneration Act 2008.
Rent-to-Buy	A class of Affordable Housing which allows working households to rent a home at Intermediate Rent providing them the opportunity to save for a deposit over time to purchase their first home.
Section 106 Agreement	Section 106 (S106) of the Town and Country Planning Act, 1990 allows a Local Planning Authority to enter into a legally-binding agreement also called a planning obligation with a landowner in association with the granting of planning permission. S106 agreements or planning obligations are a way of addressing matters that are necessary to make a development acceptable in planning terms.

Shared Ownership	A class of affordable housing whereby a share of a home is bought, with the remainder rented through a Registered Provider.
Social Rent	A class of Affordable Housing for Rent (see separate entry), and complying with all of the restrictions under that definition. Social rented housing is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency.
Staircasing	The purchase of additional shares in the property by the tenant occupying a home under a shared ownership scheme, so that a higher proportion of the property is owned by the tenant.
Starter Homes	(Definition from the Framework (2019 December 2023)): 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.
Supplementary Planning Document	Documents which add further detail to the policies in the development plan. They can be used to provide further guidance for development on specific sites, or on particular issues, such as design. Supplementary planning documents are capable of being a material consideration in planning decisions but are not part of the development plan.
Sustainability Appraisal	Appraisal of plans, strategies and proposals to test them against the four broad objectives set out in the Government's sustainable development strategy 'A Better Quality of Life: A Strategy for Sustainable Development for the UK', published in 1999.
Unilateral Undertaking	A unilateral undertaking is a legal document made pursuant to Section 106 of the Town and Country Planning Act 1990. This document provides that a landowner must make certain payments in the form of planning contributions if they implement a planning permission on the land in question.

13. References and further sources of information

Fylde Local Plan to 2032 ([incorporating Partial Review](#))

<https://new.fylde.gov.uk/resident/planning/planning-policy-local-plan/adopted-fylde-local-plan-to-2032-incorporating-partial-review/> <http://www.fylde.gov.uk/council/planning-policy-local-plan-/local-development-framework/adopted-fylde-local-plan-2032/>

Fylde Council Housing Needs Survey 2022 https://new.fylde.gov.uk/wp-content/uploads/2023/01/Fylde_Final_HNS_140922.pdf

National Planning Policy Framework <https://www.gov.uk/government/publications/national-planning-policy-framework--2>

Planning Practice Guidance <https://www.gov.uk/government/collections/planning-practice-guidance>

St Annes on the Sea NDP <http://www.fylde.gov.uk/council/planning-policy--local-plan-/neighbourhood-planning/st-annes-sea-town-council-neighbourhood-plan/>

MyHomeChoiceFyldeCoast <https://www.myhomechoicefyldecoast.co.uk/Data/ASPPages/1/30.aspx>

Homes England Capital Funding Guide <https://www.gov.uk/guidance/capital-funding-guide/4-housing-for-rent>

Ratio of house price to workplace-based earnings (lower quartile and median), 1997 to 2018, Office for National Statistics
<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/ratioofhousepricetoworkplacebasedearningslowerquartileandmedian>

House Price Statistics for Small Areas (HPSSAs) HPSSA Dataset 48: Lower quartile price paid for residential properties by LSOA, Office for National Statistics
<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/lowerquartilepricepaidbylowerlayersuperoutputareahpssadataset48>

Lower Layer Super Output Area (2011) to Ward (2017) Lookup in England and Wales, Office for National Statistics
http://geoportal.statistics.gov.uk/datasets/500d4283cbe54e3fa7f358399ba3783e_0

Housing with Care and Support Strategy 2018-2025, Lancashire County Council
<http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&cad=rja&uact=8&ved=2ahUKEwjP-6K2-I7kAhVvRBUIHdqPCRUFjAAegQIBBAC&url=http%3A%2F%2Fwww.lancashire.gov.uk%2Fdocuments%2Fs138807%2FAppendix%2520A.pdf&usg=AOvVaw2xzDRBR12CW0rqyaHNucku>

Appendix 1: List of Affordable Housing Registered Providers with Housing Stock in Fylde

Name	Contact
Progress Housing Group	enquiries@progressgroup.org.uk 03333 204555
Great Places Housing Group	land@greatplaces.org.uk 0300 123 1966
Muir Group Housing Association	info@muir.org.uk 0300 123 1222
Places for People	https://homestorent.placesforpeople.co.uk/contact-us/ 01772 666000
ForHousing	hello@forviva.co.uk 0300 123 5522
Community Gateway	communications@communitygateway.co.uk 0800 953 0213
Jigsaw Homes Group / Adactus	info@jigsawhomes.org.uk 0300 11 11 212
YMCA Housing	enquiries@fyldecoastymca.org 01253 724117
Step Forward Homes / Auxesia Homes	info@auxesiahomes.co.uk 01565 648284
Regenda Homes	Info@regenda.org.uk 0344 7360066
Manchester and District Housing Association / Your Housing Group	general@yourhousinggroup.co.uk Youggle House, 130 Birchwood Boulevard, Birchwood, Warrington WA3 7QH 0161 419 6400 or 01925 593000
Legal & General Affordable Homes	https://landgah.com/contact/ 12 Cock Lane London EC1A 9BU 0345 117 0660
Sage Housing	https://www.sagehousing.co.uk/partner-with-us/ 020 8168 0500
Heylo Housing	https://heylohousing.com/partners 020 3744 0415

Appendix 2:

Affordable Housing Statement Template – Full or Reserved Matters Application

Statement prepared on behalf of XXXXX XXXXXXXX (*applicant*)

By XXXXXXXXXXX XXXXXXXXXXXX (*agent*)

Site address:

*(Enter site address
here)*

Statement dated XXth XXXXXXXX 20XX

This statement is provided in support of the full/reserved matters (*delete as necessary*) planning application for the erection of XXX dwellings. It relates to Condition XX of Outline Planning Permission application no. XX/XXXX OUT (*if applicable*), which states:

(provide the text of the planning condition on the outline application if applicable)

Name of Registered Provider appointed to take the housing stock:

(insert name of Registered provider)

Number, mix and distribution of affordable homes

The application proposes XXX net additional homes on the whole site. Of these, XXX will be affordable. The number of affordable homes proposed on site has been calculated as follows:

XXX net homes x 30% = YYY net affordable homes

(provide further explanation of any other elements of the calculation)

Mix of dwellings on site:

The affordable homes are shown individually identified by the plot numbers below on the site layout plan with the drawing number XXXXXXXXXXXX and will be:

(fill in table)

Developer's house type (name)	House/ flat/ bungalow	Bedrooms	Floor area sq m	Tenure	Number of units	Plot numbers

The affordable homes are distributed in XXX groups of between XX and XX affordable homes. The distribution has been chosen in order that ... *(Explain the reasoning for the distribution of the affordable dwellings within the site)*

Phasing of delivery:

No more than XXX market dwellings shall be delivered prior to the completion of transfer of YYY affordable dwellings to the agreed Registered Provider named below.

No more than WWW market dwellings shall be delivered prior to the completion of transfer of ZZZ affordable dwellings to the agreed Registered Provider named below.

Transfer or sale of the completed affordable homes

All affordable homes shall on completion be transferred to a Registered Provider of affordable housing, except in the case of Discount Market Sales Housing / First Homes units, which will be dealt with as detailed below.

Arrangements in the Event of Default

In this section, a “Chargee” shall refer to a mortgagee or chargee of the Registered Provider (or any receiver (including an administrative receiver)) appointed by such mortgagee or chargee or 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 Units, or any persons or bodies deriving title through such mortgagee or chargee or Receiver

The affordable housing provisions in this Affordable Housing Scheme shall not be binding on a Chargee (or any receiver (including an administrative receiver) appointed by such Chargee or any other person appointed under any security documentation to enable such Chargee to realise its security or any administrator (howsoever appointed) including a housing administrator (each a Receiver)) of the whole or any part of the affordable housing units or any persons or bodies deriving title through such Chargee or Receiver **PROVIDED THAT:**

- i) such Chargee or Receiver shall prior to seeking to dispose of the affordable housing units pursuant to any default under the terms of its mortgage or charge give not less than one month’s prior written notice to the Council and addressed to the Head of Planning and Housing of its intention to dispose of the affordable housing units (“Chargee’s Notice”); and
- ii) in the event that the Council responds in writing within two months from receipt of the Chargee’s Notice indicating that arrangements for the transfer of the affordable housing units can be made in such a way as to satisfy the terms of the mortgage or charge and to safeguard them as affordable housing units then the chargee shall co-operate with such arrangements and use its reasonable endeavours to secure such transfer;
- iii) in the event that within three months of the date of the Chargee’s Notice served under paragraph i), and despite using reasonable endeavours to do so, the Chargee or Receiver has been unable to complete the transfer of the affordable housing units to another Registered Provider for a consideration not less than the amount due and outstanding under the terms of the relevant security documentation including all accrued principal monies, interest and costs and expenses (so for the avoidance of doubt there shall be a total period of only three months from the Chargee’s Notice to completion of such transfer) then subject to the Chargee or Receiver providing written evidence to the Council of the negotiations with the Registered Provider and the reasons why the Chargee or Receiver has been unable to complete the transfer with the Registered Provider, the Chargee or Receiver shall be entitled to dispose of the affordable housing units free from the restrictions set out in this affordable housing statement which provisions shall thereby cease to apply;
- iv) if the Council does not serve its response to the Chargee’s Notice served under paragraph i) within two months then the Chargee or Receiver shall be entitled to dispose of the affordable housing units free of the restrictions set out in this affordable housing statement which provisions shall thereby cease to apply.

Affordable Rent Units - the completed affordable rent homes shall be acquired by *(insert name of Registered Provider)*. The transfer value of the affordable rented homes shall be determined by agreement between *(insert name of developer)* and *(insert name of Registered Provider)*.

The affordable rent homes shall be transferred to *(insert name of Registered Provider)*. They shall be made available by the Registered Provider for affordable rent through MyHomeChoiceFyldeCoast to eligible applicants in accordance with the Council's lettings policy as detailed below in the section regarding occupancy.

At the end of any tenancy in connection with the above, the affordable rent properties shall be relet in the same way, and this shall continue in perpetuity unless subsequently agreed otherwise by the Council, or where the obligation is released by right-to-buy legislation.

The rent chargeable shall not exceed that specified in government policy in relation to affordable rented homes.

Shared Ownership Homes: These units shall be transferred directly to the end purchaser on a shared ownership basis, using a lease based on the Homes England standard shared ownership lease. The retained proportion of ownership will be transferred to the Registered Provider who will own and manage the property. The proportion owned by the purchaser can be varied according to the means of the purchaser, but will be between 10% and 75% of the open market value of the property.

Where a purchaser subsequently purchases further shares of the property, the Registered Provider shall reinvest the proceeds into further affordable housing: firstly in Fylde; secondly in the Fylde sub-region; thirdly elsewhere in North West England.

All transactions, both initial and subsequent shares, shall be reported periodically to the Council in a form and at intervals to be specified by the Council.

(The section below is applicable only within parishes covered by Designated Protected Area status)

(Either:)

The lease shall specify that purchase of additional tranches of equity ("staircasing") shall be restricted to 80%;

(Or)

The lease shall ensure that once the leaseholder has acquired 100% share of the house, that when it becomes available for resale that it is sold back to the landlord (or a designated alternative landlord);

(Or)

(In the event that the shared ownership units are not being acquired with Homes England grant funding) The lease shall restrict the purchase of further equity shares above 80% to the following circumstances:

- (i) where this is agreed in writing with the Council and supported by legitimate reasons (i.e. that a new eligible purchaser cannot be found after a set period of marketing and evidence of that marketing provided);
- (ii) after a minimum period of 10 years; and

- (iii) providing that the 20% staircasing funds received after the 10 year period are recycled/reinvested in Fylde – including an agreed mechanism for that to take place (e.g. notices from the Registered Provider as to when that occurs, confirmation of the sale price and a time limit for the relevant monies to be paid into the Council’s affordable housing S106 fund thereafter).

In the event that it is demonstrated to the Council’s satisfaction that an eligible person to occupy the shared ownership units cannot be found within a period of 6 months of marketing, the tenure of the unsold units may be transferred to affordable rent.

Discounted Market Sales Housing Units - The discounted market sales units shall be disposed of in perpetuity to an end purchaser for a price which does not exceed ~~XX70%~~ *(insert appropriate percentage in accordance with Table 1 of the Affordable Housing Supplementary Planning Document)* of market value, and to a person who meets the occupancy criteria.

The Transfer or lease (as appropriate) of every discounted market sales unit shall contain the following covenants by the Transferee for the benefit of the Council.

- 1) Not to allow the unit to be occupied other than by the Transferee and the Transferee’s immediate dependents as their primary and sole residence (without prior consent of the Local Authority).
- 2) Not to dispose in perpetuity of the discounted sale unit at a price exceeding the Discount Price ~~(insert appropriate percentage in accordance with Table 1 of the Affordable Housing Supplementary Planning Document)~~ which shall not exceed 70% of market value.
- 3) Not to dispose of the discounted sale unit other than to a person in housing need who meets the occupancy criteria as detailed elsewhere in this statement.
- 4) To enter the following restriction on the registered title in favour of the Council as soon as reasonably practicable following first registration and to produce official copies of the title to the Council within 14 days of the completion of such registration:

“No disposition of the registered estate (other than a charge) by the proprietor of the registered estate or by the proprietor of any registered charge, not being a charge registered before the entry of this restriction, is to be registered without a certificate signed by Fylde Council of Town Hall, St Annes Road West, Lytham St Annes FY8 1LW or their conveyancer that the provisions of clause XX (the Discounted Market Sales provision) of the Transfer dated [Date] referred to in the Charges Register have been complied with or that they do not apply to the disposition.”.

- 5) Not to dispose of a discounted sale unit without the intended buyer covenanting directly with the Council (and paying the Council’s associated legal costs) to observe and perform the terms of this Scheme and delivering a completed deed of covenant in such terms to the Council in a form reasonably acceptable to the Council.

First Homes Units:

The First Homes units shall be disposed of in perpetuity to an end purchaser for a price which does not exceed ~~XX70%~~ *(insert appropriate percentage in accordance with Table 2 of the Affordable Housing Supplementary Planning Document)* of market value, and to a person who meets the occupancy criteria.

The Transfer or lease (as appropriate) of every First Homes unit shall contain the following covenant by the Transferee for the benefit of the Council.

1) To enter the following restriction on the registered title in favour of the Council as soon as reasonably practicable following first registration and to produce official copies of the title to the Council within 14 days of the completion of such registration:

“No disposition of the registered estate (other than a charge) by the proprietor of the registered estate or by the proprietor of any registered charge, not being a charge registered before the entry of this restriction, is to be registered without a certificate signed by Fylde Council of Town Hall, St Annes Road West, Lytham St Annes FY8 1LW or their conveyancer that the provisions of clause XX (the First Homes provision) of the Transfer dated [Date] referred to in the Charges Register have been complied with or that they do not apply to the disposition.”

Rent-to-Buy Units: - These units shall be transferred on completion to *(insert name of Registered Provider)* the Registered Provider. Each unit shall be made available by the Registered Provider in accordance with the government guidance concerning rent-to-buy, for affordable rent for a period of *(insert specified period, normally to be 5 years, other periods through agreement with the Council)*, which shall be to an eligible applicant in accordance with the Council’s lettings policy as detailed below in the section regarding occupancy.

At the end of the period of *(insert period specified above)*, each rent-to-buy property shall be offered for sale, solely to the tenant that has occupied the property in the first instance. The offer for sale shall be either outright, or through shared ownership using the Homes England standard shared ownership lease, with the Registered Provider retaining the residual share of the equity. If the tenant does not exercise the opportunity to purchase either outright or through shared ownership, the units will be offered on a shared ownership basis to a new eligible applicant (which may be on rent-to-buy terms if appropriate for the new tenant’s circumstances). The terms of the arrangement, including the length of rental term (notwithstanding the actual tenancy length), arrangements for purchase or shared ownership, the terms of any shared ownership arrangement to be offered, the rental level and any management charges shall be clearly indicated to any applicant before the tenancy commences, and copies of such documentation provided to the Council.

In the event that a tenancy ends before the five year period, the property shall be relet for a five year term to a new eligible applicant, unless it is sold to the tenant that has occupied the unit, which early sale shall not take place within the first two years of occupancy.

The rent chargeable shall not exceed that specified in government policy in relation to affordable rented homes.

Where a property is sold or a share in the property is sold through a shared ownership arrangement, the Registered Provider shall reinvest the proceeds into further affordable housing: firstly in Fylde; secondly in the Fylde sub-region; thirdly elsewhere in North West England.

All transactions shall be reported periodically to the Council in a form and at intervals to be specified by the Council.

Occupancy of the Affordable Homes

Affordable rented units: the properties shall only be rented to people with a local connection as set out in the Consistent Assessment Policy operated by MyHomeChoiceFyldeCoast, the choice-based lettings scheme. This will mean that homes will be allocated to those applicants with a local connection to the Borough of Fylde, either through residence or work. Applicants must therefore be able to demonstrate they meet one or more of the following criteria:

- Local residency: has lived in the local authority of Fylde continuously for the last three years;
- Permanent employment in the area of Fylde or offer of permanent employment that is intended to last for at least 12 months;
- Close family association – has a parent, adult child, adult brother or sister who is living in the area of Fylde and has done continuously for the last 5 years;
- Applicants who are serving in the Armed Forces and who are either employed or are resident in the area of Fylde; and
- Former armed forces personnel who had a previous residence in the area of Fylde as a result of a former posting in the area of Fylde within the last 5 years.

(Where the application site is located within or adjacent to the rural settlements) In addition, as the application site lies within / adjacent to the rural settlement of *(insert name of settlement)* the properties shall only be rented to people who have demonstrated a local connection to *(insert name of parish)* parish in line with the criteria above. Immediately prior to and during the period of offer for let, the availability of the properties shall be publicised locally by *(insert name of developer)* jointly with *(insert name of registered provider)*, the parish council *(insert name of parish)* and Fylde Council, by means of advertising within the parish, on parish noticeboards, in parish newsletters and the holding of an open day. Where an occupant does not come forward with a local connection to *(insert name of parish)* within a period a period of 3 weeks commencing with the day of first offering a dwelling for let or within the first 3 letting cycles (whichever is the earlier) through MyHomeChoiceFyldeCoast, the eligibility criteria may be widened to a Fylde Borough connection. The affordable rented homes on this site cannot be let to households that do not demonstrate any of the connections to Fylde specified above.

In addition, the properties shall only be rented to people with no more than £30,000 in savings and with a household income of no more than £60,000 per annum. These amounts shall be updated in accordance with the MyHomeChoiceFyldeCoast Consistent Assessment Policy, or any successor policy.

When a tenancy ends and a property vacated, the property shall be relet only to people who fulfil the same criteria above.

Shared Ownership Homes

The developer (*enter developer name*) will market and sell shared ownership homes in line with the criteria in Homes England's regulatory framework, using the Homes England standard shared ownership lease. The properties must be occupied as the main or only home by the purchaser.

Initial and future sales of shared ownership homes will be marketed and sold to customers whose eligibility is determined with regard to local incomes and local house prices, in accordance with the Shared Ownership and Affordable Homes Programme in force at the time of the application. The Council would expect that applicants will normally meet the local connection criteria as detailed above.

Discounted Market Sales Homes / First Homes (*delete as appropriate*): the discounted market sales dwellings / First Homes (*delete as appropriate*) (plot numbers (*insert plot numbers*)) shall be marketed by (*insert name of applicant*).

(*In all cases*): Purchasers shall be required to meet the following criteria:

- They are first-time buyers;
- They must have a household income not exceeding £80,000;
- The Discounted Market Sales Home (*or*) First Home (*delete as applicable*) will be the buyer's only home;
- The purchaser will need to use a mortgage or home purchase plan for at least 50% of the purchase price of the home.

(*Either*):

(*In the case of discounted market sales housing*): Purchasers shall be required to meet the following criteria:

(*Or*):

(*In the case of First Homes*): Purchasers shall also be required to meet the following local criteria. If no purchaser has agreed to buy within the first three months of marketing, these criteria shall cease to apply:

(*In all cases*):

- Shall have reasonably demonstrated to the Council that having regard to house prices within the Local Area, they are unable to afford Open Market Housing based on their earned income and any available capital and on the earned income and available capital of any person living with them which it would be reasonable to take into account and assuming a mortgage of not more than three (3) times their earned income plus the earned income of any other person aforesaid or such other less restrictive criteria as may be reasonably agreed by the Council from time to time;
- They must not have equity or savings in excess of ~~£60,000~~£30,000; and
- Be able to demonstrate they meet one or more of the following criteria:

- Local residency – they have lived in local authority of Fylde continuously for the last three years;
- Permanent employment in the area of Fylde or offer of permanent employment that is intended to last for at least 12 months;
- Close family association – has a parent, adult child, adult brother or sister who is living in the area of Fylde and has done continuously for the last 5 years;
- Applicants who are serving in the Armed Forces and who are either employed or are resident in the area of Fylde; and
- Former armed forces personnel who had a previous residence in the area of Fylde as a result of a former posting in the area of Fylde within the last 5 years.
- For First Homes, Members of the Armed Forces, divorced/separated spouses/civil partners or members of the Armed Forces, the spouses/civil partners of deceased members of the Armed Forces (if their death was wholly or partly caused by their service) or veterans within 5 years of leaving the Armed Forces will be exempt from any local connection criteria.
- Must be approved in writing by the Council such approval not to be unreasonably withheld or delayed and will in any event be provided within 3 working days of application by the developer.
- Shall enter into a covenant directly with the Council to observe and perform the terms of this Scheme, particularly those contained above.

On the resale of the property, the same criteria shall apply to the subsequent purchaser.

Rent-to-Buy Homes

Applicants for Rent-to-Buy units must satisfy the following criteria:

- Shall have reasonably demonstrated to the Council that having regard to house prices within the Local Area, they are unable to afford Open Market Housing based on their earned income and any available capital and on the earned income and available capital of any person living with them which it would be reasonable to take into account and assuming a mortgage of not more than three (3) times their earned income plus the earned income of any other person aforesaid or such other less restrictive criteria as may be reasonably agreed by the Council from time to time; and
- Must be approved in writing by the Council such approval not to be unreasonably withheld or delayed and will in any event be provided within 3 working days of application by the developer.

In the event that the property is relet under the terms of the scheme, the same criteria shall apply to any further applicant.

In the event that a unit has been marketed for a period of three months without a suitable applicant coming forward, the Registered Provider may apply to the Council for a waiver to the local connection requirement.

Management and charges

The following aspects of the management of the site will be undertaken by the Registered Provider XXXXXXXXXXXX / YYYYYYYYYYYY Management Company (*delete as applicable, insert name of RP or company*) in perpetuity, unless agreed in writing by the Council:

(List areas or responsibilities covered).

e.g.

- Maintenance and upkeep of the landscaped areas denoted by *(insert colour or means of denotation)* shading on the landscaping plan / site layout plan (*delete as applicable, insert plan reference*) in accordance with the approved landscaping management plan ref *(insert reference of document)*.

Charges will be imposed per dwelling, payable by the occupiers to the Registered Provider XXXXXXXXXXXX / YYYYYYYYYYYY Management Company (*delete as applicable, insert name of RP or company*), at a rate of £ZZZ annually per dwelling, which may be increased annually by no more than the Consumer Price Index published by Government.

No further charges will be payable other than as stated within this document.

Appendix 3: Discount Applicable for Discount Market Sales Housing

~~The tables that~~ There follows provide the data and justification drawn from the Office for National Statistics Housing Needs Survey which is used to determine the appropriate level of discount for discount market sales housing in different parts of the Borough of Fylde.

~~The first page of the table provides the summary data and the subsequent pages the raw data for the lower super output areas (LSOAs). The lower quartile house prices for the year to September 2018 for the individual LSOAs have been used to produce a figure across whole settlements or groups of settlements which are shown in the summary table. This has been used to deduce a figure of discount that can be applied for the level of deficit to make up the approximate shortfall suffered by a household at the lower quartile earnings level for Fylde (based on the earnings of the lower quartile worker in Fylde to the year end April 2018, of £21,445).~~

~~The LSOAs have been identified as close as possible with the ward boundaries for Fylde using the Office for National Statistics LSOA to Ward lookup data. This has allowed the LSOAs to be identified with a particular settlement with a reasonable degree of accuracy.~~

~~The amounts of discount in the right hand column derive from that needed to (approximately) ensure affordability for the lower quartile worker in the borough. However, the actual discount applied as set out in Chapter 3 has been moderated, to ensure that provision of such housing remains viable, in Lytham and in Wrea Green (Rural South) (where in both cases the larger than average dwelling profile affects the data) and in Newton and Clifton (Rural East) (where the impact of very high values in Treales, Roseacre and Wharles affects the data, whilst any units would be delivered in Newton and Clifton).~~

Discounted market sales housing is intended to fulfil the need for affordable housing for those who wish to buy but cannot in the open market. Those households whom it can successfully provide for are able to afford to rent.

The Housing Needs Survey states that a single discount rate of 30% for the Borough is reasonable, given that a single discount figure is likely to be needed for plan-making purposes. For First Homes, a single, Borough-wide figure is required; however, as many of the sites in Fylde have planning permission and are therefore covered by the transitional arrangement for first homes, consideration follows of whether some variation is warranted in certain circumstances.

Discount Levels for Different Areas of the Borough

The Housing Needs Survey identifies a considerable variation in housing costs between areas of the Borough, both in terms of the market rents and purchase costs for market housing. The discount rate therefore should reflect this. The Council has run an assessment following the approach of the Housing Needs Survey (what can be afforded by the household on the lower quartile market rent) on an area-by-area basis. The results are shown in the table below. Although the open market values of the new discount market sales homes vary very significantly, there is little variation in the appropriate level of discount. This is because the households in need of discounted market sales housing in (for instance) Wesham will have a lower income and be paying a lower rental than households in need in higher cost locations, who will be paying higher rentals. The net result is that broadly similar levels of discount are appropriate across all locations, supporting the Housing Needs Survey's conclusion that a single figure of 30% would be appropriate.

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Calculation of appropriate discounts for discounted market sales housing, settlements across the Borough of Fylde

Based on a maximum of 30% of income spent on housing, assuming 10% deposit and 4x mortgage multiple, September 2021 prices as in Housing Needs Survey

<u>Settlement</u>	<u>Lower quartile price (existing dwellings)</u>	<u>Lower quartile rent, pcm</u>	<u>Income pcm to afford lower quartile rent</u>	<u>Price of home affordable</u>	<u>Mid point to lower quartile price</u>	<u>Lower quartile price with 10% newbuild premium added</u>	<u>Typical discount needed - lower end of income range</u>	<u>Typical discount needed - upper end of income range</u>	<u>Appropriate range</u>
<u>St. Annes</u>	<u>£142,000</u>	<u>£405</u>	<u>£1,350.0</u>	<u>£72,000.0</u>	<u>£107,000.0</u>	<u>£156,200.0</u>	<u>54%</u>	<u>31%</u>	<u>30-50%</u>
<u>Lytham</u>	<u>£211,000</u>	<u>£610</u>	<u>£2,033.3</u>	<u>£108,444.4</u>	<u>£159,722.2</u>	<u>£232,100.0</u>	<u>53%</u>	<u>31%</u>	<u>30-50%</u>
<u>Fylde Blackpool Periphery</u>	<u>£148,000</u>	<u>£485</u>	<u>£1,616.7</u>	<u>£86,222.2</u>	<u>£117,111.1</u>	<u>£162,800.0</u>	<u>47%</u>	<u>28%</u>	<u>30-40%</u>
<u>Kirkham</u>	<u>£132,000</u>	<u>£460</u>	<u>£1,533.3</u>	<u>£81,777.8</u>	<u>£106,888.9</u>	<u>£145,200.0</u>	<u>44%</u>	<u>26%</u>	<u>25-40%</u>
<u>Wesham</u>	<u>£118,000</u>	<u>£435</u>	<u>£1,450.0</u>	<u>£77,333.3</u>	<u>£97,666.7</u>	<u>£129,800.0</u>	<u>40%</u>	<u>25%</u>	<u>25-40%</u>
<u>Warton</u>	<u>£144,000</u>	<u>£545</u>	<u>£1,816.7</u>	<u>£96,888.9</u>	<u>£120,444.4</u>	<u>£158,400.0</u>	<u>39%</u>	<u>24%</u>	<u>25-40%</u>
<u>Freckleton</u>	<u>£142,000</u>	<u>£550</u>	<u>£1,833.3</u>	<u>£97,777.8</u>	<u>£119,888.9</u>	<u>£156,200.0</u>	<u>37%</u>	<u>23%</u>	<u>25-35%</u>
<u>Rural North</u>	<u>£177,000</u>	<u>£600</u>	<u>£2,000.0</u>	<u>£106,666.7</u>	<u>£141,833.3</u>	<u>£194,700.0</u>	<u>45%</u>	<u>27%</u>	<u>25-45%</u>
<u>Rural West</u>	<u>£284,000</u>	<u>£910</u>	<u>£3,033.3</u>	<u>£161,777.8</u>	<u>£222,888.9</u>	<u>£312,400.0</u>	<u>48%</u>	<u>29%</u>	<u>30-45%</u>
<u>Rural East</u>	<u>£172,000</u>	<u>£595</u>	<u>£1,983.3</u>	<u>£105,777.8</u>	<u>£138,888.9</u>	<u>£189,200.0</u>	<u>44%</u>	<u>27%</u>	<u>30-45%</u>
<u>Borough</u>	<u>£155,000</u>	<u>£475</u>	<u>£1,583.3</u>	<u>£84,444.4</u>	<u>£119,722.2</u>	<u>£170,500.0</u>	<u>50%</u>	<u>30%</u>	<u>30-50%</u>
<u>Borough 1-bed</u>	<u>£70,000</u>	<u>£397</u>	<u>£1,323.3</u>	<u>£70,577.8</u>	<u>£70,288.9</u>	<u>£77,000.0</u>	<u>8%</u>	<u>9%</u>	<u>Not appropriate</u>
<u>Borough 2-bed</u>	<u>£115,000</u>	<u>£520</u>	<u>£1,733.3</u>	<u>£92,444.4</u>	<u>£103,722.2</u>	<u>£126,500.0</u>	<u>27%</u>	<u>18%</u>	<u>20-30%</u>
<u>Borough 3-bed</u>	<u>£170,000</u>	<u>£650</u>	<u>£2,166.7</u>	<u>£115,555.6</u>	<u>£142,777.8</u>	<u>£187,000.0</u>	<u>38%</u>	<u>24%</u>	<u>Not appropriate</u>
<u>Borough 4-bed</u>	<u>£275,000</u>	<u>£800</u>	<u>£2,666.7</u>	<u>£142,222.2</u>	<u>£208,611.1</u>	<u>£302,500.0</u>	<u>53%</u>	<u>31%</u>	<u>Not appropriate</u>

Appendix 4: Calculation of Contributions Required for Off-Site Affordable Housing

The calculation of the contributions due, where provision of affordable housing off-site has been agreed by the Council, should follow the following process.

The number of affordable dwellings equivalent to be provided off-site should be established. This should use the 43% calculation, rounded up as detailed in Chapter 8.

A mix of sizes of this number of affordable homes that would be appropriate to contributing to fulfilling affordable housing need in the settlement concerned in line with Local Plan policy should be established, reflecting the property types to be built on the site (i.e. whether the homes are to be, for instance, houses, flats or park homes). This should specify the different sizes of affordable home, e.g. with 2 bedrooms, with 3 bedrooms etc, and the number of each. These numbers should add up to the total provided by the 43% calculation.

An open market valuation of an example of each of these property types should then be undertaken, at the developer's expense, supposing that they were to be built on the application site. Such valuations should be undertaken by two RICS-accredited valuers not associated with the developer, and the average value taken for each type. The valuations should assume that the notional properties would be built concurrently with the remainder of the development on the site and should be informed by valuations of the actual dwellings proposed to be constructed on the site. Where the application is outline, the valuations should be based on similar-sized properties in the immediately surrounding area. These valuations should then be multiplied by the number of each type identified as above.

The open market valuations for each property size should then be multiplied by the discount applicable to make the property affordable, utilising the ~~Council's standard 30% percentage discounts applied to discounted market sales housing in Chapter 3, which will depend on the area of the Borough. These~~ This discounts ~~are is~~ appropriate for any type of affordable housing, ~~recognising that local housing allowance rates are set at a single level across the borough whilst there are significant variations in value between settlements.~~

The sum of the discounts needed to all of the notional homes at open market value, provides the total amount of the contribution required in relation to affordable housing on the site.

The following table may be used to complete the calculation or remodelled as appropriate:

Off-Site Affordable Housing Contribution Calculator

Housing type/size	Number of units	Open market valuation		Discount rate	Amount of Discount	
		Per dwelling	Total		Per dwelling	Total
1-bedroom flat				<u>30%</u>		
1-bedroom park home				<u>30%</u>		
2-bedroom flat				<u>30%</u>		
2-bedroom park home				<u>30%</u>		
2-bedroom house				<u>30%</u>		
3-bedroom house				<u>30%</u>		
4-bedroom house				<u>30%</u>		
Other				<u>30%</u>		
Total contribution payable						

Worked example (100 unit scheme, 30% affordable housing off-site, Lytham)

Housing type/size	Number of units	Open market valuation		Discount rate	Amount of Discount	
		Per dwelling	Total		Per dwelling	Total
1-bedroom flat	6	£170,000	£1,020,000	40% 30%	£68,000 51,000	£408,000 306,000
1-bedroom park home						
2-bedroom flat						
2-bedroom park home						
2-bedroom house	14	£200,000	£2,800,000	40% 30%	£80,000 60,000	£1,120,000 840,000
3-bedroom house	19	£240,000	£4,560,000	40% 30%	£96,000 72,000	£1,824,000 1,368,000
4-bedroom house	4	£280,000	£1,120,000	40% 30%	£112,000 84,000	£448,000 336,000
Other						
Total contribution payable						£3,800,0002,850,000



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