# PITT STREET, DARFIELD, BARNSLEY – S106 AFFORDABLE HOUSING TENURE PROPOSAL

**Kester Horn**

**SPACE PARTNERSHIPS LTD**

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**VERSION 3**

## 1. Introduction

1.1 Space Partnerships (SP) are commissioned by Barratt and David Wilson Homes (BDW), to provide a report to determine the most suitable tenure for the delivery of their S106 affordable housing commitments at Pitt Street, Darfield.

1.2 Hartwood Estates have secured outline consent (all matters reserved apart from means of access), including a S106 agreement, which will cover the provision of affordable housing. BDW will be progressing a Reserved Matters application for a detailed residential scheme.

1.3 In line with the 2019 adopted Barnsley affordable housing SPD, the policy requirement for this location is 10% on-site provision, which would consist of 20% intermediate and 80% rented accommodation.

1.4 Whilst this is the case, section 8.1 of the 2019 policy confirms the following:

1.5 *"The various types of affordable housing that can be provided in accordance with the implementation of Policy H7 are identified in the NPPF definition of affordable housing. The Council will seek to negotiate the type of housing preferred which will vary from site to site according to local circumstances. This will be determined, in discussion with the applicant at pre-application and planning application stage, by consideration of a combination of information including:*

*Local housing needs studies*

*· Waiting list/Choice Based Lettings data*

*· Availability and type of existing stock*

*· Local housing market data"*

1.6 To supplement this process, we have made enquiries with locally active Registered Providers (RP's) to ascertain their interest in these S106 homes.

1.7 The latest SHMA data has been reviewed and determine the most suitable tenure proposal, which would secure delivery of these affordable homes.

1.8 BDW's proposed tenure mix for the 10No affordable homes is outlined and justified within this report.

## 2. Affordable Provision Overview

2.1 Only means of access was approved at outline stage, therefore siting and design are part of the reserved matters application.

2.2 The affordable homes are well integrated into the proposed layout, sitting in two small clusters, in line with typical 'pepper-potting' requirements.

2.3 The affordable homes are of a similar design to the market sale homes, therefore providing an attractive proposition to prospective residents.

2.4 The homes will be built to a good specification, which is similar to that of the market sale homes.

2.5 In summary, BDW's affordable product is of a high quality and will be desirable to new residents.

## 3. Registered Provider Demand

3.1 As part of their due diligence, BDW undertook a marketing exercise with 6No RP's in November 2020.

3.2 This enquiry was based on the latest mix of affordable housing, providing the high-quality scheme outlined in the previous section.

3.3 Offers were invited for the 8No rented homes, with BDW delivering the remaining two S106 affordable homes requirement as intermediate homes directly.

3.4 The responses received were as follows:

- 2No RPs were unable to offer, as the opportunity was too small.
- 2No RPs did not wish to acquire S106 homes.
- 2No RPs did not respond.

3.5 On the basis of these responses, we can conclude that there is limited demand for the small number of S106 affordable homes provided by this project.

3.6 In response to this, BDW have suggested they will deliver all 10No affordable homes as discount market sale accommodation.

3.7 This will ensure delivery on site, rather than the alternative of securing a S106 obligation to deliver homes for rent, then spiralling out and seeking an off-site commuted sum instead.

## 4. Tenure Proposal

4.1 In line with the resolution to grant consent, the scheme will deliver 10% affordable housing on site, which equates to 10No affordable homes.

4.2 The 2019 affordable housing SPD policy suggests a typical requirement for 20% intermediate and 80% rented accommodation in this location, therefore creating a requirement for 2No intermediate and 8No rented homes.

4.3 Whilst this is the case, the market evidence suggests a 100% intermediate tenure provision would be most appropriate.

4.4 Under the standard SPD approach, BDW will deliver the 2No intermediate homes as discount market sale, as defined in section 2.10 of the SPD, where "*Other affordable routes to home*

*ownership"* are defined as *"Other low cost homes for sale (at a price that is 20% below local market value*".

4.5 In light of the supporting evidence, BDW proposed to deliver the balance of affordable homes (8No units) as intermediate tenure, via the same discount market sale model.

## 5. National Planning Policy Framework (February 2019)

5.1 On the 24th July 2018, the Government amended the NPPF and made a significant revision by adding starter homes and discounted market sales housing to the definition of affordable housing.

5.2 Annex 2: Glossary part c) states: "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."

5.3 Discounted Market Sales Housing provides an alternative means to Home Ownership and is particularly beneficial in instances where it is provided in lieu of the 'traditional' on site Affordable Housing i.e. social rent, affordable rented and shared ownership either where a Registered Provider cannot be secured due to lack of local interest or market for such units.

5.4 BDW have experience of delivering DMS in Barnsley (most recently at its 'Castle Vale' development in Pilley), the wider Yorkshire Region and across the country. They have successfully made sure that any S106 is in accordance with the NPPF definition. In particular by ensuring that the DMS being offered is in perpetuity and that it only applies to those who are eligible for such housing.

## 6. SHMA Data Assessment

6.1 In line with the adopted SPD and the policy to "*negotiate the type of housing preferred which will vary from site to site according to local circumstances"* we have reviewed the SHMA data to consider the existing affordable provision and local housing need.

6.2 The table on page 31 of the 2017 SHMA addendum note confirms the housing need by sub-area. This site sits within the 'Hoyland, Wombwell and Darfield' sub-area.

6.3 In line with section 4 of this table, the net annual affordable housing need for this sub-area is 35No homes.

6.4 Whilst the BDW site will make a positive contribution to meeting this housing need, the SHMA provides specific details in respect of the local tenure requirements.

6.5 The SHMA table confirms the existing annual affordable supply, which in the main, is provided via re-letting of existing affordable housing stock.

6.6 The Darfield sub-area has an existing supply of 227No social rent dwellings. This is the second highest existing supply figure of all the BMDC sub-areas for social rent, making up 22% of all existing annual social rent supply across BMDC. As such, this is a significant local provision.

6.7 In contrast, the Darfield sub-area has an existing supply of just 7No intermediate affordable homes.

6.8 In summary, the existing re-letting of rented affordable homes makes up 97% of annual provision, whilst existing intermediate products make up just 3% of existing affordable provision.

6.9 It is therefore clear that social rent is already well catered for within the Darfield sub-area. As such, further provision is not essential.

6.10 In contrast, there is a significant under-provision of intermediate tenures, which would be well-catered for via the provision of 10No discount for market sale homes.

6.11 It is also important to note that unlike shared ownership (which permits staircasing to 100% ownership) and rent to buy (which facilitates outright ownership), discount for market sale retains the 20% discount in perpetuity. The net benefit, is that these homes will remain an affordable product and will contribute to the ongoing provision of intermediate affordable housing in the Hoyland, Wombwell and Darfield sub area.

6.12 In summary, the SHMA confirms the highest existing provision is social rented accommodation. As such, the delivery of 10No intermediate affordable homes would enhance the diversity of tenure and meet an existing demand.

## 7. BMDC Housing Strategy

7.1 Whilst the SHMA provides the specific figures in respect of affordable housing requirements, it is also important to consider the wider BMDC housing policy.

7.2 The 2014 BMDC Housing Strategy outlined the strategic objectives for housing delivery within the District.

7.3 Specifically, on affordable housing, it confirms:

*"In areas where social housing is already high, we will focus on providing a balance of homes for affordable rent and sale. We will also explore the potential to provide more high quality private rented accommodation in these areas and in other areas where there is a shortage of open market houses at affordable prices"*

7.4 It is therefore evident that both the local market evidence and the District-wide strategy, support assess the delivery of affordable housing on a site-by-site basis, with the affordable housing provision being tailored to the specific local housing demand.

## 8. Discount for Market Sale – Affordability Comparison

8.1 In order to support the provision of 10No homes for discount for market sale, it is important to consider the cost of this product, against the alternative affordable rented tenure.

8.2 The table below outlines the cost of the discount for market sale product, calculated as a per-week cost (green text). This is then compared against the weekly cost for an affordable rent product (red text).

| House Type | Open Market Value | Discount Market Sale price (80% of OMV) | Monthly mortgage cost (pcm) | Weekly mortgage cost | Open Market Rent Cost (pcm) | Affordable Rent Cost (pcm) | Weekly Affordable Rent Cost |
|---|---|---|---|---|---|---|---|
| Type 67 | £150,000 | £120,000 | £506 | £116.76 | £550 | £440 | £101.53 |
| Type 69 | £185,000 | £148,000 | £624 | £144 | £650 | £520 | £120 |

8.3 With regard to the mortgage costs, these are based on a 95% mortgage, over a 30-year term with interest at 3%.

8.4 Rental incomes are taken from open market comparables, currently available in the local area.

8.5 As per the table above, the weekly cost of both homes via the discount for market sale product, is more expensive than the affordable rent tenure, but the owners will benefit from accruing a capital investment and potential value growth too.

8.6 The national Help to Buy scheme is changing from April 2021, whereby new homes purchased under the scheme will have a capped purchase price of £228,000. As such, the discount for sale model will continue to offer affordable housing options for first time buyers.

8.7 Help to Buy is proposed to cease in March 2023, therefore the offer of discount for sale accommodation will greatly increase in significance as an affordable home ownership tenure option.

8.8 Both the open market sale and open market rental costs are based on market information at the time. They are subject to change and sales prices will be confirmed when the homes are released for sale.

## 9 S106 Agreement

9.1 The S106 agreement was signed on the 4th of March 2021.

9.2 The agreement requires 10% of dwellings on site to be affordable, with the specific 'Affordable Housing Scheme' to define the number, tenure, location, distribution and design. Much of this will be submitted through the reserved matters application. The definition of 'Affordable

Housing Units' definition within the agreement means 10% of the dwellings comprising Affordable Housing for Rent Dwellings and/or Shared Ownership Dwellings.

9.3 The acceptable tenures for these homes are also defined within the agreement. This includes affordable rent, shared ownership, discount for market sale and other affordable routes to home ownership.

9.4 The definition of Shared Ownership Dwellings within the S106 agreement therefore facilitates the delivery of the affordable homes as Discounted market sales housing as set out within Annex 2 of the NPPF and the adopted Barnsley Affordable Housing SPD

**10. Conclusion**

10.1 Both the 2019 affordable housing SPD and the 2014 Housing Strategy documents confirm the tenure provision of affordable housing should be considered on a site by site basis, relative to the locally available data.

10.2 There is sufficient housing need data to justify the provision of all 10No homes as discount for market sale.

10.3 The SHMA confirms the high existing provision of social rent accommodation, which far outweighs the element of intermediate tenure provision. The provision of 10No intermediate affordable homes will help adjust this imbalance.

10.4 This is further supplemented by the lack of interest from six RP's to acquire the affordable rented accommodation.

10.5 Following pre-application engagement between the BDW and BMDC's housing team, there is support for all 10No homes to be provided as intermediate tenure.

10.6 The signed S106 Agreement accepts the delivery of all 10 affordable homes as Discounted market sale dwellings, therefore such a provision is in line with the planning consent.

10.7 BDW's proposal would ensure delivery on site of an affordable product, which meets the local need, is of a comparable cost for the rented product and will provide an ongoing contribution to the local availability of intermediate tenure affordable housing.