



SANDWELL LOCAL PLAN - EXAMINATION IN PUBLIC

JANUARY 2025

TOPIC PAPER – AFFORDABLE HOUSING

Affordable Housing

The purpose of this paper is to provide a background to the affordable housing policy in the Local Plan.

1) National Policy

1.1. The National Planning Policy Framework (NPPF, December 2023) specifies the following requirements for local authorities for plan making:

- The needs of groups with specific housing requirements are addressed¹
- The size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies, including those who require affordable housing²
- Where a need for affordable housing is identified, planning policies should specify the type of affordable housing required³
- Provision of affordable housing should not be sought for residential developments that are not major developments⁴
- For major development, at least 10% of homes must be available for affordable home ownership, subject to certain exemptions⁵

1.2. Additionally, the Planning Practice Guidance (PPG) confirms that all households whose needs are not met by the market are effectively in need of affordable housing. The NPPF (Annex 2) specifies that affordable housing is defined as one or more of the following categories:

- Affordable housing for rent
- Starter homes
- Discounted market sales housing
- Other affordable routes to home ownership

2) Housing in Sandwell

2.1. According to the 2021 census, the population in Sandwell was 341,835, which was an increase of 11% (around 33,800 people) since 2011. This compares to an increase of 6.2% in the West Midlands and 6.6% across England.

2.2. The table below shows the smallest growth in population was in the 75+ age group, with the largest growth amongst those aged between 50 and 74; there is also a marked increase in the number of people aged under 25.

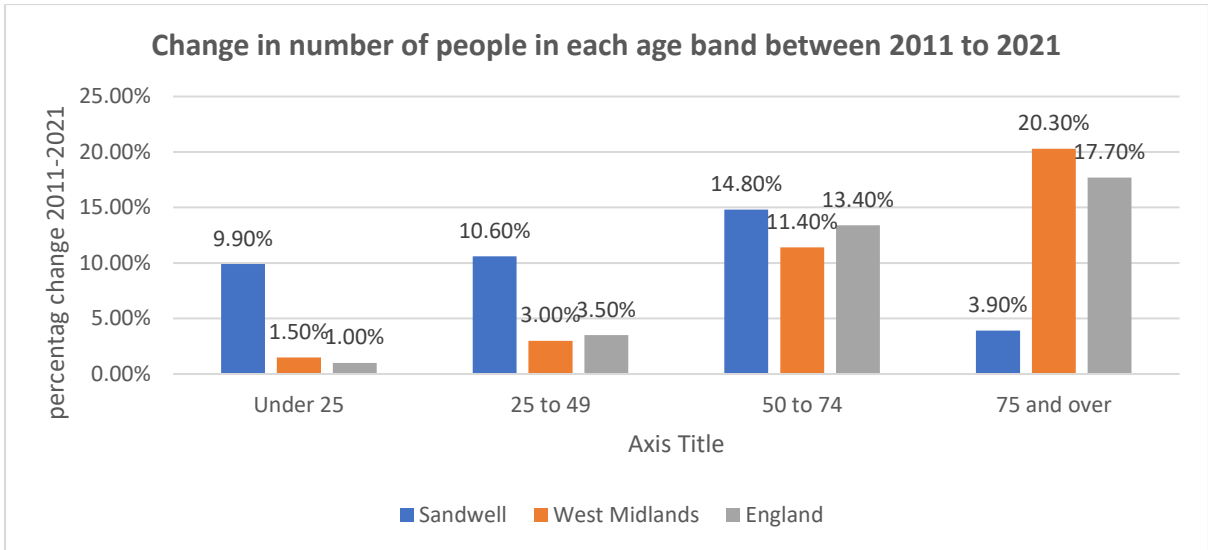
¹ NPPF Para 60

² NPPF Para 63

³ NPPF Para 64

⁴ NPPF Para 65

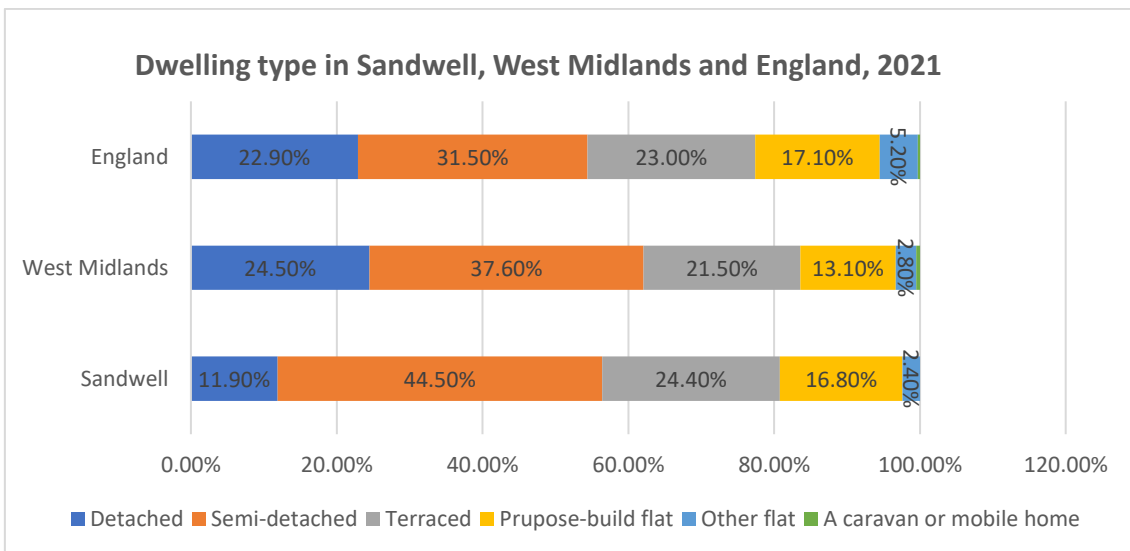
⁵ NPPF Para 66



Source: Sandwell SHMA 2024

3) Stock

3.1. Sandwell contains more semi-detached dwellings than the regional and national averages and has fewer detached houses.



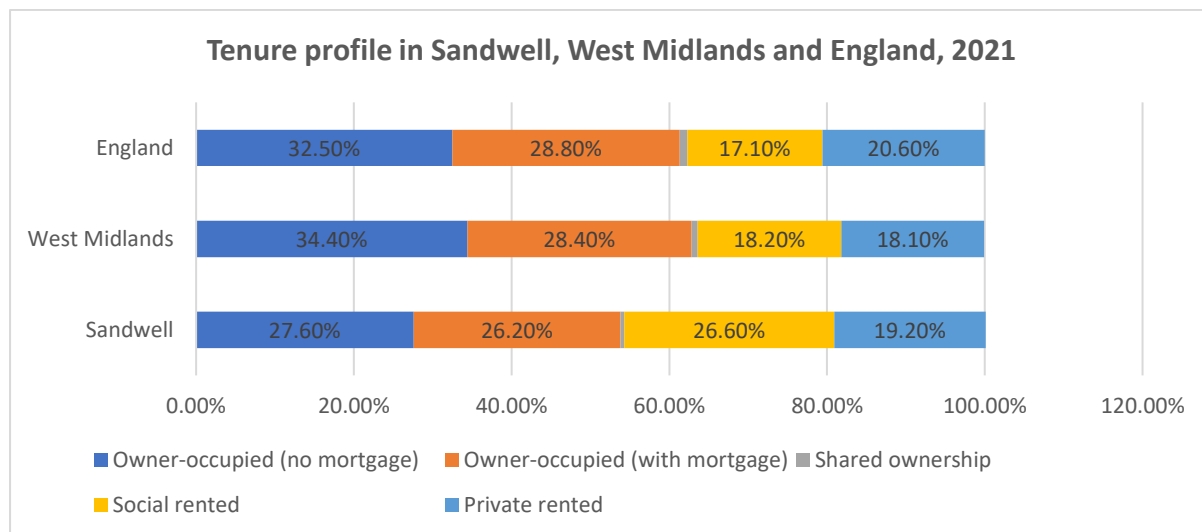
Source: SHMA 2024

3.2. The borough has a greater proportion of homes with three bedrooms, followed by two bedrooms.

Property size	Percentage
1 bedroom	10.80%
2 bedrooms	24.80%
3 bedrooms	52.90%
4 or more bedrooms	11.50%

Source: SHMA 2024

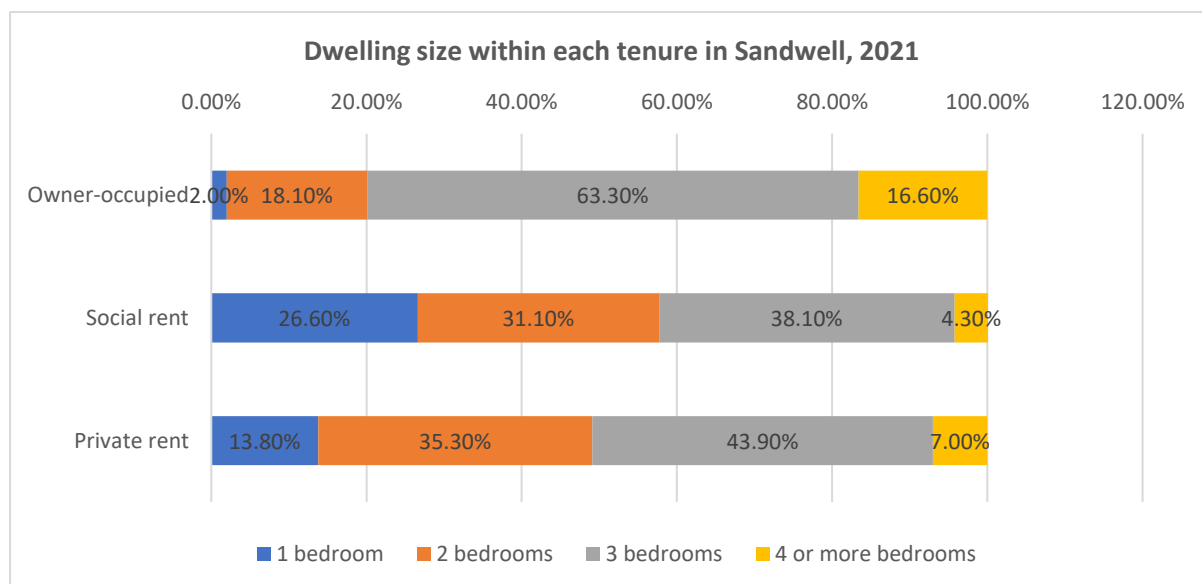
3.3. The graph below compares the tenure of households of Sandwell in 2021 with the West Midlands and England. The figures for social and private rented tenures are higher than those for the West Midlands and England



Source: SHMA 2024

3.4. The private rented sector saw the highest levels of growth between 2011 - 2021 at 37.2% (higher than the levels for the West Midlands and England). There was also a growth in owner-occupied (no mortgage) but a decrease in owner-occupied (with mortgage) of -7.6%.

3.5. The size of accommodation within each tenure is set out below. It indicates that rented accommodation is smaller on average than owned dwellings.



Source: SHMA 2024

4) Income

4.1. Based on individual rather than household incomes, the mean earned gross income for full-time employees who were resident in Sandwell in 2023 was £34,128, according to the ONS Annual Survey of Hours and Earnings. In comparison, the regional figure was £39,478 and the national average was £42,245. CACI Paycheck⁶ estimates that the mean gross annual household income in Sandwell is

⁶ CACI is a commercial company that provides household income data.

£40,140, which is 23% below the equivalent for England (£52,118) and 15.7% below the figure for the West Midlands (£47,621).

5) **House prices**

5.1. House prices have risen by 30.4% over the last five years. Land Registry⁷ data indicates that the overall average property price in Sandwell is 42.9% lower than the national figure and 25.4% lower than the figure for the West Midlands. Prices in Sandwell are lower across all property types; however, the relative difference is largest for detached homes and flats.

5.2. The data states the average prices paid were:

- Detached £317,014
- Semi-detached £220,831
- Terraced £192,077
- Flat £102,898

5.3. The SHMA 2024 shows that in Sandwell, a family requiring an owner-occupied 3-bed house would need a household income of nearly £60K and for a 4-bed house just over £80K. For private rent an income of £30K and £40K are needed, whilst for affordable rent £22K and £25K.

6) **Private rent levels**

6.1. The average rents in Sandwell have risen by 35.7% over the last five years, compared to an increase of 17.8% nationally and a growth of 23.8% across the wider region. The number of lettings in Sandwell over this period has grown by 0.6%, compared to a fall of 5.5% in England and the decrease of 1.2% for the West Midlands.

7) **Affordable Housing Need**

7.1. As indicated in the PPG, it is necessary to undertake a separate calculation of affordable housing need. Paragraph 18⁸ to Paragraph 24⁹ of the PPG details how affordable housing need should be calculated. The affordable housing need figure is calculated in isolation from the rest of the housing market and is used solely to indicate whether the Local Planning Authority should plan for more dwellings where it could help meet the need for affordable housing.

7.2. The PPG¹⁰ states that the figures in the model need to be converted to annual flows to establish the total need for affordable housing. The result of this process is a total need for affordable housing of 365 homes per year. The proposed housing requirement figure is 10,434 which equates to 614 homes per annum. The affordable housing need figure is 60% of the annual requirement figure.

8) **Proposed Affordable Housing Policy**

8.1. The current affordable housing policy (HOU3 BCCS 2011) has a requirement to secure 25% affordable housing on all sites of 15 dwellings or more. The Viability Study update 2024 assessed the viability of typologies of development using a worst case and pragmatic scenario.

8.2. The study demonstrates that viability varies greatly according to local housing values and whether the site is greenfield or brownfield. Therefore, a sliding scale of affordable housing requirements, ranging from 10% to 25%, has been set out in Policy SHO4, which reflects this variation.

⁷ <http://landregistry.data.gov.uk/app/standard-reports/report-design?utf8=%E2%9C%93&report=avgPrice>

⁸ Reference ID: 2a-018-20190220

⁹ Reference ID: 2a-024-20190220

¹⁰ Reference ID: 2a-024-20190220.

8.3. The study also highlighted that this approach would optimise the ability to deliver affordable housing and fund infrastructure without undermining delivery. It proposed the following maximum potential affordable housing requirements:

Value Zone	Greenfield	Brownfield
Higher Value Zone	25%	25%
Medium Value Zone	15%	10%
Lower Value Zone	10%	10%

8.4. Policy SH4 also requires qualifying schemes to deliver 25% of their units as First Homes, which reflects the national obligation for 25% of all affordable housing delivered through planning obligations to be provided as First Homes.

8.5. The Council also has a programme for delivering affordable housing, with 547 dwellings planned in the current pipeline (subject to funding). It is bringing such sites forward proactively to address the outstanding levels of need; housing built by the Council also reflects the need to deliver sustainably designed and constructed properties providing a higher quality of life for occupants.

9) Elderly persons homes

9.1. The viability study also assessed the older persons housing market (retirement living / extra care) across the borough to inform the viability appraisal. The study appraised older persons and extra care facilities based on 60 units. It found schemes of these types to be unviable.

10) Conclusion

10.1. Policy SHO4 recognises that there will be situations where the provision of affordable housing would undermine the development's viability:

- Point 1 - *Developments of ten homes or more should, where financially viable ...*
- Point 2 - *All developments of ten homes or more should provide a proportion of affordable housing on site where this is financially viable ...*
- Point 5 - *Where providing the applicable percentage of affordable homes (as set out in Part 2) cannot be achieved, the maximum proportion of affordable housing will be required that does not undermine the development's viability (Policy SID1). ...*

10.2. Therefore, it is considered that there is sufficient flexibility within the policy for schemes that are not able to fully or partially meet the policy requirement for it to be set aside or the requirement reduced subject to the submission of robust evidence.