

## INTERIM PLANNING STATEMENT: AFFORDABLE HOUSING



SEPTEMBER 2010

SPATIAL PLANNING SERVICE

---

## **CONTENTS**

- 1. INTRODUCTION**
- 2. DELIVERING AFFORDABLE HOUSING**
- 3. SPECIFIC SITE REQUIREMENTS FOR AFFORDABLE HOUSING**
- 4. DEVELOPMENT CONSIDERATIONS FOR AFFORDABLE HOUSING**
- 5. AGREEMENTS FOR SECURING AFFORDABLE HOUSING**
- 6. VIABILITY OF AFFORDABLE HOUSING PROVISION**
- 7. RURAL EXCEPTIONS**

### **APPENDICES**

- 1. VIABILITY OF DELIVERY OF AFFORDABLE HOUSING**
- 2. MODEL HOUSING NEEDS SURVEY FORM**

---

## **1. INTRODUCTION**

- 1.1 The document relates to the provision of all forms of affordable housing by developers on housing sites within the Borough. As such it sets out the Council's definition of affordable housing and specific site requirements, as well as providing guidance on development considerations and means of securing their provision. It also sets out the Council's requirements for achieving mixed and balanced communities including the housing needs of specific groups.
- 1.2 This Interim Planning Statement (IPS) has been produced within the framework of the three adopted Local Plans for the former District authorities of Crewe and Nantwich, Congleton and Macclesfield, the Council's Strategic Housing Market Area Assessment (SHMA) and government guidance as expressed in national planning guidance and policy statements. It is also consistent with the Council's Corporate Objectives and the Sustainable Community Strategy.
- 1.3 The production of the IPS has been necessary because of changes to Government guidance since the Local Plans were adopted and sets out how that guidance will be applied pending the production of the Cheshire East Local Development Framework Core Strategy. It also reflects up to date housing need information for the Borough contained in the 2010 Strategic Housing Market Assessment. The IPS also addresses the increasing number of issues surrounding development economics and the viability of providing affordable housing.

### **Creating Balanced and Mixed Communities**

- 1.4 A community's need for an appropriate balance and mix of housing including the provision of affordable housing is recognised at national level as a material consideration in determining planning applications for housing development. Government policy is to create sustainable communities that offer a wide range of housing and are socially inclusive.
- 1.5 Although the Borough has a stock of good quality housing with relatively low vacancy rates, in many areas there is an imbalance in the type and tenure of available housing. There is a need to ensure that future housing development in Cheshire East helps to support economic growth by providing for a range of income groups. This includes housing for economically active households seeking open market dwellings; households requiring affordable housing (both social rented and increased diversity of options through intermediate tenure). Such an approach will help to maintain long-term community sustainability and enhance the quality of life for local residents

- 
- 1.6 The 2010 SHMA demonstrates strongest aspirations for traditional houses (three bedrooms in particular) from groups most likely to be economically active. It identifies a need to stimulate the housing market at all levels to ensure an adequate supply to accommodate a range of household types and income levels. Evidence suggests that across Cheshire East there is considerable market imbalance, with demand exceeding supply. Preferences are predominantly for houses (76.9%), followed by bungalows (15.4%) and flats (7.8%). Aspirations are therefore traditional and a key challenge is to reconcile this with development opportunities and site density requirements.
- 1.7 In addition the SHMA identifies that, based on CLG modelling, there is a net shortfall of 1,243 affordable homes each year across the District for the five year period 2009/10 to 2013/14. On this basis there is both a clearly identified need for more affordable housing, but there will not be sufficient supply side opportunities through which this can be addressed. It is therefore important that the Council establish an affordable housing target within its LDF policies that secures a proper balance between the provision of affordable and market housing, reflecting the needs in Cheshire East.
- 1.8 In order to address these deficiencies and needs, the Council will expect that all sites for new housing developments contribute to the creation of balanced and mixed communities. Mixed and balanced communities are those which provide a mix of tenures, dwelling types and sizes appropriate to the needs of the local community. This is recognised at national, regional and local level as being important to achieving social diversity and avoids creating concentrations of deprivation. The extent to which a site can contribute towards achieving this mix will be dependent on the size of the site and other factors such as site characteristics, site suitability and economics of provision - on larger sites there will clearly be greater scope to provide a range of different house types and tenures.
- 1.9 Whilst it is expected that general market housing will continue to make a significant contribution to meeting future housing needs, the Council gives priority to addressing other forms of housing to ensure that the Borough's housing needs are properly met. The IPS seeks to address principally those other forms of housing - affordable housing, low-cost market housing, special needs housing etc. – which are required to create properly balanced and mixed communities.

### **The Borough's Need for Affordable Housing**

- 1.10 The 2010 SHMAA shows that In terms of relative affordability, Cheshire East is ranked the 8<sup>th</sup> least affordable District in the North West. The SHMAA found a high level of need for affordable housing in the

---

Borough with an estimated annual requirement of 1243 additional affordable homes per year.

- 1.11 The main need for affordable housing provision is for social rented accommodation but the SHMAA identifies that 35% of households in need would consider intermediate tenures
- 1.12 Analysis suggests that around 54.2% of annual affordable requirement is likely to be satisfied through existing supply and an element of newbuild (which varies by the former districts: in the former Crewe and Nantwich 60.3% of requirement is likely to be satisfied, Congleton 58.2% and Macclesfield 46.9%).
- 1.13 Analysis of affordable housing requirements suggests that a range of affordable dwellings are required, in particular two and three bedroom general needs properties to address the needs of families. It is important that particular care is taken to ensure that properties are built to reflect the demand from families and in the interests of long-term community sustainability.

## **Background/ National Policy**

- 1.14 Planning Policy Statement 3 Housing (issued in 2006 and amended in 2010) states the national policy context for affordable housing.
- 1.15 Paragraph 29 of PPS3 states what should be included in Local Development Documents with regard to targets and specific details for the amount, type, size etc of affordable housing and these documents must be based on robust, shared evidence base, through a Strategic Housing Market Assessment (SHMA).
- 1.16 Paragraph 30 goes on state the advice for affordable housing in rural communities, mentioning local authorities adopting a positive and pro – active approach which is informed by evidence, with clear targets for the delivery of rural affordable housing. Where viable and practical, LPA's should consider allocating and releasing sites solely for affordable housing, including using a Rural Exception Site Policy. These small sites should only be used for affordable housing in perpetuity and the policy should seek to address the needs of the local community by accommodating households who are either current residents or have an existing family or employment connection.
- 1.17 Local policy is provided by the adopted Local Plans of the three former District Authorities as expanded on below. It should be noted that all three Local Plans and the Congleton Supplementary Planning Document 6 predated the publication of PPS3 in 2006.

---

### **Crewe and Nantwich Borough Local Plan**

- 1.18 Policy RES 7 of the Crewe and Nantwich Replacement Local Plan (2005) sets a target of a maximum of **30%** affordable housing on allocated housing sites and on windfall sites. In relation to windfall sites, the threshold for application of the policy is sites of 25 units or more or greater than 1.0 hectares in size. However in settlements of less than 3,000 population or less a lower threshold of 5 units is applied and exceptionally, where there is a proven need, the threshold is sites of more than 1 unit.
- 1.19 The Policy states that, in determining whether a site is suitable for an element of affordable housing, the local planning authority will take into account:
- Whether the existing affordable housing stock meets the identified need
  - The proximity of the site to local facilities and public transport
  - The targets in the plan derived from the 2005 Housing Needs Survey
  - The suitability of the site for housing and
  - Economics of provision
- 1.20 This policy was modified by the former Crewe and Nantwich Borough Council in November 2005 to increase the affordable housing target to 35% and to lower the threshold to sites of 15 units or more or greater than 0.5 hectares in size. This reflected the findings and recommendations of the 2005 Housing Needs Survey for the former Borough of Crewe and Nantwich. The policy is therefore a material consideration, when dealing with planning applications. The modified policy could not, however, be saved by the Secretary of State under the Direction issued in February 2008.

### **Congleton Borough Local Plan and SPD 6**

- 1.21 Policy H13 of the Congleton Borough Local Plan First Review (2005) states that the Council will negotiate the provision of an appropriate element of affordable housing on allocated sites and on unidentified housing sites of 1 hectare or more or comprising 25 or more dwelling units. The scale and nature of provision will be determined by local need, site characteristics, general location, site suitability, economics of provision, proximity to local services and facilities and other planning objectives.

- 
- 1.22 Policy H13 is supported by the Supplementary Planning Document No.6 'Affordable Housing and Mixed Communities', which was adopted by Congleton Borough Council on 27<sup>th</sup> April 2006. On all sites which have been allocated for new housing in the Local Plan, the SPD states that the Borough Council will negotiate for the provision of a specific percentage of the total dwelling provision to be affordable homes. The desired target percentage for affordable housing for all allocated site is a minimum **of 30%**, in accordance with the recommendation of the 2004 Housing Need Survey.
- 1.23 The SPD also states that the Planning Authority will negotiate for the provision of an appropriate element of the total dwelling provision to be for affordable housing on all unidentified 'windfall' sites of 0.5 hectare or 15 dwellings or more. The exact level of provision will be determined by local need, site characteristics, general location, site suitability, economics of provision, proximity to local services and facilities, and other planning objectives. However, the general minimum proportion of affordable housing for any site will normally be 30%.
- 1.24 On allocated sites and windfall sites which are subject to an affordable housing requirement, there is also a requirement for 25% of dwellings to be 'low cost market housing'.

### **Macclesfield Borough Local Plan**

- 1.25 Policy H8 and its supporting Reason set out and explain the position with regard to affordable housing requirements. Generally the policy provides that in developments of 25 or more dwellings, or on residential sites of 1 hectare or more, irrespective of the number of dwellings, the Council will negotiate for the provision of **25%** of the dwellings as affordable housing.
- 1.26 Policy H8 also states that in settlements in rural areas with a population of 3,000 or fewer, the council will negotiate for a proportion of affordable housing to be provided on every housing proposal, where justified by reference to an assessment of housing needs and the available supply of land for housing.
- 1.27 The policy states that in determining the level of affordable housing on specific sites, site suitability, economics of provision, the need to achieve a successful housing development and site size will be taken into account

---

## **2. DELIVERING AFFORDABLE HOUSING**

### **Definition of Affordable Housing**

- 2.1 The government has defined affordable housing in Planning Policy Statement PPS3 '*Housing*' in November 2006 (revised 2010) as follows:

"It should meet the needs of households who are unable to access or afford market housing. It should be available at a cost low enough for them to afford, determined with regard to local incomes and local house prices. Its supply should include provision for the home to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.

It can be:

- social rented (owned and managed by councils or registered social landlords); or
- intermediate housing (available at prices and rents above those of social rent, but below market levels)."

### **Acceptable Forms of Affordable Housing**

- 2.2 As indicated above affordable housing may take the form of social rented or intermediate housing. Intermediate housing includes shared ownership schemes, discounted housing for sale and intermediate rent. Details of each of the main types are given below, although the Council will consider any other means of achieving affordable housing appropriate to the development:

### **Social Rented Housing**

- 2.3 This refers to the provision of rented accommodation which is provided at levels no higher than the Homes and Communities Agency (HCA) target rents. The Council will normally require all social rented housing to be developed and managed by RSLs (Registered Social Landlords) as these organisations have as their prime objective the provision of social housing and are regulated by the HCA. Where an RSL is involved there are normally no reasons for the Council to impose legal restrictions on allocation, future occupation etc, other than those required to restrict eligibility on rural schemes (see Section 5). Consideration will, however, also be given to other suitable providers of social rented housing undertaken in partnership with the HCA, but in such cases legal restrictions on eligibility and rental levels will be necessary (see Section 5). The local authority will require, in the first instance, 75% nomination rights to all social rented properties and 50% on subsequent lettings. In order to ensure a balanced community is achieved, a local lettings policy may also be applied as stipulated within the Cheshire Homechoice service.



---

### **New Build Homebuy (Shared Ownership)**

- 2.4 New Build Homebuy is a way of helping households to buy a share in their own home even though they cannot afford the full market value. The household purchases a share usually between 25 – 75% and pays rent on the remaining proportion to the managing Registered Social Landlord (RSL). Additional shares can be purchased which will enable a resident to increase their equity share in the property. In 2009 the Government introduced new legislation whereby most of the rural parts of Cheshire East Council became 'Designated Protected Areas' whereby new affordable shared ownership dwellings in these areas would be subject to requirement that owners are either not able to acquire more than 80% equity in a property or if they acquire 100% equity, it has to be sold back to the RSL to retain as affordable housing in perpetuity.. The Council normally expect all schemes to be developed and managed by a RSL although consideration will be given to other suitable providers. In such cases legal restrictions on eligibility and rental levels will be necessary (see Section 5).

### **Discounted Housing For Sale**

- 2.5 This refers to the provision of subsidised low-cost market accommodation through a re-sale covenant scheme. The principle is that the accommodation is available at a fixed discount below the open market value to households in need. The level of discount will be that which is required to achieve the maximum selling price determined by the Council for those in need locally who cannot afford to buy on the open market.
- 2.6 The individual circumstances of each case and the area will be taken into consideration and will need to be negotiated with the Council prior to the determination of the relevant planning application. Evidence has shown that in order to achieve an affordable price, the level of discount will normally be required to be a minimum of 30% and up to 50% of the market price. The discount applies on initial and all subsequent re-sales thus ensuring that the accommodation is retained as affordable. Further information on the operation of re-sale covenant schemes is available on request. Discounted housing for sale will normally be provided by a private developer, in which case it should be subject to a satisfactory arrangement to ensure that the benefit of below market price housing is available in perpetuity to future occupants
- 2.7 The Council will consider other forms of discounting housing for sale that meets its affordable housing objectives.

---

## **Intermediate Rent**

- 2.8 This is housing that is a step between social rented and renting at full market value. Intermediate rents are lower than full market rents but higher than social rents.

## **Eligibility Requirements**

- 2.9 The underlying criteria for eligibility to affordable housing is that households must be in unsuitable housing and unable to afford to rent or buy on the open market. This is the Council's definition of housing need for affordable housing.
- 2.10 If an RSL is to manage the affordable housing, either for rent or sale, then the Council is satisfied that this will be sufficient to control both eligibility and future occupancy.
- 2.11 If affordable housing is developed by other housing providers the Council will require arrangements in place to ensure that any accommodation is available to those in housing need, as defined by the Council. Priority will also be required to be given to persons with a direct connection to the location of the scheme – location being defined as the catchment area for the property as agreed with the Council. In this respect direct connection would be defined as currently living in the location, having a first line relative currently living in the location (having been there over 5 years), or currently in employment in the location.
- 2.12 In the case of rural exceptions site schemes further occupancy criteria, generally as set out below, will need to be followed, in addition to the main housing need requirement. The details of such criteria will be the subject of discussion with the relevant Parish Council (See Section 7)

### **Criteria for Rural Exceptions Sites**

- Occupancy will generally be restricted to a person resident or working in the relevant locality, or who has other strong links with the relevant locality.
- The locality to which the occupancy criteria are to be applied will need to be agreed with the Council prior to determination of the relevant planning application. Generally this is taken as the Parish or adjoining Parishes.
- To ensure an adequate supply of occupiers in the future, the Council will expect there to be a "cascade" approach to the locality issue appropriate to the type of tenure. Thus, first priority is to be given to those satisfying the occupancy criteria in relation to the geographical area immediately surrounding the application site, widening in agreed geographical stages.

---

## Financial Requirements

### House Prices and Rent Levels

- 2.13 **Social Rented and Intermediate Rented Accommodation** - where an RSL is involved rental levels will be set at an affordable level by the RSL itself. For social rented accommodation provided by other providers this must be in partnership with the Homes and Communities Agency and the rental levels will also need to be clarified with the Council to ensure they are set at an affordable level. For intermediate rental schemes, rents are typically at no more than 80% of market levels. In all cases a Section 106 Agreement will be required to ensure that rental levels remain affordable
- 2.14 **New Build Homebuy (Shared Ownership)** - where an RSL is involved the rental element will be set at an affordable level by the RSL itself but will need to be clarified with the Council. For shared ownership provided by other providers this must be in partnership with the Homes and Communities Agency and the rental element will also need to be clarified with the Council to ensure they are set at an affordable level. In such cases a Section 106 Agreement will be required. As indicated in Para 2.4 above, in most of the rural areas of the Borough, the Government has applied restrictions on the amount of equity that an owner is able to acquire. The house price of each property will be based on the open market value prevailing at the time of marketing the property as agreed with the Council, less a discount off open market value.
- 2.15 **Discounted Housing for Sale** - the house price of each property will be based on the open market value prevailing at the time of marketing the property as agreed with the Council, less the appropriate discount to achieve the agreed maximum selling price based on evidence contained in the SHMA and as updated annually by the Council's Housing Section. A Section 106 Agreement will be required to ensure that the level of discount remains in force for all initial and subsequent re-sales.

### Resourcing an Affordable Housing Scheme

- 2.16 The Council recognises that requiring developers to develop or to allow parts of their site to be used for non-market affordable housing will result in a cost to the developer. Developers should assume that no social housing grant is available to support the provision of affordable housing. Therefore, in order to offset these costs developers will be expected to take the requirement for affordable housing into account when negotiating land value with site owners.
- 2.17 Where an RSL is to be involved the developer will be required to subsidise the cost of providing the housing either through the provision of land or the building of the accommodation or through a financial contribution such as to enable the property to be sold or rented at an affordable level without the need for social housing grant. In such cases,

---

the number of units and the developer's contribution will normally be expected to reflect the total cost of the required affordable housing minus the capital element that can be serviced through the rents.

- 2.18 Where funding is provided towards a scheme by the Homes and Communities Agency, there must be evidence that the grant is adding value over and above that which would be obtained without the funding.

### **Use of Financial or Other Contributions in-lieu**

- 2.19 As a rule, the Council would prefer to see affordable housing provided on-site. This is in line with Government guidance to encourage the development of sustainable and balanced communities. However, there may be physical or other circumstances where an on-site provision would not be practical or desirable. Such circumstances might include where:

- the provision of the affordable housing elsewhere in the locality would provide a better mix of housing types
- management of the affordable dwellings on site would not be feasible
- it would be more appropriate to bring back existing vacant housing into use as affordable units
- the constraints of the site prevent the provision of the size and type of affordable housing required in the area

- 2.20 In such exceptional cases and entirely at the Council's discretion, developers may, in lieu of such provision, provide off-site affordable housing, or offer financial or other contributions towards the provision of affordable housing on an alternative site.

- 2.21 Where a financial contribution is offered, the amount of such contribution will normally be expected to reflect the cost necessary to facilitate an equivalent amount of affordable housing as would have been provided on-site. The amount of any contribution will need to be agreed with the Council. Where off-site provision is made by the developer or as a result of any financial contribution, this should be in a location elsewhere within the Borough where there is an identified need.

### **How to Achieve Affordable Housing**

- 2.22 The policy requirement to provide affordable housing places an onus on the developer and/or landowner of a site to consider its provision prior to the sale or acquisition of a site.

- 2.23 To be accepted by the Council as affordable housing it must accord with the Council's definition of affordable housing as set out in this IPS, be of a suitable type and size, be on a suitable site and be subject to adequate arrangements to ensure its provision and continued occupancy by

---

appropriate households. The IPS sets out precisely what those requirements are and all developers are expected to adhere to them.

- 2.24 Where a site meets the criteria for affordable housing as set out in the IPS, the Council will produce a Housing Needs Statement (HNS) for the site based upon current information. The HNS will set out the affordable housing needs of the area and the Council's requirements for the site in terms of the most appropriate mix of affordable house types and advise on the most appropriate means of securing their provision. Developers are therefore advised to approach the Council and seek early involvement of an RSL prior to submission of a planning application to enable negotiations to be entered into at an early stage.
- 2.25 Achieving affordable housing will require liaison between the developer and the relevant Sections of the Council. Depending on the nature of the housing it may also be appropriate to involve any third party responsible for managing the scheme and the Homes and Communities Agency in discussions. The agreed provision will then be secured through the use of planning obligations attached to the approved scheme.
- 2.26 In respect of rural exceptions schemes, the Council will require that a local housing needs survey is carried out before submitting a planning application in order to determine the extent of any need.

---

### 3. SPECIFIC SITE REQUIREMENTS FOR AFFORDABLE HOUSING

#### Allocated Sites

- 3.1 On all sites which have been allocated for new housing in any of the Congleton, Crewe and Nantwich and Macclesfield Local Plans, the Council will negotiate for the provision of a specific percentage of the total dwelling provision to be affordable homes. The desired target percentage for affordable housing for all allocated site will be a **minimum of 30%**, in accordance with the recommendations of the 2010 Strategic Housing Market Assessment. This percentage relates to the provision of both social rented and/or intermediate housing, as appropriate. Normally the Council would expect a ratio of 65/35 between social rented and intermediate housing. In addition, the Council will require the provision of an element of the market housing to be unsubsidised low-cost market housing (see para. 3.13).

#### Windfall Sites - Settlements of 3,000 Population or More

- 3.2 Planning Policy Statement 3 'Housing' states that the minimum site-size threshold above which affordable housing is to be sought should be 15 dwellings or more. The Council will therefore negotiate for the provision of an appropriate element of the total dwelling provision to be for affordable housing on all unidentified 'windfall' sites of 15 dwellings or more or than 0.4 hectare in size.
- 3.3 The exact level of provision will be determined by local need, site characteristics, general location, site suitability, economics of provision, proximity to local services and facilities, and other planning objectives. However, the general minimum proportion of affordable housing for any site will normally be 30%, in accordance with the recommendation of the 2010 Strategic Housing Market Assessment. This proportion relates to the provision of both social rented and/or intermediate housing, as appropriate. In addition, the Council will require the provision of an element of the market housing to be unsubsidised low-cost market housing (see para. 3.13). Where a scheme is for 100% affordable housing, an RSL should be involved in managing a proportion of the units in order to achieve a mix of tenures.
- 3.4 On sites below the size threshold the provision of affordable housing will not be a material consideration in determining the application, but developers are invited to consider making provision for an element of such housing as part of the overall scheme. In particular, the Council may seek the provision of an element of unsubsidised low-cost market

---

housing in some areas to overcome deficiencies in this sector of the market.

- 3.5 In applying the size threshold, site areas will normally be measured to the natural, physical perimeters of the site. It will not be acceptable for developers to divide a site into smaller components in order to take the site below the threshold.

### **Windfall Sites - Settlements of less than 3,000 Population**

- 3.6 Planning Policy Statement 3 'Housing' states that local authorities may wish to set lower minimum thresholds in rural areas where viable and practical this approach is supported by the 2010 Strategic Housing Market Assessment, subject to substantiating evidence.
- 3.7 Monitoring has shown that in settlements of less than 3,000 population the majority of new housing has been delivered on sites of less than 15 dwellings. The Council will therefore negotiate for the provision of an appropriate element of the total dwelling provision to be for affordable housing on all unidentified 'windfall' sites of 0.2 hectares or 3 dwellings or more in all settlements in the rural areas with a population of less than 3,000 population. The exact level of provision will be determined by local need, site characteristics, general location, site suitability, economics of provision, proximity to local services and facilities, and other planning objectives. However, the general minimum proportion for any site will normally be 30%. This proportion includes the provision of social rented and/or intermediate housing as appropriate. In addition, the Council may seek the provision of an element unsubsidised low-cost market housing (see para. 3.13).
- 3.8 On small sites the Council may agree that a payment in lieu of on-site provision is more appropriate to enable the affordable housing needs of the area to be met through provision elsewhere in the area or by other means, such as rehabilitation of empty properties. On sites below the size threshold the provision of affordable housing will not be a material consideration in determining the application, but developers are invited to consider making provision for an element of such housing as part of the overall scheme. In particular, the Council may seek the provision of an element of unsubsidised low-cost market housing in some areas to overcome deficiencies in this sector of the market.
- 3.9 In applying the size threshold, site areas will normally be measured to the natural, physical perimeters of the site. It will not be acceptable for applicants to divide a site into smaller components in order to take the site below the threshold.

---

### **Rural Exceptions Sites**

- 3.10 Planning Policy Statement 3 'Housing' advises Local Planning Authorities to consider releasing sites solely for affordable housing in rural areas where planning permission for housing development would not normally be allowed. The Congleton and Crewe and Nantwich Local Plans both contain policies for these 'rural exception sites'. Such sites must be close to existing or proposed services and facilities. Proposals must be for small schemes appropriate to the locality and consist in their entirety of subsidised housing that will be retained in perpetuity for rent, shared ownership or in partnership with a RSL. In all such cases they must be supported by an up-to-date survey identifying the need for such provision within the local community. The Council's Rural Housing Enabler can give advice on the methodology for the survey which should normally be carried out either by, or in association with, the Parish Council. Unless the survey indicates a need for such provision, planning permission will not be granted. Section 7 of this statement gives further information on how Parish Councils can assist in the delivery of affordable homes to meet the needs of their communities.
- 3.11 As the release of such sites will be an exception to normal planning policy, the location, scale, layout, density, access and design of any proposed scheme will be critical in determining whether it is acceptable. The 'Rural Exceptions' policy does not apply to proposals for individual homes in the rural areas not forming part of an overall affordable housing scheme, and consequently such proposals must accord with normal planning policies for the area.

### **Retirement Housing Schemes**

- 3.12 Recently some innovative models of private sector housing for older people have been developed, including retirement and extra care villages. These schemes are characterised by the availability of varying degrees of care, 24 hour staffing and ancillary facilities. The Council recognises that such models can contribute to meeting affordable and special needs housing, thus the Council will seek an affordable housing contribution from these schemes in accordance with paragraph 3.2 above.

### **Low-Cost Market Housing Provided without Subsidy**

- 3.13 Low-cost market housing provided without subsidy cannot be regarded as affordable housing. However, it does have an important role to play in meeting the needs of households with income levels just adequate to access the open market. Because of the nature of the housing stock in the Borough there is a shortage of housing at the lower end of the market range. The Council will therefore normally require any new housing development of 10 dwellings or more to provide an element of its market housing units as unsubsidised low-cost market housing. Generally, and in addition to the requirement for affordable housing, the Council will look for a **minimum of 25%** of the total housing units on such sites to be



---

unsubsidised low-cost market housing, although the nature of the site, economic considerations, the level of affordable housing provision, its location and nearby provision will be taken into consideration in determining the exact level of provision.

- 3.14 To be acceptable, unsubsidised low-cost market housing must be designed in an appropriate manner to be able to be more affordable than most general market housing in the area by virtue of its size, accommodation and amenities. The level of house prices for low-cost market housing for sale will be set by the developer but should be competitively priced to attract those who cannot afford existing housing in the locality. Usually this implies housing priced in the lower quartile of house prices for the area averaged over the most recent 12 months. The Council will also normally require all such housing to meet the dwelling type and size preferences set out for affordable housing property in para. 4.5
- 3.15 Such forms of housing are usually provided by a private developer and are not subject to any eligibility or tenure controls by the Council, although there may be controls on the type of property and a requirement to ensure that the property is made available at an initial sale price in the lower quartile of house prices for the area.

---

## **4. DEVELOPMENT CONSIDERATIONS FOR AFFORDABLE HOUSING**

### **Location**

- 4.1 All affordable housing accommodation should be located on sites which are sustainable and contribute to the creation of mixed urban and rural communities. Wherever feasible and practicable, priority should be given to the use of previously developed (brownfield) sites in sustainable locations and to the reuse and conversion of existing buildings, particularly buildings which are of architectural or historic interest. All proposals will be required to accord with the policies of the adopted Local Plan in respect of their location.

### **Dwelling Types**

- 4.2 The provision of affordable housing must be appropriate in size and type to meet the needs of specific households identified by the local authority as part of its strategic assessment of housing need. Wherever possible any affordable housing scheme should incorporate a range and mix of affordable house types although it is recognised that in smaller schemes the range and mix will be more limited.
- 4.3 The 2010 Strategic Housing Market Assessment indicates that in terms of affordable housing tenure, there is a requirement for both affordable homes for rent and intermediate housing options. a tenure target that matches the stated preferences of the target households of 35% intermediate and 65% social rented is considered appropriate to maximise the benefits of financially efficient intermediate housing options.
- 4.4 Where there is an identified need, affordable housing may also include other forms of dwelling types, such as communal flats, bungalows and sheltered accommodation, which are suitable for accommodating households with special needs e.g. elderly, physically disabled or those with learning disabilities.
- 4.5 In terms of property size and type, the requirements identified indicate a range of needs with some variation across the Borough. The appropriate mix of affordable housing should therefore be considered for each specific location. Overall, the 2010 Strategic Housing Market Assessment indicates that affordable needs are for the additional supply to be
- 14% for older persons comprising one or two bedroom units
  - 50% one or two bedroom properties for general needs. Note that these figures combine the data for one bedroom (20%) and two bedroom (30%) as the long-term sustainability of

---

small units should be carefully considered against the needs and demand.

- 23% three-bedroom and
- 13% four bedroom or larger.

- 4.6 With regard to the type of properties, in order to achieve mixed and tenure-blind developments, it is desirable that the affordable homes match the types being provided for the open market. The identified property preferences (house 42.3%, flat 38.7% and bungalow 19%), indicate that a range of types is appropriate.

### **Design and Layout**

- 4.7 The Borough Council recognises that dwellings are more likely to be affordable in comparative terms if the development in which they are comprised is at a relatively high density. On sites well served by public transport or close to the town centre, higher densities of development are particularly appropriate.
- 4.8 The design of new housing developments should ensure that affordable homes are integrated with open-market homes to promote social inclusion and should not be segregated in discrete or peripheral areas. Affordable homes should therefore be 'pepper potted' within the development. The external design, comprising elevation, detail and materials, should be compatible with open market homes on the development in question thus achieving full visual integration.
- 4.9 Affordable homes should be constructed in accordance with the standards proposed to be adopted by the Homes and Communities Agency and should achieve at least Level 4 of the Code for Sustainable Homes (2007). The design and construction of affordable housing should also take into account forthcoming changes to the Building Regulations which will result in higher build standards particularly in respect of ventilation and the conservation of fuel and power.

### **Phasing**

- 4.10 In order to ensure the proper integration of affordable housing with open market housing, particularly on larger schemes, conditions and/or legal agreements attached to a planning permission will require that the delivery of affordable units will be phased to ensure that they are delivered periodically throughout the construction period, but in any event not later than the sale or let of 50 % of the open market homes.

---

## **5. AGREEMENTS FOR SECURING AFFORDABLE HOUSING**

### **General**

- 5.1 The Council will require any provision of affordable housing and/or any control of occupancy in accordance with this SPD to be secured by means of planning obligations pursuant to Section 106 of the Town and County Planning Act 1990 (as amended).
- 5.2 The Agreement will cover the number, type and size of units; their availability; need and affordability; price control and agreed tenure. In some instances it will address issues of periodic viability reviews where a reduced or nil element of affordable housing has been agreed.
- 5.3 Where any element of affordable housing is to be comprised in a larger development which also includes market housing, the Council will expect that the affordable housing element will be available and ready for occupation before 50% of the market housing is sold or let. The Council will therefore require the Agreement to contain an obligation restricting the developer from allowing the sale or letting of an appropriate proportion of the market housing until the affordable housing element is built and ready for occupation.
- 5.4 In all cases where an RSL is to be involved in the provision of any element of affordable housing, then the Council will require that the Agreement contains an obligation that such housing is transferred to and managed by an RSL and that it should only be used for the purposes of providing housing accommodation to meet the objectives of an RSL as set out in the Housing Act 1996.

### **Need and Affordability**

- 5.5 The Council regards the involvement of an RSL in any element of affordable housing as a sufficient guarantee of need and affordability without any additional control. In all other cases of affordable housing, the Council will require the Agreement to contain an obligation to make the affordable housing available to those in housing need and at less than the market price or rent in perpetuity, so far as the law allows, in accordance with the guidance set out in this Policy Statement

### **Tenure**

- 5.6 The Council will require the Agreement to contain obligations appropriate to each tenure. Thus, where a development contains an element of affordable housing that is to be available for rent, the Council will require the Agreement to contain an obligation that any such housing is to be managed by an RSL or other agreed landlord.

- 
- 5.7 Where a development contains an element of affordable housing that is to be available for sale or shared ownership, then the Council will require the Agreement to contain adequate principles of a scheme that has already been approved in advance by the Council or alternatively the Agreement may reserve the Council's right to approve a specific scheme prior to implementation.

#### **Dwelling Types and Size**

- 5.8 If the relevant planning application is in outline only, then the Council will require that the Agreement must stipulate the number, type, tenure and size of all affordable housing units.
- 5.9 If the relevant planning application is a detailed application, then the Council will require that the Agreement contains an obligation that the affordable dwellings are to be built in accordance with the details comprised in the approved application as regards number, type, design, tenure and size of each dwelling.

#### **Price and Rent Control**

- 5.10 Where a development contains an element of affordable housing that is to be available for sale, the Council will require that the Agreement sets out the formula to be applied to achieve the desired level of discount in perpetuity. Where a development contains an element of affordable housing that is to be available for intermediate rent, the Council will require that the Agreement sets out the provisions and safeguards to achieve an affordable rent in perpetuity.

#### **Rural Exception Sites**

- 5.11 In addition to the above requirements, the Council will require the Agreement to contain obligations which adequately reflect the occupancy criteria and the locality criteria referred to in para. 2.9

#### **Use of Financial or Other Contributions**

- 5.12 Where developers offer financial or other contributions towards the provision of affordable housing on an alternative site in the locality, and it is agreed by the Council that this is an acceptable means of providing affordable housing, the Borough Council will expect the Agreement to contain obligations relating to the provision of such contribution

---

## **6. VIABILITY OF AFFORDABLE HOUSING PROVISION**

- 6.1 National Planning Policy as set out in PPS3 'Housing' requires Local Planning Authorities to set economically viable targets for affordable housing. Consequently the targets set out in the Statement have been independently tested for economic viability through the Strategic Housing Market Assessment and are appropriate for use in current market conditions.
- 6.2 Nevertheless, as made clear in Section 3 of this Statement, the viability of individual schemes will be a material consideration in deciding planning applications. Since 2008 there has been significant downturn in the housing market and particularly on brownfield sites where costs of redevelopment are proportionally higher than greenfield sites. Developers have sought and continue to seek to negotiate a lower (or in some cases nil) provision of affordable housing on the basis that the Council's normal requirements would render redevelopment unviable. It is important therefore that a clear methodology for testing the viability of specific development proposals is established.
- 6.3 Accordingly the Council will require applicants, who are suggesting that exceptional financial circumstances exist to the extent that the Council's requirements for affordable housing cannot be achieved, shall provide a robust development appraisal and appropriate supporting evidence with their application when submitted.
- 6.4 Prior to submission the Council will expect that applicants' development appraisals shall have been independently verified by an external valuation expert. The costs of this independent verification shall be borne by the applicant. The external valuation expert to be used shall be previously agreed by the Council.
- 6.5 The minimum level of information that should be included in such a development appraisal is set out in Appendix 1 of this statement.
- 6.6 Where it is accepted by the Council that a development is not sufficiently viable to provide the requisite level of affordable housing, and where the development is in all other respects acceptable, it may consider requiring the applicant to enter into a legal agreement which effectively defers developer contributions during the period of development. More detail on this approach is contained in the Home and Communities Agency Good Practice Note on Investment and Planning Obligations (July 2009), however the broad principles are explained below.
- 6.7 In these circumstances subject to the developer agreeing to initially provide the proportion (if any) of the affordable housing that the development appraisal indicated was viable, a further payment in lieu

---

of the remaining affordable housing would become payable if and when there was an increase in the achieved sale values of the dwellings compared to the values assumed in the development appraisal. The calculation of further payments would be at agreed periods during the life of the development. This mechanism would only apply once development had commenced.

---

## **7. RURAL EXCEPTIONS**

- 7.1 Generally planning policies do not allow for new housing development in the open countryside outside of villages with settlement boundary lines. However in certain circumstances planning permission may be granted for small schemes of affordable housing where;
- The site adjoins the settlement boundary of a village or is within a village with no settlement boundary
  - There is an identified need for affordable housing in that village or locality
  - All the proposed housing is affordable, for people with a local connection and will remain affordable in perpetuity
  - The development is in accordance with other local plan policies
- 7.2 The Council considers that the development of affordable housing in rural areas is best achieved in partnership with Parish Councils and local communities. For that reason the Council has appointed a Rural Housing Enabler who will provide Parish Councils with independent advice, support and information in developing a local affordable housing scheme.

### **Identifying Local Housing Needs**

- 7.3 The first stage will be a rigorous assessment of local housing needs by means of a survey of all households in the Parish. The Rural Housing Enabler will advise on the detailed wording of the survey form, however a model form is attached at Appendix 2 of this Statement.
- 7.4 The survey will provide evidence of the level of need based on the number of households living in unsuitable accommodation or living with relations. It will give an idea of the potential number and type of dwellings that may be required and any specialist requirements (i.e disabled adaptations).
- 7.5 The Rural Housing Enabler, in conjunction with the Parish Council, will then undertake an analysis of the survey results.

### **Site Assessment**

- 7.6 Subject to a need being identified, the next stage will be to identify a suitable site. The Parish Council would be expected to play an important role in site identification having an in depth local knowledge, although it will be important to involve the Council's Planning Officers to ensure that sites are suitable in terms of landscape impact, access, flood risk, nature conservation etc.
- 7.7 Priority will be given to sites within or on the edge of villages with a reasonable level of services and public transport. Clearly it is crucial



---

that the landowner of any identified site is supportive of it being developed for affordable housing. Rural exception sites work because of the low values of the sites concerned. For this reason the inclusion of open market dwellings to subsidise the overall scheme is unacceptable and landowners should be made aware of this at the outset.

### **Development Partners**

- 7.8 Normally a Registered Social Landlord (RSL) will be identified to lead the development process and to provide long term management of the resultant scheme. The RSL will undertake detailed site investigations, negotiate with the landowner to acquire the site and apply for planning permission. In designing the scheme prior to submitting a planning application, the RSL will be expected to work closely with the Parish Council and Council Planning Officers to achieve a suitable design and layout. The exact number and type of dwellings will necessarily depend upon the nature of the site and the level of identified need, however these types of development should be small scale and integrate well into the existing village scene.
- 7.9 A local consultation event will normally be held to allow local people the opportunity to comment on the plans before a formal planning application is submitted.

### **Implementation**

- 7.10 Once planning permission has been granted the site may be developed and the dwellings built will be let to local people. In most cases the dwellings will be sold to an RSL which will then allocate or sell the properties to local people in housing need. The planning permission will be subject to a legal agreement that ensures that the dwellings will remain affordable to meet local needs in perpetuity. The legal agreement will also restrict occupancy of the dwellings to people who either live in the area or have strong local connection. In those cases where shared ownership housing is provided, it is likely that there will be restrictions on 'staircasing' (i.e. the level of equity in a property that the owner is able to secure) as explained in Para 2.4 of this document.
- 7.11 In the rare event that a property cannot be let to a person who either lives locally or has strong local connections, the legal agreement will include a cascade mechanism to ensure that an affordable dwelling is not left empty. In these circumstances a property may be let to a person who lives in a neighbouring parish or failing that other people on the Council's Housing Register. (See Para 2.9 above)

---

## **APPENDIX 1**

### **VIABILITY OF DELIVERY OF AFFORDABLE HOUSING**

The Council will expect an 'open book' type of approach by the developer when considering evidence supplied about viability. The following gives an indication of the type of information that will be required from the developer in order for an assessment of viability to be carried out. All information supplied should be independently verified at the developer's cost by experts previously agreed by the Council.

#### **REVENUES**

- Gross Internal floor area of the properties
- The anticipated total sales value of the market housing.
- The anticipated value of the 30% affordable housing provision
- Affordable Housing Grant

#### **COSTS**

- Marketing and sales costs associated with the sales of the dwellings.
- Site acquisition costs including legal costs, stamp duty, fees etc.
- Build costs
- Preliminaries indicating what are included.
- Fees e.g. architect, quantity surveyor etc
- Planning and building control costs
- Site infrastructure to include site roadways, landscaping, boundary treatment etc
- Costs of finance including interest rate and term

- 
- Other Section 106 costs such as external highways works, public open space, community benefits or infrastructure etc.
  - Abnormal costs (i.e. not known at time of site acquisition)
  - Developer's profit margin.
  - Contingencies

---

## **APPENDIX 2**

### **MODEL HOUSING NEEDS SURVEY FORM FOR RURAL EXCEPTIONS SCHEMES**

(In course of preparation and to be included in consultation  
document)