



**Draft Affordable Housing Supplementary Planning
Document**

CONSULTATION DOCUMENT

August 2010

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1 INTRODUCTION

- 1.1 ~~One of North West Leicestershire District Council's Strategic Aims is 'Enough Decent and Affordable Housing'. The Council's Delivery Plan 2006 - 09 has as one of its actions under Enough Decent and Affordable Housing to "Develop policies and actions to increase the supply of affordable homes in the District".~~

North West Leicestershire District Council adopted its Affordable Housing Supplementary Planning Document (SPD) in October 2007. Since the publication of the SPD the Council has been progressing with the preparation of a Core Strategy as part of its Local Development Framework (LDF) for which additional evidence base documents have been produced. This includes a Strategic Housing Market Assessment (SHMA) and an Affordable Housing Viability Assessment. The Affordable Housing SPD is being updated to reflect the findings of the SHMA and the Viability Assessment.

- 1.2 The provision of new affordable housing will come from a variety of sources. It is anticipated that a significant proportion of such dwellings will be delivered via the planning system as part of new housing developments. However, other dwellings will be delivered by other means such as developments by Registered Social Landlords or by using grants to bring empty properties back into use as affordable dwellings.
- 1.3 ~~A report was considered by the Council's Executive Board of 15th August 2006 in respect of establishing a coordinated approach to the provision of Affordable Housing. This included an Action Plan which identified that a key task is the production of a Supplementary Planning Document (SPD) on Affordable Housing.~~

2 WHAT HAS HAPPENED SO FAR?

- 2.1 A key element of seeking to deliver affordable housing is the establishment of an evidence base which identifies ~~what the level of need for affordable housing is. The Council commissioned consultants (Fordham Research) to undertake a Housing Needs Assessment (HNA) in 2005 to do this. The results of the HNA were published by the District Council in September 2006, including hosting a half day seminar for private house builders and Registered Social Landlords (more commonly known as housing associations).~~ the level of affordable housing that is needed. For the previous SPD this evidence was provided by a Housing Needs Assessment (HNA) which was published in September 2006.

- 2.2 ~~Following the publication of the results of the HNA, the Council undertook consultation with a range of interested agencies and groups in October 2006. This consultation identified the issues that would need to be considered in the SPD and sought views on the possible approach that could be taken in the SPD.~~
- 2.3 ~~A draft SPD was published for public consultation in February 2007. A report considering all of the responses was reported to the Cabinet of 16 October 2007 when it was agreed, subject to a number of amendments, that the SPD be adopted.~~

The publication of Planning Policy Statement 3: Housing (PPS3) in November 2006 prescribed a new way in which evidence about housing markets is to be drawn together. PPS3 states that "Local Development Documents...should be informed by a robust, shared evidence base, in particular, of housing need and demand, through a Strategic Housing Market Assessment".

Whilst the Housing Needs Assessment was largely concerned with identifying the need for affordable housing, the Strategic Housing Market Assessment (SHMA) is more interested in the whole housing market and how it operates.

The SHMA recognises that the wider housing market directly affects housing need and that housing markets often cross administrative boundaries. Amongst other things the SHMA enables local authorities to consider, spatially, the nature and influence of the housing markets in their local area and it provides robust evidence to inform policy formulation. The general principles of the SHMA process are established through the Practice Guidance (published in March and August 2007).

The Leicester and Leicestershire SHMA was published in December 2008 and covers the eight local authorities of Blaby, Charnwood, Harborough, Hinckley & Bosworth, Leicester, Melton, North West Leicestershire and Oadby & Wigston, which were designated as a Housing Market Area (HMA) by the Regional Housing and Planning Board in 2004. A full copy of the SHMA can be accessed [here](#).

In addition to the SHMA, Paragraph 29 of PPS3 states that in formulating policies on affordable housing Local Planning Authorities should have regard to economic viability. PPS3 states the following:

"In Local Development Documents, Local Planning Authorities should:

Set out the range of circumstances in which affordable housing will be required. The national indicative minimum site size threshold is 15

dwellings. However, Local Planning Authorities can set lower minimum thresholds, where viable and practicable, including in rural areas. This could include setting different proportions of affordable housing to be sought for a series of site-size thresholds over the plan area. Local Planning Authorities will need to undertake an informed assessment of the economic viability of any thresholds and proportions of affordable housing proposed, including their likely impact upon overall levels of housing delivery and creating mixed communities” (Para 29).

The Council appointed consultants, The Three Dragons and Roger Tym & Partners, to undertake an Affordable Housing Viability Study for North West Leicestershire District Council, Oadby and Wigston Borough Council, Leicester City Council, Blaby District Council and Harborough District Council. The Viability Study was completed in September 2009 and provides information and evidence to inform policies on affordable housing.

The Viability Study provides advice on the most ambitious yet achievable and viable target(s) and threshold(s) for affordable housing which fully reflect the availability of a range of finance towards affordable housing and reflects priority infrastructure needs, in line with PPS3. It also provides a model for each authority with which local authority partners can assess the viability of schemes submitted to the Council where it is claimed that affordable housing target(s) render proposals unviable.

The findings of the Viability Study have been subject to consultation with the development industry (including housing associations) as part of the preparation of the Council's Core Strategy, as this sector is most directly affected.

3 STATUS OF THIS DOCUMENT

- 3.1 ~~This SPD provides advice which is supplementary to policy H8 of the adopted North West Leicestershire Local Plan and it will be a material consideration to be taken into account in determining planning applications.~~

Once adopted this SPD will supersede the Affordable Housing SPD published 16th October 2007. The SPD provides advice which is supplementary to saved Policy H8 (see page 103) of the adopted North West Leicestershire Local Plan and will be a material consideration to be taken into account in determining planning applications.

CONSULTATION

The consultation for this document runs for a period of 4 weeks from 10th November 2010 to 8th December 2010. Responses to the consultation will be taken into consideration within a revised document, which the Council then intends to adopt.

Copies of the guidance are available on the Council's Website; alternatively you can request a copy by emailing: planning.policy@nwleicestershire.gov.uk

Or by writing to:

Planning Policy
North West Leicestershire District Council
Council Offices
Coalville
LEICS
LE67 3FJ

Responses can be sent by email to: planning.policy@nwleicestershire.gov.uk, or by post to the above address. All comments are to be received by **5.00pm on Wednesday 8th December 2010.**

4 OBJECTIVES OF THE SPD

4.1 The objectives of the SPD are:

- To provide guidance to add to Policy H8 of the adopted North West Leicestershire Local Plan;
- To optimise the provision of affordable housing as part of new housing developments

5 POLICY CONTEXT

5.1 The following is a brief summary of national, regional and local policies which are of relevance in respect of affordable housing. Further reference is made to these various policies and documents in other parts of this SPD.

National Policies

5.2 National policies and advice in respect of affordable housing are largely contained within Planning Policy Statement 3 (Housing) and 'Delivering Affordable Housing Policy Statement', both published by the Department for Communities and Local Government (November 2006).

- 5.3 Planning Policy Statement 3 (PPS3) provides advice about a range of housing issues. Specifically in respect of affordable housing it notes that *“The Government is committed to providing high quality housing for people who are unable to access or afford market housing ..”*. It advises that Local Planning Authorities should set:
- District wide targets for the amount of affordable housing to be provided;
 - Separate targets for social rented and intermediate housing;
 - Specify the size and type of affordable housing that is likely to be needed;
 - Set out the range of circumstances in which affordable housing will be required; and
 - Set out the approach to developer contributions.
- 5.4 In rural areas it suggests that consideration be given to the allocation and release of sites solely for affordable housing, including the possible use of a Rural Exceptions Site Policy.
- 5.5 Affordable housing is defined as *“social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:*
– meet the needs of eligible households, including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices; and
– include provision for the home to remain at an affordable price for future eligible households, or if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision” (Appendix B of PPS3).
- 5.6 ‘Delivering Affordable Housing’ is largely concerned with providing information as to how the various delivery mechanisms available can help to deliver affordable housing. It notes that the Government’s affordable housing policy is based around three themes:
- Providing high quality homes in mixed sustainable communities for those in need;
 - Widening the opportunities for home ownership;
 - Offering greater quality, flexibility and choice to those who rent.

Regional Policies

- 5.7 ~~The Regional Spatial Strategy for the East Midlands (RRS8) (2005) sets out the broad development strategy for the East Midlands up to 2021. It indicates that local planning policies should have regard to the priorities for affordable housing set out in the Regional Housing Strategy and includes policies seeking the provision of a mix of dwellings in terms of~~

~~size, type, affordability and location in order to create inclusive communities which provide wider opportunity and choice.~~

- 5.8 ~~Policy 18 identifies that the level of affordable housing should be justified by local housing needs assessments and includes an indicator for affordable housing provision across the region of 3,950 dwellings every year.~~
- 5.9 ~~The Draft East Midlands Regional Plan (2006) (which will replace the existing RSS8 upon its approval) identifies that in the Leicester and Leicestershire Housing Market Area (which includes North West Leicestershire) 25% of all housing provision should be for social rented properties and 8% for intermediate housing. Based on the annual build rate for North West Leicestershire identified in Policy 14 (480 dwellings) this equates to 120 dwellings and 39 dwellings per annum respectively. However, it notes that these targets should be reviewed in the light of more local assessments. It also suggests (paragraph 3.1.11) that in rural areas consideration be given to “setting separate targets for rural affordable housing in Local Development Frameworks”.~~
- 5.10 ~~The Regional Housing Strategy (2004), which together with the Regional Economic Strategy and RSS8 constitute the Integrated Regional Strategy, identifies the regional priorities in respect of the delivery of housing. This includes seeking to ensure a more balanced provision of housing by building more affordable homes in areas where they are needed and that housing should meet the needs of a wide range of people.~~

Reference to the Regional Plan has been removed from the SPD as the Government has now abolished this document.

County Policies

- 5.11 ~~Housing Policy 4 of the Leicestershire, Leicester and Rutland Structure Plan (1996-2016) (2005) indicates that provision should be made for affordable housing in urban and rural areas based upon an assessment of local housing need.~~

Local Policies

- 5.12 Policy H8 of the adopted North West Leicestershire Local Plan (2002) states that:

Where there is a demonstrable need for affordable housing the District Council will negotiate with applicants/developers to secure the provision of an element of affordable housing as part of any development proposal.

Where such provision is neither low cost market housing nor subsidised housing to be managed by a registered social landlord, conditions will be imposed (or a planning obligation negotiated) to provide secure arrangements for ensuring that the affordable housing remains available for occupation by suitably qualified people only.

- 5.13 Other Local Plan policies seek to ensure that new developments are designed to a high standard **and including** to appropriate densities of development (saved Policies H6 and H7). **Further design guidance is being prepared and will be adopted as an SPD. In addition the Council is giving priority to securing good design under the Ourplace© design initiative.**

Although this SPD is not specifically concerned with affordable housing in rural areas the Council does support the provision of affordable housing in rural areas. Local Plan policy H12 (Exceptional Affordable Housing Sites (saved)) advocates the use of rural exceptions sites to meet rural affordable housing need; this is consistent with guidance in PPS3.

- 5.14 The Council's Housing Strategy (2006) identifies that within the North West Leicestershire Housing Market Area, amongst other matters, there is a need for affordable homes to rent and buy. Therefore, a key priority of the Strategy **and also a key service priority** is to increase the supply of affordable housing, **in both urban and rural areas.**

6 EVIDENCE BASE

- 6.1 ~~As previously noted the District Council commissioned Fordham Research to undertake a Housing Needs Assessment (HNA). In carrying out the HNA a number of data sources were used including:~~
- ~~• A postal survey of 10,000 randomly selected households, which produced 2,422 responses (about 24%);~~
 - ~~• Interviews with local estate agents and letting agents;~~
 - ~~• A review of secondary data sources, such as information on population from the 2001 Census and house price information from the Land Registry.~~
- 6.2 ~~The postal survey was a very important element of the research and sought information on a wide range of matters including the current housing circumstances of individual households, past moves, future intentions and income levels.~~
- 6.3 ~~In assessing the future needs for affordable housing the methodology used followed closely guidance produced by the Government.~~

6.4 The HNA also looked at broader issues beyond just affordable housing, including issues associated with the needs of particular groups of the population (e.g. the elderly or those with special needs) and also looked at the broader housing market, including the private sector market.

6.5 Key findings from the HNA are that:

- There is a shortfall in the provision of affordable housing of 305 dwellings per annum;
- the biggest need is for 1 and 2 bedroom properties and that there is an over provision of 3 bedroom properties;
- the greatest need is for social rented properties (170 out of 305) and that there is need for 134 dwellings in the intermediate sector (i.e. properties between the social rented sector and the open market in terms of cost);
- a target for securing affordable housing as part of open market housing schemes of 50% is recommended;
- a site threshold for seeking the provision of affordable housing of 15 dwellings (currently 25 dwellings) is recommended;
- a commuted sum in lieu of on-site provision only in exceptional cases is recommended;
- there is a shortfall in the owner-occupied housing sector and an over provision in the private rented sector;
- there is a need for housing for key workers (39 per annum out of the overall need of 305 dwellings);
- nearly 44% of all households are under-occupied and that just over 1% are overcrowded and;
- there is a significant number of households with special needs members (19.4% of all households) and that there is considerable scope for 'care and repair' and 'staying put' schemes due to the physical condition and unsuitability of homes.

6.6 More details regarding both the methodology and the findings of the HNA can be found in the full report which is available on the Council's website at www.nwleics.gov.uk/development_planning.

6.7 The results from the HNA were presented to a meeting of the Full Council on 5 September 2006 when it was agreed to note the findings and to have regard to them in preparing this SPD.

As noted previously, a partnership of local authorities across Leicester and Leicestershire appointed consultants to undertake a SHMA.

The approach used to analyse the Leicester and Leicestershire HMA to produce the SHMA was based firmly on government good practice guidance published in

August 2007. Set out below are the key findings of the SHMA relating to North West Leicestershire.

- Different settlements in North West Leicestershire have very different overall characteristics, with a fairly distinctive division of wealth – Ashby de la Zouch attracts wealthier households while Coalville houses more blue collar households. The majority of the district is rural.
- All settlements in North West Leicestershire are popular among families, and Ashby de la Zouch in particular is popular among ‘wealthy executives’. There is also a large elderly population across the district.
- The majority of households in North West Leicestershire are White British. There is no dominant ethnic minority group.
- Though detached housing is the most common property type overall in the district, there is a concentrated patch of terraced housing in Coalville as well as a significant number of flats. There is very little privately rented accommodation.
- Two bedroom flats have been competing in price with two bed houses in North West Leicestershire, though their price is far less stable. There is a very large discrepancy (around £70,000) between the entry level for three and four bed houses.
- Prices are lower around the more urban areas, particularly Coalville and Ibstock. There is also a low average in Castle Donington which appears to have less of an influence on the price of properties in the nearby rural area.

In terms of affordable housing the SHMA identified the following:

- North West Leicestershire District overall has an annual shortfall of some 355 affordable lets
- The need for affordable housing in Coalville and its immediately surrounding areas is more complicated, with quite high levels of supply in some parts of the urban area, such as Greenhill, which reduce the net need, but may only meet a particular segment of need over the long term.
- Provision of additional affordable housing in Coalville should therefore be particularly carefully planned to complement existing provision, and to avoid exacerbating any concentrations of deprivation or rapid turnover patterns.
- Housing provision and general improvements could help to make Coalville more attractive to households from the rural areas of the district and so relieve pressure on other settlements such as Ashby de la Zouch.

In addition to the SHMA the Council, along with four of the other District/Borough Councils within the County commissioned the Three Dragons to undertake an Affordable Housing Viability Assessment. A full copy of the Viability Study can be found on the Council’s website or by clicking [here](#).

The key findings of the Viability Study are as follows:

- Market values vary significantly between the identified sub-markets. Residual value is dependent not only on location but also on the density adopted.
- The District, in terms of residual value can be divided into four with Ashby having significantly higher residual values than all other locations; then North West Rural and Castle Donington being considered as similar sub markets; then Thringstone and Whitwick and Measham having similar residual values; finally Coalville with the weakest residual values.
- The introduction of grant significantly improves residual values across the District. It matters most in the lower value areas. In higher value areas, grant is less effective in raising land values as a proportion of residual values without grant.
- Viability is highly sensitive to the relationship between existing (or, where relevant, alternative) use value. The analysis suggests that many of the smaller sites will be brought forward on existing use values which are low – in particular residential and residential amenity land.
- Viability is sensitive to other infrastructure costs. Whilst the impact of higher level infrastructure requirements could be assimilated in the higher value locations, its impact could significantly hit viability in the weaker areas.
- The analysis suggests that small sites are not problematic in terms of viability. Rather it is the specific location and nature of development (eg new build and/or demolition) that will be the key factor in determining viability.
- From a housing management perspective, there were no in-principle objections from housing associations to the on-site provision of affordable housing on small sites. There may be particular schemes where on-site provision is not the preferred option, but as a general rule, on-site provision of small numbers of affordable homes is acceptable to housing associations.
- The analysis of recent planning permissions suggests that the District as a whole does not rely significantly on larger sites. However it does not rely overly on small sites. Across the District as a whole, almost 40% of supply comes from sites with capacity for more than 50 dwellings; however, balancing this, 39% of dwellings will be delivered on sites of 15 dwellings or less.
- The Rural Centres and smaller settlements do have a greater reliance of smaller sites with 55% of dwellings in the Rural Centres being delivered on sites of less than 15 dwellings, and 53% being the corresponding figure for elsewhere in the District (mainly smaller settlements).
- Where a financial payment in lieu of on-site provision of affordable housing (or commuted sum) is to be sought, it should be of “broadly

equivalent value” to the value of the on site provision. This approach is, on the evidence considered, a reasonable one to take in policy terms.

- If this ‘equivalence’ principle is adopted, then the decision of the local authority to take a commuted sum will be based on the acceptability or otherwise of on-site provision as a housing and spatial planning solution, not in response to viability issues.

7 NEGOTIATING AFFORDABLE HOUSING PROVISION

7.1 As previously noted, Policy H8 of the adopted Local Plan states that the District Council will negotiate for the provision of affordable housing ~~where there is a demonstrable need~~. The following section sets out a number of key principles which will be used to guide such negotiations.

7.2 What is affordable housing?

7.2.1 As already noted the definition of affordable housing set out in PPS3 includes both social rented and intermediate housing. A key aspect of affordable housing is defining what is affordable (or affordability). This is a matter which will depend upon particular local circumstances and is about the relationship between incomes and house prices.

7.2.2 ~~The HNA defined combined affordability as being where:~~

~~A household containing one person or one employed adult is not eligible for a mortgage if the gross household income multiplied by 3.5 is less than the cost of the mortgage requirement. A household containing more than one employed adult or no employed adults is not eligible for a mortgage if the gross household income multiplied by 2.9 is less than the cost of the mortgage requirement.~~

~~AND~~

~~Renting privately would take up more than 25% of its gross household income.~~

7.2.3 ~~Based on the findings of the HNA and the advice in PSS3 affordable housing is thus defined as:~~

Housing affordability hinges on a number of variables, the main ones being:-

- Housing costs
- Incomes
- Other resources – mainly equity and savings

The terms “*affordability*” and “*affordable housing*” have different meanings. “*Affordability*” is a measure of whether housing may be afforded by certain

groups of households. “Affordable housing” refers to particular products outside the main housing market.

Incomes are a key part of the ‘credit’ side of the affordability equation and the recent credit crunch has added to the problems of affordability. In most parts of the UK there is extensive housing need due to problems of affordability caused by high property prices and housing costs. Furthermore, there is evidence to suggest that long term affordability is likely to worsen without some profound changes in how the housing market functions.

It is now widely recognised that rural areas have specific affordability problems. These problems were highlighted in two major reports published in 2006 by the Commission for Rural Communities and Affordable Rural Housing Commission. The recommendations of the Affordable Rural Housing Commission report were reflected in the Taylor Review of the Rural Economy and Affordable Housing published July 2008.

Key Principle AH1 – Definition of Affordable Housing

Non-market housing, including social rented and intermediate housing (that which is at prices or rents above those of social rents but below market prices or rents) and which will remain available as affordable housing in the future or include provision for any subsidy to be recycled for the provision of additional affordable housing in the event that it ceases to remain affordable.

In considering whether a property is affordable regard will be had to the latest published data in respect of house prices, rents and incomes across the District. Affordable housing will be that which is at or below the mean ratio of income to prices or rents.

For a property to be considered as being affordable it must be at a price or rent (or a combination of the two if shared ownership) which is:

- For a household containing one person or one employed adult no more than 3.5 times the gross household income and
- For a household containing more than one employed adult or no employed adults no more than 2.9 times the gross household income and
- For private renting would take up no more than 25% of its gross household income.

In line with guidance set out in PPS3 the definition does not exclude homes provided by private sector bodies or provided without grant funding. Where such homes meet the definition above, they may be considered, for planning purposes, as affordable housing. Whereas, those

homes that do not meet the definition, for example, 'low cost market' housing, these are not be considered, for planning purposes, as affordable housing.

7.3 Thresholds

7.3.1 PPS3 suggests that the national indicative minimum size threshold is 15 dwellings but that lower thresholds may be used where viable and practicable.

~~7.3.2 The HNA recommends that the national threshold of 15 or more dwelling should be applied.~~

~~7.3.3 On the basis of the above it would thus be appropriate to seek affordable housing on all sites of 15 or more dwellings.~~

The Economic Viability Study indicates that there is not a particular viability challenge in reducing the threshold below 15 dwellings and down to 0 dwellings if required.

However, the analysis shows that a significant proportion of supply (65%) in Coalville, Ashby and Castle Donington will be brought forward on sites accommodating more than 50 dwellings. This, and the significant expansion at Coalville through urban extensions, lowers the case for a threshold below the national indicative one.

However, a lower threshold can be justified on the basis of the profile of site supply in the Rural Centres of Ibstock, Kegworth and Measham and the remainder of the District. In these locations a significantly higher proportion of dwellings will be delivered on smaller sites (less than 15 dwellings).

The conclusions of the Viability Study were consulted on to seek the views of the development industry (including housings associations), as this sector is most directly affected. A specific consultation question was on the topic of thresholds. Only one response was returned which suggested that lower thresholds may result in developers submitting schemes below the threshold to avoid having to make any provision. Also the modelling work undertaken in the Viability Study demonstrates that the outputs are very sensitive to variations in the assumptions used. As such, it is vital that the assumptions used in establishing policy are credible in order that realistic thresholds are set.

On this basis, the Viability Study recommends that the Council consider a split threshold, with national guidance operating at 15 dwellings for the

larger settlements (Coalville, Ashby and Castle Donington) and a threshold of 5 dwellings elsewhere.

Key Principle AH2 – Site thresholds

The provision of affordable housing will be sought on all sites of 15 or more dwellings in Coalville, Ashby de la Zouch and Castle Donington and 5 dwellings elsewhere in the District.

7.4 Amount of affordable housing required

- 7.4.1 PPS3 advises that an overall target should be set for the amount of affordable housing to be provided across an area.
- 7.4.2 ~~The approved RSS8 (Policy 18) includes an indicator for the provision of affordable housing for region as a whole of 3,950 dwellings per annum. The adopted Structure Plan does not include a specific target figure, but the Explanatory Memorandum notes that a figure of 30% was considered to be appropriate by the Structure Plan Examination in Public Panel (Housing Policy 4).~~
- 7.4.3 ~~The draft East Midlands Plan (Policy 15) suggest that 33% of all new housing in the Leicester and Leicestershire Housing Market Area should be affordable housing.~~
- 7.4.4 ~~As previously noted the HNA identifies a need for 305 dwellings per annum. It should be appreciated that not all of this need will (or could) be met via the planning system. In recognition of this the HNA suggests that an overall target of at least 50% is justified. It also suggests that this should be a district wide target.~~
- 7.4.5 ~~Whatever target is set clearly needs to be both realistic and achievable and will need to be balanced against ensuring that developments remain financially viable, as advised in PPS3. A target of 50% as suggested in the HNA could impact substantially upon site viability such that it would not be a feasible target, at least in the short term. This was an issue highlighted in the pre-production consultation and was also reflected in the response received.~~
- 7.4.6 ~~To avoid such problems the pre-production consultation suggested, therefore, that one option would be to have a lower target initially moving to a higher target in the longer term. The general concerns raised in respect of the impact upon site viability notwithstanding there did not appear to be any overwhelming objection to such an approach.~~

~~7.4.7 On balance it is considered that a target of 30% would be appropriate increasing to 40% at the start of the financial year 2008/09. Whilst this latter figure is higher than that included in the Draft East Midlands Plan it is considered that it is justified in view of the evidence from the HNA. Taking the figure of 40% and applying it to the requirements set out in the draft East Midlands Regional Plan (480 dwellings per annum) would (if all developments were above the threshold identified above, which is unlikely to be the case) result in 192 affordable dwellings per annum being provided. This is still some way short of the needs figure identified in the HNA and thus emphasises the need to maximising provision via the planning system whilst also recognising that other means will also have to be sought.~~

~~7.4.8 However, in the Coalville area it is considered that a target of 40% would not be appropriate. Whilst Coalville is the focus for growth in the emerging Regional Spatial Strategy and thus presents an opportunity to deliver substantial amounts of new affordable housing, it is considered that a target of 40% would be likely to result in an imbalance in terms of tenure. The greater Coalville area is defined as being Coaville, Whitwick, Thringstone, Greenhill, Ellistown and Battleflat, Bardon and Hugglescote and is identified on the plan at Appendix B.~~

The findings of the SHMA indicate that there is a shortfall of 355 affordable dwellings per year within the District. To help rectify the shortfall the SHMA identifies that a target of 82% would be required. Such a target would clearly not be practical.

The SHMA also details that housing need is high in most rural areas due to the pressures of outward migrations by wealthier households pushing up prices in villages. The needs model suggests that some 250 additional affordable homes per year are currently needed in rural areas across the HMA. This equates to between 35-45 properties per annum in NWL.

The SHMA concludes that although it is for local authorities to decide their target percentages, figures in excess of 40% for the urban areas would seem to be impracticable. However, in rural areas with higher sale prices and more extreme shortages and affordability problems levels up to 50% may be justifiable and viable.

The issue of targets was considered as part of the Viability Study. This has regard to the figures established in the SHMA. It suggested that a split target would offer the better approach given the diversity of values in the market areas identified in the Study. The Viability Study suggests that a single percentage target will only work if it is tailored to the lower value areas and hence, in the better performing market value areas, opportunities to secure affordable housing would be lost.

The Viability Study put forward the three different options listed below.

- A single percentage target across the whole District. If a middle market location was taken as an indicator, this would mean a target of 30% considering a range of different site types coming forward in the District. However 30% would possibly be ambitious in the case of Coalville where residual values are very marginal and even negative in some instances.
- A split (three-way) target which seeks 35% affordable housing in Ashby, 30% affordable in North West Rural South, Castle Donington, Thringstone and Measham sub markets and; 20% in Coalville.
- A more refined (four way) split target aiming to deliver 35% affordable housing in Ashby; 30% affordable housing in NWL Rural South and Castle Donington; 25% in Thringstone and Measham and; 20% in Coalville.

These options were consulted on as part of the emerging Core Strategy and the responses indicate that there was no clear preferred option, although it was noted that the assessment only represents a snapshot in time and any targets would need to be flexible for the whole plan period.

There was some support for the 3 way or 4 way split target as it reflects viability across the sub-markets within the District, albeit that it represents an oversimplification of the nature of sub-markets within the District. However, another respondent suggested that a District wide single percentage target of 30% would be the most appropriate option to pursue as it would be inappropriate for the target to be any more prescriptive.

The Council's Cabinet considered a report on the above options in the context of the emerging Core Strategy. Cabinet resolved to use the figures suggested in the Viability Study but that Ashby should have a target of 30% rather than 35%. Therefore, the targets in this SPD reflect the decision of the Council's Cabinet.

Key Principle AH3 – Targets

~~For those sites which meet the threshold identified in AH2 the Council will (from the date of adoption of the SPD) seek to secure, by negotiation, a minimum of 30% affordable housing units up to the end of October 2008. Thereafter, this will be increased to 40% outside of the greater Coalville area and will remain at 30% in the greater Coalville area.~~

The Council will seek to secure, by negotiation, the minimum targets as set out in the table below, having regard to the thresholds.

SETTLEMENT	TARGET	THRESHOLD
Ashby de la Zouch	30%	15 or more dwellings
Castle Donington	30%	15 or more dwellings
Coalville	20%	15 or more dwellings
Ibstock	20%	5 or more dwellings
Kegworth	30%	5 or more dwellings
Measham	30%	5 or more dwellings
All other settlements	30%	5 or more dwellings

7.4.9 When applying the appropriate target the District Council will work on the principle of rounding up to the nearest whole figure. For example, a development of 15 dwellings would produce a requirement for 4.5 dwellings when the 30% target is applied. This would be rounded up to 5 dwellings.

Until such a time as a new SPD is adopted the targets of the old SPD (adopted 16th October 2007) will be applicable.

~~7.4.10 For the avoidance of doubt, the target of 40% will be applied to those relevant applications whose original target date for determination is scheduled to be after 31st October 2008.~~

~~7.4.11 The Housing Needs Assessment provides information about the level of need at ward level. Whilst it would not be appropriate to set targets for individual wards, such information can be used to inform negotiations on specific proposals where appropriate.~~

7.5 Tenure

7.5.1 PPS3 advises that where appropriate Local Planning Authorities should “set separate targets for be set for social-rented and intermediate affordable housing”.

7.5.2 Furthermore the Government’s Sustainable Communities agenda specifically refers to a Sustainable Community being one that has “A well-integrated mix of decent homes of different types and tenures to support a range of household sizes, ages and incomes”.

~~7.5.3 The draft East Midlands Plan (Policy 15) suggests that of the 33% of affordable housing in the Leicester and Leicestershire Housing Market Area, 25% should be social rented housing and 8% intermediate housing.~~

7.5.4 ~~The Fordham report identifies the need for both social rented and intermediate housing. It suggests that there is an annual need for 170 social rented properties and 133 intermediate housing properties (56% and 44% of the overall need respectively).~~

With regards to social rented housing, the SHMA states that in submarkets with low estimated need any addition of affordable, and especially social rented housing, should be considered carefully to avoid aggravating concentrations of deprivation. This does not mean that socially rented properties should not be sought, but that Councils should be wary of meeting short term entry level or general needs pressures at the expense of longer term housing market balance and improved functionality.

The SHMA findings indicate that intermediate housing only constitutes a small proportion of the supply of affordable housing, averaging just over 150 a year for the whole Leicester and Leicestershire HMA. The model used in the SHMA estimated that at District level with a threshold of 70% of full entry level the estimated requirement of intermediate housing for North West Leicestershire is 21%.

It will be important to ensure that any intermediate housing is genuinely affordable and that it will meet the identified needs.

The Viability Study identified that increasing the proportion of intermediate affordable housing will assist in promoting the viability of those schemes where viability is in question. The effectiveness of this solution (relative to grant funding) varies according to location. In high value locations, where intermediate affordable housing provides a valuable revenue to an RSL, reducing the amount of social rented housing will be more effective than putting in grant. In the lower value areas, the opposite will tend to be the case. To ensure an appropriate tenure mix the Council will only accept more intermediate housing if it can be shown that the preferred tenure split would result in a scheme meeting the identified need and assisting with viability.

Key Principle AH4 – Tenure

In seeking to secure affordable housing the Council will seek an appropriate mix of tenure types having regard to the findings in the **Strategic Housing Needs Market** Assessment, and to the likely availability of public subsidy.

7.5.5 If the identified needs are going to be met it is important to ensure that what is secured is genuinely affordable. Therefore, in negotiating the

provision of affordable housing which falls into the intermediate category it is important to understand which types are likely to be the most affordable.

The SHMA identifies the need for both social rented and intermediate housing within the District. The Council's preferred tenure split is 79% Social Rented and 21% Intermediate affordable housing.

7.5.6 In this respect the HNA looked at what types of affordable housing would be most appropriate to meet the identified need. This concluded that for discounted sales housing, that substantial discounts of between 46.5% and 54.5% would be required to make such properties affordable. In respect of shared equity properties (i.e. where a percentage of the property is purchased by the occupier) these are most affordable for 1 and 2 bedroom properties at 51% equity share and that shared ownership properties (i.e. where the occupier purchases part of the property whilst paying rent on the remainder) is a less affordable option. The HNA also considered a combination of the shared equity and low cost market (or discounted) housing and concluded that at 51% equity shared this would be affordable for all sizes of property and would also be affordable at 60% equity share for 1 and 2 bedroom properties.

The table below is taken from the SHMA and details housing need within the District. The table details future profile figures based on future household projections (up to 2015) and the backlog need which has been measured using the Local Authorities housing register.

Table 1: Housing Need within the District

	Split Based on Future Profile	Split Based on Backlog Profile
Overall Need	355	
Future Need	172	183
% Social Rent	79%	79%
% Intermediate Housing	21%	21%
Social Rent	136	144
Intermediate Housing	36	39

Having regard to the findings of the SHMA, the following priorities will be sought:

7.5.7 Having regard to the findings of the HNA the following priorities will be sought:

Key Principle AH5 – Intermediate Housing

In seeking the provision of affordable housing the Council's priority for the provision of intermediate housing will be:

- **Intermediate rented properties with rents at no more than 80% of open market rents**
- **Rent to buy products**
- Discounted sale housing at no more than 50% of the open market value and then ;
- ~~Shared Ownership~~ **New Build Homebuy (formerly called shared ownership)** at an entry level of 25%

In addition to the above, in settlements of less than 3,000 population, the Council will also seek intermediate housing comprising ~~Shared equity of 50% on discounted sale housing at a discount of at least 20% of the open market value~~ **that remains affordable in perpetuity.**

In all cases it will need to be demonstrated that the intermediate housing proposed will be genuinely affordable having regard to the definition of affordability in Key Principle AH1.

The Council will seek to secure a range of intermediate housing types within individual schemes where appropriate, ~~having regard to the HNA~~

- 7.5.8 In accordance with AH1 it will be necessary to ensure that any affordable housing which is secured remains available in perpetuity or, where the property is removed from the stock of affordable housing (e.g. where a shared ownership property is bought outright by the occupant), that the public subsidy element is recycled for alternative future affordable housing provision **within the District**. ~~In respect of the former~~ **The outright purchase of Socially Rented stock** is covered by ~~the provisions under the Right to Acquire scheme.~~
- 7.5.9 In respect of discounted sales housing the Council wishes to ensure that such properties are made available to local people in need. The Council has previous experience of dealing with such properties and based on this will follow the approach outlined below. Those words in bold are defined in the glossary at Appendix A.
- 7.5.10 In the first instance the Council will seek to ensure that any future sales should be restricted to **Local people** at or below the **National Average Earnings Level** at the time of sale. Where this cannot be satisfied within a period of 6 months for the initial sale and a period of 3 months for subsequent sales, then the area of eligibility will be extended to the same criteria within three miles of the district. If after a further 6 months for initial sales or 3 months for subsequent sales then the District Council will require evidence as to why sales have not been possible before allowing a property to be sold to any purchaser but as affordable housing. Any unit secured as discounted sales housing and subsequently offered for sale

should be notified to the District Council by way of an **Availability Notice** which should be accompanied by a **Certificate of Value** which should identify the **Open Market Value** of the property concerned. Any sale will then be restricted to the agreed percentage of this open market value. All purchasers will be required to sign a declaration stating that their earnings are at or below the National Earnings Level.

- 7.5.11 The District Council will use the Availability Notices to monitor the 'turnover' of such properties to establish trends to help inform future assessments of need. Where it becomes apparent that the discounted cost of such property is no longer 'affordable' (based upon the latest information about income levels and house prices and having regard to the definition of affordability set out in Key Principle AH1), the Council will consider allowing the property to revert to full open market value subject to the difference between the open market value and the discounted value being given to the Council to use towards the provision of new affordable housing. Subsequent sales would then be on the open market and would not involve the Council any further.

7.6 Type and size of affordable housing required

- 7.6.1 PPS3 advises that Local Planning Authorities should specify the size and type of affordable housing that is likely to be needed.

- 7.6.2 ~~In respect of property types the HNA identified that;~~

- ~~• the greatest need is for detached and semi-detached properties;~~
- ~~• about one third of the need is for bungalows (or single storey dwellings) and~~
- ~~• about 20% of all households had some form of support needs.~~

- 7.6.3 ~~In respect of property size the HNA identified that;~~

- ~~• the greatest need is for 1 and 2 bedroom properties~~
- ~~• there is an over provision of 3 bedroom properties and~~
- ~~• a small shortfall of 4 bedroom properties.~~

- 7.6.4 ~~There would be some merit, in terms of providing certainty for all those involved in the development process, in specifying the exact amount of different property sizes and types which would be required on developments. However, as all developments are different and need to have regard to specific local circumstances a more flexible approach might be taken. On balance the latter approach is considered to be more appropriate. This is reflected in the following policy.~~

- 7.6.5 ~~It should be noted that notwithstanding the findings of the HNA regarding the need for 1 bedroom properties, such properties are widely regarded as being unsustainable as they do not offer sufficient flexibility in the longer term management of the social housing stock. Therefore, the provision of such properties will be generally resisted.~~

In respect of property type, the SHMA identifies the needs for different social rented and intermediate property types for the District. The table below is taken from the SHMA and highlights that in respect of property size that two and three bed houses are the most needed affordable property size for both tenures within the District.

Conversely, there is very little identified need for 1 bed flats or houses. Such properties offer little flexibility in the longer term management of the housing stock. However, where there is a clear demand for 1 bed properties, such cases will be considered on their individual merits.

There is also a significant need for two bed older person's social rented housing; this is due to demographic changes and people living longer. In meeting the need for both two bed downsizing flats and older person's accommodations this could be met through the provision of bungalows. In general flats are not considered to be suitable nor sustainable for long term occupation by elderly residents. Therefore, the provision of bungalows should be sought to help balance the housing market.

Table 2: Affordable Housing Need

The process for calculating affordability and need is detailed in the SHMA and the results for North West Leicestershire District are summarised in the table below. Two and three bed houses emerge as the main affordable property type needed by households in the area.

North West Leicestershire	Split based on future profile	Split based on backlog profile	Total combined	Percentage of need
1 bed General needs	5	0	5	1.79%
2 bed upsizing general needs flats	2	7	9	3.21%
2 bed downsizing flats or bungalows	5	29	33	11.79%
2 bed general needs houses	26	44	70	25%
3 bed general needs flats	4		4	1.43%
3 bed general needs houses	50	44	94	33.57%
4+ bed general needs	2	14	16	5.71%
1 bed older households*	0		0	0%
2 bed older households*	35	0	35	12.5%
Sheltered/Supported	7	7	14	5%
Total Social Rented	136	144	280	100%
1 bed general needs	1		1	1.33%
2 bed general needs houses	21	19	40	53.34%
3 bed general needs houses	14	19	33	44%
4+ bed general needs houses	1		1	1.33%
Total Intermediate	36	39	75	100%

- NB the Council will be looking for a mixture of bungalows and apartments. For the purposes of this document a ground floor apartment does not equate to a bungalow provision.

Key Principle AH6 – Property Type and Size

In seeking the provision of affordable housing the Council will seek to achieve a mix of different property types and sizes having regard to the findings of the **Strategic Housing Needs Market Assessment as referred to in Figure 1** and the characteristics of the proposed site and the surrounding area.

~~In seeking a range of property types the Council will have particular regard to the significant need identified in the HNA for bungalows (single storey dwellings) and will weigh this against other considerations such as density, the location of the site concerned in relation to local facilities and~~

~~public transport provision and the overall amount and type of affordable housing to be provided.~~

- 7.6.6 It is considered that it is particularly important that where affordable housing is secured that this includes appropriate provision of bungalows (single storey dwellings). It is acknowledged that such provision could conflict with other important issues, particularly that of density. Where this is the case the Council will weigh up the benefits of securing bungalows against such considerations and will seek to ensure that such provision does not compromise the aim of meeting minimum density requirements. Regard will also be had to the overall amount and type of affordable housing that is proposed as part of any development.

7.7 ~~Developer contributions~~

On/Off Site Provision

- 7.7.1 PPS3 advises Local Planning Authorities to set out what their approach is to “seeking developer contributions to facilitate the provision of affordable housing”. It also advises that “the presumption is that affordable housing will be provided on the application site so that it contributes towards creating a mix of housing”. It goes on to suggest that off-site provision or a financial contribution in lieu of on-site provision (of broadly equivalent value) may be appropriate.
- 7.7.2 ~~The HNA reflected this approach but noted that a reasonable basis would be required to calculate the level of commuted sums. It suggests that one possible means to do this would be to use the Housing Corporations Total Cost Indicator, although this is to be abolished.~~

Affordable housing is, at present, excluded from the Community Infrastructure Levy Regulations 2010 and therefore will continue to be provided through Section 106 Agreements.

The Viability Study suggests that the commuted sum should be equivalent to the ‘developer/landowner contribution’ if the affordable housing was provided on site. One way of calculating this is to take the difference between the residual value of 100% market housing and the residual value of the scheme with the relevant percentage and mix of affordable housing.

- 7.7.3 **Overall**, the provision of affordable housing on-site has a number of advantages, including making it easier to integrate such provision within the wider development and thus contribute towards creating balanced and mixed communities.

Key Principle AH7 – Developer Contributions: preferred approach

In seeking the provision of affordable housing the Council's preferred approach is for the agreed provision to be made on-site.

Key Principle AH8 – Off Site provision

Where a developer/landowner considers that there are exceptional circumstances which suggest that on site provision is not appropriate they should identify this to the District Council as soon as possible, preferably as part of any pre-application discussions or when an application is submitted. In all instances the developer/landowner will have to demonstrate to the Council's satisfaction that on site provision is not appropriate and the reasons for this.

- 7.7.4 Where provision is to be made on-site and it includes social rented properties, the Council will seek to ensure that in accordance with the East Midlands Regional Housing Strategy (2004-2010) that this will include providing the land ~~in question~~ **subject of the Section 106 planning obligation** at nil cost to the ~~Registered Social Landlord~~, fully serviced and free of contamination. However, where an alternative arrangement is agreed between the developer and a Registered Social Landlord then the Council will not normally resist such arrangements, subject to the arrangements being included in any Section 106 Agreement.
- 7.7.5 Whilst on-site provision is the Council's preferred approach, it is recognised that there may be occasions where such an approach is not appropriate. It is considered that such instances should only arise in exceptional circumstances. Such circumstances might include:
- Where it can be shown that on site provision is not physically or financially viable;
 - Where it can be shown that off-site provision would better meet the identified needs.
 - **Where it would meet the strategic aims of the Council**
- 7.7.6 It should be appreciated that the provision of affordable housing is of paramount importance and that not making on site provision may lead to additional problems for the District Council and social housing providers.
- 7.7.7 Where a developer/landowner raises concerns in respect of the impact that affordable housing provision will make on site viability, the Council will require that a financial appraisal be submitted in support of such concerns. The appraisal will need to ensure that it covers all the major components including:

- Construction costs (e.g. build costs, land remediation costs, highway costs, other planning obligation contributions, contingency costs);
- Residual land value;
- Site purchase price (including date of purchase);
- Details of any finance agreements;
- Fees associated with purchase and site development (e.g. lawyers fees, architects fees, acquisition agents fees, planning fees, surveying fees, stamp duty etc);
- Anticipated revenue from the proposed development and
- Anticipated developer profit.

7.7.8 The Council will reserve the right to subject the submitted financial appraisal to independent assessment and verification before agreeing to off site provision. The cost of this assessment will be expected to be met by the developer/landowner.

7.7.9 Off site provision could take different forms. For example, a developer/landowner could provide a commuted financial payment to be used to provide affordable housing elsewhere or could provide the affordable housing on another suitable site elsewhere in the district, either as a stand alone development or as part of a larger scheme. It is anticipated that in most cases where off site provision is considered appropriate that such provision will take the form of a commuted sum. **With regard to the payment of an off site provision it is the Council's preferred approach for a payment of a commuted sum to be paid to support the provision of affordable housing throughout the District.**

~~7.7.10 Where it is proposed to make alternative provision on another site, the amount of provision should be the same as if provision were made on site. However, provision will not be allowed on another site where affordable housing would be required, unless such provision is in addition to that which would be provided.~~

Any alternative provision on another site should be equal to the amount of provision which would have been made on the original development site. The alternative provision should be in addition to what is provided on the alternative site. Alternative provision should be made in a location where it will meet an identified need.

7.7.11 Where it is agreed by both the Council and the developer/landowner that a commuted sum will be provided, it will be necessary to ensure that a consistent approach is taken to calculating the appropriate sum required.

7.7.12 In calculating a commuted sum the District Council will adopt the following approach. An agreement will be reached on the number and type of

affordable properties which would have been required. ~~We~~ **The Council** will then agree the Open Market Value (OMV) that could be expected for these dwellings having regard to the advice of three local estate agents. A minimum of 3 RSLs will then be approached to ascertain what cost the RSL could pay to purchase the properties concerned whilst also being able to ensure that the properties would be affordable (whether as rented or shared ownership). The level of contribution required will be equal to the difference between the OMV and the maximum price that the RSL could pay as outlined above.

~~7.7.13 The following example outlines how this would work. On a scheme of 10 dwellings it is agreed that 4 affordable dwellings would have been required, 3 for rent and 1 shared ownership. For all properties the OMV is agreed to be £150,000. For rented properties the RSL is able to pay a maximum of £80,000 whilst for shared ownership it is able to pay £100,000. Thus the level of commuted sum will be £210,000 for the rented properties (OMV (£150,000) – maximum price payable by RSL (£80,000) = £70,000 X 3 = £210,000) and £50,000 for the shared ownership property (OMV (£150,000) – maximum price payable by RSL (£100,000) = £50,000). Thus the total commuted sum will be £260,000 (£210,000 + £50,000).~~

In line with recommendations in the Viability Study any commuted sums will be sought as an alternative to direct on or off-site provision. PPS3 sets out the appropriate principle for assessing financial contributions - that they should be of “broadly equivalent value”. Therefore the Council’s approach is that the commuted sum should be equivalent to the ‘developer/landowner contribution’ if the affordable housing was provided on site. The way this will be calculated is to take the difference between the residual value of 100% market housing and the residual value of the scheme with the relevant percentage and mix of affordable housing.

This approach ensures that the decision of the Council to take a commuted sum will be based on the acceptability or otherwise of on site provision as a housing and spatial planning solution.

~~7.7.14 Where a commuted sum is provided in lieu of on site provision, this will normally be given to the District Council, **or in exceptional circumstances, and with the Council’s approval, unless where** the developer has identified a particular scheme somewhere in the district to which the monies will contribute. Any monies provided as a commuted sum will be ‘ring fenced’ to ensure that they are used to increase the supply of affordable housing across the district, which could include bringing empty homes back into use.~~

7.8 Design and Layout

- 7.8.1 As with all new housing developments the Council expects that these will be of high quality in terms of their design and layout. In particular, it will be essential to ensure that any affordable housing is properly integrated into the overall development and that the dwellings are built to appropriate standards **Housing Corporation Design & Quality Standards (or its successors). In addition affordable housing should meet the relevant Code for Sustainable Homes Level (or its successor) required to achieve Homes and Communities Agency (HCA) grant at the time of application.**

Key Principle AH9 – Design and Layout

To ensure a high standard of design and to create balanced communities, the Council will expect affordable housing to be designed in accordance with an adopted Design SPD and meet the Council's Ourplace© standards. In addition affordable housing should:

- i) Be well related to, and indistinguishable from, the market housing on site;
- ii) Be distributed across a number of different areas around the site;
- iii) Be built to the appropriate standards of the ~~Housing Corporation~~ HCA or its successor and;
- (iv) Be designed and developed in accordance with the required Code for Sustainable Homes Level as prescribed nationally.**
- ~~iv) Reflect the principles of designing out crime as set out in the Council's approved Supplementary Planning Guidance~~

Where appropriate the Council will consider removing permitted development rights to ensure that dwellings are not extended or altered in such a way as to increase their value beyond an affordable level. This will not prevent appropriate adaptations or extensions where required by an occupant with disabilities or to allow for family growth.

- 7.8.2 In respect of the distribution of affordable dwellings it is better that these are in small groups in a number of different areas across a site. The developer should distinguish which dwellings are proposed to comprise affordable housing on the plans submitted as part of a planning application.

8 DELIVERY OF AFFORDABLE HOUSING

- 8.1 Where affordable housing is to be provided as part of new development (whether on or off site) it is important to ensure that it will be secured in accordance with the agreement reached. Whilst it may be possible to do this using conditions attached to any planning permission the Council's preferred approach is to use Section 106 Agreements.

Key Principle AH10 – Use of Section 106 Agreement

In securing the provision of affordable housing, and where appropriate their continued availability as affordable housing in the future, the Council will require that a Section 106 Agreement be signed by the Council, the developer, a Registered Social Landlord (where appropriate) and any other parties as may be considered appropriate.

- 8.2 To make the process as quick and consistent as possible, the Council ~~will be producing standard Heads of Terms and standard clauses for use when drafting all such agreements relating to the provision of affordable housing~~ **has a basic model Section 106 on its website which can be used as a starting point and precedent clauses can be provided.** The clauses will include a requirement to provide the affordable dwellings at least as quickly as the remainder of the development. It will also include appropriate clauses to ensure that properties remain available as affordable dwellings in the future, particularly in respect of low cost market (discounted) housing and that where commuted sums are paid the monies will be only used to **support the provision of additional affordable housing increase the supply of affordable housing across anywhere in the district where need has been identified.** It will also include a clause stipulating the period within which such monies are to be used, normally ten years, and provision will be made for the repayment to the developer/landowner to claim back unspent monies in the event that they are not spent within the agreed period.
- 8.4 The Government has published a Good Practice Guide in respect of the use of planning obligations. This includes a number of examples in respect of securing affordable housing. ~~Until such time as the Council has completed the work outlined above the Council would support the use of these examples as appropriate.~~
- 8.5 The Council would encourage developers to provide draft Heads of Terms when they submit a planning application.
- 8.6 Where those dwellings which are classified as affordable are to be transferred to a Registered Social Landlord (and a Registered Social Landlord has been identified) then they will need to be signatories to the Section 106 Agreement. The decision as to which RSL is to be involved is at the developers discretion. The District Council does not have any preferred partners, although there are a number of RSLs who have worked in the district.

9 MONITORING AND REVIEW

- 9.1 The effects of the policies in this SPD will be monitored by the Council on an annual basis. The results of the monitoring will be included in the Annual Monitoring Report (AMR) which will be made publicly available.
- 9.2 The monitoring will be undertaken as set out in Section 7 of the **updated** Sustainability Appraisal Report.
- 9.3 Any monitoring of affordable housing provision will also include the use of any commuted sums which have been provided in lieu of on site provision.
- 9.2 The monitoring will be undertaken as set out in Section 7 of the Sustainability Appraisal Report.
- 9.3 Any monitoring of affordable housing provision will also include the use of any commuted sums which have been provided in lieu of on site provision. **The Council will use the form below to monitor commuted sums.**



AUTHORISATION FORM FOR THE USE OF S106 COMMUTED SUMS

SCHEME LOCATION	
DEVELOPER	
NUMBER OF PROPERTIES	

Key elements of site

-

Category	Evidence	Rating 0 = No evidence 1 = some evidence provided 2 = fully evidenced
Strategic fit of scheme		
HCA support		
External funding secured		
VFM		
Design		
Deliverability assessment		
Delivery Timescale		
Reason for financial support request		N/A
Amount recommended to allocate		N/A
Without intervention would delivery be jeopardized? (Y/N)		

AUTHORISATION

Director of Community

Portfolio Holder

Signed

Signed

Date

Date

APPENDIX A

GLOSSARY

Affordable Housing

PPS 3 defines this as including:

social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:

- Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices.
- Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.

Affordability

The terms 'affordability' and 'affordable housing' have different meanings. 'Affordability' is a measure of whether housing may be afforded by certain groups of households.

'Affordable housing' refers to particular products outside the main housing market.

Annual Monitoring Report

Part of the *Local Development Framework*, the Annual Monitoring Report will assess the implementation of the *Local Development Scheme* and the extent to which policies in *Local Development Documents* are being successfully implemented.

Availability notice

A written notice confirming that an Affordable property is available for sale or disposal. The notice should be accompanied by (a) a Certificate of Value (b) details of the price or premium of the property concerned and (c) a plan and (where available) agents particulars identifying the relevant unit for sale. A sample copy is attached for information purposes.

Certificate of Value

A written estimate of the Open Market Value of the Affordable unit to sold. The Estimate should be provided by a surveyor/estate agent from a list agreed between the developer and the Council PROVIDED that the chosen surveyor/estate agent does not also act for the vendor in respect of the sale of the relevant property concerned.

Code for Sustainable Homes

The Code is the national standard for the sustainable design and construction of new homes. The Code aims to reduce our carbon emissions and create homes that are more sustainable. The Code measures the sustainability of a new home against nine categories of sustainable design, rating the 'whole home' as a complete package. The Code uses a one to six star rating system to communicate the overall sustainability performance of a new home. The Code sets minimum standards for energy and water use at each level and, within England, replaces the EcoHomes scheme, developed by the Building Research Establishment (BRE).

Discounted sale housing

Property available for purchase but with a discount applied to its open market price such that the property can be bought outright at a reduced rate.

Heads of Terms

Heads of terms are frequently used to record the key terms of legal agreements before the lawyers start drafting. While heads of terms may not be legally binding, they are often 'morally binding' and are used to record what has been agreed in principle between parties prior to reaching the stage of entering into formal, contractual documentation.

Housing Market Areas

Geographical areas defined by household demand and preferences for housing. They reflect the key functional linkages between places where people live and work.

North West Leicestershire is within the Leicester and Leicestershire Housing Market Area (HMA). The HMA was designated by the Regional Housing and Planning Board in 2004 and covers the eight local authorities of Blaby, Charnwood, Harborough, Hinckley & Bosworth, Leicester, Melton, North West Leicestershire and Oadby & Wigston.

Housing Need

The quantity of housing required for households who are unable to access suitable housing without financial assistance.

Housing Strategy

Sets out how the Council proposes to address a range of housing issues.

Intermediate housing

Housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria set out above. These can include shared equity products (eg HomeBuy), other low cost homes for sale and intermediate rent.

Local Development Framework

The name for the portfolio of *Local Development Documents*. It consists of *Development Plan Documents*, *Supplementary Planning Documents*, a *Statement of Community Involvement*, the *Local Development Scheme* and *Annual Monitoring Reports*. Together these documents will provide the framework for delivering the spatial planning strategy for a local authority area.

Local Development Document

The collective term covering *Development Plan Documents*, *Supplementary Planning Documents* and the *Statement of Community Involvement*.

Local Development Scheme

Sets out the Council's programme for preparing *Local Development Documents*.

Local People

Those persons who already live or work within the district of North West Leicestershire or who are moving to the district to take up employment within the district or to be near to relatives within the district.

Local Plan Policy H8 – Affordable Housing

“Where there is demonstrable need for affordable housing the Council will negotiate with applicants/developers to secure the provision of an element of affordable housing as part of any development proposal. Where such provision is neither low cost market housing nor subsidised housing to be managed by a registered social landlord, conditions will be imposed (or a planning obligation negotiated) to provide secure arrangements for ensuring that the affordable housing remains available for occupation by suitably qualified people only”.

Local Plan Policy H12 – Exceptional Affordable Housing Sites

Development of affordable housing sites outside the limits to development, identified on the proposals map, will only be permitted as an exception site where the following criteria are fulfilled:

- a) An up to date survey demonstrates that a genuine local housing need, which would not otherwise be met, exists in the village or particular locality.
- b) A secure arrangement will be required to ensure that the benefits of affordable housing will be enjoyed by subsequent occupiers as well as initial occupiers. Such an arrangement will normally require:
 - (i) An appropriate managing institution, such as a housing association or charitable trust, to be in place, with an agreed letting/occupancy policy which ensures that the dwellings will only be made available as affordable housing to local people in need, who cannot be housed by other means; and
 - (ii) A legal agreement between the applicant/landowner/potential developer and management institution and the Planning Authority to ensure that the proposed dwellings are made available at a price or rent those in need can afford and will remain available as affordable housing to all subsequent as well as initial occupiers.
- (c) Development of any exceptional affordable housing site must:
 - (i) Be well related to the built form and overall structure of an existing settlement and not adversely affect its present character;
 - (ii) Adjoin the Limits to Development, identified on the Proposals Map;
 - (iii) Not result in ribbon or detached development or be prejudicial to the protection from development or any intervening or other land outside Limits to Development;
 - (iv) Not be on land designated as a sensitive open area of any other areas afforded special protection in this Local Plan or be in a position where it would detract from the appearance and general character of countryside worthy of protection for its own sake;
 - (v) Be of a design and in materials of construction, which reflect the traditional rural character of the village concerned; and
 - (vi) Comply with general environment and traffic policies and requirements of this Local Plan.

Market housing

Private housing for rent or for sale, where the price is set in the open market.

National Average Earnings Level

Average weekly earnings based upon information from the latest New Earnings Survey Average Weekly Earnings for all full time employees all industries figures published by Office for National Statistics.

New Build Homebuy

Also known as Shared Ownership (see below)

North West Leicestershire Local Plan

Sets out the planning policies for North West Leicestershire. This will, in time, be replaced by the Local Development Framework.

North West Rural South

Those villages south of Coalville and Ashby excluding Measham and Ibstock.

Open Market Value

The price or premium of an affordable property on the open market (ie without any restrictions). The value should be determined by a certified surveyor/estate agent chosen by the owner of the property concerned. The value should reflect what in his opinion the property would command at the date of his Certificate of Value on the open market from a willing individual purchaser with vacant possession in the absence of any restrictions.

Ourplace ©

Ourplace© is the Council's innovative new service that seeks to improve the quality of design of new homes and neighbourhoods by providing consumers with an easy-to-understand rating system. The scheme was developed following a survey sent to all North West Leicestershire residents asking them what they thought made an ideal place to live. The rating system is based on the Building for Life standard – the national standard for new homes and neighbourhoods.

Permitted development rights

Permitted development rights are provided by the Town and Country Planning (General Permitted Development) Order 1995 (the GPDO) to allow certain types of development to proceed without the need for a planning application, since planning permission for them is deemed to be granted.

Planning Policy Statement

Statements which set out the Government's policies on various aspects of planning in England.

~~Regional Spatial Strategy for the East Midlands~~

~~Sets out the policies in relation to the development and use of land in the East Midlands.~~

Registered Social Landlords

A Housing Association or a non-profit company, registered by the Housing Corporation, providing social housing.

Right to Acquire

The Right to Acquire is a Housing Corporation scheme giving eligible tenants of registered social landlords the legal right to buy the home they currently rent.

Rural Centres

The Viability Study identifies Rural Centres as the settlements of Ibstock, Kegworth and Measham.

Section 106 Agreements

A private legal agreements negotiated, usually in the context of planning applications¹, between local planning authorities and persons with an interest in a piece of land (or "developers"), and intended to make acceptable development which would otherwise be unacceptable in planning terms.

Shared equity

Where more than one party has an interest in a property e.g. an equity loan arrangement or a shared ownership lease. There may be a charge on the loan, and restrictions on price, access and resale.

Shared ownership properties

A form of shared equity under which the purchaser buys an initial share in a home from a housing provider, who retains ownership of the remainder and may charge a rent. The purchaser may purchase additional shares (staircasing) in most cases up to the full value of the property (Staircasing out) and own the whole home, although this may be restricted in rural areas.

Social rented housing

Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Housing Corporation as a condition of grant.

Strategic Housing Land Availability Assessment (SHLAA)

Strategic Housing Land Availability Assessment's identify sites with potential for housing; and assess when they are likely to be developed.

Strategic Housing Market Assessment (SHMA)

Strategic Housing Market Assessment's estimate housing need and demand in terms of both affordable and market housing, determine how the distribution of need and demand varies across the plan area, consider future demographic trends and identify the accommodation requirements of specific groups.

Supplementary Planning Document

Proposed under the Planning and Compulsory Purchase Act 2004, SPDs provide detailed or supplementary guidance about how planning policies will be implemented.

Sustainability Appraisal

A tool for appraising policies to ensure they reflect sustainable development objectives (i.e. social, environmental and economic factors) and required in the Act to be undertaken for Supplementary Planning Documents.

Threshold

The amount of development at which affordable housing is to be required.