

REPORT TO PLANNING, TOWN & ENVIRONMENT COMMITTEE
30TH JULY 2010

Developers' Contributions

- Members have recently become aware of the level of costs that developers are required to contribute towards open space, transportation and affordable housing, following the District Council's adoption of the Core Strategy.

As an example, the Town Council's planning application for one new 3-bed dwelling on land at the rear of Greenways requires a total contribution of £23,904.90, which comprises:

Open Space	£ 3,505.90
Transportation	£ 3,745.00
Affordable Housing	£16,655.00

However, it should be noted that the affordable housing contribution includes a 50% reduction, which applies to planning applications submitted prior to 1st October 2010 for sites that were not previously required to provide affordable housing. From next year, the affordable housing contribution for one new 3-bed dwelling in Ringwood will be £33,310.

- Policy CS7 of the Core Strategy requires that all new residential developments "make provision for appropriately designed public open space, either through on site provision of new open space or by financial contribution to enhance or create off-site provision and management of public open space".
- Policy CS24 states that "contributions will be sought to improve pedestrian and cycle routes and assist public transport to improve accessibility by non-car modes". The District Council has also adopted Hampshire County Council's Transport Contributions Policy, which requires a contribution for all new developments, regardless of size.

The contribution costs are outlined below:

Residential	Cost Per Dwelling (£)
1 bed dwelling	1980
2-3 bed dwelling	3745
4+ bed dwelling	5457
Employment	Cost per 100sqm (£)
B1 Business	4301
B2 General Industry	1725
B8 Warehouse & Distribution	2162

These figures only apply to those developments that do not require a Transport Assessment.

- Provision of affordable housing as part of a residential development is a requirement of the adopted Core Strategy. Attached as *Appendix A* is a copy of the District Council's Advisory Note on the Implementation of Core Strategy Policy CS15, which sets out the requirements for the delivery of affordable housing. This states that, with effect from 1st January 2011, all new developments in Ringwood, with a few exceptions, must include 40% affordable housing or make an equivalent off-site financial contribution (see pages 9 and 12). The requirement for Greenfield sites is 50%.

5. The Development Control Manager at the District Council commented that the whole philosophy of the Core Strategy is to drive down the amount of speculative, mostly residential, development. The tougher standards represented by the new policies are restrictive and, combined with the contributions policies and the current economic situation; this will have the effect of limiting development. However, the emerging Sites and Development Management Development Plan Document is likely to include a bigger housing allocation for Ringwood, with a larger element of affordable housing.
6. Implementation of the Core Strategy will provide a 'pot' of money for affordable housing provision, where it is not possible to provide this on site. However, it is believed that it is likely to bring about a reduction in the number of new dwellings, particularly starter homes for young people, at a time when there is already a shortage of this type of property in the town. Evidence of the time residents spend on the housing waiting list is easily available.
7. It is RECOMMENDED that
 - 1) having regard to the shortage of small dwellings in Ringwood, consideration be given to the appropriateness of the arrangements included in the Core Strategy for small dwellings suitable for first time buyers and tenants; and
 - 2) clarification be sought from the District Council as to whether funds generated from developments in Ringwood for affordable housing will be spent in the town and, if so, within what timescale.

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or

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Advisory Note on the Implementation of Core Strategy Policy CS15

**The Delivery of Affordable Housing (on Development Sites)
through the Planning Process**

June 2010



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A guide to the implementation of Core Strategy Affordable Housing Policy CS15

- This advisory note provides guidance on the implementation of Policy CS15 of the adopted New Forest District outside the National Park Core Strategy, and relates to proposals that are expected to include an element of affordable housing as part of their development.
- **Landowners, agents and potential developers are strongly advised to discuss affordable housing issues with the local planning authority at an early stage. This will be particularly important if you are considering purchasing a site.**
- Details of the priority housing need to be met, dwelling type and tenure, and method of provision, are all available from the District Council. The District Council has a strategic overview of the affordable housing needs of the District and developers will be expected to follow the approach the Council puts forward.
- This document provides a basis for negotiations. By following the advice given in this advisory note the time it takes to determine your planning application will be minimised and the probability of success increased.
- Your first point of contact will be a Planning Development Control case officer. Inquiries should be made in writing, supported by an appropriate level of information about the proposed development.

(Note: For developments within the New Forest National Park refer to the New Forest National Park Authority for further information.)

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BACKGROUND INFORMATION

Provision of Affordable Housing – a key priority for New Forest District Council

The Council's Corporate Plan – Leading Our Forest Communities states the provision of Affordable Housing to be a key priority of New Forest District Council.

The Sustainable Community Strategy – Future Matters sets out the Local Strategic Partnership's priorities. For housing these are:

- 8.1 Increase the supply of affordable housing
- 8.2 Preventing homelessness and meeting the needs of special groups
- 8.3 Providing the right type of new housing to meet the needs of local communities
- 8.4 Making the best use of existing stock"

Objective 3 of the adopted New Forest District outside the National Park Core Strategy is:

"3. Housing

To provide for additional housing within the Plan Area to meet at least the requirements of the South East Plan (3,920 additional dwellings 2006-2026 which is equivalent to 196 additional dwellings a year) and to ensure that new housing provision is as far as possible directed towards addressing local housing needs, in terms of type, tenure and location, and in particular the needs of local people for housing which is affordable."

What is meant by "affordable housing"?

Affordable housing is defined in Planning Policy Statement 3: Housing. It states:

Affordable housing is:

'Affordable housing includes 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.'*

Social rented housing is:

'Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through Homes and Communities Agency as a condition of grant.'

Intermediate affordable housing is:

'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.'

Is the provision for affordable housing optional?

Provision of affordable housing as part of a residential development is a requirement of the adopted Core Strategy for New Forest District outside the National Park. Failure to make appropriate provision for affordable housing on sites where there is a requirement for its provision under Policy CS15 in the New Forest District outside the National Park Core Strategy is very likely to result in a refusal of planning permission.

S54A of the Town and Country Planning Act 1990 states:

Where, in making any determination under the planning Acts, regard is to be had to the development plan, the determination shall be made in accordance with the plan unless material considerations indicate otherwise.

What sort of housing is the Council seeking?

Policy CS15 of the adopted Core Strategy sets out the Council's policy aimed at securing affordable housing provision as part of private residential developments within the Plan Area. (See Appendix 1) Affordable housing provided will be a mix of social rented housing and intermediate housing, as set out in Policy CS15, and Table 1 of this document.

In most areas there is a high need for 1, 2 and 3 bed houses and flats. In some areas there is a need for larger dwellings and for bungalows. The affordable housing will be expected to reflect the character of the market housing in terms of dwelling size and local housing needs. There is a particular need for family housing in the social rented sector. While the Homesearch¹ register generally shows the highest need is for smaller accommodation, 3 bed accommodation will often be sought as an element of the provision in order to create a balance of provision and to reduce the number of over-occupied smaller dwellings.

The Strategic Housing Team will advise on this matter and you will be expected to provide affordable housing of the type and tenure advised. All dwellings must be provided in accordance with the Homes and Communities Agency (HCA) Design and Quality Standards, the RHP's design brief, the Council's Local Development Framework documents and any other guidance that may be produced. All these can be made available at an early stage.

Who will live in the affordable housing provided?

Households on the New Forest District Homesearch register will be eligible for affordable housing provided. The District Council's Homesearch allocations policy may be viewed in the Housing section of the Council's web-site at:

<http://www.newforest.gov.uk/index.cfm?articleid=8095&articleaction=dispmedia&mediaid=2753>.

A guide to the Homesearch is available at:

http://www.newforest.gov.uk/media/adobe/p/p/Homesearch_Guide_3_Sep_2009.pdf

The Council will retain nomination rights on occupancy of the housing.

¹ Homesearch is the housing waiting list and allocation scheme for the New Forest District.

IMPLEMENTING POLICY CS15

◆ What provision for “affordable housing” is required from private developments?

Most new private housing development that takes place within New Forest District is required to make some provision for new affordable housing. The landowner/developer subsidises the provision of affordable housing by providing free, clean, serviced land on which an affordable housing provider can build affordable homes.

Policy CS15 of the New Forest District outside the National Park Core Strategy sets out the requirements for affordable housing provision as part of new private developments creating dwellings. Policy CS15 is set out in full in Appendix 1 of this document. (Note: All calculations are based on the gross number of dwelling units in a development.)

Table 1 below summarises the requirements for different parts of the plan area as set out in Policy CS15. Table 1 also indicates the mix of affordable housing types normally expected to be provided.

Table 1: Quick guide to new affordable housing requirements in Core Strategy Policy CS15

Type of development \ Area	Basic affordable housing requirement Policy CS15 (Based on gross number of dwellings in a scheme)	Sites of 14 or fewer dwellings Up to 31.12.10 only ²	<ul style="list-style-type: none"> • Replacement dwelling • Agricultural workers • Conversion/subdivision of a dwelling • Residential redevelopment for 4 or less (involving demolition of a dwelling, & less than 0.1ha) 	Greenfield sites Policy CS11 ³	Greenfield sites CS12 ⁴
Bransgore	50% 35% Social Rented 15% Intermediate (70 % of the affordable housing to be social rented)	50%	No requirement	n.a	70% At least 40% Social Rented, up to 30% Intermediate (At least 50% of AH to be family housing) Up to 30% Low-cost market
Fawley (Blackfield and Langley, Hardley and Holbury)	40% 25% Social Rented 15% Intermediate (62.5% of the affordable housing to be social rented)	20% 40% in Fawley village	No requirement	n.a	70% At least 40% Social Rented, up to 30% Intermediate (At least 50% of AH to be family housing) Up to 30% Low-cost market

² Subject to agreement for implementation to commence within one year from date of planning permission

³ See Appendix 1

⁴ See Appendix 1

Type of development \ Area	Basic affordable housing requirement Policy CS15 <i>(Based on gross number of dwellings in a scheme)</i>	Sites of 14 or fewer dwellings Up to 31.12.10 only ²	<ul style="list-style-type: none"> • Replacement dwelling • Agricultural workers • Conversion/subdivision of a dwelling • Residential redevelopment for 4 or less (involving demolition of a dwelling, & less than 0.1ha) 	Greenfield sites Policy CS11 ³	Greenfield sites CS12 ⁴
Fordingbridge	40% 25% Social Rented 15% Intermediate <i>(62.5% of the affordable housing to be social rented)</i>	20%	No requirement	n.a	70% At least 40% Social Rented, up to 30% Intermediate <i>(At least 50% of AH to be family housing)</i> Up to 30% Low-cost market
Hordle, Everton	50% 35% Social Rented 15% Intermediate <i>(70 % of the affordable housing to be social rented)</i>	25% Hordle 50% Everton	No requirement	n.a	70% At least 40% Social Rented, up to 30% Intermediate <i>(At least 50% of AH to be family housing)</i> Up to 30% Low-cost market
Hythe and Dibden	40% 25% Social Rented 15% Intermediate <i>(62.5% of the affordable housing to be social rented)</i>	20%	No requirement	n.a	70% At least 40% Social Rented, up to 30% Intermediate <i>(At least 50% of AH to be family housing)</i> Up to 30% Low-cost market
Lymington	50% 35% Social Rented 15% Intermediate <i>(70 % of the affordable housing to be social rented)</i>	25%	No requirement	n.a	70% At least 40% Social Rented, up to 30% Intermediate <i>(At least 50% of AH to be family housing)</i> Up to 30% Low-cost market
Marchwood	40% 25% Social Rented 15% Intermediate <i>(62.5% of the affordable housing to be social rented)</i>	20%	No requirement	n.a	70% At least 40% Social Rented, up to 30% Intermediate <i>(At least 50% of AH to be family housing)</i> Up to 30% Low-cost market

Type of development \ Area	Basic affordable housing requirement Policy CS15 (Based on gross number of dwellings in a scheme)	Sites of 14 or fewer dwellings Up to 31.12.10 only ²	<ul style="list-style-type: none"> • Replacement dwelling • Agricultural workers • Conversion/subdivision of a dwelling • Residential redevelopment for 4 or less (involving demolition of a dwelling, & less than 0.1ha) 	Greenfield sites Policy CS11 ³	Greenfield sites CS12 ⁴
Milford on Sea	50% 35% Social Rented 15% Intermediate (70 % of the affordable housing to be social rented)	25%	No requirement	n.a	70% At least 40% Social Rented, up to 30% Intermediate (At least 50% of AH to be family housing) Up to 30% Low-cost market
New Milton	40% 25% Social Rented 15% Intermediate (62.5% of the affordable housing to be social rented)	20%	No requirement	n.a	70% At least 40% Social Rented, up to 30% Intermediate (At least 50% of AH to be family housing) Up to 30% Low-cost market
Ringwood	40% 25% Social Rented 15% Intermediate (62.5% of the affordable housing to be social rented)	20%	No requirement	50% 35% Social Rented 15% Intermediate (At least 50% of AH to be family housing)	n.a.
Sandleheath Ashford	40% 25% Social Rented 15% Intermediate (62.5% of the affordable housing to be social rented)	40%	No requirement	n.a	70% At least 40% Social Rented, up to 30% Intermediate (At least 50% of AH to be family housing) Up to 30% Low-cost market
Totton	40% 25% Social Rented 15% Intermediate (62.5% of the affordable housing to be social rented)	20%	No requirement	50% 35% Social Rented, 15% Intermediate (At least 50% of AH to be family housing)	70% At least 40% Social Rented, up to 30% Intermediate (At least 50% of AH to be family housing) Up to 30% Low-cost market
Rural areas – Rural exceptions (Policy CS22)	100%	100%	No requirement	n.a	100%

◆ How is the “affordable housing” provided?

Affordable housing is normally provided for by the developer by transferring clean serviced land⁵, or buildings, sufficient to accommodate the required amount of affordable housing, to a Registered Housing Provider (RHP) or other agreed affordable housing provider at nil-market value. This land should be serviced to the site boundary. Where flats are to be transferred as part of a mixed tenure block, the costs should take account of a requirement for the land and servicing up to the front door, to be at nil cost to the RHP/affordable housing provider.

Clean, serviced land should be transferred to a RHP/affordable housing provider at nil cost.

The RHP/affordable housing provider will then be responsible for the construction of the affordable dwellings. In some cases, a build contract may be agreed with the RHP/affordable housing provider for the developer to build the dwellings. In this case this should be through a negotiated build contract or by completed affordable housing being sold to the RHP/affordable housing provider. The price should reflect build costs (rather than value of the dwellings) and exclude the value of the clean serviced land.

Subject to discussion between the developers, the affordable housing provider/ RHP and the Council, in some cases it may be more appropriate for a build contract to be agreed with the RHP/affordable housing provider for the developer to build out the dwellings. In this case the developer will be paid by the RHP/ affordable housing provider for construction work undertaken on their behalf.

In designing a housing scheme the affordable housing should be well integrated with market housing and reflect the market housing's character. Policy CS14(a) of the adopted Core Strategy requires affordable housing to be integrated into a development and indistinguishable from other housing on a site. Particularly on larger sites, affordable housing should be distributed in small groups of dwellings throughout the site, avoiding concentrations in a single location. Normally groupings of RHP/social rented dwellings should be no greater than 5. Developers should also seek to achieve a street level mix of dwellings of different types and tenures, for instance by ensuring different types and tenures face each other across a street. Different dwelling tenures should be indistinguishable from each other in terms of appearance.

There will normally be a variety of ways in which a site can be satisfactorily developed for housing. The developer's decision on the form of development to be proposed should take into account the need to accommodate affordable housing **on the site**. The priority is for the inclusion of affordable housing within a scheme and the developer's choice of scheme cannot be allowed to compromise this. A developer's preference for a certain form of development will not override a need to provide affordable housing. If a developer finds that it is not possible to accommodate the required element in a satisfactory manner within their scheme, they will be expected to reconsider the form of development proposed on the site. Sites where a developer proposes some form of specialist housing development, such as sheltered housing schemes or 'executive' housing, will be required to include an element of affordable housing in accordance with the Core Strategy. The Local Planning Authority's requirement for an element of affordable housing to be

⁵ (*Clean and serviced land is defined as land where provision is made to the boundary of the site for: all services necessary for the development (electricity, gas, water, sewerage, lighting etc) and connection costs; infrastructure (roads, footpath, boundary walls etc.); and where applicable demolition, clearance, decontamination (including vegetation such as Japanese Knotweed) and archaeological investigation costs. Developers will be required to ensure that local planning authority requirements with respect to ecological constraints (e.g. badgers) have been complied with. In the case of flats in a mixed tenure block all services should be provided at nil cost to the RHP/affordable housing provider up to the front door of each dwelling).

provided within a development site will need to be taken into account and designed for by the developer from an early stage. The local planning authority will not accept the view that a site is unsuitable for affordable housing because affordable housing is not compatible with the type of development proposed by the developer.

If a flatted or sheltered housing scheme is being considered, particular consideration needs to be given to how the affordable housing element will be provided within the development. It is accepted that in a flatted development it may not be practical to achieve dispersion of the affordable units throughout the development. In schemes where there is to be a service charge associated with the building, the building should be designed to keep service charges to a minimum for all tenants. For the affordable housing units the Council's target is to restrict service charges to no more than £250 per annum. Where appropriate Registered Social Landlords will be encouraged to be party to management organisations for flatted developments where they have properties.

The process of developing a design and access statement⁶ should take account of the need to provide affordable housing. Guidance is provided in the 'Housing design, density and character' Supplementary Planning Document adopted in April 2006 (<http://www.newforest.gov.uk/index.cfm?articleid=5137>), and Local Distinctiveness Supplementary Planning Documents produced by the Council (<http://www.newforest.gov.uk/index.cfm?articleid=5136>).

◆ **Are there any exceptions to provision within the development site?**

The full requirement for affordable housing should normally be provided within the development site.

Core Strategy Policy CS15 identifies the circumstances where 'off-site' provision by way of a fixed financial contribution affordable housing may be made. These are:

- On developments of 4 or less dwellings in the defined built-up areas of Totton, Hythe, Lymington, New Milton and Ringwood;
- On developments of 1 or 2 dwellings in all other defined settlements.

In addition to the above, a financial contribution may be required where the full affordable housing requirement is not provided on site because the requirement involves a fraction of a dwelling. For example if the requirement is for 2.5 affordable houses, two may be provided on site and a financial contribution for 0.5 of an affordable house made towards off-site provision elsewhere.

Example of Affordable Housing requirement calculation - Scheme for 6 dwellings Ringwood

Requirement = 6 x 40% = 2.4 affordable dwellings required

2 affordable dwellings are provided on site alongside 4 market houses and a financial contribution is also paid for 0.4 dwellings to be provided by off-site provision. (Refer to table 2 below for guide.)

⁶ A design and access statement is a short report accompanying and supporting a planning application to illustrate the process that has led to the development proposal, and to explain and justify the proposal in a structured way. (It is required under section 327A of the 1990 Act, which prohibits, among other things, a local planning authority from entertaining an application unless it is accompanied by a design statement and an access statement, see also Circular 01/2006)

In the limited circumstances where off-site provision is acceptable, a developer will be expected to make an equivalent financial contribution towards the acquisition of land (on an alternative site) for the agreed number, size and type of affordable dwellings to be provided. This cost will be based on the acquiring clean, serviced land/ or suitable buildings with planning permission for residential development. The alternative provision should take place within the same town/parish as the principal development. (In some circumstances financial contributions may be used to acquire existing buildings for use as affordable homes.)

Financial contribution towards affordable housing provision will be additional to any other planning charges or tariffs required by the development.

Off-site provision on an alternative site, rather than a financial contribution, may be considered acceptable in the following exceptional circumstances:

- Where alternative provision is proposed that would allow priority housing needs to be better met. (For example, by increasing the overall number of affordable dwellings to be provided and allowing an early transfer of the land to a RHP /affordable housing provider), or;
- Where provision “on-site” would necessitate an unacceptable level of alteration to a listed building.

◆ How much will the fixed financial contribution for affordable housing be?

Off-site financial contributions are taken so that a RHP/ affordable housing provider can purchase a suitable development site on which to build affordable homes. The financial contribution must be equivalent to the unconstrained open market residential land value for the number of affordable dwellings required (had they been provided on the application site).

Where off-site provision is acceptable, a developer will be expected to make an equivalent contribution of an agreed number, size and type of affordable dwellings on a different site (or sites). Table 2 gives contribution levels required for off-site provision, based on the likely costs (per unit of affordable housing required) of acquiring a plot of clean and serviced land on which to build the affordable housing. This table will be the basis for negotiating appropriate financial contributions towards affordable housing provision where the Local Planning Authority have accepted a financial contribution is appropriate. (See Policy CS15)

Table 2: Off-site financial contributions

Dwelling plot value per unit/ Sub-Area	1 & 2 bedroom flat	2 bedroom dwelling	3 bedroom dwelling	4 bedroom dwelling	5 or more bedroom dwelling⁷
West	£38,075	£62,000	£83,275	£95,250	Subject to individual assessment
South	£34,375	£63,850	£91,800	£97,350	Subject to individual assessment
East	£19,025	£45,150	£62,675	£62,675	Subject to individual assessment

⁷ Contact NFDC Estates and Valuation Team

For the purposes of the off-site financial contributions set out in Table 2 above, the Sub-Areas are as follows:

- **West Sub-Area** includes: Ashford, Bransgore, Fordingbridge, Ringwood and Sandleheath
- **South Sub-Area** includes: Hordle, Everton, Lymington & Pennington, Milford on Sea, New Milton and Barton on Sea
- **East Sub-Area** includes: Fawley, Blackfield, Langley, Hardley, Holbury, Hythe and Dibden, Marchwood, Totton and Eling

Example - Affordable housing contribution calculation

Proposed development is two three bedroom houses in New Milton

2 (dwellings) x 0.40 (40% requirement to be affordable) = 0.8 dwellings to be affordable

0.8 (AH requirement) x £91,800 (cost of purchasing off site plot for 3 bed affordable dwelling in South Sub Area) = £73440 (off- site financial contribution required)

The figures set out in Table 2 apply from 1st June 2010. It is the Council's intention to review the level of financial contributions payable to reflect market conditions. The first review will be undertaken in Spring 2011.

If the charges set out in Table 2 are not viable, the Council is prepared to enter into negotiations about the amount payable. (See below)

◆ Will there be any public subsidy available to help fund the affordable housing provision?

The Council considers that the developer/landowner subsidy for affordable housing provision should be limited to provision of free, clean, serviced land. While in many cases public subsidy will be necessary in order for affordable housing schemes to be built, this is a matter for the Council and RHP/affordable housing provider. In the absence of public subsidy the Council will negotiate with a RHP/affordable housing provider to forward fund the scheme. If this is not possible the land will be banked for affordable housing, or the Council will determine that an alternative form of affordable housing is provided that requires less/no subsidy. The Council aims to ensure that lack of public subsidy does not hold up the development of open market housing on the remainder of the site.

Although build costs will be primarily be a matter for negotiation between the RHP/affordable housing provider and developer, the Council will monitor costs to ensure value for money is being achieved and public subsidy requirements are limited.

◆ What if it is not economically viable to provide the full affordable housing requirement?

The provision of additional affordable housing is a key objective of the Core Strategy. The Council considers it very important that the new residential development that does take place contributes towards meeting the local need for additional affordable housing. The strategic requirement for new housing within the District represents a significant reduction from past house-building rates. Meeting the strategic requirement for new housing building in the plan area is not dependant on allowing developments that can not comply with policies in the adopted Core Strategy.

It is expected that the provision of affordable housing as part of the development will normally be economically viable for all developments falling within the scope of Policy CS15.

However, there may be circumstances where a potential development site cannot meet the affordable housing target requirements set out in Core Strategy Policy CS15(c) and (d). Where it can be demonstrated that provision of the target level of social rented and/or intermediate affordable housing is not economically viable the Council will:

- First, seek to maximise the potential for affordable housing contributions from that development by allowing a higher proportion of intermediate housing to be provided to meet the overall housing target;
- Second, seek to negotiate a percentage of affordable housing as close as possible to the target level set in this policy, having regard to a site specific economic viability assessment.

It will be up to developers to clearly demonstrate why any deviation from Policy CS15 is necessary. In entering into negotiations on affordable housing contributions, the Council will ensure the proposed development meets the objectives of the Core Strategy, and in particular Objective 3 Housing. (See Core Strategy, Policy CS25).

In addition to costs relating to the provision for affordable housing, there are likely to be additional costs arising from other development requirements, such as contributions towards public open space and transport infrastructure. You should seek advice on the likely cost of these other contributions from the Council and take them into account when planning a development. The purchase price for any site should take into account the full costs of developing the site in accordance with development plan policies.

Remember - If you are buying a site with a view to developing it, the price you pay for the site should take into account the costs you will have to bear in relation to the provision of affordable housing, as well as other development costs.

◆ **How will economic viability of a scheme be assessed?**

Economic Viability will be tested using an economic viability assessment toolkit which will examine specific site viability, based on 'open book' information relating to a particular development.

The viability of a scheme will be tested using the Housing and Communities Agency's Economic Appraisal Tool. This can be viewed on the HCA website at: <http://www.homesandcommunities.co.uk/economic-appraisal-tool.htm>

Economic viability assessments will be verified by the District Council's Estates and Valuation Team.

NOTE: For the modelling, 'Developer's return' (developer 'profit' (before taxation) on the open market housing as a percentage of the value of the open market housing) will be assumed to be 15%.

◆ **What information relating to affordable housing provision proposed should accompany a planning application?**

The planning application should be accompanied by an 'Affordable housing statement'. A draft 'Affordable housing statement' should form the basis for pre-application discussions. This should set out information concerning both the affordable housing and any market housing included in the scheme. It should include the following information:

- the numbers and size of residential units
- the mix of units with numbers of bedrooms
- plans showing the location of units and their bedrooms
- the gross internal floor space of all units
- a 'transfer schedule' detailing the transfer arrangements for dwellings/land
- a statement agreeing to the terms of the affordable housing Planning Obligation (S106 agreement) and contact details for legal representatives dealing with this matter
- a plan identifying the land/buildings to be transferred for affordable housing. Where land, e.g. parking spaces, will not be transferred but rights will be granted to affordable housing occupiers, details should be provided.

If different levels or types of affordability or tenure are proposed for different units this should be clearly and fully explained.

◆ **When is the necessary planning obligation/legal agreement negotiated?**

It is normal practice to secure the provision of affordable housing which is negotiated as part of a private development through a legal agreement (known as a 'Planning Obligation') under the provisions of Section 106 of the Town and Country Planning Act 1990 (as amended). The cost of drawing up such an agreement will be met by the applicant.

To speed the planning process, pre-application discussions should clarify the Council's requirements. A planning application should be accompanied by a statement identifying the draft heads of terms for a Section 106 agreement that will be entered into (or an agreement to use the Council's model). The terms of any planning obligation/ legal agreement should be agreed prior to the consideration of the planning application by the Planning Development Control Committee.

For an outline planning application, a planning obligation will be used to ensure that the agreed proportion of affordable housing will be provided and the terms under which it should be provided. Depending on the scale of development the obligation may require/ include details of phasing/location of the affordable housing in order to ensure there is no over concentration of affordable housing in a small number of phases.

In cases where planning permission is sought but the potential developer of the site is not known, when granting planning permission, a Section 106 agreement will be negotiated which will secure the provision of appropriate affordable housing provision which is ready and available for letting/occupation prior to the occupation/sale of more than 25% of the general market units. This agreement will be binding on any future developer of the site, and will need to be taken in account when the site is sold to a developer.

◆ **How do I find an RHP to work with?**

It is important that an RHP is involved as a partner in the project at an early stage. You should approach the Strategic Housing Team who will select one of its partner RHPs/ affordable housing providers to work on a particular site. In selecting the RHP account will be taken of issues such as their local stock, their current performance, and their ability to deliver a scheme in accordance with a developers programme.

The Council's strong preference is for affordable housing to be provided and managed by a RHP. The following RHP's are the Council's preferred partners for the delivery of affordable homes:

- Swaythling Housing Society
- Western Challenge Housing Association
- Kingfisher HVHS Housing Association
- Raglan Housing Association
- Synergy Group - East Dorset Housing Association
- First Wessex
- Hyde Housing Association
- New Forest Villages Housing Association

The District Council will only provide grant funding, or support bids for HCA funding, to partner RHPs which it has agreed should work on particular sites.

If an alternative owner/landlord is proposed it is important that they are:

- Accepted by the Homes and Communities Agency as an appropriate provider;
- Agree to the terms of the New Forest RHP Partnership Agreement and agree to accept all nominations for all properties from the Homesearch Register.
- Agree to meet the standards and requirements set out in the Council's model S106 Agreement.⁸
- Agree with the Council standards for tenant participation, management and community development.

◆ **What long term restrictions will be put on the occupancy of the affordable housing?**

A planning agreement will ensure that all housing remains available for affordable housing in perpetuity (minimum 80 years) unless this provision is over-ridden by statute, for instance Right to Acquire.

◆ **What will the mechanism be for requiring the transfer of the affordable housing land or buildings?**

A planning obligation will require the transfer of the land or buildings before the occupation of more than 25% of the open market dwellings. On large sites where development is in phases this will apply for each phase. The land/buildings should be transferred freehold to the RHP. In the case of flats a lease of 125 years may be agreed.

⁸ Model S.106 Agreement can be viewed at:

<http://www.newforest.gov.uk/index.cfm?articleid=8095&articleaction=dispmedia&mediaid=4128>

NOTE: The following section only applies to relevant applications granted planning permission before 31 December 2010.

◆ How is the 50% discount on the affordable housing requirement for some sites during 2010 applied?

This part of the note relates to the last paragraph of Core Strategy Policy CS15 and the implementation of the temporary reduction in the affordable housing contribution which applies to sites which previously (under the Local Plan), were not required to provide affordable housing. (See Table 1: generally, sites of 14 or less in the towns and larger villages). It only applies to sites obtaining planning permission before 31st December 2010. To meet this deadline valid planning applications will need to be registered by 1st October 2010.

There are two main options available to developers in terms of whether they would prefer a discounted affordable housing contribution and a short life permission (1 year grant of planning permission) with the reduced contributions covered via a Section 106 or a longer life permission (3 or more year grant of planning permission) on the basis that the full requirement (no 50% discount) is provided via a Section 106.

Example 1:

Site for 12 dwellings in Lymington (For permissions granted before 31.12.10)

= 12x 25%= 3 dwellings (with planning permission granted for one year) or

= 12 x 50% = 6 dwellings (with planning permission granted for three years)

Example 2:

Site for 12 dwellings in Lymington (For permissions granted after 31.12.10)

= 12 x 50% = 6 dwellings (with planning permission granted for three years)

The 50% discount was introduced for one year to let the market adjust to the impact of the new policy on land values and to encourage development to continue to help recovery in the national economic down turn, hence implementation is required within one year.

The economic viability negotiations will not normally be entered into when a development is subject to the 50% discount. If viability is an issue even at the 50% discount for early implementation no further reduction will be considered appropriate as the development cannot comply with Policy CS15.

Appendix 1: Policy extracts from adopted Core Strategy

Policy CS11 New housing land allocations

Provision will be made for new housing development during the plan period, by identifying sites in the Sites and Development Management Development Plan Document for:

- (i) around 100 dwellings at Totton; and
- (ii) around 150 dwellings at Ringwood.

Policy CS12 Possible additional housing development to meet a local housing need

Additional sites will be identified adjoining the main towns and larger villages to allow for housing to specifically address identified local needs for affordable housing and low-cost market housing (in accordance with policy CS15(b)) which will not otherwise be met. These sites will be identified through the Sites and Development Management Development Plan Document, working with local communities.

These sites could provide for:

- (a) up to around 50 dwellings at Totton (in addition to the 100 dwellings proposed under Policy CS10(e)(iii) and Policy CS11 (ii))
- (b) up to around 150 dwellings at Marchwood
- (c) up to around 50 dwellings at Hythe
- (d) up to around 150 dwellings at Lymington
- (e) up to around 110 dwellings at New Milton
- (f) up to around 100 dwellings at Fordingbridge
- (g) up to around 200 dwellings in total from small sites at the smaller defined villages provided from sites of:
 - up to about 30 dwellings at each of Blackfield and Langley, Hardley and Holbury, Fawley, and Milford-on-Sea ,
 - up to around about 10 dwellings at each of Hordle, Everton, Bransgore, Ashford and Sandheath.

The total provision under this policy during the period 2006-2026 should not exceed around 810 dwellings.

Development permitted under this policy will be subject to the affordable housing contribution requirements set out in Policy CS15(b) below.

Policy CS14 Affordable housing provision

The Council's housing target of providing at least 100 additional affordable dwellings per annum within New Forest District will be addressed by:

- (a) requiring provision to be made for affordable housing as part of all new developments providing residential accommodation, subject to Policy CS15 below. Affordable housing provided will be integrated into the development and be indistinguishable from other development on the site.
- (b) the District Council and Registered Social Landlords or approved Affordable Housing Providers continuing to develop sites which provide 100% affordable housing (primarily social rented housing), both within existing built-up areas and on exceptions sites.
- (c) on suitable land in Council ownership within the defined towns and villages, maximising suitable opportunities to increase social-rented housing provision.

- (d) encouraging other public sector land owners to review their land holdings with a view to making suitable sites available for affordable housing provision.
- (e) making additional provision for affordable housing on rural exception sites in accordance with Policy CS22.

Policy CS15 Affordable housing contribution requirements from developments

Private developments creating new dwellings will be required to contribute towards the provision of affordable housing by making provision as set out below, under one of requirements (a) to (d). Affordable housing provision will not be required where the development is:

- a single replacement dwelling
 - an agricultural/ forestry workers dwelling or commoners' dwelling (but the removal of an occupancy condition will require an affordable housing contribution)
 - the conversion or subdivision (without significant extension) of an existing dwelling
 - a residential redevelopment scheme for 4 or less dwellings, involving the demolition of at least 1 dwelling, and where the site size is smaller than 0.1 hectare.
- (a) On greenfield housing site allocations (except for those covered by (b) below) the target is 50% affordable housing, of which 35% of the total dwellings will be social rented housing and 15% of the total dwellings will be intermediate housing. At least 50% of the affordable dwellings provided should be family housing.
 - (b) On greenfield housing sites released specifically to meet an identified local need for affordable housing which will not otherwise be met (under Policy CS12), the target will be a minimum of 70% affordable housing. The development should provide a minimum of 40% social rented housing and 30% intermediate affordable housing. The remainder of the site should be developed for low-cost market housing which could include starter homes, self-build units and extra-care housing. At least 50% of the affordable dwellings provided should be family housing.
 - (c) Within the defined settlements of Lymington, Everton, Hordle and Milford-on-Sea and Bransgore, the target is for 50% of all new dwellings on the site to be affordable housing, of which 35% of the total dwellings will be social rented housing and 15% of the total dwellings will be intermediate housing.
 - (d) Within the other defined towns and villages ⁹, the target is for 40% of all new dwellings to be affordable housing, of which 25% of the total dwellings will be social rented housing and 15% of the total dwellings will be intermediate housing.

Provision will normally be made on site. The affordable housing should reflect the type and size of the development as a whole, and should include family housing if that is provided as part or all of the market provision.

Where it can be demonstrated that provision of the target level of social rented and/or intermediate affordable housing is not economically viable the Council will: First, seek to maximise the potential for affordable housing contributions from that development by allowing a higher proportion of intermediate housing to be provided to meet the overall housing target; Second, seek to negotiate a percentage of affordable housing as close as possible to the target level set in this policy, having regard to a site specific economic viability assessment.

⁹ Totton, Marchwood, Hythe and Dibden, Hardley and Holbury, Blackfield and Langley, New Milton, Ringwood, Fordingbridge, Sandleheath, Ashford

In the following circumstances the affordable housing contribution may be made by payment of a fixed affordable housing contribution/ tariff rather than on site provision. This will be additional to any other planning charges or tariffs (including Community Infrastructure Levy) required by the development.

- On developments of 4 or less dwellings in the defined built-up areas of Totton, Hythe, Lymington, New Milton and Ringwood;
- On developments of 1 or 2 dwellings in all other defined settlements.

The contributions will be used to enable additional affordable housing provision on alternative sites, or to subsidise the provision of social rented housing on sites where social rented housing cannot be achieved without public subsidy.

In settlements where the site size threshold for affordable housing provision had previously been set at 15 or more dwellings¹⁰, on developments of 14 or fewer dwellings, the above affordable housing contributions will be applied subject to a 50% discount in the affordable housing provision required until 31 December 2010.

¹⁰ Totton, Marchwood, Hythe and Dibden, Hardley and Holbury, Blackfield and Langley, Lymington, Hordle, New Milton, Milford-on-Sea, Ringwood, Fordingbridge

Appendix 2: Dwelling Size requirements

Table 1: Dwelling Size Requirements for Affordable Housing

Property type and accommodation requirements ¹¹									
Type	Occupancy	GIA M ²	Floors	Beds	Bath	WC	Kitchen	Living	Dining
1	2	45 to 50	1	1	1	1	✓	✓	✓
2	4	67 to 75	2	2	1	2	✓	✓	✓
3	5	75 to 85	1	3	1	2	✓	✓	✓
4	5	82 to 85	2	3	1	2	✓	✓	✓
5	6	85 to 95	1	4	1	2	✓	✓	✓
6	6	95 to 100	2	4	1	2	✓	✓	✓
7	6	100 to 105	3	4	1	2	✓	✓	✓
8	7	108 to 115	3	4	1	2	✓	✓	✓

Affordable housing provided should comply with Housing Quality Indicators (HQIs) and will therefore be required to meet the above unit size and living spaces requirements.

Housing Quality Indicators (HQIs) measure the quality of housing schemes funded through the National Affordable Housing Programme (NAHP).

The Housing Quality Indicators (HQI) system is a measurement and assessment tool to evaluate housing schemes on the basis of quality rather than just cost. They incorporate the design standards required of affordable housing providers receiving funding through the NAHP.

Further guidance on the requirements is given in the National Affordable Homes Agency "721 Housing Quality Indicators (HQI) Form".

¹¹Based on The National Affordable Homes Agency: Housing Quality Indicators

Appendix 3: Contacts and References

Contacts at New Forest District Council

Your first point of contact should be the Planning Development Control case officer.

Planning Development Control

Tel: 02380 285345 (option 1)

dev.control@nfdc.gov.uk

Strategic Housing Team

Tel: 02380 285111/ 02380 285577

strategic.housing@nfdc.gov.uk

Estates and Valuation Team

Tel: 02380285110

andy.groom@nfdc.gov.uk

Policy and Plans Team

Tel: 02380 285231

policyandplans@nfdc.gov.uk

Environmental Design

Tel: 02380 285231

environmentaldesign@nfdc.gov.uk

New Forest District Council - General

Appletree Court, Lyndhurst, SO43 7PA

Tel: 02380 285000

www.newforestdc.gov.uk

References

Housing design, density and character, Supplementary Planning Document	NFDC	http://www.newforest.gov.uk/media/adobe/7/e/Housing_design_density_and_character SPD.pdf
Design and Quality Standards	Homes and Communities Agency	http://www.homesandcommunities.co.uk/housing_quality http://www.homesandcommunities.co.uk/design_quality_standards
Housing Quality Indicators	Homes and Communities Agency	http://www.homesandcommunities.co.uk/hqi http://www.housingcorp.gov.uk/upload/pdf/721_HQI_Form_4_Apr_08_update_20080820153028.pdf
Standards & Quality in Development	National Housing Federation	http://www.housing.org.uk/default.aspx?tabid=932&mid=1150&ctl=Details&ArticleID=1252
Urban Design guidance		http://www.homesandcommunities.co.uk/urban_design <ul style="list-style-type: none"> • Design Codes: A Practice Guide. • English Partnerships' Quality and Innovation publications • Housing Corporation Design and Quality Strategy • Building for Life guidance • Code for Sustainable Homes • Manual for Streets
EcoHomes: BREEAM/ Code for Sustainable Homes	BRE CLG	www.breeam.org/ecohomes.html www.breeam.org/page.jsp?id=86 www.communities.gov.uk/planningandbuilding/buildingregulations/legislation/codesustainable/