

Supplementary Planning Document: **Affordable Housing**

Adopted October 2011



**Local
Development
Framework**

1	Purpose and Status	4
2	Policy Context	6
3	Definitions	10
4	What Developments Should Contribute	12
5	On-Site Provision	14
6	Off-Site Provision	18
7	Procedures	22
8	Development Viability	24
9	Monitoring	26
	APPENDIX 1 - Core Strategy Policy SP3: Provision of Affordable Housing	27
	APPENDIX 2 - Registered Providers - Preferred Development Partners	31
	APPENDIX 3 - Planning Application Procedure	33
	APPENDIX 4 - Suggested Information to Accompany Financial Appraisal	35
	APPENDIX 5 - Glossary	37

Contents

1 . Purpose and Status

Introduction

1.1 The District of Sevenoaks exhibits overall, high property prices, even considered in the wider context of the price range seen within the South East. In very few cases locally can values be described as low. This results in a high level of need for affordable housing in Sevenoaks District with affordability being an issue for even those on above average incomes.

1.2 Historically smaller sites have made a significant contribution to the District's housing provision, but have been excluded from providing an affordable housing contribution. The West Kent Strategic Housing Market Assessment (SHMA) ⁽¹⁾ identifies a significant annual affordable housing shortfall.

1.3 To address these issues and seek to increase the provision of affordable housing within the District, Policy SP3 'Provision of Affordable Housing' of the Core Strategy Development Plan Document (DPD) seeks a contribution towards the provision of affordable housing. This policy seeks such a contribution either via a financial contribution or the provision of affordable homes on site. This requirement extends to provision on both larger and smaller sites – extending to a financial requirement from sites of less than 5 units that would result in a net gain of housing.

Purpose and Status of this SPD

1.4 The purpose of this Supplementary Planning document (SPD) is to provide advice on how the Council's affordable housing policy, as set out in the Core Strategy DPD, is to be implemented. This includes guidance on the range of approaches, standards and mechanisms required to deliver a range of affordable housing to meet local needs.

1.5 This SPD forms a material consideration in the determination of planning applications and is considered alongside Policy SP3 of the Core Strategy. Its guidance should therefore be taken into consideration from the earliest stages of the development process of any site, including any purchase negotiations and in the preparation of development schemes.

1.6 The SPD was adopted by the Council on 13th October 2011.

National Planning Context

2.1 Planning Policy Statement 3 'Housing' (PPS3) (2010) sets out the national policy framework for delivering the Government's key housing goal of ensuring that everyone has the opportunity of living in a decent home, which they can afford, in a community where they want to live. PPS3 includes a definition of affordable housing which was updated in June 2011(see para 3.1). This is the definition used by the Council.

2.2 The national indicative minimum site size threshold for the provision of affordable housing is 15 dwellings⁽²⁾. However PPS3 confirms that 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 are required to undertake an informed assessment of the economic viability of any such thresholds and the proportions of affordable housing proposed.

2.3 In the last five years, 59% of new dwelling completions in the District were on sites below the Governments indicative 15 dwellings threshold with the proportion of larger sites particularly low in rural areas. This means that most developments have not contributed to affordable housing and consequently the number of affordable units achieved has fallen short of regional guidelines. It is anticipated that this trend of a relatively high proportion of completions on small sites is likely to continue.

2.4 An Affordable Housing Viability Assessment ⁽³⁾ has been carried out which identified a sliding scale of provision dependent upon the size of the site and number of units that can be achieved on the site.

Local Planning Context

Core Strategy

2.5 The Core Strategy DPD sets out how the District is expected to evolve over the period to 2026. The role of the Core Strategy is to set out a vision for the District and to guide the type, level and location of future development. It was adopted in February 2011.

2.6 Within the District there are groups with specific affordable housing needs. These groups are not identified for separate affordable housing provision and it is expected that their needs will be met from the general affordable housing provision figures set out above. The need for specialist housing is assessed in conjunction with KCC Social Services and Supporting People. Supported Housing needs are set out in the Kent Supporting People Strategy⁽⁴⁾. A survey of older persons' housing needs is due to be carried out in 2011/12 and any housing needs identified will need to be delivered through the planning process. Where specialist affordable housing provision is proposed, it is recommended that this should be discussed with the Housing and Planning Departments prior to the submission of a planning application.

2.7 Policy SP3 'Provision of Affordable Housing' sets out the Council's approach to the provision of affordable housing – either by provision on site or by a financial contribution.

2 At the time of adoption of the SPD the Government was consulting on the draft National Planning Policy Framework which includes a proposal to remove the national minimum site size threshold.

3 LDF Affordable Housing Viability Assessment September 2009

4 (*Further information can be found at www.kent.gov.uk/community.../housing-related_support)*

SP3 Provision of Affordable Housing

In order to meet the needs of people who are not able to compete in the general housing market, the Council will expect the provision of affordable housing in all types of residential development including specialised housing. The location, layout and design of the affordable housing within the scheme should create an inclusive development.

The level and type of affordable housing required in any residential development will be assessed against the following criteria:-

In residential developments of 15 dwellings or more gross 40% of the total number of units should be affordable

In residential developments of 10-14 dwellings gross 30% of the total number of units should be affordable

In residential developments of 5-9 units gross 20% of the total number of units should be affordable

In residential developments of less than 5 units that involve a net gain in the number of units a financial contribution based on the equivalent of 10% affordable housing will be required towards improving affordable housing provision off-site.

Where an element of affordable housing is required at least 65% of the affordable housing units should be social rented, unless the Council is satisfied that an alternative mix meets a proven need.

In exceptional circumstances where it is demonstrated to the Council's satisfaction through an independent assessment of viability that on-site provision in accordance with the policy would not be viable, a reduced level of provision may be accepted or, failing that, a financial contribution towards provision off-site will be required.

Permission will be refused where the size of the development is artificially reduced to fall below the threshold requiring provision of affordable housing.

See Appendix 1 for the policy and complete supporting text.

West Kent Strategic Housing Market Assessment

2.8 The Sevenoaks District, together with Tonbridge and Malling and Tunbridge Wells lies within the West Kent Housing Market Area. The West Kent Strategic Housing Market Assessment has been completed in accordance with Government guidance and is being taken into account in the review of the Council's Housing Strategy. It shows a high level of need for affordable housing across the housing market area: a total annual affordable housing shortfall of 646 units. In view of the level of need the study recommends a target of at least 40% affordable housing for all suitable sites. It also recommends that authorities consider a range of site thresholds below 15 units recognising that viability issues may require lower target levels or commuted sums for delivery on alternative sites. This assessment is reflected in Core Strategy Policy SP3 (see above)

2 . Policy Context

3 . Definitions

3.1 PPS3 defines affordable housing as follows:

Affordable housing includes social rented, affordable rented and intermediate housing, provided to 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 or 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.*

This definition includes the new “affordable rent” product which was added in June 2011, after the adoption of the Core Strategy. In applying Core Strategy policy, references to social rented should be taken as including affordable rent.

3.2 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, may not be considered, for planning purposes, as affordable housing.

3.3 For more information on the various tenures of affordable housing, please see Appendix 5, Glossary.

Housing not Classed as Affordable

3.4 ‘Low Cost housing’ is not within the Government’s definition of affordable housing as classified in para. 41 of the Communities and Local Government Paper ‘Delivering Affordable Housing’ (November 2006) and page 25 Annex B of PPS3.

4 . What Developments Should Contribute

4.1 The requirement for affordable housing will be applied in accordance with the provisions of policy SP3 (see para 2.7 above) which sets out a sliding scale approach for residential developments to contribute to the provision of affordable housing either by a financial contribution or provision on site. The provision of affordable housing will be secured through a S106 agreement. Affordable housing is currently excluded from the Community Infrastructure Levy. If this changes in the future then the Council will consider the merits of securing funding through CIL in preparing, or reviewing, its CIL Charging Schedule.

4.2 The requirement for affordable housing to be provided extends to all types of residential development falling within Use Class C3, including sheltered accommodation and extra care accommodation (see below). However it is considered that due to management issues sheltered housing schemes may be asked to provide affordable housing in the form of a financial contribution.

4.3 Care homes, nursing homes and extra care accommodation, where considered to fall within Use Class C2, are not required to provide affordable housing or a financial contribution.

4.4 The requirement for affordable housing will be applied to the conversion and change of use of any building, whether or not it is already in residential use, where that change results in a net increase in the number of units. The policy will not however be applied to:

- residential accommodation which is to be used as incidental to the main dwelling ie staff accommodation/granny annexe, and whose independent occupancy is restricted by condition
- agricultural workers accommodation whose occupancy is restricted by condition
- any part time/non permanent accommodation i.e. holiday accommodation where full time occupancy is restricted by condition

5 . On-Site Provision

5.1 Policy SP3 and the supporting text states that on sites of 5 or more dwellings gross, affordable housing should be provided on site and secured through a S106 Agreement. Only in exceptional circumstances, where it is demonstrated to the Council's satisfaction through an independent assessment of viability that provision in accordance with the policy would not be viable, may a reduced level of provision be accepted or, failing that, a financial contribution may be accepted which is used towards the off-site provision of affordable housing or for the enabling of affordable housing within the District. There may also be exceptional circumstances where the provision of the required affordable housing on site may not be appropriate and the Council may instead seek a financial contribution for the purposes given above.

5.2 In calculating the number of units to be provided on any qualifying scheme, the Council will adopt the following approach:

- On sites capable of development for between 5-9 units gross, 20% of the total number of units on the site should be affordable. The units should be provided on site. The number of units to be provided should, unless the scheme can be demonstrated to be unviable, accord with the table set out below:
- On sites capable of development for between 10 – 14 units gross, 30% of the total number of units on site should be affordable. The units should be provided on site. The number of units to be provided should, unless the scheme can be demonstrated to be unviable, accord with the table below:

Table 5.1

Total No. of Units in Scheme	Affordable Units Provided on site	Number of Social Rented/ Affordable Rent Units	Number of Intermediate Housing Units
5	1	1	0
6	1	1	0
7	1	1	0
8	2	1	1
9	2	1	1
10	3	2	1
11	3	2	1
12	4	3	1
13	4	3	1
14	4	3	1

5.3 On sites capable of development for 15 units or more gross, 40% of the total number of units should be affordable. On these larger sites the number of units required will be rounded to the nearest whole unit.

- 5.4** The size of development should not be artificially reduced to reduce or eliminate the affordable housing requirement, for example by sub-dividing sites or reducing the density of all or part of a site contrary to Core Strategy Policy SP7. The last sentence of Policy SP3 allows for permission to be refused in such circumstances.
- 5.5** Where an element of affordable housing is required, at least 65% of the affordable housing units should be Social Rented or Affordable Rented, unless the Council is satisfied that an alternative mix meets an independently assessed proven need and agrees to such alternative provision.
- 5.6** Where affordable housing is provided a mix of dwelling tenure, type and size must be incorporated which reflect the sites characteristics and the development as a whole. The Council will negotiate the exact tenure, type and size split on each site through pre-application discussions.
- 5.7** The provision of on site affordable housing should be integrated into the layout of the development through 'pepper-potting' within private housing. Within flatted developments it is accepted that management and other requirements could mean floors, wings or whole blocks will generally be designated for affordable or market housing or that on larger developments affordable housing is likely to be provided in small clusters around the development.
- 5.8** It is expected that affordable housing provided on site will be subject to the same standards and indistinguishable from the open market housing. Such housing should comply with all relevant design and quality codes and standards set out by the Homes and Communities Agency or other relevant body, as well as relevant national and local guidance and standards.
- 5.9** In all cases, it is expected that all new affordable housing delivered under this SPD will be delivered **without** the input of grant from the Registered Provider (RP) (Housing Associations) and/or Homes and Communities Agency. The price to be paid by the Registered Provider or other private sector body to the developer will therefore need to be at a level that delivers the housing as affordable housing without input of social housing grant. Through the S106 Obligation, the Council can require details of all negotiations between the developer and RP on this matter. Lack of grant funding therefore cannot be used to demonstrate the non viability of a scheme.

Management and Standards

- 5.10** In the Sevenoaks District the provision of affordable housing is managed by Registered Providers (RPs) and those preferred providers are listed in Appendix 2. Developers will be required to enter into obligations securing the future appropriate ownership and management of schemes, preferably in partnership with a RP.
- 5.11** The provision of affordable housing will be subject to a Nominations Agreement between the Council and the RP. A copy of the template of a Nominations Agreement will be attached as part of the S106 template, which will be made available on the Council's website.
- 5.12** To ensure that the affordable housing element of a private housing scheme is provided, the Council will not grant planning permission until the developer has entered into a S106 Agreement.
- 5.13** The provision of such an Agreement will not be permitted to delay the determination of the accompanying planning application(s) beyond the statutory limits (i.e. 8 or 13 weeks) and developers/landowners are therefore encouraged to approach the Council for any relevant and necessary pre-application discussions, particularly if the financial viability of the scheme is in question. Details of the Pre-Application Enquiry Process can be found on the Council's website (www.sevenoaks.gov.uk)

5 . On-Site Provision

6 . Off-Site Provision

6.1 As part of policy SP3 an affordable housing contribution is sought from residential developments of less than 5 units that involve a net gain in the number of units on site. The Council acknowledges the difficulties of providing integrated affordable homes within the smallest developments and therefore on such sites a financial contribution based on the equivalent of 10% affordable housing will be required towards improving affordable housing provision off-site.

6.2 The way in which financial contributions will be used is set out in para 6.11

6.3 Planning permission will be refused for development that makes no contribution or inadequate contribution to affordable housing, where provision could reasonably be made under the terms of the policy without making the development non viable. The policy is not intended to operate in a way that renders development non-viable and thereby reduces development coming forward. Section 8 explains how viability issues will be considered so that where it is demonstrated that development would not be viable with contributions required under the policy, the level of contribution can be reduced or waived to ensure that development remains viable.

Financial Contributions for less than 5 units

6.4 In developing the Core Strategy Policy SP3 'Provision of Affordable Housing', the Council has acknowledged the practical issues surrounding development of smaller sites. Therefore in place of on-site provision, the Council will seek a financial contribution to be used towards meeting/enabling local affordable housing needs elsewhere within the District.

6.5 The Council's approach to assessing the off site financial contribution is to base the calculation on the cost of providing affordable housing on another site of equivalent value. This is taken as the cost of making serviced land available within an equivalent development to construct affordable housing. The financial contribution required from the development is then the relevant proportion sought under the policy, which will generally be 10% of the cost of making the serviced land available. This approach is the one that was found to be viable through the Affordable Housing Viability Assessment.

6.6 The methodology used by the Council to calculate the financial contribution required in such cases is set out below. It is recognised however that this represents only one method of calculating such provision and it is recommended that you may wish to obtain advice from a suitably qualified independent surveyor.

Step 1: Identify the Open Market Value (OMV) of the proposed development.

6.7 This is the expected sale price of the market property, or properties, proposed on the development site. It is expected that in identifying the OMV advice is taken from a suitably qualified Independent Valuer, full details of which should be submitted to the Council.

Step 2: Multiply Open Market Value (from step 1) by the residual land value percentage (38.8%)

6.8 This is the value of the land to the developer after all of the development costs associated with planning and constructing the dwelling(s), including the developer's profit, are subtracted from the anticipated sale price of the property (step 1). The figure of 38.8% is taken from the Affordable Housing Viability Assessment and is an average for the District based on land values on sites that do not contain affordable housing.

Step 3: Add 15% of the result of step 2 to reflect site acquisition and servicing costs (gives the per unit sum(s))

6.9 An allowance is added to the residual land value to reflect the fact that there would be acquisition plus, potentially, site preparation and servicing costs associated with providing the affordable housing land elsewhere, e.g. providing access and utilities. The 15% figure is based on the findings of the Affordable Housing Viability Assessment.

Step 4: Apply the percentage requirement under the affordable housing policy to give the final contribution.

6.10 In order to calculate the appropriate financial contribution, the affordable housing policy percentage for the number of dwellings to be developed (normally 10%) is applied to the estimated cost of providing the equivalent serviced land to the proposed development, which means the final contribution will normally be 10% of the cost of the serviced land.

Summary of Overall Methodology - Worked Example

Assume that you are proposing to carry out a development of four units, with an anticipated sale price of £250,000 per unit.

Step 1: Calculate the Open Market Value (OMV) of the development.

The open market value is $4 \times £250K = £1m$

Step 2: Find the residual land value of the development by applying the residual land value percentage (38.8%).

$£1m \times 0.388 = £388,000$

Step 3: Calculate 15% of the residual land value figure to establish the site preparation/servicing costs.

$(£388,000 \times 0.15 = £58,200)$

Add the 15% figure to the residual land value to include site preparation/servicing costs.

$£388,000 + £58,200 = £446,200$

Step 4: Apply the percentage contribution required under the affordable housing policy (normally 10%) to the resulting sum (i.e. step 3 total $\times 0.1$)

$£446,200 \times 0.1 = A \text{ contribution of } £44,620 \text{ (or } £11,155 \text{ per unit)}$

6.11 Where a financial contribution is secured via a S106 Agreement, the contribution will be 'ring-fenced' and used to meet the Council's affordable housing objectives normally in partnership with Registered Providers. This is in accordance with the provisions of Circular 05/2005 and the following criteria:

- Provision of new affordable housing in the District via a Registered Provider of social housing (including adding to provision on development sites, new stand alone schemes and existing property purchase)
- Initiatives to make better use of the existing stock (including tackling under occupation and fuel poverty where it enables better use to be made of the stock)
- Managing future needs for affordable housing, including homelessness prevention and benefit advisory services;
- Assisting those in housing need to access low cost home ownership;
- Supporting the development of rural exception sites to meet rural housing needs (for fully or partially exempted Parishes only as set out in Section 17 Housing Act 1996, Housing (Right to Acquire or Enfranchise)(Designated Rural Areas in the South East) 1997 Order

6 . Off-Site Provision

Apart from the provision of rural housing, funds will be used to meet affordable housing in a flexible way where it can be used most effectively across the District.

6.12 Monitoring will be on a site-by-site basis. Funds collected will be used within ten years and after this time any unspent money will be refunded with interest.

6.13 The Council will record where funds have been allocated and spent. This information will be made available on request and will be published on an annual basis. Through the S106 Agreement the Council will expect to index the agreed financial contribution from the date of the agreement to the date of payment. The index applied will be the Land Registry House Price Index.

6.14 The expectation is that the commuted sum will be payable on commencement of the development. However in recognition of the changing economic circumstances i.e. market downturn, the Council may agree to an alternative trigger or phasing.

Negotiating the affordable Housing

7.1 The Council adopts a negotiated approach to affordable housing delivery. Before making a planning application applicants should make contact with the Council's Planning Department to discuss the affordable housing requirements of the application to:

- clarify the amount, type size and tenure of affordable housing to be required or to establish the criteria for the off-site contribution where appropriate.
- preferably identify the Registered Provider (RP) and contact them to discuss the delivery of the affordable housing element of the development (a list of preferred RP's are attached at Appendix 2)
- agree with the Council the Heads of Terms of the S106 Agreement that will be required to ensure delivery of the affordable housing, although it is anticipated that the Council's template S106 Agreement will be used in all cases
- Enable early consideration of funding implications, including the likely price to be secured from the Registered Provider for the affordable housing
- preferably reach agreement with the chosen RP partner in respect of the design and specification of the affordable housing units
- preferably agree the arrangements for the future ownership and management of the affordable housing with the RP prior to the submission of a planning application

7.2 The negotiation of the affordable housing contribution should occur as part of the overall discussions on the accompanying planning application. Where the RP has been selected, it is expected that developers will involve them in any pre-application discussions. It is recommended that pre-application discussion(s) take place with the Council's Planning Department to ensure that the submitted application complies with the relevant policy guidance for the site.

7.3 The submitted planning application should include a draft S106 Agreement which should already have been the subject of discussion with the Council's Planning and Housing Departments. A template S106 agreement will be made available on the Council's website, although it is recognised that the template may need to be modified to reflect the particular circumstances of each application.

7.4 Once an application has been submitted, discussions regarding the affordable housing contribution will not be permitted to delay the determination of the planning application within the statutory timescale, and if an agreed S106 Agreement has not been signed before the relevant statutory determination date, the application will be refused. It is therefore strongly recommended that at least one pre-application submission is made to enable discussion of both the planning merits of the case and the S106 Agreement. Appendix 3 outlines the suggested procedure for submitting a planning application that includes an affordable housing contribution.

7.5 It should be noted that whilst the Council recommend that an RP is identified and involved in discussions at the earliest opportunity, providing the provision of the identified and appropriate level of affordable housing is agreed within a S106 Agreement, the Council will not refuse planning permission because a RP has not been identified.

7.6 It should be noted that the Council charges for pre-application discussions/meetings and details can be found on the Council's website: www.sevenoaks.gov.uk/planning/pre_application_enquiries

8 . Development Viability

8.1 As detailed in preceding sections of this SPD the Council will require a financial contribution on sites of less than 5 units and on-site provision on sites capable of providing 5 units or more. The Council recognises however that there may be instances when the required financial contribution would make the smaller development unviable or circumstances where the provision of the required affordable housing on site may not be appropriate. This section outlines issues regarding development viability and the procedure that will be taken if the applicant claims that the policy requirement renders the development unviable and therefore where the provision of affordable housing off site may be considered.

8.2 Developers and landowners are expected to consider the overall cost of development, including the required planning obligations and any other costs prior to negotiating the sale or purchase of land or an option. A nil input of grant should be assumed. Early consultation with the Council is therefore encouraged and contact details for the Council are contained in Appendix 2.

8.3 Where a developer or landowner considers that there are significant constraints affecting a development that would be sufficient to jeopardise or prevent them from meeting the Council's affordable housing policy targets, this will need to be demonstrated to the Council by the submission of a suitable financial appraisal. The Council will adopt an 'open book' approach to this assessment and the developer/landowner will be expected to provide all relevant financial and other information behind the appraisal to enable the Council and/or independent valuer on the Council's behalf to assess the nature, extent and impact of the constraints upon the viability of the scheme. It is recommended that this information is submitted as part of any pre-application discussion and discussion will be encouraged to facilitate a clearer understanding of the issues and the ability to reach a suitable resolution.

8.4 Appendix 4 contains a list of the types of information the Council expects to see submitted to justify any appraisal of a scheme. This list is not exhaustive and further information may be relevant/required in the individual circumstances.

8.5 If the Council seeks independent advice regarding such a submission the developer will be required to pay the Council's costs for this advice. This is standard practise and is reflected in the advice contained within the Home & Communities Agency's Good Practice Note – Investment and Planning Obligations – Responding to the Downturn (August 2009). The developer's agreement to pay the Council's cost will be required prior to advice being sought.

8.6 If, following such an appraisal and based upon all available evidence, the Council concludes that the scheme is economically viable and if the affordable housing requirement is not met this could lead to the application being refused planning permission.

Non-Viability

8.7 If, following the appraisal process it is considered that genuine economic constraints have been demonstrated in providing the required level of affordable housing, or financial contribution, the Council will expect the developer to fully explore options available to either achieve economic viability or to make a reduced housing/financial contribution.

8.8 Such options could include: a variation in tenure, variation in size and type of units provided, reduction in affordable units on site, an alternative to on-site provision, or a financial contribution. Early consultation with the Council is encouraged if this situation is apparent.

9 . Monitoring

9.1 The delivery of affordable housing will be monitored and reported in the Local Development Framework Annual Monitoring Report which reports progress towards the objectives and policies of the LDF. This report will be available via the District Council's website: www.sevenoaks.gov.uk/ldf

9.2 The monitoring information will be used to identify any changes required to the Core Strategy Policy and the provision of this SPD. Monitoring fees will be applicable to all schemes, but these will vary according to each individual scheme and will be advised as part of the S106 negotiations.

This appendix sets out Policy SP3 and the supporting text from the Adopted Core Strategy. The Core Strategy was examined in the context of the Government's proposal to abolish the South East Plan and found to be sound for the plan period (2006-2026). References in the Core Strategy to the South East Plan, and repeated in this appendix, simply explain the context to the development of the local affordable housing policy. The abolition of the South East Plan will in no way affect the application of Policy SP3.

Provision of Affordable Housing

The planning system has an important part to play in providing affordable housing for those unable to access the housing market. The need to provide affordable housing is important for two main reasons; firstly to enable people who cannot afford to rent or buy on the open market to live in a home that is suitable for their needs and that they can afford, and secondly to provide housing for people working in different aspects of the local economy, thus underpinning economic activity.

PPS3 sets out the Government's policy for securing the provision of affordable housing, which it defines as including:

“social rented and intermediate housing provided to specified eligible households whose needs are not met by the market.”

This plan uses the same definition. Intermediate housing includes shared ownership but the definition excludes low cost market housing. Affordable housing is expected to be provided within new housing schemes and PPS3 sets a national indicative threshold of 15 units for requiring provision to be made, although this can be varied based on local circumstances.

The South East Plan identifies a series of sub regional housing markets and Sevenoaks District, together with Tonbridge and Malling and Tunbridge Wells, lies within the West Kent housing market area. A West Kent Strategic Housing Market Assessment has been completed in accordance with Government guidance and is being taken into account in the current review of the Council's Housing Strategy. It shows a high level of need for affordable housing across the housing market area and a shortfall in comparison with existing provision. In view of the level of need the study recommends a target of at least 40% affordable housing for all suitable sites. It also recommends that authorities consider a range of site thresholds below 15 units recognising that viability issues may require lower target levels or commuted sums for delivery on alternative sites.

The provision of affordable housing is not just important in responding to housing need, it is also important to the economy. The West Kent Area Investment Framework identifies a lack of affordable housing as a factor contributing to labour supply shortages. It is therefore important to increase future supply.

In the last five years, 59% of new dwelling completions in the District were on sites below the Government's indicative 15 dwellings threshold, with the proportion of larger sites particularly low in rural areas. This means that most developments have not been required to contribute to affordable housing and as a consequence the number of affordable units achieved has fallen short of regional guidelines. This trend of a relatively high proportion of completions on small sites is likely to continue.

A lower site size threshold is, therefore, required if the proportion of affordable housing in new housing developments is to be increased in response to the level of need.

To examine the impact of a lower site size threshold on the viability of housing development an Affordable Housing Viability Assessment has been carried out. The assessment found that:

- For developments of 15 units or more a 40% on-site affordable housing requirement would maintain viability.

- For developments of 5-14 units there is room for an on-site affordable housing requirement, whilst maintaining viability. Maintaining the 40% requirement could have an adverse impact on viability and instead the assessment recommends a sliding scale approach with a requirement of 30% for developments of 10-14 units and 20% for 5-9 units.
- For developments of less than five units an on-site contribution could not be justified on viability grounds. However, there is scope for a financial contribution towards off-site provision whilst maintaining viability of development. The assessment recommends a contribution based on the equivalent of providing 10% affordable housing but this would only apply to developments involving a net increase in the number of dwellings.

These findings are accepted and form the basis of the requirements in Policy SP3. In view of the level of need the Council does not see a case for setting the requirement below the maximum level that would maintain viability.

Provision for affordable housing on developments of five units or more should be made on site. In exceptional circumstances where it is demonstrated to the Council's satisfaction through an independent assessment of viability that provision in accordance with the policy would not be viable, a reduced level of provision may be accepted or, failing that, a financial contribution towards provision off-site will be required.

Within the affordable housing total, provision can include social rented and intermediate housing (which includes shared ownership). Taking account of the level of need the Council will expect at least 65% to be social rented. However on a site-by-site basis the specific balance of rent and intermediate housing should address any identified local need and the size and type of affordable housing provided should also reflect local need.

Financial contributions will be used to increase provision of affordable housing on other sites in the District, including enabling local housing schemes in rural parishes. In addition the Strategic Housing Market Assessment recommends that authorities develop strategies to make better use of the existing housing stock by providing incentives to reduce the substantial under-occupation of family houses in the social rented sector and funding may also be used to support such initiatives. This approach accords with South East Plan policy H6 on making better use of the existing housing stock. A supplementary planning document will be prepared to give guidance on the implementation of policy in this area including arrangements for financial contributions.

The Council will expect the provision of affordable housing to be secured through the involvement of a Registered Social Landlord who is one of the Council's preferred partners. Where this is not the case the Council will expect the RSL to meet the standards required of Council's preferred partners.

Permission will be refused for development that makes no contribution or inadequate contribution to affordable housing where provision could reasonably be made under the terms of the policy.

Policy SP3

Provision of Affordable Housing

In order to meet the needs of people who are not able to compete in the general housing market, the Council will expect the provision of affordable housing in all types of residential development including specialised housing^(.1). The location, layout and design of the affordable housing within the scheme should create an inclusive development.

The level and type of affordable housing required in any residential development will be assessed against the following criteria:-

- In residential developments of 15 dwellings or more gross 40% of the total number of units should be affordable.
- In residential developments of 10-14 dwellings gross 30% of the total number of units should be affordable.
- In residential developments of 5-9 units gross 20% of the total number of units should be affordable.
- In residential developments of less than 5 units that involve a net gain in the number of units a financial contribution based on the equivalent of 10% affordable housing will be required towards improving affordable housing provision off-site.

Where an element of affordable housing is required at least 65% of the affordable housing units should be social rented, unless the Council is satisfied that an alternative mix meets a proven need.

In exceptional circumstances where it is demonstrated to the Council's satisfaction through an independent assessment of viability that on-site provision in accordance with the policy would not be viable, a reduced level of provision may be accepted or, failing that, a financial contribution towards provision off-site will be required.

Permission will be refused where the size of the development is artificially reduced to fall below the threshold requiring provision of affordable housing.

Delivery Mechanisms:

The Allocations and Development Management DPD will provide guidance on requirements for affordable housing on identified sites taking account of the policy.

A Supplementary Planning Document will be prepared to give guidance on the implementation of the policy, including arrangements for financial contributions.

Development Briefs on larger sites will provide guidance on requirements for affordable housing taking account of the policy.

The policy will be applied in considering planning applications for residential development and provision of affordable housing will be secured through the Council's standard legal agreement and nominations agreement.

Performance Indicators:

Affordable housing completions per annum

Proportion of affordable housing provided in the social rented and intermediate sectors

Target:

From adoption of the Core Strategy an average of 66 affordable housing completions per annum (Note: This target to be reviewed in conjunction with the Housing Strategy review.)

End Notes

- .1 For the purposes of this policy “ residential development including specialised housing” refers to development within Use Class C3 but not development within Use Class C2

General Needs

<p>Moat Housing Group Association Sarah Paxton Senior Development Manager South Region Development Team Mariner House, Galleon Boulevard, Crossways, Dartford, Kent DA2 6QE 0845 359 6887 Sarah.Paxton@moat.co.uk</p>	<p>West Kent Housing Association Janet Ranson New Business Manager 101 London Road Sevenoaks Kent TN13 1AX 01732 749963 Janet.ranson@wkha.org.uk</p>
<p>Town and Country Housing Group Michael Allwood New Business Manager High Weald House Monson Way Kent Michael.allwood@tchg.org.uk 01892 501711</p>	
<p>Rural Exceptions Housing Only English Rural Housing Association Alison Thompson Regional Development Manager Hall House 9 Graphite Square Vauxhall Walk London SE1 5EE 01233 665846 Alison.thompson@englishrural.org.uk -</p>	

Further information:

Further information relating to the Council's Planning and Housing functions can be found on the Council's website: www.sevenoaks.gov.uk. This includes details of the Local Development Framework, Affordable Housing Financial Viability Assessment, West Kent Housing Strategic Housing Market Assessment and the Housing Needs Survey 2006.

Further useful information can also be found at:

- Home and Communities Agency (HCA) www.homesandcommunities.co.uk
- Homes and Communities Agency – Housing Corporation/Grimley Economic Appraisal Toolkit – www.housingcorp.gov.uk/server/sw/conwebdoc.8681

Planning Application Procedure – For Applications Involving the Provision of Affordable Housing

We encourage you to discuss your proposals informally with us before submitting an application and details of how to make such a pre-application enquiry can be found on the Council's website*. The exact information required when preparing a residential development, which makes provision for affordable housing, will vary from one scheme to another, depending upon the scale and nature of the scheme. The following information however would be relevant to consideration of any scheme:

- Suitability of site for housing
- Provision of affordable housing on site or off-site via commuted sum (see preceding guidance)
- Relevant National Planning Guidance
- Any site specific planning considerations

It may be that a pre-application meeting or submission may be necessary to clarify these issues. Once that information is obtained it is recommended that you follow the procedure outlined below:

Applicant/Agent identifies:

- The preferred RP partners for on-site provision, from the Council's list**
- The type and tenure of affordable housing required, as specified in this SPD (ie 65% social rented or affordable rented/35% intermediate), unless a variation is proposed in which case discussions should be held with the Council
- Identify options for funding affordable housing (for on site provision) with the RP.
- Terms of the S106 agreement as outlined in the S106 template

Applicant/Agent approaches RPs to: **

- Identify appropriate partner
- Agree design requirements/specification of affordable housing
- Agree arrangements of transfer of affordable housing

Applicant/agent contacts KCC Highways if issues regarding access need to be clarified and if parking provision is not in accordance with the KCC Parking

Agent/Applicant identifies any other S106 obligations relevant to the scheme e.g. KCC S106 Obligations

http://www.kent.gov.community_and_living/regeneration_and_economy/development_contributions.aspx

Applicant/Agent prepares draft scheme taking account of the above consultations and drafts the S106 based on the Council's template and submits as part of written/on line pre-application enquiry.

Council provides written comments upon the scheme/S106 agreement.

APPENDIX 3 - Planning Application Procedure

Applicant/agent amends as necessary and submits the planning application and draft S106 agreement.

When the Planning Officer confirms acceptability of the scheme and the affordable housing provision/arrangements for delivery, the S106 agreement/nominations agreement will be completed.

Application will be either reported to the Development Control Committee for determination or determined under the Council's Delegated Powers

Decision will be issued.***

* It should be noted that the Council charges for pre-application advice, full details of which can be found on the Council's website.

** It is strongly recommended that applicants approach and identify the Affordable Housing Provider as part of the Planning Application process. However, providing the appropriate level and mix of affordable housing/commuted sum has been identified and agreed as part of the S106 Agreement, the Council will not refuse planning permission simply because an AHP has not been secured.

*** Any applications that are not accompanied by a S106 agreement that has been signed and completed to the Council's satisfaction when the expiry date for the determination of the application is reached, will be the subject of a refusal.

1. Site and/or Building Acquisition Costs:

Details of existing use value of the land and or any buildings thereon, with any deductions or additions for abnormalities, value enhancements or other factors made clear.

You should submit suitable evidence to explain how this figure has been reached – including relevant information to substantiate the valuation.

The nature of the developer's interest should be clarified, i.e. purchase completed with date, option details, proposed purchase etc.

2. Construction Costs:

The developer's estimated construction costs explained in terms of what is included and on what basis (e.g. floor area, price per m² etc) the figures are to be considered. Abnormals should be itemised and costed individually.

Details of any other allowances and contingencies that are being assumed.

3. Projected Sale Prices for Dwellings:

Estimated sales value(s) for the completed dwelling(s), clearly provided by dwelling types and with their floor areas shown. Any back up evidence i.e. valuers' advice etc should be included together with any other relevant evidence that would affect the sales price and appraisal process.

4. Fees and Other On-site Costs:

In itemised breakdown of other costs incurred/estimated to be incurred in acquisition, planning development finance, professional and legal fees, marketing costs etc. Where these are linked to other appraisal information these links should be made clear for ease of interpretation.

5. Profit Margin

The developer's proposed profit margin clearly expressed in terms of its % of GDV, or other factor and whether there are any other profit/overhead areas factored in. Profit to be assumed on affordable homes construction.

Any factors that are behind this expectation which the Council needs to be made aware of bearing in mind the HCA's Appraisal guide input of 17.5% -20% of GDV (as of August 2009).

6. Other Costs and Receipts:

Itemised allowances for any other contribution or costs associated with the development including any planning obligations contributions due.

Abnormal Development Costs

Costs that are not allowed for specifically within normal development costs. These can include costs associated with, for instance, unusual ground conditions, contamination, etc.

Affordable Housing

Affordable housing includes social rented, affordable 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 house prices. Affordable housing should include the 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.

Affordable Rented Housing

Rented housing provided by registered providers of social housing, that has the same characteristics as social rented housing except that it is outside the national rent regime but is subject to other rent controls that require it to be offered to eligible households at a rent of up to 80 per cent of local market rents. (The national rent regime is the regime under which the social rents of tenants of social housing are set, with particular reference to the Guide to Social Rent Reforms (March 2001) and the Rent Influencing Regime Guidance (October 2001)).

Annual Monitoring Report

A report submitted to the government by local planning authorities assessing progress with and the effectiveness of the Local Development Framework.

Assured Tenancy

A form of residential tenancy that grants a degree of security of tenure to the tenant.

Code for Sustainable Homes

Is an environmental impact rating system for housing in England, setting standards for energy efficiency and sustainability which are not mandatory under current building regulations but represent important developments towards limiting the environmental impact of housing.

Commuted Sum

A financial payment made by a developer or landowner instead of providing the affordable housing requirement on the site of the market housing scheme.

Core Strategy (adopted February 2011)

The Core Strategy sets out how the district is expected to evolve over the period until 2026. The role of the Core Strategy is to set out a vision for the future of the District with policies that are required to deliver the vision including a broad approach to development.

Development Cost

The cost associated with the development of a scheme and includes professional fees, (design, engineering, project management, etc), contingencies, sales fees, legal fees, construction costs (materials and labour).

Development Plan Document

Development Plan Documents (DPDs) outline the key development goals of the Local Development Framework. They are subject to rigorous procedures of community involvement, consultation and independent examination. Once adopted, Development Control decisions must be made in accordance with the DPDs unless material considerations indicate otherwise.

Development Viability

The viability of the development in financial terms.

Eligible Persons

Persons who are unable to afford suitable housing accommodation on the open market (whether by renting or purchasing) within the District and who are:

a) on those registers retained or referred to by the Council from time to time in the discharge of the Council's housing function, or

(b) otherwise have proved to the Council that they cannot afford to buy locally at current house prices within the limits of the disposable income available to them.

Extra Care Housing

Extra Care Housing describes a type of specialised housing that provides independent accommodation for adults with varying care needs, enabling them to remain in their own home. Residents can benefit from communal facilities being available. Such properties have a variety of tenures.

Financial Contribution

A financial contribution made by a developer or landowner instead of providing affordable housing on the development site.

Fixed Term Tenancy

A tenancy of at least two years' duration.

Gross Development Value

The amount the developer ultimately receives on completion or sale of the scheme whether through open market sales alone or a combination of those and the receipt from a RSL for completed affordable housing units – before all costs are subtracted.

Homes and Community Agency

Is the non-departmental public body that funds new affordable housing in England. It was established by the Housing and Regeneration Act 2008 as one of the successor bodies to the Housing Corporation, and became operational on 1 December 2008.

Intermediate Housing

Is housing at prices and rents above those of social rent, but below market price or rents. These can include shared equity and shared ownership products (e.g. Homebuy) other low cost home ownership products delivered through the HCA and their local Zone Agent, and intermediate rented housing. It does not include low cost market housing.

Intermediate Rented Housing

Means all those units provided at rents above of Social Rented Units but below Open Market Rents and provided that such rents shall not exceed 80% of the Open Market Rent for similar rented units within the District.

Land Registry House Price Index

The Land Registry's House Price Index is the most accurate independent house price index available. Using data sets of completed sales, it is the only index based on repeat sales and includes figures at national, regional, county and London borough level. It can generate lists of average house prices in any area of England and Wales for any range of months since January 1995.

Local Development Framework

The LDF contains a portfolio of Local Development Documents which provides the Local Planning Authority's policies for meeting communities' economic, environmental and social aims for the future of their area where this affects the development of land.

Low Cost Housing

Is small housing units which are provided to meet the needs of households with income levels just adequate to access the housing market – often referred to as 'starter' homes.

Nomination Agreement

Outlines the nomination arrangement agreed between the District Council and the Registered Provider which guarantees the Council's ability to access accommodation for Eligible Persons including applicants of the Council's housing register in accordance with the Sevenoaks District Register Allocations Scheme 2010 (or as subsequently amended).

Open Market Rents

Open Market Rent is a term that indicates the amount of money that a given property would command, if it were available for leasing at the moment.

Pepper Potting

A guideline that requires that affordable housing units are mixed in with private housing, rather than clumping the affordable homes together.

PPS3

Planning Policy Statement 3 'Housing' 2010 sets out the national policy framework for delivering the Governments housing objectives. The definition of affordable housing in the PPS was updated in 2011.

Preferred Partners

Registered Providers of social housing who are subject to regulation by the Tenant Services Authority. Appendix 2 to this document shows those RPs who are the preferred partners of the Council.

Residual Land Value

The amount left for land purchase once all development, finance and land costs have been deducted from the Gross Development Value. This acknowledges the sum subtracted for affordable housing and other infrastructure payments/requirements where applicable.

Retirement Homes

Are a multi-residence housing facility intended for senior citizen often or usually with additional facilities provided within the building.

S106 Agreement

A Section 106 Agreement is a legal agreement between the Planning Authority and the applicant/developer and any others that may have an interest in the land. They are used to secure community infrastructure/ or to mitigate the impact of new developments upon existing community facilities or infrastructure/to restrict the development or use of the land in a specified way or require specific operations or activities to be carried out on the land. It should be noted that the planning permission is only issued after the completion of such obligations.

Shared Equity Units

A form of Intermediate Housing. Affordable housing which permits a buyer to purchase a share of the Affordable Housing Unit with the remaining share being held by the Registered Provider such initial purchase share not to exceed 75% of the Open Market Value unless otherwise agreed with the Council and in respect of which for the avoidance of doubt there shall be **no rent** charged in respect of the share so retained by the Registered Provider.

Shared Ownership Housing (also known as Homebuy)

A form of Intermediate Housing. Affordable housing, a share of which is leased to a lessee on payment of a premium calculated by reference to the value of the Affordable Housing Units the initial purchase share not to exceed 75% of the Open Market Value (unless otherwise agreed by the Head of Housing Services) with **rent** being paid on the remaining share which is held by the Registered Provider.

Sheltered Accommodation

Sheltered housing is a term covering self contained rented housing for older and/or disabled or other vulnerable people. Most commonly it refers to grouped housing such as a block or "scheme" of flats or bungalows with a scheme manager or "officer".

Sliding Scale

Refers to a set of affordable housing policies which require a lower proportion on the smallest sites, increased with site size – to graduate the viability impacts.

Social Rented Housing

Rented housing owned and managed by local authorities and Registered Providers, for which guideline target rents are determined through the national rent regime. The proposals set out in the Three Year Review of Rent Restructuring (July 2004) were implemented as policy in April 2006. 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 Homes and Communities Agency as a condition of grant.

Strategic Housing Market Assessment

A Housing Market Assessment carried out in accordance with the Communities and Local Government Strategic Housing Market Assessments Practice Guidance 2007 across the three west Kent Authorities of Sevenoaks DC, Tonbridge & Malling Borough Council and Tunbridge Wells Borough Council. It aims to set in place a database for long term future planning, subject to annual monitoring and update.

Supplementary Planning document

Supplementary Planning Documents cover a wide range of issues and can be used to expand policies contained within the Development Plan documents. They must be consistent with national and regional planning policies, must undergo rigorous consultation and be in conformity with policies contained within the DPD's.

Tenure Mix

The tenure types of affordable housing provided on a site – refers to the balance between for example Affordable Rented and Intermediate Housing.

Value Point

A methodology which involves judgements on a range of new build property values (containing value points) which represent typically found prices for ordinary new developments in the District at the time of the study research.

**This publication is available in large print by calling
01732 227414**

This publication can be explained in other languages by calling 01732 227000

**For information or to purchase additional copies of this publication
please contact the Planning Policy Team**

**Planning Policy Team
Sevenoaks District Council
Argyle Road
Sevenoaks
Kent
TN13 1HG**

**www.sevenoaks.gov.uk/ldf
ldf@sevenoaks.gov.uk**

**Tel 01732 227000
Fax 01732 451332**

**This publication is available on the Council website:
www.sevenoaks.gov.uk/ldf**

