



# Forest of Dean

— DISTRICT COUNCIL —

## Affordable Housing Supplementary Planning Document

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## Section One: Introduction

### Purpose and status

- 1.1 The purpose of this Supplementary Planning Document (SPD) is to assist the Council in meeting its objective of delivering affordable housing. The SPD is designed to provide supplementary guidance to support the local authority, developers, housing providers and local communities on the Forest of Dean District Council (FoDDC) affordable housing policy adopted in the Core Strategy.
- 1.2 The SPD will sit underneath the FoDDC Core Strategy and provide detailed guidance on how Core Strategy Policy CSP.5 – Housing, will be implemented. Whilst this does not in itself make it a policy, it will be a material consideration in the determination of planning applications.
- 1.3 The document explains how the affordable housing policy in the Core Strategy will be implemented to assist in the delivery of housing through successful planning applications both in towns and villages and what processes both the district council and applicants will need to follow when a planning application is submitted. The document will also provide guidance to applicants on exceptions sites, where affordable housing is provided on sites that would not otherwise be permitted for housing.

### Objectives

- 1.4 The overall objectives of the SPD are to:
  - Provide additional guidance on the interpretation of Core Strategy Policy CSP.5 – Housing to help those proposing developments to make successful planning applications and which contribute to sustainable, mixed and vibrant developments.
  - Enable the delivery and maximise the opportunities available for the provision of affordable housing to meet Forest of Dean housing needs.
  - Ensure a consistent approach and provide clear guidance for all stakeholders to follow.
- 1.5 The specific objectives of the SPD are to:
  - Set out the mechanisms by which the 40% affordable housing target in new housing developments can be achieved on-site, taking account of viability considerations.
  - Enable the delivery of an appropriate mix of affordable housing suitable in tenure, type, size and location for those in need now and in the future, drawing on evidence from the most recent Strategic Housing Market Assessment as well as other relevant housing needs information

- Highlight the thresholds for sites on which a proportion of affordable housing will be sought.
- Provide advice on the issues which may reduce the amount of the affordable housing contribution which can be delivered and the appraisal mechanisms that will be used to determine this;
- Identify how rural housing exception sites can provide more affordable housing in rural communities.
- Provide guidance on the provision of specialist housing including adaptable homes as part of any new provision.

## Section Two: Planning Policy Context

### National Policy Context

2.1 The Government published the revised National Planning Policy Framework (NPPF) and accompanying Planning Practice Guidance (PPG) in February 2019 and which includes guidance regarding viability. This requires local authorities to 'deliver a sufficient number and range of homes to meet the needs of present and future generations. Relevant sections of the 2019 NPPF relating to affordable housing provision include the following:

- Plans should set out the contributions expected from new development, including setting out the levels and types of affordable housing provision required. (NPPF paragraph 34)
- Local planning authorities have a key role to play in encouraging other parties to take maximum advantage of the pre-application stage. The more issues that can be resolved at pre-application stage, including the need to deliver improvements in infrastructure or affordable housing, the greater the benefits. (NPPF paragraphs 40-41)
- The size, type and tenure of homes required for different groups in the community (including but not limited to, those who require affordable housing) should be assessed and reflected in planning policies. (NPPF paragraph 61)
- Where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, and expect it to be met on-site unless:
  - a) Off-site provision or an appropriate financial contribution in lieu can be robustly justified; and
  - b) The agreed approach contributes to the objective of creating mixed and balanced communities. (NPPF paragraph 62)
- Provision of affordable housing should not be sought for residential developments that are not major developments, other than in designated rural areas (where policies may set out a lower threshold of 5 units or fewer). (NPPF paragraph 63)
- In rural areas, planning policies and decisions should be responsive to local circumstances and support housing developments that reflect local needs. Local planning authorities should support opportunities to bring forward rural exception sites that will provide affordable housing to meet identified local needs. (NPPF paragraph 77)
- To support the re-use of brownfield land, where vacant buildings are being re-used or redeveloped, any affordable housing contribution should be reduced

by a proportionate amount. (NPPF paragraph 63 and Planning Practice Guidance)

- Where major housing development is proposed, planning policies and decisions should expect at least 10% of homes to be available for affordable home ownership, subject to some exemptions, or where this would significantly prejudice the ability to meet identified affordable housing needs of specific groups. (NPPF paragraph 64)
- All viability assessments should reflect the recommended approach set out in national planning guidance, include standardised inputs (such as land value and developer profit), and should be made publicly available. (NPPF paragraph 57)
- A revised, broader, definition of affordable housing now includes affordable home ownership, including starter homes. (NPPF glossary)
- The creation of high quality buildings and places is fundamental to what the planning and development process should achieve. This is a key aspect of sustainable development, and helps make development acceptable to communities. (NPPF paragraph 124)

### **Local Policy Context**

2.2 The Forest of Dean Core Strategy covers the period up to 2026 and was adopted in February 2012. The document sets out the vision and objectives that will underpin all the Council's planning policies. The Core Strategy identifies the Council's aim of creating thriving sustainable communities through providing homes, including affordable homes, to meet the housing needs of the community. The provision of an appropriate proportion of affordable housing of the right type and tenure in suitable locations is essential to achieving this.

2.3 Core Strategy Policy CSP.5 – Housing (CSP.5) sets out the district's strategic approach to the delivery of affordable housing. Policy CSP.5 and full supporting text in relation to affordable housing is provided in Appendix A. It should be noted that whilst the policy remains valid in its approach, the actual numbers of dwellings to be provided have been replaced by those contained in the Allocations Plan. These are based on an up to date assessment of "need" as required by NPPF and related guidance.

### **When is affordable housing required?**

2.4 Although CSP.5 requires affordable housing to be provided on housing sites of over 10 dwellings in the four towns and at Tutshill/Sedbury and in other areas on sites of 5 dwellings or more, the NPPF & PPG require affordable housing on housing sites of 10 or more units, unless they are in designated rural areas where policies may set out a lower threshold of 5 units.

2.5 The implication of the small scale development exemptions and how these impact the thresholds from which affordable housing is sought, is detailed in Section 5 - when and how much affordable housing is required



## **Section Three: The need for affordable housing**

### **Housing Need in the Forest of Dean**

- 3.1 In order to determine the level and type of housing need within the district, the Council along with other District Councils in Gloucestershire has carried out a Strategic Housing Market Assessment (SHMA). The 2014 SHMA revealed that within the Forest of Dean there are an increasing number of residents who are unable to compete in the housing market and that there is a net need for 814 new affordable homes per annum. Practice Guidance acknowledges that current need can be addressed over any length of time although a period of less than five years should be avoided. For the purposes of the SHMA, a quota of five years was used as the relevant time period in the calculation of identifying an annualised net current need figure. The scale of projected 'net housing need' justifies the Council in seeking to negotiate the maximum level of subsidised affordable housing which is sustainable and deliverable within mixed tenure schemes.
- 3.2 Through Homeseeker Plus the Council manages a comprehensive housing register for all registered housing providers in the Forest of Dean. This provides a useful database from which to assess and monitor housing need for communities throughout the district. As at the 8<sup>th</sup> February 2019 the Forest of Dean District Council had 2,369 households registered on Homeseeker Plus and out of those, 262 households were identified as being in significant housing need.
- 3.3 Analysis of the SHMA indicates that social and affordable rented housing is the most important of the tenures required. The SHMA indicates that rented affordable housing should account for at least 78% of new affordable housing provision. Approximately 55% of this identified need could afford affordable rents, whilst the rest of this need would require social rented accommodation.
- 3.4 As already identified, meeting these needs and ensuring a sufficient variety of house types and sizes to achieve mixed and balanced communities is a high priority for the Council. Based on this evidence CSP.5 seeks 40% on-site affordable housing provision on all new housing developments falling within the site size thresholds.
- 3.5 In order to widen the opportunities for affordable home ownership and help in the achievement of scheme viability, the Council seeks 30% intermediate housing as part of the affordable housing provision. The Council will endeavour to achieve the resultant tenure split of 70% rented accommodation and 30% affordable home ownership accommodation on all sites eligible for an affordable housing provision.

## Wheelchair and Adapted Housing

- 3.6 The supporting text to CSP.5 states that the affordable housing mix should include specialist housing, to reflect the needs of an ageing population. A key influence on the housing stock required is the forecast for a substantial increase in older people. The Strategic Housing Market Assessment highlights that between 2013 and 2031 there is forecast to be a 73% increase in the 75-84 age-range and a 122% increase in the 85+ age group. The Council also recognises that there is a small but essential need for the provision of properties, which are built to meet the needs of wheelchair users.
- 3.7 Although homes built to Accessible and Adaptable (Category 2 Building Regulations M4 (2)) Standard may meet the need of many disabled residents, many wheelchair users require additional adaptations and higher space standards. The Council also recognises that there can be a mismatch between properties adapted for disabled people and where disabled people actually live or need to live.
- 3.8 In line with Policy CSP5 to meet the housing needs of households requiring adapted or wheelchair housing, the provision of and location of supported and accessible accommodation will be encouraged and therefore be an issue for discussion at application stage and will be negotiated on a site-by-site basis taking into account the suitability of the development.
- 3.9 The Council acknowledges that the provision of such accommodation may impact upon the cost of delivering the affordable housing. Where such a provision will impact on the deliverability of a scheme, the Council will discuss and negotiate accordingly on a site-by-site basis either an alteration to the affordable housing to be provided, or the provision of public subsidy.

## Rural Housing Need

- 3.10 In rural settlements, local housing need can be evidenced, through a Parish Housing Needs Survey. The results of the Parish Housing Needs Survey can be used to support rural exception site development.
- 3.11 The Council recognises the need to protect and support the rural environment and rural communities and to do this it is important to ensure that local people on modest incomes can access affordable accommodation that enables them to live in the rural communities.
- 3.12 Although there is limited scope for new affordable housing to be built in rural areas the Council does have the ability to consider releasing small sites to meet an identified local need. These sites are classed as Exception Sites and are developed to provide affordable housing for households, with a local connection to the parish,

who are in housing need. Exception Sites and the allocation of affordable housing on exception sites are explained in more detail in Section 7.

## **SECTION FOUR: Delivering affordable housing**

### **Definition of affordable housing**

- 4.1 Providing the amount and type of housing that meets the needs of all sectors of the community is a key objective of the Core Strategy. This section of the SPD provides guidance on a number of issues including the definition of what constitutes affordable housing, the appropriate tenure mix, the type of affordable housing which will be sought, as well as the size and design of the affordable housing.
- 4.2 The Council uses the definitions of affordable housing set out in Annex 2 of the NPPF to underpin the Core Strategy and this SPD. The affordable housing definitions set out in Annex 2 of the NPPF can be found in Appendix B.

Affordable housing: housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions:

- a) Affordable housing for rent: meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).
- b) Starter homes: is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household's eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.
- c) Discounted market sales housing: is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.
- d) Other affordable routes to home ownership: is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market

value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision, or refunded to Government or the relevant authority specified in the funding agreement.

## Types of Affordable Housing

- 4.3 CSP.5 sets a broad requirement for 70% of new affordable housing to be provided as rented accommodation, with the remaining 30% to be provided typically as affordable homeownership housing. This requirement can be met through a variety of affordable housing tenures as set out in Annex 2 of the NPPF which can be found in Appendix B.

## Affordability

- 4.4 The affordability of affordable housing is a primary issue and should be borne in mind in setting rents and sales prices.
- 4.5 The NPPF states that *“affordable housing is housing for sale or rent, for those whose needs are not met by the market ...”*
- 4.6 The Council is keen to ensure that new affordable housing provided in the District is affordable to the greatest number of households on the Council’s Housing Register and the Homebuy Agent’s List. In order that the affordable housing provided under CSP.5 is accessible to eligible households, developers will need to demonstrate that the affordable housing proposed meets the needs of those households whose needs are not met by the market...
- 4.7 Where developers are uncertain as to the affordability or otherwise of their proposed intermediate products, they are encouraged to contact the Council to discuss this as early as possible in the process of the scheme development.

## Non Affordable Housing

- 4.8 Whilst it is recognised that the following types of housing can make a positive contribution towards the creation of mixed communities they are not usually regarded as meeting the definition of affordable housing and will not be considered for planning purposes as affordable housing.
- Accommodation in care homes, residential and nursing homes (which are non-self-contained) within C2 of the Use Classes Order
  - Market housing - private housing for rent or sale
  - Low cost market housing – housing for sale which may be cheaper than most market housing or at the lower end of the scale ;

- Key worker accommodation - such workers may be considered for affordable housing if they satisfy the same eligibility criteria as any other group
- Student accommodation (which is non self-contained) ;

## Self-Build Housing

- 4.9 Self-Build or Custom Build Housing is housing built or commissioned by individuals (or groups of individuals) to be occupied by themselves as their sole or main residence. For the purposes of planning policy, self-build and custom build dwellings share the same definition and the terms are used interchangeably. Self-build is where a person is directly involved in organising and constructing their home whereas custom build is where a person commissions a specialist developer to help to deliver their own home. Both routes require significant input from the homeowner in the design process of the dwelling.
- 4.10 Most self-build plots will come forward on an individual basis or in some cases as a small group if it involves a self-build collective. Rarely would a self-build scheme involve 10 or more units in a single planning application, however, it may do so if a landowner applies for an outline application for a site of self or custom build plots.
- 4.11 The Council's approach to self-build and the possibility of providing self-build as affordable housing is set out in technical guidance which accompanies this SPD and is available at <https://www.fdean.gov.uk/media/61110/advice-note-on-proposals-for-custom-and-self-oct-18.pdf>

## Type, tenure, design and size of properties required

- 4.12 Proposals for affordable housing should reflect the size, type and tenure of affordable housing required to meet need.

### Type

- 4.13 All housing sites will be expected to deliver a mix of property types and sizes and this applies equally to the provision of affordable properties. The mix of affordable property sizes sought for proposed sites will be provided by the Council, based on each application having regard to evidence of local housing need, and taking into consideration other factors as identified in paragraph 4.15.

### Tenure

- 4.14 From the need determined by the SHMA, the housing register as well as the desire to widen the opportunities for affordable home ownership and help in the achievement of scheme viability, the Council will endeavour to achieve the resultant tenure split of 70% rented accommodation and 30% intermediate accommodation on all sites eligible for an affordable housing provision.
- 4.15 The Council's preferred tenure split takes into account housing needs data and the need to deliver viable, sustainable and balanced communities across the District.

Any proposals for the delivery of affordable housing in relation to a site will also take into consideration:

- Information from Parish surveys or appraisals
- Current information held on the housing register.
- Recent availability of affordable housing opportunities in a particular settlement.
- Number of right-to-buy sales, which have taken place in the District.
- Number and type of affordable housing properties throughout the District and or particular settlement.
- If planning or other circumstances affect the developers' ability to provide exactly what is required, an alternative mix of dwellings will be considered, as long as this meets identified need.

### **Design and Size Standards**

4.16 The NPPF strongly promotes the importance of good design in all new residential developments. Paragraph 124 states:

“The creation of high quality buildings and places is fundamental to what the planning and development process should achieve. Good design is a key aspect of sustainable development, creates better places in which to live and work and helps make development acceptable to communities...”

4.17 Paragraph 127 of the NPPF identifies that developments should “*create places that are safe, inclusive and accessible and which promote health and well-being, with a high standard of amenity for existing and future users...*”

4.18 As with all other forms of residential accommodation, the Council expects affordable housing to be built to a high standard of design and amenity. The Core Strategy and the Allocations Plan contain a range of policies that are related to achieving high quality design in built development and protecting and enhancing the natural environment. Where mixed tenure schemes are delivered, designs should be tenure blind, in that affordable and open market homes cannot be readily identified from their design, quality or location within the site.

4.19 Unlike homes bought on the open market by private purchasers, affordable housing units are usually fully occupied by bed space and space standards therefore need to be adequate for the maximum number of occupants.

4.20 Registered Providers prefer affordable homes to have reasonable space standards and include sufficient storage space to enable them to be let to households of an appropriate size.

4.21 So that affordable housing will be sustainable in use, when developing accommodation for the provision of affordable housing, developers should pay regard to the Department for Communities and Local Government's Technical housing standards nationally described space standards. Developers are encouraged to engage at an early stage of the development process with Registered Providers over any concerns they may have regarding unit sizes.

## Section Five: The Planning Process

### When and how much affordable housing is required

- 5.1 CSP.5 requires affordable housing to be provided on housing sites of over 10 dwellings in the four towns and at Tutshill/Sedbury and in other areas on sites of 5 dwellings.
- 5.2 Paragraph 63 of the NPPF identifies that the “provision of affordable housing should not be sought for residential developments that are not major developments, other than in designated rural areas (where policies may set out a lower threshold of 5 units or fewer)....” The NPPF defines major development as:

**Major development:** For housing, development where 10 or more homes will be provided, or the site has an area of 0.5 hectares or more. For non-residential development it means additional floorspace of 1,000m<sup>2</sup> or more, or a site of 1 hectare or more, or as otherwise provided in the Town and Country Planning (Development Management Procedure) (England) Order 2015.

- 5.3 The PPG provides further guidance stating:  
Provision of affordable housing should only be sought for residential developments that are major developments.

For housing development, major development is defined in the National Planning Policy Framework as development where 10 or more homes will be provided, or the site has an area of 0.5 hectares or more....

In designated rural areas local planning authorities may instead choose to set their own lower threshold in plans and seek affordable housing contributions from developments above that threshold. Designated rural areas applies to rural areas described under [section 157\(1\) of the Housing Act 1985](#), which includes National Parks and Areas of Outstanding Natural Beauty.

Paragraph: 023 Reference ID: 23b-023-20190315

- 5.4 Following careful consideration, the Council has decided that it will apply these thresholds as the relevant thresholds from which affordable housing will be sought. This will mean that the following affordable housing provision will be sought from the following types of development.

#### **Non designated rural areas**

Parishes of Cinderford, Coleford, Lydbrook, Lydney, Mitcheldean, Newent , Tidenham and West Dean

- 10 dwellings or more dwellings or a site area of 0.5 hectares or more, 40% affordable housing on site.

#### **All other areas**

- 5 dwellings or more dwellings or a site area of 0.16 hectares or more, 40% affordable housing on site.



- 5.5 For the purposes of calculating the number of affordable housing units required, the total net number of new dwellings created as part of a development scheme will be the number to which the 40% percentage requirement will be applied.
- 5.6 The requirement for affordable housing provision will also apply to the conversion of any existing building that would result in new additional housing units being produced where planning permission is required.

### **Rounding of the affordable housing provision**

- 5.7 When applying the affordable housing percentages, a standard arithmetical approach will be taken to rounding. That is, where applying the percentage achieves 0.5 or more of a dwelling, this will be rounded up; if the value is lower than 0.5 this will be rounded down to the next whole number.

### **Site densities**

- 5.8 When developing new housing the Core Strategy makes it clear that new housing should make efficient use of land, which CSP. 5 supports. Appendix A highlights the appropriate densities that new housing sites will be required to achieve.

### **Artificial Division of Sites**

- 5.9 Where it is proposed to phase development or sub-divide sites the Council will consider taking the whole site for the purpose of determining whether the scheme falls above or below the site thresholds for the provision of affordable housing.
- 5.10 Any proposal that appears to have an artificially low density as a possible measure to avoid the required thresholds for affordable housing will be scrutinised and may be refused planning permission, where they fail to make efficient use of land and provide appropriate levels of affordable housing.

### **Specialist affordable housing**

- 5.11 The need for affordable housing extends to all types of residential development including specialist housing. The Town and Country Planning (Use Classes) Order 1987 (As Amended) puts uses of land and buildings into various categories known as 'Use Classes'. Specialist Housing can fall within the following classes:

#### **C2 Residential Institutions**

- Use for the provision of residential accommodation and care to people in need of care (other than a use within class C3 (dwelling houses)).
- Use as a hospital or nursing home
- Use as a residential school, college or training centre

#### **C3 Dwelling Houses**

- Use as a dwelling house (whether or not as a sole or main residence) –
- a) A single person or by people to be regarded as forming a single household;

- b) Not more than six residents living together as a single household where care is provided for residents; or
- c) Not more than six residents living together as a single household where no care is provided to residents (other than a use within Class

5.12 Where such schemes provide accommodation that falls within Use Class C3, affordable housing should be provided in accordance with this SPD.

5.13 Proposals which fall within Use Class C2 will not be expected to contribute to the provision of affordable housing.

### **Delivery of Affordable Housing on Site**

5.14 In accordance with Para 62 of the NPPF, the Council expects affordable housing to be secured by on-site provision. It is anticipated that where a site is suitable for housing development it will also be suitable for affordable housing to be provided on the site. An off-site provision will only be considered acceptable by the Council in exceptional circumstances where it can be robustly justified that an alternative to on-site provision is appropriate. In those instances all options to provide affordable housing on-site would need to have been considered.

### **Off-site Provision**

5.15 An off-site provision of affordable housing will only be considered in particular circumstances which might include an inappropriate location for affordable housing or sound planning reasons as to why an on-site provision is not possible or appropriate.

5.16 It also may not be appropriate to provide affordable housing in some types of specialist housing, e.g. Extra Care or retirement living where the built form is in large blocks of flats and the site has little or no capacity to provide separate affordable housing.

5.17 In such cases, the Council will need to be assured that an off-site provision is deliverable. The off-site provision must be broadly equivalent in value and numbers, to the affordable housing provision that would have been expected to be provided on the application site.

### **Commuted Sum Provision**

5.18 The provision of financial contributions (commuted sums), in lieu of on-site provision, is the Council's least preferred option, and will only be considered in exceptional circumstances.

- 5.19 The commuted sum should broadly be the equivalent value of the on-site provision, and subject to appropriate indexation. The subsidy is equivalent to the difference between the net development value of the site with no affordable housing and the net development value of the site with a policy compliant affordable housing contribution, which would have been sold to an RP.
- 5.20 As such, the method for calculating the value of a commuted sum will be based on the quantity and mix of affordable housing reflective of that which would have been expected from the subject site had an on-site contribution been practical or appropriate. The method of calculating the financial contribution is set out in Appendix D.
- 5.21 The commuted sum will be payable to the Council no later than 50% of occupation of the development and will be subject to appropriate indexation for the period between the notice of decision on the planning application and the date of the contribution payment.
- 5.22 The Council will use the sum paid by the developer to facilitate the provision of affordable housing within its administrative area including the cost of enabling a scheme where appropriate.

#### **Site layout and distribution of affordable housing**

- 5.23 The Council's policies seek to achieve a mix of housing types and sizes within a housing development, and the provision of affordable housing does not replace the developers need to provide for a range of housing types and sizes as part of the market housing element of the scheme.
- 5.24 To help deliver the aim that affordable housing is interspersed throughout mixed residential developments, the Council will seek that affordable housing is provided in clusters of no more than 10 to 15 dwellings unless otherwise agreed taking account of the size of the site and site constraints. Clusters should be provided across a number of different areas around the site. The Council will also seek to agree an appropriate approach to the design of affordable housing apartment blocks with the developer.
- 5.25 The Council will aim to avoid such concentrations by seeking that the affordable housing is provided in clusters of no more than 10 dwellings unless otherwise agreed taking account of the size of the site and site constraints. Clusters should be provided across a number of different areas around the site. The Council will also seek that no more than four affordable flats are provided in a block using a common access.

## **Nominations**

- 5.26 CSP.5 is intended to meet identified local housing need, it is therefore important that households with an established local connection with the District are given priority for the affordable housing provided through these policies.
- 5.27 Providers of affordable housing will be required to enter into a nomination agreement with the Council. The Council's usual requirement is to include a "nominations agreement" in the Section 106 agreement. This will be on the basis of 100% initial lets and 75% of re-lets.
- 5.28 Nominations will normally be made from within the Council's Housing Register, via the Homeseeker Plus, or for homeownership, from the Homebuy Agents List. In all cases, allocations or prioritisation for affordable housing will be in accordance with the Council's Housing Register and Allocations Policy.

## **Involving a Registered Provider**

- 5.29 The Council's preferred method for the provision of all forms of affordable housing is through the involvement of a Registered Provider (RP). The involvement of a RP is the best way of ensuring that provision is designed and managed so that it meets local needs and will remain affordable for successive occupiers.
- 5.30 The Council will encourage and facilitate early discussions with RPs to ensure that a partnership approach is adopted early in the process. The Council will provide developers with a list of RP partners who have a local management presence in the District. In line with Homes England policies regarding value for money, stock rationalisation and the development of sustainable communities, the Council would prefer developers to choose an RP partner with an existing concentration of units in the District.

## **Securing the Affordable Housing**

- 5.31 Government guidance advises that planning obligations (or "Section 106 agreements") are an established and valuable mechanism for securing contributions or the provision of affordable housing.
- 5.32 The Council prefers to use S106 agreements for the provision of affordable housing. This is because they are flexible and enable the Council to negotiate the details of provision, such as size, type and mix, to ensure it is the best option for meeting need. On qualifying schemes, the Council will seek a signed legal agreement to secure the affordable housing before planning permission is granted.
- 5.33 The content of the agreement can vary considerably from site to site, so the Council does not have a standard Section 106 agreement; however any agreement will look to cover the following issues:

- The location of the dwellings
- Transfer of the affordable housing to a Registered Provider
- The specifications of the dwellings
- Mechanisms for ensuring affordability in perpetuity
- Timetable for the provision of the affordable dwellings
- The number of open market units provided
- Nomination rights for the affordable housing scheme

5.34 The Council will draft an appropriate agreement for which a fee is payable. The fee will depend on the complexity of the agreement. Early negotiation, resolution and drafting of the legal agreement are encouraged.

### **Making a planning application**

5.35 Paragraphs 40-41 of the NPPF identify that planning authorities have a key role to play in encouraging other parties to take maximum advantage of the pre-application stage. The NPPF recognises that the more issues that can be resolved at pre-application stage, including the need to deliver improvements in infrastructure or affordable housing, the greater the benefits.

5.36 The Council encourages all applicants (whether developers, land agents or individuals) to undertake pre-application discussions with the Council's planning and housing officers about any proposed residential developments.

5.37 The early discussion of issues arising from the affordable housing provision will help to make the planning process more straightforward and reduce complications at the later decision – making stage of a planning application. This is especially important if viability may become an issue. Early discussions should take the form of a pre – application approach to the Council by the scheme promoter (developer or landowner) as much in advance of any planning application as possible, to ensure that any potential problems or disagreements are identified and addressed early on.

5.38 To aid pre-application discussions, applicants are encouraged to use the Council's pre-application advice webpage <https://www.fdean.gov.uk/residents/planning-building/planning-applications/pre-planning-application-advice/> . Any inquiry is recommended to include the following information:

- The percentage of homes in the development that will be affordable and the precise number of affordable units;
- How the affordable units will be split between Rented and Intermediate affordable housing;
- The proposed location of Affordable Housing throughout the site;
- For each tenure, the number of units (if any) that are wheelchair and specially adapted; and
- For each tenure, the size of units to be provided (inclusive of bedroom sizes).

- 5.39 Where possible, this information will then need to be agreed between the Council and the developer and may need to be further refined as the scheme progresses.
- 5.40 When submitting a planning application an Affordable Housing Statement and draft Heads of Terms need to be submitted, clearly setting out how the application intends to meet the affordable housing requirement.
- 5.41 Provided below is suggested information that the Affordable Housing Statement should contain:
- The total number of residential units proposed;
  - The mix of market and affordable units with details of numbers and floor space;
  - Plan(s) showing the location of affordable units in relation to the proposed market housing;
  - Details of the proposed arrangements of tenure for the affordable units including the proposed arrangements for ensuring affordability in the long term (where more than one type of tenure is proposed, details of types should be provided);
  - If different levels or types of affordability or tenure are proposed for different units this should be clearly and fully explained;
  - Details of any Registered Provider acting as a partner in the development; and
  - If seeking to justify an affordable housing provision below the Council's requirements, a full financial appraisal should be submitted to enable the Council to undertake a review of the scheme's viability.

## Section Six: Viability and the Assessment Process

### Site Viability

- 6.1 It is recognised and understood that a residential or mixed development needs to be financially viable if it is to proceed. The Council does not wish to jeopardise the overall delivery of housing in the Forest of Dean and consequently in seeking to negotiate the maximum level of affordable housing, it will have regard to the economic viability of the site and the factors underpinning it.
- 6.2 At an early stage of the development process, developers are encouraged to make themselves familiar with all the planning obligations likely to be required from a development, including the requirements for affordable housing, and to identify any viability issues in the preparation of their planning application. Affordable housing provided as part of planning agreements arising from market-led-developments is unlikely to receive grant funding. It should therefore be assumed in all viability assessments that on market-led developments the affordable units required by CSP.5 will be delivered without grant funding.
- 6.3 The starting point for all development proposals is to be policy compliant in terms of affordable housing provision. Should an applicant consider they are unable to provide the 40% affordable housing target or the preferred tenure split due to viability issues, then they will have to provide a full viability assessment to support their case. In doing so an 'open book' approach should be adopted in accordance with planning practice guidance.
- 6.4 The development appraisal should be undertaken on the basis of:
- Provision on site of 40% affordable housing with the Council preferred tenure split of 70% affordable housing for rent and 30% shared ownership and its impact on the viability of the residual land value; and
  - Proposed provision which would make the scheme viable for the developer.
- 6.5 Applicants who cite non-viability as the reason for not complying with CSP.5 must support their planning application with sufficient detailed evidence. This will include comparable and detailed cost plans to support the headline figures, which will be validated by independent consultants. Forest of Dean District Council will expect to see the workings that lie behind major components but the format in which these are presented is left to the applicant. The information that the Council will expect to see is detailed in Appendix C.
- 6.6 Where an applicant has presented a viability case the Council will commission an independent review of the viability appraisal, the cost of which will be borne by the applicant. The Council will seek a fee quote from its appointed agent and agree with the applicant the fee payable to the Council for this independent review. Applicants

should note that an independent assessment could take a number of weeks (up to 12 weeks) depending on the complexity and/or the information supplied. It is in the applicants' interest to provide full and complete information for the assessment process.

- 6.7 Viability assessments should be presented on a residual land value basis. The residual valuation approach means assessing the development value of the scheme and deducting from this the costs of the development, including any development plan policy requirements, to determine the residual value that is available to pay for the land.
- 6.8 Developers should note that costs associated with the redevelopment of previously developed land will not be considered abnormal, but should be included in the costs element required to bring a site forward for residential development. It is expected that these costs will normally have been deducted within the land value calculation through negotiation with the vendor.
- 6.9 Where the Council is satisfied that planning obligation liabilities, including the affordable housing requirement, render the scheme unviable, the Council will consider options to restore viability of the scheme. Such options could include:
- retaining the target percentage but adjusting the tenure split or unit mix;
  - a lower percentage of affordable housing but retaining the tenure split and unit mix;
  - supporting the introduction of grant funding to achieve the target contribution, tenure split or mix via a cascade;
  - a combination of these options so that the scheme viability is restored;
  - the Council may also consider altering the payment of other contributions being sought to help improve the overall viability.
- 6.10 In the absence of the applicant citing any viability constraints then the Council will assume that viability is not a concern and request the affordable housing requirements accordingly.

### Land Value

- 6.11 In quantifying viability, it is necessary to establish a benchmark land value; this consists of the existing use value (EUV) of the land, plus a premium for the landowner. Whilst the PPG provides guidance on calculating EUV, it does not specify what is deemed to be an appropriate/acceptable premium for the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The PPG advises: "The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing sufficient contribution to comply with policy



requirements. This approach is often called 'existing use value plus' (EUV+). The benchmark land value will be considered on a case by case basis.

- 6.12 PPG clarifies that "...under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan."

### **Abnormal Costs**

- 6.13 Standard development costs such as demolition works, landscaping, noise bunds, archaeological and ecological surveys, drainage and flood prevention measures, noise and other environmental attenuation, as well as appropriate infrastructure provision, which may include highway and public transport measures, will not usually be considered as abnormal site costs. Where required these should be individually identified, with appropriate evidence of the anticipated costs and scope of works required, being provided.
- 6.14 The Council will take account of any legitimate abnormal costs associated with development proposals when assessing the proportion of affordable housing sought within the viability process. However it is assumed that these will be accounted for via due diligence during the feasibility process and identified prior to the viability case being submitted, and therefore accounted for within the residual land value process.

### **Futureproofing**

- 6.15 Where there is a divergence from the policy requirement following a viability assessment, then on larger sites expected to be developed over a number of years, consideration will be given to including a review mechanism in respect of phases following the initial development, to take account of changes in market conditions and other viability factors. The application and operation of any such review mechanism will be agreed with the developer.

### **Vacant Building Credit**

- 6.16 The Vacant Building Credit (VBC) is designed to encourage the effective re-use of land by re-using sites for housing that have been previously developed. Where a vacant building is brought back into use or is demolished to be replaced by a new building, the developer will be offered a financial credit equivalent to the existing gross floor space of the vacant building, against the calculation of any affordable housing obligation. The Council's approach is set out in technical guidance which accompanies this SPD and is available at <https://www.fdean.gov.uk/media/6454/vacant-building-credit-v2.pdf>

## Public availability of viability assessments

- 6.17 Where a viability assessment is required, or is submitted by an applicant to accompany an application at decision making stage, this should be prepared with professional integrity by a suitably qualified practitioner and presented in accordance with current national planning guidance and this SPD.
- 6.18 In accordance with PPG, any viability assessment should be prepared on the basis that it will be made publically available (including published online) for scrutiny, other than in exceptional circumstances. Even in exceptional circumstances, an appropriate executive summary must be produced which will be made publicly available.
- 6.19 Any submitted viability assessment will be made publically available unless the applicant indicates that there are exceptional circumstances which they consider should prevent the assessment being made publicly available. The exceptional circumstances must be identified by the applicant at the time of submitting the viability appraisal, with clear justification of why this is considered to be the case. Where an exemption from publication is sought, Forest of Dean District Council must be satisfied that the information to be excluded is commercially sensitive.
- 6.20 Where the council judges that the information should be deemed commercially sensitive, it will be necessary that in addition to the full viability assessment (which will be considered as confidential) a 'high-level' executive summary, which as minimum sets out the gross development value, benchmark land value including landowner premium, development costs, (as set out in this guidance), and return to developer, should be submitted and will be made publically available.
- 6.21 This approach supports transparency in the viability assessment process so that it is clear what policy requirements will inform planning decisions, including the developer contributions that will be expected to be made with regard to the levels and types of affordable housing.

## **Section Seven: Rural Housing Exception Sites**

### **Rural Exception Sites**

- 7.1 The Council recognises the need to preserve rural communities whilst trying to ensure that local people on modest incomes can access affordable accommodation that enables them to live in rural communities.
- 7.2 Although there is limited scope for new affordable housing to be built in rural areas CSP.5 gives the Council the ability to consider approving small sites for affordable housing development. These sites are classed as rural exception sites. The NPPF defines rural exception sites as “Small sites used for affordable housing in perpetuity where sites would not normally be used for housing. Rural exception sites seek to address the needs of the local community by accommodating households who are either current residents or have an existing family or employment connection. A proportion of market homes may be allowed on the site at the local planning authority’s discretion, for example where essential to enable the delivery of affordable units without grant funding.”
- 7.3 It is important to note that rural exception sites should remain as affordable housing in perpetuity as indicated in the NPPF.

### **Local Housing Need**

- 7.4 Any proposals for rural exception sites will need to address and meet each of the Exception Site Policy requirements of CSP.5, which include providing evidence of locally identified parish need. Planning permission for rural exception sites will only be granted where local need can be demonstrated. The local housing need should be evidenced preferably through a parish housing needs survey although other appropriate housing needs information may be considered where a survey cannot be undertaken.
- 7.5 To help parish councils identify housing need in their parish, the Council works in partnership with the Gloucestershire Rural Housing Enabler to carry out Housing Needs Surveys. Working on behalf of the four rural local authorities in Gloucestershire the Rural Housing Enabler is based at the Gloucester Rural Community Council offices in Gloucester. One of the primary roles of the Rural Housing Enabler is to help communities assess their housing needs by undertaking local housing needs surveys which will involve the whole community.
- 7.6 Where parish councils have undertaken detailed and qualitative parish housing needs survey (within five years of an application being proposed and which determines specific local needs for affordable housing) the findings of the survey will be a material consideration when considering planning permission for rural exception sites.
- 7.7 If you would like more information regarding the role of the Rural Housing Enabler please contact: Gloucester Rural Community Council, 15 College Green, Gloucester, GL1 2LZ Tel: 01452 528491

## Location and Site Selection Process

- 7.8 Rural exception sites are by definition an exception to policy and therefore normally tend to be outside the defined settlement development boundaries of villages. Exception sites that are located outside of the settlement development boundaries should be either adjacent to, or well related to, the settlement development boundaries as defined in the Allocations Plan.
- 7.9 Exceptionally, where the relevant local housing need cannot be met by housing at or well related to a settlement with a defined boundary, permission may be granted for sites (likely to be single dwellings, pairs or groups of no more than four dwellings) within or adjoining a settlement without a defined settlement boundary.
- 7.10 A balanced judgement will be made regarding the suitability of a site as an exception site. Individual site assessment should be undertaken in a comprehensive and consistent manner.
- 7.11 The policy is intended to enable new affordable rural housing where it is most needed. It does however need to make a compromise between providing housing where it is most needed, and where there are at least some basic services. Planning applications for such sites will be considered in accordance with other relevant Core Strategy policies, together with the need to provide affordable housing. As well as need and location, any proposed rural exception sites will also need to demonstrate that:
- The development can contribute positively to the character of the village, maintain or enhance landscape character; and,
  - The proposed site is well related to the built up area of the settlement and the scale of the scheme is appropriate to the structure, form, character and size of the village;

## Size and Type

- 7.12 The proposed size of any development refers to the number of affordable units proposed in the scheme which should be aligned to the identified local need. The proposed size of any scheme will need to take into consideration the deliverability of the scheme, the policy guidance (e.g. CSP.5) and the possible provision of additional units including market units to make the scheme financially deliverable.
- 7.13 The type of affordable housing provided should be consistent with the identified housing need and should be agreed in advance by the District Council.

## Market Housing on Rural Exception Sites

- 7.14 The NPPF encourages local authorities to consider whether “a proportion of market homes may be allowed on the site at the local planning authority’s discretion, for example where essential to enable the delivery of affordable units without grant funding.” The provision of a small element of market housing being developed on a rural exception site can help facilitate delivery of an exception site where sufficient public subsidy is not available. In areas with little affordable housing even small

quantities of new affordable units might be significant and proposals will be assessed accordingly.

- 7.15 The Council's preference is for rural exception sites comprising wholly of affordable housing which addresses identified need. To try to facilitate this, applicants will need to demonstrate that they have made reasonable attempts to obtain grant to deliver a wholly affordable housing scheme before proposals for an element of market cross-subsidy will be considered.
- 7.16 Proposals containing an element of market housing (or other forms of home ownership) on viability grounds should be supported by an open book viability assessment. This will need to demonstrate that the proposed number of market dwellings is essential for the successful delivery of the development and is based on reasonable land values as an exception site. As a guide the Council expects exception site land to attract values marginally above agricultural values. The Council may commission an independent review of the viability appraisal, for which the applicant will bear the cost.
- 7.17 The Council will only permit the minimum number of market homes that are required to make an appropriate scheme financially viable.

### **Occupancy and Management of Rural Exception Sites**

- 7.18 Rural exception sites seek to address the needs of the local community. To ensure this, the allocation of affordable housing delivered on an exception site will be on the basis that first preference will be given to people who have a relevant local connection to the parish. In the event that not enough people with a relevant local connection to the parish apply for the affordable housing, a cascade mechanism will be included in the legal agreement where preference will then cascade to the neighbouring parishes.
- 7.19 As rural exception sites are an exception to normal planning policies, it is important that the affordable housing provided is available on an affordable basis to each successive occupier. Developers of exception sites will need to demonstrate to the Council how they intend to ensure that the affordable housing remains affordable housing for future occupiers. FoDDC will ensure that the provisions required for the home to be retained as affordable in the future are in place by means of clauses in the S.106 agreement. Such clauses could include;
- The prevention of the right to buy or acquire rented properties;
  - Preventing shared ownership properties from full stair-casing to market ownership;
  - Requiring the buyback by the Registered Provider of shared ownership properties which have acquired 100% ownership.
- 7.20 To ensure this is the case, the delivery of affordable housing on a rural exception site will be expected to be facilitated through a Registered Provider and secured through a legal agreement. This will help ensure that the affordable housing scheme remains available and at an affordable rate in perpetuity for those in local housing need.

## Appendix A: Core Strategy Policy CSP.5 – Housing (and supporting text)

### Policy CSP. 5

**Housing - strategic objectives: to promote thriving sustainable communities-provide affordable homes**

Housing in keeping with the needs of the local community and including affordable housing will be provided as described below:

Location	Number to be provided by 2026* (Total 5162)	Yet to be identified (Mar 2010)**
Cinderford, and Ruspidge urban area	about 1050 (783)	267
Lydney	about 1900 (1711)	189
Coleford (includes Milkwall, Coalway, Mile End, Berry Hill)	about 650 (497)	153
Newent	about 350 (300)	50
Tutshill and Sedbury	about 111 (18)	93
Bream	about 100 (41)	59
Drybrook	about 100 (19)	81
Mitcheldean	about 101 (60)	41
Newnham	about 65 (31)	34
Whitcroft-Pillowell-Yorkley	about 45 (16)	29
Lydbrook-Joys Green	about 82 (53)	29
Other villages and rural approx.	about 608 (60% at defined settlements)	608

\*number in brackets is the existing number with permission or expected to be accommodated on sites previously identified in 2005 Local Plan. \*\*includes sites yet to be allocated and future permissions on other unidentified sites

Priority will be given to development on previously developed land and on sites identified for housing in the development plan. No new\* greenfield sites will be released unless it can be proven that land is not available from other sources and is needed to meet the plan's requirements.

New housing sites will be required to achieve a density that is appropriate to their surroundings. A figure of 30 dwellings per hectare will be used as a reference against which to

assess their suitability. Higher densities will be encouraged in town centres especially where flats and smaller dwellings are being provided. Small sites and more rural locations will often require lower densities. All designs should take into account the need to reduce crime.

A mix of house sizes and types including those suitable for an ageing population will be encouraged in accordance with prevailing evidence (for example SHMA, or HNS).

### **Affordable housing**

Affordable housing will be sought as a proportion of all housing on sites of over 10 dwellings or 0.3ha in the four towns and at Tutshill/Sedbury and in other areas on sites of 0.16ha or more or accommodating 5 dwellings or more. The proportion sought will be 40% of the total number of dwellings on each site. This can provide up to 70 affordable dwellings per year at the average build rate envisaged.

Small groups and single affordable dwellings will be acceptable where they are well related to the settlement concerned and take account of any protected open spaces and other areas.

Such sites will usually be within or immediately adjoining a settlement boundary.

Exceptionally, where the relevant local housing need cannot be met by housing at a settlement with a defined boundary, permission may be granted for sites (likely to be single dwellings, pairs or groups of no more than four dwellings) within or adjoining a settlement without a defined settlement boundary.

And where:

- Local housing need is evidenced by an up to date survey and the number, size, design, mix and tenure of the dwellings are all confined to and appropriate to the strict extent of the identified local need; and,
- The site meets the locational criteria set out above; and,
- The development can contribute positively to the character of the village, maintain or enhance landscape character and,
- Where the proposed site is well related to the built up area of the settlement and the scale of the scheme is appropriate to the structure, form, character and size of the village;

The housing proposed must be capable of management by a Registered Provider, Parish Council, village trust or other similar organisation, and must be provided in perpetuity for qualifying local people.

\*sites not otherwise identified in a Development Plan Document, including the Local Plan

**6.31** The housing provision of the Core Strategy will increasingly need to reflect the needs of an ageing population in the case of both affordable and market housing. Provision will be expected to be reflected in the suitability of new homes. Generally this should be reflected more in the lifetime suitability of dwellings than their design for a particular stage in life.

**6.32** Housing proposals will be evaluated using a density of 30 dwellings per ha as a reference point. While this is not a standard it will be used as a guide to ensure the efficient use of land. It is a figure that will be assessed as an average across the site concerned, thereby allowing for a suitable mix of dwellings. In town centres and in the case of flatted development, higher densities will be both appropriate and easy to achieve. Although national targets are being removed, the principle of making the best use of available land still applies and this figure is a sensible target when considered against the mixed (rural and urban) nature of the Forest of Dean.

**6.33** Studies of the regional and local (Gloucestershire) housing markets (Housing Market Assessments) are important parts of the regional and local evidence base. They show the relative dominance of the larger Gloucester housing market over the Forest of Dean but they also reveal that areas of the Forest of Dean are quite strongly influenced by other large centres including Bristol and Newport. There is a need for smaller dwellings for one and two persons, and for families generally and for a range of affordable housing. The need for affordable housing is overwhelmingly for housing for social rent.

**6.34** The policy proposes that affordable housing will continue to be provided under the mechanisms used first in the Local Plan and still encouraged by government. These are:

- the development of so called exceptions sites for affordable housing in locations where new housing would not normally be permitted.
- A means by which a proportion of new dwellings on housing sites above a certain size (or number of units) to be affordable.

The thresholds proposed in the Core Strategy are sites of 10 dwellings or more (or 0.3ha) in the towns (together with Tutshill and Sedbury) and 5 dwellings or more (or 0.16ha) elsewhere. On small sites (of less than 10 dwellings, the number of affordable homes expected will be rounded down to the nearest whole dwelling, so for example two affordable homes will be sought on sites of 5 to 7, three on 8 and 9 and 4 on sites of 10. On larger sites the rounding will be upwards. Affordable housing is defined in PPS 3 (reprinted in the glossary) and "includes social rented and intermediate housing provided to specified eligible households whose needs are not met by the market".

**6.35** There is a presumption that affordable housing should be provided on the application site where it can best contribute towards creating a mix of housing. However, in exceptional circumstances an equivalent off site provision or financial contribution may be accepted where it can contribute to the creation of mixed communities in the Local Authority area.

**6.36** The share of affordable housing being sought on these sites is 40% and this will be expected to be achieved on a basis of nil grant (subject to the sites' viability). At the Council's discretion or in the light of evidence that a particular site cannot support this level of provision, this percentage may be varied. Its application to individual sites is always subject to their viability. While the current needs information supports a 70:30 tenure mix in favour of rented accommodation (over intermediate housing)



the tenure mix of rented accommodation and intermediate housing that will be sought, will balance the housing need against the viability of development to ensure that developments are viable while delivering affordable housing that contributes to meeting housing need. The thresholds of sites on which affordable housing is sought reflect both the nature of the area and the need to ensure that housing can continue to be delivered. Too high a target could restrict the possible delivery of affordable and market housing, while too low a target would mean that the levels of affordable housing achieved would be lower than the sites themselves can support. In order to test this latter point, studies of viability have been undertaken across a range of sites. These generally support the targets used in the above policy.

## Appendix B: NPPF Annex 2: Glossary

**Affordable housing:** housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions:

a) **Affordable housing for rent:** meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).

b) **Starter homes:** is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household's eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.

c) **Discounted market sales housing:** is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.

d) **Other affordable routes to home ownership:** is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision, or refunded to Government or the relevant authority specified in the **funding agreement**.

## **Appendix C: Financial Viability Appraisals**

Background information on financial viability and Financial Viability Appraisals is given in section 6. The following requirements should to be read in conjunction with that section. Any development appraisal submitted to the council must take relevant national guidance into account and include at least the following information to enable it to be assessed by a RICS valuer:

### **Site background:**

- Statement outlining whether the site has been acquired, or is on an option;
- The suggested benchmark land value consisting of the existing use value (unless exceptional circumstances justify using an alternative use value) plus any proposed premium for the landowner;
- Total site area split between net developable area and non-developable area
- Total number of proposed dwellings distinguishing between open market sale dwellings and affordable housing units including the size and type of units proposed

### **Revenues:**

- Open market sales values supported by a report setting the expected selling prices and comparable data used;
- anticipated price to be paid by the affordable housing provider, and the assumption on which this is based; and
- Any other potential revenues. For example ground rents and the capital value of any non-residential element.

### **Costs:**

- build costs (per square metre)(and comparison with appropriate published BCIS data)
- abnormal or exceptional costs not reflected in the land value/price (and reasons why)
- other costs (design, marketing, legal, consultants, planning etc.)
- cost of any other planning obligations including infrastructure requirements and financial contributions
- build programme and any anticipated phasing
- interest rates, loan costs, cash flows
- developer's profit and an explanation of its make-up,
- proposals for on-site affordable housing if required in meeting the requirements of the SPD

The above list is not exhaustive and other information may be requested.

The following should also be noted:

- each cost, value, revenue, assumption etc. must be evidenced from an independent expert or source
- any assumptions must be explained in detail – please provide a written summary in the application correspondence describing the viability figures provided, giving evidence for all assumptions made, and identifying all information sources.

The Council will assume that:

- the cost of meeting the affordable housing requirements in CSP.5 should be reflected in the price paid, or price to be paid, for the land and should be based on:
  - no public subsidy;
  - abnormal site costs should be reflected in the price paid, or to be paid, for the land.

## **Appendix D: Guide to calculating a commuted sum provision**

### **Principle**

A commuted sum provision must be equivalent in scale to what would have been provided on site. The commuted sums money will be used to provide affordable housing elsewhere in the District.

### **Basis of calculation**

The basis of the calculation is by reference to the affordable dwellings that should have been provided on the application site. The calculation will reflect an appropriate dwelling mix, type, and tenure that would meet the requirements of this guidance. For each of the dwellings, an independent valuer will be instructed to determine:

- Its Open Market unencumbered value;
- Its Affordable Home Ownership Value or Affordable Rented Value (as appropriate);
- The value of a clean unencumbered site suitable for providing an equivalent amount of affordable housing, assuming no allowance to be made for any S106 contributions.

“Affordable Rented Value” is based on the amount that an RP could pay from their own resources (i.e. without the aid of public subsidy or grant) for the purchase of affordable housing for rent properties. It is predominantly determined by the total that they are able to borrow that can be repaid from the affordable rents they receive, after allowing for their management and other expenses.

“Affordable Home Ownership Value” is based on the amount that an RP could pay from their own resources (i.e. without the aid of public subsidy or grant) for the purchase of properties for shared ownership which will be sold to initial purchasers at no more than 40% of market value with an annual rent of no more than 2.75% of the unsold equity.

### **Formula**

The financial contribution will be the difference between the Open Market Value, less the Affordable Rented Value and/or Affordable Home Ownership Value for each unit in the scheme that would have been required if an on-site provision had been made. This is the broadly equivalent value of not providing the units on site and gives sufficient funds to deliver the units off site via market purchase or development.

## Appendix E: Glossary of Terms

**Affordability:** The ability of people to get onto the property ladder, whether households can access or sustain costs of private sector housing. Affordability is defined by the relationship between local incomes and the local general housing market.

**Affordable Housing** – housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers) including: affordable housing for rent, build for rent, starter homes, discounted market sales housing, other affordable routes to home ownership.

a) **Affordable housing for rent:** meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).

**Allocations Plan:** a document which provides detailed development management planning policies, settlement boundaries and site allocations to specify exactly where new development will take place in accordance with the policies set out in the Core Strategy.

**Clustering:** the location of small groups of affordable homes within a larger development scheme.

**Commuted Sum:** An amount of money, paid by a developer to the Council, where the size or scale of a development triggers a requirement for affordable housing, but it is not possible to achieve appropriate affordable housing on site.

**Core Strategy:** The spatial planning strategy that sets out long term objectives for planning across the authority area.

**Dwelling:** A dwelling is defined as a self-contained unit of accommodation. Self-containment is where all rooms (including kitchen, bathroom and toilet) in a household's accommodation are behind a single door which only that household can use.

**Extra Care:** Self-contained accommodation which provides flexible care and support arrangements to meet the increasing needs of people whilst enabling them to stay in their homes as they get older. (Department of Health, Care Services Improvement

Partnership, Housing Learning and Improvement Network: Fact Sheet 6 – Design principles for Extra Care).

**HomeBuy:** A Government initiative that assists eligible individuals and families seeking affordable home ownership to find solutions that meet their current needs. The Government has appointed a number of HomeBuy Agents throughout England to help those who are seeking to live in specific areas; the HomeBuy Agent for this area is Help to Buy South.

**Homebuy Agent's List:** A list of households who have registered on the HomeBuy Agent housing register for affordable homeownership in the Forest of Dean.

**Homeseecker Plus:** The Council's housing register on which people in housing need register for affordable housing, are placed in bands of priority and through which all rented affordable housing is allocated.

**Homes England:** A Government agency administering government funding to help Registered Providers develop new affordable homes.

**Local Housing Allowance (LHA):** The Valuation Office Agency Rent Officers determine LHA rates. LHA is the maximum amount of rent that can be used when calculating entitlement to housing benefit, depending on the number of people in a household and where a property is located.

**Parish Housing Needs Surveys:** Surveys which are carried out in parishes or groups of parishes, to establish the extent of local housing need among existing and potential households which have a connection with that parish or group of parishes.

**Registered Providers:** a registered provider of social housing as defined in Part 1 of the Housing Act 1996

**Residual land value (RLV):** Land value and referred to as a residual because it is the amount remaining after a calculation that deducts from the Gross Development Value the various costs of development (e.g. usually comprising of costs including build costs and contingencies, professional fees, site purchase costs, finance costs, developer's profit, marketing and sales expenses). The amount left over (hence 'residual') indicates the land price that can be justified by the calculation and the assumptions used within it.

**Rural Exception Sites:** Small sites used for affordable housing in perpetuity which would not normally be allowed for housing. Rural exception sites seek to address the needs of the local community by accommodating households who are either current or former residents or those who have an existing family or employment connection.

**Rural Housing Enabler** - an independent body who works with the council and parish councils to help identify need within a parish through a parish housing needs survey

**Section 106 agreement:** A legal document made under the provisions of Section 106 of the Town and Country Planning Act 1990 (as amended) binding developers and the Council into carrying out specific works or payments of money that are necessary to allow the development to go ahead.

**Staircasing** – The purchase of additional equity in the property when the shared owner can afford to. In most circumstances, this means that shared owners have the ability to eventually own 100% of the freehold, if they acquire the remaining unowned shares over time.

**Strategic Housing Market Assessment (SHMA):** An assessment of the estimated demand for market housing and need for affordable housing in a defined geographical area, in terms of distribution, house types and sizes and the specific requirements of particular groups and which considers future demographic trends.