



Report to Cabinet

Subject Interim Planning Guidance

Date 22nd March 2005

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1. Purpose of the Report

To recommend that Cabinet approve the adoption of the Interim Planning Guidance for Affordable Housing.

2. Background

Gedling Borough Council aims to deliver affordable housing through the planning system through policy H16 of the Local Plan which states that:

Planning permission for residential development on all large sites of 1 ha or more will be granted subject to negotiation to seek to secure 20 per cent of the dwellings on the site being developed for affordable housing.

Following extensive consultation the draft guidance has been produced, in accordance with good practice, to provide land owners, developers and RSLs with clear, detailed advice on the Council's criteria for the provision of affordable housing.

When adopted by the Council this guidance will be a material consideration in planning terms. It will be used in negotiations with developers on planning applications and Section 106 Agreements for affordable Housing.

3. Proposal

The development of Interim Planning Guidance on affordable housing was identified as a priority action within the Council's Housing Strategy. The guidance provides a clear direction for those involved including developers and housing associations whilst enabling the type and tenure of the affordable units on each site to be determined on a site-by-site basis, taking account of local demand and the need to create a balanced housing market. A copy of the Interim Planning Guidance can be found at Appendix 1.

4. **Recommendation**

Members of the Cabinet are requested to approve the adoption of the draft Interim Planning Guidance on Affordable Housing at appendix 1.



Draft

Interim planning guidance Affordable housing

Adopted XX.XX.XX

Supplementary planning guidance: affordable housing

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1. Introduction

1.0.1 Gedling Borough Council aims to deliver affordable housing through the planning system.

1.0.2 This guidance has been produced to provide land owners, developers and RSLs with clear, detailed advice on the Council's criteria for the provision of affordable housing. It amplifies Policy H16 of the Local Plan and sets out how this Policy will be implemented.

**1.0.3 Policy H16 states that:
Planning permission for residential development on all large sites of 1 ha or more will be granted subject to negotiation to seek to secure 20 per cent of the dwellings on the site being developed for affordable housing.**

1.0.4 When adopted by the Council this guidance will be a material consideration in planning terms. It will be used in negotiations with developers on planning applications and Section 106 Agreements.

2. Policy background

2.0.1 The following section details the policy context for this guidance.

2.1 National

2.1.1 Planning Policy Guidance Note 3 (March 2000) includes several references to affordable housing in the section entitled 'Assessing local housing needs'.

This has since been augmented with the Government's response to the Housing, Planning, Local Government and the Regions Select Committee report on Affordable Homes and the Sustainable Communities Plan.

2.1.2 The new Planning system makes no provision for SPG but rather for Supplementary Planning Documents (SPDs). At this stage we propose to continue with this document on the basis that the relevant Local Plan policies will be 'saved'. The document will become a Council policy statement as an interim measure, with the possibility of becoming SPD in the future when a Strategic Environmental Appraisal will be undertaken.

2.2 Regional

2.2.1 Regional Planning Guidance for the East Midlands (RPG 8, 2002) includes Policy 26 on the provision of affordable housing. It sets an indicator for monitoring purposes of 3,400 affordable homes per annum for the whole region. It is now statutory by virtue of the Planning and Compulsory Purchase Act 2004.

2.2.2 RPG 8 will be replaced in due course with a RPG8 Review, for which the draft Proposed Changes were published in July 2004.

2.3 Sub regional

2.3.1 The Nottinghamshire Structure Plan was adopted in 1996. It sets out Strategic Policy 4/2 for affordable housing.

2.3.2 The Nottinghamshire Structure Plan will be replaced in due course with the Joint Structure Plan. This carries the affordable housing policy on in Policy 3/6 and in Strategic Policy 1/3.

2.4 Gedling

2.4.1 The 1990 Local Plan is in the process of being updated and replaced. The most recent draft is the Revised Deposit Draft Local

Plan (May 2002). The Inspector's report was received in March and May 2004. It recommends no modification to Policy H16 and no substantive changes to the accompanying text.

- 2.4.2 The key policy on affordable housing is Policy H16.¹ This requires affordable housing on sites 1ha or above. The lower case text explains the Council's preference for RSL rented accommodation and this has been agreed by the Inspector who reported on the Local Plan Inquiry in 2004.**
- 2.4.3 The 1ha threshold refers to the gross area for development and applications will not be accepted which sub divide the area to avoid the affordable housing requirement.**
- 2.4.4 No exceptions to Policy H16 are anticipated, including where a site is being developed for sheltered or supported accommodation.**

¹ For further detail see introduction and Appendix 1.

3. Need for affordable housing

3.0.1 Gedling Borough has one of the highest rates of owner occupation in the County (81%, well above regional and national averages).

3.1 Definition of affordable housing

3.1.1 Affordable housing is defined as

“Dwellings developed specifically for those whose incomes generally deny them the opportunity to purchase or rent houses on the open market”.

3.1.2 This definition is taken from the South Nottinghamshire Affordability Study (see below).

3.1.3 Affordable housing includes social rented housing, shared ownership and discounted for sale properties.

3.1.4 Explicitly excluded is housing which is low cost by design. On larger sites developers may be encouraged to provide good quality low cost housing with a restricted floor space and other low cost design elements, as this may contribute towards sustainable balanced communities. This will be in addition to the affordable housing requirement.

3.1.5 There is an expectation that the affordable housing is affordable in perpetuity, and mechanisms will be required to ensure this.

3.1.6 It is recognised, however, that affordable housing for rent may be subject to existing or future right to buy mechanisms and that housing developed for shared ownership may become market housing if the occupant staircases to 100 percent ownership and then sells that property.

3.2 Evidence of need

3.2.1 The Council uses two recent studies to assess the requirement for affordable housing. Both are available on request from the Council's Strategy and Enabling Officer.

3.2.2 The South Nottinghamshire Affordability Study² involved housing and planning officers representing the South Notts housing market area (Broxtowe, Gedling, Nottingham City, Rushcliffe and Hucknall in the south of Ashfield).

² The need for affordable housing in South Nottinghamshire 1996 – 2011: Monitoring report and update 2003

- 3.2.3 It concludes that to meet base and future need across this market area 23 percent of new housing built before 2011 would need to be affordable housing.
- 3.2.4 Using this evidence Gedling Borough Council set an affordable housing requirement of 20 percent.
- 3.2.5 In 2003 we commissioned housing consultant Bob Line to produce a housing market study of the Borough³.
- 3.2.6 The study concludes that to meet residual and emerging needs over the next five years just under 25 percent of all new housing in the Borough should be affordable.
- 3.2.7 Because of the stage that the Local Plan had reached, the affordable housing requirement was not increased to reflect this new evidence.
- 3.2.8 The need for particular affordable housing types and tenure will be assessed by the Council's on a site by site basis. The decision will be based on:
- income data;
 - the sub market within which the site sits; and
 - housing need data such as the Council's own housing register.
- 3.2.9 As there is a significant unmet demand for social rented housing across the Borough this will usually be the Council's preferred tenure for affordable housing.**
- 3.2.10 The Council will seek to enable balanced communities through the provision of on site affordable housing.**

³ B Line 2004Gedling Borough Council Housing Market and Needs Study 2003/04 draft report v.4

4. Delivery mechanisms

4.1 S106 process in Gedling

4.1.1 On all sites where there is an affordable housing requirement Gedling Borough Council will negotiate a S106 agreement. Paragraph 3.2.8 – 3.2.10 set out how the affordable housing requirement will be assessed for each site.

4.1.2 This agreement will include, as a minimum:

- **number of units;**
- **tenure of the affordable housing;**
- **phasing; and**
- **safeguarding of affordability to meet long term needs.**

4.1.3 The S106 negotiation will be formally triggered by the submission of an outline or detailed planning application. Developers are encouraged to have early discussions with Council officers before reaching this stage.

4.1.4 Developers will be required to pay the reasonable legal costs incurred by the Council in preparing the S106 agreement.

4.1.5 Developers are referred to the Gedling Borough Council Open Space Supplementary Planning Guidance. This is available on the Gedling Borough Council website or on request from the Local Plans Manager.

4.2 Off site provision

4.2.1 It is Gedling's policy that the affordable housing contribution will be delivered on site.

4.2.2 It is not expected that commuted sums or voluntary contributions will be accepted in lieu of the 20 percent affordable housing requirement.

4.3 Subsidy

4.3.1 Developers should be aware that Gedling Borough Council has no capital to support development. Public subsidy is unlikely.

4.3.2 Developers should ensure that this is reflected in the price paid for land. The requirement to provide affordable housing will not be waived.

4.3.3 Further information on Housing Corporation's grant for affordable housing on S106 sites is available on www.housingcorp.gov.uk

This will be updated by the Housing Corporation as necessary. The most recent statement is paragraph 6.11 in the 2004 'New partnerships in affordable housing' consultation paper.

5. Design

5.0.1 The size and mix of affordable dwellings in the development will be agreed on a site by site basis.

5.0.2 Developers are encouraged to contact the Council's Development and Resources Manager at an early stage to discuss requirements.

5.0.3 It should be noted that the affordable housing need may be for a different type than that which the developer intends to provide commercially.

5.0.4 If the need is for supported housing this will be identified and negotiated on a site by site basis.

5.1 Housing mix

5.1.1 Developers will be required to have written approval from the Council of the precise location of the affordable housing within the scheme before development begins.

5.1.2 It is expected that the affordable housing will be integrated with the market housing on site. In large schemes the expectation will be that the affordable housing is provided in a number of small clusters, rather than one large grouping.

5.1.3 In terms of both layout and design the affordable housing should not stand out from open market housing, to assist in creating balanced communities.

5.2 Housing design

5.2.1 The Council has adopted Supplementary Planning Guidance on design⁴ and the Nottinghamshire Sustainable Developer Guide. These apply to both affordable and market housing. The documents are available on the Gedling Borough Council website or on request from the Local Plans manager.

5.2.2 Developers will be required to have written approval from the Council of the design of the affordable housing within the scheme before development begins.

5.2.3 We expect all housing development within the Borough to meet high standards of design, layout and landscaping. The affordable housing must:

⁴ SPG Note D1 Design Guide

- **be in accordance with the Housing Corporation's Scheme Development Standards current at the time of the submission for approval;**
- **aim to meet Secured by Design criteria; and**
- **achieve Eco Homes rating 'good' or better.**

5.2.4 Developers are encouraged to work towards lifetime homes design standards.

5.2.5 As they are published over time the Council may also require additional good practice design and build quality standards to be met. Should we require further good practice standards to be met in the future we will consult and circulate details widely. However, we will not necessarily revise this Interim Planning Guidance.

6. Occupancy and management

6.1 RSLs

- 6.1.1 It is required that the affordable housing, other than discounted for sale, is transferred to and / or managed by a Registered Social Landlord which has been agreed by Gedling Borough Council. Agreement will not be unreasonably withheld.**
- 6.1.2 Gedling Borough Council does not have preferred partners and cannot recommend particular RSLs. A list of RSLs with a local presence is appended for information.**
- 6.1.3 In the interests of securing a quality service for tenants, Gedling Borough Council will normally oppose the use of any RSL who:**
- cannot demonstrate a local management service**
 - has not received four ‘green traffic lights’ in the most recent Housing Corporation assessment (or equivalent).**

6.2 Eligibility

- 6.2.1 Conditions or obligations will generally be used to ensure that the occupancy of affordable housing is restricted to those in affordable housing need. This may be determined by their presence on the Gedling housing register, or by the submission of financial information to demonstrate that market housing of an appropriate size and type is unaffordable.**
- 6.2.2 Determination of affordable housing need will be provided by the Council’s housing department within 20 working days of submission to the Housing Manager (Development and Resources). The Housing Manager will consider income, savings, capital and – at the discretion of the Council – any special circumstances.**
- 6.2.3 The Housing Department will certify the eligibility of the first occupant of all affordable housing. Thereafter the Housing Department will certify the eligibility of potential occupants of shared ownership and discounted for sale properties.**
- 6.2.4 Should the council fail to provide a written determination of eligibility within 20 working days of receipt of the necessary financial information, the owner may certify that in their reasonable opinion the applicant household is in affordable housing need.**
- 6.2.5 Where the affordable housing is in the form of social housing, the occupancy (other than the first occupancy) will be determined by the managing RSL’s established lettings criteria. Gedling Borough Council may seek a nomination agreement with the RSL for a proportion of the**

turnover. Any such nomination agreement will be negotiated separately from the S106 agreement.

- 6.2.6 Where the affordable housing is in the form of shared ownership or discounted for sale properties a cascade of local connection will be agreed for the first disposal of the property such that:
- preference will be given to persons in need of affordable housing who are ordinarily resident or working in the Borough
 - the eligibility will then widen to persons in need of affordable housing who are ordinarily resident or working in the South Nottinghamshire housing market area (that is, the Boroughs of Broxtowe and Rushcliffe, City of Nottingham, or Hucknall in the south of Ashfield District)
 - the criteria will then widen to any other persons in need of affordable housing.
- 6.2.7 Determination of local connection will be provided by the Council's housing department within 20 working days of submission to the Housing Manager (Development and Resources). This will be determined by information which demonstrates the person's usual address or place of employment.
- 6.2.8 Subsequent disposals of shared ownership or discounted for sale properties must be to households in need of affordable housing but there will be no local connection requirement.
- 6.2.9 Gedling Borough Council will ensure that eligibility criteria have sufficient flexibility that occupants can always be found for the affordable housing.**

6.3 Phasing

- 6.3.1 Construction and occupation of the affordable units will normally be controlled in relation to the construction and release of the rest of the site.**
- 6.3.2 Normally, not more than 40 percent of the open market dwellings may be occupied before the affordable housing is commenced.**
- 6.3.3 Normally, not more than 60 percent of the open market dwellings may be occupied before all of the affordable housing is completed, and available for occupation.**
- 6.3.4 In order to monitor progress on the provision of affordable housing, the Developer will be required as part of the Section 106 Agreement to notify the Borough Council at various stages of the development..**

Appendix 1: Useful contacts

Gedling Borough Council
Switchboard 0115 901 3901

Local plans
Bob Wilson
Local Plans Manager
0115 901 3730
Bob.wilson@gedling.gov.uk

Development control
Nick Morley
Principal Planning Officer
0115 901 3721
Nick.morley@gedling.gov.uk

Housing
Lynn Vernon
Housing Manager (Development and Resources)
0115 901 3668
Lynn.vernon@gedling.gov.uk

Jo Dean
Strategy and Enabling Officer
0115 901 3672
Jo.dean@gedling.gov.uk

Appendix 2: Policy H16 of the Revised Deposit Draft Local Plan (May 2002)

AFFORDABLE HOUSING

2.50 Paragraph 1 of Circular 06/98 (Planning and Affordable Housing) states "A communities' need for affordable housing is a material planning consideration which may properly be taken into account in formulating development plan policies and deciding planning applications. Therefore, where there is evidence of need for affordable housing, local plans should include a policy for seeking an element of such housing on suitable sites". Affordable housing is defined in the South Nottinghamshire Affordable Housing Study as "dwellings developed specifically for those whose incomes generally deny them the opportunity to purchase or rent houses on the open market". *In addition low-cost market housing and subsidised housing will be included as affordable if Registered Social Landlords or Housing Association resources cannot be provided.* The justification for the following policy is based on research undertaken in 1997 and 1998 by the South Nottinghamshire Districts. A technical paper on this issue "Affordable Housing" explains the approach in more detail. Copies are available from the Local Plans section of the Borough Council.

POLICY H16 AFFORDABLE HOUSING
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Objectives

Housing 6

H16 Planning permission for residential development on all large sites ~~over~~ of 1 ha. or more will be granted subject to negotiation to seek to secure a proportion 20% of the dwellings on of the site being developed for affordable housing.

2.51 Subject to proposals not being contrary to other policies in the plan this policy will secure an element of affordable housing on large sites in accordance with Circular 6/98. ~~This circular states that "it will be inappropriate to seek any affordable housing on some sites". Outside London the policy should only be applied to developments of 25 or more dwellings or residential sites of 1 ha. or more. The exact proportion of a site that should be developed as affordable housing will be determined by means of a study into the local affordable housing needs which will need to be submitted as part of a planning application. An applicant will need to work closely with the Planning and Housing Services of the Borough Council to establish the remit of such a study. Such proposals should create a mixed range of house types and they should be carefully integrated with rest of the housing development. The preferred arrangement will be for a Registered Social Landlord (RSL) to manage the affordable housing but if this is not possible low-cost market housing may be granted subject to conditions and/or legal agreements which maintain control over occupancy. In terms of~~

eligibility, priority will be given to people on the Council's Housing Register. After this, people will become eligible if a RSL confirms they are in housing need and they are resident in the Borough. Thirdly people will qualify according to the need identified by a RSL and the fact that they are resident in South Notts, i.e. the same geographic area used in the South Notts Study mentioned in paragraph 2.50.

Appendix 3: Registered Social Landlords active in Gedling Borough

Abbeyfield Nottingham Society
Advance Housing
Anchor Trust
Derwent Living
East Midlands Housing Association
Family First Ltd
Framework HA
Guinness Trust
Home Housing Association
Housing 21
Leicester Housing Association
Longhurst HA
Metropolitan Housing Trust
Metropolitan Home Ownership
Nene Housing Society
North British Housing Association
Nottingham Almshouse Charity
Nottingham Community Housing Association
TunTum

Appendix 4: Glossary of terms

Affordable housing

Defined locally as: “dwellings developed specifically for those whose incomes generally deny them the opportunity to purchase or rent houses on the open market”. This includes social rented housing, shared ownership and discounted for sale properties.

Commuted sums

Financial contribution provided by developer in lieu of an on-site contribution to affordable housing. It is the Council's policy that the affordable housing contribution will be delivered on site.

Discounted for sale

Housing which must be sold at an agreed percentage below the market value.

Eco Homes standard

An environmental assessment method for new and refurbished housing which encourages actions to improve environmental performance. Schemes built using Housing Corporation finance are required to achieve either a 'very good' or 'excellent' rating.

Housing association (H.A)

The main providers of new social housing. Most are Registered Social Landlords.

Housing Corporation

Regulatory body responsible for overseeing the services provided by housing associations, with a substantial capital investment programme. See www.housingcorp.gov.uk

Lifetime homes standard

Design standard which leads to flexible, adaptable accessible housing which can be modified in response to changing individual needs. Includes standards on accessing the property, space and layout within the property and the positioning of windows, light switches etc.

Local connection

Whether a potential occupant has an association with Gedling Borough: this may be through previous residence, work, or family ties. We will apply the same test of 'local connection' as is used in homelessness legislation. There is no requirement to have a 'local connection' to any specific part of the Borough to be eligible for schemes in that area.

Low cost by design

Lower cost open market housing which has restricted floor space and other low cost design elements. This is explicitly excluded from the Council's definition of affordable housing and does not meet the requirement under Policy H16.

Nomination agreement

Process whereby the Council can propose potential occupants for an agreed percentage of the vacant dwellings. RSLs retain the right to reject nominees if they do not fit

Registered Social Landlord (RSL)

Term for social landlords who are registered with the Housing Corporation. Most are housing associations, but there are also trusts, co-operatives and companies.

Secured by Design standard

Police initiative to encourage developers to adopt crime prevention measures in the design of new housing schemes. The standards are concerned with environmental quality, natural surveillance, access and footpaths, lighting and open space.

Scheme Development Standards (SDS)

Set out the Housing Corporation's requirements and recommendations for all housing projects which receive Social Housing Grant (SHG). It is a regularly updated guide to good practice for housing associations and their partners.

Section 106 agreement (S106)

Named after Section 106 of the 1990 Town and Country Planning Act. Mechanism by which the Local Authority can require developers to contribute towards meeting affordable housing need (and other infrastructure required to serve the new development).

Shared ownership

Mechanism by which the occupant can buy a portion of their home through a mortgage and pay rent on the outstanding portion to the RSL. There is the opportunity for the occupant to buy further shares and eventually own their home outright.

Social renting

Housing which is provided at below market price, by a Housing Association, RSL or Local Authority landlord. Tenants have better security than private sector tenants.

Supported housing

Housing where an individual holds a tenancy at the same time as receiving support to live there. This may be housing which is specially designed for the purpose of its client group, or it may be indistinguishable from general needs stock.