

Developer's guide to delivering affordable housing in the county of Herefordshire



Information to support the Planning Obligations
Supplementary Planning Document – April 2008

January 2011

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1. Introduction

- Herefordshire Council (hereafter referred to as the Council) is strongly committed to the delivery of affordable housing within Herefordshire and will make effective use of its planning powers to secure affordable housing to satisfy current and future local housing requirements.
- This guide provides supporting evidence to the Planning Obligations Supplementary Planning Document (SPD) (2008) and provides up to date information to aid developers considering pursuing affordable housing schemes.
- The Planning Obligations SPD provides advice to developers and applicants on the use of legally binding agreements in the planning application process in Herefordshire. It specifically provides guidance on how the Council will implement the Herefordshire Unitary Development Plan (UDP) Policy DR5¹ on Planning Obligations. This guide supports the UDP policies that are specific to affordable housing.
- The UDP was adopted in March 2007 and is the principal element of the Development Plan for Herefordshire and guides development within the county. It was prepared to ensure consistency with Government Planning Policy Statements, the Regional Spatial Strategy and the Community Strategy for Herefordshire.
- The UDP is operative as part of the new Local Development Framework (LDF) and most of its policies have now been formally 'saved' by the Secretary of State for Communities and Local Government under the Planning and Compulsory Purchase Act 2004, until they are superseded by other emerging Development Plan Documents in the LDF. These saved policies include those relating to affordable housing planning obligations.
- The saved UDP policies should be read in the context of any relevant new national or regional planning guidance and any pertinent new evidence, to ensure accuracy of information, prior to their replacement by emerging LDF documents.
- Section 5 of the UDP refers to Housing and policies, H2, H5, H6, H7, H9 and H10, H9 and H10 refer to affordable housing and rural affordable housing on exception sites.
- In producing this guidance the Council has also had regard to central Government's advice contained in PPS3 (November 2006), Circular 05/2005: Planning Obligations, the Council's Housing Strategy, the Council's ongoing programme of Housing Needs Assessment and recommendations in the Government's response to the Matthew Taylor Report – Implementation Plan.
- A variety of bodies play a part in the provision of affordable housing. Within the Council Planning Services and the Homes and Communities Division work together to establish need and identify opportunities for provision. Within Herefordshire, a number of national and local Registered Social Landlords (RSL's) are involved in the provision of affordable housing, working in partnership with the Council, the Homes and Communities Agency and the private sector, including developers and lending institutions.
- This document will be reviewed annually to ensure it remains relevant, reflecting the housing situation in Herefordshire, and to ensure its consistency with emerging and future policies.

¹ Policy DR5 is a 'saved' policy under the Planning and Compulsory Purchase Act 2004, Para. 1 (3) of Schedule 8. See further explanation in para. 1.1 of this guide.

1.2 Aims

Affordable housing will be delivered through a range of housing providers including developers and RSL's in line with the requirements set out in national and regional guidance. The guide aims to:

- Improve the delivery and maximise the opportunities available for the provision of affordable housing to meet the County's housing needs.
- Reduce uncertainty, ensure a consistent approach and provide clear guidance for all stakeholders to follow.
- Provide additional guidance on the interpretation of policies on affordable housing contained in the adopted UDP.

1.3 Scope and status of this guidance

- There are a number of different ways in which affordable dwellings can be provided. This guidance is only concerned with the provision of affordable housing through the planning process, which includes dwellings provided through new development opportunities, i.e. on allocated, windfall, exception sites and conversions.

2. Legislative and policy background to enable the delivery of affordable housing

This guidance has been produced in adherence to, and should be read alongside, the following documentation.

2.1 Housing Act 1985

The local authority has a statutory duty under part II of the Housing Act 1985 to "consider housing conditions in their district and the needs of the district with respect to

the provision of further housing accommodation"

2.2 Town and Country Planning Act 1990 as amended by The Planning and Compulsory Purchase Act 2004

The above Acts provide the legislative framework within which the planning system operates.

2.3 Planning Policy Statement 1: delivering sustainable developments (PPS1) (January 2005)

PPS1 sets out the Government's overarching planning policies on the delivery of sustainable development through the planning system. This PPS replaces Planning Policy Guidance Note 1, General Policies and Principles, published in February 1997. In particular paragraph 16 states that: "*Development plans should promote development that creates socially inclusive communities, including suitable mixes of housing*", while paragraph 23 (vii) states "*Planning Authorities should...Ensure the provisions of sufficient, good quality, new homes (including an appropriate mix of housing and adequate levels of affordable housing)...*"

2.4 Planning Policy Statement 3: Housing (PPS3) (November 2006)

National government advice on affordable housing has been issued in the form of PPS3 and its accompanying document "Delivering Affordable Housing" (November 2006).

PPS3 underpins the delivery of the Government's strategic housing policy objectives with the goal to ensure that everyone has the opportunity to live in a decent home, which they can afford, in a community where they want to live. In

relation to rural housing PPS3 enables local planning authorities to grant planning permission for land within or adjoining existing villages, which would not normally be released for housing, in order to provide affordable housing to meet local needs in perpetuity. This Policy is available from the Communities and Local Government website (see appendix 8). General advice on PPS3 is available from the Local Planning Authority (see appendix 6)

2.5 Planning Policy Statement 7: sustainable development in rural areas (PPS7) (August 2004)

As Herefordshire is predominantly rural in its nature it is essential that development adheres to Government guidance on the future of country towns, villages, undeveloped countryside and urban fringes.

This update of the guidance has been done in accordance with this national guidance by developing policies that seek to '*sustain, enhance and, where appropriate, revitalise country towns and villages*' (PPS7 Para 2).

2.6 Planning Policy Statement 12 (PPS12): local spatial planning (June 2008)

PPS12 sets out the Government's policy on the preparation and adoption of local development documents (LDD) which will comprise the Local Development Framework (LDF). A full document can be found on the Communities and Local Government website.

In accordance with the requirements of PPS12 this guide has been produced by the Council to provide additional information to assist with the delivery of affordable housing policies contained within the saved policies of the Herefordshire UDP and the Planning Obligations SPD.

2.7 Circular 05/2005: Planning Obligations (July 2005)

Government guidance on planning obligations is provided in circular 05/2005.

The circular gives guidance on the types of obligations that may be acceptable. Local planning authorities are recommended to publish guidance themselves for potential developers in order that the Council's approach is clear and easy to understand. This information is provided in the SPD: Planning Obligations (April 2008). The Department for Communities and Local Government (DCLG) issued Planning Obligations Practice Guidance in July 2006 which can be viewed on their website.

2.8 West Midlands Regional Housing Strategy (RHS) (June 2005)

The RHS has been produced by the West Midland Regional Assembly for the period 2005 to 2021 and has a number of core aims, two of which are relevant are:

- to create mixed, balanced and inclusive communities
- to address the variety of needs across a range of specific sectors of housing circumstances.

2.9 West Midlands Regional Spatial Strategy (RSS) (January 2008)

The RSS provides a strategic long-term land use and infrastructure framework for the West Midlands, although its status is currently under review. The Strategy still forms part of the statutory development plan, however, recent Government advice states that the exact level of weight accorded to its policies is at the discretion of the decision maker. The Localism Bill is seeking to put in statute policy revoking the RSS. It is anticipated the Localism Bill will receive Royal Assent late in 2011 (no detailed timetable has been

announced as yet) at which time the RSS will no longer have a statutory basis.

2.10 The Localism Bill (2010-2011)

The Localism Bill was introduced to Parliament on 13th December 2010.

The Bill would devolve greater powers to councils and neighbourhoods and give local communities control over housing and planning decisions.

The main benefits of the Bill would be to empowering local people, freeing local government from central and regional control, giving local communities a real share in local growth and a more efficient and more local planning system.

2.11 The rural proofing checklist

Rural proofing is a commitment by the Government to ensure that all its domestic policies take account of rural circumstances and needs (Rural White Paper 2000). It is a mandatory part of the policy making process, which means that, as policies are developed certain factors need to be considered. The Commission for Rural Communities (CRC) has published a new Rural Proofing Toolkit (May 2009) to assist with the delivery of better policy making across Government. The new resources and guidance are available on the CRC website at www.ruralcommunities.gov.uk

2.12 Local policy background to enable the delivery of affordable housing

▪ Herefordshire's Unitary Development Plan (UDP) (March 2007)

The policies in the UDP reflect Government guidance and national and regional planning policy. The plan-making process does not stand still, and the UDP will be replaced in stages by the Local Development Framework. (The RSS will also be replaced in due course). Until such time as the LDF takes over, the policies in the UDP which

have been 'saved' by the Direction of the Secretary of State will remain in effect. The UDP can be found on the Council's website (see appendix 8).

If land has already been identified for development, the details will be contained in the UDP.

Section 5 of the UDP refers specifically to Housing and in particular policies H2, H5, H6, H7, H9 and H10. H9 and H10 specifically refer to Affordable Housing and Rural Exception Housing (see appendix 3).

• Supplementary Planning Document (SPD): Planning Obligations (April 2008)

The SPD: Planning Obligations provides advice to developers and applicants for the use of planning obligations in the planning application process in Herefordshire. It specifically provides guidance on how the Council will implement the UDP Policy DR5 on Planning Obligations and identifies the types of community infrastructure where developer contributions will be sought as part of a proposed development. The SPD: Planning Obligations can be found on the Council's website (see appendix 8).

Locally, at the present time, the UDP and the SPD: Planning Obligations are the most important planning documents; however, over the course of the next year the Council will be preparing a new spatial plan called a Local Development Framework (LDF) comprising a Core Strategy document as well as other development plan documents (DPD). This will replace the UDP, and the SPD will be reviewed accordingly. A timetable of planning documents being produced is outlined in the Council's Local Development Scheme. These documents are available to download

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from the Council's website (see appendix 8).

- **Herefordshire Affordable Housing Viability Study**

The Viability Study provides the Council and developers with an assessment of the economic viability of residential schemes to support development of the Core Strategy. The viability study is intended to provide well reasoned justification for proposed thresholds and targets emerging from the study and which take into account current market uncertainties while recognizing that Core Strategy policies have to be robust over the medium to long term. The document can be found on the council's website (see appendix 8).

- **Herefordshire Housing Strategy 2005 - 2008**

This document is currently being revised, although this version is available from the Homes and Communities division. In conjunction with the Housing Needs Studies it identifies key housing issues and priorities for Herefordshire and will influence the mix of types, sizes and tenures of units being requested. The priorities are:

- to achieve a more balanced housing market, by providing a range of affordable housing types, including rental, shared ownership and low cost housing for sale to assist local people now priced out of the market
- to address the increasing levels of homelessness by developing more high quality temporary accommodation for homeless household and the development of housing options
- to ensure that vulnerable people needing housing linked to support have their needs met in all parts of the area, as identified in the

Supporting People Strategy 2005 – 2010

- to improve housing conditions in Herefordshire across all tenures.

In addition, the key priorities for Herefordshire may change following subsequent revisions of the Housing Strategy. This document can be found on the council's website (see appendix 8).

- **Social Housing Agreement – (September 1998)**

This document is an agreement between the Council, the Housing Corporation (now the Homes & Communities Agency) and RSL partners who are actively developing in the County and have existing housing stock. It sets out the expectations of each partner, particularly with regards to the development of new affordable housing in the County. This document is currently being revised; a copy of the existing document is available from the Homes and Communities division (see appendix 6).

- **Herefordshire Housing Needs Assessment (2005)**

In line with the Housing Act 1985 and PPS3, the Council is committed to assessing local housing requirements within Herefordshire. A comprehensive Housing Needs Study for the whole of Herefordshire was produced in 2005 and is currently under review. This study identified significant need throughout Herefordshire for affordable housing, and may form part of the Local Housing Market Assessment which is currently being produced.

A rolling programme of local housing needs surveys continues to be undertaken to provide up to date information on local housing needs. A list of completed surveys can be found in appendix 7.

- **Strategic Housing Market Assessment (2008) (SHMA)**

The Strategic Housing Market Assessment provides a detailed sub-regional market analysis of housing demand and housing need identifying local housing market areas within each sub regional market and identifying the key drivers in the West Housing Market Area. In addition it provides an evidence base for current and future requirements in terms of market and affordable housing to inform local policies and strategies. This document can be found on the council's website (see appendix 8).

- **Herefordshire Local Housing Market Assessment (LHMA)**

Herefordshire's Local Housing Market Assessment considers the relationship of the County's 7 local housing market areas to assess the current provision of market and affordable housing, what the future demands will be and will identify how these demands will be met. The assessment is currently being produced and should be published in 2011. Further details are available from the Homes and Communities division.

- **Empty Property Strategy 2010-2013**

The aim of this strategy is to help meet local, national and regional objectives for housing and sustainable communities by ensuring the existing housing stock is maximised, linking in with the Council's local housing, homelessness and private sector strategies. This document is available on the council's website (see appendix 8).

3. Definition of affordable housing

The definition of affordable housing, as set out in Planning Policy Statement 3: Housing, Annex B is as follows:

Affordable housing is:

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

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

Social rented housing is:

'Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. The proposals set out in the Three Year Review of Rent Restructuring (July 2004) were implemented as policy in April 2006. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Housing Corporation as a condition of grant.'

Intermediate affordable housing is:

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

As a result of current market trends, an overall balance between tenures would be considered more appropriate to meet a variety of housing needs and to create more balanced communities. Therefore a flexible approach to deliver the affordable housing provision has been adopted.

It should be noted that the key priorities for Herefordshire may change following subsequent revisions of the Housing Strategy, although it is envisaged that the priorities identified will remain unchanged due to the acute need for affordable housing.

4. Evidence of the need for Affordable housing

4.1 Herefordshire housing needs studies

- In line with the requirements of Planning Policy Statement 3 (PPS3), policies for the provision of affordable housing must be based on evidence of need.
- In 2008 a Strategic Housing Market Assessment was undertaken across the West Housing Market area (inc. Shropshire and Herefordshire). The Assessment provides a detailed sub-regional market analysis of housing demand and housing need, identifying the key drivers in the West Housing Market Area. In addition it provides a

robust evidence base for the current and future requirements in terms of market and affordable housing to inform local policies and strategies. A Local Housing Market Assessment is currently being prepared, to be published in 2011, which will provide a more detailed analysis of the 7 identified local market areas across Herefordshire.

- A Gypsy and Travellers Accommodation Assessment was completed in July 2008 with Shropshire, Telford and Wrekin and Powys which identified a need for 83 pitches to 2012 with a further 26 pitches to 2017 for Herefordshire.
- A study of support needs of older people in Herefordshire is currently being undertaken and should be published in May 2011. It is intended to produce information about the housing and support needs of Older People that can be used for housing, planning, regeneration and support planning purposes. This information is also intended to support investment decisions.
- Housing plans for Mental Health and Learning Disabilities are currently being developed and should be completed in 2011.
- A rolling programme of parish level Housing Needs Surveys ensuring housing needs data remains up to date and accurately reflects the housing situation within the rural hinterlands of the County.
- This information should be read in conjunction with the Local Housing Market Assessment and the Housing Needs Surveys to gain a full understanding of housing needs in Herefordshire to aid delivery.

4.3 Home Point Herefordshire

Home Point, Herefordshire is the County's Choice-Based Letting Agency, a partnership between Herefordshire Council and Herefordshire's largest RSL's covering over 97% of all social housing stock across Herefordshire.

Home Point responsibilities include, operating the Common Housing Register (a register of those in need of housing), providing nominations to partner organisations, advertising all of the available affordable housing in the County and operating the Mutual Exchange Register.

The total number of housing applications on the waiting list on 30.09.2010 was 4,983.

Waiting List 30/09/2010				
Priority	Gold	Silver	Bronze	Total
105	837	2143	1898	4983

Total No of offers accepted 01/01/2010 – 30/09/2010				
Priority	Gold	Silver	Bronze	Total
171	208	190	52	621

Supply and demand data, collected by Home Point will also be taken into account when determining the types, sizes and tenure mixes for each proposed development.

5. Securing affordable housing and controlling occupancy

- When using Planning Obligations the Council will ensure that they are consistent with the general guidance in Circular 05/05². This ensures that the affordable housing will meet the identified local need and will remain available as affordable housing for local people in the future.
- The wording and timing of these arrangements needs care. Inappropriate conditions and planning obligations create uncertainty and may halt the progress of a scheme or could be the subject of attempted modification or discharge. To ensure that the planning obligation is effective, the Council will ensure that it is executed before granting planning permission by agreeing Heads of Terms.
- The Council will not normally impose additional occupancy controls where an RSL is to be responsible for the management of the affordable housing. However, on rural exception sites and on low cost market schemes the Council will ensure that adequate occupancy controls reserve the housing in question for local needs in perpetuity, and this may involve the use of conditions or planning obligations.
- Where the affordable housing is to be provided within a larger development, which includes general market housing, the Council will require the affordable housing element to be built and made available for occupation before all the general market housing is occupied. The legal agreement or condition will therefore include a restriction on the occupation of a proportion of the general

²

www.communities.gov.uk/documents/planningandbuilding/pdf/147537.pdf

market housing until the affordable housing is available for occupation. There will be flexibility on the proportion required dependent on the circumstances of individual sites and this will be considered on individual planning applications. In determining the proportion the Council will take into account factors such as the proposed layout, abnormally high development costs and the total number of dwellings to be provided.

- The Council considers that the best way of ensuring that the affordable housing will be enjoyed by successive as well as initial occupiers of the property is by the ownership and management provided by an RSL. For this reason the involvement of an RSL will be sought by the Council in the provision of any element of affordable housing including where the housing is low cost market or discounted low cost for sale.
- Whilst arrangements should be legally binding and ensure that the housing is occupied as intended, the Council will also take account of the needs of the developers and RSL's who require that schemes are financially viable and may need to operate within certain time limits. The overall aim is to ensure that arrangements will deliver the objectives of the policies set out in the UDP to meet local need.
- Where occupancy criteria are included as part of conditions or planning obligations in the case of rural developments, a cascade approach is adopted. This will ensure that occupants will always be found for any accommodation, thus safeguarding an adequate stream of revenue for those managing the development whilst ensuring that people in local housing need take priority. Under this approach the eligibility criteria would initially be restricted to local residents, people

employed locally or people with local connections as identified in section 6 of this guide. If the housing remained unallocated for some time, the criteria would be widened to ensure that a suitable occupant was found, first in adjoining parishes and then the rest of Herefordshire. The Council will need to monitor conformity with occupancy criteria and take appropriate enforcement action where necessary.

To ensure that local housing needs are met, affordable housing units will be allocated through Home Point Herefordshire (choice based lettings) in accordance with the Council's housing allocation policy.

6. Local need criteria

For the purpose of this guidance:

- Local connection to the market towns and Hereford City will, in most cases, include the whole of the county.
- Development villages, as identified in the UDP as 'main villages' and 'smaller settlements' serve a wider area and would meet the affordable housing need of surrounding undefined settlements.
- Local connection to the development 'main villages' and 'smaller settlements' will be regarded as the parish within which a person or persons are resident or employed, or resident within any adjoining parishes.
- If there are no applicants with a local connection to the primary parish, (in the case of rural development) the allocation then cascades to adjoining parishes and then to the rest of Herefordshire, in order to ensure a housing need is met.

A local need for an affordable home exists where an individual is able to:

- a) demonstrate that they are unable to secure a house on the open market due to a lack of available income and

- b) meet one of the following need criteria as identified below:
- i) existing residents needing separate accommodation in the county/parish (e.g. newly emergent households, people having to leave tied accommodation);
 - ii) people whose work provides important services to the county/parish and who need to live closer to the county/local community;
 - iii) people who are not necessarily resident locally but have long-standing links with the local community (e.g. elderly people who need to move back to the county/a village for support);
 - iv) people with the offer of a job in the locality, who cannot take up the offer because of lack of affordable housing

Other indicators of local need may be provided using the criteria for admitting people to the Council's housing register (operated by Home Point Herefordshire).

7. Local affordability levels

In order to assess affordability, both house prices and incomes have to be taken into account to ensure that local households have the ability to access the properties being delivered. The figures provided will be updated on a regular basis to ensure that the data remains up to date. Details are published annually in April and are available on the council's website following the links for housing then affordable housing development. However, developers are therefore advised to contact the Homes and Communities division for

the most up to date figures if they are uncertain.

7.1 House prices

The preferred measure for house price affordability is the ratio of lower quartile house prices to lower quartile earnings. These ratios are published annually on the Department for Communities and Local Government (DCLG) website. For 2009, the ratio for Herefordshire was 8.5 which was the worst affordability ratio out of the 14 West Midlands Authorities (unitaries, counties and metropolitan boroughs). The ratios range from 3.7 (Stoke on Trent) to 8.5 (Herefordshire). Therefore there will be a greater reliance to provide subsidised housing through working in partnership with Registered Social Landlords.

In this document the term 'market price' refers to the average house prices which are reported in the Quarterly Economic Report published by the Herefordshire Partnership in conjunction with the Council. This data is derived from statistics received from HM Land Registry and is available on the partnership website (Appendix 9).

Average (median) prices in Herefordshire, across all property types, for the period July – September 2010 was £190,000 (Land Registry figures published by DCLG).

Whilst the report provides the overall average house prices relative to house type, to ensure that local people are able to access the housing market, it was also considered appropriate to make assumptions on incomes and the likely occupancy of the various sizes of property.

7.2 Earnings

Figures on Herefordshire earnings are given by ASHE (Annual Survey of Hours and Earnings), sampled annually in April, and published annually by the Office for National Statistics in November. The median gross annual earnings for a full time worker on adult rates in Herefordshire in

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2010 is given as £19,851. (That is, 50% of workers earn more than this figure, and 50% earn less). In assessing affordable house prices for the County, the following assumptions have been made based on research with Mortgage Lenders:

- The purchaser will obtain a 90% mortgage.
- Where there is one earner in the household, the amount borrowed will be 3.5 times his/her gross earnings. This is the multiplier recommended by the DCLG in their document "Strategic Housing Market Assessments – Practice Guidance" dated March 2007. It is also backed up by current information obtained from mortgage calculators available on-line e.g. <http://guardian.co.uk/money/property>
- Where there are two earners in the household, the amount borrowed will be 2.9 times their joint gross earnings. This is the multiplier recommended by the DCLG guidance as referenced above, and is also backed up by current web site information, as above. A further assumption is that where there are 2 earners, the second earner works part time, earning half the full time amount (*census figures for Herefordshire show that in families with dependant children where there are 2 earners, in nearly three quarters of cases the second earner works part time*)
- However, where the dual earners are seeking 3 bed accommodation, an assumption has been made that through natural progression, applicants are better able to secure a larger deposit. Therefore calculations for 3 bed have been based on a 20% deposit.
- Based on this information, the following occupancy assumptions will be made when considering the affordability of individual developments

- 1 bed Single-earner household with 10% deposit.
- 2 bed Dual earner household with 10% deposit.
- 3 bed Dual earner household with 20% deposit.

7.3 Affordability

Using the assumptions in 7.2 and based on the median incomes as at April 2009:

- A single-earner household could afford to buy a dwelling priced at **£77,000**
- A dual-earner household (first time buyer) could afford to buy a dwelling priced at **£96,000**
- A dual-earner household (moving up to a 3 bed house) could afford to buy a dwelling priced at **£108,000**

7.4 Low cost market housing

Where it is considered appropriate to provide low cost market housing, the calculations in 7.1 – 7.3 will apply. Therefore any discount should be sufficient to meet local housing needs. Where it is agreed between the developer and the Council that the level of discount would not enable a viable scheme, alternative affordable housing options will need to be provided i.e. subsidised housing. It should be noted that no grant will be available to subsidise a scheme of this nature.

Where Low Cost Market Housing is provided, the house type should be developed to no less a standard than other market housing types being provided on the development.

As the sale price has regard to house prices and earnings, it is considered that the housing falls within the government definitions of intermediate housing as outlined in PPS3.

7.5 Rented or intermediate housing

Where RSL's are providing dwellings available for social rent, affordable rents are seen to be rents that are within the Homes and Communities Agency (HCA) guidelines for the County. An indication of affordable rents can be obtained by contacting the preferred RSL partners of the Council. The Council's expectation is that these rents will not exceed the guideline target rents as determined through the national rent regime³.

Where RSL's are providing dwellings available for affordable rent, the housing provided will have the same characteristics as social rented housing except that it is outside the national rent regime, but is subject to other rent controls that require it to be offered to eligible households at a rent of up to 80 per cent of local market rents⁴.

To ensure that developments are sustainable and provide a range of housing to meet various needs, subsidised housing in the form of shared ownership will be encouraged where the housing costs do not exceed 30% of the gross earnings using the assumptions in 7.1 – 7.3 above. Should this figure of 30% be exceeded, the subsidised housing (for rent) will be requested.

The figure of 30% follows on from guidance from the Homes and Communities Agency – see website <http://www.cfg.homesandcommunities.co.uk/affordability-calculator-and-guidance>. This guidance uses the assumption that a household's net income will be (on average)

³ *The national rent regime is the regime under which the social rents of tenants of social housing are set, with particular reference to the Guide to Social Rent Reforms (March 2001) and the Rent Influencing Regime Guidance (October 2001).*

⁴ *There is further guidance on Affordable Rent in the Homes and Communities Agency Affordable Homes Rent Framework document.*

74% of their gross income, and that their housing costs should not exceed about 45% of their **net** income. Applying both these assumptions, it is necessary to multiply these two factors together (74% multiplied by 45%) giving 33%, which means that the housing costs for shared ownership should not exceed 33% of the gross income. This can be seen in a worked example linked from the web page referenced above.

The figure of 30% of gross earnings is also indirectly backed up by the DCLG document "Strategic Housing Market Assessments – Practice Guidance" dated March 2007. This document takes a figure of 25% of gross earnings as the maximum that a household can afford to spend on rental (see chapter 5 of the guidance under the heading "Assessing whether a household can afford market renting"). Shared ownership is designed to cater for households whose income is higher than those for whom renting is the only option, but not sufficiently high to allow them to purchase 100% of the property. It is therefore assumed that such households will be able to allocate a slightly higher percentage of their income to housing costs, therefore the figure is raised from 25% for renting to 30% for shared ownership.

Where developers seek the "best price" from the preferred RSL partners the council will be seeking confirmation of the rent levels and shared ownership costs that are to be charged, and will monitor these levels to ensure they remain affordable as defined above.

7.6 "Affordable market" housing for rent (intermediate)

The Council is keen to provide a range of affordable housing types and has undertaken research into the provision of market housing for rent that can be sustained by local people in housing need.

Research suggests that 80% of the Local Housing Allowance will enable a reasonable proportion of single and dual earner households to access this type of accommodation. For more information please contact the Housing Needs and Development Team.

8. Opportunities for the provision of affordable housing

8.1 Opportunities

- The Housing Needs Studies detailed previously, have identified significant levels of housing need in Herefordshire. Affordable housing will be provided in accordance with:
 - a. UDP Policies used to secure affordable housing on sites allocated in the UDP including newbuild and conversions; other appropriate sites e.g. windfall sites which meet the thresholds identified in UDP Policy H9/H10;
 - b. where other opportunities arise, for example through the exceptions policy.
- Developers should be aware that, affordable housing schemes brought forward through UDP policies **will not** be supported by grant funding. For more information see Paragraph 9.6. Land that is likely to be the subject of such affordable housing planning obligations should be valued accordingly as the land upon which the affordable housing is to be sited, could have an effect on the overall value.
- It is acknowledged that the planning system will not alone be able to meet all the identified local housing need through new development. The Council, in its housing enabling role, will work with RSL's to target scarce housing capital

resources (National Affordable Housing Programme Grant) to develop affordable dwellings on sites other than those negotiated with developers through the planning system and seek other/new mechanisms to do so.

- The information below provides guidance on which sites affordable housing will be required on as part of an overall development scheme.

8.2 Site thresholds

Unitary development plan thresholds

- Policy H9 (see Appendix 3) requires affordable housing at an indicative target of 35% of new housing proposals. As this is an indicative target and in view of the evidence outlined in the Housing Needs Assessments, referred to in section 4, requests for a percentage of affordable housing provision of more than 35% may be made in particular locations where an acute need for affordable housing can be identified. The 35% target figure will be reviewed as part of the preparation of the Council's Local Development Framework and in the light of further housing needs assessments, the requirements of PPS3 and any further amendments to the Regional Spatial Strategy.
- Indicative targets for affordable housing have been set for specific sites identified in Policies H2 and H5. Affordable housing will also be required on suitable windfall sites above the following size thresholds:
 - in Hereford and the market towns (excluding Kington) and settlements above 3,000 population, sites for 15 or more dwellings or more than 0.5 hectare in extent; or
 - elsewhere in the County in settlements identified in Policy H4 (see appendix 3) (including Kington) of less than 3,000 population,

proposals for housing development on sites of 6 or more dwellings or more than 0.2 hectares in extent.

- In considering the suitability of sites above these thresholds to provide affordable housing, regard will be given to:
 - the proximity of local services and facilities and access to public transport;
 - whether there will be particular costs associated with development of the site; and
 - whether the provision of affordable housing would prejudice the realisation of other planning objectives that need to be given priority in development of the site.
- When an application for housing development is submitted on a site that meets policy, the Council will advise the appropriate level of affordable housing provision for each individual site in line with current policy. The Council will take into consideration the results of any needs studies and other needs data, the scale of development planned for the site, site conditions, other development requirements and likely development costs. Where delivery of an exception site is being proposed, the application must be supported by up to date housing needs data, which can be provided by the Council's Housing Needs and Development Team. The current threshold, as detailed above, will be reviewed over the course of the next year as the Council develops the Local Development Framework. A timetable of the Planning documents being produced is outlined in the Council's Local Development Scheme (available on the council's website, see appendix 8).
- In line with PPS3, this guidance does not preclude developers from providing affordable housing on sites that are below the thresholds set above and this

document encourages developers to consider such provision where they and/or the Council think it feasible and appropriate.

8.3 Site suitability

- In order to meet the County's affordable housing need the Council will require developers to include affordable housing on allocated sites and on windfall sites which meet the thresholds as identified within the UDP as supported by PPS3 (paragraph 29). The UDP identifies settlements where the provision of affordable housing would be appropriate.

In relation to sites, some may be more suitably located for affordable housing than others. Not all sites may be suitable for affordable housing. A site in an area with little or no affordable housing, with close proximity to services and public transport, may be eminently suitable for a good proportion of affordable housing. Some sites, particularly those involving the development of previously developed land, will probably have some constraints on development. Normally these will be taken into account in the land purchase price.

However, where the developer can evidence in detail that a particular development constraint(s) exist, such as contamination, access problems and unusually high site preparation costs, and where the development of housing would lead to significant improvements in the local environment, the Council will take these elements into account in negotiating the proportion of affordable housing to be delivered. It should be noted that only in very exceptional circumstances will the proportion of affordable housing be negotiated to below 35% see 9.2.

- The proportion of affordable housing will be based on the net developable site

area and total number of units. The definition of net developable site area is taken to include access roads within the site, private garden space, car parking areas, incidental open space and landscaping and children's play areas. The definition excludes major distributor roads, primary schools, open spaces serving a wider area and significant landscape buffer strips.

This is reinforced in the SPD: Planning Obligations which states that when considering developable site areas and the total number of units the Council will have consideration for:

- sites where the development has been phased, or a site sub-divided or parcelled in order to avoid the application of the affordable housing policy, whether in terms of units or site size. In these circumstances the whole site will be assessed; or
- where the Council reasonably considers that a development scheme has been specifically designed to fall under the threshold or a site's potential is not being fully realised; or
- if having had a scheme approved, a subsequent proposal for additional housing units brings the cumulative total over the threshold.

8.4 Exception sites

- In rural areas, where only limited housing development is permitted, UDP policies make provision for small affordable housing schemes (generally 15 units or less), to be developed on land either within or adjoining the village where housing would not normally be permitted as an exception to normal planning policy.
- The Council recognises that these small schemes help to maintain the viability of rural communities. Such development

will, however, be subject to strict controls as set out in the UDP policies.

- Permission will only be granted where there is clear evidence of need local to the parish, generally available from the Council.

In all cases where affordable housing is to be provided, a secure legal agreement e.g. planning obligation, must be in place to ensure that the benefits of affordable housing will be enjoyed **in perpetuity by initial occupiers and subsequent occupants.**

Schemes involving the development of general housing as well as affordable housing for local needs i.e. a mixed housing scheme will not be permitted on sites outside settlement/ development boundaries, as identified in the UDP.

8.5 Planning obligation

- Affordable housing provided in accordance with this guide will normally be secured by means of a condition or planning obligation in accordance with Section 106 of the Town and Country Planning Act 1990.
- Planning obligations, sometimes called "**Section 106 Agreements**" are legally binding agreements entered into between a Local Authority and a developer, as part of the Planning Permission, and are an established and valuable way of bringing developments in line with the objectives of sustainable development as articulated through relevant Local Regional and National Planning Policies. An example of a planning obligation is contained in section 8.2 referring to thresholds for affordable housing.

9. The process for delivering affordable housing

9.1 Introduction

- The process for delivering the affordable housing element of a residential development should ensure that it causes the minimum delay in preparing and processing of the planning application and to ensure that the proposals are fully integrated in the overall development.
- To ensure that each party has a clear understanding of the process it is outlined in appendix 4 and is detailed as follows.

9.2 Pre application stage (outline or full)

- Developers should be aware that the provision of affordable housing may have an impact on the value of the land, as well as implications for housing mix and layout. It is therefore essential that an approach should be made to the council to establish the affordable housing policies and requirements pertaining to the proposed development. To achieve clear guidance, it would be beneficial if the developer provides a brief outlining requirements
- Planning Officers welcome early discussions on proposed developments prior to planning application stage to discuss the layout, house types, sizes, rents and sales prices together with any additional financial contributions and delivery mechanisms. Planning Officers will then be in a position to advise on the general planning policies for the proposed development.
- The Homes and Communities division based on the information provided by the developer, will provide an affordable

housing brief, outlining the housing need, dwelling types and numbers and tenure mix relating to the proposed development (see appendix 5). In terms of establishing need, the Council will refer to current housing need survey information and data from the Home Point register. However, it may be necessary on occasions for developers to commission an up to date housing needs survey, in rural areas, to confirm the need for affordable housing and provide information on a recommended mix of dwelling types and sizes. The Council would be happy to assist at a small charge; further information can be obtained from Housing Needs and Development.

- When planning applications come forward that form part of an allocated site the developer will be required to specify the proportion of affordable housing relative to their application.
- Where applicants do not seek the advice of the relevant officers at this early stage, significant delays in progressing the application could result in refusal.
- With outline planning permission, it is appreciated that full details on units etc., may not be known. The Council will, in these cases, seek to secure the percentage of affordable housing as outlined in the appropriate policy with detailed negotiations to be contained in a S106 agreement and Heads of Terms.
- In the majority of cases the affordable housing element will require the involvement of an RSL; a preferred list of RSL providers operating in Herefordshire is located in appendix 2. Involving an RSL early in the process will enable the developer to better plan the provision of affordable housing in conjunction with the market element of the site. The Council will expect an applicant to provide the affordable housing for one of the Council's

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preferred partner RSL's. This will ensure the dwellings are well suited for local needs. Developers who wish to provide the housing using alternative delivery arrangements will need to satisfy the Council that local housing needs will be best served by this arrangement.

- Developers are advised to discuss with RSL's at an early stage the potential purchase price for affordable housing units, so that they are aware of constraints on values before negotiating for the purchase of land and construction costs.
- The initial site layout should be considered between the developer and the RSL to ensure that the affordable housing element is integrated and can be accommodated within the overall proposed development.
- If the developer chooses to provide the affordable homes without the involvement of an RSL, the Council will require that the properties are allocated through Home Point, to ensure the properties are allocated to households in local housing need, at an affordable cost and in perpetuity.

In exceptional circumstances a financial contribution may be considered for off-site provision of affordable units, but evidence to demonstrate that affordable housing cannot be delivered will be required.

- The Council will not normally accept a reduced percentage of affordable housing units, or off-site provision. Should developers raise issues of financial viability, a current viability analysis of the proposal must be submitted alongside any planning application, endorsed by an independent valuer, and the developer must be prepared to cover the Council's costs to have a third party appraisal completed. The Council will consider the analysis and determine if a reduced amount is

applicable. In all cases it should be assumed as part of the development process that 35% of **all** dwellings on **all** sites, other than exception sites (where 100% applies) will be made available for affordable housing solutions.

- The only additional and exceptional costs which the Council will consider as threatening site viability are those that could not have been reasonably known to the developer at the point of land purchase, for example unforeseen contamination costs and market variation. The Council will not consider the price paid for the land nor the requirement to provide the full range of affordable housing and planning obligations a cost that was not known to the applicant at the point of land purchase.

9.3 Submitting a scheme as part of a planning application

- Once the developer has agreed the level of affordable provision with the Planning Services and the Homes and Communities division a proposal relating to the affordable housing provision will need to be prepared which specifies:
 - the number of affordable housing units,
 - the way in which the developer will ensure that the housing units are available in perpetuity,
 - details of the dwelling types and tenure,
 - the distribution of the affordable houses to ensure a well integrated and designed scheme is provided with a good mix of dwelling types, size and tenure,
 - if an RSL has been selected for the development and if so, which one.
- When the planning application is eventually submitted, the consultation process with the Homes and

Communities division should be to confirm details already discussed in stages one and two and should therefore take the minimum statutory period.

9.4 Approval of the planning application

- Planning permission for development will be granted subject to a S106 agreement, limiting the occupation of the dwellings to persons who have satisfied the council's local housing need criteria identified at 6.0 of this guidance.
- The S106 Agreement also ensures that affordable housing remains affordable in perpetuity. Where any of the affordable housing units are made available for shared ownership, the occupiers **shall not** be permitted to own more than 80% of the total equity value of such units.

9.5 Design standards

- Where a unit will be transferred to an RSL the Council will expect the current Design and Quality Standards produced by the HCA as a minimum standard of development for the rented units. In addition, it is expected that the units be developed to Lifetime Homes Standards unless there are constraints on the overall proposed development. In these instances, the developer will need to negotiate the standards on a case by case basis. Detailed guidance on housing layout, external space standards, general design principles, parking and highway standards, security and landscaping will be provided by Planning Services. Developers will be required to provide full information as to these constraints and each application will be considered on its own merit prior to the discharge of this requirement.
- Developers will be encouraged to provide low cost market housing and shared ownership housing to Design and Quality Standards and Lifetime Homes

Standards. Where low cost market housing is provided, as a minimum, these should be of no lesser standard than other market housing of the same house type across the proposed development.

- Developers must demonstrate that they have applied the Government's Secured by Design initiative to the scheme.
- For all affordable units, developers will be required to meet government requirements in relation to meeting Level 3 (***) of the Code for Sustainable Homes, increasing to Level 4 compliance in April 2011. The level will be agreed when determining the application to whichever is appropriate at that point in time.
- The objective is to provide a balanced and mixed scheme with no noticeable difference in the quality of the residential environment between the private market housing and the affordable element. Where a local Village Design Statement or Parish Plan has been developed and adopted as supplementary planning guidance, this may assist in identifying issues around local distinctiveness.
- Permitted development rights will normally be removed to ensure properties are not extended or altered in any way as to increase values beyond the affordable level. This will not prevent consideration of adaptations or extensions in certain circumstances, for instance, where required to assist an occupant with disabilities.
- Affordable housing should be distributed across a site and across phases, to ensure that units are not concentrated in one location. Phases/locations will be determined case by case having regard to the overall development proposal.

9.6 Financial arrangements

- This section deals with the way in which affordable housing can be financed through the planning process. There are a number of ways in which affordable housing can be funded and in most cases more than one source of funding may be involved.

9.6.1 Public Subsidy

The provision of affordable housing should always be calculated on the basis that no grant funding will be available through the National Affordable Housing Programme (NAHP) the Council's own capital resources, or RSL's reserves/recycled money.

- The developer's contribution towards affordable housing will normally be expected to reflect the total cost of the required affordable housing minus the capital element that can be serviced through the rents. This approach is in line with Housing Corporation policy as detailed within Circular F2 42/98 which states:
'The basic objective of developer contributions whether or not the scheme also receives Social Housing Grant (SHG) funding, is to provide additional affordable housing, either directly or by reducing SHG requirement. In some cases where a developer provides affordable housing directly on site for sale to an RSL, the price will be set at a level where no SHG is required'.
- In order to maximise the amount of affordable housing delivered in the county, the available public resources will be used to fund the development of sites which fall below the stated thresholds in section 8.2. The NAHP however, is increasingly being targeted at regional priorities and whilst the major focus is the

regeneration of urban areas, there is currently an allocation for rural schemes.

Justification for Public Subsidy, for exceptional circumstances only

- Public subsidy will only be considered where the developer can demonstrate through detailed financial evidence (provided to the Council) that there is/ are significant constraints and the economics of the development make it otherwise impossible to provide the affordable housing element.
- Grant will also be considered if development standards are above the "normal" provision, for example:
 - Higher proportion of rented than shared ownership
 - Bungalows rather than houses
 - Higher design standards e.g. increased level of code for sustainable homes, which is above the required level at the time of application.
- However, it must be recognised that the application for funding from the Homes and Communities Agency through the NAHP will depend on the availability of their resources and may result in a time delay whilst the application is processed.

9.6.2 RSL contributions

Rented properties

The amount that the RSL can contribute, from their own resources for the purchase of affordable rented properties, will be based on the sum they are able to borrow based on the rents permitted to repay the loan debt after allowing for their expenses. The amount that an RSL can pay on this basis will not usually be sufficient to cover the cost of construction.

It must also be noted that the rents RSL's are able to charge are unique to each scheme dependant on the property size, capital value based on 1999 values; and target rents set by the Homes and Communities Agency which are currently calculated using the "calculation of target rents" (Circular 04/08 – Rents, rent differentials and service charges for housing associations)

Shared ownership properties

Shared ownership is the arrangement by which a purchaser acquires an equity share in the property, with an RSL acquiring or retaining the balance by borrowing and charging a suitable amount of rent currently not exceeding 2.75% of the unsold equity. The purchaser will usually purchase a 50% share initially, but this may be as much as 75% or as little as 25%. At a subsequent date, the purchaser can acquire up to 80% of the value of the property. Where the provision has been subject to a S106 agreement or rural exception site, measures will be enforced to ensure the property remains affordable in perpetuity and is available on resale to those in need of such housing.

The amount the RSL will be able to contribute will be dependant on ensuring that the total housing cost to the prospective purchaser does not exceed 30% of their gross median earnings.

Intermediate housing

The amount that the RSL can contribute, from their own resources for the purchase of affordable rented properties, will be based on the sum they are able to borrow based on the rents permitted to repay the loan debt after allowing for their expenses. The amount that an RSL can pay on this basis will not

usually be sufficient to cover the cost of construction.

The rents the RSL are able to charge should not exceed 80% of the Local Housing Allowance for Herefordshire.

9.6.3 Developer contribution

- Developers are required to bear the cost of providing the affordable housing less any contribution from the RSL or an individual purchaser designated as being in local housing need. This would be equivalent to the grant element usually secured from the Homes and Community Agency determined via grant rate calculators. As an indication the HCA are currently seeking to support schemes where grant funding is in the region of £50K for rented and £20K for intermediate, although value for money is always being sought to reduce grant payments to provide more units.
- The contribution by the developer would be secured through the planning process by use of a Section 106 Agreement, otherwise planning permission will not be granted.
- It should be noted that reviews relating to contributions from the various parties will be ongoing and up to date information can be obtained from the Homes and Communities division.

10. Financial contributions in lieu of on-site provision or off-site provision of affordable housing

- PPS3 states “In seeking developer contributions, the presumption is that affordable housing will be provided on the application site so that it contributes towards creating a mix of housing. However, where it can be robustly justified, off-site provision or a financial contribution in lieu of on-site provision (of broadly equivalent value) may be accepted as long as the agreed approach contributes to the creation of mixed communities in the local authority area.”
- In Herefordshire, the shortage of suitable alternative sites is likely to restrict alternative provision elsewhere. In light of this the Council will only, in exceptional cases, consider financial contributions and in reaching this decision will assess the likelihood of alternative arrangements resulting in the provision of affordable housing. The developer will need to demonstrate robust reasons, if on site provision is not possible. Where both sides agree to off-site provision of affordable housing, the developer’s contribution may take the form of either a financial contribution per unit or the provision of the units on an alternative identified site. In both cases, the financial contribution will be calculated so that the units can be provided with no requirement for additional public subsidy.
- Where it is agreed that the affordable housing units are to be provided by the developer on an alternative identified site, the local planning authority will require details of the scheme as part of

the application for the proposed site in the same way as if it were provided on site. Alternative sites should generally be within the vicinity of the development site and equally well located in terms of amenities and facilities.

- The number of units to be provided off site should equate to the number to be provided had the site been “suitable” on the original application. It should not be provided on an alternative site that would also require the provision of affordable housing under planning policy.
- In exceptional circumstances, where the Council and the developer agree to a financial or other planning contribution to be made towards the provision of affordable housing on another site the Council will draft obligations that:
 - allow the developer to make the contribution towards the costs of providing affordable housing on a different site, or
 - include a covenant to the effect that a sum or sums paid by the developer to the Council for the purpose of meeting or contributing towards the costs of affordable housing on a different site, shall be repaid to the developer on or by a specified date if such sums have not been used for that purpose after 10 years.

10.1 Calculating the financial calculation for providing additional affordable units

Off-site provision and commuted payments

- The Council will always seek the provision of affordable housing on site except in very exceptional

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circumstances. In **exceptional** cases, the Council may be prepared to enter into agreements to accept affordable housing on alternative sites provided by the developer or through contributions of commuted payments towards provision of land and affordable units elsewhere. This will be where the Council agrees that on-site provision of affordable housing will not be viable or practical and it will be difficult to meet the requirements for affordable housing because of special market or site considerations.

- The payment in lieu calculated for off-site provision of affordable housing covers the basic costs associated with construction of the commensurate number of units. In addition the associated costs of site acquisition, servicing project management and professional and legal fees involved in delivering the affordable housing elsewhere will have to be taken into account in calculating the appropriate level of contribution. This is justified as the need to incur these costs has arisen directly through a failure to provide affordable housing on site in the first instance. Applicants will also have to bear the costs of any financial evaluation and development appraisal work required to ascertain the veracity of submitted material in support of payments in lieu.

Committed payments for off-site provision of affordable housing

From residential development

Cost of constructing affordable element of proposed scheme * + cost of serviced land in the area of the application site + professional/ legal fees

* to SDS and Lifetime Homes standards

In order to calculate the actual financial contribution for a particular proposal, the following information will be required from the developer, by the Homes and Communities division

- Details of the original development proposals to calculate what the on site provision would have been
- The house types, sizes and tenures of the affordable housing to be provided to meet a local housing need in the area of the proposed development

Any financial contribution will be:

- Provided through a Section 106 Agreement in accordance of circular 05/05
- Held by the Council for use by a housing provider in lieu of or in addition to other public subsidy for the provision of additional affordable units
- Separately identifiable within the council's accounts
- Used within the period specified within the S106 agreement
- Any commuted sums will normally be required prior to the occupation of the first dwelling on the site and will be ring-fenced to ensure that they are used to provide affordable housing within the County. If the sums have not been used within a period of 10 years, then they will be repaid.

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11. Appendices - Appendix 1

Glossary

HCA	Homes and Communities Agency – on 1st December 2008 is the national housing and regeneration agency for England. It replaces and has incorporated the functions of English Partnerships and the Housing Corporation.
NAHP	National Affordable Housing Programme – is the funding made available to the HCA to provide affordable housing to targeted areas of need.
LGA	Local Government Association – represents local government in lobbying and campaigning for changes in policy, legislation and funding at a national level.
RSS	Regional Spatial Strategy – see paragraph 2.9
PPS	Planning Policy Statement – statements of the Government's national policy and principles towards certain aspects of the town planning framework.
RSL	Registered Social Landlord – usually a Housing Association but not exclusively. Registered with the Homes and Communities Agency as a provider of social housing and able to bid for public funds
SHG	Social Housing Grant – refers to monies allocated by the Homes and Communities Agency to enable social landlords to develop new housing schemes
AHG	Affordable Housing Grant - refers to the Councils own capital resources available to provide affordable housing
LCM	Low Cost Market - refers to the provision of accommodation subject to a resale covenant. The principle is that the accommodation is available at a fixed discount below the open market value to households in need. The level of discount will depend on the individual circumstances of each case and will need to be negotiated with the Council prior to any determination of a planning application. However, the level of discount will normally be up to 30% of the market price and will be subject to an absolute minimum of 20%. The discount will apply on initial and all subsequent re-sales thus ensuring that the accommodation is retained affordable.
SO	Shared Ownership - is a government-backed scheme to help people who are unable to secure a full mortgage to purchase a home of their own. The scheme allows someone to purchase a share in their prospective home, usually 50% and then pay rent on the remaining share (in ownership of a RSL).
UDP	Unitary Development Plan – a strategic land use development plan for Herefordshire which guides and informs future planning development to 2011
Exception Schemes	Affordable housing for local needs in perpetuity built on small sites within or adjoining existing villages on land that would not normally gain planning permission for housing
Commitments	Housing sites with planning permission or allocated in a Development Plan
Completions	Dwellings which have obtained planning permission and have been built, i.e. completed, not necessarily occupied.
Windfall Site	Land which is suitable for development within the terms of planning policies and detailed settlement criteria, but are not specifically identified and the development of which is unpredictable
Section 106 Agreement	An agreement by a local authority with a landowner / developer restricting or regulating the development or use of land either permanently or temporarily in accordance with the Town and Country Planning Act 1990.
Existing household	A group of people who constitute a household at the time a need is recognised who may or may not lose or be joined by one or more members over the study period. The residual and additional members of the household continue to constitute the existing household eg a new baby.
Emergent household need	A new household formed, needing a separate dwelling from an existing household.

Appendix 2

Herefordshire Council's preferred Registered Social Landlords with an active development programme in Herefordshire

Housing Association	Contact Details
Festival Housing Group, Partnership House, Groewood Road, MALVERN LINK, Worcestershire WR14 1GD	Tel. No. 01684 570579 www.festivalhousing.org email: info@festivalhousing.org
Herefordshire Housing Ltd., Legion Way, Off Roman Road, HEREFORD HR1 1LN	Tel. No. 01432 384000 www.hhl.org.uk email: info@hhl.org.uk
Marches Housing Association Ltd., Benedict Court, Southern Avenue, LEOMINSTER, Herefordshire. HR6 0QF	Tel. No. 01568 610100 www.marchesha.co.uk email: home@marchesha.co.uk
Sanctuary Housing Group Three Counties House Festival Way Stoke on Trent Staffordshire ST1 5PX	Tel. No. 01782 219200 www.sanctuary-housing.co.uk email: midlands@sanctuary-housing.co.uk
South Shropshire Housing Association, The Gateway, Auction Yard, CRAVEN ARMS SY7 9BW	Tel. No. 01588 676200 www.sshropha.co.uk email: info@sshropha.co.uk
Two Rivers Housing, 7/3 Vantage Point, Business Village, MITCHELDEAN, Gloucestershire GL17 0DD	Tel. No. 0800 316089 www.tworivershousing.org.uk email: customerservices@2rh.org.uk
West Mercia Housing Group, (Managed locally by Kemble Housing Ltd), Barnsley Hall Road, BROMSGROVE, Worcestershire, B61 0TX	Tel. No. 01527 556400 www.wmhousing.co.uk email: generalenquiries@wmhousing.co.uk

Appendix 3

UDP Policies H2, H5, H6, H7, H9, H10

H2 Hereford and the market towns: housing land allocations

In order to ensure that the housing requirements set out in Policy S3 are met, the following sites are identified for development for housing. The development of these sites will be expected to provide a mix and range of housing types to meet the variety of housing requirements of the County. In considering development on non-allocated sites, priority will be given to applications on urban capacity sites and previously developed land. An indicative affordable housing target has been set for each of the sites which will form the basis for meeting wider identified housing needs.

Site	Estimated Dwelling Capacity	Target of affordable dwellings (35%)
Hereford:		
Bradbury Estate, Putson	600	216
Land at Belmont	60	21
General Hospital	90	14
Land at Friars Street	112	12
Land at Barrs Court Road	62	22
Land at Walton Close	20	-
Land at Bullinghope	300	0
Land at Holmer	300	105
Victoria Eye Hospital	24	-
Whitecross High School	60	21
Berrington Street	25	9
Leominster:		
Barons Cross Camp	425	149
Garage Site at Barons Cross	30	11
Land east of Ridgemoor Road	50	18
Ross-on-Wye:		
Land at Tanyard Lane	150	53
Former Alton Court Brewery Site	43	15
Cawdor Gardens	30	11
Vine Tree Farm	66	21
Ledbury		
Abattoir Site	38	-
Bromyard:		
Land at Porthouse Farm	87	30
Highways Depot	30	11
Land attached to Ashfields	10	4
Tanyard, Pump Street	12	-
Kington		
Land west of Old Eardisley Road	40	14
Total	2844	820

H5 Main villages: housing land allocations

In order to ensure that the housing requirements set out in Policy S3 are met, the following sites are identified for development for housing up to 2011. The development of these sites will be expected to provide a mix and range of housing types to meet the variety of housing requirements of the County. An indicative affordable housing target has been set for each of the sites which will form the basis for meeting wider identified housing needs.

Site	Estimated Dwelling Capacity	Target of affordable dwellings (35%)
Frome Valley Haulage Depot, Bishops Frome	15	5
Former bus/coach depot, Canon Pyon	12	4
Covent Garden, Colwall	20	7
Lad opposite the Co-op, Cusop	25	9
Land adjacent to Lower House Farm, Ewyas Harold	10	4
Land rear of Plough Inn, Little Dewchurch	12	4
Land north of B4352, Madley	20	7
Land at Paradise Farm, Marden	23	8
Land adjacent to Callow View, Much Dewchurch	10	4
Land adjacent to the Birches, Shobdon	30	8
Land opposite Primary School, Sutton St. Nicholas	15	5
Church Farm, Wellington	20	7
Land of Auberrow Road, Wellington	12	4
Land rear of Surgery, Weobley	6	2
Land adjacent to Weobley Methodist Church	12	4
Land at Upper Weston, Weston under Penyard	19	7
Land adjacent to Village Hall, Withington	15	5
Total	301	103

H6 Housing in smaller settlements

In the following settlements, proposals for residential development on plots arising from the infilling of small gaps between existing dwellings within the settlement will be permitted, where:

1. the dwelling size is limited to a habitable living space of 90 sq m (3 bedroom house) or 100 sq m (4 bedroom house)
2. the plot size is limited to a maximum area of 350 sq m; and
3. the infill gap is no more than 30 metres frontage.

In considering such planning applications, priority will be given to applications on previously developed land.

Developments on an appropriate infill plot larger than 30 metres frontage will be permitted for affordable housing where a proven local need has been successfully demonstrated.

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Planning permission for the extension of dwellings approved under this policy will not be permitted. Planning permissions will be subject to a condition removing permitted development rights for the conversion of an ancillary garage into habitable accommodation, or for erection of any extension or detached buildings within the cartilage.

Proposals should be compatible with the housing design and other policies of the plan and respect the character and scale of the settlement concerned.

Ashperton	Monkland
Bishopstone	Mordiford
Brampton Bryan	Much Birch
Bredenbury	Much Marcle
Bredwardine	Pencombe
Burley Gate	Peterstow
Dorstone	Pontrilas
Fromes Hill	Preston-on-Wye
Garway	Richard's Castle
Holme Lacy	Stoke Lacy/Stoke Cross
Hope under Dinmore	Stoke Prior
Kimbolton	Stretton Sugwas
Kings Caple	Swainshill
Kingsthorpe	Upton Bishop
Lingen	Wellington Heath
Llangrove	Woolhope
Longtown	Winforton

H7 Housing in the countryside outside settlements

Proposals for housing development outside Hereford, the market towns, the main villages and smaller settlements will not be permitted unless:

1. the development is clearly necessary in connection with agriculture or forestry and cannot be located in a settlement and complies with policy H8; or
2. it is a necessary accompaniment to the establishment or growth of a rural enterprise and complies with policy H8; or
3. it results from the re-use of a rural building in accordance with policies HBA12 and HBA13; or
4. it is a replacement for, comparable in size and scale with and on the same site as an existing building with established residential use rights; or
5. it is an extension to an existing dwelling in accordance with policy H18; or
6. it is a site providing for the needs of Gypsies or other Travellers in accordance with policy H12; or
7. it is rural exception housing in accordance with policy H10.

Development should be in accordance with the housing design and other policies of this Plan.

H8 Housing in smaller settlements

In the following settlements, proposals for residential development on plots arising from the infilling of small gaps between existing dwellings within the settlement will be permitted, where:

1. The dwelling size is limited to a habitable living space of 90 sq m (3 bed house) or 100 sq m (4 bed house);
2. The plot size is limited to a maximum area of 350 sq m; and
3. The infill gap is no more than 30 metres frontage.

In consideration such planning applications priority will be given to applications on previously developed land.

Developments on an appropriate infill plot larger than 30 metres frontage will be permitted for affordable housing where a proven local need has been successfully demonstrated.

Planning permission for the extension of dwellings approved under this Policy will not be permitted. Planning permissions will be subject to a condition removing permitted development rights for the conversion of an ancillary garage into habitable accommodation, or for erection of any extension or detached buildings within the curtilage.

Proposals should be compatible with the housing design and other policies of the Plan and respect the character and scale of the settlement concerned.

Ashperton	Holme Lacy	Monkland	Stoke Prior
Bishopstone	Hope Under Dinmore	Much Birch	Stretton Sugwas
Brampton Bryan	Kimbolton	Much Marcle	Swainshill
Bredenbury	Kings Caple	Pencombe	Upton Bishop
Bredwardine	Kingsthorpe	Peterstow	Wellington Heath
Burley Gate	Lingen	Pontrilas	Woolhope
Dorstone	Llangrove	Preston-on-Wye	Winforton
Fromes Hill	Llangrove	Richards Castle	
Garway	Longtown	Stoke Lacy/Stoke Cross	

H9 Affordable housing

The provision of affordable housing will be sought through negotiations with developers of both allocated and windfall housing sites. Such housing should, wherever possible, be provided as a mix of affordable housing types, having regard to local needs, and contribute to a mixed and balanced scheme overall in terms of dwelling size, type and affordability.

Indicative targets for affordable housing have been set for specific sites identified in Policies H2 and H5. Affordable housing at an indicative target of 35% will also be required on suitable windfall sites above the following size thresholds:

- 1, In Hereford and the market towns (excluding Kington) and settlements above 3,000 population, sites for 15 or more dwellings or more than 0.5 hectare in extent; or

2. Elsewhere in the County in settlements identified in Policy H4 (including Kington) of less than 3,000 population, proposals for housing development on sites of 6 or more dwellings or more than 0.2 hectares in extent.

In considering the suitability of sites above these thresholds to provide affordable housing, regard will be given to:

- a. the proximity of local services and facilities and access to public transport;
- b. whether there will be particular costs associated with development of the site; and
- c. whether the provision of affordable housing would prejudice the realisation of other planning objectives that need to be given priority in development of the site.

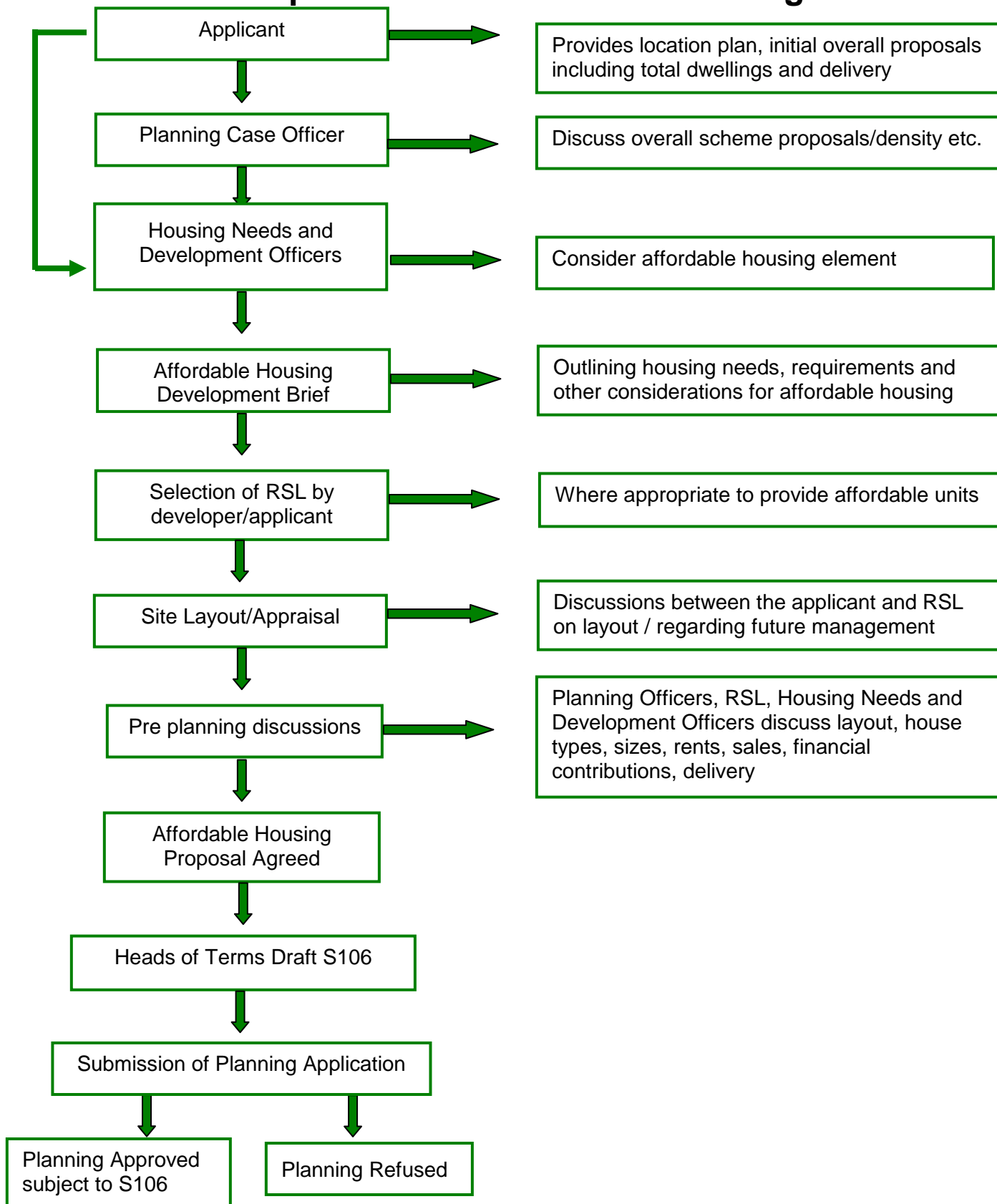
In all cases where affordable housing is to be provided, arrangements must be made to ensure that the benefits of affordable housing will be enjoyed in perpetuity by initial occupiers and subsequent occupants.

H10 Rural exception housing

Exceptionally, affordable housing may be permitted on land within or adjoining an established rural settlement which would not normally be released for development, provided that:

1. The scheme will contribute to meeting a proven genuine and quantifiable local need for affordable housing as ascertained from an up to date local affordable housing needs survey. In the case of a single affordable dwelling, clear evidence of a long-term local need will be required;
2. It is evident that local housing conditions could not otherwise satisfy the need;
3. The scheme respects both the character and size of the settlement concerned and the identified scale of need;
4. Arrangements are made to ensure that the benefits of affordable housing, for single dwellings as well as larger schemes will be enjoyed in perpetuity by subsequent occupants in local need as well as by the initial occupiers;
5. The site location affords reasonable access to facilities and where possible public transport;
6. Proposals do not involve mixed developments consisting of open market housing to offset the lower return on affordable housing in the same site; and
7. In settlements other than Kington (Policy H2), the main villages (Policy H4) or smaller settlements (Policy H6) the proposal is limited to the construction of a single affordable dwelling which does not exceed the dwelling and plot size limits set in Policy H6 unless clear evidence is provided to indicate a need exists for a larger dwelling.

Appendix 4 Procedure for the provision of affordable housing



Appendix 5 Affordable Housing Development Brief

Proposals for Affordable Housing – as at

Proposed Total Dwellings . (based on figures provided,).

Affordable housing @35% units

Information based on the Housing Needs Assessment 2005, local Housing Needs Surveys and demand data from Home Point Herefordshire.

Unit Type	Needs Survey Data	Home Point Demand Data
Total		

Relevant Strategy Documents:

- Housing Strategy 2005-8
- Supporting People Strategy 2005-2010
- Unitary Development Plan (UDP)
- Supplementary Planning Document – Planning Obligation April 2008

Proposed Tenures for the Affordable Housing Units

RSL rented	1 bed person	Min 50 m ²	houses		
	2 bed 4 person	Min 67 m ²	houses		
	3 bed 5 person	Min 83 m ²	houses		
	5 bed 8 person	Min 110 m ²	houses		
	2 bed 3 person	Min 63 m ²	bungalows		
Total					
Intermediate	2 bed 4 person	Min 67 m ²			
	3 bed 5 person	Min 82 m ²			
Total					

Other Considerations to be included as part of the draft Heads of Term:

- The site is subject to the UDP process and the information provided is to enable you to prepare your development brief.
- Registered Social Landlord – to be a partnering association. It is recommended that as the planning application is subject to a S106 agreement, the RSL needs to be party to these discussions and is therefore required to be involved from the outset so as not to cause delays with the planning application process.
- No grant will be available to any RSL (SPD Planning Obligations April 2008, Para 3.2.18 and 3.2.24) unless homes are being provided above the current Housing Corporation's Code of Sustainability (now applied by the Homes & Communities Agency) that applies at the time of the full planning application. Code of Sustainability pre-assessment will be required by RSL partner.
- All RSL housing is required to be built to Lifetime Home Standards and to Homes & Communities Agency Design & Quality Standards (SPD Page 22) and to a minimum Code of Sustainability Level as required at the time of planning.
- To ensure that local needs are met, **all affordable units** are to be advertised through Home Point Herefordshire.
- All affordable units are to be provided in perpetuity to meet local housing needs.
- Intermediate housing means either intermediate rental, shared ownership capped at 80% or Low Cost Market, as detailed in the Council's SPD Planning Obligations April 2008. Please note the Council's LCM reflects the definition in the PPS3 i.e. Levels set taking into account house prices and household earnings.
- Affordability of the shared ownership units will be computed using housing costs against median income data, utilising up-to-date Council economic survey information, and as per the SPD. Shared Ownership will be supported only if the proposed entry costs of the units, i.e. the mortgage required and rent to be charged on unsold equity, are affordable. Early involvement of the partner RSL is again required to ensure this information is available at an early stage.

Recommended:

Approved:

Dated:

Dated:

Appendix 6 Herefordshire Council contacts

1. **Environment, Planning and Waste,
Planning Policy**

PO Box 4,
Plough Lane,
Hereford,
HR4 0XH.

Mr Kevin Singleton
Team Leader Strategic Planning

Tel: 01432 260386
Fax: 01432 383031

2. **Environment, Planning and Waste,
Planning and Transportation**

Blue School House,
Blue School Street,
Hereford,
HR1 2ZE

Mr. Andrew Ashcroft,
Assistant Director, Environment, Planning and Waste

Tel: 01432 260386

Individual Planning Officers can be located at
www.herefordshire.gov.uk/housing/planning/4581.asp

3. **Homes and Communities
Housing Needs and Development**

Garrick House,
Widemarsh Street,
Hereford,
HR4 9EU.

Mrs. Hayley Crane/Mrs. Tina Wood
Housing Development Officers

Tel: 01432 261919/261975
Fax: 01432 261591

4. **Legal Services,**

Brockington,
35, Hafod Road,
Hereford,
HR1 1SH

Mr. Kevin O'Keefe
Legal Practice Manager

Tel: 01432 260256
Fax: 01432 260286

Appendix 7

List of programmed and completed housing need studies

Copies of the Surveys can be downloaded at
<http://www.herefordshire.factsandfigures/housingresearch.aspx>

or by contacting Richard Wilding, Researcher, Plough Lane, PO Box 4, Hereford HR4 0XH

2010-2011	Bromyard and Winslow, Burghill, Canon Pyon, Cradley/Storrige, Credenhill, Colwall, Gorsley/Linton, Kingsland, Sutton St. Nicholas, Upton Bishop
2009-2010	Bartestree/Lugwardine, Bishopstone + District, Brampton Bryan, Goodrich, Holme Lacy, Lea, Monkland, Mordiford, Moreton-on-Lugg, Much Dewchurch, Peterstow, Shobdon, Staunton-on-Wye, Weston under Penyard, Whitbourne, Wigmore, Withington
2008-2009	Almeley, Ashperton, Bishops Frome, Bosbury, Clehonger, Cusop/Clifford, Dilwyn, Eardisland, Ewyas Harold, Fromes Hill, Hope Under Dinmore, Little Dewchurch, Luston, Marden, Orleton, Pembridge, Longtown, Much Birch, Much Marcle, Pontrilas, Richards Castle, Stretton Sugwas/Swainshill, Tarrington, Wellington Heath, Yarpole
2007-2008	Bodenham, Brimfield, Eardisley, Garway, Humber/Ford & Stoke Prior, Kingstone, Leintwardine, Lyonshall, Madley, Peterchurch, St Weonards, Wellington.
2006-2007	Burghill, Colwall, Linton (including Gorsley), Weobley, Whitchurch Review of Hereford City
2005-2006	Canon Pyon & Kings Pyon, Credenhill, Fownhope, Kingsland Much Dewchurch, Walford,
2004-2005	Bartestree/Lugwardine, Bromyard and Winslow, Clehonger, Cradley, Kington, Ledbury, Lea, Shobdon, Sutton St. Nicholas
April 2003 - April 2004	Bishops Frome, Leominster, Marden, Orleton, Pembridge, Ross-on-Wye, Staunton-on-Wye, and Upper Sapey (North Bromyard group parish)
April 2002 - April 2003	Orcop
April 2001 - April 2002	Cusop and Wellington
April 2000 - April 2001	Bodenham, Colwall, Hereford City, Leintwardine, Longtown and Withington

Appendix 8 References

HEREFORDSHIRE.GOV.UK

1. Herefordshire's Unitary Development Plan

Available from: www.herefordshire.gov.uk/planning

Herefordshire Housing Strategy 2005-2008

Available from: Housing Needs and Development, Garrick House Widemarsh Street Hereford HR4 9EU

3. The Supporting People Strategy 2005-2010

Available from: www.herefordshire.gov.uk/housing/supporting-people

4. Local Housing Needs Studies and Herefordshire Housing Needs Assessment 2005

Available from: www.herefordshire.gov.uk/factsandfigures

5. Annual Survey of Hours and Earnings (ASHE) November 2005, as amended January 2006

Available from: www.herefordshire.gov.uk/factsandfigures

6. Home Point Herefordshire – Quarterly Monitoring Statistics

Available from Home Point Herefordshire, 135 Eign Street, Hereford. HR4 0AJ

7. Quarterly Economic Report – published by The Herefordshire Partnership

Available from: www.herefordshirepartnership.com

8. Planning Policy Statement 3: Housing (November 2006)

Available from www.communities.gov.uk/publications/planningandbuilding/pps3housing

9. Circular 05/2005: Planning Obligations (July 2005)

Available from:
www.communities.gov.uk/publications/planningandbuilding/circularplanning