

Meeting Housing Needs in Stratford-on-Avon District



Supplementary Planning Guidance

June 2006

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1 Introduction

1.1 The aims of this supplementary planning guidance (“SPG”) are to:

1. Contribute to the creation of a balanced housing market.
2. Enhance the sustainability of all new housing by promoting the development of balanced communities, particularly through the provision of more affordable homes.
3. Boost the provision of affordable housing, especially as a proportion of the overall supply of new housing.
4. Provide more detailed guidance on the District Council's policies and priorities for the development of new homes, in order to implement development plan policies.
5. Promote best practice in the development of new housing, in order to improve its sustainability.
6. Promote existing planning policy initiatives designed to increase the supply of new homes to meet identified local needs, especially in rural areas.

1.2 This document provides a source of published guidance and advice and is likely to be of particular interest to:

- prospective developers and their agents (especially before applying for planning permission)
- the Council's partner housing associations
- local residents
- community organisations
- parish and town councils
- landowners.

1.3 For ease of reference:

- Key policy principles to which the Council will have regard when determining planning applications are shown in ***italic bold text thus***.
- Best practice guidance is highlighted thus.

1.4 This SPG has been prepared by the District Council with consultancy support from Tetlow King Planning and in collaboration with the Council's partner housing associations.

1.5 Briefly, the main policy objectives of this SPG are to implement policies and

proposals in the development plan by:

1. Increasing the proportion of affordable housing normally sought from "suitable" development sites from 30% to 35%.
2. Introducing mechanisms to improve the funding and delivery of affordable housing through the capture and recycling of windfall increases in the value of development land ('betterment') in advance of the introduction of the Government's proposed Planning Gain Supplement.
3. Providing more detailed guidance on the type, size, mix, tenure and standards of the new affordable housing that should be provided, together with its proper integration with market housing within "suitable" housing sites.
4. Updating the Council's policy on the acceptance (in exceptional circumstances) of off-site provision of affordable housing along with the method of calculating any financial contributions in lieu of on-site provision.
5. Provide a clear definition of what constitutes "affordable" housing.

1.6 It is also an aim of this SPG to provide best practice advice to expedite the handling of planning applications and the development of more sustainable housing.

1.7 This SPG must be read in conjunction with the complete *Stratford-on-Avon District Local Plan Review 1996 - 2011* ("LPR"). Unless otherwise stated, references to policies and proposals are references to policies and proposals in that Plan. However, **Appendix 1** provides a list of the key LPR policies on which this SPG provides amplification and guidance.

2 Purpose and Status

Introduction

2.1 A draft version of this SPG was issued for public consultation purposes in June 2005. More detailed information about this consultation exercise and its outcome may be found on the Council's website. The Council would like to record its thanks and appreciation to all those who participated in this exercise. Their views have been helpful in preparing this adopted version of the SPG.

2.2 As a result of the consultation exercise, a number of detailed changes to the SPG were made prior to adoption. These reflect the views expressed where appropriate and incorporate up-to-date information where necessary.

2.3 Key changes include:

- Revising cross-references to policies in the LPR to reflect proposed Post-Inquiry Modifications, including changes to the site size thresholds for LPR Policy

COM.13.

- Restructuring of guidance intended to promote rural housing schemes.
- More detailed advice on options for local occupancy restrictions for new affordable and market dwellings.
- Clarification of the sequence in which different forms of subsidy for affordable housing will be sought.
- Changes to definitions used to determine whether housing is genuinely "affordable".
- A more detailed explanation as to why the Council discourages the provision of 1 bedroom accommodation.
- A more detailed explanation of why developers of "developer-led" sites are expected to work with the Council's partner housing associations.
- Presentation of two alternative options for calculating financial contributions in respect of the off-site provision of affordable housing.
- Updating of cross-references to new affordable housing products now offered by the Housing Corporation.

2.4 Additionally:

- Regard has been had to the Government's consultation papers (published December 2005) in respect of draft Planning Policy Statement 3: *Housing* (PPS3) and proposals to introduce a Planning Gain Supplement.
- A number of editorial changes have been made to improve clarity and presentation.

Status

2.5 The SPG was adopted on 12 June 2006 and the Council will have regard to this SPG when making planning decisions, in accordance with Policy IMP.2. In other words, it may be material to decisions on individual planning applications.

2.6 Considerable weight can be attached to this SPG as it has been prepared in accordance with PPS12 and has been subject to public consultation (see also paragraph 2.11).

Future measures

2.7 Following the formal adoption of the LPR in as a part of the statutory development plan in July 2006 and the anticipated completion of the Joint Housing

Assessment for South Warwickshire it is intended that this SPG will be reviewed and eventually adopted as a Supplementary Planning Document. It will be kept under regular review to take account of changes in matters such as housing need, national and regional policy on affordable housing including the Regional Housing Strategy and changes in national housing finance.

2.8 In particular, consideration will be given to the merits of introducing a Local Development Order granting planning permission for certain categories of affordable housing. These are likely to include schemes by the Council's partner housing associations on sites allocated for this purpose in an adopted Parish or Town Plan. This should assist in speeding up the provision of new affordable homes.

2.9 The possibility of allocating sites for 100% affordable housing will also be considered in the context of the preparation of the Council's Local Development Framework ("LDF") (the successor to the LPR).

Context

2.10 This SPG should be considered in the context of the Council's statutory duties as a housing and planning authority, the availability of financial and other resources, and the emerging regional and national policy agendas. Apart from the LPR the SPG has also had regard to:

- Government Planning Policy Guidance on Affordable Housing as currently contained in PPG3: *Housing* (2000) and *Housing Update* (January 2005) and Circular 6/98: *Planning and Affordable Housing* (1998) (to be cancelled), together with the revised Consultation Paper '*Planning for Mixed Communities*' (2005).
- Planning Policy Statement (PPS1): *Delivering Sustainable Development* (February 2005).
- PPS7: *Sustainable Development in Rural Areas* (2004).
- PPS11: *Regional Spatial Strategies* (2004)
- PPS12: *Local Development Frameworks* (2004).
- Circular 5/2005: *Planning Obligations*.
- *Our Countryside: The Future – A Fair Deal for Rural England* (the Rural White Paper) CM4909 (2000).
- The approved *Regional Planning Guidance for the West Midlands*, RPG11 (2004).
- The strategic priorities of the West Midlands Regional Housing Body's *Regional Housing Strategy*.

- The *Warwickshire Structure Plan 1996-2011*.
- The objectives of the Council's *Community Plan* and *Corporate Strategy*.
- The objectives of the Council's *Housing Strategy 2002-2007*.
- *Housing Needs Survey* and *Survey of Special Needs Groups* (1999) and *Update* (2002) by Fordham Research together with the Council's ongoing housing needs assessment in accordance with *Local Housing Needs Assessment: A Guide to Good Practice* (DETR 2000). As per sections 6 and 7 of the good practice guide, other housing needs information, which will be utilised, will include Land Registry data and common housing waiting list figures.

2.12 This SPG has been prepared in line with current Government guidance on SPG and within the framework of the judgment in the case of *R (on the application of) JA Pye Ltd and others v Oxford City Council*, Court of Appeal (2002). It satisfies the following requirements:

- The SPG must be consistent with national and regional planning guidance and the adopted development plan.
- The SPG must be cross referenced to the relevant plan policy which it supplements.
- The SPG must be issued separately from the plan.
- The SPG must be made publicly available.
- Consultation should be undertaken with the general public, businesses and other interested parties with their views being taken into account before the SPG is finalised.
- A statement of the consultation undertaken, the representations received and the local authority's response to those representations must be made available.
- The SPG must be subject to a Council resolution to adopt it as supplementary guidance.
- The status of the SPG should be made clear.
- The SPG must be regularly reviewed and updated in response to changing circumstances.

3 The Nature and Extent of Local Housing Need

3.1 The Council has a longstanding commitment to providing everyone with the

opportunity of a decent home and to the provision of affordable housing to meet demonstrated local needs. Affordable housing is included as a key priority in the Stratford-on-Avon Community Plan and in the Council's Corporate Strategy. Key linkages to these, and other, plans and strategies are identified in **Appendix 2**. This SPG has been prepared in response to these priorities.

3.2 Many people who move into the District can afford to pay higher prices for their housing than many existing residents. Average house prices are higher than in the surrounding Districts of Warwickshire. Wage increases are not keeping pace with increases in house prices. These factors have had the effect of pricing some local people out of their own communities and their being replaced by better off commuters and people retiring to the countryside. Young people have had to move away in search of cheaper houses or jobs, which are no longer available close to home. This in turn has led to fewer children in local schools and increased risk of closure of schools, bus services, shops and other local facilities in rural areas.

3.3 Evidence of local need shows a continuing shortfall of affordable housing in Stratford-on-Avon. A variety of demographic and social factors, coupled with pressures generated by economic growth and in-migration, mean that a substantial number of low income households are unable to find suitable housing to rent or buy in the private market. For the foreseeable future it seems that enabling new provision of affordable housing will continue to feature as an important issue for strategic planning.

3.4 Data which underlines the current problems and trends includes:

- The numbers of households on the Council's housing waiting list have increased from 1286 in 2000 to 3148 as at 24 October 2005.
- More than 100 households in the District are accepted as homeless and in need of permanent housing each year.
- According to Land Registry figures, average house prices in the District have increased considerably in recent years from £136,017 at the end of 1999 to about £259,729 for the second quarter of 2005, a 91% increase.
- The recent JRF Report on *Affordability Differences By Area For Working Households Buying Their Homes 2003 Update* (October 2004) states that the District has the highest house price to income ratio (4.55) in the county. The disparity between incomes and house prices has increased significantly since 2003.

3.5 RPG11 sets out an affordable housing target of 6000-6500 dwellings each year across the Region for the period 2001-2011. It is emphasised there is insufficient affordable housing in the south and east of the Region which includes Stratford-on-Avon District. In this area and the more rural areas generally, reliance on relatively small windfall sites makes it difficult to secure affordable housing. Local Planning Authorities (LPAs) should therefore consider whether there is a need to seek affordable housing on smaller sites and bring forward proposals through the development plan process (See Policies **CF5**, **RR1** and **RR3** and paragraphs 6.22-

6.25 of RPG11).

3.6 The Warwickshire Structure Plan sets out an indicative figure of 3700 affordable dwellings for Stratford-on-Avon District over the period 1996-2011. This represents 45% of the total housing provision for the District based on an overall Structure Plan requirement of 8200 dwellings.

3.7 The 1999 Housing Needs Survey and 2002 Update also quantify the extent of housing needs. A significant proportion of this need is for special needs groups (i.e. about 30% see page ii of Special Needs Survey, 1999). In fact the updated survey demonstrated that the extent of housing needs had increased to 4079 additional affordable homes. It was recommended that the Council should increase the affordable housing target to 40%.

3.8 The LPR indicated that it would not be feasible to meet the full extent of needs based on delivery and sustainability constraints (see paragraph 2.4.2c). The Plan identifies new allocated sites for about 425 new dwellings. A modest affordable housing target of about 150 is therefore proposed which is considered readily achievable taken into account anticipated negotiations on individual sites. This equates to about 35% of the total estimated yield from LPR allocated sites.

3.9 The total supply of affordable housing dwellings achieved in the period 1996-2006 was only 995 units. Action is required to boost the overall supply of affordable housing. Therefore policies designed to increase supply are put forward in Section 8.

3.10 A detailed definition of what constitutes housing that is affordable is provided in Section 12.

4 Development Plan Policies

4.1 This SPG provides a vital mechanism for delivering stable, sustainable communities through the day-to-day operation of the planning system. It amplifies and implements policies in the LPR and other development plan policies which include **Policies CF5, RR1 and RR3** of RPG11 on delivering affordable housing, mixed communities and rural renaissance, and **Policy H2** of the *Warwickshire Structure Plan 1996-2011*.

4.2 The above plans include guidelines on the anticipated level of affordable housing provision needed to meet housing needs.

- Paragraph 6.24 of RPG11 sets an affordable housing target of 6000-6500 dwellings each year across the Region for the period 2001-2011.
- Policy **H2** of the Warwickshire Structure Plan also sets an indicative affordable housing target for Stratford-upon-Avon District of 3700 dwellings over the period 1996-2011.

4.3 In response to the guidelines and other information, the LPR include Policies **COM.13**, **CTY.5** and **COM.1**. These are intended as framework policies to boost the supply of affordable housing.

4.4 Policy **COM.13** applies to all allocated and windfall sites above a size threshold of 15 or more dwellings (0.4 hectares) for settlements of greater than 3000 in population and 10 or more dwellings (0.4 hectares) for settlements of less than 3000. It also stipulates:

- Provision should be on-site except in exceptional circumstances.
- The precise level and means of provision will be negotiated taken into account housing needs, timing of release and any special considerations affecting development of the site and the objectives and targets contained in adopted SPG.
- The developer will be required to enter into satisfactory arrangements to ensure the affordable housing is delivered and is genuinely affordable to those in need and is provided in the longer term.

4.5 Significantly, the Inspector's Report into the objections to the LPR recommended that affordable housing targets should be identified in SPG rather than the LPR.

4.6 Paragraph 6.11.7 of LPR refers to the 1999 Housing Needs Survey, which recommended that 30% of housing on qualifying sites should be provided in the form of affordable housing. This has provided a basis of negotiations with developers since November 1999 although higher and lower figures have been sought or agreed in site-by-site negotiations. Paragraph 6.11.7 goes on to stress that the Council expects affordable housing will be provided in the form of social housing, that is to say housing built for rent or sale by a Partnership RSL.

4.7 However in the light of the strategic targets outlined at paragraph 4.2 above and local housing needs, this SPG proposes to set a 35% target based on land supply considerations and the housing needs situation. It is considered that this amplifies the Council's approach in Policy **COM.13**.

4.8 In addition, Policy **COM.14** states that residential development consisting of 10 or more dwellings (0.4 hectares) will be expected to provide a range and mix of dwelling types. The proposed mix will depend on the scale of development and the physical characteristics of the site, the settlements existing housing stock profile and the findings of a Parish Plan.

4.9 Policy **CTY.5** encourages exception sites, which provide affordable housing in rural settlements: see Section 7.

4.10 Policy **COM.1** also encourages small-scale schemes identified by a local community in the Main Rural Centres and Local Centre Villages that meet housing needs particularly for affordable housing. Such schemes will be considered taking into

account of the robustness of the justification made in support of the housing, the prioritisation of previously developed land and other policies on design and location.

4.11 It is worth setting out in full the settlement hierarchy referred to in Policy **STR.1** which applies to the District:

- (i) Main town: Stratford-upon-Avon
- (ii) Main Rural Centres: Alcester
Bidford-on-Avon
Henley-in-Arden
Kineton
Shipston-on-Stour
Southam
Studley
Wellesbourne
- (iii) Local Centre Villages: Settlements with basic range of facilities including, as a minimum, a general store, primary school and regular public transport.
- (iv) All other settlements.

5 Other Supplementary Planning Guidance

5.1 The District Council already has in place SPG covering:

- The operation of the 'Local Choice' initiative, in accordance with LPR Policy **COM.1**. [\[1\]](#)
- The quality of design of new residential development. [\[2\]](#)

5.2 These important SPGs remain in force, and should be read in conjunction with this document.

5.3 Particular attention is drawn to the *Stratford-on-Avon District Design Guide*. This SPG is being rigorously enforced in order to improve the appearance and quality of all new development.

5.4 This SPG supersedes and replaces the Council's previous SPG (adopted October 2001) concerning off-site provision of affordable housing.

6 Community Initiative and Participation

6.1 In order to effectively address the nature and extent of housing need within the District, it is important to develop the capacity of local communities for “self-help”. It is now recognised that the old “top down” model of planning – whereby housing developments were in effect imposed on local communities by local authorities or developers – is neither appropriate or sustainable.

6.2 It is therefore important to develop the confidence and self-reliance of local communities to help them assess and address their own housing needs. At the same time it is also important to develop an understanding of their *responsibilities* in terms of meeting the reasonable needs of all sections of their community.

6.3 For all settlements, Parish and Town Plans (or equivalent) have an important role to play in:

- Articulating the needs and aspirations of local communities.
- Promoting development that responds to identified needs.

6.4 Such plans are prepared by local communities themselves. Policy **COM.1** of the LPR provides the framework for taking account of adopted plans in the planning decision-making process.

6.5 It is important to continue to promote “community driven” projects within the above policy framework. In the case of rural areas, there are already certain policy initiatives in place. These are described in Section 7.

6.6 However it is also important to continue to encourage the engagement of local communities in the process of bringing forward “suitable” housing sites at pre-application stage.

6.7 In the case of “suitable” housing sites, proper engagement with local residents at pre-application stage is important to develop public confidence in the house-building industry, as well as dispel misunderstanding or pre-conceptions.

6.8 Recent changes to the planning system have emphasised the importance of public participation.

6.9 It is important to encourage good practice at pre-application stage and in the provision of information to support applications. This will facilitate the expeditious determination of planning applications.

6.10 Paragraph 6.11.3 of LPR strongly encourages developers to provide an affordable housing statement to support their planning applications. Good practice on procedures at pre-application stage including public consultation, together with information requirements for planning applications, is therefore provided at

Appendix 3.

7 Rural Housing

Introduction

7.1 About 80% of the population of the District live outside the town of Stratford-upon-Avon. By implication, the District is predominately “rural”, and the lack of affordable housing often features as a major concern amongst our communities.

7.2 In rural areas, the LPR *already* provides a special policy framework to help local communities identify and meet their housing needs:

- Policy **COM.1** provides the framework to promote the ‘Local Choice’ initiative within market towns and larger villages.
- Policy **CTY.5** provides a framework to promote ‘exception’ schemes in smaller villages.

The Council is keen to promote these initiatives.

7.3 The Rural Housing Enabler for Warwickshire (“RHE”) (contact details in **Appendix 4**) can assist rural communities themselves to:

- Assess the scale and nature of local housing needs (to inform the preparation of Parish/Town Plans), and
- Address those needs by identifying suitable sites for new development.

7.4 Early collaboration with the Rural Housing Enabler, the Parish Council, the planning and housing officers and Warwickshire Rural Housing Association who are able to advise on the carrying out of parish housing needs surveys is encouraged including joint preparation of a parish housing needs survey and Parish Plan.

‘Local Choice’ schemes

7.5 The ‘Local Choice’ initiative provides the opportunity to meet identified local housing needs in the Main Rural Centres and Local Centre Villages. This can apply in respect of both affordable and market housing, although obviously preference is given to meeting affordable housing need.

7.6 One of the key attractions of the ‘Local Choice’ initiative is that it allows and encourages local communities themselves to respond to the growth and other needs of their own populations. As noted in Section 6, the Council has already adopted more detailed SPG on the operation of the ‘Local Choice’ initiative.

7.7 However if this initiative is to operate effectively, it is important that any housing provided is reserved for local people both initially and subsequently. Otherwise, in the case of market housing, unrestrained property prices could result in such housing being inaccessible to the very households it is intended to assist.

7.8 In the case of affordable housing, arrangements for controlling occupancy are well established. Usually nominations and allocations are made to households satisfying local connection criteria and whose names are included on the Council's Housing waiting list. The local connection criteria that will be applied in respect of affordable housing will normally be identical to those set out in **Appendix 9**, with the additional criterion that the tenant/purchaser is unable to afford to rent or buy a home suitable to their needs on the open market in the town or village concerned.

7.9 Nevertheless it is important for local communities not to overlook the potential contribution of local market sale housing to meeting any local housing need they have identified. For example, such housing might be provided to meet the needs of older owner-occupiers who can "trade in" the equity of their existing properties in order to "downsize" to more appropriate and manageable accommodation.

7.10 **Key Principle 1** therefore deals with the issue of long-term retention of market housing built around Main Rural Centres and in Local Centre Villages.

7.11 **Key Principle 1:**

Proposals involving the provision of market housing in the Main Rural Centres and Local Centre Villages in accordance with LPR Policy COM.1 will only be permitted if the Council is satisfied that suitable mechanisms are proposed and capable of being put in place to ensure the purchase and occupancy of such dwellings is restricted to households with local connections in the first instance and are capable of being retained for the benefit of the local community.

7.12 Local communities who have identified a need for local market housing are encouraged to consider what options would achieve the objectives of the above policy when bringing forward proposals to satisfy such need in their Parish/Town Plans. A suggested package of options is set out in **Appendix 9**.

Rural 'exception' schemes

7.13 Whilst the 'Local Choice' initiative generally applies to the District's market towns and larger villages, there is also scope for the development of rural 'exception' schemes in smaller villages, in accordance with LPR Policy **CTY.5**. Full details of this initiative and the qualifying criteria for schemes are set out in the Policy itself and its supporting text. Local communities are strongly encouraged to bring forward suitable schemes.

7.14 Developments will be small scale and will satisfy the following criteria:

§ The development will meet or help to meet a proven and specific need for affordable housing in the parish or adjoining rural parishes which would not otherwise be met. Local housing needs will need to be demonstrated via an up to date parish survey;

§ The development is within or on the edge of a village, well related to existing community services and facilities and sympathetic to the form and character of the village;

§ The development has been initiated from within the local community concerned and has the support of the relevant Parish Council, or is identified in an adopted Parish Plan.

§ Secure arrangements should be made to ensure that initial and subsequent occupancy of the dwellings is restricted to those having an identified local need for affordable housing through the use of Section 106 obligations.

7.15 In addition to the assessment of the planning context of any exceptions proposal the Council will give early consideration to the following issues relating to delivery of housing objectives:

§ Willingness of the landowner and a RSL to enter into an appropriate Section 106 Agreement.

§ Proposed dwelling types and tenure in relation to local priority needs.

§ Evidence of the landowner's intention to sell the site for a sum that takes into account the 100% affordable housing restriction in perpetuity.

§ Evidence of involvement of a RSL and consultation with the appropriate Parish Council.

§ Evidence of the involvement of the Rural Housing Enabler.

7.16 Such proposals will only be acceptable if a full application is supported and is accompanied with a local housing needs assessment and a financial appraisal.

7.17 It is anticipated that most rural exceptions developments will be schemes developed by Warwickshire Rural Housing Association mainly for rent although shared ownership schemes are not precluded on a more limited basis provided there is a proven and specific need in the parish concerned.

7.18 A model legal agreement for rural exception sites can be obtained from the Council upon request. This covers the arrangements needed to ensure the retention of the housing as affordable in perpetuity and their occupation only by households with local connections.

8 Maximising the Supply of Affordable Housing

8.1 In the light of the issues discussed in Section 3, this Section sets out measures designed to increase the supply of affordable housing as a proportion of the overall strategic provision set out in the LPR.

8.2 Since 1996, over 4,700 new homes have been built in the District. Current indications are that if trends continue there will be an oversupply of housing relative to strategic requirements. Continuation of this trend will undermine implementation of the RSS. It may therefore be necessary to “ration” the release of new housing sites. **Key Principle 2** therefore provides a policy framework to enable preference to be given to the release of those sites where a *higher proportion* of affordable housing is proposed than the minimum required by **Key Principle 3** below.

8.3 **Key Principle 2:**

In considering proposals involving market housing brought forward in accordance with LPR policies, preference will be given to those schemes that maximise the proportion of affordable housing.

8.4 **Key Principle 3:**

Pending the outcome of the latest District Housing Assessment, a minimum of 35% on-site affordable housing will be sought from all housing sites to which Policy COM.13 applies. Affordable housing provision will increase up to 50% if provided off site. The proportion of affordable housing will be calculated by reference to the total number of dwellings to be provided by the development.

8.5 This measure will increase the overall supply of affordable housing, compared to the yield resulting from the previous 30% target that had been Council policy since 1999.

8.6 The LPR identifies three Strategic Reserve Sites in Stratford-upon-Avon, namely: land west of Shottery, the Egg Packing Station, Bishopton and Land South of Kipling Road (see Schedule in Appendix 7). If any of these sites are required to be released, it is arguable that the proportion of affordable housing should be higher than that ordinarily sought in **Key Principle 3**. This is because the economics of development of these “greenfield” sites are more favourable: they benefit from economies of scale and lower land values in a way which “brownfield” sites are perhaps less able to. The merits of so doing will therefore be considered in the context of work to place this SPG on a statutory footing as a Supplementary Planning Document.

8.7 In deciding whether a particular site qualifies as being above the requisite site

size thresholds set out above, the Council will assess not merely the proposal submitted but the potential capacity of the site. The Council will welcome proposals that make reasonably efficient use of the whole site but will be alert to any attempts to deliberately circumvent the stated site size thresholds. The density of all housing sites should be at least 30 dwellings per hectare in accordance with Policy STR.2B and paragraph 58 of PPG3. Where the splitting up of a site would result in two or more sites which physically abut each other, any of which fall below the site size thresholds, the Council will treat them as one site for the purposes of the policy.

8.8 On sites falling below the stated site size thresholds developers will nevertheless be encouraged to provide an element of affordable housing, which the Council will weigh as a positive material planning consideration helping to justify approval. This approach is in accordance with the Court of Appeal Judgment in *Harry Rowlinson and Lynda Rowlinson as Trustees of the Linson Construction Pension v Warrington Borough Council and the DETR (2002)*. In this case the court held that an Inspector or any other decision maker is entitled to conclude that a substantial affordable provision (50% in this case) outweighs other material planning considerations such as the sequential test in PPG3.

9 Funding and Implementation of Affordable Housing

Introduction

9.1 If the aims and objectives of the development plan and this SPG are to be met, it is imperative that adequate and appropriate mechanisms are put in place to ensure the *delivery* of affordable housing. In this respect it is essential that proper regard is had to the availability of resources required for implementation: principally land and money.

Land

9.2 In accordance with the Regional Spatial Strategy, the supply of new housing land overall will increasingly be restricted within the South Housing Market Area defined in the Regional Housing Strategy. This area includes Stratford-on-Avon District. It is, therefore, necessary to prioritise the provision of housing which meets local needs, especially affordable housing, over market housing which fuels in migration. In practice, this can be achieved in the following ways:

- Increasing the proportion of affordable housing required from "suitable" housing sites: **Key Principles 2 & 3** refer.
- Promoting the development of 'Local Choice' and rural 'exception' schemes: see Section 7.

Funding

9.3 In order to deliver genuinely affordable housing, subsidy is required. This

should be provided in the following sequence:

1. Reduced land values
2. Developer cross-subsidy (from profits from the sale of market housing)
3. Public subsidy (grant).

9.4 Historically, public subsidy has been provided in the form of Social Housing Grant. In essence, this represents the amount of subsidy required to ensure the housing is genuinely "affordable", with the balance of costs being met by mortgages or loans serviced from rental and sales income.

9.5 However, as explained below, when affordable housing is developed on "suitable" housing sites, there is now less likelihood of Social Housing Grant being made available. The Housing Corporation has adopted this position in recognition of the fact that indiscriminate use of public subsidy merely serves to inflate the cost of land (see paragraphs 31-35 of the National Affordable Housing Programme 2006-2008 Prospectus). Deployment of grant on such sites is not only inefficient and a waste of public money, but also reduces the total amount of affordable housing that can be produced.

9.6 Instead, there is an increasing expectation that the necessary subsidy should be provided in the sequence set out in paragraph 9.3 above.

9.7 In areas of high property prices and land values, such as Stratford-on-Avon District, this position is entirely logical, and should be entirely feasible through reduced land values. It is therefore appropriate to establish mechanisms to improve the funding and delivery of affordable housing through the capture and recycling of windfall increases ('betterment') in the value of development land to generate actual or imputed subsidy.

9.8 In any case, it is unlikely there will ever be sufficient Social Housing Grant available to subsidise the cost of *all* affordable housing. It is therefore important to concentrate the deployment of Social Housing Grant on those schemes still requiring public subsidy to make them viable, or where such subsidy would help deliver added value.

9.9 **Key Principle 4** below therefore establishes a mechanism to assist in forcing down the cost of land. This will be of particular benefit to house-builders, as it will enable them to acquire land more cheaply whilst not harming the overall financial viability of development schemes.

9.10 **Key Principle 4:**

The Council will seek to negotiate the provision of affordable housing without public subsidy. This may necessitate the subsidy of such housing through internal cross-subsidy from the sale of market housing on the same site. In order to assure the delivery of the affordable housing, developers will be expected to demonstrate that the cost of land has been suitably

discounted to make such provision viable.

9.12 When negotiating option agreements to acquire land for residential development, it is essential that prospective house-builders ensure that the terms of such agreements ensure that the cost of providing any cross-subsidy (and indeed any other planning obligations) are fully deductible from the purchase price of any land. A suitable mechanism for this purpose is included at **Appendix 5**.

9.13 It should be noted that under the 1996 Housing Act, rented RSL housing is subject to the Right-to-Acquire (similar to preserved tenant's Right-to-Buy) in cases where public subsidy is utilised. It follows that the avoidance of public subsidy assures that the affordable home can be retained as such in perpetuity. This, in turn, improves the ability of the District Council to respond to housing needs when nominating applicants from the Housing waiting list to casual vacancies.

9.14 Notwithstanding the general expectation in **Key Principle 4**, it is recognised that in certain circumstances an element of public subsidy may be required in order to make a development viable. In such circumstances it is possible that the District Council and/or the Housing Corporation could provide grant support. Such support is likely to be limited and subject to allocation criteria.

9.15 It is therefore very important, and in the best interests of prospective developers, to approach the Council and its partner housing associations at the earliest opportunity to discuss the likely viability of development on any given site. Such approaches should be made at pre-application stage, and will be treated in strictest confidence. This approach applies even if a house-builder is able to directly access Social Housing Grant funding.

Financial Appraisal

9.15 In order to test the feasibility of this approach, the Council commissioned Fordham Research in October 2003 to carry out a financial appraisal to assess what the impact of a policy requirement for affordable housing to be provided free of Social Housing Grant would be upon the viability of a notional site for residential development. A pilot financial appraisal on a site selected as reasonably representative of conditions in the District was carried out. The site selected was a residential allocation forming part of the N C Joseph employment site at Birmingham Road, Stratford-on-Avon. The development was for 80 residential units with a 30% affordable housing requirement.

9.16 The report concluded that based on the details of the notional site, 20% Social Housing Grant free might be viable on the proposed development. In addition, it is clear from the analysis that a 30% Social Housing Grant free affordable housing requirement could well be viable for other brownfield sites with less attractive alternative uses than those identified for the notional site which was also considered suitable in planning terms to accommodate B1 offices, budget hotel, fast food restaurant, public house and restaurant and car showroom.

9.17 In the light of this research, it is considered that a 40% or 50% Social Housing Grant free affordable housing requirement, as the case may be, is not beyond expectation especially in relation to development on greenfield sites.

9.18 The policy of delivering affordable housing without public subsidy has also recently been supported by the First Secretary of State in a landmark appeal decision dated 27 July 2004 in Hinckley following a call-in inquiry (Hinckley and Bosworth Borough Council).

9.19 The Council anticipates that developers/landowners will want certainty in undertaking a development appraisal in order to understand the financial costs to be borne. The following affordable housing requirements need to be assumed for development which is subject to a section 106 agreement, where viability is assured.

9.20 The planning obligation will be to deliver affordable housing in a mix of property types and tenures which shall be agreed with the Council.

9.21 This means that developers undertaking a development appraisal must determine a range of costs which will include – land; a range of infrastructure costs for the entire development; cost to service building plots; the actual construction costs to comply with Housing Corporation Scheme Development Standards; and also associated 'on-costs' of development (project management, architectural design, surveyors etc). All of these costs will be borne by the developer, net of the following –

- Any housing association finance that can be raised through a mortgage on the property, to be repaid from rental income.
- Any subsidy element which has been identified, which could be a range of or aggregate of all subsidy elements.

9.22 A developer should involve one of the Council's partner housing associations at an early stage of the process in order to undertake a comprehensive development appraisal, with a full appreciation of all development costs, potential revenues and subsidy elements. The Council expects that housing associations will be co-signatories to section 106 agreements because risks are then shared; there is improved partnership working and greater certainty as regards delivery of affordable housing.

9.23 As a general principle, the Council considers that affordable housing plots (i.e. land) will have no more than a residual value calculated in accordance with the methodology recommended in Appendix 5. Such residual values are likely to be significantly lower than the notional unfettered open market value were the plots to be released for residential development without restriction. All interested parties should be mindful of this point when conducting a development appraisal.

9.24 Generally, the Council will not provide capital subsidy or support bids to the

Housing Corporation for Social Housing Grant where housing associations have paid an amount greater than existing use or agricultural value for affordable housing plots.

9.25 It cannot be emphasised enough that Developer subsidy to affordable housing should be calculated on the basis that no Social Housing Grant or District Council resources will be available and therefore the price paid for the land should take this into account.

9.26 In considering the suitability of a site to provide affordable housing the Council will have regard to the particular costs associated with development and whether its provision would prejudice other planning objectives that need to be given priority in development of the site, (for instance bringing back into use a previously developed site).

9.27 A developer should, however, take affordable provision and other known requirements and constraints into account when negotiating the purchase of land. The Council will expect abnormal site costs associated with the development to be demonstrated by an independent viability appraisal encompassing both costs and values (funded by the developer). Such abnormal costs may occasionally justify a reduction in the level of affordable housing provision. The Council will expect 'open book' negotiations. In recognition of the sensitivity of the information supplied, it will be kept confidential. Standard development costs that will not normally be considered as abnormal include demolition, contamination, landscaping, surveys such as archaeological, ecological and drainage of flood prevention measures. Abnormal development costs will be those that could not have been reasonably anticipated in advance.

9.28 The Council may need to seek specialist independent advice in assessing the economic viability of development, and will seek to recover the cost of so doing under the terms of a Section 106 Agreement.

9.29 Prospective developers are encouraged to use the methodology for the calculation of internal cross-subsidy which is included at **Appendix 5**.

9.30 The revised affordable housing target (see **Key Principle 3**) applies to all new applications received after the date of adoption i.e. 12 June 2006. However the revised target will not be applied in cases where:

- Developers have already purchased sites outright before 13 June 2005 (the date of publication of the draft version of this document for public consultation) and/or:
- The District Council have previously resolved to grant planning permission for the development in question subject to completion of a Section 106 Agreement.

Instead, the previous lower level of provision of 30% will continue to be sought in

such cases.

10 The Importance of On Site Provision of Affordable Housing

10.1 PPG3 indicates that where a local planning authority considers that a site is suitable to provide an element of affordable housing and an applicant does not make such provision as part of the proposed development, such a failure could justify refusal of a planning permission.

10.2 Paragraph 6.11.8 of the LPR explains that the normal expectation is for affordable housing to be provided on-site. The Council originally adopted SPG on this matter on 15 October 2001. The policies in this SPG replace and update the original SPG.

10.3 *Key Principle 5:*

The order of preference of form of affordable housing provision is as follows:

- i. ***On site***
- ii. ***Exceptionally, part on site provision and part off site/commuted payment***
- iii. ***Exceptionally, off site in the form of:***
 - § ***Provision by applicant, developer or RSL***
 - § ***Commutated payment***
 - § ***Transfer of land***

There is a presumption that a site suitable for housing development will also be suitable to provide affordable housing on site. In accordance with paragraph 6.11.8 of LPR the presumption will be, therefore, that provision of affordable housing should be made on the development site itself. It would only be in very exceptional circumstances that an alternative to on site provision would be appropriate.

10.4 Exceptionally, where a developer feels that there are good reasons to deliver affordable housing off site this will need to be demonstrated to the Council at the pre-application stage. Details of the proposal i.e. alternative site within the same settlement or a financial payment in lieu of on site provision will need to be submitted to the Council, and must demonstrate that there is a realistic prospect of timely delivery.

10.5 *Key Principle 6*

Alternative arrangements - in lieu of on-site provision – such as a financial contribution, and/or land and/or buildings on other sites – will only be

favourably considered where ALL of the following tests are met:

- (1) The applicant and the District Council both agree there is an exceptional and positive justification for the alternative of off-site provision.*
- (2) Agreement has been reached on the quantity and type of affordable housing, which would otherwise have been provided on site.*
- (3) The alternative form of provision would be equivalent in all respects to the affordable housing, were this to have been provided on-site.*
- (4) The Council is satisfied that there is a firm prospect of securing the alternative form of provision:
 - (a) on a site or sites within the same town or village, or where appropriate sites are not available, elsewhere in the District, and;*
 - (b) within the same timescales as the development giving rise to the requirement for affordable housing, and in any event within a five year period.**
- (5) In the case of a financial contribution, a payment calculated on the basis of either of the two options set out in Appendix 6, is made before the commencement of development.*

10.6 The Council's methodology for calculating an appropriate financial contribution together with an explanation of how it operates is contained in **Appendix 6**.

10.7 Any planning obligation to provide a financial contribution towards off site affordable housing provision will state that monies received must be used for that purpose within a period of seven years of receipt. If not so applied within this period, any unexpended monies shall be repayable on demand. A clause will also be included providing details in respect of the actual payments requested being index linked and in the event of any delay in the payment, interest shall become payable. This is to ensure the value of any contribution is not eroded.

11 Creating Balanced Communities

Interpretation of LPR Policy COM.14

11.1 LPR Policy **COM.14** provides a policy framework to ensure the creation of a balanced mix of housing stock. It applies equally to affordable and open market housing. **Key Principle 7** provides policy guidelines to clarify the application of that Policy.

11.2 **Key Principle 7:**

In considering the appropriateness of the range and mix of dwelling types and sizes in any scheme to which Policy COM.14 applies, the following considerations and policy principles will be taken into account:

(1) *The importance of ensuring flexibility and versatility is built into new housing stock by virtue of a balance and diversity of dwelling types and sizes.*

- The provision of studio or one bedroom dwellings will not normally be permitted.***

(2) *The overall scale of development proposed and the physical characteristics of the site.*

- Generally, the greater the scale of development, the more opportunity exists for a wider range of house types and sizes.***
- The stock profile should not be weighted towards large or small dwellings, except in the special circumstances described below.***

(3) *The existing profile of the housing stock within the town or village concerned.*

- It is important to avoid the concentration of a limited range of house sizes and types in any particular area. However it may occasionally be desirable to “weight” the stock profile towards larger or smaller homes if this would help to remedy an identified deficiency.***

(4) *Any proposals or recommendations relating to a town/village overall or a specific site contained in an adopted Parish/Town Plan.*

(5) *The importance of ensuring the physical and social integration of affordable and open market housing.*

- As a general principle, affordable homes must be “pepperpotted” throughout a site, rather than clustered in a limited number of locations.***
- Affordable homes must also be indistinguishable from market homes in terms of design standards and external appearance.***
- Permitted development rights may be removed to ensure properties are not extended or altered in any way as to increase***

values beyond an affordable level. This will not prevent consideration of adaptations or extensions where required by an occupant with disabilities or to accommodate appropriate extensions for family growth.

Ensuring Flexibility in New Housing Stock

11.3 **Key Principle 7** discourages the provision of studio or one bedroom accommodation for the following reasons:

1. Such homes are ***too inflexible to cater for changing household needs***, thus undermining the creation of stable, sustainable communities. It is desirable to allow scope for a modest degree of under-occupancy of properties, especially by single person households.
2. Such accommodation is totally ***unsuitable for occupation by families with children***. This can result in the “silting up” of the stock by households with a child or children wishing – but unable – to move to a larger home.
3. Similarly, such accommodation is ***unsuitable to enable carers and/or relatives to stay***, whether overnight or on a longer-term basis. This tends to make such accommodation unpopular, and in extreme circumstances could mean households might need to move away from their home town/village.
4. Furthermore, such accommodation is ***not conducive to enabling people to work from home***. With properties comprising *two or more bedrooms*, there is always the potential to use a spare bedroom as a study. As there is an increasing trend for household members to work from home, failure to cater for this trend could restrict employment opportunities thus contributing to social exclusion.

All the above considerations are important in seeking to develop mixed and balanced communities.

11.4 In view of the above considerations, this Authority does not generally support any planning application involving the provision of *studio or one bedroom* homes, whether for affordable or market housing. Nor does it provide any financial support (in the form of capital grant) for any scheme including the provision of such accommodation. Similarly, it would not recommend Housing Corporation investment in such provision. In practice, therefore, it is unlikely that many new affordable housing schemes incorporating one bedroom properties will be built. However, the District Council *does* strongly encourage the provision of homes comprising *two or more bedrooms*, as they overcome the disadvantages outlined above.

11.5 The Council is keen to encourage a range of housing to meet a range of needs for different types and sizes of housing across all tenures. This includes housing to meet the needs of specific groups including ‘*elderly persons*’. It should be emphasised, however, that housing which caters for such groups will not necessarily be *affordable*; there is, for example, a significant need for affordable sheltered

accommodation.

11.6 The Council strongly commends utilisation of the 'Lifetime Homes' standard pioneered by Joseph Rowntree Foundation. Lifetime Homes are accessible, adaptable homes designed to meet the needs of the four or five generations of people who live in them. By building Lifetime Homes, standard housing can be produced with added benefits not only for people with physical disabilities, but also for everyone who lives in them. Further information on Lifetime Homes standards can be found at www.jrf.org.uk/housingandcare/lifetimehomes.

12 Affordability and Tenure

12.1 National guidance (paragraph 4 of Circular 6/98) refers to affordable housing generically '*(irrespective of tenure, ownership – whether exclusive or shared – or financial arrangements) that will be available to people who cannot afford to rent or buy houses generally available on the open market*' The Circular goes on to state that development plan policies on affordable housing should define what the District Council regards as affordable. In further advice the term '*housing needs*' refers to '*households lacking their own housing or living in housing which is inadequate or unsuitable, who are unlikely to be able to meet their needs in the housing market without some assistance*' (as per Section A2.2 of the DETR publication '*Local Housing Needs Assessment: A Guide to Good Practice*' (2000)).

12.2 PPG3 states that local plan policies for affordable housing should define what the authority considers to be affordable in the local plan area in terms of the relationship between local income levels and house prices or rent for different types of households.

12.3 **Key Principle 8:**

Pending the outcome of the latest District Housing Assessment, the definition of affordable housing is as follows:

1. *The maximum costs to occupiers would be:*

Housing for sale - Maximum price to be 3.5 times average annual household income for a single earner household or 2.9 times the annual household income for dual income households for the District.

Housing for rent - Not exceeding Target Rents set out by the ODPM/Housing Corporation.

And where:

2. Adequate arrangements are to be put in place to ensure that such housing:

(a) Will only be occupied by households with local connections in need of such housing and is capable of being retained as such.

(b) Will be subject to managements arrangements are that are effective and locally accountable.

3. Within the overall proportion of affordable housing (measured by reference to total net floorspace), the following tenure split is achieved:

(c) Minimum 67% for social rent under assured tenancies.

(d) Maximum 33% for New Build Homebuy products.

12.4 The tenure split identified in **Key Principle 8** is an optimum tenure split, and a specific justification will be required for any departure. It will be reviewed in the light of the findings of the latest Housing Assessment.

12.5 For the purposes of applying **Key Principle 8**, the District Council will specify maximum sale prices. These will be based on average household incomes in turn based upon Paycheck Survey data (or equivalent) periodically obtained by Warwickshire County Council.

12.6 The Housing Needs Survey 1999 also addressed the issue of what types of affordable housing should be sought. Having already established that low-cost housing was not a viable form of affordable housing in Stratford (see page 107), the Survey then highlighted the "considerable advantage" of "social rented housing, and shared ownership with fully discounted land" based on the findings set out in Table 16.10 (page 107). The Survey concludes that shared ownership can be delivered at the outgoings indicated, if it accounts for 33% of all affordable housing and social rented accounts for the remaining 67% of affordable housing.

12.7 The optimum tenure split sought in **Key Principle 8** will apply pending the findings of the latest District Housing Assessment, although different proportions may be specified in Parish or Town Plans specific to individual towns/villages.

12.8 The findings of the latest Housing Assessment will help inform decisions about such matters as most appropriate tenure mix, type and size of new affordable homes. Any assessment of housing need in relation to individual sites may also include:

- Current information held on the housing waiting list.
- Information from parish surveys or appraisals.
- Recent availability of affordable housing opportunities throughout the District.
- Number of right-to-buy sales, which have taken place in the District.

- Number and type of affordable housing properties throughout the District.
- Information from Office of National Statistics.

12.9 **Key Principle 9:**

The Council will have regard to the information in Table 1 (below) when considering the appropriateness of the size profile of affordable housing proposed in respect of any individual site. Whilst the majority of provision will cater for general needs, in a limited number of cases the Council may seek to negotiate the inclusion of various forms of supported housing.

Table 1: Optimum Affordable Housing Mix – Tenure and Size

Property Size	Rent	Shared Ownership	Total %
General Percentages within the 35% affordable	67	33	100
2 bed flats and houses	60	60	
3 bed houses	20	25	
4 bed houses	20	15	
Total	100	100	

12.10 The information contained in Table 1 should form the basis of a development appraisal unless pre-application discussions with the Council and its partner housing associations indicate an alternative mix would be more appropriate.

12.11 In accordance with **Key Principle 3**, the overall requirement is for 35% of the total number of dwellings to be provided on the development site. In Table 1 above, the overall requirement is then divided between the Council's preferred tenures (row 1 matrix). The tenure split is then broken down further in relation to property size for a range of tenures.

12.12 The above mix allows scope for a degree of under-occupancy, relative to the current profile of housing waiting list applicants. This is considered necessary in order to provide flexibility and help redress an imbalance in the existing size profile of the District's stock of affordable housing. It reduces the danger of families becoming trapped in accommodation too small for their needs, where such families either remain unable to buy a larger home on the open market or transfer to another larger housing association property, thus "silting up" the District's affordable housing stock.

12.13 **Key Principle 10:**

In negotiating affordable housing provision, particular regard will be had to the importance of ensuring an adequate supply of accommodation suitable for occupation by families with children (i.e. two bedroom (or larger) houses

with gardens). Affordable housing provision in the form of wholly flatted development is considered unacceptable.

12.14 Specific proposals for the tenure and stock mix on individual sites should be discussed and agreed by the housing association nominated to that particular site (see below) and the District Council at pre-application stage. In this process regard will be had to:

- The scale of existing provision for any given mix of stock and tenure in the locality.
- The balance of provision within the Council's enabling programme from year to year for any given mix of stock and tenure.
- Information from partner housing associations about local market conditions for any given mix of stock and tenure in the locality.
- Information as to whether likely total costs to householders indicate the properties are likely to be genuinely affordable to the anticipated profile of tenants/purchasers.

12.15 The location of the site will also influence the type of affordable housing that it is appropriate to accommodate. The relationship to employment, transport, social and community facilities for example will need to be taken into account, as will the ability to work from home. Adjacent uses, local character and types of housing nearby may also be relevant, together with the landform of the area.

12.16 At a national level the following tenures are the most common types of affordable housing:

- **Affordable housing for rent** (commonly referred to as social housing) will normally be in conjunction with Registered Social Landlords (RSLs), or within Housing Corporation rent level guidelines.
- **Affordable housing for sale** will normally be in partnership with a RSL to ensure the property remains affordable in the longer term.
- **Intermediate Rent** Intermediate rent schemes provide homes for rent let on assured short-hold tenancies, where the rental charge is below 80% of the market rent level for the area. Intermediate rent can be offered as part of a key worker scheme, and in cases where the Regional Housing Strategy has defined a need for the product.
- **Temporary Social Housing** TSH schemes bring into use, at sub-market rents, accommodation acquired on a temporary basis with a life of more than 2 but less than 30 years.
- **Key Worker** – Initiative to help key workers obtain affordable housing. Key

workers to be defined by the housing authority in the housing strategy but may include health workers and teachers.

- **Homebuy** – For 2006-08, there are three new products:
 - **Social HomeBuy** – is a new product for social tenants who would like to acquire an equity stake in their home. The sale of minimum share being 25% of the equity, and more if the purchaser can afford it with a rental charge on the capital value of the unowned share.
 - **New Build HomeBuy** – is the new model for the provision of new build properties for low cost home ownership. The overarching parameters include the sale of a minimum share of at least 25% and the rent on unowned equity.
 - **Open market HomeBuy** – provides an equity loan to purchase a home on the open market. A buyer uses their own savings and a mortgage to buy around 75% of their home and gets an equity loan of up to £50,000 for the balance.
 - **Shared Equity** – A minimum of 10% equity to be retained by a developer, through a trust or a RSL. A covenant, planning condition or planning agreement, should be imposed that restricts the sale to a person who has immediately prior to the purchase, lived or worked in the locality continuously for at least three years. A cascade approach will be applied whereby if affordable housing remains unallocated, those in housing need from a wider geographical area will be considered.
 - **Discounted Private Rented Housing** – At or below Housing Benefit local reference rent levels.

12.17 At present only affordable housing for rent and/or New Build Homebuy products provide a workable model of genuinely affordable housing in Stratford-on-Avon District.

12.18 A worked example, illustrating one scenario for the possible implications of the Council's optimum approach to the mix and tenure split set out in **Key Principles 9 to 11 and 13**, is included at the end of **Appendix 5**.

13 Role of Partner Housing Associations in Delivery

13.1 In the context of the Stratford-on-Avon Housing Partnership, the District Council makes nominations of specific housing associations to individual sites in order to pursue the provision of affordable housing. This is particularly relevant in the case of developer-led sites, where the provision of affordable housing is negotiated within the framework of Policy **COM.13**.

13.2 Such nominations are made for the following reasons:

1. To reflect best practice, by ensuring that a named housing association is involved in discussions regarding a site from the outset.
2. To improve the sustainability of the development, by ensuring that long-term management and community-building considerations are reflected in the design process from the outset.
3. To ensure value for money and avoid wasted time and effort, by preventing inappropriate competition and the "touting around" of sites amongst alternative housing associations.
4. To ensure that architects are properly briefed on relevant design standards at the earliest opportunity.
5. To ensure that community participation initiatives are properly co-ordinated.

13.3 **Appendix 7** contains a list of current nominations to LPR allocated sites. It is in the interests of prospective developers of such sites to contact the nominated housing association at the earliest opportunity. This will assist in the process of financial appraisal and negotiation of terms of any option agreements.

13.4 Information about nominations to other "windfall" housing sites may be obtained from the District Council. The Housing Association Forum has agreed that Warwickshire Rural Housing Association should be treated as nominated to most sites coming forward for development within Local Centre Villages.

13.5 The involvement of partner housing associations also provides greater certainty and assurance concerning:

1. Costs - and thus affordability of housing for customers.
2. Access – sales and lettings in accordance with published criteria to applicants on the Council's Housing waiting list, thereby ensuring accommodation is occupied only by those in need of such accommodation.
3. Management – assurance that properties will be managed and maintained to a high standard.

13.6 In the case of developer-led sites, there is no *obligation* to work with one of the Council's partner housing associations. However for the reasons listed at paragraphs 13.2 and 13.5 above, the involvement of one of the Council's partner housing associations is strongly recommended, as it will expedite the process of ensuring any relevant proposals comply with part 3 of LPR Policy **COM.13**. Promoters of any alternative proposals (for example, involving only the developer in the delivery of the required affordable housing or a non-partner housing association) will be required to demonstrate the resulting provision will be at least equal to or better than the standard of provision (in terms of costs, access and management) resulting from

the involvement of one of the Council's partner housing associations.

14 Long Term Management, Affordability and Occupancy Controls

Introduction

14.1 In the case of development involving affordable housing and in accordance with part 3 of LPR Policy **COM.13** and **Key Principle 8**, the Council will require appropriate mechanisms to enable those policy requirements to be met to be in place prior to the grant of planning permission. This section provides more information about arrangements that would satisfy those requirements.

Safeguards arising from involvement of a housing association

14.2 A Registered Social Landlord's continuing interest in a property should ensure control over subsequent changes of ownership and occupation. This provides two safeguards. Firstly, RSLs are obliged to have publicly available policies and procedures for allocating tenancies. This obligation is part of the Housing Corporation's *'Performance Standards'* for RSLs. These should be open, fair and based on housing need. Secondly, should disposal of RSL assets become necessary, it will take place under Housing Corporation arrangements.

14.3 The transfer of completed affordable homes to the nominated partner housing association will provide an effective way of controlling their future occupancy, as tenants/purchasers will be nominated from the District Council's housing waiting list.

<p>14.4 As explained in section 13, it is recommended that the skills and experience of the nominated housing association be employed at an early stage of the design process to ensure that future management issues can be properly considered.</p>

Provisions in Section 106 Agreements

14.5 Copies of a model planning obligation (Section 106 Agreement) containing standard clauses concerning the provision of affordable housing are available from the Council on request. This Agreement is also available to download from the Council's website.

14.6 It is now possible for non-registered bodies to access grant funding from the Housing Corporation. It is therefore recognised that the provision of affordable housing involving a RSL may not be the only means of provision. However in cases where no RSL involvement is proposed, it is essential that a Section 106 Agreement should contain safeguards covering the matters listed in paragraph 13.5. Such safeguards must be at least equivalent to those that would have arisen from the involvement of an RSL.

14.7 Arrangements must be in place to ensure that nominations to tenancies or sales of homes are made in accordance with the Council's current housing waiting list policies. These may be found in the publication '*A Guide to the Housing Waiting List*' available from the Council.

14.8 The whole basis of the requirements arising from the policies mentioned in Section 4 is that the housing thus provided will meet an identified local need. It is therefore important to define how the term '*local needs*' will be interpreted. The following two-tier geographic definition will be applied:

(a) The strategic context set by the Warwickshire Structure Plan requires new development to be directed to the main towns. For **Stratford-upon-Avon** town, the definition of '*local*' will normally be taken to mean the whole of the District.

(b) In **all other cases**, '*local*' will normally be taken to mean the parish in question and adjoining parishes within the District. Catchments for this purpose should be defined in Parish or Town Plans. Additionally, a cascade approach will be applied whereby if affordable housing remains unallocated to '*local*' people, applicants on the Housing waiting list with a local connection to the District as a whole will be considered. This is essential to avoid the highly unlikely but nevertheless unacceptable scenario of a property remaining vacant because of a lack of suitable nominees within the relevant parish catchment.

14.9 Local occupancy criteria should therefore be specified on the basis set out in paragraph 9 of **Appendix 9**.

14.10 The above arrangements should apply equally to properties built for rent and Low Cost Home Ownership (LCHO) products currently offered by the Housing Corporation. In the case of LCHO properties, this will mean that subsequent purchasers of such properties whose purchasers have previously exercised their right (if applicable) to "staircase" to outright ownership will nevertheless still be required to comply with the relevant local occupancy criteria.

14.11 In respect of developments involving an element of flatted development where affordable units are provided in the same block as market units and/or share communal facilities, a clause will be imposed to limit service charges to an affordable level.

15 Standards

15.1 Affordable housing proposals will need to contain sufficient detail to clearly identify the housing that it relates to, the areas that will be transferred with that housing, confirmation from the RSL that the housing complies with Housing Corporation design standards and the RSLs design requirements and details of the basis of the affordability for each particular unit (including transfer arrangements,

funding, available subsidy etc).

15.2 Grant supported affordable housing should be built to the Housing Corporation standards prevailing at the time and, if relevant, take account of any RSL design brief or development brief. The current Housing Corporation Scheme Development Standards can be downloaded at <http://www.housingcorplibrary.org.uk>.

15.3 At the same time affordable housing proposals should comply with all relevant Local Plan policies and standards including the Council's *District Design Guide*.

15.4 **Key Principle 11:**

Exactly the same design considerations should also be applied to the design of affordable housing as to open market housing. This includes such matters as private external space and car parking standards. Affordable housing must be properly integrated physically and visually with market housing. In particular, affordable housing must be dispersed evenly as individual dwellings or small clusters throughout sites and not concentrated in only one or a limited number of locations.

15.5 The Stratford-on-Avon Housing Partnership Agreement also seeks to achieve consistency in the quality and standard of the provision of affordable housing in the District through development and housing management activity (see Section 13).

15.6 **Key Principle 12:**

Regard will be had to the extent to which the minimum space standards for affordable homes set out in Table 2 below are met. Where proposed accommodation falls below these minimum stands, a special and specific justification will be required.

Table 2: Minimum space standards for affordable homes

Unit type	Minimum floor area (m²)
2 bed 3 person flat or house	63
2 bed 4 person house	73
3 bed 5 person house	84
3 bed 6 person house	91
4 bed 6 person house	94
4 bed 8 person house	122

The above standards are based on those contained in the Housing Partnership Agreement and will be subject of review as appropriate.

Appendix 1

Cross-References to Relevant Policies of the Stratford-on-Avon District Local Plan Review 1996-2011

This is not intended as an exhaustive list of *all* policies in the LPR that may be relevant to decisions on planning applications involving residential development; rather as a list of key policies conducive to the implementation of the plan and strategies listed in **Appendix 2** and/or on which this SPG provides amplification and guidance.

It is essential to refer to the Plan for a full list of policies and for details of the policies.

Table 3: LPR Policy Cross-References

<i>Policy</i>	<i>Description</i>
STR.1	Settlement hierarchy
STR.2	New housing provision
STR.2A	Phasing
STR.2B	Density
STR.4	Previously developed land
PR.2	Green Belt
DEV.1	Layout and design
DEV.2	Landscaping
DEV.8	Energy conservation
DEV.10	Crime prevention
COM.1	Local Choice
COM.4	Open space
COM.5	Open space
COM.12	Existing housing stock
COM.13	Affordable housing
COM.14	Dwelling mix
COM.15	Accessibility
COM.18	Home-based working
CTY.5	Rural housing 'exception' schemes
IMP.1	Supporting information
IMP.2	Supplementary planning guidance
IMP.4	Infrastructure provision

Appendix 2

Other Key Policy Documents

Table 4: Policy Document Cross-References

<i>Document</i>	<i>Prepared by</i>	<i>Linkages/comments</i>
Regional Housing Strategy	West Midlands Regional Housing Board/West Midlands Regional Assembly	Final draft published 22 June 2005. Will define priorities for investment in new affordable housing up to 2008.
Regional Planning Guidance/ Regional Spatial Strategy	West Midlands Regional Assembly (as Regional Planning Body)	RPG11 (June 2004) now forms part of the statutory development plan. [3] Its strategy has implications for future overall levels of housing growth within the District and Policy CF5 provides a framework for prioritising affordable housing needs.
Stratford District Community Plan	Local Strategic Partnership	Adopted by the District Council 2004. Identifies meeting affordable housing needs as a cross-cutting theme.
Corporate Strategy	Stratford-on-Avon District Council	Sets corporate objectives. Includes provision of more affordable homes as a major objective. Covers period 2005-08.
Housing Strategy	Stratford-on-Avon District Council	Current Strategy covers the period 2006-2011. Defines the Council's policies and priorities for creating a balanced housing market.
Homelessness Strategy	Stratford-on-Avon District Council	Adopted 2003. Identifies lack of affordable homes as a key cause of homelessness. The policies in this SPG will assist in preventing homelessness by boosting the supply of affordable homes.

<i>Document</i>	<i>Prepared by</i>	<i>Linkages/comments</i>
Cotswolds AONB Management Plan	Cotswolds Conservation Board	Adopted by 17 local Authorities including Stratford-on-Avon in March 2004. The plan sets out in detail how the AONB will be managed in the future and the action that will be taken to keep the area special.

Appendix 3

Best Practice for Pre-application Consultation and Planning Applications

Introduction

1. Paragraph 6.10 of this SPG refers.
2. The purpose of this Appendix is to provide applicants and/or their agents with a concise source of best practice advice on:
 - What to do at pre-application stage.
 - The range of information that should be submitted as part of or in support of a planning application.
3. Following this best practice advice will facilitate the expeditious handling of planning applications by the District Council and improve their chance of success.
4. In order to meet Government development control performance targets, it may be necessary to refuse applications where the advice within this Appendix has not been followed.

Pre-application consultation

5. Pre-application consultation should be undertaken with the local community and the nominated housing association to cover the issues listed below.

Planning application information requirements

6. The following information should be provided with any planning application, **in addition** to the standard requirements in respect of application forms etc.
 - Statement of community participation (where applicable) in accordance with Statement of Community Involvement.
 - Design statement.

- Statement of how the proposed development meets identified needs, with particular reference to the stock profile.
- Information with regard to the following:
 - Total number, and floorspace and number of bedrooms of each dwellings.
 - Proposed arrangements for the provision of affordable housing including details of pre-application discussions with partner housing associations.
 - Distribution of affordable housing within a site.
- Proposals to secure delivery (e.g. transfer of land or completed properties) through the involvement of the Council's partner housing associations. This could include either a) signed conditional purchase contract with one of the Council's partner housing associations or b) a draft Planning Obligation (section 106 agreement)
- Statement of conformity with relevant design and accessibility standards.
- Information to demonstrate that the development can be undertaken without the need for Social Housing Grant. Use should be made of the methodology in **Appendix 5**.

Appendix 4

Useful Contacts

Paragraph 13.3 of this SPG refers.

Table 5: Useful Contacts

Bromford Housing Group	Holly Farm Business Park, Honiley, Kenilworth, Warwickshire, CV8 1NP Tel. 01926 485381
Gloucestershire Housing Association	2 St Michael's Court. Brunswick Road, Gloucester, GL1 1JB Tel. 01452 541810
Jephson Homes Housing Association	1st Floor, Trafalgar House, King Street, Dudley, DY2 8PS Tel. 01384 231516

South Warwickshire Housing Association	10 Greenhill Street, Stratford-upon-Avon, Warwickshire, CV37 7LG Tel. 01789 404400
Warwickshire Rural Housing Association	Whitwick Business Centre, Stenson Road, Coalville, Leicestershire, LE67 4JP Tel. 01530 276545
Rural Housing Enabler for Warwickshire	Warwickshire Rural Community Council, 25 Stoneleigh Deer Park, Kenilworth, CV8 2LY. Tel. 02476 531290.

Appendix 5

Methodology for Calculation of Internal Cross-Subsidy and Illustrations

Introduction

1. Paragraph 9.12 of this SPG refers.
2. This Appendix provides two Worked Examples. These are for illustrative purposes only. They are intended to illustrate possible scenarios for the practical application of the policies set out in this SPG.
3. Use of the methodology in Worked Example 1 is recommended as best practice for prospective developers when undertaking a financial appraisal of a potential development site. Its use will result in calculation of a residual land value.
4. The District Council will have regard to the outcome of a financial appraisal using this methodology when applying **Key Principle 2**.
5. If (as in the example given below) the residual land value is *positive*, it should be possible to provide the required proportion of affordable housing *without* the need for any public subsidy (such as Social Housing Grant). This is because it will, in effect, benefit from internal cross-subsidy via a reduced land value.
6. The methodology may be used to construct a financial forecasting model (for example a spreadsheet application). Refinements may be introduced to reflect the availability of data, subject to the calculations producing a residual land value.
7. It may be appropriate to run the model several times to test the viability of different scenarios and the sensitivity of the results to changes in the assumptions used.

8. The methodology should form the basis of an 'open book' approach to the assessment of development viability. If requested, the District Council will treat information provided in this way as submitted in commercial confidence.

9. If a *negative* residual land value results (considered highly unlikely in the context of the high residential property prices prevailing within Stratford-on-Avon District), there may be a case for:

- In the first instance, deploying public subsidy (usually Social Housing Grant) to ensure the continued viability of a scheme or, failing this,
- Reducing the overall proportion of affordable housing to a level required to produce a 'break even' position.

10. In such circumstances it is essential to discuss the matter beforehand with the District Council and its partner housing associations before proceeding to a planning application.

Worked Example 1

11. In this example, a net site area of 1.5 hectares is assumed. This results in a development density of 33.3 dwellings per hectare. The cost per hectare of land is £1,951,500 (equivalent to about £790,000 per acre).

12. It is clearly the case that the normal 35% affordable housing requirement is capable of being met in full without the need for any grant subsidy or indeed developer cross-subsidy.

13. The figure at Step 2 below is based on the following dwelling mix:

- 10 houses at 65 m² each = 650 m² (average selling price per market dwelling = £162,500)
- 15 houses at 85 m² each = 1,275 m² (average selling price per market dwelling = £212,500)
- 10 houses at 95 m² each = 950 m² (average selling price per market dwelling = £237,500)
- 15 houses at 120 m² each = 1,800 m² (average selling price per market dwelling = £300,000)

Total: 50 dwellings (4,675 m² floorspace).

14. The figure at Step 7 below is the proportion of the cost of the affordable housing that will be met from rental and/sales income stream(s).

Table 6: Methodology for Calculation of Internal Cross-Subsidy

Methodology Step	Worked example
1. Estimate total capacity of site (number of dwellings)	50
2. Estimate total residential floorspace	4,675 m ²
3. Calculate required proportion of affordable housing	18 dwellings or 1,636 m ² (at 35% of figure at 2 above)
4. Revised affordable floorspace requirement arising from Worked Example 2 - Table 8 below	1,365 m ²
5. Deduct result of Step 3 from Step 2 to give net amount of saleable market housing floorspace	3,310 m ²
6. Estimate gross income from sales stream from market sale housing	£8,275,500 (assumed @ £2,500 per m ²)
7. Add estimated income from sale of affordable housing	£682,500 (@ £500 per m ²)
8. Add results of Steps 6 & 7 to give total gross income from development	£8,957,500
9. Estimate total build and on-costs (including cost of other planning obligations)	£4,675,000 (assumed @ £1,000 per m ²)
10. Deduct results from Step 9 from total at Step 8 to give gross development profit	£4,282,500
11. Deduct profit margin (say 15%)	£642,375
12. Result is net residual land value	£3,640,125

Worked Example 2

15. In this example, one possible scenario for the implications of the Council's optimum approach to the mix and tenure split set out in **Key Principles 9 to 11** and **13** is illustrated. It is based on the hypothetical development scheme illustrated in Worked Example 1.

16. Table 7 below illustrates the effect of apportioning the overall affordable housing requirement (as per **Key Principle 2**) by tenure and size (as per **Key Principle 10**), taking into account the minimum space standards set out in **Key Principle 13**, to produce an approximate "best fit". It will be seen that this scenario produces an overall scheme for 18 affordable homes, equating to 29.2% of the total

floorspace.

Table 7: Optimum Split of Affordable Housing by Size and Tenure

Property Size/Type	Tenure				Total	
	Rent		Shared Ownership sale			
	%	No/qty	%	No/qty	%	No/qty
General percentages within the 35% affordable	67%		33%		100%	
No of Units (Floorspace m2)		12 (1,096)		6 (540)		18 (1,636)
Nominal requirement by unit type (Floorspace m2):						
2 bed flats and houses	60%	7 (658)	60%	4 (324)		
3 bed houses	20%	2 (219)	25%	1 (135)		
4 bed houses	20%	2 (219)	15%	1 (81)		
Total	100%	1,253	100%	617	100%	18 (1,636)
Best fit by unit type:						
2 bed 3 person houses (65 sq m each)	58%	7 (455 sq m)	75%	4 (260 sq m)		11 (715 sq m)
3 bed 5 person houses (85 sq m each)	25%	3 (255 sq m)	25%	1 (85 sq m)		4 (340 sq m)
4 bed 6 person houses (95 sq m each)	8%	1 (95 sq m)	0%	1 (95 sq m)		2 (190 sq m)
4 bed 8 person houses (120 sq m each)	8%	1 (120 sq m)		0		1 (120 sq m)
Total	70%	12 (925 sq m)	30%	6 (440 sq m)	100%	18 (1,365 sq m)

All figures are subject to rounding.

Appendix 6

Methodology for Calculating Financial Contributions in Lieu of On-Site Provision of Affordable Housing

1 Introduction and Summary

1.1 Paragraph 10.6 of this SPG refers.

1.2 This Appendix explains the Council's approach towards accepting alternatives to actual on-site provision in exceptional circumstances and, in the case of financial contributions, two options for calculating such contributions. A worked example of such a calculation is included at the end.

1.3 This guidance is intended to continue to ensure a fairer, more transparent and consistent approach on this matter.

2 Background Information

2.1 The SPG explains that in the vast majority of cases it will only be appropriate for provision to be on site, in line with paragraph 21 of the Circular 6/98. This also reflects the importance of social integration. However paragraph 22 of the Circular advises that in certain circumstances a Local Planning Authority and a developer may agree that *"... it is nonetheless preferable that a financial or other contribution should be made towards the provision of the element of the affordable housing on another site in the local planning authority's area .."*. This Appendix is intended to provide a clearer framework for dealing with the very limited number of cases where this situation may arise.

3 Practical Difficulties Associated With Off-Site Provision

3.1 Before advocating the alternative of any form of off-site provision, prospective developers are asked to appreciate that its acceptance runs the risk of creating a significant number of practical difficulties.

3.2 In the case of financial contributions in lieu of on-site provision, the Council's Partnership Registered Social Landlords (RSLs) will need to:

- Find suitable alternative land or property to purchase in the locality.
- Prepare and submit schemes for approval within the budget provided by any cash contribution.
- Ensure any scheme fit in with their own and the Council's annual capital programmes.
- Complete their purchase of alternative sites or properties.

3.3 All the above will take time, and is subject to potential risk, delay and uncertainty. Allowance must also be made for the effects of inflation.

3.4 It is equally important that there should be the reasonable prospect of the equivalent alternative provision of affordable housing occurring within the same town or village within the same timescale as the development giving rise to the affordable housing requirement. The onus should therefore be on a prospective developer to fully investigate these prospects. For the purpose of any evaluation exercise, a five year time horizon is considered appropriate, as this reflects the normal life of a planning permission. Without such a safeguard there is a risk of the responsibility of implementation that would otherwise occur on-site being "dumped" onto the Council and its Partnership RSLs.

4. General Principles

4.1 The primary objective of LPR Policy **COM.13** is to facilitate the actual delivery

of affordable housing. It therefore follows that such housing should always form an integral part of new housing schemes as and when they come forward for development.

4.2 The District Council's general policy on off-site provision is therefore set out in **Key Principle 7**. Detailed guidance on the interpretation and implementation of this policy is given below.

4.3 In order to satisfy test (4) of **Key Principle 7**, it may be necessary for a developer to clearly demonstrate the availability and suitability of an alternative site by submitting a parallel planning application covering the "off-site" element. This applies in cases where a developer proposes physical provision on an alternative site within his ownership or control. It will be necessary for any such parallel application to be approved first to demonstrate the suitability of the alternative site.

5. Exceptional Circumstances

5.1 If a site is both suitable for housing development within the terms of the LPR and also falls within the scope of Policy **COM.13**, the alternative of off-site provision of affordable housing will be inappropriate. Therefore such cases are likely to be very exceptional and by their very nature it is impossible to provide an exhaustive list of such exceptional circumstances in this guidance note.

5.2 Nevertheless possible examples of such circumstances include:

- (1) Cases where physical constraints on the site and/or its surroundings necessitate development to such a low density that the size of gardens and/or management costs would render the maintenance of affordable housing uneconomic on the site.
- (2) Cases where an alternative site, in the same town or village:
 - (a) is in the ownership or control of the prospective developer, and;
 - (b) is suitable for residential development in planning terms, and;
 - (c) where the same quantity, type and quality of affordable housing could be made available at an **earlier** date.

6. Practical Considerations

6.1 If a developer considers there are sound *planning* grounds for preferring the alternative of off-site provision, the developer should submit at the earliest possible opportunity (preferably before a planning application is lodged) the following information:

- (1) Brief details of the proposed development in question, including the anticipated development timetable.
- (2) A detailed explanation of why the alternative of off-site provision is

considered more appropriate (having regard to the advice elsewhere in this note) in this particular case.

(3) Details of the alternative proposed. For example, a cash contribution to be secured by way of a Section 106 Agreement equivalent to the cost of providing a specified number of homes off-site.

(4) Either:

(a) Details of an alternative site:

- in the same town or village, and;
- in the ownership or control of the developer, and which;
- either benefits from an extant planning permission or is acceptable for development in terms of the Local Plan's policies, and which;
- the developer proposes to make available at an earlier date as an alternative site for the required affordable housing.

Or:

(b) Details of the enquiries that the developer has made of the Council's Partnership RSLs confirming the firm availability:

- within the likely timescales of the proposed development (and in any case within three years), and;
- within acceptable costs (i.e within TCI figures – see below of suitable land or buildings (which could include existing identified dwellings in a satisfactory condition) which an RSL would be prepared to acquire in order to provide an alternative off-site location for the required affordable housing.

7. Parity

7.1 In order to remove any inadvertent financial incentive to the developer for off-site provision, and to reflect the added difficulties of off-site provision, it is considered fair and reasonable to require parity of provision. The way the 'parity' rule would work is illustrated in the example below:

7.2 **Worked Example 3:**

7.2.1 Assuming:

- a housing scheme consisting of 20 dwellings is proposed;
- provision of 35% of these homes (equating to 7 dwellings) in the form of affordable housing is agreed, but;
- a cash payment in lieu is agreed in accordance with this guidance.

7.2.2 In such circumstances, the ratio of 10:3.5 (20:7) would be applied to the increased number of open market homes (20:7 = 27), or 35% of 27 = 9 (rounded to

the nearest whole dwelling unit). In other words, whereas on-site provision would have been for 7 dwellings, the cash-in-lieu contribution would have to be for 9 dwellings i.e. 45%. The actual percentage contribution will vary depending upon the size of the scheme (due to the effects of rounding) and could in some cases be up to 50%.

8. Methods of Calculating Contributions

8.1 Where a financial contribution is appropriate, the contribution will be calculated according to one or other of the following two options. Both are based on the principle that the contribution should be equivalent to the amount of subsidy required to secure delivery of an equivalent level of affordable housing off site, adjusted as necessary by the parity rule set out above:

1. **Option 1.** A fully costed proposal to be funded with a contribution determined by prior agreement with one of the Council's partner housing associations, or
2. **Option 2.** A contribution calculated on basis of the formula set out at paragraph 8.3 of this Appendix, subject to indexation.

8.2 Please note that before any calculation can be properly made using this formulae it will be necessary to agree a surrogate stock mix. This will be proposed by the Council with reference to current information on housing needs.

8.3 In cases where **Option 2** above is agreed, the contribution will be calculated using the Housing Corporation's Total Cost Indicator (TCI) system and the following formula:

$$TCI \text{ £ per unit } \times \% SHG \times N = \text{£ contribution}$$

Where:

TCI = TCI for each type of unit of accommodation, being the current TCI published by the Housing Corporation applicable to that type of unit, adjusted as necessary by appropriate Key and Supplementary Multipliers.

SHG = Social Housing Grant rate. Social Housing Grant is normally expressed as a total proportion of actual scheme costs that will be funded by the Housing Corporation.

N = Number of affordable housing units (at parity) (rounded up to the nearest whole unit).

8.4 A potential drawback of the above option is that TCI figures may not fully reflect the costs of provision, although this is partly compensated for by application of the 'parity' rule. Moreover, the Housing Corporation are reviewing the TCI system,

and the latest available TCI figures were published in October 2003. It is therefore necessary to apply the indexation provisions set out at paragraph 10.1 below.

9. Arrangements for Payment or Physical Provision Off-Site

9.1 The necessary legal agreement will provide for any financial contribution-in-lieu or physical provision off-site elsewhere to be made prior to the commencement of development, and in any case within twelve months of the date of the agreement. This latter provision is considered to be justified by the need for this Authority to maintain a stable social housing enabling programme.

10. Indexation

10.1 Having regard to paragraph 8.4 of this Appendix, and in order to protect the value of financial contributions from erosion by inflation, the Section 106 Agreement by which by which such contributions will be secured will provide for these to be based upon either:

- (1) The figures applicable at the time the payment is actually made, or
- (2) By reference to an appropriate indexation mechanism, for example:
 - (i) movements in average house prices within the District as reported in date published by the Land Registry, in the case of schemes involving open market property purchases or
 - (ii) the RICS Building Cost Index, in the case of land exchanges.

Therefore prospective developers are warned that the actual payment required could be greater if it is not made in the same financial year in which the corresponding legal agreement is signed.

11. Provision In Kind

11.1 Whilst proposals for provision in kind of land or property within the same town or village as the development giving rise to a requirement for affordable housing will be considered, such provision will only be acceptable where:

- (3) This Authority is satisfied that the objective of social integration would not be compromised.
- (4) The off-site provision would be equal to or better than that which would have been provided on-site.

12. Outline Planning Applications

Where a financial contribution-in-lieu is appropriate, this will need to be determined with reference to the number of dwellings to be built on site. In the case of outline planning

applications, the number of dwellings is not normally known. Therefore the calculation will therefore need to occur at the "reserved matters" submission stage, and will be based on the TCI and Social Housing Grant figures prevailing at that time.

13. Worked Example 4 - Formula For Calculating Off Site Contributions

13.1 The approach is based on the Housing Corporation (HC) funding framework, which is based on a "Total Cost Indicator" for each scheme together with an appropriate grant rate for the Public subsidy.

13.2 The Total Cost Indicators 2004/05 and 2005/06: Guidance Notes (October 2003) explain:

Explanation of TCI

"A key objective of the funding system is to achieve value for money in return for grant, and to ensure the correct level of grant is paid. TCIs form the basis of this system, and are divided into unit type and cost group area categories.

TCIs apply equally to units funded with Social Housing Grant by the Housing Corporation, or those sponsored by a local authority.

TCIs represent the basis for a cost evaluation of Social Housing Grant funded units. TCIs are also used to calculate the maximum level of grant or other public subsidy payable."

13.3 The TCI guidance identifies a number of different "bands" which draw together districts with similar costings. Stratford-upon-Avon sits within TCI band B1. The house types are not defined by number of bedrooms, but by size in square metres, against which a total cost is applied.

Table 8: Extract from 2004/05 and 2005/06 HC TCI Base Table for Self Contained Accommodation

Unit Floor area per m ²	Persons	TCI Group
Up To 25m ²	1	60,000
Exceeding—not exceeding	1	
25–30m ²	1 and 2	67,800
30–35m ²	1 and 2	75,100
35–40m ²	2	82,400
40–45m ²	2	89,700
45–50m ²	2 and 3	97,000
50–55m ² Notional 1 bed	2 and 3	104,300
55–60m ²	3 and 4	111,600
60–65m ²	3 and 4	118,900
65–70m ²	3,4 and 5	126,200
	3,5 and 5	133,500

70–75m ²	4,5, and 6	140,800
75–80m ² Notional 2 bed	4,5, and 6	148,100
80–85m ² Notional 3 bed	5 and 6	155,400
85–90m ² Notional 3 bed	5 and 6	162,700
90–95m ²	6 and 7	169,900
95–100m ² Notional 4 bed	6 and 7	177,200
100–105m ²	6,7 and 8	184,500
105–110m ²	6,7 and 8	191,800
110–115m ²		199,100
115–120m ²		

13.4 In order to use this information in setting some form of benchmark for a standard approach to developer contributions, judgments need be made as to which sized units should be “benchmarked” as 1, 2, 3, and 4 bed houses. The bands highlighted have been selected as possible examples and marked accordingly on the table. These tend to err on the large side, and if necessary, smaller sized units could be used.

13.5 The Housing Corporation funding model assumes that the difference between the grant provided and the total cost of the unit can be raised by the RSL by way of private finance, which is effectively offset by the rents received. If the rent was required to cover the full cost of producing the unit without subsidy, then the rents would need to be higher and would not be “affordable”.

13.6 The applicable grant is now calculated using a complex Grant Calculator model, which effectively calculates the grant for each unit individually. It is therefore sensible to choose an “average” subsidy figure for each house type as a working tool.

14. Worked Example 5: Application of TCI Methodology

14.1 Agreement has been reached that due to the specific circumstances of the site, a commuted sum representing 47% affordable housing will be acceptable.

14.2 No grant will be payable. RSL on-costs will not apply and therefore the commuted sum is calculated based on 100% TCI.

14.3 Site A is one hectare at a density of 30 dwellings to the hectare. The affordable housing requirement at 47% is 14 units. Of this 10 are to be affordable for rent and 4 are to be affordable shared ownership.

Basic TCI per 2 bed unit: £140,800

Basic TCI per 3 bed unit: £155,400

For affordable housing units:

100% TCI for the project: this would deliver 5 x 2 bed units and 5 x 3 bed units at a cost of (5 x £140,800) + (5 x £155,400).

Total Scheme Costs: £1,481,000

If the grant rate is 60% the commuted sum payable for the affordable housing for rent = total scheme costs x 60% = £1,066,320

For shared ownership units:

100% TCI for project: this would deliver 1 x 2 bed unit and 3 x 3 bed units at a cost of (1 x 140,300) + (3 x 155,400).

Total scheme costs: £606,500

If the grant rate is 30% the commuted sum payable for the shared ownership = total scheme costs x 30% = £181,950.

Total commuted sum therefore is £1,066,320 + £181,950 = £1,248,270

14.4 The agreed financial payment in lieu will also need to take account of the off site costs associated with the development of the site concerned including site servicing costs and development costs associated with the planning requirements of the site.

14.5 The Housing Corporation has indicated that the TCI system is to be reviewed and therefore any mechanisms based on the current funding framework approach may need to be reviewed. It is recognised that the Worked Examples in this Appendix will therefore need to be updated.

Appendix 7

Local Plan Review Allocated Housing Sites and Nominated Housing Associations

Paragraph 13.3 of this SPG refers.

Table 9: Site Nominations

<i>LP ref.</i>	<i>Site</i>	<i>Nominated HA</i>
	<i>Stratford-upon-Avon:</i>	
SUA.I	Cattle Market, Alcester Road	Bromford/ Gloucestershire
SUA.J	Arden Street	<i>Not yet allocated</i>
SUA.K	Arden Street / Birmingham Road / Western Road	<i>Not yet allocated</i>
SUA.L	Regal Road	Bromford
SUA.M	Greenhill Street / Grove Road	Jephson
SUA.N	Windsor Street	<i>Not yet allocated</i>
SUA.O	Guild Street (north side)	Bromford

SUA.P	Guild Street (south side)	Bromford
SUA.S	Evesham Road	Gloucestershire
SUA.T	Bishopton Lane	Jephson
SUA.W	Land west of Shottery	<i>Not yet allocated</i>
SUA.X	Egg Packing Station, Bishopton Lane	<i>Not yet allocated</i>
SUA.Y	Land South of Kipling Road	<i>Not yet allocated</i>
SUA.Z	197-207 Banbury Road	<i>Not yet allocated</i>
	<i>Main Rural Centres:</i>	
ALC.B	Bleachfield Street, Alcester	Bromford
BID.C	Waterloo Road, Bidford-on-Avon	Gloucestershire
BID.E	Friday Furlong, Bidford-on-Avon	South Warwickshire
HEN.C	Cattle Market, Henley-in-Arden	South Warwickshire
HEN.D	High Street, Henley-in-Arden	Not yet allocated
KIN.B	King John's Road, Kineton	South Warwickshire
KIN.C	Banbury Road, Kineton	Jephson
SOU.B	High Street, Southam	Warwickshire Rural
SOU.C	Wattons Lane, Southam	South Warwickshire
STUD.B	Alcester Road, Studley	Warwickshire Rural
SHIP.C	Land at Renault Agriculture Ltd, Tilemans Lane, Shipston-on-Stour	Gloucestershire

Appendix 8

Glossary of Terms and List of Abbreviations

Affordable Housing

Housing satisfying the criteria set out in **Key Principle 8** of this SPG.

Development Plan

A document setting out the local planning authority's policies and proposals for development and the use of land and buildings in the authority's area. It includes Unitary, Structure and Local Plans prepared or 'saved' under transitional arrangements.

It also includes the new-look Regional Spatial Strategies and Development Plan Documents prepared under the Planning and Compulsory Purchase Act 2004.

Housing Corporation

The Housing Corporation is the agency responsible for managing the funding and regulation of the Government's affordable housing programme through RSLs.

Key Workers

The definition of key workers may vary over time and from area to area and will require different responses particularly with regard to tenure. Local circumstances will mean that often the definition will apply to key support staff in those occupations who are often on low incomes and therefore unable to find suitable and affordable accommodation. The Housing Strategy may provide further guidance.

Mortgagee in Possession Clause

Where the Council seeks to impose occupancy controls, lenders of private finance often require the RSL to negotiate for the inclusion of clauses in planning obligations which would enable the lender to dispose of the property on the open market, as a last resort, if the RSL is in financial difficulties. Such clauses are known as mortgagee in possession clauses.

Nomination Agreement

Nomination agreements between the Council and a RSL are used to ensure that affordable housing is held for local people in affordable housing need. The Council requires a proportion of nomination rights to new affordable housing.

Registered Social Landlord (RSL)

RSL refers to a housing landlord registered with the Housing Corporation. RSLs may be charities that are housing associations, industrial and provident societies and not-for-profit companies. As paragraph 27 of DTLR Circular 6/98 emphasises the involvement of an RSL ensures the future occupancy of affordable housing is controlled. Their continuing interest in the property ensures control over subsequent changes of ownership and occupation. This provides two safeguards. First, RSLs are obliged to have publicly available policies and procedures for allocating tenancies which is part of the Housing Corporation 'Performance Standards' for RSLs, reinforced by the Tenants Guarantee. These should be 'open, fair and based on housing need'. Second, should disposal of RSL assets become necessary, it will generally take place under Housing Corporation controls.

Section 106 Agreements

An agreement made under Section 106 of the Town and Country Planning Act 1990, between a local planning authority and developers specifying, for instance, that a proportion of a development site be reserved for affordable housing. S106 agreements run with the land and apply to successive owners. The delivery of affordable housing will normally be through a S106 agreement as the provisions governing the provision of affordable housing and its future retention are often too complex to be suitable for inclusion within a condition.

Shared Ownership

Occupier shares ownership of part of house (paying a mortgage) and normally also pays an affordable rent on the remainder to a RSL. Occupier can sometimes 'staircase' by acquiring additional tranches, up to full ownership.

Social Housing

Housing of an adequate standard which is provided to rent or on a shared ownership basis at below market cost for households in need and managed by RSLs operating on a basis of accepted and regulated standards of good practice in relation to physical conditions, management, allocation, equal opportunities, and accountability to tenants and other stakeholders.

Social Housing Grant

Social Housing Grant is paid by the Housing Corporation to RSLs for capital investment in affordable housing.

Special Needs/Supported Housing

This encompasses a wide variety of different types of accommodation usually in the ownership of local authorities and RSLs, not all of which are affordable. Such accommodation is provided for people with some special disability or requirement in addition to their need for a home e.g. people who are physically disabled, people with mental health problems or older people. It includes group homes, hostels, cluster flats, shared housing and ordinary flats. The majority of such accommodation will be to rent to those who are unable to compete in the open market e.g. sheltered housing.

Total Cost Indicators (TCIs)

This is a system used by the Housing Corporation to determine the normal cost of producing certain types and sizes of dwellings at any location in England, using data on property and construction costs.

Appendix 9

Options for Local Occupancy Controls

1. The following package of measures is suggested as a possible way of satisfying the requirements of **Key Principle 1**.

1. Market research

2. Market research should be used to gauge the nature and scale of local need for market housing, as well as affordable housing. The outcome of such research should directly inform the design of any scheme (the number, types and size of any homes proposed etc.). Ideally, such research should be carried out in the context of preparation

of a Parish Plan (or equivalent), although it could also be undertaken in the context of a local housing needs survey. It is important that such research is **led by the local community** concerned, not by the aspirations of speculative developers. Evidence of this market research must accompany any planning application.

2. Marketing plan

3. A marketing plan should be produced at an early stage. Preferably a draft plan should be the subject of informal pre-application consultation with the local community concerned. This draft plan should also accompany any planning application. It is anticipated that a S.106 Agreement will require the submission to, and approval of, such a plan to the District Council prior to the commencement of development. The overall aim of the plan is to identify how the marketing and sale of the homes in question will be targeted specifically at local households. The plan should therefore identify:

- The target market (expressed as the number of households within a defined locality).
- The channels to be used for communicating marketing information. This could include any combination of conventional means – such as local estate agents or advertising in the local press – or less conventional means – such as advertising in local parish magazines etc.
- How the details and practical implications of the local occupancy restrictions will be communicated to prospective (initial and subsequent) purchasers. This is essential to avoid any misunderstandings.

4. Approval of such a plan should be a formality provided the District Council is satisfied that it:

- Has been the subject of effective pre-application consultation with the local community concerned, and
- Would be effective in its over-riding objective, as described above.

3. Local occupancy restrictions

5. A Section 106 Agreement will regulate every 'Local Choice' scheme. Its legally-binding provisions will run with the land; in other words it will apply both to any initial homebuyers and subsequent purchasers. In this way, legal force will be given to the local occupancy restrictions described below. The agreement will contain clauses requiring that no property shall be occupied by, or any legal interest in the property sold or otherwise assigned to, any person other than a person satisfying the local occupancy criteria (see 4 below). The practical effect of the agreement will therefore be to restrict initial and subsequent sale and occupancy of the homes to households with local connections. This is fundamental to the achievement of the objectives of 'Local Choice' schemes; namely to meet an identified local housing need.

6. The above arrangements are proposed as an alternative to the imposition of

restrictive covenants, as there presently appear to be doubts as to the enforceability of such covenants. However, to allow for reasonable mitigation of risk, there will be two (but only two) mechanisms whereby the local occupancy restrictions will be relaxed:

- (i) In the case of 'mortgagees in possession'.
- (ii) In cases where a prolonged delay in the sale of a property could cause undue hardship.

7. The relaxation at 6(i) above is considered necessary in order to allow mortgage lenders to lend with confidence. A special mechanism is proposed, based on existing arrangements. Subject to certain procedural requirements (including pre-emption rights), this would allow a mortgagee in possession to sell a property on the open market.

8. Local occupancy restrictions will, of course, have the effect of restricting the number of potential purchasers if an owner wishes to sell. However it is recognised that in some cases a prolonged delay in the sale of a property could cause undue hardship. To address this issue, the following arrangements are proposed.

- Before offering their home for sale, an owner will first be required to obtain an independent valuation (at their own expense). This is intended to ensure that a fair and reasonable asking price is sought from the outset and prevent abuse of this dispensation. The valuation should reflect the local occupancy restrictions.
- If no sale has been agreed within a period of three months from the date on which the property was first offered for sale, then the local occupancy criteria will be widened to households satisfying the local occupancy criteria *but in respect of the whole of Stratford-on-District*.

4. Local occupancy criteria.

9. The ownership and occupancy of any dwellings in question will be restricted to a householder and any household members satisfying any one or more of the following criteria:

- (i) The person concerned was **born** in the parish of ***** or
- (ii) **Presently resides** in the parish of ***** and has been lawfully and ordinarily resident within that parish for a continuous period of not less than twelve months or
- (iii) **Was** lawfully and ordinarily **resident** within the parish of ***** for a continuous period of not less than three years or
- (iv) Is **presently employed or self-employed** on a whole time basis in the parish of ***** and whose main occupation has been in the parish of ***** for a continuous period of not less than twelve

months or

(v) Presently **has a close family member** lawfully and ordinarily **resident** within the parish of ***** and who has been ordinarily resident within the parish for a continuous period of not less than three years (a "close family member" meaning a mother, father, brother or sister).

5. Monitoring.

10. To maintain public confidence in the 'Local Choice' initiative, monitoring arrangements will also need to be put in place, and given legal force through the terms of the relevant S.106 Agreement. However it is important that such arrangements should avoid creating an unduly onerous administrative burden for any party. It is therefore proposed that agreement will include a clause requiring written notice of any intended sale to be served on the District Council. Such notice should:

- State the address of the property to which the notice relates.
- State the name(s) and address(es) of the proposed purchaser(s).
- State which one or more local occupancy criteria the proposed purchasers are relying on to satisfy the terms of the relevant restrictive covenant, together with a statement of any relevant circumstances.

Appendix 10 Bibliography

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[1] 'Meeting the needs of the District's rural communities' – SPG on the operation of Policy COM.1 was adopted by the Council on 14 April 2003.

[2] 'Stratford-on-Avon District Design Guide, SDC, April 2001.

[3] Although the Warwickshire Structure Plan 1996-2011 remains a 'saved' plan up to 2007.

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