



**HEREFORDSHIRE  
COUNCIL**

**HEREFORDSHIRE COUNCIL**

**DRAFT REVISED SUPPLEMENTARY  
PLANNING GUIDANCE**

**JULY 2004**

**PROVISION OF AFFORDABLE  
HOUSING**

---

## CONTENTS

|  | Page No. |
|--|----------|
| 1. Introduction  | 3        |
| 2. Definition of Affordable Housing  | 5        |
| 3. Legislative and Policy background for the Provision of Affordable Housing           | 7        |
| 4. Evidence of the need for Affordable Housing   | 10       |
| 5. Opportunities for the provision of Affordable Housing                               | 13       |
| 6. Negotiating for Affordable Housing  | 16       |
| 7. Securing Affordable housing and Controlling Occupancy                               | 19       |
| 8. Financial Contributions in Lieu of On Site/Off Site provision of Affordable Housing | 21       |
| 9. Appendices  | 26       |
| 1. RSLs with an active development programme in the County of Herefordshire            |          |
| 2. Glossary  |          |
| 3. Development Plan Policies   |          |
| 4. Procedure for the Provision of Affordable Housing                                   |          |
| 5. Affordable Housing Brief  |          |
| 6. Housing Corporation Total Cost Indicators 2004/5 & 2005/6 for Herefordshire         |          |
| 7. Herefordshire Council Contacts  |          |
| 8. List of completed Housing Need Studies  |          |
| 9. References  |          |

---

# 1. INTRODUCTION

## 1.1 INTRODUCTION

- In accordance with the requirements of Planning Policy Guidance Note 12, this Supplementary Planning Guidance (SPG) note has been produced by the Council to provide additional information to assist with the implementation of affordable housing policies contained within the five adopted development plans that apply in Herefordshire.
- The County of Herefordshire District Council was formed in 1998, as a Unitary Authority, following Local Government Reorganisation. This led to the amalgamation of five authorities including the Herefordshire part of the former County Council of Hereford and Worcester; the District Councils of Hereford City, South Herefordshire and Leominster, and the western part of the Malvern Hills District.
- Each of these outgoing authorities had their own development plan. These plans will continue to provide the statutory planning framework and the reference point for development control up until adoption of the emerging Unitary Development Plan, which is anticipated in 2005. These Development Plans were prepared in the context of the former PPG3 of 1992 and several were adopted pre Circular 6/98.
- In producing this guidance the Council has also had regard to Central Government's advice contained in PPG3 (March 2000), Circular 6/98, the Council's Housing Investment Strategy and the Housing Needs Studies 1999 and 2001.
- The Council is strongly committed to the delivery of affordable housing within Herefordshire and will make effective use of its planning powers to secure affordable housing to satisfy local housing requirements.
- A variety of bodies play a part in the provision of affordable housing. Within the Council the Planning Services and Strategic Housing Services have worked together to establish need and identify opportunities for provision. Within Herefordshire, a number of National and local Registered Social Landlords (RSLs) are involved in the provision of affordable housing, working in partnership with the Council, the Housing Corporation and the private sector, including developers and lending institutions.
- The original SPG was written in 2001. This 2004 version has been updated to include information from the 2001 Housing Needs Study and current data regarding affordability. This document will be reviewed regularly to ensure it remains relevant reflecting the housing situation in Herefordshire. The SPG will also be reviewed once the UDP has been formally adopted ensuring the SPG is consistent and relates to the policies of this replacement plan.

## 1.2 AIMS

The SPG aims to:

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

## 1.3 SCOPE AND STATUS OF THIS GUIDANCE

- There are a number of different ways in which affordable dwellings can be provided. This guidance is only concerned with the provision of affordable housing specifically through

---

the planning process. This includes dwellings provided through new development opportunities (i.e. on allocated, windfall, and exception sites).

- This revised draft SPG was approved for the purposes of consultation by the Planning Committee on 16<sup>th</sup> July 2004. This will then result in a consultation exercise.
- The contents of this guidance will be taken into account as a material planning consideration in determining planning applications.

#### 1.4 CONSULTATION

- An internal officer working group including Officers from a number of Council Departments including Planning, Strategic Housing, Research and Legal have worked together to produce this revised draft SPG.
- In line with the advice in PPG12, this revised draft SPG will be subject to a wide spread consultation prior to adoption. Circular 6/98 advises that landowners, developers, RSLs and the Housing Corporation are involved in the process of agreeing this SPG. The following organisations will be invited to comment on the revised draft SPG:
  - Herefordshire Partnership Housing Ambition Group
  - Registered Social Landlords active in Herefordshire
  - Housing Corporation
  - Government Office
  - House Builders Federation
  - Age Concern
  - Confederation of Passenger Transport
  - CPRE
  - Friends of the Earth
  - Herefordshire Health Authority
  - Herefordshire Joint Charter Group
  - Community Council
  - Countryside Agency
  - County Association of Local Councils
  - Environment Agency
  - Herefordshire Market Towns Forum
  - Shelter
  - Private Landlords Forum

---

## 2. DEFINITION OF AFFORDABLE HOUSING

### 2.1 DEFINITION OF AFFORDABLE HOUSING

*For the purposes of this SPG and in line with the West Midlands Local Government Association Housing and Environment Committee's definition published in 1999 and the Herefordshire's Housing Needs Study 1999:*

*Affordable housing is housing provided for rent or sale, at a price level which can be sustained by local people in housing need, where households are unable to access existing markets*

*Affordable housing can be categorised into two types:*

- (a) Subsidised housing provided by an organisation allocating on the basis of need. While such dwellings will normally be made available for rent, they may also include subsidised home ownership, such as shared ownership, where an RSL or local authority retains a continuing interest;*
- and,*
- (b) Low-cost market housing, helping to meet the needs of first time buyers, single people, the elderly and other low income households, that cannot afford to rent or buy houses generally available on the open market.*

*It is important to emphasise the distinctions between the roles of different categories of affordable housing mentioned above, and not to treat one as a substitute for another.*

In Herefordshire, the Housing Investment Strategy 2003-2006, which was informed by the Herefordshire Housing Needs Study 1999 and 2001 states that:

- The priority need for Hereford and the Market Towns is for category (a) housing.
- In the rural areas there is a need for category (a) housing, but category (b) housing will also have a role to play in meeting local needs.

However, as a result of current market trends, an overall balance between tenures would be considered more appropriate to meet a variety of housing needs and to create more balanced communities and therefore have a flexible approach to deliver the affordable housing provision.

In addition, the key priorities for Herefordshire may change following the revision of the Housing Investment Strategy which is currently taking place.

In order to justify low cost market housing, the developer must prove to the Local Authority that such housing will meet the needs of those who cannot afford market housing prevailing in the locality. The units must be made available to local people in housing need in perpetuity in line with the occupancy criteria as used for rural exception sites. The Council will also need to be satisfied that a legal mechanism is in place to ensure an objective assessment has been undertaken justifying that the prospective purchaser is in local need.

### 2.2 LOCAL NEED CRITERIA

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

- a) demonstrate that they are unable to secure a house on the open market due to a lack of available income and
- b) meet one of the following need criteria as identified below:

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

Other indicators of local need may be provided using the criteria used for admitting people to the Council's housing register.

For the purpose of this SPG, local will be regarded as the parish within which a person or persons are resident or employed, or resident within any adjoining parishes.

## 2.3 ASSUMPTIONS ON LOCAL AFFORDABILITY

For the purposes of this SPG certain assumptions have been used so that clearer guidance can be given to developers on the levels of affordability for the County. To assess affordability, both house prices and incomes have been taken into account to ensure that local households have the ability to access the properties being delivered. The figures provided will be updated on a regular basis to ensure that the data remains up to date. Developers are therefore advised to contact Strategic Housing Services for the most up to date figures.

### 2.3.1 House Prices

What is considered to be an affordable house price for the County will be based on the average house prices which are reported in the Quarterly Economic Report published by the Herefordshire Partnership in conjunction with the Herefordshire Council. This data is based on statistics received from Land Registry.

Actual average prices in Herefordshire for the period July – September 2003 were £91,971 for a flat or maisonette, £120,001 for a terraced house and £134,416 for a semi-detached house. (Land Registry figures)

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

### 2.3.2 Incomes

According to the New Earnings Survey (2003) carried out annually by the Office for National Statistics, median gross annual earnings for a full time worker on adult rates in Herefordshire are £17,468. (That is, 50% of workers earn more than this figure, and 50% earn less). In assessing affordable house prices for the County the following assumptions have been made based on research with Mortgage Lenders.

- The purchaser will obtain a 95% mortgage
- Where there is one earner in the household, the amount borrowed will be 3.5 times his/her gross earnings
- Where there are two earners in the household, the amount borrowed will be 2.5 times their joint gross earnings. A further assumption is that where there are 2 earners, the second earner works part time, earning half the full time amount (*census figures for Herefordshire show that in families with dependant children where there are 2 earners, in nearly three quarters of cases the second earner works part time*)

- 
- However, where the dual earners are seeking 3 bed accommodation an assumption has been made that through natural progression, there is a greater opportunity to secure a larger deposit. Therefore calculations for 3 bed have been based a 10% deposit.

Based on this information, the following occupancy assumptions will be made when considering the affordability of individual developments

- 1 bed            Single-earner household
- 2 bed            Dual earner household with 5% deposit.
- 3 bed            Dual earner household with 10% deposit.

### 2.3.3 Using these assumptions:

- A single-earner household could afford to buy a dwelling of **£64,360** (based on median earnings)
- A dual-earner household could afford to buy a dwelling of **£68,950** (based on median earnings and the assumption of 5% deposit)
- A dual-earner household could afford to buy a dwelling of **£72,780** (based on median earnings and the assumption of a 10% deposit)

### 2.3.4 Low Cost Market Housing

Where it is considered appropriate to provide low cost market housing, the assumptions in 2.3.1 – 2.3.3 will apply. Therefore any discount should be sufficient to meet local housing needs. Where it is agreed between the developer and the council that the level of discount would not enable a viable scheme, alternative affordable housing options will need to be provided i.e. subsidised housing. It should be noted that no grant will be available to subsidise a scheme of this nature.

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

### 2.3.5 Subsidised Housing

The county generally has relatively low incomes and many households will find it difficult to purchase on the open market. Therefore there will be a greater reliance to provide subsidised housing through working in partnership with registered social landlords.

Where RSL's are providing dwellings available for rent, affordable rents are seen to be rents that are within Housing Corporation Guidelines for the County. An indication of affordable rents can be obtained by contacting the preferred RSL partners or the Council.

To ensure that developments are sustainable and provide a range of housing to meet various needs, subsidised housing in the form of shared ownership will be encouraged where the housing costs do not exceed 30% of the gross earnings using the assumptions in 2.3.1 – 2.3.3 above. Should this figure of 30% be exceeded, the subsidised housing (for rent) will be requested.

The figure of 30% of gross earnings has been chosen for the following reasons:

- Looking at the Family Expenditure Survey 2000-2001 from the Office for National Statistics, a typical family with 2 children with income close to the median are shown as spending between 21% and 25% of their gross income on housing costs. Therefore, it would not be appropriate to use a figure above 30% which is already a relatively high percentage of gross income for this type of family.
- In taking a figure of 30% the SPG followed the practice used by other authorities: Borough of West Devon, Housing Strategy for 2003-2006, South Norfolk Council, Research paper into the Need for Key Worker Housing in the Greater Norwich Sub-Region, October 2003.

---

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

### 2.3.6 Affordable Market Housing for Rent

The council is keen to provide a range of affordable housing types and is currently undertaking research into the provision of market housing for rent that can be sustained by local people in housing need. The Strategic Housing Services section of the Council should be contacted to gain the latest information on this piece of work.



---

### 3 LEGISLATIVE AND POLICY BACKGROUND FOR THE PROVISION OF AFFORDABLE HOUSING

#### 3.1 HOUSING ACT 1985

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

#### 3.2 SECTION 54A TOWN AND COUNTRY PLANNING ACT 1990

The legislative background for the Council's affordable housing policies is based on Section 54A of the Town and Country Planning Act 1990. The Act makes affordable housing policies, contained in the County's development plans, a material planning consideration in all planning applications. The Act states:

"Where, in making any determination under the Planning Acts, regard is to be had to the development plan, the determination should be made in accordance with the plan unless material considerations indicate otherwise."

(Note: The Town and Country Planning Act 1990 will be superseded by the Commencement of the Planning and Compulsory Purchase Act 2004).

#### 3.3 PPG1 – GENERAL POLICY AND PRINCIPLES (February 1997)

PPG1 was published in February 1997 and provides guidance on considering affordable housing as a material consideration. In particular paragraph 24 states that: "In preparing their development plans, local planning authorities should consider the land use requirements of various types of social provision". One of the key objectives a local planning authority should consider is the need "to provide a mixture and range of types of housing to meet the increasingly varied types of housing requirements, including the need for affordable housing"

#### 3.4 PPG 3 – HOUSING (March 2000)

The policies for the provision of affordable housing in the County's current development plans were prepared to comply with the requirements of the previous Planning Policy Guidance 3 – Housing (PPG3) dated 1992. This guidance has been updated in a revised PPG3 which was published by the DETR in March 2000.

PPG 3 sets out the Government's policy for planning and housing and includes guidance on the provision of affordable housing through the planning system. More specifically, PPG3 states that if there is a demonstrable lack of affordable housing to meet local needs then authorities may seek to negotiate with developers for the inclusion of an element of affordable housing on larger schemes, on both allocated housing sites and on other sites. In doing so, local authorities should:

- Assess and plan to meet the level of local housing need in their area
- Indicate their intentions to meet this need in local plan policies
- Give clear guidance on their definition of affordable housing
- Outline the arrangements to ensure that such housing is reserved in perpetuity for those in housing need

A revised PPG3 is expected imminently which, among other things, is expected to reduce the thresholds contained in Circular 6/98.

---

### 3.5 CIRCULAR 6/98: PLANNING AND AFFORDABLE HOUSING (April 1998)

This Circular supplements PPG3 by amplifying the Government's approach to planning and affordable housing. Although this Circular was produced after the adoption of many of the policies and proposals in the current development plans, the plans accord with its contents. This SPG takes full account of the Circular in offering guidance on the implementation of the policies and thresholds. The Circular as well as the revision to PPG3 will assist in updating those development plans which were adopted pre 6/98.

### 3.6 CIRCULAR 1/97 – PLANNING OBLIGATIONS (January 1997)

This Circular sets out Government policy for the use of planning obligations. Amongst other things, this circular specifies that planning obligations might appropriately be used "to secure the inclusion of an element of affordable housing in a larger residential or mixed use development".

### 3.7 REGIONAL PLANNING GUIDANCE FOR THE WEST MIDLANDS (RPG 11, June 2004)

RPG 11 indicates that housing should be provided for those whose access to and choice of accommodation is restricted for reasons of affordability. Local authority housing and planning departments should plan for mixed and balanced communities in accordance with PPG3. It emphasises the importance of local authorities planning for affordable housing needs to be met where they arise.

### 3.8 DEVELOPMENT PLAN STATUS IN HEREFORDSHIRE

Since local government reorganisation in 1998, the development plans for each of the outgoing authorities will continue to provide land use guidance for their part of the County until such time as the Unitary Development Plan (UDP) is adopted.

The current development plans for the County are all adopted and include:

- 1. Hereford City Local Plan (adopted 1996)**
- 2. Leominster District Local Plan (adopted 1998)**
- 3. Malvern Hills District Local Plan (adopted 1998)**
- 4. South Herefordshire District Local Plan (adopted 1999)**

These development plans contain affordable housing policies relating to allocated sites, windfall sites and exception sites. These policies can be found at Appendix 3. They encourage the development of mixed and balanced communities in order to meet identified local housing needs and avoid areas of social exclusion. In addition, the Hereford and Worcester Structure Plan (approved 1993) has strategic policies relating to the delivery of affordable housing.

The UDP is currently at revised deposit stage and contains specific policies relating to the provision of affordable housing most notably Policies H2, H5, H6, H9, and H10. As the UDP progresses towards adoption increasing weight is being attached to its policies when considering planning applications.

The opportunities for the development of affordable housing are identified at section 5 of this SPG.

---

### 3.9 STRATEGIC HOUSING SERVICES POLICIES FOR THE PROVISION OF AFFORDABLE HOUSING

- **Housing Investment Strategy 2003 - 2006**

This document is revised annually and is available from Strategic Housing Services. In conjunction with the Housing Needs Studies it identifies priorities and directs scarce resources to the areas of greatest need.

- **Social Housing Agreement - September 1998**

This document is an agreement between the Herefordshire Council, the Housing Corporation and RSLs with stock in Herefordshire. It sets out the expectations of each partner, particularly with regards to the development of new affordable housing in the County. This document is currently being revised; a copy of the existing document is available from the Strategic Housing Services.

- **Herefordshire Housing Needs Studies 1999 and 2001**

In line with the Housing Act 1985, Circular 6/98 and PPG 3, the Council is committed to assessing local housing requirements within Herefordshire.

A comprehensive housing needs study for the whole of Herefordshire was produced in 1999 and updated in 2001. These studies identified significant need throughout Herefordshire for affordable housing.

Further studies continue to be undertaken to update and build on the findings of the 1999 and 2001 studies. A list of completed surveys can be found in appendix 8.

---

## 4. EVIDENCE OF THE NEED FOR AFFORDABLE HOUSING

### 4.1 HEREFORDSHIRE HOUSING NEEDS STUDIES

- In line with the requirements of PPG 3, policies for the provision of affordable housing must be based on evidence of need.
- In 1999, a comprehensive assessment of housing need was undertaken by the Council (Herefordshire Housing Needs Study 1999). This study provides evidence of the amount and distribution of affordable and market housing required in the County by local people up until 2004. A further housing needs study was published in 2001 which adds to and updates the 1999 study.
- The estimated net housing need generated by Herefordshire residents over the period 1999 – 2004 was 1,400 dwellings.
- 769 of this 1,400 were needed as affordable dwellings. Projecting these figures forward into the Unitary Development Plan period there is an identified emergent need for 2,300 dwellings within the County.
- A rolling programme of parish level and market town housing needs surveys is in progress to ensure housing needs data remains up to date reflecting the housing situation within the County.
- This SPG should be read in conjunction with the Housing Needs Study to gain a full understanding of housing needs in Herefordshire.

### 4.2 HOME POINT HEREFORDSHIRE

Home Point Herefordshire is a choice based lettings agency set up to advertise and seek expressions of interest from applicants for the majority of all vacancies for affordable housing in the county.

The Home Point register has continued to increase from 3,800 in June 2003 reaching 6,100 a year later. The “Register Review” which removes clients who, for one reason or another, are no longer actively looking for a property, is now due (June 2004). The experience has been that the register reduces following the Register Review, but then increases again, with many of the same clients re-registering. Looking at the period from the end of June 2003 to the end of March 2004, 600 clients were housed but 4 times as many new clients joined the register. The table below shows that by far the majority of clients who are housed are categorised as “Gold” (highest category of need which includes homeless), and very few are in the lowest need category (“Bronze”), although a third of new additions to the register are in the Bronze category.

#### June 2003 to March 2004 - % of clients in the different categories of need

|  | Gold | Silver | Bronze |
|--|------|--------|--------|
| Breakdown of clients added to the register | 23%  | 44%    | 33%    |
| Breakdown of clients housed                | 81%  | 16%    | 3%     |

Looking at the current addresses of those on the register in June 2004, and analysing the post codes, 685 (11%) have current addresses outside Herefordshire – thus migration into the county is putting further pressure on the affordable accommodation that is available.

### 4.3 JOSEPH ROWNTREE FOUNDATION

In May 2003, the Joseph Rowntree Foundation published a study looking at the affordability of housing across the country. This study used specially commissioned data designed to be representative of first time buyers as follows:

- 
- House prices were collected for smaller dwellings only – that is dwellings with four or five rooms in total, including the kitchen but excluding toilets and bathrooms. (For example a house with living room, kitchen and 2 or 3 bedrooms.)
  - The household income for an area was based on that of younger working households only, with the household representative aged from 20 to 39 and at least one member of the household in work.

A ratio of house price to income was calculated for all local authorities. The ratio was based on the average price of a smaller dwelling and the average household income of younger working households as defined above. The ratio for Herefordshire was 3:81:1 which made it one of the least affordable authorities in the West Midlands region, with only Bridgnorth and South Shropshire coming out as less affordable. By comparison, the ratio for the authority that came out as the most affordable in the Region (Rugby), was 2:17:1.

---

## 5. OPPORTUNITIES FOR THE PROVISION OF AFFORDABLE HOUSING

### 5.1 OPPORTUNITIES

- The Housing Needs Studies have identified significant levels of housing need in the County. Current Development Plan policies will be used to secure affordable housing on sites proposed in the Development Plan, other appropriate sites which meet the thresholds identified in section 5.3 of this SPG, and where other opportunities arise, for example through the exceptions policy.
- Landowners and/or developers should be aware that, affordable housing schemes brought forward through the identified Plan policies will not be supported by Housing Grant funding. Paragraph 6.3 outlines these financial arrangements in more detail. Land that is likely to be the subject of such affordable housing planning obligations should be valued accordingly as the land upon which the affordable housing is to be sited, will effectively reduce the overall value.
- It is acknowledged that the planning system is not able to meet all identified local housing need through new build development. The Local Authority, via its housing enabling role, will therefore continue to work with RSLs to target scarce housing capital resources (Social Housing Grant and Affordable Housing Grant) to develop affordable dwellings on sites other than those negotiated with developers through the planning system and seek other/new mechanisms to do so.
- The information below provides guidance on which sites affordable housing will be required as part of an overall development scheme.

### 5.2 SITE SUITABILITY

- The current development plans identify settlements where the provision of affordable housing would be appropriate. In relation to sites, some may be more suitably located for affordable housing than others. Not all sites may be suitable for affordable housing. A site in an area with little or no affordable rented housing, with close proximity to services and public transport, may be eminently suitable for a good proportion of affordable housing. Some sites, particularly those involving the development of previously developed land, will probably have some constraints on development. Normally these will be taken into account in the land purchase price. However, where the developer can prove that a large number of development constraints exist, such as contamination, access problems and unusually high site preparation costs, and where the development of housing would lead to significant improvements in the local environment, the Herefordshire Council may agree to negotiate the proportion of affordable housing.
- The proportion of affordable housing will be based on the net developable site area and total number of units. The definition of net developable site area is taken from PPG3 and includes access roads within the site, private garden space, car parking areas, incidental open space and landscaping and children's play areas. The definition excludes major distributor roads, primary schools, open spaces serving a wider area and significant landscape buffer strips.

### 5.3 SITE THRESHOLDS (CIRC. 6/98)

- In order to meet the County's affordable housing need the Council will negotiate with developers to include affordable housing on suitable allocated sites and on windfall sites which meet the thresholds as identified in paragraph 10 of Circular 6/98 (or any successor document) and where identified within the current development plans.
- **Development Plan Thresholds**

The Leominster, South Herefordshire and Malvern Local Plans have the following thresholds identified:

---

## **Leominster District Local Plan – Policy A49**

*‘Housing sites for 25 or more dwellings or over 1 ha in size within Leominster and more than 15 dwellings or over 0.5 ha elsewhere will be evaluated to determine their suitability in terms of accommodating an element of the affordable housing need for the settlement concerned and its surrounding area. This policy will be applied to both identified housing sites and windfall proposals.’*

## **South Herefordshire Local Plan – Justification to Policy SH 12**

*‘In line with Circular 6/98, Policy SH12 will be applied to housing developments in or adjacent to Hereford City and Ross on Wye of 25 or more dwellings or residential sites of 1 hectare or more, irrespective of the number of dwellings. In settlements with a population of 3,000 or fewer, in accordance with the Circular the Council has adopted a threshold whereby the policy will be applied to housing developments of 10 dwellings or more.’*

## **Malvern Hills Local Plan – Housing Policy 12**

Through Housing Policy 12 the Council seeks to reach agreement with developers of major housing schemes to include provision of a proportion of affordable housing. Major housing schemes refers to sites of 40 dwellings or 1.5 ha’s in Malvern, Bromyard and Ledbury, and 25 dwellings or 1 ha in Upton and the rest of the district.

It should be noted that the Malvern Hills Local Plan was adopted prior to the publication of Circular 6/98 and contains higher thresholds for the areas of Malvern, Bromyard and Ledbury than those provided in the Circular. This SPG considers that the details of Circular 6/98 and those of PPG3 supersedes and takes precedent over planning policies contained in the current development plan.

### **Hereford Local Plan**

The Hereford Local Plan pre dates Circular 6/98 and does not contain any threshold details. The thresholds contained within Circular 6/98 will therefore apply. These state:

*‘ In assessing the suitability of sites to be identified in the plan and any sites that may come forward not allocated in the plan, the following criteria should be taken into account:*

*It will be appropriate to seek any affordable housing on some sites. In practice the policy should only be applied to suitable sites namely;*

*Housing developments of 25 dwellings or residential sites of 1 hectare or more, irrespective of the number of dwellings’.*

In addition, the Circular allows appropriate thresholds to be applied to rural areas with a population of 3,000 or fewer. However these thresholds have to be adopted through the development plan process.

### **UDP Thresholds**

Revised thresholds will be progressed through the emerging UDP. The Revised Deposit Draft Plan includes Policy H9.

### **H9 Affordable housing**

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

**Indicative targets for affordable housing have been set for specific sites identified in policies H2 and H5. Affordable housing will also be required on suitable windfall sites above the following size thresholds:**

- 1. in Hereford and the market towns (excluding Kington) and settlements above 3,000 population, sites for 15 or more dwellings or more than 0.5 hectare in extent; or**
- 2. elsewhere in the County in settlements identified in policy H4 (including Kington) of less than 3,000 population, proposals for housing development on sites of 6 or more dwellings or more than 0.2 hectares in extent.**

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

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

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

#### 5.4 TARGETS

- When an application for housing development is submitted on a site that meets policy, the Council will determine an appropriate level of affordable housing provision for each individual site in negotiation with developers. The Council will also refer to the results of its own needs studies, the scale of development planned for the site, site conditions, other development requirements and likely development costs. The developer may be required to submit an up to date survey to support their application if no survey is currently available from Strategic Housing Services
- The current development plans do not specify targets. The emerging UDP has included an overall target of 35% based on the results of the Housing Needs Studies. The Council has successfully negotiated schemes using this target.
- In line with Circular 6/98, this SPG does not preclude developers from providing affordable housing on sites that are below the thresholds set above and this SPG encourages developers to consider such provision where they think it feasible and appropriate.

#### 5.5 EXCEPTION SITES

- In rural areas, where only limited housing development is permitted, development plan policies make provision for small affordable housing schemes to be developed on land either within or adjoining the village where housing would not normally be permitted as an exception to normal planning policy. More information on this can be found at Annex B of PPG3.
- The Council recognises that these small schemes help to maintain the viability of rural communities. Such development will, however, be subject to strict control as set out in the plan policies. Permission will only be granted where there is:
  - i) clear evidence of need, and
  - ii) a secure legal arrangement in place to ensure that the benefit of the affordable housing will be enjoyed by successive as well as initial occupiers of the properties.



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

---

## 6. NEGOTIATING FOR AFFORDABLE HOUSING

### 6.1 THE NEGOTIATION PROCESS

The process for negotiating the affordable housing element of a residential development should ensure that it causes the minimum delay in preparing and processing of the planning application and to ensure that the proposals are fully integrated in the overall development.

To ensure that everyone has a clear understanding of the negotiation process it is outlined in appendix 4 and is detailed as follows.

#### 6.1.1 Pre application Stage (outline or full)

Applicants should be aware that the provision of affordable housing will have an impact on the value of the land, as well as implications for housing mix and layout. It is therefore essential that an approach should be made to the local authority to establish the affordable housing policies and requirements pertaining to the development.

Planning Officers welcome early discussions on proposed developments prior to planning application stage to discuss the layout, house types, sizes, rents and sales prices together with any additional financial contributions and delivery mechanisms. Planning Officers will then be in a position to advise on the general planning policies for the proposed development

Where policy requires it, Strategic Housing Services, based on the information provided by the developer, will provide an Affordable Housing Brief, outlining the housing need, requirements and other considerations relating to the proposed development (see appendix 5). In terms of establishing need, the Council will refer to current housing need survey information and data from the Home Point Register. However, it may be necessary for the developer to undertake an up to date housing needs surveys to confirm the need for affordable housing and provide information on mix of dwelling types and sizes.

When planning applications forming part of an allocated site come forward, the applicant will be required to either

- Specify the proportion of affordable housing relative to their application ; or exceptionally
- Specify the financial contribution to enable a proportion of affordable housing to be built - (please refer to chapter 8)

Where applicants do not seek the advice of the relevant officers at this early stage, it is likely to result in the delay in progressing the application, whilst discussions are undertaken.

Should the affordable housing element require the involvement of an RSL, the applicant would seek to select a preferred housing partner outlined in appendix 1 at this stage.

The initial site layout should be considered between the applicant and the RSL to ensure that the affordable housing element is integrated within the overall proposed development. With outline planning consents, it is appreciated that full details on units etc. may not be known. The local authority will, in these instances, seek to secure the percentage of affordable housing as outlined in the appropriate policy, with detailed negotiations to be contained in the S106 agreement.

If the developer chooses to provide the affordable homes without the involvement of a Registered Social Landlord, the council will require evidence that the dwellings will be available to those in local housing need, at an affordable cost and in perpetuity.

---

### 6.1.2 Submitting a scheme as part of a Planning Application

Once the developer has agreed a level of provision with the Planning Services and Strategic Housing Services, a proposal will need to be prepared which specifies:

1. the number of affordable housing units and the arrangements for their provision
2. the way in which the developer will ensure that the housing units are available in perpetuity
3. the distribution of the affordable houses to ensure a well integrated and designed scheme is provided with a good mix of house type, size and tenure.
4. the RSL that has been selected

The scheme should include details of house type, tenure and proposed costs to the occupier.

When the planning application is eventually submitted, the consultation process with Strategic Housing Services should be to confirm details already discussed in Stages one and two and should therefore take a relatively short time to complete.

### 6.1.3. Approval of the Planning Application

Planning permission for development will be granted subject to a S106 agreement, limiting the occupation of the dwellings to persons who have satisfied the council's local housing need criteria identified at 2.2 of this SPG.

Alternatively, the council may ask the applicant to execute planning obligations (see Circular 06/98, para 34). Where such an obligation or condition is attached, the landlord should contact Strategic Housing Services to agree a lettings policy and nomination procedures. In most circumstances advertising the properties through Home Point will be encouraged ensuring that local housing needs are met.

## 6.2 DESIGN STANDARDS

- Where the Registered Social Landlord is involved in the development of the affordable element, the council will expect the current Scheme Development Standards (or successive documents) produced by the Housing Corporation as a minimum standard of development for the affordable housing units. In addition, it is expected that the units be developed to Lifetime Homes Standards unless there are constraints on the overall proposed development. In these instances, the applicant will need to negotiate the standards on a case by case basis. Detailed guidance on housing layout, external space standards, general design principles, parking and highway standards, security and landscaping will be provided by the Planning Services Division. Please refer to the draft Design and Development Requirements SPG (June 2004).
- Developers will be encouraged to provide low cost market housing to Scheme Development Standards. Where low cost market housing is provided, as a minimum, these should be of no lesser standard than other market housing of the same house type across the proposed development.
- The objective is to provide a balanced and mixed scheme with no noticeable difference in the quality of the residential environment between the private market housing and the affordable element. The production of a local Village Design Statement or Parish Plans may assist in identifying issues around local distinctiveness.
- In order to help ensure that the affordable housing provided remains affordable the Council may withdraw permitted development rights.

- 
- Whilst “pepper potting” is encouraged a minimum cluster would consist of between 6 and 8 units, which would be negotiated between the RSL, developer and Local Authority and based upon the overall scale of the development.

## 6.3 FINANCIAL ARRANGEMENTS

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

### 6.3.1 Public Subsidy

**The provision of affordable housing should always be calculated on the basis that NO grant funding will be available through the Approved Development Programme (ADP) or the local authority’s own capital resources.**

- The developers contribution towards affordable housing will normally be expected to reflect the total cost of the required affordable housing minus the capital element that can be serviced through the rents. This approach is in line with Housing Corporation policy as detailed within Circular F2 42/98 which states:

*‘The basic objective of developer contributions whether or not the scheme also receives Social Housing Grant funding, is to provide additional affordable housing, either directly or by reducing SHG requirement. In some cases where a developer provides affordable housing directly on site for sale to an RSL, the price will be set at a level where no SHG is required’.*

- In order to maximise the amount of affordable housing delivered in the County the available public resources will be used to fund the development of sites which fall below the stated thresholds in section 5.3 of this SPG. The ADP however, is increasingly being targeted at regional priorities and whilst the major focus is the regeneration of urban areas, there is currently an allocation for rural schemes.
- The provision of Local Authority Social Housing Grant (LASHG) was abolished from 1<sup>st</sup> April 2003. However, due to the recent transfer of social housing stock from the local authority to a newly formed housing company in 2002, the local authority is in receipt of a capital contribution for the provision of affordable housing. With the anticipated shortfall in housing provision, the capital receipt will be allocated to provide additional affordable units to meet a range of housing needs across the county to supplement those secured through the planning system.

#### Justification for Public Subsidy

Consideration for Public subsidy will only be considered where the developer can demonstrate that there are significant constraints and the economics of provisions make it otherwise impossible to provide the affordable housing element.

The developer would be expected to justify through detailed financial evidence that the proposed development would not be viable without the contribution of public subsidy.

However, it must be recognised that the application for funding from the Housing Corporation through the ADP will depend on the availability of resources and may result in a time delay whilst the application is processed.

---

Failure to provide the information necessary for such an assessment, or alternatively a failure to provide the required amount and type of affordable housing at an affordable cost, could justify the refusal of planning permission, in accordance with Circular 6/98 paragraph 24 which states

*“Where a local planning authority considers, having regard to the policy in this Circular, that certain sites are suitable for an inclusion of an element of affordable housing and an applicant does not make such provision as part of the proposed development, such a failure could justify the refusal of planning permission”*

### 6.3.2 The RSL Contribution

#### Rented Properties

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

It must also be noted that the rents RSLs are able to charge are unique to each scheme dependant on the property size, capital value based on 1999 values; and target rents set by the Housing Corporation which are currently calculated using the “rent calculator”.

#### Shared Ownership Properties

Shared ownership is the arrangement by which a purchaser acquires an equity share in the property, with an RSL acquiring or retaining the balance by borrowing and charging a suitable amount of rent. The purchaser will usually purchase a 50% share initially, but this may be as much as 75% or as little as 25%. At a subsequent date, the purchaser can acquire a further share of the equity, up to full ownership. However, where the provision has been subject to a S106 agreement or rural exception site, measures will be enforced to ensure the property remains affordable in perpetuity and is available on resale to those in need of such housing.

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

### 6.3.3 The Landowner/Developer Contribution

The landowner/developer would be required to bear the cost of providing the affordable housing less any contribution from the RSL or purchaser designated as being in local housing need. This would be equivalent to the grant element usually secured from the housing corporation via the grant rate calculator.

The contribution by the landowner/developer would be secured through the planning process by use of a section 106 Agreement, otherwise planning permission will not be granted.

There may be specific site circumstances which determine that the site cannot be developed at all having given due consideration to the economics of provision in relation to the site circumstances (such as exceptionally high costs or development) or the need to achieve other planning obligations such as contributions towards improvements to infrastructure. In these circumstances, following negotiation with the council, a judgement will be made as to what alternatives would be acceptable e.g. a financial contribution for off site provision, a reduction in the amount of affordable housing, or an alternative tenure/housing mix.

### 6.3.4 Land Subsidy

Landowners/Developers should be aware that a planning obligation to provide affordable housing effectively reduces the value of the land upon which the affordable housing is sited and land should be valued accordingly. Costs of providing affordable housing should therefore be taken into account.

---

It should be noted that reviews relating to contributions from the various parties will be ongoing and up to date information can be obtained from Strategic Housing Services.

---

## 7. SECURING AFFORDABLE HOUSING AND CONTROLLING OCCUPANCY

- 7.1 Affordable housing provided in accordance with this guidance note will normally be secured by means of a condition or planning obligation in accordance with Section 106 of the Town and Country Planning Act 1990. When using obligations the Council will ensure that they are consistent with the general guidance in Circular 1/97. This ensures that the affordable housing will meet the identified local need and will remain available as affordable housing for local people in the future.
- 7.2 The wording and timing of these arrangements need care. Inappropriate conditions and planning obligations create uncertainty and may halt the progress of a scheme or could be the subject of attempted modification or discharge. To ensure that the planning obligation is effective, the Council will ensure that it is executed before granting planning permission.
- 7.3 However, in line with paragraph 16 of Circular 6/98, the Council will not normally impose additional occupancy controls where an RSL is to be responsible for the management of the affordable housing. However, on rural exception sites and on low cost market schemes the Council will ensure that adequate occupancy controls to reserve the housing in question for local needs in perpetuity exists and this may involve the use of conditions or planning obligations.
- 7.4 Where the affordable housing is to be provided within a larger development, which includes general market housing, the Council will require the affordable housing element to be built and made available for occupation well before all the general market housing is occupied. The legal agreement or condition will therefore include a restriction on the occupation of a proportion of the general market housing until the affordable housing is available for occupation. There will be flexibility on the proportion required dependent on the circumstances of individual sites and this will be considered on individual planning applications. In determining the proportion the Council will take into account factors such as the proposed layout, abnormally high development costs and the total number of dwellings to be provided, in its negotiations with developers.
- 7.5 The Council considers that the best way of ensuring that the affordable housing will be enjoyed by successive as well as initial occupiers of the property is by the involvement of a Registered Social Landlord. The landlord's continuing interest in the property will ensure control over subsequent changes of occupation. For this reason the involvement of an RSL will be sought by the Council in the provision of any element of affordable housing except for where the housing is low cost market or discounted low cost for sale.
- 7.6 Whilst arrangements should be legally binding and ensure that the housing is occupied as intended, the Council will also take account of the needs of the developers and Registered Social Landlords who must ensure that schemes are financially viable and who may need to operate within certain time limits. The overall aim is to ensure that arrangements will deliver the objectives of the policies set out in the development plans.
- 7.7 Where occupancy criteria are included as part of conditions or planning obligations, a cascade approach may be preferable. This will ensure that occupants will always be found for any accommodation, thus safeguarding an adequate stream of revenue for those managing the development whilst ensuring that people in local housing need take priority. Under this approach the eligibility criteria would initially be restricted to local residents, people employed locally or people with local connections as identified in section 2 of this SPG. If the housing remained unallocated for some time, the criteria would be widened to ensure that a suitable occupant was found. The Council will need to monitor conformity with occupancy criteria and take appropriate enforcement action where necessary.
- 7.8 To ensure that local housing needs are met, wherever possible, affordable housing units will be allocated through the councils allocations policy i.e. currently choice based lettings.

In exceptional circumstances, as identified in section 8 of this SPG, where the Council and the developer agree to a financial or other contribution to be made towards the provision of affordable housing on another site the Council will draft planning obligations so they:

- 
- allow the developer to make the contribution towards the costs of providing affordable housing on a different site, only on the signing of contracts to provide the affordable housing element; or
  - include a covenant to the effect that a sum or sums paid by the developer to the Council for the purpose of meeting or contributing towards the costs of affordable housing on a different site, shall be repaid to the developer on or by a specified date if such sums have not been used for that purpose.



---

## 8. FINANCIAL CONTRIBUTIONS IN LIEU OF ON-SITE PROVISION OR OFF-SITE PROVISION OF AFFORDABLE HOUSING

- 8.1 Circular 06/98 'Planning and Affordable Housing' introduced the concept of a 'financial or other contribution' towards the provision of affordable housing on another site in the local planning authority's area. However, where this is the case, Para 21 states that " it should be provided as part of the proposed development"
- 8.2 Circular 06/98 states that **both** the local planning authority and the developer should be in agreement as to whether or not a financial contribution may be made in lieu of on-site provision.
- 8.3 In Herefordshire, the shortage of suitable alternative sites is likely to restrict alternative provision elsewhere. In light of this the Council will only, in exceptional cases, consider financial contributions and in reaching this decision will assess the likelihood of alternative arrangements actually resulting in the provision of affordable housing. The developer will need to demonstrate robust reasons, if on site provision is not possible. Where both sides agree to off-site provision of affordable housing, the developer's contribution may take the form of either a financial contribution per unit or the provision of the units on an alternative identified site. In both cases, the financial contribution will be calculated so that the units can be provided with no requirement for additional public subsidy.
- 8.4 Where the affordable housing units are to be provided by the developer on an alternative identified site, the local planning authority will require details of the scheme as part of the application for the original site in the same way as if it were provided on site. The alternative site should generally be within the vicinity of the development site.
- 8.5 The arrangements for off-site provision of affordable housing, either by way of financial contribution or actual provision of dwellings, would form the basis of a planning obligation agreement to be drawn up between the developer and the Herefordshire Council in respect of the planning permission on the original application site (see Circular 06/98 Para 23).
- 8.6 Calculating the number of Affordable Housing Units to be Provided off site, on an agreed alternative site.
- The number of units to be provided off site should equate to the number to be provided had the site been "suitable" on the original application. It should not be provided on an alternative site that would also require the provision of affordable housing under planning policy.
- 8.7 Calculating the financial calculation for providing additional affordable units

The method of calculating the contribution is based on a formula recommended by the London Planning Advisory Committee (LPAC) whereby the developer's contribution equates to the amount of Social Housing Grant (SHG) which would normally be paid on each dwelling unit.

The formula takes into account the Housing Corporation's estimated total housing cost figures for houses of different types in a local authority area known as the Total Cost Indicator (TCI). (see appendix 6). It also takes into account the proportion of this cost, which is financed by Social Housing Grant – the Social Housing Grant rate.

Whilst the grant rate will vary depending on the house types to be provided, the current rate for general needs provision is approximately 60%. However, as the percentage varies it is advised that an approach is made to Strategic Housing Services for the most up to date figure.

In order to calculate the actual financial contribution for a particular proposal, the following information will be required from the Developer, by Strategic Housing Services

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

Any financial contribution will be:

- 
- provided through a Section 106 Agreement in accordance with para 23 of circular 6/98.
  - Held by the local authority for use by an RSL in lieu of or in addition to other public subsidy for the provision of additional affordable units
  - Separately identifiable within the council's accounts
  - Used within the period specified within the S106 agreement
  - Returned to the developer (within 3 months of the expiry date) should the local authority fail to utilise the contribution within the time period for the provision of additional affordable units, subject to the landowner/developer or successive owner in title submitting a claim in writing to the local authority Strategic Housing Services for the repayment of the contribution. In the event that no claim is received the local authority will retain the contribution to provide affordable housing within the administrating area.

## 9. APPENDICES

### Appendix One:

#### Registered Social Landlords with an active development programme in Herefordshire

| Organisation                         | Name   | Contact Details  |
|--------------------------------------|--|--|
| South Shropshire Housing Association | George Stoyan<br>Development Manager           | Tel: 01584 877888<br>Mobile: 0781 3611230<br>Fax: 01584 877567<br>E Mail: <a href="mailto:george.stoyan@sshropsha.co.uk">george.stoyan@sshropsha.co.uk</a> |
| Bromford Housing Group               | Christian Knibbs<br>Development Manager        | Tel: 01242 544418<br>Fax: 01242 233090<br>E mail: <a href="mailto:Christian.knibbs@bromford.co.uk">Christian.knibbs@bromford.co.uk</a>                     |
| West Mercia Housing Group            | Claire Thomas<br>Head of New Business          | Tel: 01527 556409<br>Fax: 01527 556401<br>E Mail: <a href="mailto:Claire.Thomas@wmhousing.co.uk">Claire.Thomas@wmhousing.co.uk</a>                         |
| Festival Housing Group               | Gwenda Cope<br>Head of Development             | Tel: 01684 579391<br>Mobile: 07879 483382<br>Fax: 01684 579440<br>E Mail: <a href="mailto:gcope@festivalhousing.org">gcope@festivalhousing.org</a>         |
| Herefordshire Housing Limited        | Gordon Shirley<br>Director of Operations       | Tel: 01432 384005<br>Mobile: 07870271856<br>Fax:<br>E Mail: <a href="mailto:gshirley@herefordshirehousing.org.uk">gshirley@herefordshirehousing.org.uk</a> |
| Marches Housing Association          | Richard Finney<br>Business Development Manager | Tel: 01568 619618<br>Fax: 01568 615611<br>E mail: <a href="mailto:Richard.finney@marchesha.co.uk">Richard.finney@marchesha.co.uk</a>                       |
| Gloucestershire Housing Association  | Darren Isbell<br>Regional Development Manager  | Tel: 01452 529255<br>Fax: 01452 310520<br>E mail: <a href="mailto:isbelld@gloscha.co.uk">isbelld@gloscha.co.uk</a>   |
| Wyedean Housing Association          | Neil Pascoe<br>Director                        | Tel: 01594 838000<br>E mail: <a href="mailto:neil@wyedean.fed.net.org.uk">neil@wyedean.fed.net.org.uk</a>  |

(Please note that in view of the continuous changes with the Housing Corporation Pilot Partnering, you are advised to contact Strategic Housing Services for up to date information.)

---

## Appendix Two: Glossary

|        |  |
|--------|--|
| ADP    | Approved Development Programme – is the funding made available to the housing corporation to provide affordable housing to targeted areas of need.   |
| LGA    | Local Government Association   |
| RPG 11 | Regional Planning Guidance for the West Midlands   |
| PPG    | Planning Policy Guidance issued by the Government  |
| RSL    | Registered Social Landlord – usually a Housing Association but not exclusively. Registered with the Housing Corporation as a provider of social housing and able to bid for public funds                     |
| SHG    | Social Housing Grant – refers to monies allocated by the Housing Corporation to enable social landlords to develop new housing schemes   |
| LASHG  | Local Authority Social Housing Grant – abolished 1 <sup>st</sup> April 2003 and refers to monies funded by government but co-ordinated by Councils to enable social landlords to develop new housing schemes |

Affordable Housing Grant refers to the councils own capital resources available to provide affordable housing

Discounted Low Cost refers to the provision of accommodation subject to a resale covenant. The principle is that the accommodation is available at a fixed discount below the open market value to households in need. The level of discount will depend on the individual circumstances of each case and will need to be negotiated with the Council prior to any determination of a planning application. However, the level of discount will normally be up to 30% of the market price and will be subject to an absolute minimum of 20%. The discount will apply on initial and all subsequent re-sales thus ensuring that the accommodation is retained affordable.

Shared Ownership - is a government-backed scheme to help people who are unable to secure a full mortgage to purchase a home of their own. The scheme allows someone to purchase a share in their prospective home, usually 50% and then pay rent on the remaining share (in ownership of a RSL).

|                    |  |
|--------------------|--|
| UDP:               | Unitary Development Plan – a strategic land use development plan for Herefordshire which will guide and inform future planning development during the period 1996-2011                           |
| Exception Schemes: | Affordable housing for local needs in perpetuity built on small sites within or adjoining existing villages on land that would not normally gain planning permission for housing                 |
| Commitments:       | Housing sites with planning permission or allocated in a Development Plan  |
| Completions:       | Dwellings which have obtained planning permission and have been built, i.e. completed  |
| Windfall Site:     | Land which is suitable for development within the terms of planning policies and detailed settlement criteria, but are not specifically identified and the development of which is unpredictable |

Section 106 Agreement: An agreement by a local authority with a landowner / developer restricting or regulating the development or use of land either permanently or temporarily in accordance with the Town and Country Planning Act 1990.

---

|                            |  |
|----------------------------|--|
| Existing household         | A group of people who constitute a household at the time a need is recognised who may or may not lose or be joined by one or more members over the study period. The residual and additional members of the household continue to constitute the existing household eg a new baby. |
| Emergent household<br>Need | A new household formed, needing a separate dwelling from an existing household.  |

---

## Appendix Three: Development Plan Policies

### 1. Hereford City Local Plan 1991 – 2001 (adopted 1996)

#### Affordable housing:

##### Policy H8

"The city council will encourage a reasonable mix and balance of house types and sizes within new residential developments. Proposals for the development of affordable dwellings suitable for people not easily able to compete in the housing market will be particularly encouraged. The city council will seek the provision of affordable housing by:

- (a) continuing to engage in collaborative schemes with housing associations, private developers and other agencies involved in housing provision;
- (b) seeking to negotiate with private developers for the inclusion of an element of affordable housing provision in suitable schemes. Arrangements should be made to ensure that affordable provision will be enjoyed by successive as well as initial occupiers of the properties concerned.

Where the provision of affordable housing leads to relatively high densities being proposed, special attention should be given to design to ensure that proposals respect their wider setting and that residential amenity is not adversely affected."

### 2. Leominster District Plan 1991 – 2001 (adopted 1998)

#### Policy A.48: Affordable housing for local needs in rural areas

"Exceptionally, within or adjoining rural settlements planning permission may be granted for low cost affordable housing on land that would not normally be released for development where a local need has been justified. Primarily, households occupying such accommodation will be restricted to those which are residents within the ward; have strong local family connections; or are employed within the relevant ward.

Where such proposals are advanced the local planning authority will need to be satisfied that:

- (1) the criteria set out in policy a.1 can be met;
- (2) the local need is shown to be genuine and quantifiable, to the local planning authority's reasonable satisfaction, and there is a reasonable expectation that this need will be long term;
- (3) it is evident that local housing market conditions could not satisfy the housing need;
- (4) arrangements are made to ensure that the benefits of low cost housing will be enjoyed in perpetuity by subsequent occupants as well as by the initial occupiers, for example, by making the housing available through a registered social landlord;
- (5) the site's location should afford reasonable access to facilities and, where possible, public transport;
- (6) proposals do not involve mixed developments consisting of open market housing to offset the lower return on low cost housing on the same site.

Should a vacancy occur which cannot be filled by a household in the relevant ward meeting the local need, the council may permit the property to be occupied by residents of an immediately adjoining ward (or such other definition as can be agreed between the parties) who would otherwise meet the terms of the local need."

---

### **Policy A49: Affordable Housing on larger sites**

The local planning authority will negotiate for the inclusion of an element of affordable housing on suitable sites where a lack of affordable housing can be demonstrated.

Arrangements should be made to ensure that the benefits of low cost housing will be enjoyed in perpetuity by subsequent occupants as well as by the initial occupiers

Housing sites for 25 or more dwellings or over 1 ha in size within Leominster and more than 15 dwellings or over 0.5 ha elsewhere will be evaluated to determine their suitability in terms of accommodating an element of the affordable housing need for the settlement concerned and its surrounding area. This policy will be applied to both identified housing sites and windfall proposals.

### **3. Malvern Local Plan 1991- 2001 (adopted 1998)**

#### **Housing Policy 11**

##### **Affordable housing for local people in rural areas**

"The district council may, in exceptional circumstances, and in addition to Hereford and Worcester Structure Plan housing land requirements, permit small scale residential developments on land in or adjoining identified settlement boundaries which would not otherwise be released for development. To be given favourable consideration the district council will require to be satisfied that:

- a) there is a genuine need in the area for low cost housing of the type and tenure proposed by the applicant which cannot be met in any other way, and
- b) satisfactory arrangements will be made for ensuring, in perpetuity, that:
  - i) occupancy of the dwellings will be restricted to those persons who are in housing need and who have a previous family connection with the locality or are employed locally,
  - ii) the dwellings will be available for occupation at a tenure appropriate to and at a price which is and which will remain affordable by persons on low incomes, in conjunction with a housing association or other suitable agency, and
  - iii) the dwellings will continue to be available to subsequent occupiers on the same terms as are mentioned in (ii) in perpetuity; proposals which may potentially only benefit the initial occupier will not be acceptable, and
- c) cross-subsidy by providing some houses on the same site for sale on the open market is not involved, and
- d) it is of a scale, character and density appropriate to the character of the area,
- e) adequate site conditions and services exist or can be readily and economically provided,
- f) satisfactory vehicular and pedestrian access can be provided, and
- g) it would not have a significantly adverse affect on neighbouring properties or result in overlooking or loss of residential amenity.
- h) In defining local need the district council will take into account:
  - 1) existing residents needing separate accommodation in the area;
  - 2) people whose work provides important services and who need to live closer to the local community;
  - 3) people who are not necessarily resident locally but have long-standing links with the local community.
  - 4) people with the offer of a job in the locality, who cannot take up the offer because of the lack of affordable housing."

##### **Major housing developments and affordable housing**

---

## **Housing policy 12**

### **Major housing development**

"The district council will, where site and market conditions are appropriate, seek to reach agreement with developers of major housing schemes to include the provision of a proportion of housing for sale or rent at affordable prices in perpetuity. Some properties may be made available at a low cost market value to meet a specified local need. Major housing schemes refers to those over 40 dwellings or 1.5 hectares in Malvern, Bromyard and Ledbury or over 25 dwellings or 1 hectare in Upton-upon-Severn and the remainder of the district. Criterion b) of housing policy 11 will apply where a housing association is not involved or there has been some special planning concession."

### **South Herefordshire Local Plan 1991- 2001 (adopted 1999)**

#### **Policy SH.12**

##### **Cross-subsidisation schemes**

"In future housing schemes within settlements, Ross-on-Wye, and on housing land around Hereford City, the council will negotiate with developers for a reasonable amount of affordable housing to meet local needs in order to meet an identified need."

#### **Policy SH.13**

##### **Affordable housing in/adjacent to settlements**

"As an exception to policy, affordable housing schemes may be permitted on suitable sites within, or adjacent to larger villages and smaller settlements, which would not normally be released for development, provided that:-

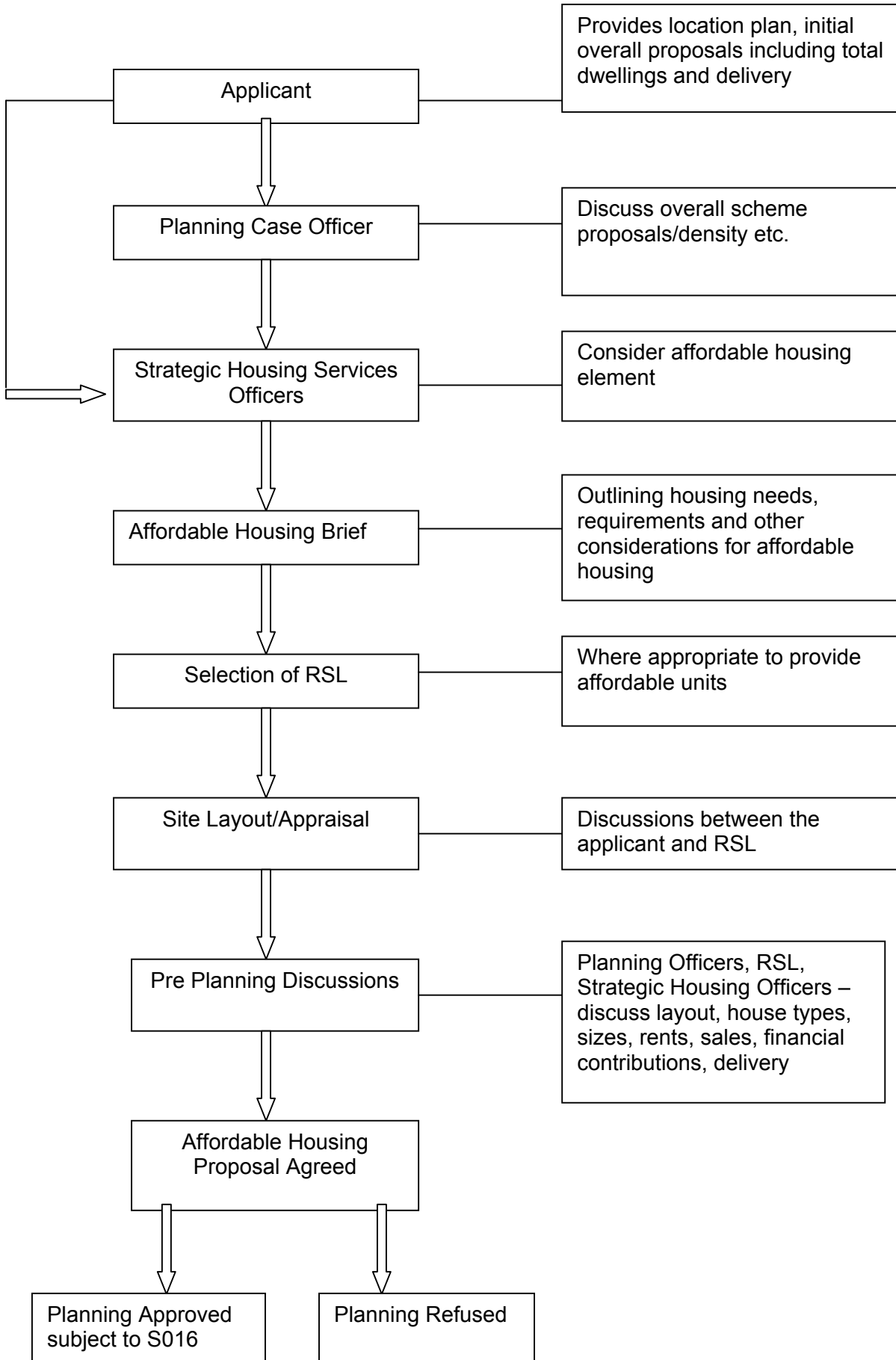
- (i) the developments satisfy a clearly demonstrated and genuine local need for affordable housing which cannot be reasonably accommodated elsewhere;
- (ii) the developments are small-scale, well designed, environmentally acceptable, capable of being served by a safe vehicular access, satisfying the criteria of policies GD.1 and C.3 where appropriate;
- (iii) adequate arrangements are made to ensure that the affordable element of the developments will be enjoyed by successive as well as by initial occupiers of the properties."

NB: Policy GD1 - General Development Criteria

Policy C3 - Criteria for exceptional development outside settlement boundaries



## APPENDIX FOUR: Negotiating affordable housing



---

## APPENDIX FIVE: Affordable housing brief – (Example)

### ADDRESS OF PROPOSED DEVELOPMENT

#### PROPOSALS FOR AFFORDABLE HOUSING - RELATING TO THE CURRENT HOUSING POSITION

##### AS AT (INSERT DATE)

Proposed Total Dwellings xx approx  
Affordable housing @ 35% xx units  
Housing Needs Survey (list relevant surveys undertaken)  
Estimated net total requirement for Affordable = xxx

| Unit Type                             | Needs Survey | Homepoint Data of Need |
|---------------------------------------|--------------|------------------------|
| 1 bed                                 | xxx          | xxx                    |
| 2 bed                                 | xxx          | xxx                    |
| 3 bed                                 | xxx          | xxx                    |
| 4 bed                                 | xxx          |                        |
| 1 & 2 bed Sheltered<br>and Extra Care | <u>xxx</u>   |                        |
| Total                                 | xxx          |                        |

##### Relevant Strategy Documents

Housing Investment Strategy 2003-6  
Supplementary Planning Guidance - Provision of Affordable Housing

##### Proposed Tenures for the Affordable Housing Units

|                      |                 |          |  |
|----------------------|-----------------|----------|--|
| RSL rented           | 1 bed flats     | xx       |  |
|                      | 2 bed houses    | xx       |  |
|                      | 3 bed houses    | xx       |  |
|                      | 4 bed houses    | xx       |  |
| RSL rented           | 2 bed bungalows | xx       |  |
| RSL shared ownership | 2 bed houses    | xx       |  |
|                      | 3 bed houses    | x        |  |
| Supported Housing    | 1 bed flats     | x        |  |
|                      | 2 bed houses    | x        |  |
| Low Cost Market      | 1 bed houses    | x        | to be discounted to an affordable level for the county |
|                      | 2 beds houses   | <u>x</u> |  |
| Total                |                 | xxx      |  |

##### Other Considerations

- The site is subject to the UDP process and the information provided is to enable you to prepare your development brief.
- Registered Social Landlord – to be a partnering association as per list attached. It is recommended that, as the planning application is subject to a S106 agreement, the RSL needs to be party to these discussions, and therefore should be involved from the outset so as not to cause delays with the planning application process. (SPG Appendix 1)
- No grant will be available to any RSL (SPG page xx)
- All RSL housing is required to be built to the Housing Corporation Scheme Development Standards, and Lifetime Home standards (SPG page xx)
- To ensure that local needs are met, all affordable units are to be advertised through Home Point Herefordshire.
- Low Cost Market – it would be expected that these would be built to the same standard as other properties on the site and discounted to a level that is affordable to local households.
- All affordable units are to be provided in perpetuity.
- Affordability will be computed using Joseph Rowntree ratios of affordability of housing costs against income, and up to date Council economic survey information. There are concerns that, to make low-cost market affordable, the discounts from open market values may be too high. If so, shared ownership could be an acceptable option.

## Appendix Six: TCI Base Table 2004/5

Appendix Six: TCI Base Table 2004/05 and 2005/06: Self-Contained Accommodation

| Total Unit costs<br>Unit floor area m <sup>2</sup> | Probable Occupancy<br>(Persons) | Self-contained<br>accommodation - £ per unit<br>Cost Group C1 |
|--|---------------------------------|---|
| Up to 25   | 1                               | 49,900  |
| Exceeding/not exceeding                            |                                 |   |
| 25/30  | 1                               | 55,200  |
| 30/35  | 1 and 2                         | 60,600  |
| 35/40  | 1 and 2                         | 65,900  |
| 40/45  | 2                               | 71,200  |
| 45/50  | 2                               | 76,600  |
| 50/55  | 2 and 3                         | 81,900  |
| 55/60  | 2 and 3                         | 87,200  |
| 60/65  | 3 and 4                         | 92,500  |
| 65/70  | 3 and 4                         | 97,900  |
| 70/75  | 3, 4 and 5                      | 103,200   |
| 75/80  | 3, 4 and 5                      | 108,500   |
| 80/85  | 4, 5 and 6                      | 113,900   |
| 85/90  | 4, 5 and 6                      | 119,200   |
| 90/95  | 5 and 6                         | 124,500   |
| 95/100   | 5 and 6                         | 129,800   |
| 100/105  | 6 and 7                         | 135,200   |
| 105/110  | 6 and 7                         | 140,500   |
| 110/115  | 6, 7 and 8                      | 145,800   |
| 115/120  | 6, 7 and 8                      | 151,200   |

For Herefordshire, there is a 9% uplift on these figures for 2004/5 and 2005/6

---

## Appendix Seven:

### Herefordshire Council Contacts

1. **Planning Services Division**  
Forward Planning,  
PO Box 144,  
Hereford,  
Herefordshire,  
HR1 2YH.

**Mr Pete Russell**  
Senior Planning Officer

**Tel:01432 260166**  
**Fax: 01432 260289**

2. **Planning Services,**  
Development Control,  
PO Box 230,  
Hereford,.  
HR1 2ZE

**Central Division: Planning Officers**  
**Steve Macpherson**  
**Dave Dugdale**

**Tel: 01432 261946**  
**Tel: 01432 261957**

**Northern Division: Planning Officers**  
**Duncan Thomas**  
**Kevin Bishop**

**Tel: 01432 383085**  
**Tel:01432 383093**

**Southern Division: Planning Officers**  
**Andrew Prior**  
**Steve Holder**

**Tel: 01432 261932**  
**Tel: 01432 260479**

3. **Strategic Housing Services**  
Garrick House,  
Widemarsh Street,  
Hereford,  
HR4 9EU.

**Mr Chris Watson,**  
Senior Enabling Officer

**Tel: 01432 261975**  
**Fax: 01432 261591**

4. **Legal Services,**  
Brockington,  
35, Hafod Road,  
Hereford,  
HR1 1SH

**Christine Wright**  
Principal Lawyer

**Tel: 01432 260472**  
**Fax: 01432 260206**

---

## **APPENDIX EIGHT: List of Completed Housing Need Studies**

### **Year April 2000 - April 2001**

Hereford City  
Bodenham  
Colwall  
Leintwardine  
Longtown  
Withington

### **April 2001 - April 2002**

Cusop  
Wellington

### **Year April 2002 - April 2003**

Orcop

### **Year April 2003 - April 2004**

Bishops Frome  
Orleton  
Ross  
Upper Sapey (North Bromyard group parish)  
Pembridge  
Leominster  
Staunton-on-Wye

### **2004 – 2005**

Kington  
Cradley

---

## Appendix Nine: References

**1. Herefordshire's Local Plans – Written Statement**

Available from: Planning Services, P.O. Box 144, Hereford. HR4 9ZP

**2. Planning Policy Guidance 3: Housing**

(DETR, March 2000)

**3. Circular 06/98: Planning and Affordable Housing**

(DETR, April 1998)

**4. Herefordshire Council Housing Strategy 2003 - 2006**

Available from: Strategic Housing Services , Garrick House, Widemarsh Street, Hereford HR4 9EU

**5. Housing Investment Strategy 2000-2003 Supplementary Information Statement July 2000**

Available from: Strategic Housing Services , Garrick House, Widemarsh Street, Hereford HR4 9EU

**6. Housing Needs Study 1999 and 2001**

Available from: Strategic Housing Services Garrick House Widemarsh Street Hereford HR4 9EU

**7. Circular 11/95: The use of Conditions in Planning Applications**

(DETR, July 1995)

**8. Circular 1/97: Obligations**

(DETR, January 1997)