



**COLCHESTER  
BOROUGH COUNCIL**

**SUPPLEMENTARY PLANNING  
DOCUMENT**

**AFFORDABLE HOUSING**

Adopted 15<sup>th</sup> August 2011

# **AFFORDABLE HOUSING SUPPLEMENTARY PLANNING DOCUMENT**

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**The purpose of this document**

- 1.1 The planning policies adopted by Colchester Borough Council enable the Council to ask developers to provide affordable housing on site or make a financial contribution towards it. The purpose of this Supplementary Planning Document (SPD) is to give clear guidance on the Council's expectations for the provision of affordable housing and the process for delivering this.

**The status of this document**

- 1.2 This SPD has the status of a material consideration in the determination of planning applications, alongside other documents in the Local Development Framework (LDF). The requirements of the SPD come into effect for any planning application received by the Council after 15 August 2011.
- 1.3 The SPD does not contain any new policies, but provides detailed guidance to supplement the existing policies in the LDF, primarily policy H4 (Affordable Housing) in the Core Strategy. This SPD includes detail on all aspects of the delivery of affordable housing with the exception of below threshold contributions, which is awaiting the completion and dissemination of national survey results on rents carried out by the Homes and Community Agency. This information is needed to inform viability calculations. The document will be revised and reconsidered by the Local Development Committee following receipt of this information. The SPD updates and replaces previous Supplementary Planning Guidance adopted by the Council in 2004.
- 1.4 The Council consulted on the draft document for a period of 4 weeks during May and June 2009, in accordance with Government guidance in the Town and Country Planning (Local Development) (England) Regulations 2004, Regulation 18, and the Council's Statement of Community Involvement. This final adopted version reflects the consultation responses received.

**Sustainability**

- 1.5 The Council published a Sustainability Appraisal (SA) Report alongside the consultation for the draft SPD in April 2009. The SA found that the delivery of affordable housing will increase as a result of the SPD, which will help to reduce levels of deprivation across the Borough. The SPD reduces uncertainty by clearly setting out what is required by Core Strategy policy H4 and the explanation for this. The SPD will contribute to social cohesion as it states that affordable housing will be required to be pepper potted around the site and that a range of affordable housing dwellings will be required on the site, which should match the proportions of different types of dwellings for the market housing. The SPD will also ensure that the quality of affordable housing dwellings will be the same as for market housing.

## **Section 2      Policy Context and Evidence Base**

### **National Guidance**

- 2.1 The national policy context for the provision of affordable housing is set out in Planning Policy Statement 3 Housing (2011) (PPS3) and its supporting document, Delivering Affordable Housing (2006). The purpose of PPS3 is to provide a national policy framework for planning for housing. It states the Government's key objective for housing is to ensure that everyone has the opportunity of living in a decent home, which they can afford, in a community where they want to live. This will require a wide choice of high quality homes, both affordable and market housing. The aim should be to create sustainable, inclusive, mixed communities in all areas, both urban and rural.
- 2.2 PPS3 states the Government is committed to providing high quality housing for people who are unable to access or afford market housing, as well as helping people to make the step from social rented housing to home ownership. With regard to affordable housing provision, Local Development Documents should set out the following:
- Set an overall target for the amount of affordable housing to be provided
  - Set out the range of circumstances in which affordable housing will be required
  - Set separate targets for social-rented and intermediate affordable housing
  - Specify the size and type of affordable housing
  - Set out the approach to seeking developer contributions, to facilitate the provision of affordable housing.
- 2.3 PPS3 also advises that a Rural Exceptions Site Policy may be appropriate to provide for the local housing needs of rural communities.
- 2.4 PPS3 sets the national minimum site threshold at 15 dwellings, but allows lower thresholds if viable and practical. The Colchester Strategic Housing Market Assessment (SHMA) demonstrated a very high need for affordable housing provision in the borough. This was supported by strong public concern on this issue during the consultation process in preparation of the Core Strategy. A lower threshold level of 10 dwellings will make a big difference to the amount of affordable housing produced.
- 2.5 In February 2011, following the comprehensive spending review the government announced a new Affordable Rent product which required a change to the Affordable Housing definitions found in PPS3. They also announced the intention to provide 150,000 new affordable homes over the four year spending review period. Following a period of public consultation a revised Annex B for PPS3 was published which allowed Registered Providers to offer rents at up to 80% of local market rent to new tenants. The new tenancies also provide greater flexibility for the providers as well as potentially allowing the tenants the opportunity for

lifetime tenancies. The revision to PPS3 Annex B was officially published and became part of national policy in June 2011.

- 2.6 The revision to Annex B demonstrates that affordable housing and the provision of this type of accommodation across the country is an important part of the government's plans. The new definitions outline that the government is committed to assisting Registered Partners and allows for flexibility in approach at the local level which will assist the delivery of much needed accommodation in Colchester.
- 2.7 Through introducing a greater level of flexibility and alternative ways of providing affordable housing products instead of relying on grant funding from the Homes and Communities Agency, local authorities have the opportunity to promote a more diverse range of housing options for those in need. In order to do this it is important for the local authority to identify local priorities. As outlined in the government's consultation document published in February 2011 local priorities are expected to include both particular sites which are a priority for development, and identification of the range of needs groups which new supply is intended to assist.
- 2.8 The future provision of affordable housing remains uncertain along with the wider housing market and economy. Individual local authorities will need to be proactive and adopt a flexible approach to delivery, varying their approach as needed to take into account evolving national guidance.

## **Local Guidance**

- 2.9 The planning policy mechanism to secure affordable housing is framed by Policy H4 (Affordable Housing) within the Core Strategy, which was adopted by the Council in December 2008. The policy states;

*The Borough Council is committed to improving housing affordability in Colchester. The Council will be seeking to secure 35% of new dwellings (including conversions) to be provided as affordable housing (normally on site), as follows:*

- *In Colchester Town and Stanway, Tiptree, Wivenhoe and West Mersea, affordable housing will be required on housing developments for 10 or more dwellings*
- *In the other villages, affordable housing will be required on housing developments for 3 or more dwellings*
- *An equivalent financial contribution will also be sought for developments below these thresholds*

*In exceptional circumstances, where high development costs undermine the viability of housing delivery on brownfield sites, developers will be expected to demonstrate an alternative affordable housing provision.*

*Affordable housing development in the villages of rural Colchester Borough will be supported on rural exception sites contiguous with village settlement boundaries, provided a local need is demonstrated by the Parish Council on behalf of their residents.*

*The Council will require developments to integrate affordable housing and market housing, with a consistent standard of quality design and public spaces, to create mixed and sustainable communities.*

## **Evidence Base**

- 2.10 In April 2008 the Braintree, Chelmsford and Colchester Housing Market Partnership agreed the report of the Strategic Housing Market Partnership as a robust statement of housing market conditions and an assessment of the need for affordable housing by district. The report, known as a Strategic Market Housing Assessment (SHMA) met the requirements of PPS3 and the SHMA practice guidance. It is updated on a regular basis (the latest update was published in 2010)
- 2.11 The SHMA forms the main Evidence Base for the Council's assessment of affordable housing provision. The SHMA identified an overall level of need of 1,082 affordable dwellings per year and suggested that the affordable housing need in the borough was above the regional average. This is very high given the total housing provision set out in the Core Strategy is only 830 dwellings per year. It could theoretically have justified a target of 45% for affordable housing. The Affordable Housing Site Viability Study suggested however that such a target would raise issues of viability on many sites.
- 2.12 The Council considers that an overall target to seek 35% maintained the balance between housing need and viability.
- 2.13 The Affordable Housing Site Viability Study also found there was scope for lowering the threshold further for sites outside of the main urban area of Colchester. Evidence produced to support the Core Strategy demonstrated that very few large sites came forward in the villages from 2003-2007; 198 planning permissions in the villages yielding 324 dwellings, with only 2 schemes of over 15 units. This means that without a very low threshold it is unlikely that any affordable housing will come forward through the section 106 planning obligation regime in the villages.
- 2.14 The Inspector's Report on the Examination into the Core Strategy DPD considered these thresholds struck a balance between the need for affordable housing and the desirability of encouraging sites to be developed.
- 2.15 The SHMA indicated that in theory, up to 21.8% of the affordable housing provision could be provided as intermediate affordable housing with the remaining 78.2% being provided as affordable rented housing. This is broadly in line with the 80:20 ratio (affordable rented: intermediate) within the Affordable Housing SPG adopted by the Council in 2004.
- 2.16 Sometimes in the past Shared Ownership/Equity tenure units have been allocated to those with incomes that have exceeded the accepted threshold for income levels that qualify for affordable housing. This is

the current 'Average Median Family Income for Colchester' which can be found in our SHMA document. In order to ensure that these homes are made available to those who qualify for affordable housing it is reasonable to expect units of this tenure to only be made available to those with qualifying income levels at a housing cost that is genuinely affordable.

- 2.17 The SHMA indicated a shortfall for all accommodation sizes with the greatest net need for 1-bedroom accommodation. However, despite a lower level of total need, the assessment estimates that the shortage relative to supply is greatest for 4-bedroom properties where only 11% of the need can be met. The Council consider this overall need is best met if the affordable housing provision proportionately reflects the mix of market units and has regard to the latest assessment of local market conditions and housing need and shortages relative to supply in determining the optimum affordable housing mix
- 2.18 Policy H3 in the Core Strategy emphasises that housing sites will need to secure a range of housing sizes and tenures in order to create inclusive and sustainable communities.
- 2.19 The SHMA and annual updates are available in full on the Councils website.
- 2.20 In March 2011, Colchester Borough Council commissioned Levvel to examine the viability of below threshold schemes providing commuted sum contributions in lieu of on-site provision of affordable housing. This was to provide guidance to support Policy H4's provision for below threshold contributions. Levvel has developed the Levvel Development Viability Model which is a dynamic model to determine residual land value. Once information from the HCA on rent levels has been received, this work will be used to calculate the requirements for below threshold contributions to be included in a revised version of this SPD.

## **Section 3      Definition of Affordable Housing**

### **Planning Policy Statement 3**

- 3.1 New definitions of Affordable Housing were set out in PPS3 in June 2011. Affordable housing includes social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Affordable housing should:
- Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices.
  - Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.
- 3.2 **Social rented housing** is:  
Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. The proposals set out in the Three Year Review of Rent Restructuring (July 2004) were implemented as policy in April 2006. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency as a condition of grant.
- 3.3 **Affordable rented housing** is:  
Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80 per cent of the local market rent.
- 3.4 **Intermediate affordable housing** is:  
Housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria set out above. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale and intermediate rent but does not include affordable rented housing.
- 3.5 The terms 'affordability' and 'affordable housing' have different meanings. 'Affordability' is a measure of whether housing may be afforded by certain groups of household, with reference to local incomes and house prices. 'Affordable housing' refers to particular products outside the main housing market.



## **Section 4    Delivery of Affordable Housing**

### **Sites above the Thresholds**

- 4.1    The Council will normally expect the provision of affordable housing above the policy thresholds to be provided on the proposed development site. The Council also expects that affordable housing should be provided without any form of public subsidy.
- 4.2    However, it is recognised that delivering 35% can be a challenge particularly where other development costs are abnormally high. Developers should therefore factor prospective planning obligations and contributions as well as other predictable development costs into land price negotiations. The provision of affordable housing will have an impact on the value of land for residential development but this in isolation will not generally result in the development being uneconomic when compared to existing use value. Nonetheless, on a minority of sites it may not be possible to achieve the level of affordable housing provision sought by the Core Strategy.
- 4.3    Where there are concerns about viability applicants are encouraged to consult with the Council at an early stage, to consider how any such constraints and barriers to delivery can be reduced. To depart from the expectation of a 35% affordable housing contribution, the applicant should demonstrate to the Council's satisfaction that the proposal will not be viable when put through the Three Dragons Model.
- 4.4    Colchester Borough Council in partnership with the Haven Gateway Partnership has invested in the Three Dragons Model to assist with the delivery of affordable housing across the sub-region. The model is the Council's preferred tool for calculating affordable housing contributions as well as the viability of developments across the Borough.
- 4.5    The Three Dragons model allows the user to test the economic implications of different types and amounts of planning obligation and, in particular, the amount and mix of affordable housing. It uses a residual development appraisal approach which is the industry accepted approach in valuation practice.
- 4.6    The model will require the developer to provide a detailed breakdown of the economics of residential development, including selling prices, build costs, other fees and costs, and profit margins, market value at date of purchase, alternative and existing land use values and any unforeseen costs. The Council will use the Three Dragons Model to assess the developer's contentions regarding the viability of the site to support the expected level of affordable housing provision.
- 4.7    In instances where the Council has accepted that a 35% affordable housing contribution results in a site not being viable at the new 80% rent rate, the Council will consider giving support for appropriate public subsidy bids in order to bring the affordable housing contribution up to a 35% level that is in line with the Council's requirements. The Council

will also in appropriate circumstances support bids for public subsidy where a developer wishes to provide in excess of 35% affordable housing or provide 100% affordable rented tenure homes which would address the Council's priority tenure needs. In these circumstances, the mechanism that will allow the number of affordable units to be increased according to the levels of public subsidy available will be specified in the S106 Agreement.

- 4.8 The Greater Haven Gateway Enabler's Group has agreed a procedure as a guide for developers, which is attached as Appendix C. If it is necessary for a developer to purchase a copy of the 3-Dragons software from the Haven Gateway Partnership a fee may be required (£200.00 for a scheme up to 20 units and £400.00 for 21 units or more.)

### **Off Site Provision of Affordable Housing**

- 4.9 In exceptional circumstances the Council may accept that on-site provision is not appropriate, for example where there is a proposal that includes a significant proportion of studio-flats or bed-sits, which do not meet affordable housing needs.

- 4.10 In these circumstances, the provision of affordable units elsewhere will only be acceptable where:

- an alternative site or sites have been identified which would enable affordable housing provision that matches what would have been provided on the original site and is appropriate to the identified local housing needs to be met;
- the alternative site(s) can deliver the off-site provision in an appropriate timescale and in an appropriate locality elsewhere within the Borough
- the off-site affordable housing provision is deliverable prior to the on-site market development being completed;
- the number of affordable units will reflect the benefit the applicant gains through using 100% of the site for market housing compared with 65% when on-site affordable housing is provided;
- the off-site provision will be in addition to the affordable housing that would normally have been required for the alternative site.

- 4.11 In circumstances where the Council accepts that the provision of affordable housing cannot be provided on site and an alternative site is not available or acceptable to the Council the applicant will be required to pay a commuted sum.

- 4.12 The level of payment in the form of a commuted sum will be based on the full market value for a similar size and type of property in the same area minus any grant that the developer could reasonably expect as assessed by an agreed housing association. When calculating the appropriate commuted sum the mix, ratio and type of dwellings will also be taken into account as if the units were to be provided on site to

ensure that this as far as possible accurately replicates the cost of provision on site.

### **Contributions on Below Threshold-Level Sites**

- 4.13 Policy H4 in the Core Strategy states that an equivalent financial contribution (toward affordable housing) will be sought for developments below the thresholds of ten units in urban areas and three in rural areas. In view of the overwhelming need across the borough for affordable housing the Council consider it fair and equitable that all new housing proposals should contribute towards the provision of affordable units using an assessment of the residual land value.
- 4.14 The Council will not at this time, however, be requiring the delivery of below threshold contributions. This requirement, as noted above, awaits clarity on the national position on rent levels to be established through Homes and Community Agency (HCA) survey work to ensure that the levels set reflect appropriate viability considerations.
- 4.15 Work undertaken thus far suggests that the likely levels of contributions are expected to be in the range of £5000 - £8000, although work is continuing on this aspect.
- 4.16 These contributions will be set at a rate that is considered to be a modest financial contribution towards the provision of affordable housing within the Borough and should not result in “typical” small scale development becoming unviable. The introduction of standard figures will also assist landowners and developers during negotiation and planning stages as well as enabling the Council to make positive predictions regarding the levels of contribution to be expected and how this should then be used across the Borough. The suggested figures reflect the fact that economies of scale make provision on site less practical on smaller sites, as the unit costs of provision will be proportionally greater than on the larger sites. A financial contribution based on residual land value (towards the provision of affordable housing by others) will therefore be sought on all below threshold-level sites. The contributions will be used toward funding the provision of affordable housing on another site in the borough.

## **Section 5      The Planning Process**

- 5.1 Prospective applicants are encouraged to discuss their proposals at the earliest possible stage; with the relevant planning case officer and the Project Officer for Affordable Housing at the Council (relevant details are provided in Appendix B.) This allows the design and potential 'heads of terms' of the S106 Agreement to be factored into the formulation of the development proposals at an early stage. The Council expect that the ownership of the affordable housing units will be transferred to a Housing Association/Registered Social Landlord.
- 5.2 As part of the submission of a planning application on above threshold-level sites, the Council will expect an affordable housing statement. This should provide details of the number, mix and tenure of affordable homes and how this reflects overall mix, etc, along with the location of these units within the site. Outline applications should refer to the proportion of affordable units, specify how the mix and tenure will reflect that of the scheme as a whole and, express willingness to pepper pot across the site. The proposed heads of terms for the S106 Agreement will assist speed of decision-making especially if they have been established through the submission of a preliminary enquiry.
- 5.3 The Council will require a planning obligation (by way of a Section 106 Agreement/Undertaking) to cover the precise scale and scope of the form, delivery and management of the affordable housing in relation to the specific circumstances of the development. The Council will draw up the S106 Agreement and any related nomination agreement and the Council's legal costs related to these, will be payable by the developer on an indemnity basis on completion of the S106 Agreement.
- 5.4 Planning obligations, in relation to affordable housing, are likely to include (but not limited to):
- The number, size, tenure and siting of the affordable housing;
  - The phasing of the development;
  - Appropriate trigger points for the provision of affordable housing to an affordable housing provider, to ensure that it is provided in a timely manner in relation to the market housing and delivered in full before an agreed percentage of the market housing has been completed;
  - Eligibility and allocation restrictions on occupancy or disposal to meet local housing need;
  - Mechanisms for ensuring that the affordable housing dwellings are used solely and exclusively for affordable housing in perpetuity;
  - Compliance with public subsidy funding conditions when public subsidy is allocated;
  - Provision of a financial contribution where applicable.
- 5.5 Proposed variations to the terms of a completed S106 can only be agreed by a deed of variation. Requests to vary agreements should be

made to the planning officer in the first instance. The full costs of the variation are payable by the applicant.

- 5.6 Where an application is received in outline form the appropriate contribution will be reserved through a planning obligation, so that it can be resolved when a detailed or reserved matters application is made, when the size of the development and the appropriate level of contribution will be known.
- 5.7 The Council uses standard templates for developer contributions on small development sites. The relevant templates will be available to download from the Council website, through the planning link. These templates are not suitable for the larger schemes (above the threshold levels referred to in Policy H4 of the Core Strategy), where affordable housing units are provided on site.
- 5.8 In addition to the provisions of this SPD, proposals for new housing will also be considered having regard to other relevant LDF policies, which include requirements for other appropriate planning contributions. Applicants are advised to seek preliminary advice from the Council where there is any doubt as to the policy considerations that will apply prior to formally submitting their planning applications, to ensure all relevant policies are addressed.

## **Section 6 Further Development of Policy Principles**

### **Calculating the number of affordable houses in practice**

6.1 The number of dwellings to be provided as affordable housing in any one instance will be calculated by rounding down to the nearest whole number and in line with the 80:20 standard ratio outlined in the SHMA and paragraph 2.15 above as shown in the following examples:

- Total number of 4 dwellings to be provided (in one of the borough's villages) will require 1 affordable dwelling ( $4 \times 35/100 = 1.4$ : round down to 1);
- Total number of 5 dwellings to be provided (in one of the borough's villages) will require 1 affordable dwelling ( $5 \times 35/100 = 1.75$ : round down to 1);
- Total number of 10 dwellings to be provided will require 3 affordable dwellings ( $10 \times 35/100 = 3.5$ : round down to 3).
- Total number of 30 dwellings to be provided will require 10 affordable dwellings ( $30 \times 35/100 = 10.5$ : round down to 10).
- Total number of 35 dwellings to be provided will require 12 affordable dwellings ( $35 \times 35/100 = 12.25$ : round down to 12).

### **Site densities**

6.2 Proposals that in the opinion of the Council seek to under-develop or split sites in order to avoid providing affordable housing on site will be refused planning permission.

### **Renewal applications**

6.3 On 1 October 2009 central Government introduced new provisions to enable an extension to the time limits for commencement of an extant planning permission granted before 1 October 2009. When applications are submitted in accordance with these provisions, the Council will expect an increased provision to the affordable housing requirements if the original permission predates the Core Strategy adopted in December 2008 (which has higher requirements than the 2004 Local Plan it superseded.) This situation will be reviewed on a regular basis and maybe changed at any time to reflect changes at either the local or national level.

### **Design and Integration of Affordable Housing**

6.4 As part of a planning application, applicants will be expected to demonstrate how the affordable element will be realised within the overall development. In schemes over 15 units the affordable housing should be provided in more than one single parcel. Elsewhere the affordable housing mix on any site should normally be "pepperpotted" throughout the scheme in groups, the size and location of which should be discussed and agreed with the Council. The affordable housing should be well designed.

- 6.5 The HCA has design standards additional to those required by policy and in order to receive HCA grant funding the affordable housing will need to be provided to these standards.)

### **Meeting Special Needs**

- 6.6 The Council has an ongoing need to provide wheelchair adapted homes and/ or other forms of supported affordable housing. In some instances the Council will wish to negotiate provision of this form of housing on sites it considers suitable, as part of Section 106 planning gain. In situations where this has a higher unit cost than that of other affordable units, the Council will consider supporting appropriate public subsidy bids. The developer is advised to seek the advice of the Council's Housing Development Officer in these instances.

### **Exceptions to Affordable Housing Policy**

- 6.7 Certain forms of residential accommodation will not be subject to the provision of affordable housing or a financial contribution towards it. These will include approved care homes, hostels, student housing, residential schools and colleges (where the accommodation is directly linked to educational facilities on site) and, military housing, provided that the proposed accommodation does not fall within Use Class C3 and, that a planning condition is to be imposed limiting the accommodation to these specific users. The provision of any of these forms of residential accommodation will not count towards the overall provision of affordable housing in the Borough. Any self-contained Use Class C3 units (dwelling houses) provided as part of these proposals will be expected to comply with the affordable housing requirements in this SPD.
- 6.8 Replacement single dwellings will not need to make provision, unless additional dwelling units are being created. Where additional units are being created then the affordable housing calculation will be applied across the whole site to the net increase in dwelling numbers.
- 6.9 Extensions to existing dwellings will not need to make a contribution, unless a separate unit of accommodation with its own facilities is being created and, this is not for use by a dependant relative of the occupants of the main dwelling.
- 6.10 New dwellings may be created by the conversion of a building currently or last used as a non-residential unit; for example, an agricultural barn. In addition they may also be created where a change of use is made from any residential use with shared facilities (such as bed-sit accommodation, or a care home) to independent residential units with separate facilities. They may also be created when a private dwelling is converted into two or more flats. The policy will apply in these circumstances to any net increase in the number of units.

## **Section 7      Rural Exception Sites**

- 7.1 Policy H4 in the Core Strategy supports the development of affordable housing development on “rural exception sites”, where these sites are contiguous with or adjacent to existing village settlement boundaries, and address a local need that has been robustly demonstrated by way of a local housing needs survey and development is supported by the Parish Council on behalf of their residents.
- 7.2 The Rural Community Council for Essex, an independent charity, employs a Rural Housing Enabler who works with rural communities, providing independent advice and support, acting as a facilitator and helping them through the complicated process of providing affordable housing. The Rural Housing Enabler has the appropriate level of expertise to carry out a Housing Needs Survey, that will establish how many people in the parish need housing and the most appropriate tenure, and which is needed to support a planning application for rural exception housing. Relevant contact details are provided in Appendix B
- 7.3 Within rural exception sites, all of the development will be required to be for affordable housing purposes. It is also expected that the proposed dwellings will all remain permanently available to local people on low incomes who cannot afford market housing. There is no right to buy the property outright and householders within shared-ownership dwellings will only be able to staircase ownership up to a maximum of 80% of the overall equity of the property. The proponents of the scheme (developers/ landowners/ housing associations etc) will need to enter into a Section 106 Agreement with the Council to ensure they remain permanently available to local people on low incomes.
- 7.4 The dwellings will be allocated to persons with a local connection who are in need of an affordable dwelling and who are unable to obtain a property on the open market. The mechanism for allocating the dwellings will be specified in the S106 Agreement. Priority will be given to applicants on the Housing Need register who have expressed a preference (bid) through the Homechoice scheme for that property, who have lived in the Parish for 3 out of the last 5 years, or have a close relative within the Parish, or have permanent and full-time employment in the Parish (including those with an offer of employment). If no bids are forthcoming from those meeting these criteria within the Parish, the units would be offered next to persons in housing need within adjoining Parishes, and finally to whoever is most in housing need within the Borough of Colchester.
- 7.5 In order to ensure that the units remain permanently available as affordable housing, on each occasion that it is necessary to reallocate any of these units, the procedure for allocation will follow the same principles set out above.



## **Glossary of Terms**

**Affordable Housing** - Affordable housing includes affordable rented and intermediate housing products, provided to specified eligible households whose needs are not met by the market.

**Affordable Rented Housing** – Housing provided at No more than 80% of local open market rent levels for equivalent housing including service charges. Formerly known as social rented housing.

**Core Strategy** - A key document in the Local Development Framework which seeks to provide an overall strategy for all the other documents in the LDF.

**Commuted Sum** – A ‘one-off’ payment of a capital sum by an individual, authority or company to the Highway Authority, Local Authority, or other Body, as a contribution towards the future maintenance of the asset to be adopted, or transferred.”

**Financial Contribution** – The sum of money that a landowner or developer is required to pay to the Council to ensure the delivery of services and infrastructure needed as a result of planning permission being granted.

**FirstBuy** - Low cost home ownership scheme funded by the Homes and Communities Agency to assist people in housing need.

**Homes & Communities Agency** - The new organisation resulting from the merger of English Partnerships and the Housing Corporation in April 2009. Provides housing grant through the National Affordable Housing Programme.

**Housing Association** - See Registered Provider

**Intermediate Housing** - Shared ownership or shared equity products.

**Local Development Framework (LDF)** - The LDF is a new system of preparing development plans introduced by the Planning and Compulsory Purchase Act 2004. Structure Plans and Local Plans are replaced by Regional Spatial Strategies (RSSs) and LDFs. LDFs are a combination of Development Plan Documents (DPDs) which will collectively deliver the spatial planning strategy for each Council area.

**Nomination Agreement** - An agreement negotiated between the Council and an RSL which guarantees the Council's ability to access RSL owned new build accommodation for applicant's on the Council's Housing Register.

**PPS3** – Planning Policy Statement 3 underpins the delivery of the Government's strategic housing policy objectives.

**Preliminary Enquiry** – An enquiry submitted to the Council in writing in advance of a planning application being submitted, to obtain an informal officer view on the likelihood of obtaining planning permission and any particular requirements and/or planning obligations that the Council is likely to seek for the proposal.

**Project Officer for Affordable Housing**– An officer employed by Colchester Borough Council who can provide specialist advice on the affordable housing needs within the Borough.

**Regional Spatial Strategy (RSS)** - The regional development plan, in this case the East of England Plan 2008. The Government have announced their intention to revoke the RSS but this is still subject to legal challenge.

**Registered Provider** – A provider of social housing, registered with Tenant Services Authority under powers in the 2008 Housing and Regeneration Act. This term has now replaced Registered Social Landlords (RSL) and encompasses housing associations, trusts, cooperatives and companies.

**Rural Housing Enabler** – A Rural Community Council of Essex (RCCE) employee who works with rural communities providing independent advice and support, acting as a facilitator and helping them through the complicated process of providing affordable housing.

**Section 106 Agreement** - Legal agreement under Section 106 of the Town and Country Planning Act 1990. Used as a means of securing the provision of affordable housing and other contributions from private housing developments.

**Shared Equity** – A form of intermediate tenure housing where an agreed proportion of the equity is purchased at the outset and the balance of the equity remains in the ownership of the Registered Provider or the Council. No further staircasing (increasing the percentage owned by the resident) is allowed.

**Shared Ownership** - A form of intermediate affordable housing where the householder buys a share of the property and rents the remaining share, traditionally from a Registered Social Landlord. Staircasing ownership levels up to 100% ownership can be allowed on urban schemes and 80% in rural areas.

**SHMA** – A Strategic Housing Market Assessment is a comprehensive study of the local housing market, using surveys and involving wide ranging stakeholder participation, to produce an assessment of housing needs and market housing within the local area.

**Social Rented Housing** – Old term for affordable housing.

**Staircasing** – The facility that enables a householder to purchase an increased proportion of a shared ownership (intermediate affordable) dwelling.

**Statement of Community Involvement** - sets out the standards that the council intend to achieve in relation to involving the community and all stakeholders in the preparation, alteration and continuing review of all Local Development Plan Documents.

**Supplementary Planning Document (SPD)** - A document issued under the LDF and giving specific planning policy guidance on a topic, such as affordable housing.

## **Appendix A      Retaining Intermediate Affordable Dwellings**

Appropriate legal covenants will be required to ensure that new build intermediate affordable units for shared ownership (sale) remain affordable.

In the case of rural exception sites and in small settlements of less than 3000 inhabitants, the ability to staircase on any new build intermediate shared ownership units should be restricted to an appropriate level of not more than 80%. This approach is required to ensure that these units remain affordable to those in housing need within rural areas in perpetuity. (Elsewhere, within urban areas, there is the ability to staircase up to 100%, so that the property may eventually be owned outright by the householder.)

For all new build intermediate affordable units, an appropriate re-sale legal covenant (S106 obligation) will be required to ensure that the managing RP is given the first option to purchase the dwelling. If the managing RP does not choose to purchase the unit should then be referred to the Colchester Borough Council, in order that other RP's can be offered the sale. In instances where the householder has purchased 100% of the equity, the re-sale of the unit shall also be referred to Colchester Borough Council so that the details can first be circulated to RP's to give them first opportunity to purchase. In rural areas, the re-sale covenant will restrict the value of the property to 80% of the current open market value when a purchaser acquires 80% of the equity. This approach is justified as the 35% affordable housing policy will not meet the identified housing need in the Borough.

The Council will expect the rent on the unowned equity to comply with HCA standards operating at the time.

## **Appendix B      Useful Contacts**

The Council's Project Officer for Affordable Housing can be contacted on 01206 282973

The Council's Planning Services can be contacted in writing to Planning & Protection, PO Box 889, Town Hall, Colchester, CO1 1FL (email: [planning.services@colchester.gov.uk](mailto:planning.services@colchester.gov.uk)). Initial enquiries by telephone should be made through the Duty Planning Officer on 01206 507810.

The Rural Housing Enabler for Essex can be contacted through Rural Community Council of Essex, Threshelfords Business Park, Inworth Road, Feering, Essex CO5 9SE (Tel: 0844 4773938; Email: [housing@essexrcc.org.uk](mailto:housing@essexrcc.org.uk); Web: [www.essexrcc.org.uk](http://www.essexrcc.org.uk)).

**26 October 2010**

The 3-Dragons Viability Toolkit has been purchased by the Haven Gateway Partnership for use by the member Councils of the Greater Haven Gateway Sub-region.

The toolkit is designed to enable users to calculate the viability of schemes where affordable housing delivery and other forms of planning gain are being sought on developments.

So that Enablers within the Greater Haven Gateway Sub-region are able to make best use of the toolkit the Greater Haven Gateway Enabler's Group has agreed this procedure as a guide for its use with developers:

1. The Enabling/Planning Officer should discuss the development proposal with the developer in the usual way. At this point in the process it is not necessary to discuss the issue of viability unless the developer raises this matter.
2. The Enabling/Planning Officer will advise the developer of the Council's policy relating to affordable housing, including the percentage, type, size, standards and tenure of affordable housing required on the proposed development and will confirm the Council's policy regarding grant funding.
3. If the developer states that the scheme is unlikely to be viable with the obligations that are sought, the Enabling/Planning Officer should advise that any viability issues will be considered as part of the discussion process, and will be tested according to the Council's viability testing procedure. This procedure guide should then be explained.
4. Following the initial meeting the Enabling/Planning Officer should advise the developer to review the proposed development, having regard to the Council's affordable housing and any other requirements. The Enabling/Planning Officer should also advise the developer that it is essential to appoint a registered provider as soon as possible. The Enabling/Planning Officer should explain that doing this allows the developer to understand the requirements of the Registered Provider for the affordable housing to be delivered on the site.
5. Once the developer has reviewed and costed the scheme and if the developer is of the opinion that the scheme is not viable with the obligations required, the Enabling/Planning Officer should discuss the extent of the viability issues and what might need to be done to resolve these.
6. If it is clear that a viability assessment is necessary the Enabling/Planning Officer should advise the developer of the agreed viability assessment process:

- In the first instance a full set of open book accounts must be provided to the Council detailing the costs of the whole scheme including the affordable housing and any other obligations
  - It is acceptable for the developer to provide information in the form of a viability toolkit assessment of the scheme, using the toolkit of their choice and the Developer's costs, provided it is accompanied by a full set of open book accounts and is a clear and comprehensive assessment.
  - Once received the open book accounts and any other information, such as a viability toolkit assessment, will then be considered by the Council
  - The Council may then decide to feed the information received into the 3-Dragons viability toolkit and test the results against the information provided by the developer
  - If further information or clarification is required by the Council and it is felt that the best way of achieving this is for the developer to complete the 3-Dragons Toolkit, the developer may be asked to purchase a copy of the 3-Dragons software from the Haven Gateway Partnership at a cost of £200.00 for a scheme of up to 20 units and £400.00 for a scheme of 21 units or more
  - The completed 3-Dragons toolkit must then be submitted to the Council for their consideration
  - The Council will reserve the right to seek the opinion of an expert consultant to ensure that the Council is satisfied with the assessment undertaken by the Council and the developer. The developer will be charged for this consultation. The outcome of any independent assessment should resolve the viability issue
  - The Council will then confirm the outcome of the viability assessment process and agree an appropriate percentage, type, size, standard and tenure of affordable housing required to be delivered on the site
  - If the scheme is viable the original affordable housing and other obligations must be confirmed
  - If the scheme is not viable further discussion with the developer is necessary to agree how best the scheme can be delivered, for example by seeking SHG to enable the full affordable housing proposal to come forward, reducing the amount of affordable housing to a level where the scheme is viable or changing the tenure mix of the affordable housing
7. For the benefit of establishing best practice Enablers/Planning Officers are requested to provide the Haven Gateway Partnership with feedback on the negotiation process and information detailing the level

of affordable housing agreed for the scheme in question. This will be collated by the Haven Gateway Partnership and shared with the sub-region.

8. The charge made to developers must be reviewed annually and the procedure guide updated once a new set of charges has been agreed on or about 1 April each year.
9. The toolkit defaults must be updated on an annual basis at a time to be agreed with 3-Dragons. The cost of this will be paid from receipts accrued by the Haven Gateway Partnership from the sale of the toolkit to developers. Any shortfall in the cost of this must be shared equally between the Greater Haven Gateway Local Authority partners.