



BATH & NORTH EAST SOMERSET

# Affordable Housing

Supplementary Planning Guidance 2003

PLANNING SERVICES



# Affordable Housing

## Supplementary Planning Guidance 2003

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# 1 Purpose and status

- 1.1 The purpose of this document is to provide detailed guidance on the implementation of the Council's planning policies on affordable housing. It will assist in delivering the objective of both the Bath & North East Somerset Community Strategy and the Council's Corporate Plan to increase the availability of affordable homes in the District. It was approved by the Council's Executive on the 3rd December 2003 as Supplementary Planning Guidance to policy 35 of the Joint Replacement Structure Plan adopted in 2002; policy H6 of the 1997 Adopted Bath Local Plan; policies and HO.8 and HO.9 of the 1995 Wansdyke Local Plan Deposit Draft as amended at the Planning, Transportation and Environment Committee 21 September 2000; policies KCV 9A & 9B of the 1992 Adopted Keynsham & Chew Valley Local Plan; and policies HG.8 and HG.9 of the Bath and North East Somerset Local Plan including minerals & waste policies Revised Deposit Draft 2003. It will be a material consideration in the determination of planning applications.

## 2 Introduction

- 2.1 National guidance on affordable housing is set out in PPG3 'Housing' issued in March 2000 and Circular 6/98 'Planning and Affordable Housing'. PPG3 states that local planning authorities should plan to meet the housing requirements of the whole community, including those in need of affordable and special needs housing. Indeed such provision is essential in meeting the Council's vision for healthy and sustainable homes for all and in contributing to the Government's drive for sustainable communities. A community's need for a mix of housing types, including affordable housing, is a material planning consideration which should be taken into account in formulating development plan policies and in deciding planning applications involving housing. Where there is a demonstrable lack of affordable housing to meet local needs, local plans should include a policy for seeking affordable housing in suitable housing developments. Circular 6/98 sets out more detailed guidance on the provision of affordable housing. It defines affordable housing as encompassing both low-cost market and subsidised housing (irrespective of tenure, ownership – whether exclusive or shared – or financial arrangements) that will be available to people who cannot afford to rent or buy houses generally available on the open market.
- 2.2 Meeting housing needs and ensuring a sufficient variety of house types and sizes to achieve mixed and balanced communities is a high priority for the Council. Bath and North East Somerset Council has adopted the following definition of affordable housing in the context of housing development coming forward on general needs sites.
- 'The range of both subsidised and market housing that will be available for those whose income generally denies them the opportunity to purchase or rent houses on the open market as a result of the local relationship between income and market price.'*
- 2.3 In the case of rural exception sites (see section 7), only subsidised provision will be appropriate and so a second definition for such sites has been adopted as follows:
- 'that provided, with subsidy, for people who are unable to resolve their housing needs in the private sector market because of the local relationship between housing costs and incomes.'*
- 2.4 It is not appropriate to set a figure for what is affordable in monetary terms, as this would quickly become out of date. Paragraph 9a of Circular 6/98 states that definitions should be framed in terms of level of local incomes and their relationship to house prices or rents, rather than to a particular price or rent.

- 2.5 A corporate approach towards the provision of affordable housing, involving both the Bath & North East Somerset Planning and Housing Services is adopted. The Housing Strategy Statement describes how the Council will use its housing enabling powers to meet housing needs in the area. The provision of affordable housing in both urban and rural areas is an important objective of the existing and emerging Development Plan (the Joint Replacement Structure Plan, Bath and North East Somerset Local Plan Revised Deposit Draft, Bath and Wansdyke Local Plans and other plans referred to above) which set out the Council's approach to this issue, in line with Government and Regional Planning Guidance.

### 3 Affordable housing policies

- 3.1 2001 Regional Planning Guidance for the South West Policy HO.3 states that local authorities should undertake assessments of local housing need and that Development Plans should include targets for affordable housing provision and policies for meeting affordable housing needs in both urban and rural areas.
- 3.2 The adopted Joint Replacement Structure Plan policy 35 encourages the provision of affordable housing and allows for rural exception sites to come forward. One of the guiding principles of the Joint Replacement Structure Plan Policy 1 is the provision for the housing and social needs of the population by residential development of a mixture of types. Policy 35 intends that Local Plans will include policies and targets for specific locations and/or sites to meet affordable housing needs and provide for the release of small sites for affordable housing in rural areas which would not gain consent for general market housing (rural exceptions schemes).
- 3.3 The Bath Local Plan includes the provision of affordable housing in the urban area as an objective and sets out in Policy H6 the detail relating to substantial housing sites. The Wansdyke Local Plan Deposit Draft as amended includes the provision of affordable housing in urban and rural areas as an objective and sets out two policies on the issue. Policy HO.8 relates to substantial housing sites either allocated or coming forward as windfall sites and Policy HO.9 is a rural exceptions policy. It sets targets on a number of housing sites allocated in the Plan. The Keynsham & Chew Valley Local Plan makes similar provisions in policies KCV 9A and 9B. The Bath and North East Somerset Local Plan Revised Deposit Draft placed on deposit in 2003 policies HG.8 and HG.9 seek affordable housing on suitable sites and rural exception sites respectively. The Plan will eventually replace other local plans covering the District.

### 4 Assessing housing need

- 4.1 Government guidance on housing and planning has emphasised the requirement for local authorities to assess housing need, create complementary strategies to address it and to co-ordinate effort in a corporate approach to their strategic and enabling role. In December 1999, Bath & North East Somerset Council commissioned a detailed district-wide assessment and projection of housing need as the basic building block in informing housing, planning and care strategies for the future.
- 4.2 The assessment process was conducted to ensure that it is rigorous and able to withstand scrutiny, as outlined in Circular 6/98 and in the Planning Policy Guidance Note 3 (PPG3). A copy of the full report is available on the Bath and North East Somerset web site at <http://www.bathnes.gov.uk/housing/SupportedLiving/Housing-Survey/survey.htm>
- Study Methodology – Postal Survey Questionnaire

- 4.3 The questionnaire was compiled in consultation with Bath & North East Somerset Council housing and planning officers and coded to facilitate data input onto a computer base, essential for a survey of this scale, into 37 ward areas. 8% of all resident households in Bath & North East Somerset responded.
- 4.4 The questionnaire was comprehensive, seeking information in two separate sections. Part A, completed by all respondents examined:
- Existing housing type, tenure and amenities
  - Household characteristics
  - Adequacy of the dwelling
  - Special needs and care issues
  - Plans to move home
  - Housing costs and incomes.
- 4.5 Part B, completed only by households planning to move or containing one or more members likely to seek alternative separate accommodation within five years, sought to identify:
- The nature and quantity of future housing need by type, size, tenure and location
  - The scale of concealed households in need of affordable housing in the district.
- 4.6 The survey report concludes that there is a need for some 1,730 subsidised affordable homes in the district in the period 2000 – 2006. In addition there is a need for 250 low-cost market houses some of which may meet affordable housing needs of those who cannot afford to rent or buy houses generally available on the open market.
- 4.7 The survey identifies the type of dwellings required as being smaller one, two and three bedroom properties.

## 5 Negotiating affordable housing under development plan policies

### Thresholds

- 5.1 Planning Policy Guidance Note 3 and Circular 6/98 make it clear that local plan policies should seek affordable housing in 'suitable' housing developments. Site size thresholds are set out in the circular but it allows for lower thresholds where this is justified and adopted through the local plan process. The Bath & North East Somerset Local Plan sets out a justification for lower thresholds in the District.
- 5.2 For allocated sites or proposals coming forward as windfalls in Bath, Keynsham, Norton-Radstock, Salford, Peasedown St. John and Paulton the Bath and North East Somerset Local Plan Revised Deposit Draft 2003 sets the threshold for housing developments at 15 or more dwellings or residential sites of 0.5 hectare or more. In villages with a population of less than 3,000, where there will be more limited opportunities, the site threshold will be residential developments of 10 or more dwellings or residential sites of 0.5 ha or more.
- 5.3 For allocated sites or proposals coming forward as windfalls in Bath, the Bath Local Plan seeks affordable housing on substantial residential developments including mixed use schemes. The Bath Local Plan indicates that defining substantial residential developments will be guided by the latest Government advice. This is 25 or more dwellings or 1 hectare or more. However the Bath & North East Somerset Local Plan approved for use for development control purposes at the 17th July 2003 Full Council now defines new thresholds for sites coming forward in Bath as set out above.

- 5.4 Within the former Wansdyke area the thresholds are set out in para. 9.52 of the Wansdyke Local Plan Deposit Draft as amended. For settlements with a population of 3,000 or fewer it is residential developments of 10 or more dwellings or 0.5 hectares or more. Elsewhere, it is development of 25 or more dwellings, or residential sites of 1 hectare or more. These thresholds are also changed by those in the Bath & North East Somerset Local Plan Revised Deposit Draft 2003.
- 5.5 Provided the development is at or above these thresholds then an element of affordable housing will be sought where a demonstrable need is identified. This applies to sites allocated in the local plans as well as to unidentified (windfall sites) and conversions which may come forward. Sites that are deliberately sub-divided or reduced unrealistically to avoid the threshold will still be expected to provide an element of affordable housing. The provision of affordable housing on smaller sites is also encouraged.

### Level of affordable housing provision

- 5.6 In the light of the considerable housing needs which exists throughout Bath and North East Somerset, the Council will negotiate for the provision of 30% of the total dwellings proposed to be affordable housing.
- 5.7 Developers are advised to take affordable homes provision into account in negotiating the purchase of land for development. The Council will take account of any abnormal site costs associated with the development that may justify a reduction in the affordable housing requirement. Developers will be expected to submit details of such costs at the earliest opportunity. Standard development costs such as demolition works, landscaping, noise bunds, archaeological and ecological surveys and works, drainage and flood prevention measures will not generally be considered as abnormal site costs.
- 5.8 In seeking affordable housing on appropriate sites account will also be taken of the proximity of local services and facilities and access to public transport and whether the provision of affordable housing would prejudice the realisation of other planning objectives that need to be given priority in development of the site.

### Priority for on-site provision

- 5.9 The Council will take account of the suitability of the site for affordable housing and the type of development proposed but will generally seek the affordable housing provision to be provided on-site as part of the development in order to create balanced communities. In very exceptional cases a financial contribution towards provision on an alternative site within Bath and North East Somerset will be considered in lieu of on-site provision.

### Type of affordable housing

- 5.10 The size and mix of affordable dwellings to be provided on a site will depend on the identified housing needs of the area in which the scheme is located. Generally a mix of units including family housing as well as provision for smaller households will be sought. All affordable housing provision should be built to Housing Corporation Scheme Development Standards. Where there is an identified need, the Council will negotiate for the provision of housing for key workers, older people or to meet other specific needs groups within the affordable housing element. Self build housing may also be appropriate where it can be secured as affordable in perpetuity.

## Tenure

- 5.11 The Bath and North East Somerset Housing Survey 2000 identified the greatest affordable housing need in the area is from households on incomes of less than £17,500 per year. The provision of affordable rented housing by a Registered Social Landlord (RSL)<sup>1</sup> will consequently be the Council's preferred form of tenure and will be sought first on all suitable sites to meet this identified need. A copy of the full report is available on the Bath and North East Somerset web site at <http://www.bathnes.gov.uk/housing/SupportedLiving/Housing-Survey/survey.htm>
- 5.12 Shared ownership schemes controlled by RSL's enable occupiers to part-buy and part-rent the property until such time as they can afford to buy it outright when they staircase to full ownership (staircasing is where a shared owner purchases further shares in the house so that they become the sole owner). Shared equity schemes are similar although the RSL retains a stake in the property. Such schemes may be acceptable as an alternative or addition to the provision of affordable rented housing and will be sought where appropriate.

In some cases a limited number of low-cost market homes for purchase may be appropriate. However it will depend critically on the relationship between local incomes of those in need of affordable housing and the local house prices.

## Design

- 5.13 The Council will seek a high quality of design, including layout and landscaping for all affordable housing built. Affordable housing developments should respect the character and local distinctiveness of the area in which they are located and be indistinguishable from general market housing provided on or adjacent to the site. All relevant Structure and Local Plan policies and national planning guidance must be complied with. Where dwellings are provided as part of a development, they should usually be dispersed throughout the development and not concentrated in one area. All schemes should comply with the current Housing Corporation Scheme Development Standards.
- 5.14 It is particularly important that local plan policies and national planning guidance dealing with archaeology, the historic environment and ecology are complied with and acted upon at an early stage in the design process. Such constraints can sometimes lead to delays and can have cost implications for a project. Developers are advised to contact the Council's archaeological, ecological and historic environment officers for advice and information.

## Accessibility

- 5.15 All residential development schemes should be easily accessible to shops and facilities by modes of transport other than the private car. As occupants of affordable housing tend to have lower levels of car ownership than occupiers of general market housing, it is particularly important that schemes are within easy walking/cycling distance of a local shop, post office, doctor's surgery and a primary school, and should have reasonable public transport access to major employment areas and other services and facilities.

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<sup>1</sup> Housing associations and other bodies regulated by the Housing Corporation as registered social landlords

## 6 Delivering affordable housing under development plan policies

### Involvement of Registered Social Landlords

- 6.1 Developers will be encouraged to work with Registered Social Landlords (RSL) to provide affordable housing. RSLs are obliged to have open and fair policies for allocating tenancies based on housing need.
- 6.2 Developers are encouraged to seek an RSL partner from the Council's Joint Commissioning Partnership at the earliest opportunity. They should ensure that proposals for affordable housing provision meet the requirements of the RSL, who should preferably be party to any Section 106 agreement.
- 6.3 The implementation of development plan policies should ensure that the affordable housing is provided in such a way that it is economically viable for the RSL, is genuinely affordable to those in housing need and represents best value in the use of public funds. The Council, therefore, seeks to achieve the affordable housing to be provided at a price that requires no public subsidy. This will allow Housing Corporation and Council social housing grant to be invested to meet specific housing needs and other costs over and above those normally expected for affordable housing through these policies. The mechanism for providing affordable housing units will usually be design and build (i.e. the developer will enter into a land transfer and subsequent build contract with the RSL). Costs will be calculated according to the prevailing Housing Corporation total cost indicators and grant rates (Appendix 1 refers).

### Timing of affordable housing provision

- 6.4 The affordable housing provision to be made available on a site should be an integral part of the development. Where a development is to be provided in phases, it may also be appropriate for the affordable housing element to be phased. Affordable housing will be negotiated at the outline as well as the detailed planning application stage. In cases where the potential developer of the site is unknown or the developer does not have a partner RSL, Section 106 agreements will be negotiated to provide for an agreement for the affordable housing to be ready and available for letting prior to the occupation of a specified number of general market units.

### Occupancy controls

- 6.5 Where a landowner/developer proposes to develop and manage the affordable homes without the involvement of a RSL, planning obligations will be sought to ensure that the occupancy criteria set out in planning policies are complied with and the houses provided are occupied only by people in local housing need.



## Use of Planning Obligations

- 6.6 Planning obligations and/or conditions will be sought to ensure that affordable housing is secured in accordance with this guidance.
- 6.7 Circular 6/98 (paragraphs 21 and 22) states that where a requirement for an element of affordable housing is appropriate, it should be provided as part of the development. However, where the local planning authority and the developer both consider it is preferable that a financial or other contribution should be made towards the provision of an element of affordable housing on another site, they should ensure that arrangements will actually result in the provision of affordable housing. In the light of this advice, the Council will only accept financial contributions towards the provision of affordable housing on an alternative site exceptionally and in the following cases.
- Where the number of general market dwellings on the site would result in the provision of only 1 or 2 affordable homes which may cause housing management problems for a RSL.
  - Where the type of development proposed is such that it is not considered appropriate to make on-site provision. Examples might include the conversion of listed buildings, elderly persons' schemes or particular developments which are likely to result in high service charges to future occupiers.
  - Where the site is not accessible by foot/cycle to local shops and facilities and is not well served, nor has the potential to be well served, by public transport. (As all housing sites should be accessible to local facilities, this is likely to apply only to those sites subject to outstanding planning appeals where the Council may wish to negotiate for affordable housing provision on a without prejudice basis).
- 6.8 When considering whether or not to accept financial contributions in lieu of on-site provision, the Council will take account of any other current proposals for affordable housing provision in the same area.
- 6.9 The level of financial contribution sought will be equivalent to the contribution that would have been made on the site. Financial contributions will be calculated in the same way as on-site provision so that affordable housing can be provided on an alternative site without the need for public subsidy.

## Mortgagee-in-possession clauses

- 6.10 Where a local authority seeks to secure occupancy controls, lenders of private finance often require the RSL to negotiate for the inclusion of clauses in planning obligations which would enable the lender to dispose of the property on the open market, as a last resort, if the RSL is in financial difficulties. Such clauses are known as mortgagee-in-possession clauses. Mortgagee in possession clauses will only be acceptable as part of S106 agreements if the RSL has demonstrated that it requires one.

## 7 Rural exceptions schemes

- 7.1 In accordance with Annex B to PPG3 and Circular 6/98, Policy HG.9 of the Bath and North East Somerset Local Plan Revised Deposit Draft, Policy HO.9 of the Wansdyke Local Plan Deposit Draft, and KCV 9B of the Keynsham and Chew Valley Local Plan, affordable housing may be acceptable on small sites, within and/or adjoining existing identified villages which would not normally be granted planning permission for residential development. This is subject to there being an identified local need, the affordable homes meeting local needs in perpetuity, and provided various other criteria are met.
- 7.2 The guidance on the design and accessibility of affordable housing schemes set out in paragraphs 5.13 to 5.15 above apply equally to rural exception schemes. It is desirable for applicants to assess possible other sites in order to find the best location and to assist the decision making process. Such developments are likely to be in sensitive locations and in accordance with PPG1 – applicants should provide a written statement setting out design principles adopted as well as illustrative material in plan elevation and section.
- 7.3 The Council prefers Registered Social Landlords to build and manage rural exception schemes. Planning obligations will always be sought to ensure that the occupancy criteria set out in the policy are complied with and the dwellings are occupied in perpetuity only by people in local housing need. Mortgagee-in-possession clauses are inappropriate on rural exception sites, as it would be unacceptable, in planning terms, for the affordable housing to be sold on the open market.

## 8 Further information

PPG3 'Housing'

Circular 6/98 'Planning and Affordable Housing'

Regional Planning Guidance for the South West (RPG10) issued 2001

Joint Replacement Structure Plan Adopted 2002

Adopted Bath Local Plan 1997

Wansdyke Local Plan Deposit Draft 1995 as amended in 2000

Adopted Keynsham and Chew Valley Local Plan 1992

Bath and North East Somerset Local Plan including minerals & waste policies  
Revised Deposit Draft 2003

Bath and North East Somerset 'Housing Survey 2000'

Bath and North East Somerset Housing Needs Register\*

Bath and North East Somerset Housing Strategy 2000/2003\*

\*Available from Housing Services PO Box 3343, Bath BA1 2ZH

# Appendix 1

## Calculation of transfer price of units to registered social landlord or Calculation of off-site contributions in lieu of on-site provision

1. Justification for utilising Total Cost Indicators framework in the negotiation of planning obligations
2. This planning guidance outlines an approach for the provision of affordable housing on site without the need for an RSL to apply for social housing grant to subsidise the rented or shared ownership units provided. It also specifies that these units will be rented or sold within the Corporation's allowed limits. The Housing Corporation's Total Cost Indicators (TCI) framework ensures that these criteria can be met.
3. TCI's and grant rates are reviewed annually by the Corporation to take into account land and build costs etc. Each LA is placed within one of 14 TCI cost groups, which reflect variations in land and build costs across the country.
4. **Calculation of transfer price**
5. It is suggested that developers approach the Local Authority at an early stage to discuss the methodology and calculation of the grant rate applicable to a particular site.
6. The Housing Corporation provides a Grant Rate Calculator in the form of an Excel spreadsheet, current version being HCCAL6V3.XLS. They no longer provide Grant Rate tables. Instead the spreadsheet works out the applicable grant for each individual unit depending on the following inputs:
  - Unit location Local Authority
  - Unit internal area in m<sup>2</sup>
  - Unit gross multiplier derived from TCI tables
  - Unit value as of January 1999
  - Unit Prospective Rent
  - Number of bedrooms
  - Whether unit is a flat or a house
  - Whether unit is new build or rehab
  - Whether unit is an extended family unit, defined as 8 persons or more with additional or duplicate facilities
  - Whether unit is Supported Housing and/or Sheltered Housing
7. **Affordable rented housing dispersed throughout the development**
8. Transfer Price of completed units to the RSL = 100% TCI at the time planning permission is granted minus applicable Social Housing Grant and Housing Corporation notional on-costs.
9. **Transfer of Land (the RSL is able to build the homes)**
10. Developer will transfer free fully serviced plots to the partner RSL plus a cash contribution equal to the level of Social Housing Grant and Housing Corporation notional on-costs.
11. **Shared Ownership**
12. As for affordable rented housing above.
13. **Commuted Sums**
14. Payment to Bath and North East Somerset Council equals Social Housing Grant and Housing Corporation notional on-costs based on 100% TCI for rented housing on an agreed number and type of units at the time planning permission is granted.

# Making Bath and North East Somerset a better place to live, work and visit

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June 2004



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