

North Somerset Futures Local Development Framework

Affordable Housing Supplementary Planning Document (SPD)



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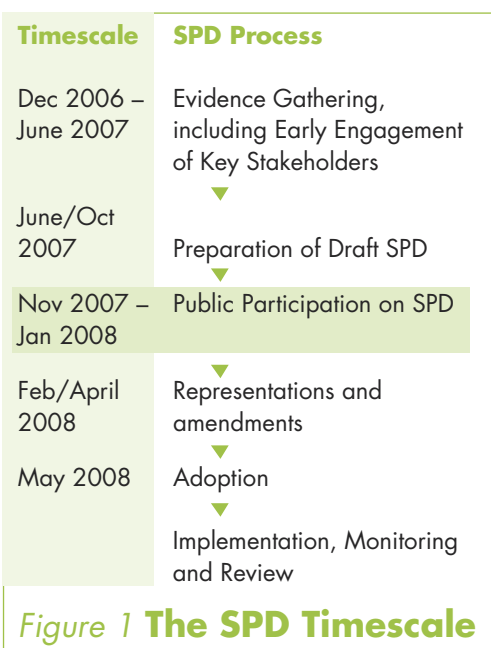
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1. Introduction

The previous Affordable Housing Supplementary Planning Guidance (SPG) was adopted by North Somerset Council in August 2001. Since the adoption of this document there have been significant changes to the evidence base and the policies and legislation that it was based on at national, regional, sub-regional and local level.



Furthermore, the North Somerset Replacement Local Plan has recently been adopted and the Inspector’s Report into the Plan recommended that the council should prepare a new Supplementary Planning Document (SPD) following adoption of the plan to amplify and support affordable housing policies contained in the Replacement Local Plan, namely Policies H/4 and H/5. The provision of affordable housing is also a key priority objective of the Community Strategy, as the gap between need and provision has widened considerably in the last few years. Hence, North Somerset Council has decided to produce this new SPD on affordable housing as a priority project and has incorporated the timetable into the

revised Local Development Scheme (*Appendix 1*). The process and anticipated time-scale for adoption is shown in *Figure 1*.

1.1 Purpose of the SPD

This SPD forms a material consideration in the determination of planning applications. Its purpose is to advise applicants on how North Somerset Council applies policies H/4 and H/5 of the adopted North Somerset Replacement Local Plan setting out site specific requirements. It also clarifies how the council defines affordable housing and informs applicants on nil public subsidy arrangements and the council’s preferred methods for ensuring the delivery of affordable housing.

1.2 Monitoring and Review

Local Planning Authorities are required under the Planning and Compulsory Purchase Act 2004 to prepare an Annual Monitoring Report (AMR) to assess the implementation of the Local Development Scheme and the extent to which policies and objectives in LDFs/Local Plans are being achieved. The council will monitor the provision and delivery of affordable housing as part of the AMR and advise on the outcomes to Members. This SPD will be reviewed as and when necessary in light of all material information.

2. Policy Context

The North Somerset Replacement Local Plan (NSRLP) was adopted in March 2007 having regard to national and regional planning guidance available during the review period up to adoption. The NSRLP policies are saved through the Local Development Scheme until they are replaced by new policies in a Local Development Document (LDD). This SPD seeks to give further guidance on the policies within the NSRLP. It is, however, also written in the light of recently published national guidance and the North Somerset Community Strategy.

PPS3 was published in November 2006, after the proposed modifications of the North Somerset Replacement Plan had already been approved. PPS3 made fundamental changes to the definition of affordable housing, by specifically excluding low-cost market housing. It emphasises the need for creating, sustainable, mixed communities with a mix of house types and sizes and an emphasis on developing on brownfield land. It requires Local Authorities to set overall and tenure specific targets for affordable housing provision in their plan documents, as well as specifying the size and type of affordable housing, the range of circumstances when affordable housing will be required and the approach to seeking developer contributions.

Strategic planning guidance for the South West region is set out in the emerging Regional Spatial Strategy (RSS). The Draft Regional Spatial Strategy was published in June 2006 and followed by an examination in public. The Secretary of State's proposed changes to the Draft RSS were published on 22 July 2008, and set an increased target of '*at least 10,000 affordable homes per annum*' across the region, requiring housing developments to provide '*at least 35%*' of affordable housing. Once adopted, the RSS will form part of the statutory development plan for North Somerset.



3. Definition of Affordable Housing

The North Somerset Replacement Local Plan (NSRLP) took into account the affordable housing definition provided in Circular 6/98 and PPG3 and defines affordable housing in the supporting text of Policy H/4 as encompassing both low-cost market and subsidised housing. However, the definition of affordable housing no longer reflects that of national guidance following the release of PPS3 which supersedes PPG3 and Circular 6/98.

The council's definition of affordable housing on the basis of PPS3 is:

- A) social rented** – Rented housing owned and managed by local authorities and registered social landlord, for which guideline target rents are determined through the national rent regime. 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 council or with the Housing Corporation as a condition of grant; and
- B) Intermediate Housing** – Housing at prices and rents above those of social rent, but **below** market prices or rents, and which 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. These can include shared equity products, such as New Build Homebuy or discounted market housing.

Following from the above definition, dwellings sold at the lower end of the property market (low-cost market housing) are not considered to be an acceptable form of affordable housing. Using a local example, the lower quartile house price in North Somerset in 2007 was £145,000 (land registry) whilst the average income was £25,290 (Annual Survey of Hours and Earning). Assuming a 95% mortgage at 3.5 times salary, the income needed to service a property purchase of £145,000 is £39,357. Using best practice guidance on the affordability of buying a home (Strategic Housing Market Assessment – Practice Guidance 2007), the District's average income of £25,290 could service a mortgage of £88,515.

While low cost market housing will not be accepted as part of the affordable housing provision developers may include it as part of the market element. Low-cost market housing can play a useful role in meeting housing demand and achieving an appropriate housing mix.

The council's definition of affordable housing encompasses both general needs housing provision and supported housing of various types to meet the needs of the elderly and other vulnerable groups. Key worker housing is not identified as a specific category of affordable provision in North Somerset based on current needs evidence.

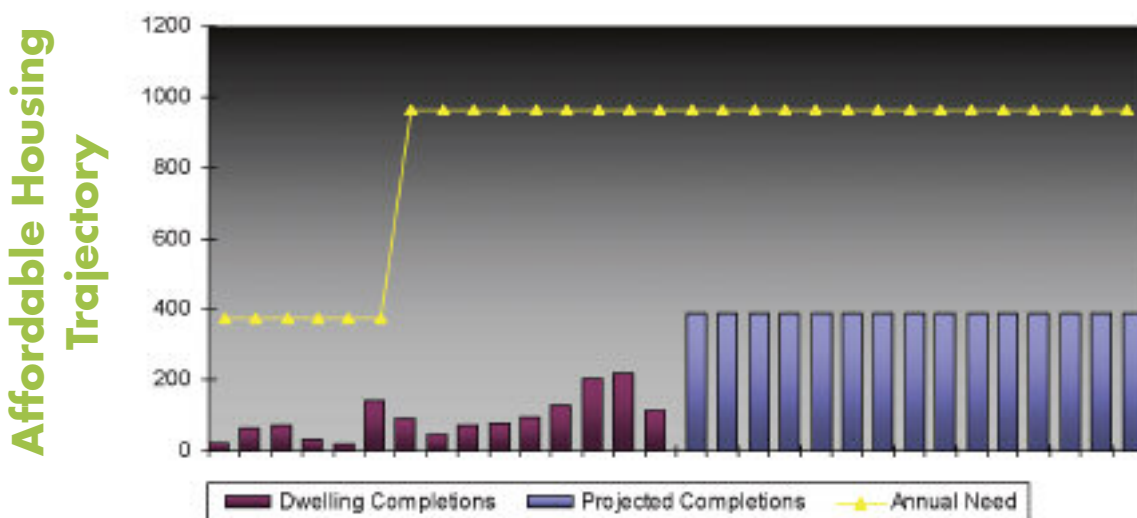
4. Housing Need and Supply

In May 2005 North Somerset, in partnership with the other West of England authorities, commissioned Professor Glen Bramley to carry out a detailed Housing Need Affordability Model (HNAM). This currently reflects the most up to date assessment of housing need for the sub-region as a whole, and also provides more detailed information on site and mix for affordable housing need for North Somerset. [Appendix 2](#) provides a summary of the 2005 HNAM and details of the required split between tenures.

The key findings for North Somerset were:

- The net affordable housing need exceeds total projected new dwellings.
- It was projected that in 2006 only 41% of new households were able to afford to purchase a property in the District.
- There was an annual social rented need in 2006 for 789 units with an intermediate need of 278 units.
- House prices in North Somerset rose by around 60% between 2001 and 2004.
- The need for affordable housing is spread throughout the district with the largest numbers in Weston-super-Mare.

Affordable dwelling completions in the past have been well below the estimated affordable housing need per year. The council's new strategic indicative target is for 390 affordable dwellings per annum. This is based on the assumption that, in accordance with regional requirements, the council will have to provide 1300 dwellings per annum from 2011 onwards of which 30% would amount to 390 affordable dwellings per year. Realistically, there will be many sites which will be below the threshold of providing affordable housing hence the completed number will be somewhat below that figure. Given that even the more ambitious target of 390 dwellings remains well below the affordable housing need ([see trajectory below](#)), every opportunity must be taken to build affordable housing on suitable sites.



The West of England Housing Market Assessment (2004) and HNAM (2005) are currently being updated through the 2008 Strategic Housing Market Assessment. This assessment will cover the full range of housing needs and demands across all tenures and provides prospective developers with useful market information in considering the mix of house types and sizes within their schemes. It is being delivered in accordance with PPS3 and Government Guidance on Strategic Housing Market Assessments. It will provide detailed evidence of the affordable housing and market needs in the West of England sub-region and at a sub-district level. Together with data from the General Needs Housing Register and any recent town/parish housing survey on Housing Need in the District, it will inform negotiations for the inclusion of affordable housing within proposed housing development schemes.

5. Negotiating Affordable Housing under Policy H/4

The council advises developers who are proposing residential or mixed-use schemes to consult with the Housing Development Team (contact details in [Appendix 3](#)) about the required amount, mix and tenure of affordable housing prior to undertaking detailed scheme layouts and designs and to contact North Somerset Council's Development Control section to discuss their proposals before they submit a formal planning application.

The standard clauses that should generally be included in the legal agreement are set out in [Appendix 4](#).

5.1 Threshold for Providing Affordable Housing

Policy H/4

"The council will seek to negotiate with developers and/or landowners towards achieving a target of 30% affordable homes, from all suitable sites for new housing developments of 15 or more dwellings or 0.5ha or more, irrespective of the number of dwellings coming forward for planning consent over the Plan period."

The council will require affordable housing as part of any residential or mixed-use development of 15 or more dwellings, or on a residential site with a gross area of at least 0.5ha. PPS3 makes it clear that new housing should make efficient use of land, which is reiterated in Policy H/3, seeking densities of 30–50 dwellings per ha. Where land is used inefficiently to avoid having to provide affordable housing, this will lead to the refusal of planning permission.

Where proposals come forward for developments below the 15 unit threshold and /or just below the site size threshold, the design, unit mix and site boundaries will be closely scrutinised to ensure there is no deliberate attempt to

avoid policy H/4. Early discussion with the council will ensure that an appropriate indicative capacity and affordable housing requirements are identified at the outset.

In considering whether a development meets the threshold for providing affordable housing, North Somerset Council considers the net number of proposed dwellings. For example, a proposed new development might consist of 15 new dwellings while also requiring the demolition, or loss by conversion of 2 dwellings on the proposal site. Affordable housing would not be expected from the proposal, because the net number of dwellings does not meet the 15-dwelling threshold.

5.2 Outline Applications

Should an outline application for residential development be proposed, North Somerset Council will assess the housing density that is appropriate to the site in line with the criteria set out in Policy H/3. If yield is determined to be 15 dwellings or more, then the applicant will be expected to enter into a legal agreement to provide affordable housing on site, in line with Policy H/4.

Applicants of outline applications for residential development on sites with a gross area of 0.5ha or greater will automatically be expected to enter into a legal agreement to provide affordable housing on site in line with Policy H/4. The standard clauses that should generally be included in the legal agreement are set out in [Appendix 4](#).

5.3 Phasing on Large Sites

On large sites where development will be phased, it is expected that the affordable housing will be developed at the same time as the market housing and a phasing plan submitted as part of the Affordable Housing Masterplan. Generally, for every seven open market houses being built, 3 affordable homes will be provided and this 70/30 ratio will be continued across the development.

5.4 Mixed Use Sites

Mixed-use planning applications with a residential element of 15 dwellings or more or a gross residential area of 0.5 ha or more will be expected to enter into a legal agreement to provide affordable housing in line with Policy H/4. The standard clauses that should generally be included in the legal agreement are set out in [Appendix 4](#).

Mixed-use applications on previously developed land coming forward under Policy E/3 within the settlement boundaries of Clevedon, Nailsea, Portishead and Weston-super-Mare that incorporate employment as a significant component (no less than 40% of the gross site area) and have a residential element of less than

15 dwellings or less than 0.5 ha gross residential area are not required to provide affordable housing in line with Policy H/4. Details concerning the quantum, thresholds and phased release of the employment land will be determined through a combination of detailed masterplanning and a S106 agreement which will accompany any approval.

5.5 Conversions

Policy H/4 applies to the conversion of any building, whether or not it is already in residential use. As explained above, North Somerset Council uses the net number of units created by the development to calculate the proportion of affordable housing that should be provided.

5.6 Specialist Residential Development

The requirement for affordable housing extends to all types of residential development including housing for the elderly. Housing for the elderly falls into the same use class as residential (class C3) and is therefore expected to contribute to the provision of affordable housing. In these cases it may be more appropriate for the provision to be affordable retirement housing. Care homes and nursing homes (class C2) that are not self contained are not required to provide affordable housing.

Student housing is exempt from this, as long as it is purpose built student accommodation with a condition on it restricting its use to these occupiers.

5.7 Artificial Subdivision of Sites

North Somerset Council will be alert to, and not permit any benefit to be gained from, the piecemeal subdivision of a site to circumvent Policy H/4. Sites in the same ownership, or where an ownership relationship can be proven, will be treated as a single planning unit/site and if the overall gross site is 0.5ha or more, the applicant will be expected to enter into a legal agreement to provide affordable housing in line with Policy H/4.

5.8 Tenure

In accordance with PPS3 Local Authorities should set separate targets for social rented and intermediate housing. The evidence provided by the WoE HNAAM 2005, the District's overriding need is for affordable, rented homes and the council will seek a minimum of 75% of any affordable housing provision for affordable rent. Generally the balance of affordable housing will be provided as Newbuild Homebuy (formerly called shared ownership). This split of tenures may be subject to change in light of future evidence and developers will be able to determine the up-to-date requirement through the most up-to-date Housing Need Assessment which will be available on the internet.

On larger developments, the council may also consider alternative models of intermediate housing that provide adequate provision to meet local need and meet affordability criteria, with restrictions on occupancy, affordability, management and re-sales / re-lets and recycling of subsidy.

5.9 Housing Mix (Types and Sizes)

The size and mix of affordable dwellings to be provided on site will depend on the housing needs and provide a suitable mix of house types and sizes which will be spread across the range of unit types and sizes. If there is a concern about mixed tenure in flatted developments, these should be considered at the earliest stage and the scheme designed to accommodate the requirements for affordable housing. The council will consider both the projected housing needs information from the HNAM or other housing need sources, and current needs information from the Housing Needs Register in determining the mix of the affordable housing units required.

5.10 Design and Layout Requirements

Affordable housing should be seamlessly integrated and distributed throughout the development scheme consisting only of small groups (with a maximum of six affordable units in one location on general needs housing schemes and a maximum of 12 affordable units in one location on supported housing schemes). As far as possible, it should not be distinguishable from market housing in terms of appearance, build quality and materials, subject to meeting Housing Corporation and North Somerset Design and Quality Standards. This should be considered at the very early stages of the design process and should be addressed in development briefs when they are prepared.

Affordable housing units must be identified as part of any detailed or reserved matters application. On phased developments on large sites, an affordable housing Master plan will identify the strategic distribution of affordable housing units before the submission of a reserved matters application or subsequent detailed applications.

On sites with mixed housing provision, the type of affordable housing provision will adequately address local need and provide a suitable mix of house types and sizes which will be spread across the range of unit types and sizes.

Crime reduction measures must also be considered in the design of affordable housing in accordance with Policy GDP/3. Domestic burglary has a disproportionate impact on the most vulnerable in society, who have the least home security protection and the least ability to bear the financial impacts of a burglary, hence crime reduction measures in the design of affordable homes are particularly important.

The Police Architectural Liaison Officer must be consulted on all residential planning applications, to assess whether the scheme complies with the Secured by Design standard and, if not, how the standard can be achieved. All affordable housing schemes are expected to achieve the standard.

5.11 Quality and Accessibility Standards

In excess of the standards set out in policy GDP/3 of the North Somerset Replacement Local Plan, all affordable housing units must achieve and fully comply with the following:

- 'Design and Quality Standards' published by the Housing Corporation.
- Lifetime Homes – units built to meet the recommendations of the Joseph Rowntree Foundation for Lifetime Homes (except flats above ground floor).
- North Somerset Scheme Development Standards.
- Partner RSL Development Standards.

This is to ensure that affordable housing delivered through a Section 106 site is of the same standard to that of housing delivered directly by a housing association, ensuring equality in housing standards regardless of the source of the housing.

The council will seek the provision of 10% of the affordable housing as specialist, wheelchair and mobility standard housing, or other supported housing as highlighted in local needs assessments, and the requirements of North Somerset Council Scheme Development Standards, the Housing Corporation and Building Regulations.

In line with the expectations of PPS3, the council may also seek to resolve particular affordable housing needs through negotiation with developers, for example to meet the needs of black and minority ethnic groups or gypsies and travellers. Any such provision will be included as part of the overall affordable target contribution.

6. Delivery of Affordable Housing

In North Somerset the availability of grant support for affordable housing is very limited. The council has been successful in its policy of negotiating affordable housing without the need for public subsidy since 2001 and in common with many other local authorities the council will continue to seek to negotiate provision of 30% affordable housing on each site covered by Policy H/4 of the Replacement Local Plan on this basis. Developers are expected to take affordable housing requirements into account when negotiating land purchase or options.

The Government is also now keen to encourage the provision of affordable housing without grant, a position that is made clear by PPS3 in its supporting documentation on Affordable Housing, 'Delivering Affordable Housing' (DCLG 2006). The Housing Corporation's preference for affordable housing to be delivered on Section 106 sites without grant input is clearly stated. Paragraphs 89-92 of 'Delivering Affordable Housing' sets out the clear principles regarding the provision of subsidy into Section 106 sites (see [Appendix 5](#)).

6.1 Assessing Financial Viability

The council will only accept a lower affordable housing contribution if the economics of provision are such that the provision of affordable housing renders the development economically unviable.

The council, or an independent expert employed by the council, will undertake a full review of the full development costs (to be funded by the developer) and projected sales values in order to determine the level of provision that may be sought from a development. This will involve close scrutiny of all figures and the developer will be required to take an open book approach to the financial assessment. This information will be kept confidential. An example of the information required by the council is attached at [Appendix 6](#).

The viability assessment will determine the overall value within the development for the council's developer obligations requirements. If abnormal costs can be proven and are accepted, the council may wish to make use of Housing Corporation or other public subsidy, rather than agreeing a reduction in the normal level of affordable provision.

Standard development costs such as demolition works, landscaping, noise bunds, archaeological and ecological surveys, drainage and flood prevention measures will not be considered as abnormal site costs. In Weston-super-Mare, piling for foundations will not be considered an abnormal cost. In flatted developments, the provision of lifts, communal areas or other costs specifically associated with the construction of large buildings will not be considered as abnormal site costs.

6.2 Options for Provision On-Site/Off-Site provision

In order to create mixed and balanced communities affordable housing will be provided on the application site. However, in exceptional circumstances where it can be robustly justified, off-site provision or a financial contribution in lieu of on-site provision may be accepted. The developer will need to provide sound and detailed reasons why the affordable housing cannot be incorporated into the original site and show how commuted sums contribute to the creation of mixed communities in the local authority area. If such payments are made they will be held by the council (usually for 5 years) to ensure they are used for the provision of affordable housing in the District.

It will be expected that the commuted sum will be paid on commencement of development.

Committed sums will be calculated as an equivalent value to the level of discount which would be available to the RSL, based on [Appendix 9](#) assuming an affordable housing and tenure mix the council considers appropriate for the site. Where appropriate the transfer of land or off-site units of equivalent value may be considered rather than a financial contribution. The calculation for committed sums is detailed in [Appendix 7](#).

6.3 Management and Long-term Affordability

The council will require a mechanism to be in place to ensure that affordable housing remains affordable and available to those in housing need in perpetuity. The involvement of a RSL registered with the Housing Corporation is the most effective way of developing a successful, well managed scheme that will ensure that the benefits of affordable housing are secured in perpetuity.

It is recognised that delivery of affordable housing by a RSL is not the only means of provision of affordable housing. Where a developer proposes to develop and manage the affordable homes without the involvement of a RSL, planning obligations and a legal agreement will be used to make sure that nomination rights and occupancy controls are in place to guarantee initial and subsequent affordability.

The involvement of a RSL at the beginning of the design process is strongly recommended to ensure full compliance with development standards. North Somerset Council has carried out a formal selection process to identify strategic and local partners. The housing associations in the HomesWest and Local Tier Development Partnerships are identified in [Appendix 8](#).

6.4 Transfer Price of Units to RSLs

An annually updated formula in [Appendix 9](#) shows indicative base prices developers can expect for affordable homes to be provided by RSLs on a nil subsidy basis. This is based on the 'supportable deficit' resulting from Housing Corporation target rents. Under the terms of a Section 106 agreement the units must be provided without the need for public subsidy from the council, Housing Corporation or Registered Social Landlord recycled grant. Where intermediate housing is included which may be subject to possible future staircasing, provisions will be included in the Section 106 agreement to ringfence net equity released to provide alternative affordable provision within North Somerset.

7. Affordable Housing 'exception' Sites

In line with PPS3, Policy H/5 in the adopted North Somerset Replacement Local Plan allows for the development of small sites within or adjoining existing villages for affordable housing as an **exception** to normal housing restraint policies to meet identified local needs. The use of exception sites is therefore a specific mechanism for securing the provision of new affordable housing in rural communities where general market housing is inappropriate.

Those sites will therefore be **in addition** to the allocations for general housing as set out in Policy H/2 and are not required to meet general housing need. Sites for affordable housing have not been allocated in the NSRLP in order to avoid pressures to release them to meet general housing need.

The nature of affordable housing provided will be determined by local housing needs surveys, or other mechanisms that identify local need. Comparison between local incomes and house prices will determine which type (rented, low cost home ownership etc.) of affordable housing is needed. The proposed development **must** be justified by the evidence of local need provided.

Typically, rural affordable housing is delivered and managed by a Registered Social Landlord (housing association) although alternative mechanisms for provision will be considered if the council is satisfied that affordability, occupancy and perpetuity requirements can be met.

The development partner leads the process but is expected to maintain strong links with the local community and work up proposals in consultation with the Parish Council and the local community. Schemes would not be expected to proceed unless there is significant local support for the proposals. A typical sequence of delivering a rural exception site is set out below:

1. The Parish Council and local ward members are contacted by an RSL, the council's Affordable Housing Team or members of the Parish Council to obtain agreement on proceeding with a rural exceptions scheme.
2. A local needs survey is undertaken to determine the affordable housing types and numbers needed in the village.
3. A comparative assessment of all potential sites is undertaken to identify potential site options.
4. The preferred site is identified and detailed design discussions with the Parish Council and the council's Development Control team are commenced.
5. The site gains planning consent, is developed and the houses are let to local people in housing need.

The council would expect the identification of a development partner, usually a RSL, to lead the process and manage the scheme.

As specified in the North Somerset Replacement Local Plan, affordable housing developed under policy H/5 will be reserved in perpetuity for people in need of affordable housing in the following categories and **order of priority**:

1. Residents of the village or same parish in shared, overcrowded or otherwise unsuitable accommodation.
2. Residents of adjacent parishes in North Somerset in shared, overcrowded or otherwise unsuitable accommodation.
3. People dependent on or giving support to a household in the village or adjacent parishes in North Somerset.
4. Young, elderly, retired or disabled people who have lived or worked in the village or adjacent parishes in North Somerset.
5. Households that include people who are employed or about to be employed in the village or adjacent parishes in North Somerset and need to live locally.
6. Other residents of the village, parish and adjacent parishes in North Somerset eligible in accordance with the published policies and procedures for allocating tenancies by the registered social landlord.
7. In order to avoid long-term voids or re-sale periods, after a rented property has remained void for three months or owner-occupied property been marketed for 12 months, occupancy will be allowed for other residents of North Somerset eligible for affordable housing on the basis of short term lets only, until a resident as defined in para 1–6 above becomes available.

Planning conditions and planning obligations will be used to reserve the affordable housing for local needs both initially and in perpetuity. A model legal agreement for rural exception sites developed by an RSL is provided in [Appendix 10](#).

Local Development Document Profile

Document details	
Profile title	Affordable Housing SPD.
Role and content:	A guide for the provision of Affordable Housing.
Status:	Supplementary Planning Guidance.
Chain of conformity:	North Somerset Replacement Local Plan.
Area covered:	North Somerset District.

Timetable and milestones		
Production	October 2006	Commencement of preparation of document.
	June – July 2007	Draft SPD and sustainability appraisal report issued for public participation – Reg 17.
Adoption	August 2007 – April 2008	Consideration of consultation responses.
	May – June 2008	Adoption and publication of document.

Arrangements for production	
Lead department	Local Planning Team (involving Economic Development and Regeneration, and Strategic Projects).
Management arrangements	Local Planning Team with Executive involvement as necessary.
Resources required	Resources to comprise Local Planning Team members with administrative support as required.
Community involvement	Approach to involving the community and stakeholders will be in conformity with the SCI
Monitor and review	Targets and indicators to be specified in the document. Monitored and reviewed by the lead author taking into account where appropriate local circumstances and changes in national/ regional circumstances and/or policy, and any recommendation of the AMR. Where necessary a programme towards amendment will be submitted within any revised LDS.

Appendix 2 – Summary of up-to-date housing need and mix required

North Somerset Housing Needs Summary

Extract from WEST OF ENGLAND HOUSING NEED AND AFFORDABILITY MODEL

31 May 2005

Prof Glen Bramley

(Heriot-Watt University, Edinburgh)

North Somerset

North Somerset as a whole has rather better affordability than the sub-regional average, but this mainly reflects the situation in Weston-super-Mare and Clevedon-Yatton (*Table 9.1*). Ability to buy is quite low in Portishead-Gordano. In the areas where affordability is better, this is particularly so for working households (*Table 9.2*).

House prices are relatively high in Portishead-Gordano and in Nailsea-Backwell (*Table 9.7*). Incomes are highest in Nailsea-Backwell and lowest in Weston-super-Mare (*Table 9.8*).

Shared ownership offers a lot more affordability in most of North Somerset, but particularly in Portishead-Gordano and in Clevedon-Yatton (*Table 9.2*). Private renting is also relatively more affordable in this authority, especially in Nailsea-Backwell and in Portishead-Gordano.

Net need for affordable housing is spread throughout the authority, but with the largest numbers in Weston (*Table 9.3*). In all zones except Nailsea-Backwell, needs are projected to be greater in 2009 than in 2002.

Planned dwelling and household growth is concentrated in Portishead-Gordano and Weston-super-Mare (*Table 9.4*). However, only in Portishead-Gordano is there a prospect of net need being accommodated within planned growth. Gross household formation is much greater in Weston-super-Mare than in the other areas, although this zone also has more relets. Relet numbers are low in Nailsea-Backwell and in Clevedon-Yatton. Relet rates seem quite high in Portishead-Gordano (*Table 9.6*).

New households unable to afford to buy dominate the need picture throughout the authority, although migration-related needs are relatively more important in Portishead-Gordano (*Table 9.5*). Backlog numbers are not that large but more significant in Weston-super-Mare. Intermediate sector provision could be quite significant in all zones, but numerically greatest in Weston-super-Mare.

The intensity of need is greatest in Portishead-Gordano and Clevedon-Yatton, relative to existing households, but is significant in all zones (*Table 9.6*).

For North Somerset needs for social renting are evenly divided between one, two and three-plus bedrooms (*Table 9.9*). The need for larger accommodation is particularly marked in Clevedon-Yatton and Nailsea-Backwell.

Tables for North Somerset

Table 9.1: Affordability: percent of new households able to buy (adj for wealth)

	2002	2004	2006	2009	Average
Clevedon-Yatton	50.4	38.8	42.6	47.2	44.8
Nailsea-Backwell – L A	43.6	31.9	35.8	40.9	38.1
Portishead – Gordano	36.1	28.9	32.6	37.4	33.7
Weston-super-Mare	50.2	40.9	44.8	49.7	46.4
North Somerset	47.1	37.2	41.1	46.0	42.8

Table 9.2: Affordability measures of 2006 (%)

	Can buy income	Can buy wealth adj	Can buy working	Can buy all<60	Shared own	Homebuy 75%	Private rent
Clevedon-Yatton	35.5	42.6	44.5	39.3	18.6	17.4	56.4
Nailsea-Backwell – L A	28.2	35.8	35.6	32.4	12.7	18.7	63.6
Portishead – Gordano	25.4	32.6	32.5	28.5	19.9	17.8	60.0
Weston-super-Mare	37.9	44.8	47.4	41.1	13.9	16.4	53.4
North Somerset	34.0	41.1	42.6	37.4	15.4	17.2	56.7

Note: Shared ownership and Homebuy are incremental %

Table 9.3: Net need for affordable housing (number per year)

	2002	2004	2006	2009	Average
Clevedon-Yatton	129	179	171	140	155
Nailsea-Backwell – L A	204	254	239	197	224
Portishead – Gordano	166	217	223	221	207
Weston-super-Mare	309	443	433	333	380
North Somerset	808	1094	1067	890	965

Table 9.4: Overall need numbers for 2006

	Household growth	Gross Household Formation	Net relets	Net need
Clevedon-Yatton	65	346	87	171
Nailsea-Backwell – L A	98	349	74	239
Portishead – Gordano	487	274	125	223
Weston-super-Mare	437	820	382	433
North Somerset	1087	1789	669	1067

Table 9.5: Components of need for 2006

	New household unafford	Net migrants unafford	Owners – > soc rent	Backlog @ 10%	Shared own	Homebuy
Clevedon-Yatton	198	9	28	24	55	52
Nailsea-Backwell – L A	224	23	30	37	47	70
Portishead – Gordano	185	109	26	28	66	59
Weston-super-Mare	452	123	79	161	109	129
North Somerset	1059	263	163	250	278	309

Note: Shared ownership and Homebuy overlap with col 1 and each other.

Table 9.6: Relets and need as percentage rates in 2006)

	Net relets % SR stock	Net need % households	Shared own % households
Clevedon-Yatton	5.47	1.17	0.38
Nailsea-Backwell – L A	5.60	1.63	0.32
Portishead – Gordano	9.17	1.71	0.50
Weston-super-Mare	6.63	0.98	0.25
North Somerset	6.58	1.23	0.32

Table 9.7: Threshold house prices (2 bed)

	2002	2004	2006	2009	Average
Clevedon-Yatton	91462	117357	113580	111178	108394
Nailsea-Backwell – L A	112269	143571	138950	136012	132701
Portishead – Gordano	124442	149089	144291	141239	139765
Weston-super-Mare	82398	103580	100246	98126	96088
North Somerset	95335	119712	115859	113409	111079

Note: 2006 and 2009 discount inflation after 2004

Table 9.8: Mean gross weekly household income (all ages)

	2002	2004	2006	2009
Clevedon-Yatton	584	618	639	674
Nailsea-Backwell – L A	647	693	724	775
Portishead – Gordano	628	668	694	736
Weston-super-Mare	525	559	580	616
North Somerset	572	610	633	672

Note: 2006 and 2009 discount inflation after 2004

Table 9.9: Size mix of net social rent need and intermediate sector need in 2006

	Net social rent need			Intermediate sector need		
	1 bed	2 bed	3+ bed	1bed	2 bed	3+ bed
Clevedon-Yatton	31	46	38	19	23	13
Nailsea-Backwell – L A	30	96	66	17	22	8
Portishead – Gordano	41	65	51	25	29	12
Weston-super-Mare	151	62	111	40	44	24
North Somerset	253	270	266	102	119	57

Appendix 3 – Development Control/Housing Development Contacts

Development Control

Roger Willmot

Team Leader, Major Applications Team
roger.willmot@n-somerset.gov.uk

Housing Contacts

Phillippa Yeates

Housing Development Manager
(from November 2008)
phillippa.yeates@n-somerset.gov.uk

William Bryant

Housing Development Manager
(interim to October 2008)
william.bryant@n-somerset.gov.uk

Victoria Kay

Senior Development Officer
(interim to October 2008)
victoria.kay@n-somerset.gov.uk

Appendix 4 – Heads of terms for S.106 legal agreements covering sites under policy H/4

Definitions

“**Affordable Housing Land**” shall mean those parts of the Application Land upon which the Developer constructs the **Affordable Housing Units**.

“**Affordable Housing Rented**” shall mean rented housing provided at **Housing Corporation Target Rents** in force at the time of the transfer of the **Affordable Housing Units** to the **Registered Social Landlord**. A minimum of [75%] of the **Affordable Housing Units** shall be offered for rent on this basis and shall comprise:

Affordable Housing Rented

Property type	Number of units	Minimum size m ²	Target rent pw	2008/09 payment by RSL
1 bed 2 person flat		46	£	£
2 bed 4 person house with private garden		76	£	£
3 bed 5 person house with private garden		86	£	£
4 bed 6 person house with private garden		110	£	£

“**Affordable Housing Units**” shall mean housing of the tenures referred to in Definitions 1.2 and 1.13 being residential units designed and built by the Developer to meet the reasonable requirements of a **Registered Social Landlord** and which comply with all the **Housing Corporation Design and Quality Standards** and **North Somerset Scheme Development Standards** or equivalent at the time of construction. The number of **Affordable Housing Units** constructed shall be calculated on the following basis:

[30%] × the total number of dwellings constructed rounded up to the nearest **Affordable Housing Unit**

calculated without the need for public subsidy or Recycled Capital Grant and in accordance with the updated matrix as attached as *Appendix 9* to the Supplementary Planning Document relating to affordable housing in force at the date of commencement of development.

“**Homes West Partnership**” means one of the following namely Sovereign Housing Association or Somer Housing Group or Knightstone Housing Association or Sarsen Housing Association.

“**House Prices Index**” means the index of that name published by the Department of Communities and Local Government.

“**Local Tier Partnership**” means one of the following namely Guinness Trust, Raglan Housing Association, North Somerset Housing Ltd.

“**Notional Social Housing Grant**” means in respect of any **Affordable Housing Unit** the difference on the date of Commencement of Development between the open market value of that unit and the **Discounted Transfer Price**.

“**Open Market Value**” means the open market value of the **Affordable Housing Units** with the benefit of the Planning Permission but ignoring the fact that the **Affordable Housing Units** constructed or to be constructed for affordable housing purposes and assuming that there are no affordable housing restrictions thereon and further assuming that all the said units are private and available for sale on the open market and having regard to all other relevant circumstances. The **open market value** shall be agreed between the Developer and the council or in default determined by an independent chartered surveyor (RICS qualified) whose costs shall be payable by the Developer.

“**Registered Social Landlord**” shall mean a social housing landlord registered under Section 1 of the Housing Act 1996 (“the 1996 Act”) with the Housing Corporation as defined in Section 56 of the 1996 Act or any successor in function and who is an approved **Registered Social Landlord** and selected by the Developer on a cascade approach on the basis that it is either:

- (a) a partner from the **Homes West Partnership**, or in the event that the Developer despite use of reasonable endeavours is unable to locate a **Registered Social Landlord** within this tier then,
- (b) a **Local Tier Partner**, or in the event that the Developer, despite use of reasonable endeavours is unable to locate a **Registered Social Landlord** within this tier then,
- (c) a **Registered Social Landlord** approved by the council, such approval not to be unreasonably withheld or delayed.

“**New Build Homebuy Housing**” shall mean **Affordable Housing Units** provided with subsidy support for people who are unable to resolve their housing needs in the private housing market because of the relationship between local housing costs and their income which shall be transferred to the **Registered Social**

Landlord without the need for public subsidy or Recycled Capital Grant Fund to be occupied on a shared ownership/shared equity basis and which shall comprise:

Property type	Number of units	Minimum size m ²	Target rent pw	2008/09 payment by RSL
1 bed 2 person flat		46	£	£
2 bed 3 person flat		56	£	£
2 bed 4 person house		70	£	£
3 bed 5 person house		82	£	£
4 bed 6 person house		106	£	£

PROVIDED THAT the initial share of the property shall be 40% of the open market value and a limit shall be placed on the rental element of **New Build Homebuy Housing** to a maximum annual rent equivalent to 1% of the equity retained by the **Registered Social Landlord** (excluding reasonable service charging).

“**Staircasing**” means in connection with **New Build Homebuy Housing** the acquisition after the date of the initial purchase by the **New Build Homebuy** tenant of additional tranches of equity within the **New Build Homebuy** property.

Affordable Housing

The Developer covenants with the council that it will: construct the **Affordable Housing Units** on the application land on the following basis:

on the submission of the first application for the approval of reserved matters pursuant to the **Planning Permission** or the submission of an application for detailed **Planning Permission** as appropriate identify the location of the **Affordable Housing Units** which shall be pepperpotted and fully integrated throughout the Application Land and whose locations shall be approved by the Director of Housing and Adult Social Services (such approval not to be unreasonably withheld or delayed) PROVIDED THAT up to six such units may with the consent of the council, (not to be unreasonably withheld) be grouped in a single location prior to the Commencement of Development to enter into an agreement with the approved **Registered Social Landlord** for the construction and sale of the freehold of the **Affordable Housing Units** to the approved **Registered Social Landlord** at the **Discounted Transfer Price** and providing for the transfer of each **Affordable Housing Unit** (together with the land on which the Affordable Housing Units are constructed) twenty working days after completion of that **Affordable Housing Unit** such that the **Affordable Housing Unit** shall be available for residential occupation. Such transfer shall be made as far as reasonably possible with the benefit of the same rights covenants obligations and other

provisions as shall apply to the open market housing.

If entering into an unconditional contract with the **Registered Social Landlord** the developer will not reserve a service charge in excess of three hundred pounds per annum to the occupier of the **Registered Social Landlords affordable housing unit** and will not include provisions for increasing such service charge in excess of the increase in the **All Items Retail Price Index** policed by the Office for National Statistics or if such Index ceases to be published then such equivalent Index as shall be approved in writing by the Director of Housing and Adult Social Services.

Subject to the provisions of clause 2.3, not to permit occupation of more than 25% of the dwellings to be sold on the open market until 25% of the **Affordable Housing Units** are constructed and transferred to the **Registered Social Landlord** and ready for immediate occupation.

The developer to ensure that the deed transferring the **Affordable Housing Land** and the **Affordable Housing Units** to the **Registered Social Landlord** shall include the following provisions:

That the **Registered Social Landlord** will adopt and abide by the provisions of the North Somerset Council Nominations procedure and the **Cascade Criteria**

That the **Registered Social Landlord** will grant 100% nomination rights from the North Somerset Council Housing Register in respect of the first sale or letting of each affordable dwelling plus 75% nomination rights for subsequent sales or lettings and,

That the **Affordable Housing Land** shall not be used for any other purpose except for the provision of **Affordable Housing Units**.

Procure that no **Rental Affordable Housing Unit** shall be occupied otherwise than by a person or persons who are considered by **the council** and the **Registered Social Landlord** to be in need of such accommodation (and in its consideration of such need the **Registered Social Landlord** shall have regard to the categories of medical and social priority as referred to in the council's Housing Needs Register and to those persons accepted by the council as homeless) and who:

Immediately prior to occupation were ordinarily resident within the District of North Somerset, or

Were not resident in the District immediately prior to occupation but who have a strong local connection to the District and in determining whether the person has a strong local connection with the District of North Somerset the **Registered Social Landlord** shall consider:

- family associations in North Somerset and/or
- any periods of ordinary residence in North Somerset not immediately before the date upon which any affordable housing unit becomes vacant or
- through their work provide important services to North Somerset and

who need to live closer to the local community or who have employment (or an offer of employment) within the district

The terms of this agreement shall not apply to any mortgagee holding a charge on an **Affordable Housing Unit** or to any receiver appointed by such mortgagee to the intent that any such mortgagee or receiver may deal with or dispose of the **Affordable Housing Unit** free from any restrictions contained in this agreement and to the intent that any person deriving title through or under such mortgagee or receiver shall acquire the property free from the terms of the agreement.

The Developer shall use reasonable endeavours to ensure that **Affordable Housing Units** are transferred to a **Registered Social Landlord** upon terms that the **Affordable Housing Rented** shall be excluded (so far as legally possible) from:

- the Voluntary Purchase Grant Scheme as referred to in the Housing Act 1996
- any right to buy, right to acquire or social home-buy introduced in favour of the occupiers of the **Affordable Housing Rented** and
- any other mechanism that could result in any of the **Affordable Housing Rented** becoming available for sale on the open market.

The Developer shall ensure that **Affordable Housing Units** are transferred to a **Registered Social Landlord** upon terms that in the event that **Staircasing** occurs then in order to ensure that affordable housing is provided **in perpetuity** the **Registered Social Landlord** will apply the value of the **Notional Social Housing Grant** element minus reasonable oncosts (plus any inflation calculated by applying any increase in the **House Prices Index** against the **Notional Social Housing Grant** in the period from the date of Commencement of Development until the date the **Staircasing** occurs) relative to any receipts received on any **Staircasing** purchase by a tenant of a unit as monies dedicated only for expenditure upon affordable housing schemes in the administrative area of **the council** and as agreed by **the council**.

Where following **Staircasing** a tenant of an Affordable **New Build Homebuy** Unit increases his equity share to 100% the Parties hereto agree that any such tenant shall be free from the restrictions in this Agreement as will any subsequent purchaser.

The Parties hereto agree that provisions of the agreement relating to financial contributions by way of example sums for education or community provision shall not be binding on the **Affordable Housing Land** once the **Affordable Housing Land** has been transferred to an approved **Registered Social Landlord**.

Appendix 5 – Paragraphs 89 – 92 of ‘Delivering Affordable Housing’

Housing Corporation approach to grant on sites subject to planning obligations

89. Many schemes approved by the Housing Corporation will be on sites where affordable housing is funded through a mixture of social housing grant and developer contributions secured through a planning obligation.
90. The Housing Corporation’s approach for paying grant on subject to planning obligations (“section 106”) sites within the 2006-08 NAHP was:
 - The preference is for affordable housing on section 106 sites to be delivered without grant input from the Corporation when economically viable;
 - For grant to be considered, the Corporation requires early involvement in negotiations over the content of the section 106 agreement as it relates to affordable housing, and, in particular, the expectations about the availability of Housing Corporation grant. Their objective in negotiations will be to ensure that the site delivers more affordable homes or a different mix than would have been possible without grant.
91. The Housing Corporation will use financial appraisal tools to help ensure that it receives value for grant from section 106 sites, ie that grant delivers additional benefits and does not artificially inflate land prices. An economic viability tool used by the Housing Corporation for this purpose is available from their website at: www.housingcorp.gov.uk
92. The Corporation only funds section 106 sites which integrate different tenures in a single site design, following mixed communities principles. Some local authorities have an agreed planning policy of achieving affordable housing on section 106 sites without grant. The Corporation will work with such policies, only funding sites with their agreement and to achieve specific improved outcomes, eg in terms of tenure mix.

Appendix 6 – Information required for viability assessment

Item
Developmental proposal - Overview
Brief description of the scheme and context to why the applicant considers there is an economic case for lower levels of affordable housing that those requested.
Total Number of units - square metre size, number of beds and mix
Proposed Number of Affordable Housing units - square metre size, number of beds and mix.
Development Revenues
Sale values of private units (per unit, by size of unit per sq m/ft basis) with total revenue for the whole site. Please include a summary sales specification and indicate the car parking to be provided per unit.
Sales revenues for other mixed use elements with calculation to give capital values including rental stream and yields used.
Sale of Affordable Housing Units using the matrix based on
1) the offer of affordable housing being made and
2) the level of affordable housing being sought by the council (by way of separate calculation) of viability.
Value of ground rents
Service charge information
NB. All sales values to be supported by professional evidence and values for comparable units in the area of the development for independent verification on a unit by unit basis (e.g. 1 bed 2 person flat/ bathroom, balcony, view, car space etc)
Development Costs
1. Build Costs
Cost of building units (per sq metre/Ft) X gross internal area with supporting detailed cost plan to support the headline costs.
Cost of building Affordable Housing Units (if this differs from private market units) x per sq m/ft of affordable housing to meet SDS standards and Eco homes 'Very Good'.
2. Other
Site infrastructure costs/external works i.e., roads, sewers, services. Highways/access, landscaping, connections etc
Abnormal costs with supporting professional evidence to support those costs.
Generally any cost and supporting breakdown associated with the build up and justification of the cost.
3. Development Costs
Professional fees identified by specialism together with supporting information of appointment.
Other costs – planning fees
- site investigations
- building regs fees NHBC etc
4. Off Site Works - if relevant
5. S106 allowances
Commuted sum contributions (other than AH) with brief summary of item.
6. Finance costs
Cost of financing scheme over development period including funding fees giving interest rate assumptions based on monthly costs.
7. Profit
Required profit margin/return(s)
i.e. Profit on cost/revenue
8. Residual land value
Anticipated Land Acquisition cost (please state if conditional, and the condition/existing uses) and date of contracts where relevant. Evidence of contract details and prices with any supporting Valuation etc required
Other information required
Most recent scheme plan – relating to planning application and updates
Cash flows to support the financing cost
Planning status – windfall or identified in the Local Plan?
Details of current use of the site

Appendix 7 – North Somerset Scheme Development Standards

Affordable Housing Scheme Development Standards



This document sets out North Somerset Council's requirements to all new build affordable housing projects either funded with grant, or negotiated at nil public subsidy.

All essential items in the Housing Corporation Design and Quality Standards applicable at date of planning permission in both Shared Ownership and rented properties must be met. In addition to the essential items, North Somerset Council also expects the following to be met:

Design of Affordable Homes

All rented properties must meet the minimum sizes below:

1 bed flat	46m ²
2 bed flat	61m ²
2 bed house	76m ²
3 bed house	86m ²
4 bed house	110m ²

All Homebuy properties must meet the minimum sizes below:

1 bed flat	46m ²
2 bed flat	56m ²
2 bed house	70m ²
3 bed house	82m ²
4 bed house	106m ²

Developments are to be well integrated with the surrounding area with the buildings being aesthetically compatible and 'tenure blind'.

All units with more than 1 bedroom to have a private garden area.

All units to meet Eco Homes rating level of '**Very Good**' or better confirmed by a BRE licensed assessor. From 2008 achieve a minimum 3 Star rating in the Code for Sustainable Homes. From 2009 achieve a minimum 4 star rating in the Code for Sustainable Homes.

All houses, bungalows and ground floor units are to follow **Joseph Rowntree Foundation Lifetime Homes Standard** consistent with the Code for Sustainable Homes, with 10% of all houses, bungalows, and ground floor flats in all new schemes to be built to mobility standards and reasonable endeavours to provide wheelchair housing integrated into all schemes.

Secured by Design to be achieved

All 2 bed 4 person properties must have a second bedroom of an adequate size for twin beds.

Fixtures and fittings in Affordable homes

- All rear gardens to be turfed and generally to have 1.8m high close boarded fencing to boundaries and privacy panels.
- Provide external lights to the rear of property.
- Provide Immersion heater where traditional boiler is used.
- All properties to have vinyl/tiles on floor in kitchens and bathrooms.
- Ceiling height tiling to 3 sides of bath to be provided.
- Toilet roll and towel holder to be provided.
- Provide wall mounted shower (either electric or valve and kit).
- Provide steel bath – for rented units.
- Provide Gas and electric points to cooker space (where gas is available).
- Provide shower curtain and rail.
- Provide a door bell, door number and letter box to the front door.
- Door stops to be supplied to all internal doors.
- Painted softwood curtain battens to each window (where construction is traditional as opposed to timber frame).
- Provide ducts, cabling and connection points to enable installation of digital TV systems.

North Somerset Housing Partnership – Lifetime Homes Standard

Criteria

Access

Car parking to be enlarged to 3.3m width.

Access from car-parking to be no more than 30m and level or gently sloping.

Approach to entrance to be level or gently sloping.

Entrances to be covered, illuminated and have level access over threshold.

Lifts to be wheelchair accessible.

Internal

Doorways to be a minimum of 750mm wide (front doors 900mm) and corridors 900mm.

Kitchens, dining and living rooms to have a turning circle of 1500mm.

Living rooms to be at entrance level.

The downstairs toilet to be wheelchair accessible (including sideways transfer) with provision for future adaptation to a shower.

Walls in bathrooms and toilets to be capable of taking adaptations.

The layout needs to allow for future provision of a stair lift and through floor lift.

Bathroom and bedroom ceiling needs to be capable of taking a hoist with a knockout panel between the two rooms.

The bathroom layout to be designed to incorporate ease of access.

Fixtures and fittings

Living room glazing to be no higher than 800mm from floor level and windows easier to operate.

Switches, sockets and service controls to be between 600mm and 1200mm from floor level.

Appendix 8 – RSL partners

Homes West Partnership

Organisation	Contact name	Telephone number	Email	Address
Somer Housing Group	David Moynihan	01225 366 069	david_moynihan@somer.org.uk	The Maltings River Place Lower Bristol Road Bath BA2 1EP
Knightstone Housing Association	Alison Hambridge	01179 848 104	alison.hambridge@knightstone.co.uk	Backfields House Upper York Street Bristol BS2 8WF
Sovereign Housing Association	Raphael Cohen	01179 580 117	raphael.cohen@sovereign.or.uk	Old Chapel Building 635a Gloucester Road Horfield Bristol BS7 0BJ
Sarsen Housing Association	Wyn Bevan	07921 046 470	wyn.bevan@aster.org.uk	Sarsen Court Horton Avenue Cannings Hill Devizes Wiltshire SN10 2AZ

Local Tier Partnership

Organisation	Contact name	Telephone number	Email	Address
Guinness Trust	Syb Bailey	01275 395 753	syb.bailey@guinness.org.uk	Building C Estune Business Park Wild Country Lane Long Ashton Bristol BS41 9AF
Raglan Housing Association	James Bradbury	01179 709 285	james.bradbury@raglan.org	Unit 4 Vincent Court 89 Soundwell Road Staple Hill Bristol BS16 4QR
Knightstone Housing Association	Alison Hambridge	01179 848 104	alison.hambridge@knightstone.co.uk	Backfields House Upper York Street Bristol BS2 8WF
Somer Housing Group	David Moynihan	01225 366 069	david_moynihan@somer.org.uk	The Maltings River Place Lower Bristol Road Bath BA2 1EP
North Somerset Housing	Jon Hobbs	01275 398 182	jon.hobbs@nshousing.org.uk	40 Martingale Way Portishead BS20 7AW

Appendix 9 – Transfer price

Affordable Housing Transfer Price – April 2008



The council operates a subsidy free approach to the delivery of affordable housing on s106 sites. The council previously used an approach to this based on the Housing Corporation's grant rate and Total Cost Indicator system.

During 2003, Bristol City Council pioneered a new approach to delivering subsidy free affordable housing on s106 sites, taking the cost of the housing to the end user (the out-turn affordability) as the key driver of the value the housing associations pay for units they acquire through s106 agreements.

Subsidy Free Calculations for Rented Units:

The basis of the model is the indicative minimum amount the RSL could pay based on the net loan a target rent can support for a property, taking account of the acquisition and ongoing revenue costs. This is known as the *supportable deficit*. The indicative contribution of the landowner/developer is then the difference between the RSLs supportable deficit and the total cost of developing the units.

Target rent levels are agreed with the Housing Corporation and are related to property size, property values and local earnings. The model is based on 4 bands within North Somerset, identified by postcodes as having similar property values. Within each band, an indicative minimum transfer price is given based on the supportable deficit for 5 unit types.

An annual uplift of the Retail Price Index plus 0.5% is applied to the transfer price on 1 April each year.

Subsidy Free calculations for New Build Homebuy

The affordability of home ownership is determined as the relationship between income and property price. Government SHMA guidance recommends that no more than 25% of gross income should go on mortgage costs and/or rent and this premise is the background for the model. In order to develop the model,

affordability relates to incomes that fall within the 'unable to rent or buy in the open market' element of the council's definition of affordable housing.

Income data for the District suggests ownership pitched at a 40% equity sale and a 1% rent on the unsold equity is the appropriate model for New Build Homebuy for the District. The housing association will pay 40% of the open market value for each unit and will capitalise the 1% rent to cover the on-costs associated with the purchase, marketing and onward sale of the unit.

North Somerset Affordable Housing Indicative Transfer Price

Band	Postcode	Town / Village
Band A	BS21, BS22, BS24,	Clevedon, Kewstoke, Locking /
	BS29, BS49	Hutton, Banwell / Loxton, Claverham / Yatton / Congresbury
Band B	BS23, BS20, BS25	Weston-super-Mare, Portishead, Winscombe
Band C	BS48, BS40, BS41	Nailsea / Backwell, Wrington, Long Ashton
Band D	BS8	Abbots Leigh

Affordable Housing Supplementary Planning Document

The supportable deficit calculations range as follows:

Unit	Band	Target Rent	AH Transfer price 2008/9
			Including uplift @ 4.2%
1 bed flat 46m ²	Band A	55.77	38,523
	Band B	57.26	39,755
	Band C	58.24	40,681
	Band D	72.38	53,400
2 bed flat 61m ²	Band A	62.92	43,818
	Band B	63.58	50,374
	Band C	66.01	46,227
	Band D	85.47	66,041
2 bed house 76m ²	Band A	66.14	43,482
	Band B	67.69	46,060
	Band C	72.57	50,542
	Band D	93.52	71,723
3 bed house 86m ²	Band A	73.37	50,206
	Band B	76.15	53,905
	Band C	77.15	54,801
	Band D	104.51	84,051
4 bed house 110m ²	Band A	82.40	59,116
	Band B	84.62	61,749
	Band C	86.63	63,654
	Band D	110.01	94,136

New Build Homebuy (Shared Ownership)

Affordability relates to incomes that fall within the 'unable to afford to rent or buy in the open market definition' is the key for this element.

40% of the market value will be payable to the developer. This figure has been assessed on the basis that no more than a third of disposable income should be spent on housing costs.

There will be rent payable of 1.0% of the unsold equity.

Notes

BS8 is an area where affordability of the shared ownership product is a concern given the extremes in property value. If a development triggers an affordable housing requirement, it is likely that only rented units will be sought on the grounds of achieving affordability.

There will be a periodic review of house values to determine the correct placing of North Somerset postcode areas into the 4 bands.

Application of the North Somerset Affordable Housing Transfer Price

Worked Examples

Example – site 1

30% affordable housing at nil public subsidy – all for rent

Site 1 is in BS48, which is in band C. The site area is 1.3 hectares and 66 homes will be developed on the site.

In this scenario 30% of the homes are to be affordable for rent (20 units). Of these, ten will be 2 bed 4 person homes at 76m² and ten will be 3 bed 5 person houses at 86m² to reflect the housing needs of the locality.

The RSL will be able to pay:

$(10 \times \pounds 50,542) + (10 \times \pounds 54,801) = \pounds 505,420 + \pounds 548,010 = \pounds 1,053,430$ for the 20 units.

The developer's contribution will be equal to the remainder of the total scheme costs.

North Somerset's contribution is nil.

Example – site 2

30% affordable housing at nil public subsidy – 75% rent; 25% shared ownership

Site 2 is in BS23, which is in band B. The site area is 1.5 hectares and the 75 homes are being developed on the site.

In this scenario 30% of the homes are required as affordable housing.

$30\% \times 75 = 22.5$ rounded to nearest whole number = 23 units.
Of these, 75% will be for rent (17) and 25% for shared ownership (6).

The rented homes will be in a mix to reflect the housing needs of the locality. There will be five one-bed flats at 46m^2 , seven 2-bed houses at 76m^2 and five 3-bed houses at 86m^2 .

The shared ownership will also reflect the needs of the locality and will be three 2-bed houses valued at £155,000 each and three 3-bed houses valued at £185,000 each.

The RSL will be able to pay:

$(5 \times £39,755) + (7 \times £46,060) + (5 \times £53,905) = £198,755 + £322,420 + £269,525 = £790,720$ for the 17 rented units.

$3 \times (£155,000 \times 40\%) + 3 \times (£185,000 \times 40\%) = £186,000 + £222,000 = £408,000$ for the 6 shared ownership units.

The RSLs total contribution would be £1,198,720.

The developer's contribution will be equal to the remainder of the total scheme costs.

North Somerset Council's contribution will be nil.

Calculation of Commuted Sums

Where it is agreed by the council that a commuted sum will be accepted in lieu of on-site affordable housing provision, this will be calculated in the following way. It is the council's intention that the commuted sum will be equivalent to the level of discount being made to the RSL, based on the housing and tenure mix that would have otherwise been developed on the site. The sum will be calculated against the units that would otherwise be provided as the on-site affordable housing, where the transfer price for that unit will be deducted from the total cost of developing that unit (including land, fees, build cost and all other associated costs). The proposed total development costs will be scrutinised by the council before approval.

Calculation of commuted sum for each affordable housing unit: **Approved Total Scheme Cost – Transfer Price = Commuted Sum Value.**

It will be a requirement of the s106 agreement that the commuted sum is payable to the council no later than start on site of the development. Sums will be indexed and bonded in accordance with council standards.

Appendix 10 – Heads of Terms – model legal agreement for rural exception sites

Section 106 Example Clauses and Definitions for Rural Exception Sites being delivered under Policy H5

Definitions

“**Rural Affordable Housing Units**” shall mean residential units designed and built by the [– – – – – – – –] pursuant to the **Planning Permission** which comply with all the **Housing Corporation Design and Quality Standards** and **North Somerset Scheme Development Standards** or equivalent at the time of construction of the Affordable Housing Units.

‘**In Perpetuity**’ shall mean for as long as the property is in habitable use.

‘**Rural Affordable Rented Units**’ shall mean units rented housing provided for letting at **Housing Corporation Target Rent** to people who are unable to resolve their housing needs in the private housing market because of the relationship between local housing costs and their income and in accordance with the published policies and procedures of **the council** and [– – – – – – – –].

‘**Rural New Build Homebuy Units**’ shall mean units provided for people who are unable to resolve their housing needs in the private housing market because of the relationship between local housing costs and their income in accordance with the published policies and procedures of **the council** and [– – – – – – – –] and will be occupied on shared ownership terms with no more than 80% of the equity available to purchase by the owner or a minimum of 20% of the equity and the freehold retained by [– – – – – – – –].

Occupancy of the Rural Affordable Housing Units

The Owner for and on behalf of itself and its heirs assigns and successors in title with the intention that the following provisions shall bind the Land and every part of it into whosoever hands it may come further covenants with **the council** that it will ensure that the **Affordable Housing Units** are occupied in perpetuity by people who:-

- are approved by **the council** as being in need of affordable housing;
- are unable to afford to buy or rent an appropriate property locally on the open market and
- who in the opinion of **the council** fall into one or other of the following categories (in order of priority stated):
 - (i) Residents of [parish] in shared overcrowded or otherwise unsuitable accommodation
 - (ii) residents of adjacent parishes in North Somerset in shared overcrowded or otherwise unsuitable accommodation
 - (iii) people dependent on or giving support to a household in [parish] or adjacent parishes in North Somerset
 - (iv) young elderly retired or disabled people who have lived or worked in [parish] or adjacent parishes in North Somerset
 - (v) households that include people who are employed or about to be employed in [parish] or adjacent parish in North Somerset and need to live locally
 - (vi) other residents of [parish] and adjacent parishes in North Somerset eligible in accordance with the published policies and procedures in force at the time of allocation for allocating tenancies by the Developer
 - (vii) after a rented property has remained void for 3 months and or an owner occupied property marketed as affordable housing for 12 months, occupancy will be allowed for other residents of North Somerset eligible for affordable housing on the basis of short term lets only, until a resident in sub-paragraphs (i) to (vi) above becomes available.

The owner shall secure that the affordable housing units are retained **in perpetuity** as affordable housing. The **Rural Affordable Rented** units will be exempt from the right to acquire or any mechanisms that enable the tenant to buy the leasehold or freehold of the unit and **Rural Homebuy** units will be restricted to a maximum equity sale of 80%.

**This publication is available in large print,
Braille or audio formats on request.**

**Help is also available for people who require council
information in languages other than English.**

Please contact 01275 884 599