

Housing Mix and Affordable Housing Supplementary Planning Document



Adopted July 2013

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1. INTRODUCTION

- 1.1.1 The Blaby District Council Local Plan (Core Strategy) was adopted by Council in February 2013.
- 1.1.2 This Housing Mix and Affordable Housing Supplementary Planning Document (SPD) contains additional detail and guidance on how Blaby District Council will interpret and apply specific policies contained in the Local Plan and will be a material consideration in the determination of planning applications.
- 1.1.3 The aim of this SPD as defined in the Local Plan, Housing Strategy and Community Plan is to help deliver Blaby District Council's key objectives. It will supplement the Blaby District Local Plan (Core Strategy), with particular reference to the following spatial policies:
- Policy CS7 Affordable Housing
 - Policy CS8 Mix of Housing
- 1.1.4 Appendix A of this SPD contains a "snapshot" summary of the key policies outlined in this Supplementary Planning Document and can be used as a quick reference guide to this SPD.

1.2 Objectives of the SPD

- 1.2.1 The objectives of the Housing Mix and Affordable Housing SPD are:
- 1) To provide guidance regarding the interpretation of policies CS7 and CS8 of the Blaby District Council Local Plan (Core Strategy);
 - 2) To address local imbalances in both the market and affordable housing stock;
 - 3) To optimise the provision of affordable housing to meet identified needs.

1.3 National Policies

- 1.3.1 The National Planning Policy Framework (NPPF) sets out the Government's policies in relation to planning. It consolidates previous national planning policy statements and guidance into a single document. The NPPF introduces changes to previous government housing policy set out in PPS3, including the removal of the national minimum threshold for affordable housing on privately developed sites and the requirement to set separate targets for social rented and intermediate affordable housing.

- 1.3.2 There are further challenges for the future following changes made through the Localism Act which will have a significant impact on the scope for the delivery of new affordable housing. These changes include the creation of the new 'Affordable Rent' tenure, funding pressures and the role of planning obligations for affordable housing in relation to the Community Infrastructure Levy (CIL).
- 1.3.3 The NPPF also states that financial contributions towards the provision of affordable housing need to be "robustly justified (for example to improve or make more effective use of the existing housing stock) and that the agreed approach contributes to the objective of creating mixed and balanced communities" (NPPF Paragraph 50).
- 1.3.4 The Comprehensive Spending Review 2010 introduced the new tenure of "Affordable Rent" within the definition of Affordable Housing. The introduction of Affordable Rent also forms part of a new funding delivery model proposed under the Homes and Communities Agencies (HCA) Affordable Housing Programme (AHP). The revised definition of affordable housing as contained within the NPPF can be found at Appendix B. The NPPF also sets out the Government's key objectives for Housing:
- Increasing the supply of housing;
 - Delivering a wide choice of high quality homes that people want and need;
 - Widening opportunities for home ownership and;
 - Creating sustainable, inclusive and mixed communities, including through the regeneration and renewal of areas of poor housing.

1.4 Regional Policies

- 1.4.1 During the development of the Blaby District Local Plan (Core Strategy), the East Midlands Regional Plan was in force as part of the 'Development Plan'. Consequently the policies contained within the Local Plan are broadly in line with the Regional Plan. However the Government revoked the Regional Plan in April 2013, therefore no further reference is made to it in this SPD.

1.5 Local Policies

- 1.5.1 Blaby District Council's Corporate Plan and Community Plan (Sustainable Communities Strategy) 2011 – 2014 sets out the Council's vision, mission and priorities for the District, these include:

“The housing needs of communities will be met, including ensuring affordable housing for all age groups across the District.”

“Development of the right quality and quantity (housing and employment sites) to take place in the right places, informed by local communities and their representatives.”

1.5.2 The Core Strategy expands upon these principles with the following strategic objectives:

- i) To provide the appropriate quantity and mix of housing to meet the needs of the District’s current and future populations;*
- ii) To optimise the provision of affordable housing to meet local needs;*
and
- iii) To improve the design quality of all new developments in the District including the need to design out crime.*

1.5.3 The Council’s Local Housing Strategy 2009 also contains the following key action points:

“In the market sector develop affordable, aspirational and viable smaller family homes (2 and 3 bed products).”

“Increase the supply of affordable and financially accessible housing across the tenures.”

“Encourage the development of good quality and aspirational homes for older people.”

“Maximising the delivery of affordable housing through the planning system”

1.6 Monitoring and Review

1.6.1 The state of the housing market in Blaby and the delivery of affordable housing is constantly reviewed and monitored by the Strategic Housing Team.

1.6.2 The effectiveness of guidance within the SPD in implementing policies from the Local Plan will be monitored, and outcomes will feed into the Annual Monitoring Report covering policies CS7 and CS8 for the period 1 April to 31 March. This will be in line with the Monitoring Framework outlined in the Blaby District Council Local Plan (Core Strategy).

1.6.3 This SPD will be kept under review in light of all material information, evidence and guidance. A review may be triggered by national changes in policy, updated information on housing needs or failure to

meet the targets set out as part of the Core Strategy monitoring procedures.

1.7 Evidence Base

Strategic Housing Market Assessment

1.7.1 A partnership of Local Authorities across Leicester and Leicestershire appointed 'B. Line Housing Information Ltd' to undertake a Strategic Housing Market Assessment (SHMA) in 2007/8. The affordable requirement element of the SHMA was updated in 2011. The methodology used to analyse the housing market area of Leicester & Leicestershire was based firmly on government good practice.

1.7.2 The key findings relating to the Blaby District were:

- Blaby is a mixed area but contains mostly families (both younger and older).
- Most housing in Blaby is owner occupied semi detached, though there is a fair mixture of property types. Flats are the least common. There is very little privately rented housing, particularly in the more rural areas.
- Prices in Blaby are high compared to Leicester City and lower quartile prices for all property types are over £100,000.
- Most sales are of semi detached or detached houses. Property is cheaper closer to the city and becomes more expensive moving outwards to the more rural settlements.
- The SHMA update of 2011 estimated a district wide shortfall of approximately 344 affordable housing units per year.
- The main affordable property types needed by households in the District are 2 and 3 bed homes.

Viability Assessment

1.7.3 In addition to the SHMA the Council along with four of the other Local Authorities within Leicestershire commissioned consultants Three Dragons to undertake an Affordable Housing Viability Assessment in 2009¹. To ensure this approach remained reasonable and viable in current market conditions the Council commissioned a Viability Study

¹ A full copy of the study can be found at <http://www.blaby.gov.uk/about-the-council/strategies-plans-policies/environment-and-planning/local-plan-february-2013/evidence/>

Update in November 2011 which concluded that the policy options remain robust.

1.7.4 The key findings for the District are:

- Four sub market areas were identified in the District of Blaby. The sub market areas are defined using prices and postcode sectors and are: Kirby Muxloe; Outlying Settlements; Major Settlements and Leicester Fringe.
- Property and land values vary significantly between the sub markets. This variation is reflected in differences in residual land values (through a number of different scenarios). Residual value is affected not only by location but also by the density achieved.
- For high value areas, such as Kirby Muxloe, residual values exceed £1.5 million per hectare at 30% affordable housing in all scenarios tested with the exception of 120 dwellings per hectare.
- In the middle to lower value market areas residual values vary substantially with £900,000 per hectare being achieved at 25% affordable housing (at 40 dwellings per hectare) in the outlying settlements to around £200,000 per hectare in the Leicester Fringe.
- Overall the two lowest value sub markets (Major settlements and Leicester Fringe) produce residuals that are weak or even negative at higher proportions of affordable housing (and particularly at higher densities), placing a constraint on the authority in imposing a high overall target.
- The analysis shows that increasing the proportion of intermediate affordable housing will assist in promoting the viability of affordable housing. However, the effectiveness of this solution (relative to grant funding) varies according to location.
- Viability is highly sensitive to the relationship between existing (or, where relevant, alternative) use value. The analysis suggests that schemes will be brought forward on a variety of different types of sites.
- The analysis suggests that many of the larger sites will be brought forward on existing use values which are low – agricultural land, allotments and urban green space. In principle, these sites provide a good opportunity to maximise affordable housing delivery.
- However, some sites will be delivered within commercial areas and on land which is in current industrial use. Existing use values here are likely to be higher.

- The analysis suggests that small sites are not problematic in terms of viability (sites were tested below 15 dwellings and between 15 and 25 dwellings).
- From a housing management perspective, there were no in-principle objections from housing associations to the on-site provision of affordable housing on small sites.
- The analysis indicates the importance of larger sites to the supply of housing in the District. Over one in three dwellings will be delivered on sites of over 100 dwellings.
- Where a financial payment in lieu of on-site provision of affordable housing (or commuted sum) is to be sought, it should be of broadly equivalent value to that of the land as well as the affordable housing units.
- If this 'equivalence' principle is adopted, then the decision of the local authority to take a commuted sum will be based on the acceptability or otherwise of on-site provision as a housing and spatial planning solution, not in response to viability issues.

Local Evidence (Blaby District Council Monitoring)

1.7.5 Internal monitoring of affordable housing demand and supply highlights the following issues:

- There is a consistent demand for and under-provision of one bedroom affordable units for general needs tenants (excluding supported provision for over 55s or disabled households). The recent changes to the welfare system have highlighted the need for this provision among a greater number of households.
- The change in the single room rate threshold which broadens this restricted entitlement to a wider age group (now including single persons up to the age of 35, previously 25) may also prompt an increased demand for cluster style affordable accommodation, suitable for sharing (for example in the form of Houses of Multiple Occupation, managed by Housing Associations).
- Blaby District has consistently seen high demand for supported or sheltered housing suitable for older households, primarily in the form of bungalows. This demand has historically come mainly from owner occupying households who have little chance of accessing affordable housing.

- The affordable stock has very low provision for larger families with a disabled household member or members.

2. TYPE AND MIX OF HOUSING

Addressing local imbalances in the housing stock

2.1.1 The National Planning Policy Framework states;

“To deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities, local planning authorities should:

- *plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes);*
- *identify the size, type, tenure and range of housing that is required in particular locations, reflecting local demand; and*
- *where they have identified that affordable housing is needed, set policies for meeting this need on site, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified (for example to improve or make more effective use of the existing housing stock) and the agreed approach contributes to the objective of creating mixed and balanced communities. Such policies should be sufficiently flexible to take account of changing market conditions over time”.*

NPPF pg.13 p.50

“Each planning authority should ensure that the Local Plan is based on adequate, up to date and relevant evidence about the economic, social and environmental characteristics and prospects of the area. Local planning authorities should ensure that their assessment of and strategies for housing, employment and other uses are integrated, and that they take full account of relevant market and economic signals”.

NPPF pg.38 p.158

2.1.2 Policy CS8 of the Blaby District Council Local Plan (Core Strategy) is underpinned by the following strategic objectives:

- 1) *To provide an appropriate quantity and mix of housing to meet the needs of the District’s current and future populations; and*
- 2) *To optimise the provision of affordable housing to meet local needs*

Blaby District Local Plan (2013) p.56

2.1.3 The Council's Housing Strategy also highlights the imbalance in the District's housing market with the housing stock highly skewed in three respects:

- 1) In relation to property type: in the high proportion of larger detached homes and in the lower supply of smaller terraced homes, and especially flats and maisonettes.*
- 2) In relation to size: as a corollary of the above, in the high proportions of larger 4 and 5 bed family homes and in the low supply of smaller 1 and 2 bed homes.*
- 3) In relation to tenure: in the well above average home ownership sector and the well below average social and private rented sectors.*

Blaby District Council Local Housing Strategy p.31

2.1.4 The Strategic Housing Market Assessment (SHMA) models for Leicester and Leicestershire provide information on needs estimates, and optimum housing mix. Information is held relating to specific housing development growth in the District, including property types, sizes and tenures. House prices, rents, demand for and supply of affordable housing are also monitored. This all contributes to a detailed understanding of housing market functions at a more local level, with up to date information being used to produce reports for each large site planning application, outlining the local market scenario and making recommendations relating to both affordable and market mix.

2.1.5 Whilst the SHMA ensures that cross-boundary issues and objectives are highlighted, it does not provide the level of detail required to assess developments in smaller areas. By managing an up to date dataset internally Blaby District Council is able to provide a more detailed local focus on new development and housing markets.

2.1.6 As part of pre-planning application discussions, the Council will advise developers on the recommended mix and type and sizes of dwellings in any particular location. Overall recommendations will seek to address any identified imbalances or projected demand in relation to property type, size and tenure with the aim of achieving mixed, balanced, inclusive and sustainable communities.

2.1.7 In any given case consideration will be given to the local housing situation, as well as the proposed mix of housing types and sizes within an individual development.

2.1.8 Common imbalances within the market housing stock across the district include a lack of smaller 'starter units' and a lack of units suitable for older people looking to downsize. Therefore the Council will generally encourage developers to make provision for a mix of dwellings including some of this type. It is a key goal to secure the

most appropriate mix of housing and the extent to which the Council will seek to influence market housing provision will depend on the size of the development, and local demographic and market evidence.

- 2.1.9 In advising developers and in determining planning applications the Council will take into account the identified needs and current imbalances in the housing stock in the District, it will also consider any other relevant factors such as the aspirations of local communities, Parish and Town Plans and also the emerging Fosse Villages Neighbourhood Plan.

Policy 1

In the interests of achieving mixed, balanced and sustainable communities, addressing the imbalance in the housing stock and securing an appropriate mix of housing the Council will seek that developers discuss housing requirements with the Strategic Housing Team at the pre-submission stage of the planning process, on sites of 10 or more dwellings.

3. AFFORDABLE HOUSING ON MAJOR SITES (CONTAINING 10 UNITS OR MORE)

3.1 Introduction

- 3.1.1 The Core Strategy seeks to deliver 1,960 affordable housing units over the plan period 2006-2029. The target represents a minimum number of affordable houses to be provided and has been derived by assuming that qualifying housing development across the District will provide 25% affordable housing. The primary means of achieving this target is through on site provision of affordable housing from open market developments. Rural Exception Sites and other all affordable schemes as well as other sources of funding also make an important contribution.
- 3.1.2 Funding for new affordable housing is very limited. The level of subsidy available through the Homes and Communities Agency (HCA) was significantly reduced in 2010 as part of wider public sector spending cuts. Therefore in enabling new all affordable developments (e.g. Rural Exception Sites) the Council and Housing Associations operating locally will need to be proactive and opportunistic in working together to maximise the use of any alternative funding streams that may become available for new affordable housing.

3.2 Planning Applications

- 3.2.1 The Council's expectation is that developments for new housing will meet the requirements of the Core Strategy and in particular Policies CS7 and CS8. It is therefore important that applicants make contact with the Council's Strategic Housing Team at an early stage to discuss their schemes. The Strategic Housing Team will advise applicants of the following information:
- the need for affordable housing in that particular area;
 - the percentage of affordable housing to be provided;
 - the indicative tenure mix of the affordable dwellings;
 - the indicative types and sizes of the affordable homes.
- 3.2.2 Outline applications should contain an indication of the above information. Reserved matters applications should confirm the affordable housing mix proposed on the site. The dwelling and tenure mix should reflect the indicative housing mix as agreed with the Strategic Housing Team.
- 3.2.3 A procedural flowchart to be followed when considering submission of a planning application to Blaby District Council is included at Appendix C.

Policy 2

The provision of affordable housing must reflect the housing needs and characteristics of the relevant settlement / Parish. The Strategic Housing Team will use internal data sets, local policies and strategies to determine the optimum tenure, size and type of affordable units on Section 106 and all affordable sites.

Applicants are strongly encouraged to discuss the affordable housing requirements (in terms of percentage, tenure mix, types and sizes) with the Strategic Housing Team at pre-application stage. Developers should ensure that their proposals for affordable housing match these requirements.

- 3.2.4 As most new affordable housing will come through the planning application process from open market developments, provision will primarily involve legal agreements under Section 106 of the Town and Country Planning Act 1990. In these situations, the Government has made it clear that it expects affordable housing to be delivered without public subsidy. A model section 106 agreement (relating to the affordable housing element) is provided at Appendix D. This is the preferred starting point of the Council for Section 106 negotiations regarding Affordable Housing contributions.

- 3.2.5 The Council monitors compliance with the section 106 agreements, and will work with registered providers and others to ensure that its provisions are adhered to. The Council responds to and fully investigates any reports of a breach of condition or the terms of a section 106 legal agreement, and enforcement action will be taken where appropriate.

Policy 3

Developers should be mindful of the Council's preferred Affordable Housing Schedule for Section 106 Agreements. This should be used as the starting point for all affordable housing obligations attached to planning permissions on open market sites in the District.

3.3 Site Thresholds and Affordable Housing Contributions

- 3.3.1 In 2009 the Council jointly commissioned an Affordable Housing Viability Assessment to establish an achievable and viable target and threshold for affordable housing. This has resulted in the adoption of a single percentage target of 25% across the whole District on sites of 15 or more dwellings.

Policy 4

A contribution of 25% affordable housing will be sought as a minimum on all major developments across the District comprising of 15 or more dwellings.

3.4 Addressing Specialist and Supported Housing Needs

- 3.4.1 The NPPF provides clear recognition of the links between housing and health. This is also recognised in sub-regional documents such as the Leicester and Leicestershire Joint Strategic Needs Assessment (which was updated in 2012).
- 3.4.2 Currently the District lacks suitable, aspirational accommodation for an increasing number of elderly people. This provision may be managed through both market housing and affordable housing. There is also very little accommodation for vulnerable groups with a specialist housing need. Such groups include people with learning difficulties, people with physical disabilities, people with mental health problems, people with substance misuse issues, people who are ex-offenders, vulnerable young people as well as people who are elderly and may also be frail. In order to identify need, revenue and capital funding for such projects the Council will work in partnership with relevant stakeholders including the East Leicestershire Clinical

Commissioning Group, Adult and Social Care, Leicestershire County Council and Registered Providers.

- 3.4.3 In providing for the housing needs of vulnerable people (e.g. provision of an extra care facility or supported housing for adults with learning difficulties) the Council may consider being flexible in terms of the normal affordable housing contribution. Negotiations will take place on a site by site basis between the developer and the Council's Strategic Housing Team.

Policy 5

In order to address the shortage of specialist accommodation for vulnerable people within the District, the Council will consider reducing the proportion of affordable housing on sites in exchange for provision of specialist accommodation. Negotiations will be on a site by site basis with the Council's Strategic Housing Team.

3.5 Viability Issues, Community Infrastructure Levy (CIL) and Affordable Developments

- 3.5.1 The Council (in partnership with a number of Leicestershire authorities) has further commissioned HDH Planning and Development to undertake a joint County wide CIL Viability Assessment. The outcome of which will inform a charging schedule that will raise funds towards the delivery of infrastructure that is required to support development. Further information regarding the CIL process and timetable for implementation is available from the Planning, Economic Development and Housing Strategy Department.
- 3.5.2 The CIL regulations (at the time of writing this SPD) rule out the application of CIL for the provision of affordable housing. However the regulations do allow for 100% relief from the levy on those parts of a chargeable development which are intended to be used as affordable housing. Applicants bringing forward housing proposals on qualifying sites are therefore advised to take into account the affordable housing requirement and other S106 obligations and/or CIL together with other known requirements and constraints when negotiating the purchase of land. Affordable housing will remain a priority in assessing the viability of section 106 obligations and reductions from the overall contribution.
- 3.5.3 In cases where the applicant considers that the site cannot support the affordable housing requirement, it will be necessary to submit a financial appraisal and supporting evidence preferably at pre-application stage. This will enable the Council to assess at the earliest opportunity, the optimum affordable housing mix which is economically viable on the site. The Council will expect 'open book' negotiations and may consider various approaches either to use in-house expertise or seek independent viability advice on both costs and values. The costs of this will be borne by the applicant.

Policy 6

Having considered the key principles in this document, should the applicant feel that a proposed development cannot financially withstand the Council's affordable housing requirement, the Council will require evidence that the scheme is not viable. An open book approach with independent scrutiny of the viability assessment will be required (this should be reassessed should the market improve), the cost of which will be borne by the applicant.

3.6 Mix, Type and Layout of Affordable Housing

Tenure Mix

- 3.6.1 In 2011 the Council commissioned 'B Line Housing' to produce an analysis of the impact and affordability of the new Affordable Rent product in the District. The analysis suggested that on the basis of affordability, around 50% of rented subsidised housing could be justified as Affordable Rent. This would include all lets, including relets, so the level of Affordable Rent justifiable in any development will be dependent on the extent of supply in that location.
- 3.6.2 Affordable housing supply should broadly represent a 40/40/20 split in terms of affordable rent/social rent/intermediate products respectively. This recommended tenure split will vary between sites depending on local housing market factors.

Policy 7

As a guide affordable housing on qualifying sites should broadly represent a tenure split of:

Social Rent	40%
Affordable Rent	40%
Intermediate Products (E.g. Shared Ownership)	20%

These percentages will be assessed on a site by site basis and may differ by area.

No affordable rent products will be allowed on qualifying sites that received planning permission prior to April 2011.

The Council reserves the right to change this key principle should there be changes to current Government policy.

- 3.6.3 Future HCA funding programmes may also result in the Council needing to build in flexibility for tenure recommendations where Registered Providers are looking to secure Affordable Rent nil grant units in order to assist them in future HCA bid packages.

House Type

- 3.6.4 In all cases a statement of house types and sizes will be required. This will be informed by the data and evidence held by the District Council which includes information on existing property types, sizes

and tenures. Analysis will cover data from Choice Based Lettings, the Strategic Housing Market Assessment, Blaby District Council's Housing Strategy, Blaby District Council's Tenancy Strategy and any relevant Parish Needs Survey. A duly prepared and adopted Town or Parish Plan, Neighbourhood Plan or Village Design Statement will also be considered.

- 3.6.5 Affordable family homes (anything with 2 or more bedrooms) are expected to have a minimum of 2 double bedrooms (2 bed 3 person units and 3 bed 4 person units will not be accepted) in order to maximise the potential for family expansion and minimise the potential for possible overcrowding situations.
- 3.6.6 In accordance with the Homes and Communities Agency's Design and Quality Standards, it is expected that all new affordable homes, which are to be owned and managed by Registered Providers will be built to a minimum Code for Sustainable Homes Level 3. Applicants must have regard to Local Plan (Core Strategy) policy CS2: Design of new development.
- 3.6.7 Properties should be appropriate to the households likely to be allocated to them. Flats over garages will not be acceptable as family units. Quarter houses, flats or maisonettes are the preferred type of provision for one bedroom general needs accommodation.
- 3.6.8 It is expected that a proportion of units offered (market and affordable) will recognise the need for accessible properties in the form of bungalows and lifetime homes.

Integration

- 3.6.9 Affordable housing must be fully integrated with market properties in their design, layout and location within the development. They should be indistinguishable from market housing in terms of external appearance, build quality and materials. Reductions in size, use of lower quality materials, or poor finishing and detailing are not an acceptable shortcut to affordability. The affordable dwellings should be pepper-potted around development sites in clusters of no more than 6 dwellings. This should not be considered an impediment to delivery.

Policy 8

In the interests of creating sustainable and mixed communities, affordable units should be fully integrated with market properties and should be spread across the development in clusters of no more than 6 dwellings.

Properties should be appropriate to the households likely to be allocated to them – type and size issues should be discussed with the District Council.

3.7 Allocations of Affordable Housing

- 3.7.1 All new affordable dwellings on open market developments will be required to advertise homes for rent through the Council's Choice Based Lettings Scheme (in combination with any local lettings plan or section 106 agreement). This is to ensure that all new affordable homes for rent are allocated in accordance with the Council's current Housing Allocations Policy at that particular time. The only exceptions to this are where affordable housing schemes have been provided for a particular vulnerable group such as disabled or elderly people and the selection process for residents is approved by the Council.

Policy 9

All new affordable dwellings on open market developments will be subject to legal agreements to the effect that homes for rent shall be advertised through the Council's Choice Based Lettings Scheme.

3.8 Off Site Provision

- 3.8.1 Policy CS7 of the Local Plan (Core Strategy) requires that affordable housing should be provided on site unless there are exceptional circumstances which would justify an alternative to on site provision. Such circumstances could include:
- Where it can be proven that off site provision would better meet identified needs
 - Where it can be proven that on site provision is not financially viable
- 3.8.2 Any alternative provision on another site should be at least equal to the amount of provision which would have been made on the original development site and will be in addition to any provision of affordable housing that may already have been provided. Provision will be made in a location where it will meet identified need.

Policy 10

Any off-site provision of affordable units agreed by the Council on an alternative site will replicate the numbers that would have been provided on the original development. Such provision will be located in an area that the Council has identified as being in need of affordable housing.

Off site provision will only be considered in exceptional circumstances.

3.9 Commuted Sums

- 3.9.1 Where it is agreed by the Council and the Developer that a commuted sum in respect of off-site affordable housing will be provided, it will be necessary to ensure that a consistent approach is taken in calculating the appropriate sum required.
- 3.9.2 On calculating the commuted sum the Council will reach agreement on the number and type of affordable units that are required. Open Market Values (OMV) will then be agreed using knowledge from local estate agents and/or internal investigation into the current housing market. The Council will then take advice from three active Registered Providers as to the price that they would pay to purchase the affordable units. The level of contribution required will be equivalent to the difference between the OMV and the maximum price that the RP could pay. The following is an example of how the calculation works:

Commuted Sum Contributions – Calculation Methodology **Example 1**

Scheme of 20 dwellings

Affordable Housing Contribution (25% of 20 = 5 units):

Rent	3 units
Shared Ownership	2 units
OMV of each property =	£150,000

£150,000 x 5 =	£750,000
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Amount RP will pay:

Rented units =	(£ 80,000 x 3) =	£240,000
Shared ownership =	(£100,000) x 2) =	£200,000
Total =		£440,000

Commuted sum:

OMV less Total RP value =	£310,000
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Policy 11

Where commuted sums are sought as an alternative to on-site provision the Council will use the principle, described in paragraph 3.8.2 and demonstrated in example 1 (above) for assessing the level of financial contributions.

3.10 Financial Contribution for Fractions of Affordable Housing

3.10.1 The required affordable housing percentage will seldom equal a round number of affordable properties. In the case that a fraction of a unit is required the developer will round up the number of affordable units to be provided on site, or alternatively the fraction of a unit may be provided as a financial contribution. This is demonstrated in the example below:

Methodology for calculating fractions of an affordable dwelling

Example 2

Scheme of 15 dwellings

Affordable Housing Contribution = (25% of 15 = 3.75 units)

3 units to be provided as an on site contribution.

0.75 units to be provided as a financial contribution.

OMV of properties =	£150,000
Amount RP will pay =	£ 80,000
Difference =	£ 70,000

Commuted sum (£70,000 x 75%)	£ 52,500
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Policy 12

In circumstances where affordable housing contributions do not equal a whole number the developer can choose to either round up the on-site provision to a whole number or provide the balance as a financial contribution. The level of contribution will be determined by using the appropriate method detailed in example 2.

Use of financial contributions

3.10.2 All affordable housing monies collected through commuted sums or fractional contributions for off-site provision will be pooled to be spent on facilitating the delivery of affordable housing across the District. In all cases the Council will require a 15 year spending period before any financial contribution is returned to the developer. This helps to ensure that the contribution has every opportunity to deliver housing to meet local needs.

3.10.3 The Council's preferred method of providing affordable housing through market developments remains for provision to be on site, collecting commuted sums provides the Council with the opportunity to direct funds towards affordable housing in the parts of the District that need it most. For example in rural areas where Rural Exception

Sites or similar schemes would otherwise struggle to be developed due to the current lack of public subsidy that is available.

4. AFFORDABLE HOUSING IN RURAL AREAS: EXCEPTION SITES

4.1 Introduction

- 4.1.1 The Taylor Review 2008 highlighted that certain groups, mainly the young and especially young families and those working in rural areas for relatively low wages could not afford to rent or buy properties in these areas on the open market. It concluded that these groups of people have been priced out of their own communities. Exception sites provide opportunities for members of rural communities to stay within their communities. They can provide a mixture of affordable tenancies for example Social Rent, Affordable Rent and also New Build Homebuy (Shared Ownership) units.
- 4.1.2 Policy CS7 of the Local Plan (Core Strategy) allows for rural exception sites in the smaller villages to meet local needs. A rural exception site is land that is allocated for, or where permission is granted for, affordable housing, which would not usually be released for housing development. Such sites are developed in partnership with a Registered Provider and will be required to deliver 100% affordable housing, which will remain affordable in perpetuity (schemes involving shared ownership will normally have staircasing limits placed at a maximum 80% ownership).

4.2 Local Needs

- 4.2.1 In the District of Blaby there are 3 Rural Exception Sites at Stoney Stanton, Croft and Sapcote. At the time of writing this document planning permission had been granted for further schemes in the villages of Thurlaston and Elmesthorpe. Funding has also been identified for a site in the village of Sharnford and further possibilities are being explored elsewhere.
- 4.2.2 Policy CS7 of the Local Plan (Core Strategy) identifies some of the villages that may be suitable for small scale development and potentially further rural exception sites. These villages are relatively small in size with a population of less than 3000. The Council recognises its responsibility to try and measure such housing need and therefore will continue its programme to carry out local housing needs research in all of the District's smaller rural villages, often in the form of surveys which will be carried out either in partnership with the Leicester and Leicestershire Rural Housing Enabling Function or via postal surveys for smaller villages and hamlets.

- 4.2.3 Whilst the Council's preferred approach to housing needs surveys is to work in partnership with both the Rural Housing Enabling Function and the relevant local Parish Council, where this is not possible surveys will continue to be carried out in order to fulfil the requirement to identify affordable housing needs across the District. The results of the surveys together with the Council's own in-house housing needs data will help to identify housing need in each village.

Policy 13

The Council will develop a rolling programme of housing needs surveys for each village in the District with a population of less than 3,000. Surveys will be carried out by the Rural Housing Enabling Service in partnership with the Strategic Housing Team or through the use of postal surveys.

4.3 Local Connection

- 4.3.1 Support for exception sites has grown both nationally and locally with the realisation that they provide affordable housing options for those with a strong local connection. Exception site properties will be kept in perpetuity for those in need and therefore will not be lost to the open market through Right to Buy, and will not be allocated to people without a strong local connection. In order to establish local connection applicants will need to fulfil one or more of the following criteria:

- was born in the Parish and lived there for 5 years or more; or
- has lived in the Parish for 5 years or more but has been forced to move away because of the lack of affordable housing; or
- has a close family member (usually Mother, Father, Son or Daughter) who has resided in the parish for 5 years or more; or
- needs to reside in the Parish to give or receive family care and support; or
- has been permanently employed in the Parish for 2 years or more

- 4.3.2 Any permission will be subject to conditions and/or a legal obligation to ensure that initial and all subsequent occupancy is restricted to members of the local community in need of affordable housing.

Policy 14

All affordable housing units on Rural Exception Sites will be kept in perpetuity for the sole use of occupants who are in housing need and can demonstrate a strong local connection (as detailed in paragraph 4.3.1).

4.4 Scale and Design

- 4.4.1 Exception sites are relatively small, normally providing no more than 12 properties for affordable housing. The development should reflect the character and size of the village location.
- 4.4.2 The Council will seek developments in harmony with the character of the area, of a suitable design and construction materials appropriate to its location. Normal planning conditions relating to highway safety, neighbour amenity, wildlife and heritage considerations, open space etc will apply. Early dialogue with the Council throughout the process is essential.
- 4.4.3 In terms of design the following requirements for the proposed dwellings and curtilage is required:

Design and Curtilage of Rural Exception Sites

Example 3

Materials of construction and external finishes should be sympathetic to the character of the area.

Architectural detailing including chimneys, roof designs, doors and windows for example will be expected to reflect the site's unique context.

Development should meet fundamental urban design principles in terms of providing a good relationship with the street and other existing properties in the locality.

Affordable housing should be visually indistinguishable from surrounding market dwellings.

Important features such as trees, hedgerows and boundary walls which contribute to the character of the site or the area in general, must not be lost or substantially altered as a result of the development without direct replacement resulting in demonstrable betterment over the altered features.

Appropriate boundary treatments should be used to define private space. Close boarded fencing in 'prominent' areas should be avoided.

Policy 15

The scale and design of affordable housing units and their curtilage on Rural Exception Sites must have regard to the principles listed in Example 3 of this document.

APPENDIX A: List of Policies

Policy 1

In the interests of achieving mixed, balanced and sustainable communities, addressing the imbalance in the housing stock and securing an appropriate mix of housing the Council will seek that developers discuss housing requirements with the Strategic Housing Team at the pre-submission stage of the planning process, on sites of 10 or more dwellings.

Policy 2

The provision of affordable housing must reflect the housing needs and characteristics of the relevant settlement/Parish. The Strategic Housing Team will use internal data sets, local policies and strategies to determine the optimum tenure, size and type of affordable units on Section 106 and all affordable sites.

Applicants are strongly encouraged to discuss the affordable housing requirements (in terms of percentage, tenure mix, types and sizes) with the Strategic Housing Team at pre-application stage. Developers should ensure that their proposals for affordable housing match these requirements.

Policy 3

Developers should be mindful of the Council's preferred Affordable Housing Schedule for Section 106 Agreements. This should be used as the starting point for all affordable housing obligations attached to planning permissions on open market sites in the District.

Policy 4

A contribution of 25% affordable housing will be sought as a minimum on all major developments across the District containing 15 or more dwellings.

Policy 5

In order to address the shortage of specialist accommodation for vulnerable people within the District, the Council will consider reducing the proportion of affordable housing on sites in exchange for provision of specialist accommodation. Negotiations will be on a site by site basis with the Council's Strategic Housing Team.

Policy 6

Having considered the key principles in this document, should the applicant feel that a proposed development cannot financially withstand the Council's affordable housing requirement, the Council will require evidence that the scheme is not viable. An open book approach with independent scrutiny of the viability assessment will be required (this should be reassessed should the market improve), the cost of which will be borne by the applicant.

Policy 7

As a guide affordable housing on qualifying sites should broadly represent a tenure split of:

Social Rent	40%
Affordable Rent	40%
Intermediate Products (E.g. Shared Ownership)	20%

These percentages will be assessed on a site by site basis and may differ by area.

No affordable rent products will be allowed on qualifying sites that received planning permission prior to April 2011.

The Council reserves the right to change this policy should there be changes to current Government policy.

Policy 8

In the interests of creating sustainable and mixed communities, affordable units should be fully integrated with market properties and should be spread across the development in clusters of no more than 6 dwellings.

Properties should be appropriate to the households likely to be allocated to them – type and size issues should be discussed with the District Council.

Policy 9

All new affordable dwellings on open market developments will be subject to legal agreements to the effect that homes for rent shall be advertised through the Council's Choice Based Lettings Scheme.

Policy 10

Any off-site provision of affordable units agreed by the Council on an alternative site will replicate the numbers that would have been provided on the original development. Such provision will be located in an area that the Council has identified as being in need of affordable housing.

Off site provision will only be considered in exceptional circumstances.

Policy 11

Where commuted sums are sought as an alternative to on-site provision the Council will use the principal, described in paragraph 3.9.2 and demonstrated in example 1 for assessing the level of financial contributions.

Policy 12

In circumstances where affordable housing contributions do not equal a whole number the developer can choose to either round up the on-site provision to a whole number or provide the balance as a financial contribution. The level of contribution will be determined by using the appropriate method detailed in example 2.

Policy 13

The Council will develop a rolling programme of housing needs surveys for each village in the District with a population of less than 3,000. Surveys will be carried out by the Rural Housing Enabler in partnership with the Strategic Housing Team or through the use of postal surveys.

Policy 14

All affordable housing units on Rural Exception Sites will be kept in perpetuity for the sole use of occupants who are in housing need and can demonstrate a strong local connection (as detailed in paragraph 4.3.1).

Policy 15

The scale and design of affordable housing units and their curtilage on Rural Exception Sites must have regard to the principles listed in example 3 of this document.

Appendix B: Types of Affordable Dwellings

For the purposes of this guidance the definition of affordable housing follows that set out in Appendix 2 of the National Planning Policy Framework 2012.

“Affordable housing is provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.

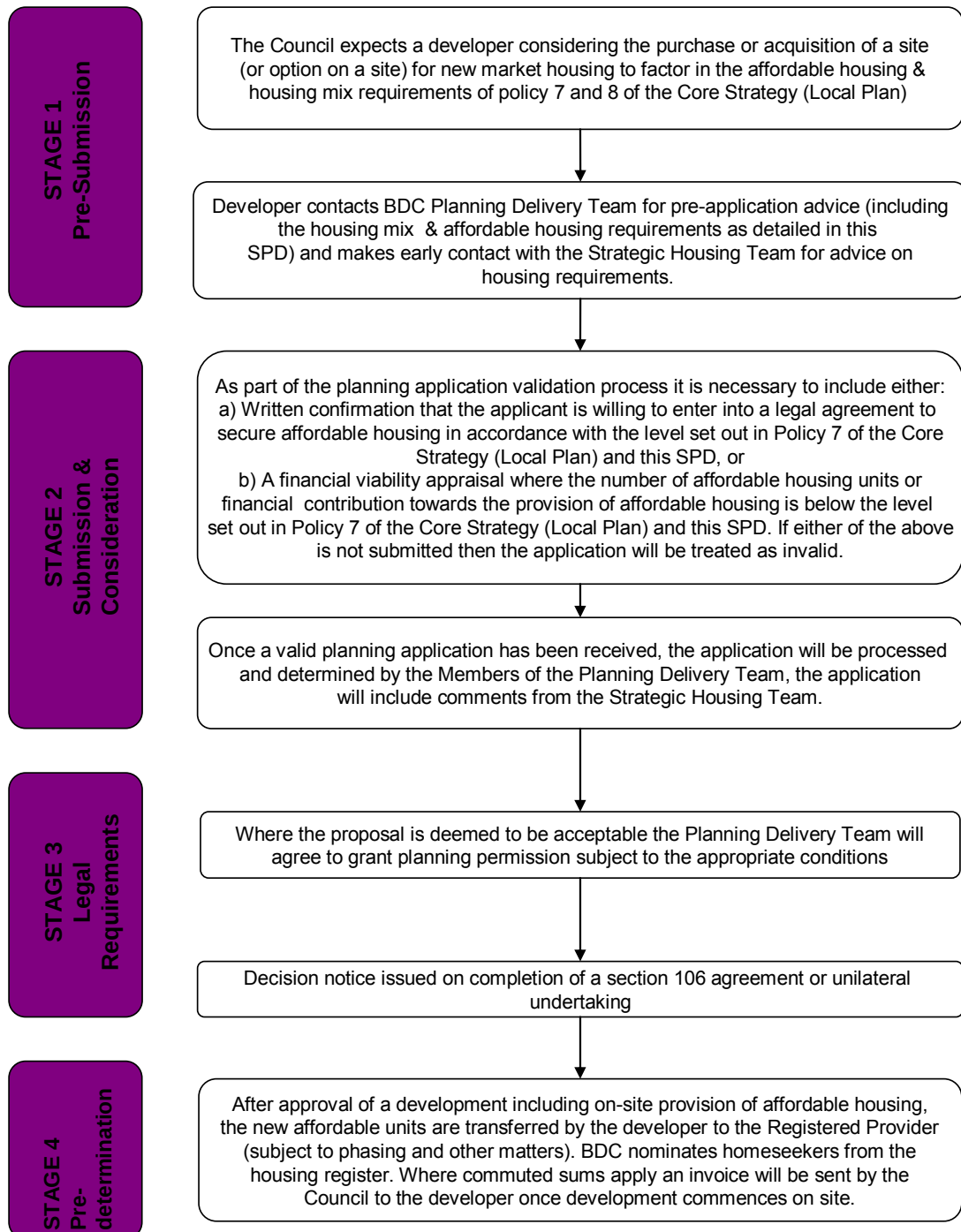
Social rented housing is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency.

Affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).

Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.

Homes that do not meet the above definition of affordable housing, such as “low cost market” housing, may not be considered as affordable housing for planning purposes.”

APPENDIX C: Procedural Flowchart for Planning Applications Including a Housing Element



APPENDIX D: Affordable Housing Schedule Template

DEFINITIONS

“Affordable Housing”	has the meaning given to it in Annex 2 of “National Planning Policy Framework” published by the Department for Communities and Local Government
“Affordable Housing Unit(s)”	means any Social Rented Unit, Affordable Rented Unit or Intermediate Housing Unit which is identified as such in accordance with the terms of this Agreement for Affordable Housing
“Affordable Rented Unit”	means dwellings provided by a Registered Provider that are made available for rent to Persons in a Housing Need which are outside of the national rent regime but are subject to other rent controls that require them to be offered to eligible households at a rent of up to 80% of local market rents (“Affordable Rented Dwellings”)
“Dwellings”	means all dwellings to be constructed on the Site as the Development pursuant to the Planning Permission to include the Open Market Dwellings and the Affordable Housing Units; and “Dwelling” shall mean any one of them
"Intermediate Housing Unit"	means housing at a price below Market Value meeting the definition of affordable housing in Annex 2 in the National Planning Policy Framework and may include Shared Ownership Accommodation
“Leicestershire Choice Based Lettings Scheme”	means the system utilised by the District Council and participating Registered Providers to advertise for let vacant Affordable Housing Units within Leicestershire
“Occupation”	means the beneficial occupation for the purpose for which the Dwelling was granted planning permission but shall exclude occupation for the purposes of fit out or marketing

“Open Market Dwelling(s)”	means Dwellings for sale lease or other disposal on the open market other than the Affordable Housing Units forming part of the Development
“Person(s) In A Housing Need”	means a person or persons registered on the Leicestershire Choice Based Lettings Scheme or any subsequent Housing Register maintained by the District Council or a person or persons registered on the District Council’s register of persons requiring intermediate housing in the District of Blaby or a person or persons on similar registers held by a Registered Provider
“Registered Provider”	means the provider of affordable housing who is registered by the Tenant Services Authority under Part 2 of the Housing and Regeneration Act 2008 and who is approved by the District Council such approval not to be unreasonably withheld
“Shared Ownership Dwelling”	means dwellings purchased on a shared equity basis whereby not more than 75% and not less than 25% of the equity is initially sold to the purchaser by the Registered Provider with the flexibility to increase their degree of ownership to 100% if they so wish
"Social Rented Unit"	means housing that is available to rent at rent no greater than the Homes and Communities Agency Target Rents by Persons In A Housing Need via the medium of a Registered Provider and which housing remains permanently accessible for those purposes to people who for any reason cannot afford to rent or purchase suitable accommodation at prevailing market prices

AFFORDABLE HOUSING

1. The Owners hereby covenant with the District Council as follows: -
 - 1.1.1. To ensure that twenty-five per cent (25%) of all Dwellings forming part of the Development are provided as Affordable Housing Units.
 - 1.1.2. The Affordable Housing Units shall be satisfactorily integrated within the Development in the form of small clusters not exceeding 6 dwellings and be indistinguishable from Market Housing in terms of external appearance.
 - 1.1.3. Beginning with a date not later than the Commencement Date the Owners shall enter into negotiations with a Registered Provider for the transfer to that Registered Provider of the Affordable Housing Units. Details of the Registered Provider shall be submitted to the District Council for its written approval such approval not to be unreasonably withheld.
 - 1.1.4. To allow no more than sixty per cent (60%) of the Open Market Dwellings to be occupied until such time as the Affordable Housing Units have been constructed and transferred to a Registered Provider:
 - 1.1.5. To notify the District Council within fourteen days of the transfer of any of the Affordable Housing Units to a Registered Provider of the date of such transfer.
 - 1.1.6. No Affordable Rented Units or Social Rented Units shall be used for any purpose other than for the provision of Affordable Housing for rent via the Leicestershire Choice Based Lettings Scheme or any subsequent scheme adopted by the District Council to Persons In A Housing Need in accordance with the District of Blaby Choice Based Lettings Allocations Policy or any successive Allocations Policy produced and adopted by the District Council.
 - 1.1.7. That all Affordable Rented Dwellings will be advertised through the Leicestershire Choice Based Lettings Scheme or any future scheme that replaces it and that the District Council will have the right to nominate 100% of the first lets of the Affordable Rented or Social Rented Dwellings and 95% of lets to subsequent occupiers of the Affordable Rented or Social Rented Dwellings.
- 1.2. Any transfers under clause 1.4 shall contain the following provisions:
 - 1.2.1. The grant of all rights (so far as they are within the control of and can be granted by the Owners) of access and passage of services and other rights reasonably necessary to the beneficial enjoyment of the Affordable Housing Units as constructed on the Site;

- 1.2.2. A reservation of all rights (so far as they are within the control of and can be granted by the Owners) of access and passage of services and rights of entry and other such rights as are reasonably necessary for the benefit of the remainder of the Dwellings on the Site;
 - 1.2.3. The imposition of such covenants as the Owners shall reasonably require as are consistent with the sale of any Open Market Dwellings.
- 1.3. To provide that the Affordable Housing Units shall remain available as Social Rented Dwellings, Affordable Rented Dwellings and Shared Ownership Dwellings provided that this provision shall not be binding on:
 - (a) any present or future mortgagee of the Affordable Housing Dwellings
 - (b) any receiver appointed by such a mortgagee or chargee
 - (c) any person acquiring an interest in an Affordable Housing Unit under a statutory right to buy or acquire the said Affordable Housing Unit
 - (d) a lessee under a lease for a Shared Ownership Dwelling or a mortgagee or chargee of such a lease
 - (e) a person who has staircased to acquire the freehold of a Shared Ownership Dwelling or a mortgagee or chargee of such an Affordable Housing Dwelling
 - (f) any person deriving title from any such person as is mentioned in (a) to (e) (inclusive) above