

# Affordable Housing

## Supplementary Planning Document

Malvern Hills District Council  
Worcester City Council  
Wychavon District Council

Adopted  
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Prepared by the South Worcestershire Councils



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# 1 Introduction

# 1

## Purpose of this document

**1.1** This document is a Supplementary Planning Document (SPD) on Affordable Housing which explains the details of policies set out in the South Worcestershire Development Plan 2006-2030 (SWDP) that relate to the provision of affordable housing. It is a guide to the interpretation and implementation of these policies and associated procedures including each Councils' Tenancy Strategies. It is aimed at developers, landowners, registered providers, applicants for planning permission and others who are seeking to provide, or benefit from new affordable housing, and who therefore wish to interpret the policies in more detail.

**1.2** The guidance is only concerned with the provision of affordable housing through the planning system, such as via local plan allocations and planning applications. It is important to note that the provision of new affordable housing is not the only way of meeting the affordable housing needs of the districts. The councils are committed to using all other available strategies to help meet the needs. This can include funding for repairs/ adaptations and improvements, bringing empty homes back into use, private renting initiatives and helping to ensure that the existing stock is fully utilised.

**1.3** The process of producing an SPD is outlined in legislation. The three District Councils of Malvern Hills District, Worcester City and Wychavon District have each published their Local Development Schemes (LDS), which outline the timetable for the drafting of this SPD and its adoption.

## Adoption

**1.4** The SPD is subject to consultation in line with the Town and Country Planning (Local Planning) (England) Regulations 2012. The draft supplementary planning document was subject to a six week statutory consultation (Regulation 13) between Monday 14<sup>th</sup> March and Monday 25<sup>th</sup> April 2016.

**1.5** The summary of responses to the consultation can be viewed online on each of the Council's websites, and the South Worcestershire Development Plan website [www.swdevelopmentplan.org](http://www.swdevelopmentplan.org)

**1.6** Relevant groups and statutory bodies and individuals, including those who responded to the earlier Scoping Paper, and Parish and Town Councils, were notified of the publication of the draft document. All responses to the draft have been considered and a précis of the responses plus officer suggested changes are outlined in the Statement of Consultation 2016. The Statement of Consultation also reports on the stakeholders' workshop held on 15<sup>th</sup> April 2016.

**1.7** This final version of the SPD was adopted on 26<sup>th</sup> October 2016 after consideration by all three South Worcestershire Councils (SWC).

**1.8** It should also be noted that the Community Infrastructure Levy (CIL) and the Developer Contributions SPD are relevant to the consideration of affordable housing and work on these are progressing in line with the LDS.

## 2 Policy Background

### National Policy

**2.1** Government planning policy outlined in the National Planning Policy Framework 2012 (the Framework) requires Councils to quantify the need for affordable housing in their area, and bring forward policies that will help provide for this affordable housing need.

### Definition of affordable housing

**2.2** The definition of affordable housing, as contained in the Framework is:

***“Social rented, affordable rented and intermediate housing, 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”***

[Source: Annex 2: Glossary - National Planning Policy Framework 2012]

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

**2.4** Full definitions of these tenures can be found later in the document (paragraphs 3.20-3.30). The reasoned justification of policy SWDP 15 paragraph 4 states. *“The split between social rented, affordable rented, and intermediate housing will be dependent upon a number of factors. These will include economic circumstances, site characteristics, development viability, affordability levels prevailing at the time a planning application is made, availability of public subsidy and any other planning objectives that may need to be addressed or funded by the development.”* However, evidence from the SHMA 2012 demonstrated that a significant number of households in need cannot afford “affordable rented” accommodation (SHMA paragraph 7.93 and table 7.11) and are therefore effectively precluded from renting this form of accommodation.

### Starter Homes

**2.5** The Government has consulted on an intention to include “starter homes” within the definition of affordable housing, but the consultation has only recently closed, and the Framework definition has not yet been changed. The SPD relates to current policy, and therefore cannot anticipate such a change. In accordance with the Written Ministerial Statement on Starter Homes (2<sup>nd</sup> March 2015) and the NPPG, the SWC will not seek a contribution to affordable housing or other tariff style contributions on starter homes on under-used or unviable industrial and commercial land that has not been currently identified for housing as per the Starter Homes Exception Sites section of the PPG (national planning policy guidance).

### Definition of affordable housing need

**2.6** The Framework defines households as being in housing need if they are unable to access a suitable home in the open market. That is, a household that cannot access a home suitable for their needs in the right location at an affordable price. The SWDP Housing Background

## 2 Policy Background

Paper Addendum September 2015 summarises the evidence and concludes that there is an unmet need for affordable housing of 8,140 dwelling over the plan period comprising 4,509 in Worcester City, 1,456 in Malvern Hills District and 2,176 in Wychavon District.

**2.7** Each local authority has a duty to prepare a Tenancy Strategy (see paragraph 2.21) following the enactment of the Localism Act 2011. In 2012, the South Worcestershire Council's developed their strategies and found that there were 6,474 households on the housing registers across the three Council areas (SHMA Monitoring report 2012-2013 p.72). Of these, 5,107 were categorised as having a significant level of need (band silver and above) for affordable housing, representing 22% of the total number of households on waiting lists across Worcestershire.

**2.8** Figure 7.11 of the Worcestershire Strategic Housing Market Assessment (SHMA) 2012 indicates that 31% of the households in south Worcestershire are unable to afford 80% market rent (as allowed by the Affordable Rent regime) for a 1 bed apartment, increasing to 41% for a 2 bed apartment and 51% for a 3 bed house. Table 3 from the Worcestershire Housing Market Assessment Monitoring report 2012/13 states the mean levels of work based earnings and residence based earnings, with the former lower than the latter due to residents commuting beyond Worcestershire to higher paid jobs elsewhere. Table 43 of the Monitoring report shows the annual household income required in order to access various types of accommodation. This reveals that an income ranging from £16,400 to £18,000 is required to access a social rented property but an income of approximately £22,000 to access an Affordable Rent property in south Worcestershire which is between 22% and 34% more than the income required for social rented housing. This is supported more recently in a National Housing Federation document "Home Truths" which found that the mean house price in 2013 in the County was £206,212 requiring a multiple of 8.5 times the mean income of £24,111 to buy. The income required to buy this property with a 20% deposit would be £47,134.

**2.9** Evidence of need from the waiting lists, and other data shows that the household type most frequently requiring affordable housing is family households followed by single households. The recent and proposed Welfare Reforms including bedroom subsidy, housing rent caps and proposed reductions in benefits/ universal credit will affect households being able to afford housing, as it will impact on their disposable income, and for example their ability to pay for affordable rent, and or service charges as outlined in paragraph 2.8 above.

### Rural housing need

**2.10** In rural areas local Housing Needs Surveys (HNS) supplemented with information from the relevant housing waiting lists are used to provide evidence for the need for affordable housing. A HNS for the parish (or cluster of parishes) is likely to be required if one has not been carried out or is considered to be out of date in order to justify the provision of housing through the rural exception sites policy (see paragraph 3.36-3.39). Applicants are advised to check with the relevant Council's housing teams on the methodology for these.

### SWDP policies approach

**2.11** The South Worcestershire Development Plan (SWDP) is a joint plan that provides the context and planning policies for the housing growth in all three South Worcestershire Councils (Malvern Hills District, Worcester City and Wychavon District). The SWDP contains policies that seek to promote affordable housing through development proposals, in terms of the number

## 2 Policy Background

and type of housing provided, including the size of dwellings and the tenure. The evidence base shows that there is, and will be in the lifetime of the SWDP, significant affordable housing need in the plan area and that development will need to help provide affordable housing. The adopted vision states: ***“Affordable and accessible housing is widely available and helps secure and sustain local communities, services and facilities”***.

**2.12** The relevant SWDP objectives are:

- B2: To deliver sufficient new homes needed by local communities and which help support economic growth.
- B3: To maximise opportunities to deliver affordable housing

**2.13** The relevant SWDP policies are:

- **SWDP 2** Development Strategy and Settlement Hierarchy
- **SWDP 3** Employment, Housing and Retail Provision Requirement and Delivery
- **SWDP 15** Meeting Affordable Housing Needs
- **SWDP 16** Rural Exception Sites
- **SWDP 20** Housing to Meet the Needs of Older people
- **SWDP 62** Implementation

SWDP 14 Market Housing Mix may also be relevant to some development proposals that seek to provide for specific needs such as for the elderly.

The individual requirements of these policies with regard to affordable housing are outlined in this SPD. The SPD also has had regard to changes in national policy since the SWDP plan was adopted and which will affect the interpretation of the policies. Most notably, the Written Ministerial Statement (WMS) issued in November 2014, and eventually clarified in the Court of Appeal judgement of 11th May 2016 (Case Ref C1/2015/2559) is now relevant and affects the interpretation of policy SWDP 15. See paragraphs 3.5-3.18.

**2.14** Policy SWDP 3: Employment, Housing and Retail Provision Requirement and Delivery is the overarching strategic policy that provides the housing numbers that the Plan is to deliver. This policy, at Table 4b (i) of the adopted SWDP also provides a breakdown of the amount of affordable housing which is required to be delivered from development proposals. The Plan as a whole seeks to supply 8,800 affordable dwellings up to the year 2030. This number is broken down by sub-area. The policy does not need to be interpreted further in this SPD but it provides the context for the overall amount of affordable housing needs that justify the specific affordable housing policies and what might be delivered under current policy. It is recognised that it is difficult to accurately predict affordable housing needs more than 5 to 10 years ahead, and regard will be had to updated evidence on need throughout the life of the SWDP, and of this SPD.



## 2 Policy Background

**2.15** SWDP 3 sets out the spatial strategy for the distribution of housing within each of the sub areas of the SWDP, including for the Wider Worcester Area, and its component parts that are within Worcester City, Malvern Hills District and Wychavon District. The approach to the delivery of affordable housing in the Wider Worcester Area (WWA) will be subject to a joint “accord” to be adopted by the South Worcestershire Councils to ensure that housing development within the WWA maximises its potential contribution towards meeting the City’s affordable housing needs whilst ensuring balancing this against meeting the needs of both Malvern Hills and Wychavon.

**2.16** Policies SWDP 15 Meeting Affordable Housing Needs and SWDP 16 Rural Exception Sites are the main policies which set out the circumstances where affordable housing should be provided and will formulate the basis for this SPD. These are outlined in more detail below.

### Other Plans and Policies

**2.17** Paragraph 2.13 above lists the SWDP policies that relate to the provision of affordable housing, in full, or in part, and that are subject to further detailed explanation in this SPD.

**2.18** National policy changes are also relevant to the interpretation of some of the policies, as explained under the relevant policy heading.

**2.19** In addition, **Neighbourhood Plans** are able to bring forward policies and sites for affordable housing. Where a Neighbourhood Plan is adopted, such policies will complement, or in some cases, supersede the SWDP local plan policies. Each district council website documents progress on Neighbourhood Plans in the district. Readers should check if there are relevant Neighbourhood Plans that may affect the provision of affordable housing in specific parts of south Worcestershire.

**2.20** A response to the Scoping Paper consultation (see paragraph 1.6 above) suggested that Gypsy and Traveller sites provision should also come under the umbrella of this Affordable Housing SPD. However, the three south Worcestershire Councils are in the process of producing a **Traveller and Travelling Showpeople Site Allocations Development Plan Document** that will specifically look at Travellers’ needs, including issues of affordable accommodation, so these are not addressed here.

**2.21** Other relevant policies are the Worcestershire Housing Strategy 2012 – 16 (to be replaced in 2016 with the Worcestershire Partnership Plan), Worcestershire Tenancy Strategy and the individual District Tenancy Strategies– see website links below:

1. Malvern Hills District Council Tenancy Strategy (Dec 2012)  
<http://www.malvern hills.gov.uk/documents/10558/125552/Tenancy+Strategy+%28final%29%20v2.2.pdf/9274f2cc-aa87-4a55-bfc5-64d14076f220>
2. Worcester City Council Tenancy Strategy (2012)  
<http://www.worcester.gov.uk/documents/10499/20690/WorcesterCityTenancyStrategyFINALDOCUMENT.pdf/e7481ef0-cb51-4d81-b007-565cecfbc62e>
3. Wychavon Tenancy Strategy Framework and Principles (Dec 2012)  
<http://www.wychavon.gov.uk/documents/10586/157693/Wychavon%20Tenancy1.pdf>

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**2.22** The Housing Act 1996 (as amended) requires local authorities to make all allocations and nominations in accordance with an Allocations Scheme. A summary of the Allocations Scheme and general principles is available through the Home Choice Plus website [www.homechoiceplus.org.uk](http://www.homechoiceplus.org.uk) and available at partner local authority offices. The Housing Act 1996 requires local authorities to give Reasonable Preference in their allocations policies to people with high levels of assessed housing need. This includes homeless people, those who need to move on welfare or medical grounds, people living in unsatisfactory housing and those who would face hardship unless they moved to a particular locality within the local authority's area.

### The key evidence base

**2.23** The key evidence base is listed below with further information provided in Appendix 1.

- a. Worcestershire Strategic Housing Market Assessment (SHMA) Feb 2012 <http://www.swdevelopmentplan.org/wp-content/uploads/2012/12/Main-SHMA-Report-February-2012-Final-Nov-Correction.pdf> – it should be noted that it is intended to update the SHMA in due course; Worcestershire Strategic Housing Market Assessment Monitoring Report 2012/13
- b. Parish and Town Council housing needs surveys.
- c. Information on affordable housing waiting lists for each council – currently known as Home Choice Plus.
- d. SWDP Housing Background Paper including the September 2015 update.
- e. Specific Housing Needs – elderly and vulnerable records
- f. The Homes and Communities Agency statistics
- g. Tenancy Strategies
- h. Worcestershire Extra Care Housing Strategy 2012-2026

**2.24** The evidence base outlined above will be updated from time to time, and the Councils will have regard to the most recent relevant information in deciding the appropriate mix of affordable housing on any development site.

### Supported Housing and Older People

**2.25** The Worcestershire SHMA (Feb 2012) Chapter 8 looked at the housing requirements of specific groups and highlights, in particular, demographic changes likely to take place over the plan period which will have an important impact on housing need and the supply requirements for different groups - e.g. due to the ageing population and smaller household size.

**2.26** The Government has produced a more recent policy paper on: *“2010 to 2015 government policy: housing for older and vulnerable people May 2015 update”*. This states that the Government will provide housing support to older people and those with disabilities by:

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- providing support to people who wish to stay in their home through the Disabled Facilities Grant, home improvement agencies and local handyperson services
- ensuring the right advice is available by investing in FirstStop's national service
- strengthening choice for those who want to move into specialist housing through the care and support specialized housing fund.

The approach is therefore to help people to help themselves, and especially to stay in their own homes where they can. The FirstStop advice for older people website is hosted by Fortis living, a large Registered Provider of affordable housing in Worcestershire. This approach complements housing policy but is not directly related to providing affordable housing through development proposals.

### Monitoring

**2.27** The level of affordable housing built and granted planning permission each year will be monitored through the Housing Land Availability monitors and as part of the Local Authority Housing Statistics (LAHS) produced by the three south Worcestershire Councils. In order to understand the level of affordable housing need, and the tenure mix and size of dwellings that are appropriate in development proposals, the three Councils will have regard to the key sources of information listed above and any subsequent updates.

## 3 Specific Policy Context

### SWDP policies

**3.1** The detailed text of policies SWDP 2, 15, 16, 20 and 62 is provided in Appendix 2. The key areas that need further interpretation are outlined here:

#### Location of affordable housing

**3.2** **SWDP 2: Development Strategy and Settlement Hierarchy**, outlines the local plan approach to the location of development. It is based on the principle that the urban areas, in particular Worcester and the main towns have the greatest housing needs and are locations where the cost of public service delivery is relatively low. It also recognises that in order to deliver the Plan's social objectives of sustainable development, some growth is directed to those rural settlements (Category 1, 2 and 3 villages) that enjoy a reasonable range of local services. For information on the categorisation of particular settlements see Annex D of the SWDP.

**3.3** Based on SWDP 2, affordable housing is therefore considered to be appropriate in these following locations:

- Within the administrative boundary of Worcester City
- Within the development boundaries of the Main Towns of Droitwich Spa, Evesham and Malvern.
- Within the development boundaries of the Other Towns of Pershore, Tenbury Wells and Upton upon Severn.
- Within the development boundaries of Category 1, 2 and 3 villages
- Within the housing allocations in the SWDP whether within or outside the development boundaries.
- In locations in line with policy SWDP 16 Rural Exception sites where the affordable dwellings are to meet identified "local housing need", (see paragraph 3.38) and the location has access to nearby infrastructure and community facilities. This is likely to rule out locations adjacent to lower category villages.
- Within the Green Belt - see SWDP 2E. There may also be scope for limited affordable housing provision for proven local community needs under SWDP 16 Rural Exception sites.
- Within or adjacent to settlements in the Areas of Outstanding Natural Beauty (AONB) in the context of SWDP 16 Rural Exception sites there may be scope for limited affordable housing for proven local needs in line with SWDP 23.

### SWDP 15 Meeting Affordable Housing Needs

**3.4** SWDP15 is the key policy for the provision of affordable housing and includes a sliding scale threshold under section B.

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**3.5** As agreed by committee resolution the south Worcestershire councils will implement SWDP15 differently to the published policy in the adopted plan to take into account the national threshold as set out in the WMS (Nov 2014) and the NPPG. This means that the following affordable housing contributions will be sought unless the site has a total combined gross floorspace of 1,000 sqm or more in which case SWDP15 will be applied as written in the SWDP regardless of the number of dwellings to be provided (Appendix 2):

### 3.6

- On sites of 15 or more dwellings on greenfield land, 40% of the units should be affordable and provided on site.
- On sites of 15 or more dwellings on brownfield land within Worcester City and Malvern Hills 30% of the units should be affordable and provided on site. On sites of 15 or more dwellings on brownfield land within Wychavon, 40% of the units should be affordable and provided on site.

**3.7** On sites of 11-14 dwellings, 30% of units should be affordable and provided on site.

### 3.8

- Within the Designated Rural Areas<sup>(1)</sup>, on sites of 10 dwellings, a financial contribution towards the local affordable housing provision should be made, based on the cost of providing the equivalent in value to 30% of the units as affordable housing on site. "Equivalent in value" means that the commuted sum should be equivalent in value to the cost of providing 30% of the dwellings on site. The sum will be payable on completion of the development.
- Within the Designated Rural Areas, on sites of 6-9 dwellings, a financial contribution towards local affordable housing provision should be made, based on the cost of providing the equivalent in value to 20% of the units as affordable housing on site. "Equivalent in value" means that the commuted sum should be equivalent in value to the cost of providing 20% of the dwellings on site. The sum will be payable on completion of the development.
- Outside of the Designated Rural Areas, on sites of less than 11 dwellings, no affordable housing contributions will be sought.

On sites of 5 dwellings or less, no affordable housing contributions will be sought across the whole of the plan area.

**3.9** Policy SWDP 15 aims to maximise the delivery of affordable housing but includes the flexibility to negotiate with developers to enable sites to be brought forward where there may be proven viability issues.

1 <http://www.legislation.gov.uk/ukxi/2016/587/contents/made> SI 2016 No. 587: The Housing (Right to Buy) (Designated Rural Areas and Designated Regions) (England) Order 2016

## 3 Specific Policy Context

**3.10** SWDP 15 requires landowners and / or developers to enter into legal agreements to provide for affordable housing. See paragraphs 4.1- 4.2 and Appendix 4 regarding types of legal agreements that can be used.

**3.11** Adjacent land in the ownership of the applicant will be counted in for threshold purposes where it is considered it forms or could form part of a larger site- see SWDP 15 criterion A. This is to avoid landowners splitting up sites into smaller parcels of land in order to avoid the higher thresholds for affordable housing. To clarify, this will exclude the assessment of adjacent agricultural land if it is clear that is not intended or is unlikely to come forward for housing development in the future.

**3.12** Assessment of the type, tenure and size of the affordable housing and the final mix will be based on negotiation and the most up to date evidence of housing need as outlined in section 2 above. Paragraph 3.22 - 3.24 also outlines more details concerning tenure requirements.

**3.13** All affordable housing on sites of 11 or more dwellings will be expected to be delivered **on-site**.

**3.14** Note that affordable housing delivered under the Rural Exception Sites policy (SWDP 16) is not affected by the national policy change.

### Exceptions to on-site provision

**3.15** Under part C of policy SWDP 15, exceptions to on-site provision may be considered where it can be demonstrated that the site is unsuitable for the type or amount of affordable housing required. This may include where:

- The proposals are for the conversion of buildings (including heritage buildings) that because of their design will not provide adequate space, amenity or other services to those in affordable housing need, or the subdivision of the building presents management problems for the Registered Provider.
- The site would place additional financial burdens on potential households in affordable housing need because of the remoteness from essential services such as schools, employment, healthcare, lack of public transport provision etc.
- The topography of the site would be too steep to accommodate a design layout that would provide for adequate affordable housing in terms of space, amenity or the provision of services.
- The scheme will not be viable with the amount or mix of affordable housing required (see Section 5 on viability considerations).
- The proposal is for sites of 6-10 dwellings in a Designated Rural Area

In such circumstances the Councils will seek **off-site** provision. For all sites, with the exception of sites of 6 - 10 dwellings in a Designated Rural area, the amount of affordable housing required on an alternative site will be calculated to take account of the increase in market dwellings on

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the application site, as a result of the affordable housing being located elsewhere. Off-site provision could either be on an agreed alternative site or by a financial contribution or commuted sum paid on commencement of the development. The number of dwellings to be provided on the alternative site and the financial contribution are calculated in accordance with the formulae given in Appendix 5. For sites of 6-10 dwellings in Designated Rural Areas, a commuted sum only will be required, and will not be payable until the completion of the units.

**3.16** Under section SWDP 15 D, applicants for planning permission will need to demonstrate that the housing will remain permanently affordable or the subsidy recycled; and for sites outside the city or towns available to meet the continuing needs of local people. This will require a binding legal agreement, as explained in paragraph 4.1.

### **Vacant Buildings Credit (VBC)**

**3.17** The south Worcestershire councils will apply the VBC in accordance with the WMS dated 28<sup>th</sup> November 2014 and the PPG. This means that where a site qualifies for the VBC, affordable housing contributions will only be sought on any additional floorspace created by the development. In applying the credit, the South Worcestershire councils will consider the following:

#### ***Building***

Applicants must be able to demonstrate that the floorspace is within a building. Also, the following points will be considered:

- The building must not be ancillary to another in continuing use, e.g. an attic, basement or a curtilage building within the grounds of a building which is not vacant would not be eligible for the credit.
- There may be an exception for commercial premises with separate entrances for separate floors in different uses and/or ownerships. The Government and the City Council is supportive of the conversion of vacant floor space above shops and the VBC will be applied, where appropriate, to incentivise the re-use of these spaces.
- Evidence of vacancy of upper floors of commercial premises can sometimes be obtained from the Valuation Office Agency (VOA) website where space that is vacant will be zero rated for business rates calculation purposes. This evidence may be used to clarify whether or not the credit should be applied.
- The use should not be abandoned as per the NPPG.

#### ***Vacant***

The NPPG indicates that making a building vacant for the sole purpose of re-development is something a local planning authority should take into account for the purpose of calculating VBC. Therefore, the south Worcestershire councils will give consideration to the following points when determining whether or not an application is eligible for the credit:

- Where a building was vacant before VBC was introduced the credit would apply unless the use has been abandoned.
- Where a business has ceased trading then the credit would apply as the premises would not have been deliberately vacated for the sole purpose of facilitating redevelopment.

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- Where there is evidence that occupiers of premises have been served notice to leave, or commercial property owners have decanted occupiers into other premises they control, then it is possible that the credit would not apply to the site. This is because the site would be considered to have been deliberately vacated for the purposes of redevelopment.
- There may be cases where parts of sites or buildings are vacant and other parts are not. In these cases careful consideration will be given to the calculation of the VBC and affordable housing contributions. The total size of the development should be used to determine if the threshold for requiring affordable housing contributions is triggered even if this means the affordable housing contribution is based on a number of units below the threshold. Please refer to the section below on calculating the VBC.
- The credit will not apply where the site has an extant or recently expired (within 12 months) planning permission for the same, or substantially the same, development.
- Evidence will be sought to demonstrate eligibility for VBC. Where an applicant is asked to provide evidence to support a claim for VBC, the following evidence may be used to determine when a building was vacated (this list is intended to be indicative):
  - Evidence from the Valuation Office Agency that the premises have been deemed vacant and zero rated for business rate calculation purposes.
  - Written and signed confirmation from utilities providers that a building was vacated on a particular date.
  - Written confirmation from previous occupants and their solicitors as to when a building was vacated.
  - Evidence from South Worcestershire Revenues and Benefits that a building has been vacant.

**3.18** An example of how the Vacant Building credit will be calculated is contained in Appendix 6

**3.19** The paragraphs below explain types of affordable housing, and how it can be provided to meet policy SWDP 15.

### Forms of delivering the affordable housing on-site

**3.20** The Framework provides a broad definition of affordable housing. It encompasses households on very low incomes including those dependent upon means tested benefits for which rented accommodation may best meet their need. It also includes households who have earned income but due to the significant gap between earnings and housing costs, are not able to access housing in the market. For this reason, different types of affordable housing product are required to meet needs. The South Worcestershire Councils no longer own any housing stock and are unlikely to be involved in the future ownership of any affordable homes. The Councils strongly advise developers to ensure a Registered Provider (see glossary) is actively



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engaged at an early stage of housing proposals and throughout the planning application process. This should help avoid problems that have been experienced in the past regarding developments falling short of the standards required for the Registered Providers to obtain their funding.

### Rented homes – Affordable and Social Rent

**3.21** Traditionally, Registered Providers have provided social rented accommodation. This is rented housing owned and managed by local authorities or Registered Social Landlords (or Registered Providers), for which guideline target rents are determined through the national rent regime. “Affordable Rents” were introduced in February 2011 as a new tenure concept and are rents up to 80% of open market value. The Homes and Communities Agency when funding development with grant will generally only fund development where rents are proposed at Affordable Rent levels unless there is robust evidence of affordability problems. Social Rents are typically lower than Affordable Rents.

**3.22** The SHMA 2012 report assessed the affordability of the Affordable Rent tenure and found that there are significant proportions of households who are unable to afford these higher rent levels. For example, approximately 30% of single people cannot afford to rent a 1 bedroom Affordable Rented property increasing to 68% of households in Worcester City unable to afford a 4 bedroom Affordable Rented property.

**3.23** Therefore, it is the South Worcestershire Councils’ view that on all allocated and windfall sites where affordable housing is to be delivered through S106 agreements, the emphasis should be on the provision of social rent with Affordable Rent and Intermediate Housing provided in lesser amounts. A focus on Affordable Rent and Intermediate Housing is acceptable on schemes where HCA funding is available such as through rural exception policies.

**3.24** In any event, rent levels should be no more than the Local Housing Allowance (LHA) rates for the relevant property type in the relevant location. The Valuation Office Agency (VOA) is responsible for calculating the LHA. They apply a list of rents that are paid for by private sector tenancies across the broad rental market area for each property category.

**3.25** All affordable rented housing should be provided within the definitions above.

### Intermediate housing

**3.26** The Framework definition of intermediate housing is housing 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.

**3.27** Intermediate products can assist people into home ownership including ultimately the potential for outright ownership. The Framework also states that homes that do not meet the above definition of affordable housing, such as ‘low cost market’ housing, will not be considered as affordable housing for planning purposes.

**3.28** There are a number of shared equity products delivered by Registered Providers (including housing associations) and private developers. Shared ownership enables the occupant to purchase an equity share in their home with a mortgage. Rent is then payable upon the

## 3 3 Specific Policy Context

unsold equity. Purchasers are able to acquire additional shares from 25% to 100% of the equity. In the case of protected rural areas (Malvern and Wychavon), this can either be limited to 80% or extended to 100% provided the Registered Provider covenants to repurchase the home - see reference in glossary to The Housing (Right to Enfranchise) (Designated Protected Areas) (England) Order 2009. Shared ownership has served a role in meeting a need across south Worcestershire, but should be offered at no more than a 50% initial share for sale and rents should not exceed 2.5% of unsold equity. The total cost of the mortgage and rent should be affordable to households on low incomes within the south Worcestershire area and the applicant will need to demonstrate this, subject to an agreed methodology.

### Tenure requirements

**3.29** Due to the affordability issues in south Worcestershire, the requirement sought between the tenures will be **80%** social rent and/or affordable rent and **20%** intermediate products. This will be the starting point for negotiation. In practice, this means that developers are required to transfer affordable homes to Registered Provider partners at a substantial discount on the market price to ensure that they are affordable.

**3.30** Generally there is no HCA grant contribution on allocated or windfall housing sites where affordable housing is a requirement through S106 agreements. The amounts that Registered Providers are able to pay developers to acquire affordable homes are constrained by their borrowing capacity as supported by the value of these revenue streams.

### Service charges and affordability

**3.31** Affordability assessments in the evidence base have made assumptions about the level of service charges. Service charges are additional charges over and above the rent and are payable by the occupier and include for example, a contribution towards maintenance of communal areas and lifts. Affordable rents of up to 80% of local market rental levels have to include service charges. Service charges will need to be eligible for rent subsidy such as Housing Benefit. Therefore, developers should take into account when designing schemes of the likely level of service charges applicable to the affordable housing dwellings to ensure their continued affordability.

### Dwelling mix

**3.32** There is a need for all types and sizes of affordable dwelling and advice should be sought on a site by site basis as needs vary in the Malvern Hills, Worcester and Wychavon areas. The mix needed may change over the time of the plan period, and will be continually monitored. The final tenure and mix will be subject to local needs and negotiation. On large schemes, reviews of housing need can be agreed to take account of changing needs.

**3.33** In general terms, the greatest need is for 1 and 2 bedroom dwellings, but there is also a need for 3, 4 and occasionally 5 bedroom dwellings too.

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### Delivery partners

**3.34** The South Worcestershire Councils work with a number of partner Registered Providers and the current list and contact details can be provided by contacting the relevant local authority housing officer. The South Worcestershire Councils' emphasis is on competent management and ability to develop in accordance with the Tenancy Strategies.

### Nominations

**3.35** Nomination arrangements which explain who will qualify for the affordable homes are dealt with through the Homes Choice Plus system in all three South Worcestershire districts. In addition there is a "local connection" requirement for villages in the rural areas in Malvern Hills and Wychavon Districts, which is outlined in each Council's rural lettings policy. A sample nomination agreement is available on request.

### SWDP 16 Rural Exception Sites (Malvern Hills and Wychavon Districts)

**3.36** The Framework and policy SWDP16 recognise that the specific need for affordable housing in rural areas can be provided through the provision of rural exception housing sites where appropriate. Policy SWDP2 confirms that Category 1, 2 and 3 villages are suited to meeting both market and affordable housing in accordance with the plan led approach. In addition, policy SWDP2 also confirms that the development of affordable housing in accordance with SWDP16 is acceptable in lower category villages where there is a proven need.

**3.37** Tenbury Wells and Upton-upon-Severn both have populations of less than 3,000 and therefore it is considered that the rural exception policy should also apply to these two towns too (Policy SWDP16 footnote 41 refers). This is particularly so because they are both severely constrained by flooding and have had smaller housing allocations in the SWDP than might otherwise be expected if they did not have this constraint. However, affordable housing may still be deliverable on rural exception sites outside of the development boundaries of these two towns.

**3.38** Where there is an identified need for affordable housing and there are no other suitable and available sites within the development boundary rural exception sites can be allowed on small sites beyond but reasonably adjacent to the development boundary. Rural Exception sites may also be provided for villages without a development boundary where there is a proven need. An exact definition of a "small site" is not given as this will in part depend on the size of the settlement it is associated with, and the amount of market housing (if any) that may be required to make the development viable.

**3.39** It is expected that the site will deliver 100% affordable housing provision but where this is not achievable because of viability reasons an element of market housing can be provided to give sufficient cross-subsidy to facilitate the delivery of affordable homes on the grounds of viability. See section 5 on viability considerations. Development for 100% affordable housing provision will not be required to pay any tariff based developer contributions, although they will be expected to provide on site provision for open space, recycling collection etc. where appropriate.

## 3 Specific Policy Context

### SWDP 20 Housing to Meet the needs of Older People

**3.40** Government guidance in the Framework, paragraph 159 requires Local Planning Authorities to understand the housing needs in their area, by preparing a Strategic Housing Market Assessment that:

- *addresses the need for all types of housing, including affordable housing 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); and*
- *caters for housing demand and the scale of housing supply necessary to meet this demand;*

**3.41** The 2011 census indicates that 19.8% of residents in south Worcestershire are aged 65 or over, compared to the average in England and Wales of 16.4%. The number of over 65's is also set to increase significantly in south Worcestershire, as it is nationally, during the plan period and therefore specific provision of housing for this age group is a key issue for the SWDP. It is also the case that in general, affordable dwellings and design solutions for the elderly can also be appropriate to deliver well designed housing for disabled people and those with limited mobility.

**3.42** The Worcestershire Extra Care Housing Strategy 2012 to 2026 has been produced by Worcestershire County Council with its District and Borough Council partners. It has developed a countywide strategy for extra care housing for older and disabled people. The strategy sets out the framework for the future development of extra care housing in Worcestershire and covers the period 2012-2026. Extra Care housing is specialist accommodation which will be available for people who want to rent or buy hence affordable housing may be provided on this basis. The strategy envisages that local authorities will take a leading role in enabling extra care housing and they will encourage and work with providers from the social, charitable and private sectors to deliver the extra care housing required in Worcestershire.

**3.43** The study shows that approximately 4,703 extra care units are likely to be required across Worcestershire, of which some 27% would be required for rent rather than sale. Of the County total, 2,581 units are required in south Worcestershire (55%).

**3.44** The Worcestershire Strategic Housing Market Assessment 2012 looked at some aspects of special needs housing, including the needs of the elderly. It recognises that:

*“Over the longer-term the proportionate and absolute increase in older person households will place ever increasing pressures on the existing housing stock. In particular the rise in households where the head of household is aged over 85 will lead to greater requirements for different forms of supported housing which can meet the needs of elderly residents.” (Paragraph 8.13 Worcestershire SHMA Feb 2012).*

**3.45** Thus, older persons' needs can be provided in supported housing such as sheltered housing, extra-care housing, care homes and nursing homes. It can also be accommodated in the types of general needs housing including single storey - such as flats and bungalows. However, these formats will not all be subject to affordable housing requirements. Nevertheless,

## 3 Specific Policy Context

the movement of older persons from general housing (C3) to supported / extra care housing (C2) can release more general housing onto the market (for rent or sale) for other people, therefore the provision of extra care housing does have an important role to play in the housing market as a whole. For information on the “Use Classes” classification of the different types of housing for older persons, see paragraph 3.49 below.

**3.46** This SPD is concerned with affordable housing provision for older persons through development planning, which will be mainly directed at specific design solutions for mainstream affordable housing such as the provision of bungalows, flats with lifts, and sheltered housing that can meet the needs of individuals outside of institutional care. The viability studies undertaken alongside the SWDP have shown that whereas affordable housing on “extra care” development sites may not be viable, it may be viable on sheltered housing schemes.

**3.47** SWDP 20 encourages the provision of housing suitable for the needs of older people on all allocated and windfall sites of **5 units or more**. This provision can be through the specific market housing mix outlined in SWDP 14, and through particular affordable housing tenures through SWDP 15. For instance, generally the provision of bungalows in any housing mix, and especially in affordable housing development, can cater for older occupiers. Design aspects of proposals, such as the provision of Lifetime Homes can also deliver housing which is flexible and adaptable to the needs of the elderly, through making dwellings more accessible inside and out. Policy SWDP 21 vii) states that buildings should incorporate flexible designs...”enabling adaptation for future needs and uses in terms of internal spaces and extensions”.

**3.48** Applicants for developments of 5 or more dwellings should therefore show in their design and access statements how their proposals can provide for the general needs of the elderly. Applicants are encouraged to meet Lifetime Homes standards in order to achieve this. This is particularly important in larger developments and the urban extensions, where a range of design solutions can be met.

### Use Classes Order

**3.49** The Town and Country Planning (Use Classes) Order 1987 (as amended) – (the latest order is 2015) - divides housing into several “classes” for development planning purposes:

- Class **C3** relates to “dwelling houses” in general. Dwellings provided in this category count towards meeting the Councils’ objectively assessed housing need.
- Class **C2** covers **residential institutions and includes** residential care homes, hospitals, nursing homes, boarding schools, residential colleges and training centres.

**3.50** The C2 class does not normally count towards the objectively assessed housing need for planning purposes (except in specific cases where the units are self contained), and does not come under the remit of policies SWDP 15, 16 and 20 as far as affordable housing is concerned. Thus proposals for care homes which provide communal / institutional accommodation that is not self-contained are excluded from the requirement to provide affordable homes.

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**3.51** However, there are many examples of C2 type development proposals that are a hybrid - such as extra care housing schemes that accommodate individual dwellings that are self-contained (e.g. sheltered apartments and bungalows). In instances where a development provides a mix of C3 and C2 dwellings, such as an extra care facility that has some independent dwelling units on-site, the provisions for contributions of affordable housing in SWDP 15 will be applied, in that affordable housing contributions should be required on the C3 dwelling proposals, in line with the thresholds in SWDP 15 B. This is explained in policy SWDP 20 Biii.

**3.52** Thus a scheme that will provide for 5-9 C3 dwelling units will need to provide 20% of the units as affordable; a scheme that has 10-14 C3 dwelling units will need to provide 30% of the units as affordable; a scheme that has 15 or more C3 dwellings will need to provide for 40% to be affordable. The expectation is that the affordable dwellings will be provided **on-site**, unless they meet the exceptions outlined in paragraph 3.15 above.

**3.53** As outlined in SWDP 20 Bii), regarding the location of affordable housing, specific accommodation for the elderly will be expected to be provided in sustainable locations where there is reasonable access to facilities such as public transport, health care, shopping and other community facilities. This will generally be at Worcester, in the main towns, and in Category 1 and 2 villages. This is particularly important for affordable dwellings where the occupants will be on low incomes and will often not have access to a car in order to access essential services, and may need to rely on public transport.

## 4 Detailed Requirement

### Legal arrangements

**4.1** Legal arrangements will need to be put in place to retain any affordable housing in the future as long as a housing need continues. These legal arrangements will normally be in the form of the signing of a Section 106 agreement (Town and Country Planning Act 1990, as amended) by all parties to the agreement and 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. Alternatively a Unilateral Undertaking may be offered by the developer to cover the arrangements. This is often put forward via a planning appeal if agreement cannot be reached by the local planning authority and a developer. For more background on the role and format of S106 agreements/ Unilateral Undertaking and other legal obligations see Appendix 4.

**4.2** Management of the affordable housing will be through Registered Providers who may be party to any S106 agreements, or other legally binding arrangements with other approved management representatives if no Registered Provider is involved.

### Design of affordable housing

**4.3** The south Worcestershire Councils require all affordable homes to be of good design and quality and fit for purpose. Generally what is acceptable for market housing may also be appropriate for affordable housing,”

The following are key considerations in the design of affordable housing units in any development scheme:

a. Standards:

Any standards including those to meet SWDP 27 Renewable and Low Carbon Energy should apply to all housing across the whole site.

b. Tenure blindness:

Affordable housing dwellings should be indistinguishable from the market homes, i.e. built using the same materials; similar built form and dwelling types; and built to the same high standards of design expected for the associated market housing. For example, if the market housing is semi-detached or detached, then the affordable housing should be the same. Also, it should be noted in terms of dwelling types:

- 1 bedroom affordable properties can be houses and not only flats and
- 2 bedroom affordable properties are preferred to be built as houses rather than flats because they are likely to accommodate households with children and gardens are considered essential for their health and well-being.

## 4 Detailed Requirement

### c. Clustering:

In accordance with national guidance, developments should endeavour to create mixed and balanced communities and therefore on larger sites it is usually preferable to disperse the affordable housing throughout the site in groups. Clusters of 10-12 dwellings have worked well in the past, but this will depend on management practices of the Registered Provider, and site specific requirements of the housing scheme.

### d. Car parking standards:

Car-parking provision for the affordable housing dwellings should meet the same standards per dwelling as the open market housing enjoys in number of spaces as well as design. The preference will be for in curtilage parking where appropriate. Link to the latest Worcestershire County Council car parking standards:

<http://www.wychavon.gov.uk/documents/10586/1811948/APPENDIX+-+Interim+Parking+Standards+Adopted.pdf/e603f396-028a-4db1-ba09-9f9326076b77>

### e. Disability/ Lifetime Homes standards:

Application of the Nationally Prescribed Standards and the Lifetime Homes standard is encouraged in order to ensure that properties are suitable for the levels of occupancy which are required and provide suitable accommodation for changing needs throughout the life of the occupants. Notwithstanding this, affordable properties should be designed to be occupied as follows:

- All 2 bedroom dwellings designed for 4 persons
- All 3 bedroom dwellings to be designed for 5 persons
- 4 bedroom dwellings to be designed for 5, 6 and 7 persons
- And to include a small number of 5 bedroom dwellings where required.

**4.4** In addition the south Worcestershire Councils wish to ensure that affordable homes offer a good level of residential amenity to future occupiers. Careful consideration should be given to the design of the affordable properties. Thus, generally, schemes will not be supported where the affordable homes offered are:

- over detached blocks of garages
- predominantly over drive-ins
- predominantly over retail and commercial units
- in blocks of unbroken terraces if the market homes are not terraces; or
- overlooking large areas of courtyard parking



## 4 Detailed Requirement

**4.5** Wherever possible, the south Worcestershire Councils will seek affordable homes which have:

- parking within the curtilage
- good sized gardens
- materials that are the same as their private neighbours
- sympathetic boundary treatment in keeping with associated market dwellings
- shared highway access arrangements and
- features that promote energy efficiency

## 5 Financial Considerations

### Financial contributions in lieu of on-site provision

**5.1** As explained in paragraph 3.15 above on sites of 11 dwellings or above, a financial contribution may be considered where the council agrees that on-site provision is not practicable and off-site provision is not viable. For viability considerations see paragraph 5.3-5.9 and 5.11-5.13. The level of affordable housing required or the level of commuted sum payable will be calculated to take account of the increase in market dwellings on the application site as a result of the affordable housing being located elsewhere.

**5.2** Note that in Designated Rural Areas, on sites of 6-10 dwellings, affordable housing contributions will take the form of commuted sums payable upon completion of the development. See paragraphs 3.6-3.8 and 3.15.

### Viability considerations

**5.3** The Framework, paragraphs 173-177, considers deliverability and therefore viability of development proposals to be very important. This is both in the context of the viability of Local Plan policies collectively, and the viability of individual development proposals. The SWDP policies, i.e. the Plan as a whole, have been subject to viability testing in line with paragraph 174 of the Framework:

*“In order to be appropriate, the cumulative impact of these standards and policies should not put implementation of the plan at serious risk, and should facilitate development throughout the economic cycle. Evidence supporting the assessment should be proportionate, using only appropriate available evidence.”*

**5.4** This approach is reflected in the viability work undertaken for the SWDP policies, and reflected in published reports:

- South Worcestershire Authorities Affordable Housing Development Viability Study by Adams Integra Sept 2008 and update 2010
- South Worcestershire Development Plan Viability Study Nov 2012
- Worcestershire CIL Viability Study by HDH Planning January 2013
- South Worcestershire Local plan Viability Update by HDH September 2014
- South Worcestershire Councils Community Infrastructure Levy (CIL) Viability update by HDH Dec 2014

**5.5** The viability evidence has been further tested during the SWDP Examination process. It is considered that overall the SWDP policies do not put such a burden on development that it prevents development from coming forward. The viability work recognises that the delivery of affordable housing in line with SWDP policy is only one element of infrastructure that needs to be provided through development proposals. Other infrastructure is also often required, either

## 5 Financial Considerations

on site, or in the form of planning “obligations” for funding elements such as public open space, contributions to schools, public transport etc. Any financial contribution or infrastructure delivered as a planning obligation is often referred to as a “developer contribution”.

**5.6** Contributions made towards infrastructure that is required to support development is further complicated by the fact that developers may be asked to make financial contributions towards infrastructure for specific elements of proposals, and / or contribute to a more general infrastructure fund or “levy” (Community Infrastructure Levy, (CIL)). A separate Developer Contributions Supplementary Planning Document is being prepared that explains the policy basis and the approach that the three south Worcestershire Councils are taking towards the delivery of other infrastructure, either via specific developer contributions or through CIL. It is recognised that regulation 123 of the Community Infrastructure Levy Regulations 2010 (as amended) makes it illegal for a charging authority (the Local Planning Authority) to seek a planning obligation to fund infrastructure which it is intending to support with receipts from the CIL. This is to avoid “double-dipping” of infrastructure/ payments.

**5.7** The Framework paragraph 204 and the Community Infrastructure Levy Regulations 2010 (as amended in 2014), regulation 122, set the following three tests for any planning obligation. It must be:

- Necessary to make the development acceptable in planning terms;
- Directly related to the development; and
- Fairly and reasonably related in scale and kind to the development.

**5.8** In determining whether planning obligations are required to make the proposed development acceptable in planning terms, the south Worcestershire Councils will have regard to the infrastructure requirements identified in the SouthWorcestershire Infrastructure Delivery Plan.

**5.9** It is also recognised that the viability of individual sites are affected by a range of factors, and thus there may still be particular proposals that may not be able to meet the full policy and infrastructure requirements of the plan. Thus, in policies SWDP 15 and SWDP 16, there is specific reference to have regard to development viability. The Developer Contributions SPD also addresses this issue, recognising that the provision of affordable housing along with other infrastructure requirements of a development may render some development unviable (or less viable, so that a developer may not wish to bring a site forward). The approach in the Developer Contributions SPD to assessing the viability of the infrastructure and other requirements is similar to that for affordable housing.

### **Establishing infrastructure requirements, including affordable housing**

**5.10** Thus the following approach to establishing infrastructure requirements, and hence viability is advised:

- Developers should enter in to discussions with the relevant local planning authority and other infrastructure providers, including registered providers and Worcestershire County

## 5 Financial Considerations

Council at an early stage before putting in a planning application, to determine which planning policies are relevant and what the required infrastructure needed to support the development will be. There is a preference for social rented properties with affordable rent and intermediate housing provided in significantly lesser amounts unless there are evidenced viability reasons for higher amounts.

- Discussions should take place with Development Management officers (who will consult with other colleagues/ infrastructure and service providers) to consider the level and type of infrastructure, including any affordable housing that will be required. This should include discussions on the type of and proportions of affordable dwellings, in particular affordable tenures, such as for social rent, affordable rent, shared equity etc., which will affect costs.
- If the developer believes however that the financial viability of development will be jeopardised by the scale of planning obligations likely to be required then the scale of any financial or on-site provision of infrastructure or affordable homes will need to be negotiated with the local planning authority.
- Where the developer considers that a particular level or type of affordable housing will render the development unviable, they can ask for the policy requirements to be reduced, or waived. To assess this, the Local Planning Authority will require a detailed viability assessment in order to assess which particular elements of the infrastructure requirements make the development unviable. The process for the assessment of viability is outlined below. **Where the Local Planning Authority considers that the provision of affordable housing is viable and appropriate, and the developer still declines to provide it, this will be a reason to recommend refusal of the application.**

### Viability assessment

**5.11** Planning obligations are negotiated between Councils and developers on a case by case basis. Where developers believe that planning obligations will make development unviable they will need to make a submission to the relevant planning authority, as follows:

1. A financial viability appraisal setting out how they are unable to meet the full planning policy requirements (including the number and tenure of affordable housing provision) deemed necessary to be secured through a Section 106 Agreement and any Community Infrastructure Levy charges. This appraisal should utilise the Homes and Communities Agency's Development Appraisal Tool or another suitable model as agreed with the relevant local planning authority and should include an "open book approach" with the following information as follows:
  - a. A quantity surveyor's cost assessment of construction costs. The report should include a schedule of accommodation with floor areas.
  - b. Sales values and market evidence of the sales values used
  - c. Site value
  - d. A development and sales programme (if relevant)

## 5 Financial Considerations

- e. Details of any abnormal and other development costs e.g. sales and marketing fees, finance costs, s106 costs
- f. Developer's profit
- g. The expected Community Infrastructure Levy charge showing payments required in accordance with the instalments policy.

In particular any assessment needs to take account of any additional funding that may be available, such as through the Homes and Communities Agency grants (HCA), and any additional costs, such as service charges to prospective tenants or occupiers/ shared ownership schemes that may impact on cost to residents and therefore the affordability of housing on the schemes (which may make them not affordable for policy purposes).

2. A statement outlining the benefits and risks of not meeting the policy requirements and the site not being delivered immediately.

**5.12** The local planning authority will seek independent advice to review the evidence within the financial appraisals and the cost of this review will be paid for by the applicant. The local planning authority will consider the potential benefits of a development by weighing these against the resulting harm from the potential under-provision or delayed provision of infrastructure (including affordable housing).

**5.13** Based on the independent financial viability advice and other evidence, planning obligations may be deferred, phased or discounted, where this would not make the development unacceptable in planning terms.

### Reduced or Discounted Planning Obligations

**5.14** Reductions in developer contributions will be the minimum necessary to make the development financially viable. The relevant local planning authority will make a judgement as to whether a development will still be acceptable in planning terms with a reduced level of contributions.

### Deferred or Phased Planning Obligations

**5.15** The options of deferring planning obligations or phasing them will be considered first before giving consideration to the need to reduce the size of developer contributions. The following options may be appropriate depending on the viability evidence:

- a. The provision of site-specific infrastructure (including affordable housing) in phases with trigger points at different stages of the completion of the development.
- b. Deferral of financial contributions to a later stage of the development.

## 5 Financial Considerations

### Contingent Deferred Planning Obligations

**5.17** Where reduced or discounted obligations are agreed the Council may ask the applicant to agree to test the development viability again once a certain point is reached, i.e. after half the development is completed. Such an agreement is called a Contingent Deferred Planning Obligation (see paragraph 5 of the reasoned justification to policy SWDP 15) as the actual value of the obligation is deferred and is contingent on the viability of development at a future point in time. This may require the developer to provide a higher contribution than previously sought. All agreements and viability assessments will be in accordance with best practice and national planning policy applicable at the time of the agreement or assessment. Any subsequent contributions sought will not exceed the policy requirements set out in SWDP15.

### Other variations

**5.18** Where the circumstances given in paragraph 3.15 above are applicable, the local planning authority will seek a level of off-site provision on an alternative site that takes account of the increase in the on-site amount of market dwellings on the application site as a result of the affordable housing be located elsewhere. The threshold will be in line with the sliding scale in SWDP 15 B. Please see worked example in Appendix 5

### Financial contributions in lieu of on-site provision

**5.19** In cases where a financial contribution, as opposed to on-site (or off-site provision of housing on an alternative site), is accepted on viability grounds, the calculation will be based on an open book viability assessment of how much of the SWDP 15 on-site requirement can be borne by the development, taking into account other infrastructure planning obligations required to make the development acceptable in planning terms.

## APPENDIX 1: Key Evidence base

### a. **Worcestershire Strategic Housing Market Assessment (SHMA) Feb 2012 and Worcestershire Strategic Housing Market Assessment Monitoring Report 2012/13**

The SHMA analyses data and trends relating to local housing markets and issues of affordability of housing within Worcestershire. Separate more detailed appendices provide an “overview” report for each district [see Appendix 3 for Malvern Hills, Appendix 5 for Worcester city and Appendix 6 for Wychavon District]. It has been monitored to update base data on house prices, wages, affordability ratios (lower quartile wages versus lower quartile houses prices and rents), and the number and type of households in affordable housing need. It provides a useful indicator of the types of tenure of affordable housing required (such as social rent, affordable rent, shared ownership, fixed equity etc – see Chapter 7 of the SHMA.).

### b. **Parish and Town Council housing needs surveys**

Targeted Local Housing needs surveys are carried out on an adhoc basis for parishes and some towns where more detailed analysis of housing needs is considered desirable. The surveys are designed to be completed by every household within a parish in order to build a profile of the area and examine current and/or future housing need. Along with other data sources, housing needs surveys can help inform local communities, local authorities and other stakeholders of the housing needs in a particular area at a given time. For more information on housing needs surveys, refer to your local housing team

### c. **Information on affordable housing waiting lists for each Council**

Waiting lists can indicate demand and need for affordable housing. South Worcestershire Councils form part of a wider sub-regional housing register known as Home Choice Plus, a choice-based lettings system which allocates a banding to all those who are registered based on their need for (re)housing.

### d. **SWDP Housing Background Paper Update September 2015**

This background paper updates previous papers that outline and analyse housing requirements and needs – including affordable housing needs -and likely supply in relation to the development plan requirements.

### e. **Specific Housing Needs - Elderly and vulnerable people**

Supported housing is housing for people who are unable to live independently or who need a particular kind of support and can include the physically disabled, frail elderly, people with learning disabilities, people with mental health problems, vulnerable young people and children leaving care and people with hearing and sight impairments.

Consideration will be given to the range of strategies and reports available when considering meeting the needs of specific groups e.g. Worcestershire Extra Care Strategy 2012-2026 and Learning Disabilities Strategy

[http://www.worcestershire.gov.uk/directory\\_record/2819/learning\\_disability\\_strategy\\_-\\_towards\\_active\\_citizenship](http://www.worcestershire.gov.uk/directory_record/2819/learning_disability_strategy_-_towards_active_citizenship)

## APPENDIX 1: Key Evidence base

### f. **Tenancy Strategies- South Worcestershire Councils**

Malvern Hills District Council Tenancy Strategy (Dec 2012)

Worcester City Council Tenancy Strategy (2012)

Wychavon Tenancy Strategy Framework and Principles (Dec 2012)

### g. **The Homes and Communities Agency (HCA)**

The Homes and Communities Agency regulates social housing providers, usually known as Registered Providers (RPs) in England. They are a source of statistical data on housing provision, including affordable housing.

### h. **Worcestershire Extra Care Housing Strategy 2012-2026**

Worcestershire County Council with its District and Borough Council partners has developed a countywide strategy for extra care housing for older and disabled people. The strategy sets out the framework for the future development of extra care housing in Worcestershire and covers the period 2012-2026.



# APPENDIX 2: The detailed policies, SWDP 2,15,16, 20, 62

## SWDP 2: Development Strategy and Settlement Hierarchy

A. The Development Strategy and the site allocations in the SWDP are based upon the following principles:

- i. Provide accessible, attractive employment sites and positive policies to deliver job creation opportunities.
- ii. Provide for and facilitate the delivery of sufficient housing to meet objectively assessed needs to 2030.
- iii. Safeguard and (wherever possible) enhance the open countryside.
- iv. Encourage the effective use and re-use of accessible, available and environmentally acceptable brownfield land.
- v. Maintain the openness of the Green Belt (as shown on the Policies Map).
- vi. Focus most development on the urban areas, where both housing needs and accessibility to lower-cost public services are greatest.

B. Windfall development proposals will be assessed in accordance with the settlement hierarchy below:

Table 2 - South Worcestershire Settlement Hierarchy (also see Annex D)

Category	Retail Hierarchy Position / Role	Settlements Included	Role	Policy Implementation
Urban areas - City	First (city centre)	Wider Worcester Area (excluding Worcester Technology Park)	Worcester is the administrative centre of the county and provides the greatest range of services. It is the main employment destination for people from Malvern Hills and Wychavon. The city is a sub-regional focus for strategic employment, housing and retail development.	The city will continue to fulfil its role, accommodating the largest amount of employment, housing and retail development. To support implementation in an effective and sustainable manner, significant investment is required in infrastructure. Allocation policies SWDP 43, 44 and 45 are of particular relevance. In

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Category	Retail Hierarchy Position / Role	Settlements Included	Role	Policy Implementation
				principle support for infill development within the administrative area subject to the more detailed Plan policies.
Urban areas - Main Towns	Second	Droitwich Spa, Evesham, Malvern	These towns provide a comprehensive range of local services and employment opportunities for their residents and the rural hinterland. The towns will continue to be the focus of balanced growth in Malvern Hills and Wychavon.	Housing development and the necessary associated infrastructure delivered through urban extensions, other allocations and infill development within defined development boundaries. Also significant focus upon supporting employment. Relevant allocation policies are SWDP 48-53 and 56.
Urban Areas - Other Towns	Third	Pershore, Tenbury Wells, Upton-upon-Severn	These are less than a third of the size of the main towns, with fewer high-level services. Nonetheless Pershore, Tenbury Wells and Upton-upon-Severn provide a range of services and employment opportunities and act as local service centres.	New development is limited in Tenbury Wells and Upton-upon-Severn due to the extent of the floodplains surrounding these towns. Pershore is a larger settlement with more available suitable land, part of which is allocated for an urban extension. Provision will need to be made to meet necessary local infrastructure requirements. Relevant allocation policies are SWDP 46, 47, 57 and 58. Infill development within the defined development boundaries is acceptable

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Category	Retail Hierarchy Position / Role	Settlements Included	Role	Policy Implementation
				in principle subject to the more detailed Plan policies.
Rural Areas (1)	Fourth	Category 1, 2 and 3 villages	These villages provide varying ranges of local services and facilities. However, the larger settlements generally tend to provide the greatest range. Their role is predominately aimed at meeting locally identified housing and employment needs. They are, therefore, suited to accommodate market and affordable housing needs alongside limited employment for local needs.	A number of housing sites of an appropriate scale are allocated in Category 1, 2 and 3 villages to address the need for housing and support local services. Rural employment opportunities of an appropriate scale are also encouraged. Directly relevant policies include: SWDP 12 and 16 together with allocation policy SWDP 59. Infill development within the defined development boundaries is acceptable in principle subject to the more detailed Plan policies.
Rural Areas (2)	Fifth	Lower category villages	These villages tend to be very small and at best offer one or two local services. Their role in providing additional future development is limited.	Infill development within the defined development boundaries is acceptable in principle subject to the more detailed Plan policies. Small scale employment development and rural exception sites are acceptable in principle, as set out in Policies SWDP 12 and 16.

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- C. The open countryside is defined as land beyond any development boundary<sup>(2)</sup>. In the open countryside, development will be strictly controlled and will be limited to dwellings for rural workers (see policy SWDP 19), employment development in rural areas (see SWDP 12), rural exception sites (see SWDP 16), buildings for agriculture and forestry, replacement dwellings (see SWDP 18), house extensions, replacement buildings and renewable energy projects (see policy SWDP 27) and development specifically permitted by other SWDP policies.<sup>(3)</sup>**
- D. Development proposals should ensure the retention of the open character of the Significant Gaps.**
- E. The West Midlands Green Belt will be maintained and development proposed within the Green Belt will be considered in accordance with national policy as set out in the Framework. Development at the Major Developed Sites (listed in Table 3 below) will be limited to within their site boundaries as set out on the Policies Map and will be restricted to limited infilling and the redevelopment of previously developed land. Development proposals within a Major Developed Site boundary should not have any greater impact on the openness of the Green Belt and the purposes of including land within it than the existing development.**

**Table 3 Major Developed Sites within the Green Belt<sup>(4)</sup>**

Hartlebury Trading Estate	Major Developed Site restricted to limited infilling and the redevelopment of previously developed land within the identified site boundary for employment uses only.
Potter Group – Site 7	Major Developed Site restricted to limited infilling and the redevelopment of previously developed land within the identified site boundary for employment uses only.
Hindlip Park	Major Developed Site restricted to limited infilling and the redevelopment of previously developed land within the identified site boundary for emergency and civil resilience services provision only.
Sixways	Major Developed Site restricted to limited infilling and the redevelopment of previously developed land within the identified site boundary for employment and leisure uses only.

2 Worcester’s ‘development boundary’ is defined as its administrative boundary and the outer boundaries of the urban extensions with the exception of Worcester Technology Park (SWDP 45/6). The boundary to sites allocated for development outside and adjoining an existing settlement boundary will form the basis of an extension to the existing development boundary as set out on the Policies Map. Where a housing allocation is not coterminous with the development boundary, it will not be included in the boundary.

3 See, for example, policies SWDP 8, 10, 17, 20, 34, 35, 36, 41 & 42.

4 The table identifies those sites that are designated as Major Developed Sites in the Green Belt (note: these are neither allocations nor intended as sites proposed for major redevelopment). This table should be read in conjunction with the Policies Map, which identifies the boundaries of each Major Developed Site.

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- F. Development proposals should be of an appropriate scale and type with regard to the size of the settlement, local landscape character (see SWDP 25), location and the availability of infrastructure.**
- G. Encouragement is given to the redevelopment of brownfield sites. The biodiversity interest of brownfield sites will also be considered.**
- H. The SWDP is supportive of development proposals that are promoted through neighbourhood planning mechanisms, where these proposals do not compromise the delivery of the plan's strategic policies and proposals.**
- I. As required by the Duty to Co-Operate<sup>(5)</sup>, due consideration will be given, including through a review of the SWDP where appropriate, to the housing needs of other local planning authorities<sup>(6)</sup> in circumstances when it has been clearly established through the local plan process that those needs must be met through provision in the SWDP area.**
- J. The following three Sub Areas are identified to support the implementation of SWDP 2, including policy set out in SWDP 3:**
- **Wider Worcester Area**
  - **Malvern Hills (Excluding Wider Worcester Area) Sub Area**
  - **Wychavon (excluding Wider Worcester Area) Sub Area**

### Reasoned Justification

1. The development strategy is driven by the SWDP Vision and associated objectives. It brings together land use, development and infrastructure considerations that flow from the economic, environmental and social characteristics of the area. The Sustainability Appraisal (SA) demonstrates that the proposed development strategy will help deliver the SA objectives.
2. The urban areas, in particular Worcester and the main towns, have the greatest housing needs and are locations where the cost of public service delivery is relatively low. In order to deliver the social objectives of sustainable development, some growth is directed to those rural settlements (Category 1, 2 and 3 villages) that enjoy a reasonable range of local services.

<sup>5</sup> Section 110, Localism Act (2011) relating to unmet need.

<sup>6</sup> Cheltenham Borough, Gloucester City and Tewksbury Borough Councils are preparing a Joint Core Strategy. Land at Mitton (Wychavon District) and the Mythe (Malvern Hills District) were not included as strategic allocations in the Submission version of the JCS (November 2014). The South Worcestershire Councils will, however, continue to monitor progress on the examination of the JCS.2011).

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3. The villages and hamlets across south Worcestershire are characterised by close-knit communities that in many places retain links with the traditional rural economy, as well as providing a range of services. The specific role of each settlement in the hierarchy is based on a detailed assessment of the services and facilities that are available, as set out in the Village Facilities and Rural Transport Study.
4. The high quality of the open countryside is an important planning attribute of the area. Sites beyond development boundaries generally are less sustainable as access to local services and employment opportunities tends to be poorer and therefore it is appropriate that development in the open countryside is restricted to proposals which are supportive of more specific SWDP policies, e.g. SWDP 12 – Employment in Rural Areas, SWDP 16 – Rural Exception Sites, SWDP 18 – Replacement Dwellings in the Open Countryside, SWDP 19 – Dwellings for Rural Workers, SWDP 27 – Renewable and Low Carbon Energy.
5. Maintaining the identity and integrity of individual settlements is an important issue for local communities. This is achieved by the West Midlands Green Belt designation to the north and north-east of Worcester within Wychavon, as shown on the Policies Map. Green belts serve five purposes (set out in the Framework), which are: to check the unrestricted sprawl of large built up areas; to prevent neighbouring towns merging into one another; to assist in safeguarding the countryside from encroachment; to preserve the setting and special character of historic towns; and to assist in urban regeneration, by encouraging the recycling of derelict and other urban land. Locally, the Green Belt continues to serve all the purposes of national policy and the boundaries are considered to be strong and enduring. Where the Green Belt is narrow (e.g. between Fernhill Heath and Worcester), it will be particularly important to ensure that the land remains open, otherwise its ability to function as green belt would be compromised.
6. The Major Developed Sites (MDS) within the Green Belt all have a lengthy planning history with respect to employment and leisure development. They are predominantly brownfield and are likely to continue to be the subject of further development proposals. In order to help inform investment decisions therefore, applications for employment / leisure development within the defined MDS boundary will be supported subject to more detailed Plan policies, e.g. SWDP 25 – Landscape Character. This is consistent with the Framework (paragraph 89 refers).
7. The re-use of Previously Developed Land (PDL) is consistent with the principles of sustainable development. To prioritise PDL sites however, is not supported by the Framework. For the Plan therefore, the fact that a site is Greenfield does not count against it, rather in assessing development proposals on PDL sites, the fact that they are PDL will be a plus in the consideration of the planning balance.
8. There are a number of Significant Gaps shown on the Policies Map. The purpose of maintaining these gaps, which either serve as a buffer or visual break between rural settlements and adjacent urban areas or protect the character and setting of settlements, is to provide additional protection to open land that may be subject to development pressures. The designation helps to maintain a clear separation between smaller settlements and urban areas in order to retain their individual identity. Acceptable development proposals

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in such areas may include the reuse of rural buildings, agricultural and forestry-related development, playing fields, other open land uses and minor extensions to existing dwellings.

9. As a spatial plan, the SWDP sets out strategic policy that relates to places, unconstrained by administrative boundaries. SWDP 2 therefore identifies three separate Sub Areas that are mutually exclusive and together cover the whole plan area. The Sub Areas are:
  - the Wider Worcester Area (WWA) – comprising Worcester City plus the urban extensions directly abutting the administrative area of the City;
  - the Malvern Hills (Excluding WWA) Sub Area – comprising that part of Malvern Hills district outside of the Wider Worcester Area;
  - the Wychavon (Excluding WWA) Sub Area – comprising that part of Wychavon district outside of the Wider Worcester Area.
  
10. The Sub Areas are the SWDP response to two strategic issues:
  - a. Worcester City's built up area is tightly constrained inside its boundaries. There is insufficient space in the City's administrative area to meet all its needs for development, especially housing. This is the driver for the concept of the Wider Worcester Area (WWA) enabling Worcester as a sub regional centre to grow beyond the City boundary. A share of Worcester's housing and employment need is redirected to the Worcester urban extensions so that need is met on sites just outside and abutting its boundary, in both Malvern Hills and Wychavon.
  - b. Because of natural and environmental constraints, Malvern Hills district has limited ability to accept new development. The Plan therefore proposes that part of its housing need which cannot be met in the Malvern Hills (Excluding WWA) Sub Area be redirected in the first instance to the Wider Worcester Area, at the Worcester urban extensions.
  
11. These arrangements are entirely in line with the approach suggested in the Framework paragraph 179 to deal with situations where development requirements cannot wholly be met within an LPA's own area. SWDP 3 sets out further policy to implement this approach.
  
12. The retail hierarchy set out in SWDP 2 is a strategic policy tool to help maintain the position of the main competing centres in South Worcestershire relative to other nearby centres, as evidenced by national ranking<sup>(7)</sup>. Supported by SWDP 9 and SWDP 10 it helps to retain each centre's market share of expenditure by reducing expenditure lost to centres outside the plan area. Evidence of the relative retail strength, vitality and viability of the main competing centres supports the retail hierarchy structure in SWDP 2. It demonstrates that Worcester city centre's position in the national ranking is well above that of Evesham, Malvern and Droitwich Spa. This justifies Worcester's first position in the local retail hierarchy, as might be expected from its historic county town role and its size. Of its nearest competing centres, only Birmingham and Cheltenham are ranked higher. Worcester's sub-regional role has long been recognised, most recently in the former Worcestershire Structure Plan, and in evidence about its position amongst centres with the highest

7 Suite of Town Centre and Retail Studies for Worcester City, Malvern Hills and Wychavon. September 2007 (updated in 2010), DPDS Consulting.

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comparison goods turnover in the West Midlands. Concentration of new retail development in or closely related to the city centre is important for achieving the critical mass of retail floorspace necessary to attract investment consistent with its hierarchy position. Evesham is next in terms of national ranking whilst Malvern and Droitwich Spa are on a lower ranking but the two are similar. These three towns are grouped in the second position of the local hierarchy. They serve their residents and communities in surrounding rural areas.

13. The Other Towns' centres at Pershore, Tenbury and Upton-upon Severn are smaller and are not in the national ranking of main competing centres. They are grouped in the third position in the local hierarchy, functioning as local service centres. Centres in Category 1, 2 and 3 villages are smaller and are in the fourth position in the hierarchy, based on evidence from the Village Facilities and Rural Transport Survey 2012 about the local services they provide. Villages in the countryside with limited retail facilities are in fifth position.
14. The implementation of SWDP 2 is essential to achieving sustainable development and the delivery of economic prosperity.

**SWDP 15: Meeting Affordable Housing Needs (*Note: This is the policy as adopted. For sites of 10 dwellings or below, including reference to Designated Rural Areas, see paragraphs 3.5-3.8, 3.15 and 5.1 of this SPD*)**

- A. All new residential development<sup>(37)</sup>, including conversions, above the thresholds in SWDP 15 B (and adjacent land, if it is anticipated that it will form part of a larger site) will contribute to the provision of affordable housing<sup>(38)</sup>.
- B. The number, size, type, tenure and distribution of affordable dwellings to be provided will be subject to negotiation, dependent on recognised local housing need, specific site and location factors and development viability and having regard to the sliding scale approach set out below:
  - i. On sites of 15 or more dwellings on greenfield land, 40% of the units should be affordable and provided on site.
  - ii. On sites of 15 or more dwellings on brownfield land within Worcester City and Malvern Hills, 30% of the units should be affordable and provided on site. On sites of 15 or more dwellings on brownfield land within Wychavon, 40% of the units should be affordable and provided on site.
  - iii. On sites of 10 – 14 dwellings, 30% of units should be affordable and be provided on site.

37 In this policy, residential development means development within Use Class C3, as defined in the Town and Country Planning (Use Classes) Order 1987, as amended.

38 The definition of what constitutes affordable housing is given in the Glossary.



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- iv. On sites of 5 – 9 dwellings, 20% of units should be affordable and be provided on site.
- v. On sites of less than 5 dwellings a financial contribution towards local affordable housing provision should be made, based on the cost of providing the equivalent in value to 20% of the units as affordable housing on site.

- C. Where a robust justification exists, off-site contributions may be accepted in lieu of on-site provision.
- D. Secure arrangements will need to be put in place to ensure that the affordable housing provided in accordance with this policy will remain affordable ( or that the subsidy will be recycled for alternative affordable housing provision)<sup>(39)</sup> and, for sites outside the city or towns, available to meet the needs of local people.
- E. The final tenure mix of affordable housing on individual sites will be subject to negotiation. Generally the preference will be for social rented, unless for example a contribution from an alternative affordable housing tenure is required to achieve scheme viability or local need has been demonstrated for a different affordable housing tenure.
- F. On sites where it has been demonstrated that the proportion of affordable housing sought by SWDP 15 B would not be viable, the maximum proportion of affordable housing will be sought that does not undermine the development's viability. Financial viability assessments conforming to an agreed methodology will be required and, where necessary, the Local Authority will arrange for them to be independently appraised at the expense of the applicant.
- G. Further details of the manner in which the policy will be implemented will be set out in an Affordable Housing Supplementary Planning Document.

### Reasoned Justification

1. The delivery of affordable housing is an underlying theme of the Sustainable Community Strategy.
2. The Framework requires local planning authorities to assess objectively the need for market and affordable housing and where there is a need for affordable housing, to set out policies for meeting this need. For the purposes of this policy, affordable housing includes social rented, affordable rented and intermediate housing, such as shared equity and other low-cost homes for sale and intermediate rent. Low-cost market housing is specifically excluded from the definition of affordable housing. The Worcestershire Strategic Housing Market Assessment (February 2012) advises that the waiting list data indicates that the group most frequently requiring affordable housing is family households, followed by single

39 See definition of affordable housing in the Framework, Annex 2, Glossary

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person households. It identifies that current stresses on the housing market include acute affordability issues, particularly in more rural areas, tightening of mortgage finance and rising levels of unemployment and economic inactivity.

3. Evidence in the above report suggested that at 2012 there was an indicative annual requirement of 657 dwellings for south Worcestershire over the next five years, of which approximately 87% would be required for social renting purposes. Grant funding to support social rented housing and indeed other forms of affordable housing has become limited. Therefore, it will be more difficult to deliver an appropriate balance of affordable housing tenures that reflect need, without undermining development viability.
4. The split between social rented, affordable rented and intermediate housing will be dependent upon a number of factors. These will include economic circumstances, site characteristics, development viability, affordability levels prevailing at the time a planning application is made, availability of public subsidy and any other planning objectives that may need to be addressed or funded by the development.
5. Evidence in the Affordable Housing Development Viability Study 2008, and its Property Market Update Report (July 2010) undertaken for the south Worcestershire districts, suggests that affordable housing provision could still be provided at a rate of 40% on larger sites of 15 or more dwellings without undermining development viability. For smaller sites it suggests a simple sliding scale and for sites of less than five units, appropriately judged off-site financial contributions. An overall plan viability study was published in November 2012 (South Worcestershire Development Plan Viability Study) that supported the policy approach but recognised there may be a need for site-specific viability assessment as part of the planning application process. The 2014 Viability Report indicates that the affordable housing provision should be reduced to 30% on brownfield sites in Worcester City and Malvern Hills. Where robustly justified, it may be appropriate for an off-site contribution in lieu of on-site provision, having regard to the significance of the site to the identified local housing need. Whilst it is recognised that market conditions may have an impact upon development viability, it is considered that it should not dictate longer-term strategic policy direction and delivery objectives. Any proposed affordable housing delivery that did not meet policy expectations would therefore need to be assessed on a site-by-site basis and by a fully justified 'open book' development appraisal. Contingent Deferred Obligations may be employed in certain circumstances to allow for changing market conditions. Where a developer has negotiated a lower level of affordable housing for reasons of viability, Contingent Deferred Obligations may be employed to enable more affordable housing to be provided on a site during its construction up to the appropriate maximum requirement in SWDP 15 B.

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6. An Affordable Housing Supplementary Planning Document will be produced. It will contain further detailed advice on how the policy will be implemented, including levels of off-site contributions, the circumstances that may justify an off-site contribution, local connections and the procedures to be followed when a planning application is submitted.
7. The policy identifies a baseline level of affordable housing provision that local communities may choose to supplement on other sites, for example as part of their involvement in the Neighbourhood Planning process, or through the Rural Exception Site process (see SWDP 16).

### SWDP 16: Rural Exception Sites

- A. Affordable housing development will be permitted on small sites beyond, but reasonably adjacent to, the development boundaries<sup>(40)</sup> of villages<sup>(41)</sup> where the following is demonstrated:
  - i. There is a proven and as yet unmet local need, having regard to the latest Worcestershire Strategic Housing Market Assessment, the Sub-regional Choice-based Letting Scheme and other local data e.g. Neighbourhood Plan, Parish Survey or Parish Plan;
  - ii. No other suitable and available sites exist within the development boundary of the settlement; and
  - iii. Secure arrangements exist to ensure the housing will remain affordable and available to meet the continuing needs of local people.
- B. Where viability for 100% affordable housing provision cannot be achieved, an element of market housing may be included within a rural exception scheme, to provide sufficient cross-subsidy to facilitate the delivery of affordable homes. In such cases, land owners will be required to provide additional supporting evidence in the form of an open book development appraisal for the proposal containing inputs assessed and verified by a chartered surveyor.
- C. Further details on the manner in which the policy will be implemented will be set out in an Affordable Housing Supplementary Planning Document.

40 There are some villages without development boundaries which nonetheless may be appropriate for an exception site in accordance with SWDP 2. In such cases the references in the policy to the development boundary should be understood as meaning the main built-up area of the village

41 Both Tenbury and Upton-upon-Severn are classified as 'other towns' under SWDP2 but have populations of less than 3,000. It is asserted that both towns are severely constrained by flooding and therefore it may be appropriate to consider proposals for exception sites outside the current settlement boundaries if suitable sites for affordable housing provision cannot be identified within the town.

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### Reasoned Justification

1. The Framework allows for the provision of affordable housing through rural exception sites. These are additional housing sites that can be used to meet defined affordable housing needs in rural areas where up-to-date survey evidence shows that local need exists. This enables small sites to be used specifically for affordable housing in small rural communities that would not normally be considered because, for example, they fall outside local plan development boundaries. Historically, these sites have relied almost wholly on public subsidy and have been promoted by both Malvern Hills and Wychavon District Councils, with the support of Registered Providers. However, in response to difficult economic circumstances, a reduction in social housing funding and the Government's emphasis on localism, a number of local planning authorities are developing more pragmatic rural exception planning policies via their Local Plans to help deliver affordable housing. This includes cross-subsidisation through allowing an element of market housing on exception sites to subsidise the affordable housing provision. This approach is supported by the Framework where it would facilitate the provision of significant additional affordable housing to meet local needs.
2. The Homes and Communities Agency's grant funding has been reduced significantly since 2011. The introduction of Affordable Rent may offer providers the opportunity to utilise the flexibility to charge up to 80% of market rents to maximise financial capacity. This could help to improve the viability of sites intended to deliver affordable housing.
3. There may be scope for an element of cross-subsidy from market housing on sites where it can be demonstrated, through a viability assessment, that the provision of 100% affordable housing would not be viable by itself.
4. It should be emphasised that exception sites must meet local needs; in this context, "local need" for the purposes of part Bi means the parish and adjoining parishes. In terms of occupation of the properties, "local connections" will be defined in the Affordable Housing Supplementary Planning Document.

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### SWDP 20: Housing to Meet the Needs of Older People

- A. The provision of housing suitable for the needs of older people will be encouraged on all allocated and windfall sites of five units or more as part of the market housing mix through policy SWDP14 and affordable housing mix through policy SWDP15.**
- B. Where housing for older people falling into Class C2 of the Town and Country Planning (Use Classes) Order 1987 (as amended) is proposed, permission will be granted provided that:**
- i. There is an evidenced requirement for that type of accommodation;**
  - ii. The scheme has good access to public transport, healthcare, shopping and other community facilities or, where the proposed scheme lacks such access, it can be demonstrated that there would be significant benefits to the local community from the scheme in its proposed location and the scheme would provide on-site services and facilities and tailored transport services to meet the needs of residents; and**
  - iii. Where a mix of use classes C2 and C3 is proposed on a single site, the affordable housing requirements of policy SWDP15, are met in respect of the C3 element.**

### Reasoned Justification

1. The 2011 Census indicates that 19.8% of residents in south Worcestershire are aged 65 and over, compared with an average of 16.4% for England and Wales. South Worcestershire has an ageing population and significant growth is predicted in older households. Older people range from those recently retired to the very elderly, and from those who are active to the very frail. Therefore, a wide range of housing across the spectrum is required to meet the needs of older people. This includes a general need for flats, bungalows and smaller houses, some of which will be built to allow future adaptations to enable people to remain within their homes, to more specialist provision, such as extra-care housing. Most housing sites of five units or more can incorporate homes that can help to meet the general needs of older people. Urban extensions, because they are generally larger, may also be able to provide a wider range of accommodation suitable for older people.
2. It is considered that the specialist housing needs identified for older people (e.g. C2 housing) will be delivered primarily in Worcester and the towns, but also in other sustainable locations with good access to public transport, healthcare shopping and other community facilities. However, it is recognised that where there is a significant benefit to the local community, less sustainable locations may be considered acceptable to help meet an undersupply of

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specialist housing for older people. This would only be applicable to schemes involving the provision of on-site services and facilities and tailored transport services to meet the needs of residents where a conventional approach to assessing sustainability may be less relevant.

3. The Plan seeks to enable the provision of extra-care housing and supported housing, particularly where the need is informed by population trends in an area.

### SWDP 62: Implementation

- A. **Planning obligations through Section 106 agreements will continue to be sought to provide funding to mitigate negative impacts relating to specific developments. A Developer Contributions SPD will be produced to provide detailed guidance to be used in conjunction with the Community Infrastructure Levy charging schedule.**
- B. **Progress on the delivery of the SWDP will be monitored annually and a partial or whole Plan review commenced if the Plan is significantly failing to meet its objectives, or if the policy context requires a review.**

### Reasoned Justification

1. This policy focuses on the successful delivery of new development in the period until 2030, in line with the vision and objectives of the SWDP and co-ordinated with strategic infrastructure provision.
2. The successful implementation of the local plan will depend on the actions and contributions of a wide range of organisations and bodies including the private, public and third sectors. The partner authorities and the County Council will have an important role to play in such areas as planning applications, infrastructure and economic development, lobbying for resources, transport, education and co-ordination. However, the South Worcestershire Councils (SWC) have limited resources and the delivery of the SWDP will be largely dependent on private sector funding. It will only be through effective working with key agencies, the private sector and developers that new development and regeneration will take place. This includes all types of housing, employment, retail and many community uses, supported by infrastructure such as water and drainage, utilities, education, play areas, sports provision, highway improvements and transport and emergency services infrastructure.
3. The implementation of the plan will be monitored annually to ensure the strategy and objectives are being delivered. If at any time it is clear that the plan is significantly failing to deliver its objectives and key policies / proposals a partial or whole Plan review will be commenced. On the basis of the current available evidence, it is envisaged that a partial Plan review may need to commence by the end of 2019 if the SWC are to ensure there is an up-to-date Plan for the area throughout the 2020's and beyond. It will be an option

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however for the SWC to consider taking actions other than a partial or full plan review (such as the bringing forward of sustainable alternative / additional sites through the development management process) if a more rapid response is demanded / appropriate.

4. The SWC consider that the following either individually or in combination would require a review of the plan to commence:
  - a. A failure of policies SWDP 2, 3, 4, 5 and 7 when assessed against the plan objectives set out at Annex B to the Plan and in particular a failure to deliver the amount of development required by policy SWDP 3.
  - b. Evidence established through another authority's Local Plan process that its unmet strategic requirements can only be accommodated within South Worcestershire.
  - c. Changes in national planning policy and guidance or new planning evidence that may mean the Plan is not up to date.
  - d. Evidence in the Authorities' Monitoring Report that plan policies are not achieving the Plan's objectives or are working contrary to the effective planning of the South Worcestershire area.

### **Delivery and Funding:**

5. The SWC, together with Worcestershire County Council, have tested the SWDP policies and proposals to ensure they will not undermine economic prosperity or development viability. The work to assess viability is discussed later in this section.
6. New development cannot be delivered without the involvement of a number of public and private bodies, from large private utility companies and public health bodies to smaller locally-based bodies such as town and parish councils and voluntary groups. The partner authorities and County Council have progressed an Infrastructure Delivery Plan, which has focused on identifying planned or required physical, green and social infrastructure at a detailed level. Through this process, gaps in expenditure or provision have been identified. This has enabled specific responsibilities and priority community infrastructure requirements to be linked to planned development in the area.
7. The SWC will engage actively and closely with the private sector and the Worcestershire Local Enterprise Partnership, to deliver the objectives of the SWDP and translate these objectives into positive outcomes for the whole community. This engagement will be achieved through strategic planning performance agreements, or other appropriate arrangements incorporating regular meetings with landowners / developers, infrastructure and service providers and other key stakeholders. Close partnership working will enable the coordinated phasing and delivery of development, associated infrastructure and funding (including developer contributions) to come forward.

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8. The SWDP embraces the Development Management approach to planning from the stages of early site promotion through to practical delivery. Building a consensus between the planning authorities and site owners on development principles, through use of a planning brief and / or masterplan, will help to minimise development risk and allow sites to be developed in a more appropriate and timely manner. Developers and their agents will be encouraged to enter into pre-application discussions with the planning authorities as well as undertaking early community engagement to ensure that their proposals are supportive of the SWDP and the requirements set out in each authority's SCI are fulfilled.
9. Developers will be required to contribute towards providing and enhancing strategic infrastructure through the Community Infrastructure Levy (CIL). This is discussed in more detail in SWDP 7, but a Community Infrastructure Levy Charging Schedule is just one potential source of funding for the range of infrastructure that will be required to deliver the SWDP.
10. CIL is being developed and consulted on in parallel with the SWDP but can only be adopted after the adoption of the Plan. CIL will be applicable to each south Worcestershire district with the aim of achieving adoption in 2016. Development of the CIL Charging Schedule has had regard to development viability and will, as a mandatory charge on all development (with a limited number of exceptions) be set at a level that does not undermine development viability. Clearly this is a challenge, particularly in the current economic climate, and the Community Infrastructure Levy guidance (as revised) requires a balance to be struck between the requirement for necessary infrastructure and the viability of development.
11. The Infrastructure Delivery Plan (SWDP 7 and Annex I) identifies physical, social and green infrastructure including those requirements that are cross-boundary, and whilst each individual district will be the charging authority for the Community Infrastructure Levy, the pooling of such resources is likely to be necessary in order to effectively deliver cross-boundary infrastructure. Infrastructure such as the Southern Link Road Improvements, will require continuing collaboration between the partner authorities and the County Council in order to ensure a planned approach to the delivery of that infrastructure.
12. The economic conditions underpinning development viability will change over the plan period and CIL is required to take a longer-term view to 2030, but will be reviewed at regular intervals throughout the plan period in order to take account of economic fluctuations.
13. Planning obligations through Section 106 agreements will continue to provide funding to mitigate negative impacts relating to a specific development such as highways, recreational facilities, education, health or affordable housing. CIL will complement and not duplicate planning obligations.
14. Other sources of public funding to support the delivery of the SWDP will include government funding such as New Homes Bonus, Regional Growth Fund, Growing Places Fund and Get Britain Building programme. This is considered in more detail in SWDP 7.



# APPENDIX 2: The detailed policies, SWDP 2,15,16, 20, 62

## Governance

### Background

15. Work on the SWDP began in 2006, when White Young Green produced a report on urban capacity in Worcester, outlining options for how the future growth requirements of the city that could not be accommodated within the administrative boundaries could be accommodated elsewhere. The SWC established formal terms of reference for a joint non-executive panel in 2007 to oversee, advise and support the SWDP process. The panel became known as the South Worcestershire Joint Advisory Panel (SWJAP).
16. Member representation from each of the partner authorities increased from three to five in 2012, together with senior representation from Worcestershire County Council, to ensure that each of the partner authorities had access to information in relation to the SWDP process and content and could advise accordingly. The Panel is chaired on a rotating basis by each of the partner authorities.
17. SWJAP is supported by an officer group made up of officers from each district and the County Council and co-ordination is undertaken by a Project Manager.
18. Plan making is being taken forward under informal joint plan-making arrangements and decision-making is still undertaken by each of the local authorities on the basis that the SWDP can only go forward if their formal approval is given.
19. The SWC have jointly funded the SWDP work and this included paying for research, studies, consultation, advice and additional capacity.
20. The work on the SWDP feeds into and is informed by some of the key strategic partnerships in the county, including the Place Shaping Group and the Worcestershire Local Enterprise Partnership.

### Progress to Date

21. The SWJAP and working relationships between the partner authorities and the County Council has provided an effective mechanism to oversee and ensure the progress of the SWDP over the past seven years. They have provided an effective mechanism for partnership working to deliver a policy and development framework for growth.
22. During that time, the partnership has worked together to address a number of challenges presented by changes to the national planning system and the updating of evidence, resulting in delays and revisions to the SWDP itself. However, despite these challenges

## APPENDIX 2: The detailed policies, SWDP 2,15,16, 20, 62

and changes, the SWC have achieved consensus on a number of difficult decisions and have kept the SWDP on track in accordance with the approved Local Development Schemes.

23. Funding has been successfully secured to support the development of the SWDP, to project manage the SWDP and undertake studies and consultation to support the development of the SWDP and delivery of highways improvements to improve traffic flows around the A4440.

### **Future Arrangements for Governance in Relation to Delivery**

24. The SWJAP is an informal arrangement between the SWC and the SWC recognise the need to put in place governance and delivery arrangements for the implementation of the SWDP when it achieves adoption.

### **Key Delivery Bodies**

25. There are many agencies, private and public sector bodies who will need to be involved in supporting the delivery of the SWDP. Some of the key agencies are:

### **The Worcestershire Local Enterprise Partnership**

26. The countywide Local Enterprise Partnership (LEP) successfully submitted its proposal to Government in December 2010. A Business Board was formed to take forward and implement the priorities of the Local Enterprise Partnership through partnership working with organisations linked to economic development and commercial activity. The Main Board oversees this activity and makes decisions on strategic direction and funding and they have secured additional government and public sector funding including Regional Growth Funding to help resource their ambitions.
27. The LEP Vision is “to create the right environment to inspire businesses , encourage investment and to create lasting and sustainable employment in Worcestershire by 2017 and beyond”.
28. The LEP is committed to raising the national profile of the area, supporting the aspirations for planning, development and infrastructure along with improving employment, skills and access to finance for business.
29. The SWC have actively engaged with the LEP to ensure that they understood the approaches to, and delivery of, economic development in the area along with offering regular updates on the progress of the SWDP. As a result, the LEP has expressed its support for the approach being taken on the economic prosperity-led south Worcestershire local plan and is committed to working with the partner authorities and the County Council to support the joint aspirations for planning, development and infrastructure.

## APPENDIX 2: The detailed policies, SWDP 2,15,16, 20, 62

### The Worcestershire Partnership

30. The Worcestershire Partnership aims to shape Worcestershire's future by working with key stakeholders from the public, private and third sectors to unblock barriers to growth and ensure that the county realises its full economic potential. The group has been jointly set up with the Worcestershire LEP to support its focus on “opportunities” for business growth, jobs and enterprise to secure sustainable economic development for the county for the benefit of businesses and people who live and work in the county.
31. A key priority for the LEP and Worcestershire Partnership is the identification of strategically important sites across the area, including in south Worcestershire, that will unlock future development in the area.

### Worcestershire Local Nature Partnership

32. The Worcestershire Local Nature Partnership sits under the Worcestershire Partnership as a relatively new strategic body set up to help manage the natural environment in such a way as to produce multiple benefits for people, the economy and the environment. The Partnership will have a role to play in ensuring that the delivery of the SWDP helps to achieve a balance between the environment and the economy.

### Public Sector Bodies and Land Holdings

33. Worcestershire County Council is the major public sector land owner in south Worcestershire. The three District Councils, emergency and health services also have land holdings throughout the area and have the potential to have a direct impact upon the implementation of the SWDP through the control of land and buildings. The County Council and each of the partner authorities remain committed to ensuring that they facilitate necessary development where appropriate, whilst providing a range of community benefits and taking forward sustainability objectives as a first priority. It is recognised that the partner authorities in south Worcestershire will continue to release surplus sites and that the redevelopment of these should, where possible, contribute to the overall aims of the SWDP.

### City and Town Centre Delivery Vehicles

34. Worcester City has raised significant funds through business rates to develop a Business Improvement District within its retail core; this is one of many vehicles to support the delivery of the aspirations and vision for the city centre and outlined in the City Centre Masterplan.
35. The towns throughout south Worcestershire have developed a similar approach on a smaller scale with the introduction of Town Centre Managers in towns such as Evesham, Pershore and Droitwich. The Town Centre Management Agenda is delivery-focused and underpinned by a modest budget for local projects that fit with both the joint Sustainable Community Strategy and the countywide objectives.

## APPENDIX 2: The detailed policies, SWDP 2,15,16, 20, 62

### Working with the Community

36. Each of the partner authorities is committed to involving the public in the development of policies and guidance and in determining planning applications. The Statements of Community Involvement for the partner authorities set out this approach in more detail.
37. Moreover, once the SWDP is adopted there will be opportunities for local communities to produce their own Neighbourhood Plans that will set out a vision and objectives for their areas within the strategic framework of the SWDP.

### Viability

38. An important element of the Framework guidance on plan-making is to ensure that the local plan is deliverable.
  - a. The Framework (paragraph 173) states that:
 

*“Pursuing sustainable development requires careful attention to viability and costs in plan-making and decision-making. Plans should be deliverable. Therefore, the sites and scale of development identified in the plan should be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. To ensure viability, the costs of any requirement likely to be applied to development such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taken into account of the normal cost of development and mitigation, provide competitive returns to a willing landowner and willing developer to enable the development to be deliverable”.*
  - b. Paragraph 174 states that:
 

*“Local planning authorities should set out their policy on local standards in the Local Plan, including requirements for affordable housing. They should assess the likely cumulative impacts on development in their area of all existing and proposed local standards, supplementary planning documents and policies that support the Local Plan, when added to the nationally required standards. In order to be appropriate, the cumulative impact of these standards and policies should not put implementation of the plan at serious risk and should facilitate development throughout the economic cycle. Evidence supporting the assessment should be proportionate, using only appropriate, available evidence.”*
39. An overall viability assessment has been undertaken for south Worcestershire to firstly assess the impact of the Plan’s policies on development viability and then to examine the cumulative impact of the policy requirements. The assessment has been developed using national guidance, best practice and evidence that has been developed through the work on the Community Infrastructure Levy Charging Schedule for Worcestershire, and this work is examined in more detail in SWDP 7.

## APPENDIX 2: The detailed policies, SWDP 2,15,16, 20, 62

40. The question that needs to be answered in any viability testing relates to the impact on viability of the policies being put forward, given likely land values, and whether the developer will still be in a position to make a reasonable profit.
41. Viability testing on sites has been based on a calculation of the Gross Development Value (GDV) or combined value of the complete development, less the costs of creating the asset, including a profit margin to give a Residual Value (RV) for the development. The Residual Value can be defined as the top limit of what a bidder could offer for a site whilst still making a satisfactory profit margin. Residual Value can therefore be compared with an Existing or Alternative Use Value (EUV or AUV) as follows:
  - a. A viable development would be defined as a site where the Residual Value exceeds the Viability Threshold (the existing use value plus uplift).
  - b. Where the Residual Value is greater than EUV but less than the viability threshold, the site would be considered as marginal.
  - c. Where the Residual Value is less than the EUV the site would be considered unviable.
42. The viability work undertaken by SWDP has included stakeholder engagement with developers and planning consultants.
43. The main conclusion of the South Worcestershire Viability Study is that the policies of the SWDP and the proposals to introduce a Community Infrastructure Levy do not put implementation of the plan at serious risk. Consideration does, however, need to be given to the level of CIL and to ensuring that the policies within the SWDP are flexible enough to reduce the risk of unviable development.

## APPENDIX 3: Designated Rural Areas within Malvern Hills District and Wychavon District

<http://www.legislation.gov.uk/uksi/2016/587/contents/made> SI 2016 No. 587: The Housing (Right to Buy) (Designated Rural Areas and Designated Regions) (England) Order 2016

### SCHEDULE Designation of rural areas (extract)

2. In the district of Malvern Hills, the parishes of Abberley, Alfrick, Astley and Dunley, Bayton, Berrow, Birtsmorton, Bockleton, Bransford, Broadheath, Broadwas, Bushley, Castlemorton, Clifton upon Teme, Cotheridge, Croome D’Abitot, Doddenham, Earl’s Croome, Eastham, Eldersfield, Great Witley, Grimley, Guarford, Hallow, Hanley, Hanley Castle, Hill Croome, Hillhampton, Holdfast, Holt, Kempsey, Kenswick, Knighton on Teme, Knightwick, Kyre, Leigh, Lindridge, Little Witley, Longdon, Lower Sapey, Lulsley, Madresfield, Mamble, Martley, Newland, Pendock, Pendock (DET), Pensax, Powick, Queenhill, Ripple, Rochford, Rushwick, Severn Stoke, Shelsley Beauchamp, Shelsley Kings, Shelsley Walsh, Shrawley, Stanford with Orleton, Stockton on Teme, Stoke Bliss, Suckley, Tenbury, Upton-upon-Severn, Welland and Wichenford.
  
4. In the district of Wychavon, the parishes of Abberton, Abbots Morton, Aldington, Ashton under Hill, Aston Somerville, Beckford, Besford, Bickmarsh, Birlingham, Bishampton, Bredicot, Bredon, Bredon’s Norton, Bretforton, Bricklehampton, Broadway, Broughton Hackett, Charlton, Childswickham, Church Lench, Churchill, Cleeve Prior, Conderton, Cookhill, Crophorne, Crowle, Defford, Dodderhill, Dormston, Doverdale, Drakes Broughton and Wadborough, Eckington, Elmbridge, Elmley Castle, Elmley Lovett, Fladbury, Flyford Flavell, Grafton Flyford, Great Comberton, Hadzor, Hampton Lovett, Hanbury, Hartlebury, Hill and Moor, Himbleton, Hindlip, Hinton on the Green, Honeybourne, Huddington, Inkberrow, Kemerton, Kington, Little Comberton, Martin Hussingtree, Naunton Beauchamp, Netherton, North and Middle Littleton, North Piddle, Norton and Lenchwick, Oddingley, Ombersley, Overbury, Pebworth, Peopleton, Pinvin, Pirton, Rous Lench, Salwarpe, Sedgeberrow, Spetchley, Stock and Bradley, Stoulton, Strensham, Throckmorton, Tibberton, Upton Snodsbury, Upton Warren, Westwood, White Ladies Aston, Whittington, Wick and Wickhamford.

# APPENDIX 4: Suggested Clauses for Section 106 Agreements/Unilateral Undertakings for Affordable Housing

## Suggested Clauses for Section 106 Agreements/Unilateral Undertakings for Affordable Housing

Generally for applications with an affordable housing element the following clauses will be included in the S106 Agreement/Unilateral Undertaking:

- Number and location of the affordable housing units
- The tenure of the affordable housing units e.g. social rented, affordable rented, shared ownership and where appropriate the proportion of each
- Phasing – at what stage of the development the affordable housing should be completed
- To transfer the ownership of the affordable housing to a Registered Provider and the timing of the transfer
- The affordable units will only be occupied by qualifying residents (i.e. those on the Home Choice Plus Housing Register and approved by the Council)

Initial rents of affordable rented units to be agreed with the Council

For outline applications, to allow some flexibility, in the absence of the details of type, tenure and location of the affordable housing units, the following clause will be required:-

- An Affordable Housing Scheme to be agreed in writing with the Council prior to commencement of the development

For applications on Rural Exception Sites:-

- Priority to be given to households with a local connection (for both initial and subsequent occupiers) and to avoid units being left empty for long periods of time; if there are insufficient numbers to include a cascade approach which widens out to households from a wider area and ultimately to the district as a whole.

For applications for off-site affordable housing financial contributions:-

- Amount of financial contribution payable

The timing of payment in relation to the construction of the development

The Council may wish to agree to the use of the following clause to enable a degree of flexibility:

- Unless otherwise agreed in writing with the Council, the mix will comprise the following property types and tenures:

## APPENDIX 5: Affordable Housing: Calculation of Off-site Contributions

No affordable housing contributions will be sought on sites of less than 11 dwellings unless they are either in a Designated Rural Area or the site has a total combined gross floorspace of 1,000 sqm or more. For the latter SWDP15 will be applied as written in the SWDP regardless of the number of dwellings to be provided.

### Sites of less than 11 dwellings within a Designated Rural Area

For sites within a Designated Rural Area, no affordable housing contribution will be sought on sites of 5 dwellings or less.

For sites of 6 – 10 dwellings, a financial contribution will be sought payable upon completion of the development. SWDP15 seeks 30% of dwellings to be affordable on sites of 10 dwellings and 20% on sites of 5 – 9. These percentages will be applied to the financial contribution calculation as follows:

For sites of 6 – 10 dwellings within a Designated Rural Area:

- a. Land cost per unit = £15,000
- b. Build cost per unit = £102,700<sup>(1)</sup>
- c. 10% on-costs per unit = 10% of (b)

Total cost per unit: £127,970

Reduce by 50% to allow for RP contribution = £63,985 per unit

20% contribution = £12,797 per dwelling

30% contribution = £19,195.50 per dwelling

Number of Units	Affordable Housing %	Contributions £
6	20%	£76,782
7	20%	£89,579
8	20%	£102,376
9	20%	£115,173
10	30%	£191,955

**For sites of 11 or more dwellings or where the site has a total combined gross floorspace of 1000sqm or more, the following applies:**

Criterion C of SWDP15 states: Where a robust justification exists, off-site contributions may be accepted in lieu of on-site provision. Generally, affordable housing should be provided on-site. In the event that on-site provision is not desirable in the view of the Council, then there are two other options available.

1 Based on typical 2 bed 4 person dwelling, i.e. £1300 per sq m x 79 sqm



# APPENDIX 5: Affordable Housing: Calculation of Off-site Contributions

The sequence for the provision of new affordable homes on qualifying sites is as follows:

## **Option 1.**

The first and preferred option in most cases will be for on-site provision.

Please note: If the affordable housing calculation results in a number which is not a whole number, e.g. 12.4 homes, then the whole number will be provided on site and the remaining portion, in this case 0.4 would be provided as a financial contribution. This is to avoid the need for rounding up or down in the calculation which can either unfairly burden developers, particularly for small smaller sites, or result in a loss of affordable housing for the local community.

## **Option 2.**

If the developer can demonstrate that on-site provision is not achievable or desirable, and the Council agrees, then the developer may be allowed to provide the affordable housing element on another agreed site in the local area (usually within the same or adjoining parishes or wards). In such cases the alternative site should either have planning permission for affordable housing or there is a reasonable prospect of achieving planning permission. The provision of affordable housing on an alternative site is known as also known as off-site provision.

With regard to option two, the Council would expect the submission of both applications to enable them to be considered simultaneously. Furthermore, a Section 106 Agreement would be required to link the two proposals, to ensure that the original site is not developed unless the secondary site is likewise developed.

## **Option 3.**

Where option 2 cannot be reasonably considered by a developer because of the paucity of other sites, then the Council could allow the developer to provide a commuted sum in lieu of direct provision. This option will only be applicable in exceptional cases. The monies provided in this way will be used by the Council to provide additional affordable accommodation within the District. The Council and the applicant will need to agree how, when and where the commuted sum will be spent, and this will be subject to a Section 106 agreement.

With regard to the second and third options, the amount of affordable housing required or the level of commuted sum payable will be calculated to take account of the increase in market dwellings on the application site as a result of the affordable housing being located elsewhere and the sliding scale approach set out in policy SWDP15B.

The following example demonstrates how the calculations would be carried out for each of the 3 options.

### **Example: Site A - 20 dwellings proposed**

**Under option 1:** (on-site), 40% of total dwellings to be provided on site = 40% of 20 = 8.

Therefore there would be 8 affordable dwellings on site and the remainder 12 as market dwellings.

## APPENDIX 5: Affordable Housing: Calculation of Off-site Contributions

**Under option 2:** (off site provision), 20 dwellings on site A; will all be market dwellings. Thus an additional 8 dwellings will be market, (as opposed to only 12 in option 1). The calculation below gives an example of an original 20 dwelling scheme that takes account of the revised ratio of market dwellings to affordable dwellings where an alternative site, site B, is considered in lieu of on-site provision.

Where the Council and the developer agree to off-site provision on another site in the locality, the number of units required will be calculated as demonstrated by the following example:

a. Total number of units on the site:	20 dwellings
b. Number of affordable homes (40%)	8 dwellings
c. Number of market dwellings (a-b)	12 dwellings
d. Ratio of affordable to market housing [1: (12÷8)]	1:1.5

The ratio calculated can then be used to determine the number of affordable houses to be accommodated off-site as follows:

e. Number of market houses on original site	20 dwellings
f. Affordable houses to be built off site (20÷1.5)	13 dwellings

Therefore the total number of affordable homes to be provided on the alternative site B is 13 dwellings.

**Under option 3:** A commuted sum will be required in lieu of on-site provision of affordable housing. The calculation under option 2 will need to be carried out first in order to establish how many affordable units would be required to take account of the increase in market dwellings on the application site as a result of the affordable housing being located elsewhere.

The LPA and applicant will need to agree the combination of number of bedrooms per unit for the affordable housing and the national space standards are used to establish the size of each of the bedroom types as shown in Table A51 below :

The calculation for option 3 is (a + b + c) x 50% (to allow for RP contribution) x number of units required where:

d. Land cost per unit	= £15,000
e. Build cost per unit	@ £1300 per sq m <sup>(2)</sup>
f. 10% on-costs per unit	= 10% of (b)

2 \*National space standards: e.g. 1 bed 2 person Level 1 = 50sqm; 2 bed 4 person Level 1 = 79 sqm and 3 bed 5 person Level 1 = 93sqm

## APPENDIX 5: Affordable Housing: Calculation of Off-site Contributions

Continuing with the example of a 20 dwelling scheme the calculation above (as per option 2) has identified that 13 dwellings need to be provided on an alternative site. It is this figure of 13 affordable dwellings that would need to be used in the calculation for the off-site commuted sum as shown below:

Assuming a need on site of 13 units comprises 5 x 1 bed, 5 x 2 bed and 3 x 3 bed.

**Table A5 (1):**

	Sq m	Number of units	Total sq m	Build cost £1300 per Sq M
1 bed 2 person Level 1	50	5	250	£325,500
2 bed 4 person Level 1	79	5	395	£513,500
3 bed 5 person Level 1	93	3		£362,700
				£1,201,700
On-costs @10%				£120,170
Land @ £15K per plot		13		£195,000
Total				£1,516,870
Reduce by 50% to allow for RP contribution				£758,435

The commuted sum is therefore **£758,435** for a site of 20 dwellings.

## APPENDIX 6: Vacant Building Credit (VBC)

### Calculating the VBC

Where the VBC is applicable, it will be calculated as follows:

1. Calculate the proposed total gross floorspace for all dwelling units.
2. Calculate the floorspace of vacant buildings eligible for the credit.
3. Calculate the vacant floorspace as a percentage of the total gross floorspace
4. Apply the remaining percentage to the total number of dwellings on site to establish the number of dwellings against which policy SWDP15 should be applied.
5. Apply policy SWDP15 to establish the affordable housing requirement.

Where the resulting calculation is not a whole number of dwellings, the fraction of a dwelling should be provided as a financial contribution. For example, if the requirement was for 5.6 dwellings, 5 units should be provided on-site and the remaining 0.6 as a financial contribution.

### Example

Within Worcester City, an application on a brownfield site for 25 dwellings with a total gross floor space of 2,225 sq m and a VBC of 900 sq m

$$900/2225 \times 100 = 40.44\%$$

The VBC is therefore 40.44% and the remaining percentage of 59.66% is applied to the total number of dwellings on site (i.e. 25) to establish the number of dwellings that affordable housing contributions should be sought against, i.e.

$$59.66\% \times 25 = 14.9 \text{ dwellings}$$

Apply policy SWDP15 to 14.9 dwellings.

$$30\% \text{ of } 14.9 = 4.47 \text{ dwellings}$$

Therefore, the SWCs would seek four units to be provided on-site and a financial contribution equivalent to 0.47 (47%) of the cost of providing an affordable dwelling.

# GLOSSARY

## **Affordable housing**

“Social rented, affordable rented and intermediate housing, 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” [Source: Annex 2: Glossary- NPPF 2012]

## **Affordable Rent**

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 per cent of the local market rent (including service charges, where applicable) ( HCA)

## **Community Infrastructure Levy**

The Community Infrastructure Levy (the levy) came into force in April 2010. It allows local authorities in England and Wales to raise funds from developers undertaking new building projects in their area. The money can be used to fund a wide range of infrastructure that is needed as a result of development. This includes new or safer road schemes, flood defences, schools, hospitals and other health and social care facilities, park improvements, green spaces and leisure centres.

The Community Infrastructure Levy charging authorities (charging authorities) in England are district and metropolitan district councils, London borough councils, unitary authorities, national park authorities, The Broads Authority and the Mayor of London.

## **Community Right to Build**

A Community Right to Build Order is a type of Neighbourhood Development Order and forms one of the [neighbourhood planning](#) tools introduced in the Localism Act 2011. It can be used to grant outline or full planning permission for specific development which complies with the order. For example: homes, shops, businesses, affordable housing for rent or sale, community facilities or playgrounds.

A Community Right to Build Order is put together by local people who can decide on the type, quantity and design of buildings they want, and in the locations they want them.

## **Contingent Deferred Obligations**

Where reduced or discounted obligations are agreed the Council may ask the applicant to agree to test the development viability again once a certain point is reached, i.e. after half the development is completed. Such an agreement is called a Contingent Deferred Planning Obligation as the actual value of the obligation is deferred and is contingent on the viability of development at a future point in time.

# GLOSSARY

## Developer contributions

Planning obligations under Section 106 of the Town and Country Planning Act 1990 (as amended), commonly known as s106 agreements, are a mechanism which make a development proposal acceptable in planning terms, that would not otherwise be acceptable. They are focused on site specific mitigation of the impact of development. S106 agreements are often referred to as 'developer contributions' along with highway contributions and the Community Infrastructure Levy -

## Development Management

Development management is the part of the planning system which covers planning and related applications. It is the process of controlling new development by granting or refusing planning permission.

## Extra Care Housing

The term 'extra care housing' is the generic term for purpose designed, self-contained, housing for older and disabled people with care and support. [Source Worcestershire Extra Care Housing Strategy 2012-2026]

## The Framework

Alternative term for the National Planning policy Framework ( NPPF), which outlines the Government's planning policy, and was published in 2012.

## Homes and Communities Agency

The Government's housing, land and regeneration agency, and the regulator of social housing providers in England.

## Housing associations

Housing associations in England are independent societies, bodies of trustees or companies established for the purpose of providing low-cost social housing for people in housing need on a non-profit-making basis. Housing associations has been used as the generic name for all social landlords not covered by local authorities. Housing associations have also been referred to as Registered Social Landlords, although the term Registered Provider of social housing is now commonly used.

**The Housing (Right to Enfranchise) (Designated Protected Areas) (England) Order 2009)** Protected areas are those locations where shared ownership houses would be hard to replace if the shared owner subsequently purchased 100% shares and sold the property on the open market.

## Intermediate Housing

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

# GLOSSARY

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.

## Lifetime Homes

Lifetime Homes are ordinary homes designed to incorporate [16 Design Criteria](#) that can be universally applied to new homes at minimal cost. Each design feature adds to the comfort and convenience of the home and supports the changing needs of individuals and families at different stages of life.

Lifetime Homes are all about flexibility and adaptability; they are not 'special', but are thoughtfully designed to create and encourage better living environments for everyone.

## Local Housing Allowance

Local housing allowance (LHA) is housing benefit for people who rent a home from a private landlord.

## Local Needs

Local Needs for the purposes policy SWDP 16 Rural Exception includes needs "for the parish and adjoining parishes".

## Lower quartile house prices levels

The "lower quartile" property price/income is determined by ranking all property prices/incomes in ascending order. The lowest 25 per cent of prices are below the lower quartile; the highest 75 per cent are above the lower quartile." Source: Land Registry/Annual Survey of Hours and Earnings Publisher:

## Neighbourhood Plan

The Localism Act 2011 introduced the concept of neighbourhood planning. A neighbourhood plan is a community led plan which establishes general planning policies for the development and use of land in a neighbourhood, such as where new homes and offices should be built and what they should look like. It is also known as a neighbourhood development plan.

It should support the strategic development needs set out in the [Local Plan](#) and plan positively to support local development as outlined in [paragraph 16 of the National Planning Policy Framework](#). A neighbourhood plan must address the development and use of land, it is subject to a local referendum and to an examination. The neighbourhood plan will become part of the statutory development plan once it has been 'made' (brought into legal force) by the planning authority.

# GLOSSARY

## Planning obligations

Legally enforceable agreements between a local planning authority and a developer, or undertakings offered unilaterally by a developer, which ensure that necessary mitigating works related to the development are undertaken. These agreements can be drawn up under section 106 of the Town & Country Planning Act 1990 (as amended), and therefore planning obligations are also sometimes known as S106 agreements.

## Registered Provider (RP)

Registered Provider, or Private Registered Provider, is the term now commonly used for Housing Associations and have previously been referred to as Registered Social Landlords. Housing associations in England are independent societies, bodies of trustees or companies established for the purpose of providing low-cost social housing for people in housing need on a non-profit-making basis. Housing associations has been used as the generic name for all social landlords not covered by local authorities.

## Registered Social Landlord

An alternative name for a Housing Association or registered provider.

## Rural Exception Site

The National Planning Policy Framework (NPPF) defines rural exception sites as "small sites used for affordable housing in perpetuity where sites would not normally be used for housing".

## Section 106 agreement

Planning obligations under Section 106 of the Town and Country Planning Act 1990 (as amended), commonly known as s106 agreements, are a mechanism which make a development proposal acceptable in planning terms, that would not otherwise be acceptable. They are focused on site specific mitigation of the impact of development. S106 agreements are often referred to as 'developer contributions' along with highway contributions and the Community Infrastructure Levy.

## Shared Equity

Shared equity schemes give you a loan that acts as part of the deposit on a property. You will still need to take out a mortgage on the remainder of the property price, but because the loan counts towards your deposit you may be able to take out a mortgage where you might otherwise struggle.

## Shared ownership

Shared ownership schemes are provided through housing associations. You buy a share of your home (25% to 75% of the home's value) and pay rent on the remaining share.



# GLOSSARY

## **Social rent**

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.

## **Strategic Housing Market Assessment**

A study usually commissioned by Local Authorities to develop their understanding of how housing markets operate in their area, and what current and future housing needs might be, including the Objectively Assessed Housing Needs (OAHN).

## **South Worcestershire Infrastructure Delivery Plan**

The Infrastructure Delivery Plan (IDP) sets out the infrastructure requirements to support planned new development for south Worcestershire. It has been prepared in the context of the South Worcestershire Development Plan.

## **Supported housing**

Supported housing combines housing with support services. This form of accommodation aims to help people, including those with mental health problems, to live as independently as possible.

## **Tenancy Strategy**

The Localism Act 2011 requires councils to adopt a Tenancy Strategy to which local social housing providers must have regard.

## **Unilateral Undertaking**

A unilateral undertaking like a S.106 agreement is a legal deed where developers covenant to perform planning obligations however unlike S.106 agreements they do not have to be entered into by the local authority. A unilateral undertaking comes into effect when planning permission to which they are linked is granted.

## **Use Classes Order**

The Town and Country Planning (Use Classes) Order 1987 (as amended) puts uses of land and buildings into various categories known as 'Use Classes'. This Order is periodically amended, the most recent amendment comprising The Town and Country Planning (Use Classes) (Amendment) (England) Order 2015. Generally planning permission is required to change from one use class to another, although there are exceptions where the legislation does allow some changes between uses without the need for planning permission.





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