

Affordable Housing Statement

Introduction

The Government has, for a number of years, advised that a community's need for affordable housing is a material planning consideration which may properly be taken into account in formulating development plan policies and deciding planning applications. Accordingly, the adopted North Norfolk Local Plan (Local Plan) contains policies seeking an element of affordable housing on eligible market housing sites. It is now one of the Council's headline priorities to ensure decent affordable housing for local residents, and this statement provides new detailed advice on how the Council intends to implement the Local Plan provisions set out in:

- Policy 56: Affordable Housing on Large Housing Sites (Policy 56); and
- Policy 58: Affordable Housing in Selected Small Villages (Policy 58).

These policies are set out in detail in **Appendix A**.

The approach to negotiating affordable housing provision contained in this statement was approved by North Norfolk District Council's Cabinet on 24 January 2005 and replaces the *Revised procedure for negotiating affordable housing provision* that was approved by North Norfolk District Council's Executive Committee on 10 April 2000 (which itself had been a replacement for the original procedure approved on 13 December 1999).

Detailed advice to inform the implementation of the affordable housing policies was necessary because the Local Plan was prepared prior to the publication of more detailed Government guidance on how the planning system could help to meet the need for affordable housing. Accordingly, this statement has been prepared having particular regard to the current advice set out in the Government's Circular 06/98: *Planning for Affordable Housing* (April 1998) and its Planning Policy Guidance note on *Housing* (PPG3), published in March 2000.

As there are few opportunities to secure affordable housing in North Norfolk through the planning system under the current Local Plan, the requirements in this statement will be strictly enforced. Consequently, pre-application discussions on proposals covered by Policies 56 and 58 are strongly encouraged.

This statement will be reviewed in the light of new Government guidance and the emerging provisions of the new *North Norfolk Local Development Framework*.

Government guidance on Affordable Housing

Paragraph 14 of PPG3 states:

'...Where there is a demonstrable lack of affordable housing to meet local needs - as assessed by up-to-date surveys and other information - local plans....should include a policy for seeking affordable housing in suitable housing developments.'

Paragraph 15 of PPG3 makes clear that local plan policies should:

- *'define what the local planning authority considers to be affordable in the local plan area in terms of the relationship between local income levels and house prices or rents for different types of households;*
- *indicate how many affordable homes need to be provided throughout the plan area, including the different types of affordable housing needed by households of different characteristics, taking account of rural as well as urban needs; and*
- *identify suitable areas and sites on which affordable housing is to be provided and the amount of provision which will be sought'.*

Demonstrating need

Following the adoption of the Local Plan in April 1998, the Council commissioned Fordham Research Ltd to carry out a District-wide Housing Needs Survey. The final report was adopted by Full Council on 15 December 1999. This survey, which meets the requirements of PPG3, was updated in 2003. The update was carried out in accordance with the most recent Government guidance on the production of Housing Needs Surveys as contained within *Local Needs Assessment: A Guide to Good Practice* (DETR, July 2000).

The provision of affordable housing under Policy 58 is dependent on the demonstration of housing need by way of a 'local needs survey'. The Council has confirmed that the term 'local needs survey' in terms of Policy 57 is defined as:

- *the current District-wide Housing Needs Survey and the Council Waiting List, or a Local Housing Needs Survey.*

This Affordable Housing Statement confirms that the above definition of the term 'local needs survey' applies to both Policy 57 and Policy 58.

The Council regards the findings of the 2003 update as meeting the requirement to demonstrate that there is a need for affordable housing throughout the District. Therefore, **all proposals above the respective thresholds contained within Policies 56 and 58 will be subject to an affordable housing requirement.**

The type of affordable housing required

Whilst Government planning guidance on affordable housing states that low-cost market housing (to rent or buy) and subsidised housing are all forms of affordable housing, it acknowledges that local authorities should define what they consider to be affordable housing in terms of the relationship between local income levels and house prices and rents.

The Housing Needs Survey considered the type of affordable housing that would be required to meet the identified housing need. Having regard to the rapid increase in house prices and the low-wage economy in North Norfolk District, it made recommendations on the proportion of housing need in North Norfolk District that could be met by different types of affordable housing as follows:

<i>Type of housing</i>	<i>Proportion of need (%)</i>
Social-rented housing	97.2
For sale on a shared-ownership basis	2.8
Low-cost market housing	0.0

In the light of its updated Housing Needs Survey, the Council considers that **the majority of affordable housing negotiated through the implementation of Local Plan policies should be social-rented housing with shared-ownership housing making up the remainder.**

In order to ensure that new affordable housing is managed and maintained appropriately and is made available only to households with a housing need, the Council **will require such dwellings to be exclusively or jointly owned by a housing association or other registered social landlord.**

Calculating the affordable housing requirement in relation to a particular proposal

Eligibility of sites

Applications for planning permission should make the best use of all developable land, and higher density developments will be encouraged where these are consistent with other Local Plan policies. Lower-density proposals which appear designed to avoid affordable housing thresholds will not be supported.

Applications for planning permission for development on a site which forms part of a more substantial developable area will be treated as an application for planning permission for the potentially more substantial development, and affordable housing requirements will be calculated accordingly.

Affordable housing target

The Housing Needs Survey Update in 2003 concluded, in light of the level of identified housing need, that any target of up to 83% would be perfectly justifiable. The Council considers that, in order to ensure that the development of market housing is not made uneconomic by the requirement to provide an element of affordable housing, the target proportion of affordable housing on eligible proposals covered by Policy 56 **will be 40%**. Any affordable housing to be provided in excess of 40% under this policy will be subject to separate negotiations.

For proposals covered by Policy 58, the Council requires **all provision in excess of 4 dwellings** to be affordable housing.

The size and type of affordable housing

The exact mix of size and type of affordable dwellings required under this statement will be identified by the Housing Department representative using the following sources of information:

- the District-wide Housing Needs Survey;
- the Common Housing Register;
- the profile of council and housing association stock in the locality ; and
- a local housing needs survey where available.

The affordable housing requirement on a particular site will therefore represent the housing need in the locality and the size and type of dwelling needed in order to meet the identified need. This assessment will apply to both Policy 56 and Policy 58.

Meeting the affordable housing requirement

The affordable housing is to be provided without the need for public subsidy (i.e. Social Housing Grant) from either the Housing Corporation or from North Norfolk District Council. In order to ensure this, developer contributions will need to be equivalent to the Social Housing Grant that would normally apply to the dwelling type required. The applicant can make this contribution either by building the dwellings to an agreed standard (i.e. the Housing Corporation's *Scheme Development Standards*) and selling them to a housing association at the appropriate discount, or by providing free land and a commuted sum.

Location of affordable housing

It is expected that the affordable housing will be provided on the site which is the subject of the proposal. However, in exceptional circumstances, it may be appropriate for the applicant to secure the provision of affordable housing 'off-site' or, alternatively, to make a financial contribution to the Council in lieu of on-site affordable housing provision. In the last two cases, the applicant will be expected to justify why on-site provision cannot be made. Irrespective of which one of these three options is adopted, the financial cost to the applicant of meeting the requirement will be the same, subject to index linking.

Any financial contribution will be used to fund the provision of affordable housing by housing associations elsewhere in the District. In the first instance, the Council will aim to ensure that the affordable housing is provided in the parish in which the scheme that generates the financial contribution is located. If a financial contribution is not spent or committed by the Council after 5 years from the date of its receipt, the payment will be returned to the applicant.

In order to assist in the creation of mixed and inclusive communities, 'on-site' affordable housing provision will be dispersed throughout the development and not concentrated in any one location.

Timing of provision

It will not be acceptable for the affordable housing contribution, whether it is in the form of dwellings or a financial payment, to be made available as the final stage of a development. A phasing arrangement will apply to all affordable housing contributions. **No more than 25% of the market housing will be occupied prior to the completion of the first 25% of the affordable dwellings or the payment of the first 25% of the financial contribution in lieu of dwellings. The same arrangements will apply to the second, third and fourth quartiles.**

Index Linking

There may be several years between an affordable housing contribution being agreed and delivered. Accordingly, provision will be made for any inflation occurring between the date of agreement and the date of delivery in the legal agreement setting out the terms of the affordable housing contribution.

Exceptional development costs and other planning gains

There may be cases where the applicant states that the provision of affordable housing will make the site uneconomic, or seeks to reduce the affordable housing requirement due to exceptional development costs or because the combination of the affordable housing requirement with other planning gains makes the site uneconomic. In such instances, the applicant must provide clear and quantified evidence of this in order for it to be considered. This evidence will be required on an 'open-book' basis, with a

clear statement of site purchase costs, date of purchase, a full account of all development costs and detailing why the scheme is not economic or profitable.

Section 106 Agreement

A Section 106 Agreement will be required for all affordable housing contributions made under Policies 56 and 58. The Section 106 Agreement will be completed prior to the issuing of *outline* or *full* planning consent (whichever is first). This agreement will include provisions to ensure:

- the agreement is a local land charge;
- in instances of on-site and off-site provision the applicant will covenant to transfer completed affordable housing units built to an agreed standard and at an agreed cost or to transfer free land and a commuted sum to a housing association. Financial and land contributions made in lieu of affordable housing provision will be transferred to the Council;
- that the dwellings are occupied initially, and in perpetuity, only by those in housing need;
- phasing of dwelling provision/financial contribution; and
- index linking.

Conclusion

The provision of affordable housing is a national, regional and local priority. Proposals that do not provide affordable housing in accordance with this statement will not be in accordance with Policies 56 and 58 and, therefore, are unlikely to secure planning approval.

Appendix A

Policy 56: Affordable Housing on Large Housing Sites

In the Growth Towns, Small Towns and Large Villages, for development proposals for twenty-five or more dwellings (including revised development proposals for twenty-five or more dwellings on permitted schemes that involve an increase in the overall dwelling density) and subject to site suitability and the economics of provision, the Council will seek to negotiate with the applicants for the inclusion of an element of affordable housing in such schemes.

Negotiations will be conducted with a view to meeting the need for affordable housing in the civil parish in which the site of the development proposal is situated, as identified by the current District-wide Housing Needs Survey. (The affordable housing needs identified by the 1993 Housing Needs Survey for every civil parish in the District are set out in Part E, Annex 2.)

Where an element of affordable housing is to be provided, a legal agreement may be used to ensure that the accommodation will be managed so as to meet genuine local need for affordable housing in perpetuity.

For the purposes of this policy local means an individual civil parish.

Policy 58: Affordable Housing in Selected Small Villages

In Selected Small Villages development proposals for more than four dwellings may be permitted provided that all the excess dwellings are for affordable housing.

The number of affordable dwellings must not exceed the total need for such housing in the civil parish in which the development proposal is situated and its adjoining civil parishes, as identified by a local needs survey that has been undertaken within the previous year. That survey must show that:

- (a) the proposed scheme will meet genuine local needs in terms of the affordability, type and location of the housing proposed;
- (b) the number of dwellings in the proposed scheme, together with dwellings in any other such permitted schemes in the locality, does not exceed the immediate housing requirements of those in genuine local need; and
- (c) existing market housing, including undeveloped sites that benefit from planning permission for housing, in the locality cannot meet that genuine local need.

Where an element of affordable housing is to be provided, a legal agreement may be used to ensure that the accommodation will be managed so as to meet genuine local need for affordable housing in perpetuity.

For the purposes of this policy local means an individual civil parish together with adjoining civil parishes.