



**South
Cambridgeshire
District Council**

Local Development Framework
Affordable Housing

Supplementary Planning Document

Adopted March 2010

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Affordable Housing

Supplementary Planning Document

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CHAPTER 1

INTRODUCTION

- 1.1 This South Cambridgeshire District Council (SCDC) Supplementary Planning Document (SPD) forms part of the South Cambridgeshire Local Development Framework (LDF)¹.
- 1.2 The SPD expands on affordable housing policies in the Development Control Policies Development Plan Document (DPD), adopted in July 2007, and provides additional details on how they will be implemented. Policies seek to secure the provision of an appropriate level, mix and size of affordable housing so that the significant amount of new housing planned overall in the district addresses the identified housing needs of all parts of the community. The SPD provides further detail of the Council's approach to securing affordable housing through the planning process.
- 1.3 The affordable housing policies build on Planning Policy Statement 3: Housing (PPS3) and Planning Circular 05/05 to provide a balanced and fair approach which ensures the creation of mixed and balanced communities.
- 1.4 This Supplementary Planning Document applies across the District, and identifies where there are differences in approach to securing affordable housing between major developments, such as the urban extensions to Cambridge and the new town of Northstowe, and affordable housing provision in the rural area.
- 1.5 A Glossary of Terms is included at the end of the document.
- 1.6 Those preparing planning applications for residential development and rural exception sites are advised to contact the Council to discuss their proposals during the preparation of the application to discuss the Council's requirements for affordable housing before the application is submitted, in order to speed up the application process.

PURPOSE

- 1.7 The objective of this SPD is to assist achievement of the Development Control Policies DPD Objective HG/a:

“to ensure the provision of a range of housing types and sizes, including affordable housing, to meet the identified needs of all sectors of the community, including Key Workers.”

¹ Note - this SPD is referred to as 'Affordable Housing SPD' in the Council's approved Local Development Scheme (July 2007) and proposed updated LDS (March 2009).

- 1.8 Specific objectives for this document are to:
- Facilitate the delivery of affordable housing to meet housing needs;
 - Assist the creation and maintenance of sustainable, inclusive and mixed communities;
 - Provide detailed guidance on the interpretation of the requirements in respect of the amount, type and size of affordable housing to be provided in accordance with the policies in the Local Development Framework;
 - Provide certainty to developers about the requirements for affordable housing as part of residential developments or on rural exception sites;
 - Provide principles on the design, appearance and layout of affordable housing;
 - Provide detailed guidance on the calculation of financial contribution in lieu of on-site provision of affordable housing.

SOUTH CAMBRIDGESHIRE LDF POLICY

- 1.9 Affordable housing provision is addressed in three policies contained in the Development Control Policies DPD, which respond to Government guidance in PPS3: Housing and evidence from the Council's Housing Needs Survey and the then emerging Strategic Housing Market Assessment. These deal with the overall policy requiring provision of affordable housing in new housing developments, circumstances where there are exceptional circumstances relating to affordable housing subsidies, and rural exception sites for affordable housing. The SPD is consistent with the policy requirements of the LDF. The policies are set out in Appendix 1 for convenience.

SOUTH CAMBRIDGESHIRE HOUSING STRATEGY

- 1.10 South Cambridgeshire District Council's current Housing Strategy covers the period 2007-10 and was approved by the Council in July 2007. It can be accessed via the Council's website at www.scamb.gov.uk. The strategy identifies the approach to be taken for specific needs groups such as Travellers and people in need of supported housing which will guide negotiations on suitable sites. Where such provision is made for eligible households at costs they can afford below market prices, it would fall under the terms of the Affordable Housing SPD. The Council is preparing a separate Gypsy and Travellers Development Plan Document which will include policies and allocation of land to address the needs of Gypsies and Travellers for both private and affordable sites, i.e., funded and delivered by

gypsies and travellers themselves on allocated land, or provided as affordable housing with a subsidy and usually by RSLs. The strategy indicates that the requirements for general needs affordable housing will be informed by the findings of the Strategic Housing Market Assessment which are which are contained elsewhere in this SPD..

CHAPTER 2

HOUSING NEED

HOUSING NEEDS SURVEY 2002

- 2.1 In order to obtain an objective assessment of the housing needs of South Cambridgeshire's residents and provide an evidence base for the then evolving LDF policies, a Housing Needs Survey was undertaken in 2002. The survey assessed the general characteristics of households across the District, housing need for the whole district, and affordability in the housing market, taking into account house prices, rental and income levels. The key findings of the survey were an existing backlog at that time of 800 affordable homes, with an additional 1,047 households per year moving into housing need. The total need for affordable housing was therefore 1,207 households per year but the supply of affordable homes from all sources was considered likely to be only 336 per year. The report therefore concluded that there was a need for an extra 871 affordable homes per year to cope with newly arising need and to reduce the existing backlog over a 5-year period. In policy terms, at that time the study concluded that the level of identified housing need was significant enough to justify an affordable housing target of 50% and this was the target the Council proposed in the draft Development Control Policies DPD that was submitted for independent Examination.
- 2.2 Whilst the Inspectors examining the "soundness" of the Development Control Policies DPD agreed that the level of unmet need in South Cambridgeshire goes beyond the amount that can realistically be achieved from new housing, they concluded there was no adequate evidence base to justify any particular proportion of new housing which should be required to be affordable. They commented that there was merit in seeking consistency with the policy in the Local Plan adopted in 2006 for Cambridge City, where there is also a very high need. Their conclusion was therefore for a policy including a target for 40% or more affordable housing of the dwellings for which planning permission may be given on all sites of two or more dwellings. They also recognised the need to take account of financial viability of developments. The Area Action Plans for the major developments at Northstowe, Cambridge East and Cambridge Southern Fringe, and the Site Specific Policies DPD policy allocating NIAB Extra, include an additional caveat making clear that these are major and complex developments, which have a wide variety of requirements covering infrastructure and services, and a balance may need to be struck between competing requirements, in the light of economic viability. For North West Cambridge AAP this specific additional caveat on viability is not added given the special nature of the development and the importance of addressing university needs, although the usual reference to viability is included.

STRATEGIC HOUSING MARKET ASSESSMENT

- 2.3 Planning Policy Statement 3: Housing (PPS3) introduced Strategic Housing Market Assessments (SHMA) as the new approach to assessing housing needs for the whole of the community, both market and affordable housing. A Cambridge Sub-Region SHMA has been undertaken and will be updated on a rolling basis as significant new data becomes available. Whilst the Strategic Housing Market Assessment was not available to inform the policies in the Development Control Policies DPD and the overall target for affordable housing provision in South Cambridgeshire in the adopted DPD, it now provides an up to date evidence base to inform the implementation of the DPD policies, particularly in terms of the likely profile of household types requiring market housing e.g. families with children, couples, and single persons; and the size and type of affordable housing required.
- 2.4 The DPD makes clear that the mix in the type of affordable housing appropriate for an individual site will be considered having regard to the nature of the identified need at the time of a planning permission, and the SMHA findings will help the Council ensure that the provision of social-rented and intermediate affordable housing meets the needs of both current and future occupiers.
- 2.5 The key findings of the first phase of the SHMA are summarised in Appendix 1 and the published results are available on the Cambridgeshire Horizons website. The first SHMA was published in 2008 and individual parts of the SHMA will be updated as new information comes available. The results for the period 2006/7 showed that the amount of unmet need for affordable housing of various types had risen to 1,503 affordable homes per annum. This compared with average annual supply as at 2008 of 315 dwellings per annum, whilst 614 dwellings per annum were required simply to stop the backlog increasing. It was therefore clear that the need for affordable homes of all types far exceeds current and likely future levels of provision.
- 2.6 This information in the SHMA has been updated for the period 2007/8 and at the time of writing, the figures were published on the Horizons' website for consultation. They show that the amount of unmet need has risen from 1,503 to 1,966. Although projected supply has risen from 315 to 341, the amount needed to stop the backlog growing has increased by even more from 614 to 916 dwellings per annum. The original conclusions about the shortfall in the supply of current and future provision of affordable housing therefore holds true.

HOUSING REGISTER

- 2.7 Demand for affordable housing in all locations across the district exceeds potential supply. Prior to the introduction of Choice Based Lettings, the Housing Register demonstrated a high level of need for individual villages.

The latest figures available are for 2007 and showed that an average of 691 applicants expressed a desire for each village. The figures were even higher for Minor Rural Centres at 842 applicants per village and 1,927 applicants per village for Rural Centres (as defined in the Core Strategy of the LDF). Since the introduction of Choice Based Lettings, information is no longer available in this form.

CHAPTER 3

PLANNING AFFORDABLE HOUSING PROVISION

DEFINITION OF AFFORDABLE HOUSING

- 3.1 Policy HG/3 of the Development Control Policies DPD states that proposals for housing developments will only be permitted if they provide an agreed mix of affordable housing as defined in PPS3. The definition of 'Affordable Housing' included in Annex B of PPS 3 is set out in Appendix 2 of this SPD for convenience. The definition can be summarised as follows:
- 3.2 **Affordable housing** – housing that is available at a cost low enough to meet the needs of eligible households, having regard to local incomes and local housing prices, and which will remain at an affordable price for future eligible households or, if not, that the subsidy is recycled for alternative affordable housing provision. Affordable housing includes:
- **Social rented housing** - housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. It may also include rented housing owned or managed by other persons, for example private sector bodies, or provided without grant funding where it is provided under equivalent rental arrangements.
 - **Intermediate affordable housing** - housing at prices and rents above those of social rent, but below market price or rents. These can include shared equity products e.g. Home Buy, other low cost homes for sale, and intermediate rent.
- 3.3 Where the affordable housing is to be owned and retained (as opposed to managed), by a body other than a RSL, equivalent safeguards concerning its long-term nature and the recycling of benefit will need to be secured by legal agreement.
- 3.4 Those homes that do not meet the affordable housing definition, for example, 'low cost market housing', may not be considered, for planning purposes, as affordable housing, because by definition it is a form of market housing. It will nonetheless serve an important function in providing housing for those who cannot access more expensive market housing but who are not eligible for affordable housing.
- 3.5 The North West Cambridge Area Action Plan prepared jointly with Cambridge City Council plans for the long term needs of Cambridge University and requires the provision of 50% affordable housing for Cambridge University and College Key Worker Housing. In determining planning applications the Councils will take account of evidence of housing need, housing costs, household incomes and development viability in order

to ensure that identified need is being met, that the housing will be affordable to the households in need, and that mechanisms are in place to ensure that the benefit of the housing will be retained over the long term. Section 106 legal agreements (S106 Agreements) forming part of a planning permission will be used to ensure the acceptable provision of this housing.

AMOUNT OF AFFORDABLE HOUSING

- 3.6 Policy HG/3 of the Development Control Policies DPD states that the Council will seek 40% or more affordable housing on all sites of two or more dwellings. The policy makes clear that the Council will take account of any particular costs associated with the development and that viability of the development will be a consideration. In view of the significant level of housing need in South Cambridgeshire, the Council will seek at least 40% affordable housing unless the applicant is able to provide sound evidence that this cannot be achieved without rendering the development unviable. Indeed, if testing demonstrates that a higher level of affordable housing provision is viable, the Council will seek a higher proportion of affordable housing, consistent with Policy HG/3 and the level of housing need in the district. Where an application is proposing 40% affordable housing, the Council will take account of market conditions at the time of an application and the realistic potential for securing more than 40% affordable housing, in considering whether it is appropriate to seek viability testing of the potential for a higher level of provision. The policy for the major developments reflects that they are major and complex developments which have a wide variety of requirements covering infrastructure and services and recognising that a balance may need to be struck between competing requirements in the light of economic viability. The approach to testing financial viability is dealt with in Chapter 5 on Financial Matters.
- 3.7 In terms of the application of the 40% target, a standard mathematical approach will be taken to rounding and where applying 40% (or any other target that the development will stand, higher or lower) achieves 0.5 or more of a dwelling, the approach will be to round up, e.g. in a scheme of 2 dwellings, applying 40% gives 0.8 homes, which would be rounded up to give 1 affordable home. Anything below 0.5 will be rounded down, e.g. in a scheme of 8 dwellings, applying 40% gives 3.2 homes, which would be rounded down to give 3 affordable homes.
- 3.8 The application of 40% or more will apply to the net increase in dwellings on a site where existing dwellings are being demolished.

TENURE MIX FOR AFFORDABLE HOUSING

- 3.9 Key characteristics of a mixed community are a variety of housing, particularly in terms of tenure and price, and a mix of different households such as families with children, single person households and older people.

- 3.10 The Council is planning for a mix of housing on the basis of the different types of households that are likely to require housing over the plan period. This includes having particular regard to:
- Current and future demographic trends and profiles.
 - The accommodation requirements of specific groups, in particular, families with children, older and disabled people.
 - The diverse range of requirements across the area, including the need to accommodate Gypsies and Travellers. A specific DPD is being prepared to cover Gypsy and Traveller provision.
- 3.11 The size and type of housing is addressed in the next section.
- 3.12 In terms of tenure mix, it is necessary to establish a logical starting point for the negotiations about the tenure split of affordable housing to be provided in residential developments (Rural Exception Sites are addressed separately in Chapter 6), given that it is recognised that it is not possible for all housing needs to be met, even with the high overall levels of housing growth proposed.
- 3.13 The district wide targets for tenure mix in new affordable housing is 70% social rent and 30% intermediate housing. They are the appropriate targets because they:
- Conform to the needs identified in the Strategic Housing Market Assessment for at least the first 5 years covered by the study (SHMA May 2008- Source Chapter 30 Table 6);
 - Respond to the greatest amount of need (rented housing) but it still produce balanced sustainable developments;
 - Are close to the Council's current practice which has shown itself to be viable and deliverable.
- 3.14 In sites which form part of the urban extensions to Cambridge, the starting point for negotiations will be amended to 75% rent and 25% intermediate housing. They are the appropriate targets because they:
- Are consistent with the targets contained in Cambridge City Council's Affordable Housing Supplementary Planning Document;
 - Are extensions to Cambridge and the targets for Cambridge are the most appropriate to apply to the whole urban extension, including parts within South Cambridgeshire;

- Mean that even in the largest developments the amount of rented housing will not exceed the amount shown to be sustainable in the largest local settlement, Cambridge City, in the recent past. It therefore follows a “precautionary approach”, building on local circumstances.
- 3.15 The targets will be the starting point for negotiations on individual sites. Long term developments on major sites will have a review mechanism for the mix incorporated into the S106 Agreements.
- 3.16 Housing for Key Workers will not be subject to any separate target since Key Workers will be accommodated in both rented and intermediate tenures. The definition of Key Worker will be that used by the government plus any additional categories added by the Regional Housing Board, including teachers, nurses and others whose role relates to the care and comfort of the community or sustaining the success of the Cambridge High Technology and Research Clusters, and who are unable to meet their housing needs on the open market.
- 3.17 Housing for people with special needs will be an element included in the overall amount of affordable housing being negotiated within the rent / intermediate targets. Such housing would include supported housing, accessible housing and fully wheelchair accessible housing. Wheelchair housing should conform to the standards adopted by the Homes and Communities Agency. This will be negotiated on a site by site basis according to identified need and will be informed by the commissioning strategies of relevant agencies, particularly the Primary Care Trust (PCT) and Supporting People (a government funded scheme addressing the support needs of vulnerable people in supported housing).
- 3.18 In determining the tenure mix on individual sites, a balance will be struck between new affordable housing contributing towards meeting unmet current needs, meeting newly arising needs, and at the same time forming sustainable mixed and balanced communities.

TYPES AND SIZES OF AFFORDABLE HOMES

- 3.19 The Development Control Policies DPD makes clear at paragraph 4.12 that in the case of planning applications for development at the higher order settlements (i.e. the major developments, Rural Centres and Minor Rural Centres) the type (e.g. house, bungalow, apartment) and size (i.e. number of bedrooms) of affordable housing will be based on the characteristics of the site and the proposed development, viability, local factors and overall need across the district at the time of a planning application. In the case of planning applications for development at smaller settlements (i.e. Group and Infill village) and exceptionally in the countryside, the type and size of affordable housing will address identified needs in the individual village or the area it serves. This is defined as the village or the parish in which it is

located. Affordable housing on Rural Exception Sites is addressed separately in Chapter 6.

- 3.20 To ensure that the affordable housing to be provided meets local housing needs, the type and size of property to be provided in individual schemes will be based upon advice from the Council's Housing Strategy and Development Team, and will be based on the information contained on the Housing Register, the Village Housing Needs Surveys and other sources such as Parish Housing Needs Surveys. The overall balance of the type and size of affordable housing to be sought across the district will be informed by the Strategic Housing Market Assessment (SHMA) subject to local considerations on a site by site basis.
- 3.21 In smaller sites of less than 10 dwellings the preferred mix of type and size of affordable dwellings will be heavily influenced by local need and local circumstances. The SHMA includes an indicative breakdown of needs for general needs affordable housing for rent, which suggests that around 30% of affordable homes should be for singles / couples (i.e. studios / one bed homes). However, in practice the Council considers that this is a higher figure than would be desirable as the proportion of small units to be sought from new affordable housing because:
- the existing supply of affordable homes already provides a reasonable supply of one bed units relative to larger units. Between 2003 and 2006 the relets and nominations available to housing register applicants included 32% one beds / bedsits;
 - couples (particularly those intending to start a family) generally aspire to a two bedroom home which provide greater long term flexibility. Of the couples and single people who purchase affordable shared ownership homes across the Cambridge Sub Region 88% buy units with two bedrooms or more (source: SHMA);
 - the needs figures in the SHMA do not differentiate special needs and sheltered homes which can be expected to include a significant number of smaller units to cater for these households: this type of affordable housing will be specified separately by the Council; and
 - two bed units not only provide flexibility for couples who wish to start a family, they are more acceptable to older households "trading down" from under occupied larger family homes who are generally unwilling to move into very small homes.
- 3.22 For these reasons the Council will seek a target figure of not more than 10% one bed units or studios, unless local circumstances dictate otherwise in the context of a specific development.

LAYOUT AND DISTRIBUTION

- 3.23 The document Balanced and Mixed Communities – A Good Practice Guide (2006) was commissioned by Cambridgeshire Horizons, Cambridge City Council, South Cambridgeshire District Council and the Cambridge Landowners Group. The intention was to inform the achievement of a well integrated mix of decent homes of different types and tenures, to support a range of household sizes ages and incomes, within sustainable new communities in and around Cambridge, and to support the implementation of the LDF policies.
- 3.24 The document makes recommendations relating to the mixing of tenures within residential schemes and the layout of developments, the provision and management of facilities, mixed-use developments, green infrastructure, integration and accessibility, relationship with existing communities, design and monitoring and delivery. The key lessons regarding mixing tenures and development layout are that:
- “There is no obvious ‘best’ method of mixing tenures, although ‘ghettos’ of affordable housing are best avoided. We found examples where physical integration had been achieved through **pepper potting, buffering** (i.e. providing a graduated range of different house types within the same street, starting from small affordable units and going through to large executive market housing), **clustering** and development of **separate sites but to the same physical appearance**. We recommend that consideration should be given to the use of all four techniques in developing affordable housing in the new communities in Cambridgeshire. This will offer maximum flexibility to accommodate a range of household types.”* (bold highlighting added)
- 3.25 Policy HG/3 of the Development Control Policies DPD requires that affordable housing is distributed through a residential development in small groups or clusters. Paragraph 4.13 of the DPD elaborates that affordable housing should be integrated with market housing and that in order to ensure sustainable communities. It says that small groups or clusters will typically be of 6 to 8 units. This description of the size of cluster in the district wide Development Control Policies DPD is particularly relevant to development in the rural area at villages where it reflects the relatively small settlement size.
- 3.26 The Area Action Plans forming part of the LDF for the major developments on the edge of Cambridge and at Northstowe make clear that affordable housing will also be distributed in small groups or clusters, but explains that the appropriate cluster size will be determined having regard to the location within the development, including whether it is in a town or district centre or in a residential neighbourhood and the type of housing being provided eg. family housing or apartments. The North West Cambridge Area Action Plan, prepared jointly with Cambridge City Council, indicates that small groups or clusters may be between 6 and 25 dwellings, and in flatted

schemes no more than 12 affordable dwellings should have access from a common stairwell or lift. This is also the definition included in the City Council's own Affordable Housing Supplementary Planning Document, reflecting the different character and scale of the City compared with the currently predominantly rural character of South Cambridgeshire. The Cambridge definition of small group or cluster is considered to be an appropriate definition to inform discussions on the major developments in South Cambridgeshire, both those forming urban extensions to Cambridge and also the new town of Northstowe, although the actual size will be determined through the planning application process for those developments.

DESIGN AND APPEARANCE OF AFFORDABLE HOUSING

- 3.27 As a matter of principle, the design standards for both market and affordable housing should be high, both in terms of the visual appearance of the development and also the standards of accommodation and built quality, including measures to deliver buildings that help to respond to the challenge of climate change, such as energy efficiency and resource consumption. Affordable housing should be indistinguishable in visual terms from market housing. Developers should avoid designs that result in high maintenance or service charges.
- 3.28 Affordable housing should be provided to the Homes and Communities Agency's standards or the standards of any successor body charged with regulating social housing provision. This includes conformity to the Design and Quality Standards, or any replacement, including:
- Internal Environment – providing comfortable and convenient homes, meeting the needs of intended user groups, including in terms of size, layout and service provision;
 - External Environment – providing good places to live, with well-mixed and integrated communities and providing an appropriate balance between private and public open space;
 - Sustainability – providing homes that better adapt to climate change, with lower running costs and incorporating features that enhance health and well-being, including compliance with the Code for Sustainable Homes targets.
- 3.29 The Department for Communities and Local Government's Code for Sustainable Homes measures the sustainability of a new home against nine categories of sustainable design, rating the 'whole home' as a complete package. The Code uses a one to six star rating system to communicate the overall sustainability performance of a new home, and sets minimum standards for energy and water use at each level. The Code supports the government target that all new homes will be zero carbon from 2016 and

the step changes in Building Regulations Part L leading to this. For further guidance, see the Council's Design Supplementary Planning Document.

- 3.30 The Council will require as many new affordable homes to be designed to lifetime mobility standards as possible, consistent with Policy HG/2 of the Development Control Policies DPD, which applies to all new housing. The government has said that all public sector funded housing will be Lifetime Homes from 2011 (Source: "Lifetime Homes/Lifetime Neighbourhoods, CLG Feb 2008). Ahead of this coming into effect, and as part of the transition to this approach, affordable housing schemes should include a significant element of housing that performs well against the Homes and Communities Agency's Building for Life Standards, or their successor. Affordable housing schemes without public funding should also ensure a meaningful proportion of homes are designed to lifetime mobility standards.
- 3.31 The government has introduced a new Building for Life Core Output Indicator² (H6) that local councils must monitor for new residential developments as part of their LDF Annual Monitoring Reports. Building for Life is a national scheme promoting well designed schemes and neighbourhoods. Developments of 10 or more dwellings that have been completed are assessed and scored against 20 criteria covering four categories of environment and community; character; streets, parking and pedestrianisation; and design and construction. Part of the environment and community category is the provision of a mix of housing tenures and properties, including affordable housing. The Core Indicator categorises developments as very good, good, average and poor, with the very good category being schemes scoring 16 or more points out of 20. The Accordia development in Cambridge was the highest scoring development in the country at the time of writing. The HCA's expectation for affordable housing schemes that are seeking social housing grant is that they score at least 12 against the Buildings for Life criteria. The Council considers this a reasonable minimum target for all affordable housing schemes.
- 3.32 Where a specific special need is identified at the time of an application, which may be at a district level or a particular family in housing need, the Council will negotiate for the provision of special needs properties to address the needs identified, e.g. for people with disabilities, including supported and accessible/wheelchair accessible properties.
- 3.33 The Design and Access Statement accompanying a planning application should set out clearly the design approach to the affordable housing element of the scheme.

² The Building for Life Core Indicator is set out in 'Regional Spatial Strategy and Local Development Framework Core Output Indicators - Update 2/20008 (CLG, July 2008)' - <http://www.communities.gov.uk/documents/planningandbuilding/pdf/coreoutputindicators2.pdf>

WHEN IS AFFORDABLE HOUSING REQUIRED?

- 3.34 Policy HG/3 applies to all proposals for housing development. In most cases it is clear when an application includes housing development, but there are some cases where clarification of the position is helpful.
- 3.35 The principle is that any residential use that involves individual units of self contained residential accommodation, with their own front doors will be regarded as residential and Policy HG/3 will apply. This includes sheltered or age restricted accommodation where it provides self contained accommodation, even if there is a warden or administrator on site some or all of the time. However, if the residential accommodation has shared facilities and is not therefore self contained, as in the case of some supported housing and residential care homes, it is regarded as an institutional use and Policy HG/3 will not apply.
- 3.36 In the case of what are known as live-work units, this will need to be judged on a case by case basis. Where the development is predominantly residential, with offices incorporated or attached, but is essentially a residential development with a residential character, Policy HG/3 will apply. Only where the development is predominantly employment, with residential accommodation attached, but is essentially an employment development with associated residential development as a supporting feature, will Policy HG/3 not apply.

TIMING OF DELIVERY

- 3.37 The timing of the delivery of affordable housing is a key issue in securing mixed and balanced communities at all stages during the implementation of a development. Wherever possible (i.e. provided that there is no slump in the sale of market properties), affordable housing should be provided in tandem with the provision of the market housing. This is particularly important in the case of larger or major developments, where it can cause particular problems for a logical build out of a development and can lead to isolated pockets of development, be that affordable or market housing, within a building site with associated problems of infrastructure provision and the potential for a poor living environment for residents for some time until the rest of the housing comes forward. The appropriate timing of delivery of affordable housing will be ensured through the legal agreement accompanying any planning application.

CHAPTER 4

DELIVERING AFFORDABLE HOUSING

OCCUPANCY AND MANAGEMENT

- 4.1 The Council considers it important to ensure that properties provided by developers on-site as affordable housing are available to those in housing need, initially and in the long term (or in perpetuity in the case of rural exception sites, see Chapter 6). This is a requirement of Policy HG/3 of the Development Control Policies DPD.
- 4.2 Affordable housing will be open to those who are in housing need. People in housing need will comprise people nominated by South Cambridgeshire District Council from its Housing Needs Register or similar mechanism in line with its published Allocations Scheme (Housing Act 1996 Section 167 as amended), or those nominated by a Housing Association where South Cambridgeshire District Council does not have nomination rights (e.g. in respect of intermediate housing or specialist supported housing), and those nominated from other registers of housing need as agreed by the Council. This will include households in the Cambridge Sub Region as defined for housing purposes, which covers Cambridgeshire and also Forest Heath and St Edmundsbury, which have access rights to affordable housing in South Cambridgeshire.
- 4.3 The default selection process for occupiers of affordable housing will be via the Sub Regional Choice Based Lettings process or the local Homebuy Agent (see section Selecting Tenants/Intermediate Housing Purchasers below). The exceptions to this are where affordable housing schemes have been provided for a particular group such as disabled or elderly people, and the selection process for residents is approved by the Council, or where occupancy is limited by condition or by the terms of a Section 106 obligation.
- 4.4 Affordable housing will be secured in the long term (or in perpetuity in the case of rural exception sites, see Chapter 6) by planning obligation under Section 106 of the Town and Country Planning Act 1990 or an alternative form of equally effective provision.
- 4.5 The Council will seek to negotiate 100% nomination rights on the first lets/sales of all affordable homes, potentially dropping to 75% for subsequent relets. This is normal practice in the sector as it allows registered providers (RSLs) to determine the allocation of a proportion of the properties in accordance with their own objectives. However in practice, many registered providers locally continue to accept nominations from the Council on a 100% of all future relets.
- 4.6 For rural exception sites schemes, see Chapter 6.

MAKING IT AFFORDABLE

- 4.7 The cost of affordable housing, whether rental levels or shared ownership costs, should be affordable to eligible tenants. The Council will, before granting planning permission, need to be satisfied that any agreement reached between a developer and Registered Social Landlord for the on-site provision of affordable housing, will ensure that the rental levels or shared ownership costs will be affordable initially and in the long term (or in perpetuity in the case of rural exception sites, see Chapter 6). Service charges for dwellings should be set at levels which do not exceed the amounts needed to manage and maintain the properties to housing association standards, and should be fully transparent in their contents and calculation methods.
- 4.8 Therefore, affordable housing will be made available:
- for rent at affordable rent levels, or
 - for sale under shared ownership leases (or other equity share arrangements approved by the District Council) at affordable shares.
 - Any emerging hybrid models conforming to the agreed definitions e.g. initial affordable rent followed by shared ownership, sometimes known as deferred purchase or rent to buy.
- 4.9 Affordable housing must be managed by Registered Social Landlords (RSLs) (or other bodies whose accountability, governance and regulation are equivalent to RSLs) that are able to demonstrate their ability to fund the scheme, and provide guaranteed and appropriate long-term management and maintenance arrangements, within an appropriate regulatory regime.

Rented Properties

- 4.10 Rents charged for social rented housing, by Registered Social Landlords or other managing bodies, must be in line with the Homes and Communities Agency (or successor body) rent setting policies, which will be deemed to be affordable for the purposes of the affordable housing policy.

Intermediate Properties

- 4.11 In intermediate home ownership properties, the relationship between incomes and house prices is complicated by factors such as household composition, savings and property sizes as well as by fluctuations in interest rates and lending policies. Government guidance for Strategic Housing Market Assessments suggests that a property priced at 3.5 times gross annual income should be affordable for a single income household but this does not take account of households where there is more than one income,

rental payments for shared ownership properties or the nature of the property.

- 4.12 The target for general needs intermediate home ownership costs in South Cambridgeshire will be set at approximately 30% of gross household income to cover mortgage costs and any “rental charge.” This equates to a figure which is slightly higher than the Government’s indicative figure (which is expressed as a guideline) to allow for the lower running costs (e.g. heating and repairs etc) expected of new build properties compared with the general housing stock.
- 4.13 Based on typical interest rates and lending policies as at mid 2008 (source: Strategic Housing Market Assessment, based on a sample of high Street lenders), the prices of shared ownership properties being delivered, and the median income of applicants for intermediate housing in the district, this means that properties must be offered for sale with purchase shares starting at 30% of value and rental charges on unsold equity at less than or equal to the Homes and Communities Agency ceiling of 2.75% pa.
- 4.14 In addition, to keep overall valuations within acceptable levels, the design standards for intermediate home ownership properties should be equivalent to the standards used by the Homes and Communities Agency to determine eligibility for Social Housing Grant (or any subsequent Homes and Communities Agency or regulator standards).
- 4.15 Where intermediate rented properties are concerned, rental charges should not exceed the equivalent costs of intermediate home ownership for similar units.

Major Developments

- 4.16 South Cambridgeshire District Council and Cambridge City Council are working with the Homes and Communities Agency on a new way of delivering affordable housing on large strategic sites entitled “*The Cambridge Challenge*”. Sponsored by the HCA’s East of England Region, a strategic development partner will deliver affordable housing on strategic sites in the Cambridge area³. The partner is Cambridge Partnerships Ltd (CPL) and will be given a grant funding commitment for up to 3,300 homes.
- 4.17 This commitment to longer-term grant funding for an affordable housing programme should maximise the impact of Government funding programmes by securing an affordable housing development partner from site inception to completion, improving the efficiency of housing investment, and enhancing the delivery of affordable homes in a Government priority area. The aim is to provide high quality, cost effective and sustainable new

³ The following sites are currently included in the programme: Northstowe, Southern Fringe, NIAB (NW Cambridge) (2007).

communities that maximise the opportunities for improving design and energy efficiency standards.

- 4.18 However this does not preclude alternative arrangements for developing affordable housing from being agreed in the future on these sites.
- 4.19 Innovative partnerships which maximise the opportunities for attracting external funding, or other priority outcomes, are encouraged for other large sites, including models such as the Cambridge Challenge (details at <http://www.cambridgeshirepartnerships.org.uk/>).

SELECTING TENANTS AND INTERMEDIATE HOUSING PURCHASERS

- 4.20 In order to provide equality of access to affordable housing and ensure that households in need are prioritised for new lettings/sales, the selection of new tenants for rented properties will be via the sub regional Choice Based Lettings system (or its successor) and the selection of new purchasers for intermediate home ownership properties should be via the government appointed Homebuy Agent (subject to any special arrangements approved by the Council, e.g. for specified groups of Key Workers).
- 4.21 The local Choice Based Lettings system is called Homelink (details at <http://www.home-link.org.uk/default.aspx>) and includes local authority and housing association rented homes in the Cambridge sub region. Vacancies are advertised to households on the Housing Register (the “waiting list”) and applicants bid for properties that meet their needs and for which they are eligible (ie. the property is of the right size and type for their household). Allocations are made on the basis of:
- the applicants local connections to the area;
 - their level of housing need;
 - specialist features of the accommodation e.g. sheltered, adapted etc.
- 4.22 On individual larger sites, the Council will consider negotiating Local Lettings Plans with housing associations managing the affordable housing, in order to promote the development of sustainable communities, taking account of issues such as the proportion of working households, number of school children, etc.

MORTGAGEE IN POSSESSION CLAUSES

- 4.23 Mortgagee in Possession Clauses may be included in a section 106 agreement forming part of a planning permission, to facilitate lending from financial institutions to housing associations by protecting the value of the lender’s investment. In the event of a default by the housing association in repaying their loans and the lender taking possession of the affordable

properties, the clause would release the lender from the affordable housing occupancy conditions, which could then be sold on the open market. These clauses would only be allowed where the housing provider was a housing association regulated by the Homes and Communities Agency and the Tenant Services Authority, or any successor bodies. They would not be allowed on Rural Exception Sites (see Chapter 6). Mortgagee in Possession clauses will only be used in S106s when a Registered Social Landlord is involved with the project.

CHAPTER 5

FINANCIAL MATTERS

LAND VALUES FOR THE AFFORDABLE HOUSING ELEMENT

- 5.1 It is expected that free serviced land will be provided as the form of subsidy for both social rented and intermediate tenures in common with current best practice. This will enable housing associations to access social housing grant where necessary, since it is a requirement of the HCA that there is a clear demonstration of the contribution made by the planning system, or alternatively to deliver affordable housing through grant free schemes where appropriate. The amount of free serviced land will reflect the level of contribution secured in the case of a particular development.
- 5.2 Free serviced land for the purposes of this policy is defined as land which includes all services (electricity, gas, water, sewerage, telephone, broadband, lighting, etc) that are necessary for development to be provided to the site boundary, connection costs, infrastructure (roads to an adoptable standard, footpaths, boundary walls etc.) and demolition, decontamination and archaeological costs and site clearance where applicable.
- 5.3 Services must be provided right up to the edge of the land and there must be no legal, physical or financial barrier to the servicing of the land by the builder constructing the affordable housing.

FINANCIAL VIABILITY

- 5.4 Policy HG/3 of the Development Control Policies DPD provides for negotiation over the proportion and type of affordable housing, to take account of any particular costs associated with the development and other viability considerations, the relative priority of other planning considerations and the need to achieve mixed and balanced communities. In the case of financial viability considerations the following procedures will apply.
- 5.5 There will be a presumption that the development will include full and appropriate provision for affordable housing unless it is demonstrated that it cannot be provided at a rate of 40% or more of the dwellings in a development. The onus is therefore on a developer to demonstrate that viability would be jeopardised by this level of provision. This will require a full economic appraisal of the costs of development and of returns from the sale of housing to show what sum could be made available for affordable housing.
- 5.6 The methodology, underlying assumptions and any software used to undertake this appraisal should be agreed with the Council, with the normal approach being the current methodology endorsed by the Homes and Communities Agency, which is the economic appraisal tool prepared by

GVA Grimley (see glossary for details). The tool is endorsed by the HCA to assist Local Planning Authorities and developers negotiate and agree the viability of planning obligations generally. The toolkit also helps development partners demonstrate how grants from the National Affordable Housing Programme (NAHP) will help them deliver more affordable housing over and above the level that can be supported from planning obligations alone.

- 5.7 Any consideration of viability must look at the overall package of requirements on a development and the Council's objective will be to secure at least 40% affordable housing through any prioritisation of contributions, if possible. Indeed, as set out in Chapter 3 on the amount of affordable housing, if testing demonstrates that a higher level of affordable housing provision is viable, the Council will seek a higher proportion of affordable housing, consistent with Policy HG/3 and the level of housing need in the district (see also Chapter 3, Amount of Affordable Housing).
- 5.8 Where the Council needs independent advice to validate a viability appraisal submitted by an applicant that seeks to justify a variation on the 40% or more target include in Policy HG/3, reasonable costs will be met by the developer/applicant.
- 5.9 The financial appraisal should be presented on a residual land value basis taking into account all the reasonable costs of the development including required contributions to local services and infrastructure, the provision of affordable housing and a reasonable profit margin to the developer. It should also include a valuation of the site in its existing, or in the case of a vacant or derelict site, its last use, i.e. before any application for residential development, not its purchase price or hope value. The appraisal should accompany the planning application or preferably form part of pre-application negotiations.
- 5.10 If there are particular development costs associated with a specific site, over and above what would typically be expected on a development, e.g. contaminated land, these may adversely impact on the costs of a development. Any information provided will be treated as commercially sensitive and dealt with confidentially and will not be disclosed to any third party without the written consent of the applicant.
- 5.11 Where the Council is satisfied that financial viability of a development would be jeopardized by full provision of the affordable housing target, and taking into account any other planning obligations, it will first negotiate over varying the preferred mix and tenure of dwellings with a view to establishing whether this would enable the 40% target to be met, and if this cannot be achieved in a way that addresses needs in an acceptable way, the Council will then negotiate over varying the percentage of affordable housing being sought.

- 5.12 If an initial percentage of less than 40% is agreed, the S106 Agreement will include provisions for a review mechanism such that if the development is not completed within 3 years of the date of the planning permission, a further consideration of viability will be carried out at that stage (and every 3 years thereafter) for the purposes of determining whether the percentage of affordable housing should increase for the balance of the development still to be completed and any revision should not be limited to 40% but may increase to cover a shortfall of less than 40% on an earlier part of the development.
- 5.13 Policy HG/4 of the Development Control Policies DPD provides for the exceptional circumstances where there is a considerable time lag between the grant of planning permission and implementation, which has adverse implications in terms of the financial viability of the scheme or where insurmountable subsidy issues occur. For example, where development does not start for a number of years after planning permission is granted, financial viability may change from that assessed at the time of granting planning permission, particularly if there are significant changes in economic conditions. This may also apply to major developments where development takes place over a long period of time, although this eventuality will be taken into account in the framing of the Section 106 agreement forming part of any permission. Another scenario may be where planning permission was granted for a particular proportion of affordable housing on the assumption that Social Housing Grant would be available and by the time that development commences this proves not to be available.
- 5.14 Under such exceptional circumstances, the Council will be prepared to review the planning permission, and if it considers that the applicant / developer has made a sound case, it may be prepared to renegotiate the affordable housing contribution. Where evidence of exceptional circumstances is provided that threaten the delivery of the scheme, the Council will consider negotiating a different tenure mix or for the provision of a lower proportion of affordable homes or for a number of built units with no additional public subsidy as the affordable housing contribution, but this itself will be subject to further reviews every 3 years where the development is not completed within a 3 year period.

COMMUTED SUMS IN LIEU OF ON SITE PROVISION

- 5.15 The Council's priority is to secure the provision of free serviced land for affordable housing as part of market developments. However, Policy HG/3(5) recognises that there can be exceptional circumstances on certain smaller sites where, for various reasons set out below, an alternative to the inclusion of affordable housing on-site maybe appropriate. The policy therefore makes provision for the developer to make a financial contribution as a commuted sum to the Council instead of on-site provision to enable the affordable housing provision to be made elsewhere.

- 5.16 The acceptance of anything other than on-site provision is purely at the Council's discretion and is not an option available to developers / landowners / agents where it is simply their preference. It will only be looked at as a last resort where provision of affordable housing on-site cannot reasonably be secured.
- 5.17 The sort of circumstances on smaller sites that might justify accepting commuted sums rather than on-site provision, are where there may be difficulties over the delivery, design or ongoing management of small numbers of affordable units within a small development.
- 5.18 A particular example is where a proposal involves conversion or redevelopment of existing buildings, the most common being barn conversions. These are often expensive to create, may result in dwellings that do not comply with Homes and Communities Agency's Scheme Design Standards and are expensive to repair and maintain. As such they will not attract grant funding and are unlikely to be self-financing and therefore potentially unacceptable to any of the Council's preferred Registered Social Landlord (RSL) partners.
- 5.19 The calculation of commuted sums is addressed in the next section.
- 5.20 One of the difficulties for the Council is, having received a commuted sum, identifying suitable land on which to provide the affordable housing elsewhere. As such, where off-site provision is agreed in principle, the Council will also consider offers from the developer of an equivalent, alternative parcel of land elsewhere, where this could be provided consistent with policies of the Local Development Framework and other material planning considerations.
- 5.21 It will not be appropriate for major developments (10 or more dwellings) to provide financial contributions in lieu of on-site provision. In terms of the strategic scale developments proposed in the district, the Area Action Plans for these major developments specifically state that off-site provision will not be acceptable in the interests of securing mixed and balanced communities.

CALCULATION OF COMMUTED PAYMENTS

- 5.22 A decision as to whether a commuted sum is acceptable in any given circumstance will be considered as part of the determination of the planning application. The Housing Strategy and Development Team and the Development Control Team will be able to provide advice to applicants during the preparation of a planning application and in forming an officer recommendation. However, where applications are determined by the Planning Committee, rather than by officers under delegated powers, the final decision will rest with that Committee.

- 5.23 Where the Council concludes as part of determining any planning application that it is appropriate for an applicant to make a financial contribution in lieu of on-site provision, the amount of contribution will reflect the amount of free serviced land that would have been provided consistent with the number, type and size of properties that would have been required to be provided on-site. The Council will also enter into a Section 106 obligation with the developer to secure payment of the commuted sum.
- 5.24 If a commuted sum payment is concluded to be acceptable in principle, the method of calculating the amount of payment will be clearly set out and will be the same in every case. However, there are a number of site-specific variables which means that the end result may not always be the same and therefore there is not a flat rate “per plot” which can be applied. The amount of commuted sum will reflect the differential land values that can be achieved between affordable housing plot(s) and open market plot(s).
- 5.25 In order to calculate the commuted payment it is necessary to establish the details of the notional scheme that has been “lost”. This must be based on what would have been provided on the affordable housing part of the site, having regard to identified housing need and the unit size(s) required by the Council and financial viability. The applicant should agree a notional scheme with the Development Control Team, in consultation with the Housing Strategy and Development Team. It is at this stage that viability and deliverability issues will be taken into account.
- 5.26 Once the notional scheme has been agreed, this will inform the amount of free serviced land that would have been provided as part of the development in the case of on-site provision. The site will be assessed by an independent Valuer appointed by the Council to determine the difference in land value between providing the affordable housing on site through the contribution of free serviced land and the value of the site with no affordable housing contribution on site. There should be no financial benefit to the developer in terms of land cost for making a financial contribution to off site, compared with on site, provision. Any cost associated with the independent valuation advice must be met by the developer / land owner / applicant. The independent Valuer will therefore be asked to provide their professional opinion on the following:
- 1) The land value of the whole site without an on-site affordable housing contribution, and
 - 2) The land value of the site with an on-site affordable housing contribution, where the amount of free serviced land is based on the notional scheme for the site.
- 5.27 The commuted sum sought will be the difference between the two valuations.

- 5.28 Commuted sums may be reviewed in the same way as schemes for on site provision of affordable housing.

MODEL SECTION 106 CLAUSES

- 5.29 Planning permissions for housing development and rural exception sites will secure the provision of affordable housing in an appropriate manner through the inclusion of appropriate clauses in a Section 106 legal agreement accompanying the planning permission. A number of model clauses are included in Appendix 3. Not every clause will be relevant to every scheme. The model clauses are intended to cover most issues connected to an affordable housing planning obligation which might appropriately be dealt with in a Section 106 Agreement. The Council will identify the appropriate clauses to suit the particular circumstances of each development.

CHAPTER 6

RURAL EXCEPTION SITES

NEED FOR RURAL EXCEPTION SITES

- 6.1 Many rural areas face particular difficulties in securing an adequate supply of land for affordable housing for local needs. Where there is a lack of affordable housing to meet local needs, local planning authorities are encouraged to include a 'rural exception policy' in their plans, where sites that provide 100% affordable housing are provided within or adjoining a rural settlement, as an exception to normal planning policy. The delivery of rural exception sites for affordable housing can be a complex issue for Parish Councils, landowners and the community.
- 6.2 The evidence from the housing needs survey and local village needs surveys is that there is still considerable need for the provision of affordable housing in the rural areas of the district. This is notwithstanding the significant levels of affordable housing provision that will be delivered through the major developments. In response to this continuing need in rural areas, the Council has included a policy in the Local Development Framework that it will allow sites to be brought forward for affordable housing to meet local needs in rural areas as an exception. The circumstances when the Council will allow a site to be brought forward as a rural exception site are set out in Policy HG/5 Development Control Policies DPD.
- 6.3 For the purposes of the rural exception sites policy, local need is defined as identified needs in the individual village or the local area it serves, defined as the parish boundary. Therefore, before the Council will grant planning permission for affordable housing on a rural exception site, it must be satisfied that there is a genuine need for affordable housing in the locality. To establish that a genuine need exists the Council will require evidence from a Parish level Housing Needs Survey that is sufficiently recent to provide a reliable evidence base (in most cases this will be considered to be 5 years) or some other objective proof of local need, proportionate to the scale of the development being proposed, in line with paragraph 30 of PPS3 November 2006 (this could be evidence from the housing register)
- 6.4 Only after the Council is satisfied that a genuine local need exists will it consider the suitability of a site as a location for a rural exception site. In the unusual circumstances where a village is located on the edge of the parish and a site that physically adjoins the village framework is actually located in an adjoining parish, the site will be regarded as addressing need in the village that it adjoins, notwithstanding that it is not located within the same parish.

- 6.5 In circumstances where the proposed scheme does not meet the full extent of identified need, the mix of tenures to be provided should, as far as possible, reflect the proportions of identified requirements for affordable rented and intermediate home ownership properties. The proposed mix should be submitted to the Council for agreement with officers before a formal planning application is submitted.

PROVISION OF RURAL EXCEPTION SITES

- 6.6 The number of affordable homes provided on a rural exception site should not be greater than the level of local need identified. Any individual rural exception site must be a “small” site as required by Policy HG/5. It is not appropriate to define a particular number of dwellings that will be considered to be “small” for all rural exception sites. The appropriate scale of development will be influenced by the category of village at which it is proposed as defined in the Core Strategy, the size and character of the built up area of the individual village concerned, and the level of services and facilities available in the village in terms of achieving sustainable development. Therefore it could be expected that a rural exception site at a Rural Centre may be larger than one at an Infill village. However, even at a Rural Centre, a site should be of a small scale. As an indication, rural exception sites that have been approved in South Cambridgeshire since the requirement for “small” sites, having regard to local circumstances, typically range from about 6 to 20 dwellings.
- 6.7 Rural exception sites are, by definition, exceptions to normal planning policies and will often be located in the countryside adjoining villages, rather than within villages, as also provided for under Policy HG/5. In order to minimise visual impact and provide reasonable access to local services and facilities, rural exception sites should be situated within or physically adjoining (i.e. abutting) the development frameworks of settlements as defined on the LDF Proposals Maps and be reasonably accessible to village services and facilities. Sites that are remote from a settlement framework will not normally be permitted for rural exception sites.
- 6.8 Where rural exception sites are located in the countryside, the impact of the proposed development on village character and the rural landscape will be key considerations in determining any planning application. An application will only be approved if the location and design of a proposal minimises any adverse impact and can demonstrate that it can be assimilated into the local environment in an acceptable way, and is appropriate in respect of other planning considerations.
- 6.9 Proposals to extend rural exception sites will be considered on their merits, having regard to the overall scale of the site that would be created together with the original development and the cumulative visual impact as a result of a larger development in the countryside.

RURAL EXCEPTION SITES AND THE GREEN BELT

- 6.10 PPG2 Green Belts accepts that rural exception sites can be appropriate within the Green Belt and Policy HG/5 contains the local policy for judging the appropriateness of sites being considered. Policy HG/5 (2) requires the Council to be assured that no alternative sites are available before granting permission for rural exception sites in the Green Belt. This requirement means that applicants must demonstrate that no alternative appropriate sites can be found outside the Green Belt before permission is granted. This is in order to protect the Green Belt from development if a suitable site can be found that is outside the Green Belt. This therefore relates specifically to those villages that lie on the edge of the Green Belt, or those within the Green Belt where there are any pockets of white land between the village framework and the Green Belt.

OCCUPANCY AND MANAGEMENT OF RURAL EXCEPTION SITES

- 6.11 Affordable housing on rural exception sites will be governed by most of the requirements of affordable housing that is provided as part of general housing developments. There are, however, some aspects in which a different approach is necessary given the nature of rural exception sites.
- 6.12 The housing mix and tenure split of affordable housing on rural exception sites will be determined by the particular local need identified in the village or local area it serves as defined above.
- 6.13 As for all affordable housing, rental levels or shared ownership costs should be affordable to future tenants. To ensure affordability, the requirements will be as set out in Chapter 4 of this SPD, unless a local needs appraisal demonstrates that an alternative figure would be more appropriate and reasonable.
- 6.14 Policy HG/5 (1a) requires that affordable housing on rural exception sites is provided in perpetuity. To ensure this is the case, the delivery of affordable housing on a rural exception site should be facilitated through a Registered Social Landlord rental scheme or shared ownership scheme and secured through legal agreement, which will ensure that the affordable housing scheme remains available to those in local need and at an affordable rate initially and in perpetuity, and is managed appropriately. Other providers may be considered if it can be demonstrated satisfactorily that the affordable housing will be retained as such in perpetuity.
- 6.15 For rural exception sites schemes involving shared ownership there is generally no opportunity to staircase beyond a maximum 80% ownership, in recognition that the sites are specifically brought forward as 100% affordable housing and should remain as such in perpetuity.

- 6.16 The method for selecting households to occupy rural exception sites will generally be as for all affordable housing as set out in Chapter 4. However, for rural exception sites, the expression “local” in Policy HG/5(1) is defined as households:
- who are currently resident in the local community, defined as the parish within which the village is located, or
 - who have an employment connection to that local community, or
 - who have an family connection to that local community.
- 6.17 If there are no households in the local community in housing need at the stage of letting or selling the property, it will be made available to other households in need on a cascade basis looking next at adjoining parishes and then to need in the wider district in accordance with the normal lettings policy for affordable housing. To ensure that this is achieved the Council will seek to negotiate appropriate agreements with the Registered Social Landlord implementing an affordable housing scheme on a rural exception site.
- 6.18 Mortgagee in possession clauses will not be included for rural exception sites because they must remain as affordable housing in perpetuity and the potential for them to change to market housing cannot therefore be provided for.
- 6.19 The Council operates a Rural Exception Site Forum, which meets to discuss all planning applications submitted for rural exception sites. The Forum comprises the relevant local District Council Member(s) for the site under consideration, a local Parish Council representative, officers from the Housing Strategy and Development Team and the Development Control Team, as well as the Development Control Manager or Corporate Manager (Planning and Sustainable Communities). The Forum provides an opportunity for local representatives to discuss an application and put forward their views before the application is determined, given the exceptional nature of this type of development.
- 6.20 Anybody contemplating bringing forward a scheme for a rural exception site is advised to discuss their proposals with the Council’s Planning Officers and Housing Strategy and Development Team, prior to the submission of any planning application. Schemes should not be submitted on a purely speculative basis.

APPENDIX 1

AFFORDABLE HOUSING POLICIES FROM ADOPTED DEVELOPMENT PLAN DOCUMENTS

DEVELOPMENT CONTROL POLICIES DPD

POLICY HG/3 Affordable Housing

1. **Proposals for housing developments will only be permitted if they provide an agreed mix of affordable housing, as defined in PPS3¹, to meet local needs.**

- 6 **The amount of affordable housing sought will be 40% or more of the dwellings for which planning permission may be given on all sites of two or more dwellings. The occupation of such housing will be limited to people in housing need. It must be available over the long-term.**

- 7 **Within individual developments, the proportion and type of affordable housing will be the subject of negotiation with applicants. Account will be taken of any particular costs associated with the development (e.g. site remediation, infrastructure provision) and other viability considerations, whether there are other planning objectives which need to be given priority, and the need to ensure balanced and sustainable communities.**

- 8 **The appropriate mix in terms of housing tenures and house sizes of affordable housing within a development will be determined by local circumstances at the time of planning permission, including housing need, development costs, the availability of subsidy, and the achievement of mixed and balanced communities.**

- 9 **In order to ensure sustainable communities, affordable housing will be distributed through the development in small groups or clusters. In exceptional circumstances, on smaller sites, the Council may accept financial contributions towards an element of off-site provision.**

NOTE:

- 1 National policy on affordable housing and its definition is set out in PPS3, and Policy HG/3 should be interpreted in accordance with that statement. It includes social rented housing and intermediate affordable housing, but excludes low-cost market housing which should be delivered as part of the overall housing mix.

POLICY HG/4 Affordable Housing Subsidy

In exceptional circumstances, where there is a considerable time lag between the grant of planning permission and implementation, and where it can be demonstrated at the time of development that there are insurmountable subsidy issues or there are demonstrable changes to the viability of the development, the Council may negotiate a lower proportion of built affordable housing units to be provided on site.

POLICY HG/5 Exceptions Sites for Affordable Housing

- 1. As an exception to the normal operation of the policies of this plan, planning permission may be granted for schemes of 100% affordable housing designed to meet identified local housing needs on small sites within or adjoining villages. The following criteria will all have to be met:**
 - a. The development proposal includes secure arrangements for ensuring that all the dwellings within the scheme provide affordable housing in perpetuity for those in housing need;**
 - b. The number, size, design, mix and tenure of the dwellings are all confined to, and appropriate to, the strict extent of the identified local need;**
 - c. The site of the proposal is well related to the built-up area of the settlement and the scale of the scheme is appropriate to the size and character of the village;**
 - d. The site is well related to facilities and services within the village;**
 - e. The development does not damage the character of the village or the rural landscape.**
- 2. In the case of sites within the Cambridge Green Belt, before planning permission is granted for such development, the District Council will have to be assured that no alternative appropriate sites can be found for the scale and type of development proposed and that the scheme fulfils all the criteria set out in the Council's policies, including those relating to the impact of new development on local surroundings.**

NORTHSTOWE AREA ACTION PLAN

POLICY NS/7 Northstowe Housing

Affordable Housing:

- 10 The starting point for negotiations concerning the provision of affordable housing at Northstowe will be Policy HG/3 of the Development Control Policies DPD. However, this is a major and complex development which has a wide variety of requirements covering infrastructure and services, and a balance may need to be struck between competing requirements, in the light of economic viability. Contributions for off-site provision will not be appropriate.**

CAMBRIDGE EAST AREA ACTION PLAN

POLICY CE/7 Cambridge East Housing

Affordable Housing:

- 5. Proposals for housing developments will only be permitted if they provide an agreed mix of affordable housing as defined in PPS3, to meet local needs,**
- 6. The starting point for negotiations concerning the provision of affordable housing at Cambridge East will be 40% or more of the dwellings for which planning permission may be given on all sites. However, this is a major and complex development which has a wide variety of requirements covering infrastructure and services, and a balance may need to be struck between competing requirements, in the light of economic viability. The occupation of affordable housing will be limited to people in housing need. It must be available over the long term.**
- 7. Within individual developments, the proportion and type of affordable housing will be the subject of negotiation with applicants. Account will be taken of any particular costs associated with the development (e.g. airport and business relocations, site remediation, infrastructure provision) and other viability considerations, whether there are other planning objectives which need to be given priority, and the need to ensure balanced communities.**
- 8. The approximate mix in terms of housing tenures and house sizes of affordable housing within a development will be determined by local circumstances at the time of planning permission, including housing need, development costs, the**

availability of subsidy, and the achievement of mixed and balanced communities.

9. In order to ensure sustainable communities, affordable housing will be distributed through the development in small groups or clusters.
10. In exceptional circumstances, where there is a considerable time lag between the grant of planning permission and implementation, and where it can be demonstrated at the time of development that there are insurmountable subsidy issues or there are demonstrable changes to the viability of the development, the Councils may negotiate a lower proportion of built affordable housing to be provided on site. Contributions for off-site provision will not be appropriate.

NOTE:

1 National policy on affordable housing and its definition is set out in PPS3, and Policy CE/7 should be interpreted in accordance with that statement. It includes social rented housing and intermediate affordable housing, but excludes low-cost market housing which should be delivered as part of the overall housing mix.

CAMBRIDGE SOUTHERN FRINGE AREA ACTION PLAN

POLICY CSF/7 Trumpington West Housing

Affordable Housing:

11. The starting point for negotiations concerning the provision of affordable housing at Trumpington West will be Policy HG/3 of the Development Control Policies DPD. However, this is a major and complex development, which has a wide variety of requirements covering infrastructure and services, and a balance may need to be struck between competing requirements, in the light of economic viability.

NORTH WEST CAMBRIDGE AREA ACTION PLAN

Policy NW6: Affordable Housing

Housing developments will only be permitted if they provide 50% affordable housing to meet the needs of Cambridge University and College key workers¹ (as distinct from units of student accommodation), but account will be taken of any particular costs associated with the development (e.g. infrastructure provision) and other viability considerations, whether there are other planning objectives that need to be given priority, and the need to ensure

balanced and sustainable communities. The occupation of such housing will be limited to Cambridge University and College key workers in housing need. It must be available over the longterm. Contributions for off-site provision will not be appropriate.

Policy NW7: Balanced and Sustainable Communities

- 1. Affordable housing will be intermingled with the market housing in small groups or clusters, whilst the student housing can be provided in a number of groups distributed across each phase of development;**
- 2. A suitable mix of house types, sizes and tenure (including affordable housing) will be provided, attractive to and meeting the needs of, all ages and sectors of society including those with disabilities. This should include a proportion of new homes designed to Lifetime Home Mobility Standards. The mix in each particular development will be determined by evidence at the time of planning permission, including housing need, development costs and viability, and the achievement of mixed and balanced communities.**

APPENDIX 2**STRATEGIC HOUSING MARKET ASSESSMENT**

The latest version of the Strategic Housing Market Assessment (SMHA) can be viewed on the Cambridgeshire Horizons. The key findings of the SHMA in respect of housing need are as shown in the table below. At the time of consultation on the draft SPD, proposed draft figures to update the SHMA were published and these are also included in the table.

<i>TYPE OF NEED and SOURCE of SUPPLY</i>	<i>SHMA 2008 (CHP 27) AMOUNT OF NEED PER ANNUM-next 3/5 years (properties)</i>	<i>DRAFT SHMA 2009 (CHP 27) AMOUNT OF NEED PER ANNUM-next 3/5 years (properties)</i>
To reduce the backlog	889	1049
Newly Arising Need-	911	1197
A) TOTAL NEED pa	1800	2247
<i>SUPPLY</i>		
Relets from existing stock	290	263
Resales from existing stock	7	18
B) TOTAL SUPPLY FROM EXISTING STOCK	297	281
C) NEED FOR NEW AFFORDABLE HOMES (A minus B)	1503	1966
<i>Current average new build programme</i>	315	341
<i>Anticipated annual shortfall</i>	1188	1625
<i>New Build Supply needed to stop the backlog increasing- newly arising need minus maximum supply from existing stock</i>	614	916

APPENDIX 3

PPS3: DEFINITION OF AFFORDABLE HOUSING

The following is an extract taken from Annex B of PPS3:

Affordable housing is:

'Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:

- Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices.
- Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision'.

Social rented housing is:

'Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. The proposals set out in the Three Year Review of Rent Restructuring (July 2004) were implemented as policy in April 2006. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Housing Corporation as a condition of grant.'

Intermediate affordable housing is:

'Housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria set out above. These can include shared equity products (eg HomeBuy), other low cost homes for sale and intermediate rent.'

These definitions replace guidance given in *Planning Policy Guidance Note 3: Housing (PPG3)* and *DETR Circular 6/98 Planning and Affordable Housing*.

The definition does not exclude homes provided by private sector bodies or provided without grant funding. Where such homes meet the definition above, they may be considered, for planning purposes, as affordable housing. Whereas, those homes that do not meet the definition, for example, 'low cost market' housing, may not be considered, for planning purposes, as affordable housing.

There is further guidance on eligibility for affordable housing, recycling of subsidy, specific features of social rented and intermediate affordable housing and the application of the affordable housing definition, in particular with regard to the extent

to which non-grant funded and private sector low cost housing products meet the definition in the Affordable Housing Policy Statement.

APPENDIX 4

MODEL SECTION 106 CLAUSES

DEFINITIONS RELATING TO AFFORDABLE HOUSING

The words and expressions below shall mean as follows:

“**1985 Act**“ means the Housing Associations Act 1985.

“**1996 Act**” means the Housing Act 1996.

“**Access**” shall mean the provision of roads [footpaths and cycleways] to an adoptable standard together with all rights and easements and obligations as to maintenance over the said roads [footpaths and cycleways] to provide access and egress to the Affordable Dwellings.

“**Actual Market Value**” means the market value of an Affordable Dwelling assessed in accordance with the provisions of the Homes and Communities Agency’s Shared Ownership Lease Schedule 5 that deals with a Staircasing Event.

“**Affordable Dwelling**” shall mean a Dwelling forming part of the Affordable Housing together with Access and such entrance way corridors parking areas and other ancillary areas as are necessary for the enjoyment of such a dwelling [as set out in Schedule X].

“**Affordable Housing**” includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market.

“**Affordable Housing Contract**” means: a binding contract with a Registered Provider (RP) for:

[Delete for the correct option as applicable]

[the sale or an agreement for lease of the relevant part of the Affordable Housing Land; or a contract for sale or agreement for lease for the sale or long lease (here meaning a lease of no less than 125 years) of completed Affordable Dwellings; or a binding contract for sale or agreement for lease combining the sale or long lease of the relevant part of the Affordable Housing Land with a contract for the construction of the Affordable Dwellings on that land] which contract for sale or agreement for lease in each such case includes:-

- (a) terms requiring the Registered Provider to offer Nomination Rights to the Council in relation to the Social Rented Units and the HomeBuy Agents in respect of the Shared Ownership Units;

- (b) full and free rights of Access subject to any appropriate conveyancing requirements in respect of pro rata payments relating to the repair and maintenance of such Access pending adoption;
- (c) full and free rights for the passage of Services through Service Media which shall be in the adjoining land up to and abutting the boundary to the relevant part of the Affordable Housing Land subject to any appropriate conveyancing requirements in respect of pro rata payments relating to the repair and maintenance of such Service Media pending adoption; and
- (d) such other commercial terms and conditions as may be reasonably required by the relevant owner and/or the developer and/or approved RP.

"Affordable Housing Land" shall mean those parts of the Land edged red on the plan number X annexed to this agreement which shall be identified as Affordable Housing and ancillary space to include car parking.

"Cluster" shall mean a group of Affordable Dwellings.

"Design and Quality Standards" means standards as required by the HCA or its successor body.

"Dwelling" shall mean any unit of self-contained residential accommodation constructed pursuant to the Planning Permission.

"HomeBuy Agent" means a body appointed or approved by the Homes and Communities Agency to act as agents for the allocation of affordable dwellings disposed of by way of intermediate tenure (including Shared Ownership Units).

"Homes and Communities Agency" is a non-departmental body that is the national housing and regeneration agency and is responsible for the funding of affordable homes in England and shall include any successor body in substitution for the Homes and Communities Agency.

"Infrastructure" means all sewerage plant machinery apparatus and equipment and sewerage works drains rising mains and associated manholes mains inspection chambers headwalls public utilities bridges (including any railway and/or river crossings) tunnels and underpasses culverts lagoons balancing ponds flood storage areas pumping stations or pumping apparatus flood plains sound barriers noise attenuation works screens or bunds strategic planting and landscaping open space and other main amenities and accommodation works and all other works Services and Service Media apparatus and equipment that may be required pursuant to this Agreement or pursuant to any other planning or infrastructure agreement or otherwise needed in order to commence construct complete sell use and occupy the Development and/or to market and sell all or any of the Dwellings comprised in the

Development or any variation amendment or substitution thereof or any Reserved Matters Approvals pursuant thereto.

“Intermediate Housing” shall mean an Affordable Dwelling that is within the definition of intermediate housing contained in Planning Policy Statement 3 Housing (November 2006) or any successor.

“Long Lease” shall mean a lease for a term of at least 125 years.

“Market Dwelling” means any Dwelling other than an Affordable Dwelling.

“Market Value” means (in relation to the initial calculation of the Subsidy only) the market value as assessed by a Valuer of a Dwelling as confirmed to the Council by the relevant Approved RP (such value being calculated in accordance with the current RICS Appraisal and Valuation Standards) and being the estimated amount for which in the absence of this Agreement residential units of equivalent location specification size state of repair and condition and which are not restricted to use as affordable housing should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably prudently and without compulsion and on the following assumptions:-

- (a) no discount is to be allowed for bulk sales or on the basis that more than one property is being sold to the same purchaser;
- (b) it is sold with vacant possession and with good and marketable title;
- (c) the title is free from encumbrances;
- (d) the valuation is for the unrestricted freehold *or as appropriate leasehold (of an initial minimum 125 year term)* with vacant possession which, for the avoidance of doubt, ignores any use as Affordable Housing;
- (e) that the property is newly built, decorated, fully equipped for sale and serviced and fit for immediate occupation;
- (f) that the valuation is for sale of an individual unit and not part of a larger sale;
- (g) all necessary Access landscaping and open space have been laid out and completed and all other Dwellings within the Development have been built, sold and occupied;
- (h) assuming the Application Land is free from contamination.

“New Build HomeBuy” means the Government initiative known as “New Build HomeBuy” as set out in the Department of Communities and Local Government document entitled “Delivering Affordable Housing” dated November 2006.

“Nominations Agreement” means an agreement negotiated between the Council and an RSL which guarantees the Council’s ability to access RSL-owned new build accommodation and relets for applicants on the Council’s Housing Register, either via a Choice Based Lettings system or some alternative route.

“Nomination Rights” means rights to the Councils to nominate to Qualifying Persons Affordable Housing Units comprising an initial allocation of each Affordable Housing Unit of 100% and with subsequent allocations being proportioned as to:-

- (a) the Councils 75%; and
- (b) the RSL 25%;

provided always that subject to the Councils not being in breach or default of any of their statutory obligations the Councils may from time to time in their absolute discretion and either on a temporary or permanent basis in relation to the Affordable Housing Site accept a lesser nomination percentage in relation to:-

- (a) the initial allocation of each Affordable Housing Unit which has not previously been allocated or the subject of a nomination; or
- (b) the allocation of Affordable Housing Units which have not been the subject of an initial allocation.

“Occupation” means first residential occupation of a Dwelling save for the purpose of construction fitting out or marketing and the expressions “Occupy” and “Occupied” shall be construed accordingly.

“Phase” means each of the relevant phases of the Development as required by condition [.....] of the Planning Permissions or identified in any phasing plan for the development.

“Practical Completion” means substantial completion of a Dwelling to a stage where it is fit for occupation.

“Public Subsidy” means funding of whatever kind made available by the Homes and Communities Agency whether by way of grant, equity stake or other mode of investment or any other grant invested by a public or statutory body.

“Registered Provider” (RP) shall mean an organisation nominated by the Owners and approved by either the Homes and Communities Agency or the Council and which is either:

- (i) a Registered Social Landlord within the meaning given in Part 1 of the Housing Act 1996; or
- (ii) another organisation whose object is or includes the provision and or management of Affordable Housing.

“Rental Agreement” means an assured tenancy in respect of a Social Rented Affordable Housing Unit under which the rental payments are in accordance with the Target Rents].

“Services” shall mean the supply of water electricity gas telephone and the disposal of foul and surface water.

“Service Media” shall mean all pipes sewers mains ducts conduits gutters watercourses wires cables channels flues and ducting lasers optical fibres electronic data or impulse transmission communication or reception systems broadband and all other conducting media and any other apparatus.

“Shared Equity Units” shall mean those Affordable Dwellings where the occupier purchases a proportion of the equity but pays no rent on the other retained proportion and is not permitted to staircase.

“Shared Ownership Lease” means a lease or sub lease under which an Affordable Dwelling may be disposed of by way of shared ownership or shared equity sale and/or lease (including New Build HomeBuy) granted at a premium to be paid by the tenant or sub tenant upon completion or raised by way of mortgage or charge and under which the provisions of the lease or sub lease enable the tenant or sub tenant to acquire the balance or an increased share of the legal or equitable interest in the relevant Dwelling including The Homes and Communities Agency standard Shared Ownership Lease.

“Shared Ownership Units” shall mean those Affordable Dwellings where the occupier purchases a proportion of the equity and pays rent on the other retained proportion and is not permitted to staircase.

“Social Rented Affordable Housing Unit” shall mean an Affordable Dwelling [identified as such in accordance with Schedule X] and which is to be let on an assured tenancy at Target Rents.

“Staircasing Event” means any occasion on which a lessee of a Shared Ownership Unit acquires additional equity in that unit pursuant to a Shared Ownership Lease or a tenant of a Social Rented Affordable Housing Unit acquires a share or the whole equity in their property under any current or future legislation that applies to Affordable Housing granting tenants the right to acquire the property.

“Subsidy” means the amount expressed in pounds of the difference between:

- (a) the price (including land) attributable to the disposal of Affordable Dwelling to an RP (being for the avoidance of doubt the price to be received from the RP pursuant to an Affordable Housing Contract by an Owner as at the date of exchange of contracts of the Affordable Housing Contract and notified to the Council in writing and the relevant RP; and

- (b) the Market Value attributable to that Affordable Dwelling (including land) as at the date of exchange of contracts for the sale and purchase of that Affordable Dwelling to an RP as agreed between the relevant owner and the RP pursuant to an Affordable Housing Contract assuming it to have been completed and ready for residential occupation as at that date and notified to the Council in writing (such Market Valuation to have been certified by a Valuer).

“Target Rents” means either:

- (i) the Homes and Communities Agency/Tenant Services Authority target rents system PROVIDED THAT if The Homes and Communities Agency/Tenant Services Authority target rent system shall cease to operate or shall not have been revised in the year of the date of grant of the relevant assured tenancy then the last published target rent index linked to the increase (if any) in RPI plus 0.5% shall apply instead; or
- (ii) such other measure of rental affordability as may be submitted by the Owners or Developers and approved by the Council that retains the affordable housing at affordable prices.

“Valuer” shall mean a Member or Fellow of the Royal Institution of Chartered Surveyors being a chartered valuation surveyor and appointed by the RP and acting in an independent capacity.

MODEL SECTION 106 CLAUSES

Unless otherwise agreed in writing by the Council the Owner on behalf of itself and its successors in title to the Land with the intention that the following provisions shall bind the Land and every part of it into whomsoever’s hands it may come (with the exception of individual purchasers of plots identified for Market Dwellings) covenants with the Council that;

Quantum

1. X% (..... percent) of the total number of Dwellings constructed pursuant to the Planning Permission (rounded up or down to the nearest whole Dwelling) shall be provided as Affordable Housing.

Distribution

2. [The location of the Affordable Dwellings shall be in accordance with the Plan [X] agreed with the Council and annexed to this Agreement.]
3. [A plan to be agreed with the Council for each relevant phase prior to commencement of construction of a dwelling on any particular phase by the carrying out of a material operation.]

Clustering

- Each Cluster shall be physically separate from and discontinuous with any other Cluster and there shall be no more than [] houses and [] flats within any Cluster.

Tenure

- [%] of the Affordable Dwellings shall be provided as Social Rented Affordable Housing Units (rounded up or down to the nearest whole Dwelling); and
- [%] of the Affordable Dwellings shall be provided as New Build Homebuy Units (rounded up or down to the nearest whole Dwelling);
- [%] of the Affordable Dwellings shall be provided as Shared Equity Units/Shared Ownership Units (rounded up or down to the nearest whole Dwelling);
- [%] of the Affordable Dwellings shall be provided as Intermediate Rented Units (rounded up or down to the nearest whole Dwelling);

Type by Tenure

- The mix of Affordable Dwellings rounded up or down to the relevant whole number shall be as follows: -

Social Rented Affordable Housing Units consisting of:

.....

Shared Ownership Units consisting of:

.....

Shared Equity Units consisting of:

.....

Intermediate Rented Units consisting of:

.....

or such other tenure as agreed in writing with the Council

Note: This breakdown may need to appear by phase for a large multi-phased project noting the need to aim for equilibrium in mix by phase and when this proves impractical on a particular phase that the mix should be returned to that expected position within the next phase.

Shared Ownership Units

10. Subject to Clause [] of this Agreement and paragraph [] of this Schedule the Shared Ownership Units shall not be disposed of on their initial sale other than by way of Shared Ownership Lease unless otherwise agreed in writing by the Council.

Social Rented Affordable Housing Dwellings

11. Subject to clause of this Agreement and paragraph [] of this Schedule the Social Rented Affordable Housing Units shall not be disposed of other than by way of a Rental Agreement unless otherwise agreed in writing by the Council.

Standards of Development

12. The Social Rented Affordable Housing Units and Intermediate Housing must be constructed to meet or exceed the Design and Quality Standards.

Satisfaction of Affordable Housing Requirement

13. [The amount of the Subsidy and the date of any Affordable Housing Contract for disposal to an RP in respect of each Affordable Dwelling shall be provided to the Council by the RP together with a plan identifying the Affordable Dwelling to which that Subsidy relates.]

Monitoring

14. The Owner shall procure that the number and type of Affordable Housing will be monitored in order to ensure compliance with this Schedule and shall by the 1st February and 1st August in each calendar year make a written return to the Council for the preceding six months detailing:
- the cumulative total and location of Dwellings Occupied for the whole site;
 - the number of Affordable Housing Dwellings completed with a breakdown specifying the number Affordable Housing Dwellings built and occupied with details of their tenure and unit type and size;
 - the number location and tenure of the Affordable Housing Dwellings with details of the rent and service charges and Market Value and equity sold to the occupier if under a Shared Ownership Lease;
 - the amount of receipts following a Staircasing Event.

Mortgagee in Possession

15. A mortgagee or chargee appointed by a mortgagee acting pursuant to the terms of a legal charge or mortgage shall be entitled to dispose of an Affordable Housing Unit free from the provisions of this Agreement, subject to the following:
- (a) The mortgagee or chargee will notify the Council in writing of its intention to exercise its power of sale;
 - (b) The mortgagee or chargee shall use its reasonable endeavours to dispose of the Affordable Housing Unit to an approved RSL or RP nominated in writing by the Council within 28 days of the Council receiving notification under (a) above;
 - (c) In the event of a nomination not being made under (b) above or a sale to a nominated Approved RSL or RP not being completed within 3 months of a nomination being made the mortgagee or chargee may dispose of the Affordable Housing Unit on the open market free from the restrictions in this Agreement;
 - (d) The Council shall in formulating or promoting any arrangements in respect of the Affordable Housing Unit give consideration to protecting the interests of the chargee in respect of monies outstanding under the charge or mortgage.
16. The mortgagee shall, on completion of the sale of any Affordable housing Unit pursuant to paragraph [] above, apply the proceeds of the sale in the following order of priority:
- (a) To the mortgagee in respect of payment of all monies due under its legal charge or mortgage;
 - (b) To the mortgagee in respect of the reasonable costs incurred in connection with the sale and discharge of the legal charge or mortgage;
 - (c) To the Council the balance of the proceeds of sale up to the equivalent of the Subsidy;
 - (d) To the Approved RSL or RP against whom the mortgagee exercised its rights under its legal charge or mortgage the balance of the proceeds.

Releases

17. It is agreed and declared that:

The provisions of paragraph [] above shall cease to bind any of the Affordable Housing Dwellings if in relation to that Affordable Housing Dwelling it shall have been sold under a shared ownership lease and the leaseholder (or its mortgagee) has staircased his ownership under the lease to 100 per cent.

Delivery Mechanism

18. All Affordable Dwellings shall transfer to an Approved RP and [other than where justified following an assessment of economic viability in accordance with the Council's policy] shall be provided without recourse to Public Subsidy provided always that the Approved RP may use its own resources borrowings rental income receipts from sales/persons exercising any right to acquire under the 1996 Act or to staircase (other than receipts from the right to acquire under the 1996 Act or a Staircasing Event in respect of the other Affordable Dwellings as described in Schedule x) or other sources of finance to fund the acquisition of Affordable Dwellings and may use any available public subsidy to fund the acquisition of Additional Affordable Housing in combination with the Staircasing Receipts reserved and set aside pursuant to this Agreement.
19. The Owner will not permit the occupation of any Market Dwellings until it has entered into the Affordable Housing Contract with an RP in relation to the Affordable Dwellings and before the Practical Completion of any of the Affordable Housing Units in accordance with the Affordable Housing Contract [or legal completion of transfer of Affordable Housing Land to the Council].
20. No more than [50%] of the Market Dwellings shall be Occupied until [75%] of the Affordable Dwellings shall have achieved Practical Completion and shall have been transferred to an RP.
21. No more than [75%] of the Affordable Dwellings shall be Occupied until [50%] of the Market Dwellings shall have achieved completion.
22. The Owner will give written notice to the Council when the legal transfer of 50% of the total number of Market Dwellings and 75% of the Affordable Dwellings shall have been achieved.

Review and Resulting Variation in Affordable Housing Provision

23. In the event that the Affordable Housing contribution is less than the policy expectations set out in the Council's Local Development Framework applying at the time of agreement and where the scheme (Affordable

Housing and Market Housing) will complete more than 3 years from the date of agreement, the Council will require a review of the economic viability of the scheme.

24. The review will be conducted 18 months after the date of agreement in accordance with the template for testing economic viability included at annex As a result of changes in the financial characteristics of the scheme resulting in an improvement to the developer's forecast profit for the remainder of the development not completed at the time of review by more than%, the affordable housing contribution will be increased. The level of increase in contribution will be such as to return the economic viability forecast to a position where the forecast profit will equate to the forecast percentage level when this agreement was completed plus the tolerance of%.
25. For schemes continuing for more than 4 years from the date of agreement, further reviews will be conducted in accordance with these provisions on a cycle of one review each 18 months provided a scheme is at least 1 year from forecast completion at the point of the final review being conducted.
26. When considering how the affordable housing contribution should be increased following a review, the Council will seek an increase in dwelling types and tenures which are supported by recent evidence on housing needs and their relative priority.
27. A variation to the quantum or mix of Affordable Housing will be confirmed by issue of a Deed of Variation to this Agreement.

Availability of Grant and Variation in Affordable Housing Provision

28. Where the Affordable Housing contribution set out in clauses 1.1 to 1.8 of this agreement is dependent on Public Subsidy and where at the date of this agreement there is no commitment from The Homes and Communities Agency (or other provider of Public Subsidy) to provide the Public Subsidy to the RP then the level of Affordable Housing contribution can decrease in accordance with the following provisions:
 - (a) if Public Subsidy is not forthcoming at all, then the Affordable Housing contribution will be adjusted to the baseline position as set out in table 1 in annex for any period of the scheme's development when no Public Subsidy is available;
 - (b) if Public Subsidy is forthcoming at a level less than that agreed between the Owner and the Council, as set out in table 2 in annex, then the Affordable Housing contribution will be adjusted pro-rata between the levels indicated in tables 1 and 2 in annex for any period of the scheme's development where Public Subsidy is lower than the agreed level.

APPENDIX 5

CONTACT DETAILS

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GLOSSARY

Affordable Housing:

Affordable Housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market.

Cambridge Sub Region:

For housing policy purposes includes the districts of South Cambridgeshire DC, Cambridge City Council, East Cambridgeshire DC, Huntingdonshire DC, Fenland DC, St Edmundsbury DC and Forest Heath DC.

Choice Based Lettings:

A system for the allocation of social rented housing. Designed to offer more choice and involvement for customers in selecting a new home, including a system for advertising available properties so that applicants who meet the selection criteria eg local connections, household type who match the property characteristics, in housing need, etc can bid for properties. Allocations are made in accordance with published lettings policies drawn up to meet statutory requirements.

Clusters:

Small groups of affordable homes, defined locally as being typically 6 to 8 in the rural area and 6 to 25 in urban areas, which are distributed through a residential development to help secure mixed and balanced communities.

Code for Sustainable Homes:

In April 2007, the Code for Sustainable Homes replaced Ecohomes for the assessment of new housing in England. The Code is an environmental assessment method and sets a new national standard for sustainable design and construction of new homes, and is proposed to gradually be incorporated into Building Regulations.

Development Appraisal / Financial Appraisal:

An appraisal of the viability of a housing scheme and the sensitivity of providing the required amount of affordable housing, and identifying the maximum reasonable amount of affordable housing to be provided. The appraisal will be required to be an open book assessment and will include standard assumptions about land values and profit margins. An independent appraisal will be required. THE GRIMLEY MODEL is available at:

<http://www.homesandcommunities.co.uk/economic-appraisal-tool>

Eligible Households:

Households eligible to apply for affordable housing are defined by government and are essentially any households who are not excluded by virtue of particular issues around nationality and status, whether they are existing tenants and previous unacceptable behaviour. Criteria for eligible households are set out in Chapter 4 of the ODPM publication "Allocation of Accommodation - Code of Guidance for Local Housing Authorities" (November 2002), which is issued under s169 of the Housing Act 1996. Housing authorities are required to have regard to this guidance in exercising their functions under Part 6 of the 1996 Act.

Rural Exception Site:

Plot of land adjoining the village framework of a rural settlement and allocated for the development of affordable housing for local people which could not otherwise be granted planning permission for open market housing.

Homebuy:

A government scheme which enables social tenants and eligible key workers and first time buyers to buy a share of a home and get a first step on the housing ladder. It includes a range of intermediate housing products.

Homebuy Agent:

'HomeBuy agents' administer the HomeBuy schemes. HomeBuy agents are appointed by the Homes and Communities Agency, the public agency responsible for housing in England, and provide a "one-stop-shop" and point of contact for for the HomeBuy products in a given area in England. They also handle the entire application process.

Homes and Communities Agency (HCA):

The Homes and Communities Agency is a non-departmental body that is the national housing and regeneration agency and is responsible for the funding of affordable homes in England. This is the successor body to the Housing Corporation for these purposes.

Housing for Intermediate Rent:

Defined as housing with rents set at a higher level than social rented, but lower than market rent levels. Must be affordable for households in the priority need group. A Registered Social Landlord normally provides intermediate rent housing, but other affordable housing providers who can demonstrate a local management process and conformity with national codes of good practice can do this provided that it is agreed by the Council.

Housing Needs Survey:

A local housing needs assessment playing a role in underpinning land use planning policies relating to affordable housing. Apart from local needs assessment for Rural Exception Sites, these are now superseded by Strategic Housing Market Assessments conforming to government guidance, which may or may not include survey results as part of their assessments.

Intermediate Housing:

A range of products available to people who have income above those requiring social renting housing, but below those that can access full ownership. Products include shared ownership and sub-market rent etc.

Local Area Agreement (LAA):

LAAs are three-year agreements, developed by local councils with their partners in Local Strategic Partnerships (LSP, see below). Each LAA is negotiated with the Government Office for the region, before being agreed and signed off by the Secretary of State. In Cambridgeshire the LAA is at a County level. As part of the

development of LAAs, a growing proportion of government funding streams is now combined in a single Area Based Grant (ABG). This funding is used alongside mainstream budgets to support the achievement of specific 'improvement targets' identified in LAAs, including affordable housing targets.

Local Lettings Plans:

Overall lettings policies have to provide "reasonable preference" to categories of households on the housing register who fall into certain categories of need defined in the Housing Act 1996 and associated Code of Guidance. As long as this requirement is met, local authorities may set aside homes on a particular estate, or certain types of property across the stock, for applicants who meet specified criteria. This might include local connections or household characteristics.

Local Strategic Partnerships (LSPs):

LSPs are partnerships across public, private, business, community and voluntary sectors at local level. The LSPs bring together local plans and partnerships and initiatives to provide a forum through which public service providers can work effectively to meet local needs and priorities.

Mortgagee in Possession Clause:

"Mortgagee in Possession" means a person or body which has entered into a mortgage in respect of an affordable dwelling constructed on the land and has taken action following a default by the borrower in respect of the repayment due under that mortgage. The clause allows the release of affordable housing occupancy restrictions in favour of the mortgagee.

Nomination Agreement:

An agreement negotiated between the Council and an RSL which guarantees the Council's ability to access RSL-owned new build accommodation and relets for applicants on the Council's Housing Register, either via a Choice Based Lettings system or some alternative route.

Pepper Potting:

A guideline that requires housebuilders to mix affordable housing in with private housing in very small numbers (typically ones and twos), rather than cluster the affordable homes together.

Residual Land Value:

The residual valuation is the value of the site once the cost of the development and the developers return for risk and profit have been subtracted from the value of the development. In other words, the residual land value is the amount the developer should bid/pay for the land.

Section 106 Agreement:

A legal agreement under Section 106 of the Town and Country Planning Act 1990, often a requirement before granting planning permission. Used as a means of securing the provision of affordable housing and other contributions from developments, including housing schemes.

Social Housing Grant:

Social Housing Grant (SHG) is a grant given to Registered Social Landlords (housing associations) or other approved bodies by the Homes and Communities Agency. The grants aim to provide new affordable housing for rent or low cost home ownership and meets part of the costs of developing the homes.

Strategic Housing Market Assessment (SHMA):

A framework that local authorities and regional bodies can follow to develop a good understanding of how housing markets operate. It promotes an approach to assessing housing need and demand which can provide an evidence base for the development of local development document and regional spatial strategy policies dealing with planning for housing development, as set out in Planning Policy Statement 3: Housing (PPS3).

Supporting People:

Government funded revenue stream to contribute towards meeting the support needs of vulnerable people in supported housing. The Supporting People team at county level fund support and also devise a Strategy to prioritise new schemes for a wide range of special needs groups. Now delivered through the local area agreement process.



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