



AFFORDABLE HOUSING IN EAST DEVON

**Interim Supplementary Planning Guidance
to the Emerging East Devon Local Plan**

East Devon District Council

July 2004

Executive Summary of Affordable Housing SPG

Overview

Very high house prices/housing costs, low incomes and limited availability of cheap/subsidised housing have resulted in there being a major shortfall of affordable housing in East Devon. To help overcome this shortfall and to promote development of mixed and sustainable communities, new residential developments will need to incorporate an element of affordable housing.

Policy Context

Government guidance in the form of PPG3 and Circular 6/98 makes it clear that new housing developments should include affordable housing. The emerging East Devon Local Plan has been produced in accordance with this Guidance. Policy sets out that through negotiation developers of residential schemes will need to contribute to addressing the affordable housing shortfall. Local Plan policy advises that affordable housing will be sought on all residential development schemes in the District that:

1. In the towns of Axminster, Budleigh Salterton, Exmouth, Honiton, Ottery St Mary, Seaton and Sidmouth are for 15 dwellings or more and/or are on sites of 0.5 hectares or greater.
2. In all other areas are for 5 or more dwellings.

Local Plan policy advises that in qualifying cases the Council will seek to ensure that 40% (as a minimum) of dwellings in the development proposal are affordable. This target is informed by a Housing survey undertaken in 2001 and to be updated in 2004. The Local Plan is currently at an emerging stage and this guidance will have an interim status until the Local Plan is adopted. The guidance may need to be updated/amended following Local Plan adoption or receipt of the Inspector's report.

Planning Application

Applicants will be expected to provide evidence with the application, and an independent financial appraisal may be required, that the resulting dwellings will be genuinely affordable.

Mix of Affordable Housing Sought

'Affordable housing' is accommodation that is available (i.e. is priced at a level whether for rent or sale or hybrid of these), to households that cannot afford open market prices. Delivery of affordable housing therefore requires either intervention in the market place to suppress price levels and/or provision of subsidy. An element of subsidy has traditionally been provided via Social Housing Grant but the onus for subsidy provision will increasingly need to rest on housing developers.

Affordable housing comes in differing forms with some types (typically rented) being most suited for those on the lowest incomes. In contrast relatively more affluent households can also be in need and alternative forms of affordable housing will be more suitable. Subject to development being financially viable, including taking into account the availability of Social Housing Grant, the following mix of affordable housing will be sought on qualifying sites:

- 75%** - of the total affordable dwellings to be social rented – typically under the auspices of a registered social landlord or the Council.
- 25%** - of the total affordable dwellings to be other tenures including - shared ownership housing, fixed equity or discount market rental or low cost market housing.

Size Of Affordable Dwellings

In order to match the housing need shortfall in the District and as a general guide to provision, the overall percentage of affordable accommodation should be in the region of:

- ❑ 1 Bedroom dwellings units – 33¹/₃% of affordable total.
- ❑ 2 Bedroom dwellings units – 33¹/₃ % of affordable total.
- ❑ 3 or more bedroom dwellings units – 33¹/₃% of affordable total.

Commercial Viability and Other Constraints

In exceptional cases, where provision of the full level of affordable housing would mean that site development would not be commercially viable, the Council will enter into negotiations for a lower provision. This will, however, only typically be applicable where contributions sought would result in a site having a value falling below alternative acceptable use value and based on open book accounting.

Location of Affordable Housing

Affordable housing should be provided on the site of the development scheme. It should typically be dispersed throughout a development and indistinguishable from market houses. Only where both the Council and applicant agree that off-site provision is more appropriate will an off-site provision in the form of built accommodation, or exceptionally financial or other contribution, be considered. Appendix 3 to this Guidance sets out the Councils model for calculating off-site contributions.

Occupancy of Affordable Housing and its Retention in Perpetuity

The Council will seek to ensure that so far as is legally possible:

- ❑ Affordable housing will be occupied by households with a recognised need.
- ❑ That affordable housing will be retained in perpetuity as affordable.

Rural Exceptions

The Local Plan includes a specific policy that allows for affordable housing on the edge of villages outside Built-up Area Boundaries. These so called ‘exception’ sites will typically need to be well related to existing buildings, close to community facilities and avoid use of land of conservation importance. It is stressed that 100% of ‘exception’ dwellings built must be affordable. Open market housing cannot be included as part of a scheme. Exception sites should be proposed with the full support of the relevant Parish Council and justified with robust evidence of local housing need.

Legal Agreements

To ensure that affordable dwellings are built and genuinely available as affordable to occupants East Devon District Council will, in all instances, seek to enter into legal agreements as part of any planning permission granted.

Further Consultation

This summary provides guidance only on affordable housing. The full SPG and the East Devon Local Plan should be read to gain a full picture along with guidance and policy issued at the county, regional and national level. It is strongly advised that land owners, developers or other interested parties liase with both the Council’s Housing and Planning services and with one or more registered social landlords when drawing up development proposals.

AFFORDABLE HOUSING IN EAST DEVON

INTERIM SUPPLEMENTARY PLANNING GUIDANCE TO THE EMERGING EAST DEVON LOCAL PLAN

1 INTRODUCTION

- 1.1 This Supplementary Planning Guidance (SPG) advises on the application of East Devon's Local Plan policy. It refers to, though does not address in any depth, the full range and role of initiatives that the Council and partner bodies are involved in, regarding affordable housing provision. The East Devon Housing Strategy Statement 2004 – 2007 (in draft form as at Summer 2004) sets out more information on Council and partner body initiatives for housing provision and meeting housing needs.
- 1.2 The key role of the SPG will be to help secure affordable housing on residential development sites in the District where new dwellings are proposed.
- 1.3 The SPG will be applicable to all development sites that meet or exceed defined Local Plan policy thresholds and that are proposed or subject to planning applications for residential development. This includes new developments, conversions and changes of use as well as mixed-use schemes incorporating a residential element.
- 1.4 Government policy, which is applied to local circumstances in East Devon through the Local Plan, makes it clear that new residential schemes should provide for all sectors of society. Houses sold on the open market (with very minimal exceptions) will not be affordable to those in housing need; hence the need to incorporate affordable housing.
- 1.5 The SPG will be used by the District Council to help determine how much and what sort of affordable housing should be provided as part of new housing developments, or exceptionally, the amount of financial contribution to be sought in lieu of on-site provision. The SPG will be a material planning consideration in the determination of planning applications. It will also help prospective developers to establish their responsibilities in relation to the amount of affordable housing to be incorporated into proposals. The SPG will form the basis of negotiations for planning applications and will determine the scope of planning obligations.
- 1.6 Failure of a planning application to provide for affordable housing and hence comply with Local Plan policy and this SPG will constitute grounds for refusal of planning permission. Developers and landowners are advised that meeting responsibilities for affordable housing provision may be expensive. Therefore developers/ landowners should take full account of potential cost implications of providing affordable housing when negotiating land acquisitions and making other land and planning decisions.
- 1.7 The Local Plan is currently at an emerging stage and this guidance will have an interim status until the Local Plan is adopted. The guidance may need to be updated/amended following Local Plan adoption or receipt of the Inspector's report.

2 POLICY CONTEXT

Government Guidance

- 2.1 This SPG has been prepared taking into consideration Government Guidance as set out in paragraphs 3.15 to 3.18 of PPG12: Development Plans (Dec 1999), PPG3 and Circular 6/98.
- 2.2 PPG 3: Housing (March 2000) makes it clear that a community's need for a mix of housing types, including affordable housing, is a material consideration to be taken into account in formulating development plan policies and in determining planning applications. More detailed guidance on planning and affordable housing is set out in Circular 6/98: Planning and Affordable Housing.
- 2.3 Circular 1/97: Planning Obligations sets out the Government's Policy for the use of planning obligations. The use of planning obligations will typically be the most effective route to ensure provision of affordable housing.

Regional Planning Guidance

- 2.4 Regional Planning Guidance for the South West (RPG 10) (September 2001) covers the issue of affordability within Policy HO 3: Affordable Housing. This policy requires Local Authorities in development plans and policies to aim to ensure that sufficient affordable housing is provided in order to meet community needs in both urban and rural areas. This includes;
- The identification of targets in development plans, indicating the levels of affordable housing required in each area; and,
 - Setting out the circumstances which would justify the application of lower thresholds for the inclusion of affordable housing in new developments.

Devon Structure Plan

- 2.5 The Devon Structure Plan First Review (1995-2011) was adopted by the Joint Structure Plan Authorities in Devon in February 1999. Policy H6 of the adopted Structure Plan states that:
- “In providing for the housing development in accordance with Proposal H1, Local Plans should ensure that adequate provision is made for affordable housing based on an assessment of need.”*
- 2.6 The new Devon Structure Plan to 2016 is expected to be adopted in the summer of 2004. It is envisaged that the adopted Structure Plan policy wording will say;
- “In providing for the housing development in accordance with Proposal ST17, Local Plans should ensure that adequate provision is made for affordable housing based on an up-to-date assessment of need, and should secure an overall range and mix of housing which best meets the needs of the area.”*

East Devon Local Plan

- 2.7 The Revised Deposit East Devon Local Plan contains three policies relating specifically to affordable housing:
- Policy H2 allocates specific sites for residential development and identifies affordable housing units sought on each site.
 - Policy H3 sets out levels of affordable housing to be accommodated.
 - Policy H5 deals with affordable housing on rural exception sites.
- 2.8 These Local Plan policies are set out in full in Appendix 1 to this SPG. It should be noted that the Local Plan will be subject to a Public Local Inquiry starting in the Autumn of 2004.

The SPG may need to be revised to reflect any amendments that may be made following that inquiry.

East Devon Housing Strategy

- 2.9 East Devon District Council's Housing Strategy 2002 to 2007 identifies the lack of affordable housing in the District as being one of the major housing issues to be addressed. The Strategy commits the Council to work in partnership with developers and Registered Social Landlords (RSL) to address this pressing issue. The District Council is preparing a revised Housing Strategy to cover the period from 2004 to 2007.
- 2.10 The Housing Strategy (draft as at July 2004) identifies the lack of affordable housing in this District as a priority for action to meet the significant levels of housing need identified. The need for prioritising affordable housing is justified because of the predominance of owner-occupation in the District (81%) and the enormous gap between average incomes and house prices which excludes many households in housing need from the owner occupied sector of the local housing market.

3 QUANTIFYING HOUSING NEED IN EAST DEVON

- 3.1 The affordable housing policy of the Local Plan is drafted recognising that affordable housing is required only where a need can be shown to exist. A rigorous assessment is required to substantiate that need. The most comprehensive and up to date assessment of need across East Devon is provided by a survey commissioned by East Devon District Council and undertaken by Fordham research dated June 2001. This survey will be updated in the Summer of 2004 and thereafter kept under regular review including Parish Council led information. The Housing Strategy for East Devon will also provide a useful basis for updating the assessment of affordable housing need and associated local housing issues.
- 3.2 The 2001 Fordham survey does not disaggregate need to local areas across East Devon. Such disaggregation is not, however, necessary for establishing overall affordable housing targets for the district. A very high level of housing need exists across the District and for this reason, and the fact that people will move around to secure housing, the Local Plan applies a 40% target figure across the District for affordable housing. It should be noted that a strict application of households in need as a proportion of total houses proposed in the Local Plan would justify a far higher percentage affordable housing figure. Therefore 40% is an underestimate of provision required in terms of strictly meeting need but it is considered to be a realistic figure in terms of ensuring the viability of housing development.
- 3.3 In setting out its priorities for affordable housing the emphasis is placed on providing housing that meets the needs of the most needy, typically those on the lowest incomes with the least ability to access the local housing market or affordable housing from the existing stock.
- 3.4 The one qualification to the issue of defining local need will be in respect to circumstance where permission for rural exceptions housing is sought. Section 14 of this guidance provides more information on the rural exceptions policy to meet a local need.

4 DEFINITION OF AFFORDABLE HOUSING

- 4.1 Paragraph 5.19b of the Local Plan is consistent with the definition of affordable housing in Circular 6/98, and defines "affordable housing" as;

“Housing that is available to those people who are unable to afford to rent or buy houses generally available on the open market. Affordable housing encompasses rented accommodation, shared ownership and low-cost market housing.”

- 4.2 Typically for properties to be affordable there is a need for some form of intervention in the market place so that homes are priced (whether for rent or purchase – or a hybrid) at below open market prices. Access to affordable housing will usually be restricted to qualifying occupants, e.g. those in housing need who are on the Council’s Housing Register. The key forms of affordable housing, some of which have traditionally relied upon Social Housing Grant, are:
- ❑ **Social Landlord Rented Property** - Housing typically provided through a RSL and rented to tenants by the housing provider at a below market rent level.
 - ❑ **Shared Ownership** - With this arrangement the purchaser buys a proportion of the property and rents the remaining proportion from a social landlord at a subsidised price. Over time the owner has the potential to buy (typically to defined upper limits) a greater proportion of the equity in the property, this is known as “staircasing”.
- 4.3 Additional forms of ‘intermediate’ affordable housing include:
- ❑ **Fixed Equity Ownership Housing for Sale** – In this form of affordable housing the subsidy element is provided by the developer who sells the property at a specified discount below market levels to qualifying purchasers. Any subsequent resale must be at the discounted level.
 - ❑ **Discount Market Rental** - This works on a similar basis as fixed equity ownership housing for sale but is rented with rental levels being set at a below market level.
- 4.4 Other forms of affordable housing may also exist and applicants may wish to explore options. In any submissions made, the Council will consider the potential role that such housing may play in meeting housing needs. It is stressed, however, that to be affordable the housing must be available in perpetuity at an affordable price. Other options may include:
- ❑ **Low-cost self-build initiatives** - Such initiatives as this are liable to appeal to a small sector of the market. However, through potential subsidy mechanisms and the savings that can be made on labour costs the self-build sector can be a mechanism for affordable housing provision.
 - ❑ **Low-cost market housing** – This option, if it is to be credible, will require properties to sell for considerably less than the average typical minimum price for a newly constructed property of that type in East Devon.
- 4.5 Low-cost market housing can at most play a relatively minor role in meeting the affordable housing needs of East Devon. Housing prices in East Devon are so high, and local wages so low, that survey evidence shows that very few people in housing need can afford even the cheapest of open market houses. To demonstrate that a low cost market house will be affordable, applicants may choose to submit information justifying how and why the proposal will achieve a price that is affordable to those in housing need. Flats, apartments and bed-sits can be one approach to providing dwellings that are cheaper than ‘traditional’ small cheap houses. However ‘low-cost’ housing cannot be taken to mean small cheap ‘boxes’. Covenants or other legal agreements will be sought to ensure that housing is

retained as affordable in perpetuity. To ensure that low cost properties remain available, as affordable, the District Council may restrict the enlargement of these properties through the removal of permitted development rights.

- 4.6 **Key worker housing** is not a specific form of affordable housing in its own right but rather key or essential workers are one group of people for whom the above types of housing may be specifically reserved or provided. Key workers may also be eligible for financial assistance to pay for housing. The Council supports a broad definition of key or essential workers to include workers employed in community, social, tourism and agricultural services who cannot afford housing available on the open market.

5 SITE SIZE THRESHOLDS FOR AFFORDABLE HOUSING

- 5.1 Justification for the use of thresholds in assessing the suitability of a site to provide affordable housing is set out in Circular 6/98. Policy H03 of the Local Plan is written in accordance with the advice in this circular and seeks affordable housing:

- (1) in Area and Local Centres (where population levels exceed 3,000 persons) where proposals are on sites of 0.5 hectares or larger, or where 15 dwellings or more are proposed, and
- (2) in settlements with a population falling below 3,000 persons where proposals are on sites of 5 dwellings or more.

- 5.2 These thresholds are based upon recommendations contained within the Housing Needs Survey of East Devon and reflect the very high levels of housing need in the District. The Area and Local Centres in East Devon are Axminster, Budleigh Salterton, Exmouth, Honiton, Ottery St Mary, Seaton and Sidmouth. The Built-up Area Boundaries of these settlements, as defined in the Local Plan, are used to define Area and Local Centre populations. Population being defined by the number of people living inside the Built-up Area Boundaries boundary. As at summer 2004 (and with the exception of the New Community site), all other settlements, (including towns, villages and hamlets in East Devon) currently have and in all probability will, for many years, have a population of under 3,000 people and will fall into category 2, above.

- 5.3 Proposals for residential development in rural locations, which may not qualify as being in or at settlements, will be considered under Criterion (2) above.

6 PERCENTAGE OF DWELLINGS TO BE AFFORDABLE

- 6.1 Circular 6/98 advises that Development Plans should indicate how many affordable homes need to be provided throughout the plan area and set indicative targets for specific suitable sites, expressed either as a number or as a percentage of the homes on the site. The Circular also indicates the need to negotiate with developers for the inclusion of an element of affordable housing on such sites.

- 6.2 The East Devon Local Plan details in Policy H2 that the required percentage of affordable dwellings on allocated sites as being 40% of the total dwellings. The affordable housing targets set out in Policy H2 are based upon assessments of site suitability in accordance with advice in Circular 6/98.

- 6.3 In relation to non-allocated sites Policy H3 states;

“... on non-allocated sites the District Council will seek to negotiate with developers to provide a minimum of 40% affordable dwellings.”

- 6.4 The figure of 40% set out in the Revised Deposit Local Plan is based upon the recommendations contained in the Housing Needs Survey. The figure strikes an appropriate balance between addressing the acute shortage of affordable dwellings in East Devon whilst ensuring development will be commercially viable and also meet open market housing needs. The 40% target is a District-wide figure.
- 6.5 Where a site is expected to yield a number of dwellings in excess of the above thresholds, but is to be developed in phases which may be subject to a planning application for a number of dwellings below the threshold, affordable housing will be required to be provided at each phase of the development. It is not acceptable to subdivide a site or phase a development into smaller parts to avoid the need to provide affordable housing.

7 TYPES, TENURE AND COST FOR OCCUPANTS OF AFFORDABLE DWELLINGS

- 7.1 Applicants will be expected to provide evidence with the application, and an independent financial appraisal may be required, that the resulting dwellings will be genuinely affordable. The 40% of affordable housing sought should be provided according to the split defined below which has been derived from data in the Housing Needs Survey.
- 75%** - of the total affordable dwellings to be social rented – typically under the auspices of a RSL or the Council.
 - 25%** - of the total affordable dwellings to be other tenures including - shared ownership housing, fixed equity or discount market rental or low cost market housing.
- 7.2 The proportion of social rented housing reflects the fact that the majority of households in need are unable to afford other affordable housing options.
- 7.3 Where Social Housing Grant is not available the Council will negotiate a deliverable non-grant funded scheme, which may necessitate accepting a lower number of houses in total. This will, however, only typically be applicable where contributions sought would result in a site having a value falling below alternative acceptable use value and based on open book accounting. In appropriate circumstances RSLs will use their private fundraising to contribute toward schemes with no grant or other public subsidy. If public funding cannot be secured by an RSL to purchase social housing, the Council will expect the price of the units to be based on the funding that the RSL is likely to be able to raise on the open market, using the income from the units as a repayment source.
- 7.4 As a general guide for housing to be affordable it should cost (for rent) no more than 30% of net average annual household income in East Devon; however social rented housing should be at or below target rents set by RSLs operating in the area. Housing for sale should generally be priced at a cost multiplier of no more than 3.25 times average annual gross household income in East Devon. These figures are to be inclusive of available welfare benefits, including housing benefit.

8 SIZE OF AFFORDABLE DWELLINGS

- 8.1 The following split is identified for the size requirement of affordable dwellings, by number of bedrooms per dwelling, to meet the affordable housing requirements within East Devon.

Table 1: Size requirement distribution of households in housing need

No. of Bedrooms	1 Bedroom	2 Bedrooms	3+ Bedrooms
Percentage of overall need.	33 ¹ / ₃ %	33 ¹ / ₃ %	33 ¹ / ₃ %

- 8.2 The District Council will typically seek the mix of affordable dwellings shown in Table 1. Variations, through negotiation, will be possible where site characteristics warrant an alternative mix and/or specific affordable housing need information indicates a differing requirement.

9 DESIGN AND LOCATION OF AFFORDABLE HOUSING

- 9.1 PPG 3 advises that where a Local Planning Authority has decided that an element of affordable housing should be provided, there is a presumption that such housing should be provided 'on-site'. The District Council considers that the best method of delivering affordable housing is on-site and with the involvement of a RSL. Once the level of on-site affordable housing provision has been agreed, a legal agreement (known as a Section 106 agreement), will need to be completed which sets out the legal and financial aspects of provision.
- 9.2 The District Council will expect that any new development provides housing which is integrated, is locally distinctive in terms of design and use of materials, and that the design and layout will comply with other policies contained within the Local Plan.
- 9.3 Affordable housing should typically be built to the standards outlined in the Housing Corporation's Scheme Development Standards that are current at the time planning permission is granted. Affordable housing should be built to a high standard of design, reflecting the locally distinctive character of the area and should include or meet:
- Accessibility requirements.
 - Safety and Security measures.
 - Energy efficiency and noise abatement measures.
 - Maintainability, durability and adaptability aspects.
 - Sustainable design measures as set out in Local Plan policies.
- 9.4 Affordable accommodation will be required to be dispersed throughout a housing development. Only where cost implications of this approach would prejudice the viability of a proposal, it is not a practical option, or design considerations clearly indicate that an alternative may be more appropriate, will the non-dispersal of affordable houses be permitted. As well as being dispersed throughout developments, affordable accommodation should be designed to be 'tenure blind'. There should be no distinction in the form, materials or detail in any scheme that distinguishes affordable housing from open market houses.
- 9.5 In exceptional circumstances the District Council and developer may agree that it is more appropriate for all or part of the element of affordable housing to be provided on another site elsewhere within East Devon. It is stressed that it is only in exceptional circumstances that off-site provision will be accepted. Policy H3 of the Local Plan states;
- "Affordable housing should be provided on-site as part of the proposed development. In exceptional circumstances, where the District Council and*

developer both consider that the element of affordable housing is better provided on an alternative site, the Council may enter into negotiations for “off-site” provision.”

- 9.6 Claims that affordable housing will devalue the sale price of market housing will not be considered an acceptable reason to allow for off-site provision. Off-site provision may be either built by the developer, or (very exceptionally) provided through the payment of a commuted sum, in lieu of affordable housing. The commuted sum will then be used to provide affordable housing elsewhere within East Devon. This course of action will involve the developer contributing a sum that will ensure the provision of affordable housing without recourse to public subsidy. Off-site provision will only be applicable where there is a clear likelihood of a site or sites coming forward for development for affordable housing and will be subject to a bond to ensure actual delivery at the earliest possible opportunity.

10 OCCUPANCY OF AFFORDABLE HOUSING

- 10.1 Where occupancy of an affordable dwelling is to be controlled through a planning condition or obligation, Circular 6/98 recommends the use of a cascade approach to ensure that occupants will always be found for the accommodation.
- 10.2 Policy H3 of the Local Plan seeks to ensure that housing provided under this policy will remain as affordable housing for local residents, people employed locally or people with local connections in perpetuity. Local is taken to mean East Devon wide or for exceptions housing policy the relevant parish or group of parishes. It will also include ‘key or essential workers’ moving in to East Devon to take up employment in East Devon. If an occupier who satisfies these criteria cannot be found within a reasonable period of time then occupation by a person who lacks local connections but who does not have access to general market housing will be considered acceptable.
- 10.3 RSLs will be encouraged to make the accommodation available to those persons on the Council’s Housing Register who do not have access to market housing and are seeking accommodation in the location and of the type provided. In such cases the District Council will wish to agree nomination rights for the first and subsequent lets. The Council will usually agree with an RSL 100% of lets and 75% of nominations to any subsequent re-lets. Affordable housing will need to be retained, wherever legally possible, as affordable in perpetuity. Legal agreements will need to be signed to ensure that this remains the case. For practical terms ‘in perpetuity’ shall mean for at least 100 years.

11 FINANCING AND OWNERSHIP OF AFFORDABLE HOUSING

- 11.1 Affordable housing has traditionally relied upon or drawn on public sector finance and subsidies. However developer funding (or money in kind – eg gifts of land) is and will increasingly be essential to secure affordable housing. Developer’s contributions can be in any combination of:
- Reduced/nil land cost.
 - Contribution to or for all of Construction costs.
 - Capital payments.
- Whatever forms of payment are used they must meet the objective of providing affordable housing and be acceptable to the relevant RSL involved.
- 11.2 Social rented and shared ownership housing is typically fully or partly managed and owned by an RSL. Nearly all RSLs are Housing Associations. Intermediate housing may also fall

under RSL control, though there are other institutional arrangements that may be applicable for governance, ownership or management. The District Council consider RSLs to be the best providers of affordable housing because of the regulations exercised by the Housing Corporation and RSLs not for profit objectives. However the Council will be exploring other potential options for management and ownership of affordable housing and are prepared to consider proposals submitted by prospective applicants.

- 11.3 Where affordable housing falls in the social rented or shared ownership sectors Social Housing Grant may contribute to the cost of provision. Such grant aid is provided via the Housing Corporation and typically to a Housing Association. However, with many competing claims on available funds it should not be assumed that such grant aid will be automatically forthcoming.
- 11.4 Developers are advised to contact the Housing and Social Inclusion Officer of East Devon District Council and housing associations to discuss possible RSL partners prior to the submission of a planning application. A list of RSLs operating in East Devon is attached as Appendix 2.
- 11.5 The Council will seek to help secure affordable housing at a price that makes best use of available public subsidy. A maximum price that an RSL will pay a developer for the transfer of the completed dwellings will typically be set. This assumes that the affordable housing is to be built by the developer of the overall site and transferred to the RSL. If another arrangement is made, such as the RSL commissioning its own builder, then an equivalent financial arrangement between the parties will be necessary.
- 11.6 Where public subsidy is available the transfer price is to be capped at a level based on the prevailing grant rates, Total Cost Indicators and other relevant financial information set by the Housing Corporation each year. As these are reviewed annually, actual figures are not included in this guidance, but the levels used will be those current at the time the obligation is signed. Further details of these may be obtained from the District Council, or the Housing Corporation see Appendix 2.
- 11.7 The District Council's adopted method of calculating the level of financial contribution for off-site provision is set out in Appendix 3.
- 11.8 In cases where affordable housing is to be provided off-site the District Council will require this to be secured through a planning obligation. This planning obligation will specify the amount and the timing of any financial contributions towards infrastructure costs, and will also specify that monies received must be used for the purpose so specified within an agreed period, usually five years, from the receipt of the monies. In these instances the District Council will act as 'banker' for the commuted sum. If the commuted sum is not used within the agreed period the monies shall be repayable to the developer on demand, with any accumulated interest. The District Council will calculate any interest at the base rate of the Council's main banking provider. Where off-site contributions are made these are to be supported by a bond, which will act as insurance, to insure provision is forthcoming.

12 TRANSFER TO RSLs AND TRIGGER FOR COMMUTED PAYMENTS

- 12.1 The timing of the transfer of affordable housing to an RSL or other financial arrangement will be detailed in the planning obligation. In general, at least 50% of the affordable dwellings should be transferred by the date of completion of 50% of the market dwellings

on the overall site, with all affordable housing to be completed and transferred by the completion of 75% of the market dwellings on the site.

- 12.2 In the case of an off-site financial contribution, or land transfer being agreed instead of the transfer of completed dwellings, this will normally be expected once 50% of the dwellings on the development are completed.

13 COMMERCIAL VIABILITY AND POTENTIAL CONSTRAINTS ON DEVELOPMENT

- 13.1 Circular 6/98 advises Local Planning Authorities to consider the following factors in negotiations for affordable housing:
- The proximity of local services and facilities.
 - Whether there will be any particular costs associated with development of the site.
 - Whether the provision of affordable housing would prejudice the realisation of other planning objectives.
- 13.2 These factors will be taken into account when considering development proposals and negotiating for affordable housing. If provision of 40% affordable dwellings would render the development of a site un-viable (this may be applicable where for example a site is heavily contaminated and reclamation costs are unusually high) the Council will take account of this in negotiations. In such instances developers/applicants are invited to submit a financial appraisal or residual land valuation showing impacts on development viability. Any such submission could include evidence of if and how the affordable housing component would result in the site having a development value below alternative acceptable site uses. An open book submission to the Council is likely to be required.

14 RURAL EXCEPTIONS HOUSING IN VILLAGES

- 14.1 Local Plan Policy H5 provides for affordable housing on rural exception sites. Exception sites are sites that would not normally gain planning permission for residential development because they are outside development boundaries but an exception may be made for affordable housing.
- 14.2 The exceptions policy is the one instance where a local housing needs survey will be required. Such a survey will need to establish the characteristics of need in a given area and housing provided under the exceptions policy will need to address this need. The District Council will seek to liaise closely with Parish Councils to help define local need. The Countryside Agency has produced a standardised form for undertaking a Local Needs survey. The District Council endorses this survey approach and considers that it forms an appropriate means for assessing local need. It is strongly advised that the Council, the Devon Rural Housing Enabler and/or RSL's are contacted prior to considering any local housing needs assessments.
- 14.3 It is stressed that government guidance makes it clear that market housing **can not** be used to cross-subsidise affordable rural exceptions housing. Furthermore it is not acceptable for affordable housing to be used as a 'bargaining chip' to seek to secure planning permission for developments (including open market housing) that would not otherwise be acceptable under Local Plan policy. Given these considerations low-cost market housing is not considered to be an acceptable form of development under the exceptions policy. However subject to the provisos of the housing being affordable and available in perpetuity, intermediate housing, in its various guises, may prove acceptable.

- 14.4 Exceptions site affordable housing is only applicable to village locations (settlements with populations falling under a 3,000 dwelling threshold) and is to be located where:
- It Abuts or is very close to either the Local Plan Built-up Area Boundary or to the built up edge of a settlement (where a Built-up Area Boundary is not defined).
 - It is within walking distance of basic facilities such as – a shop, public transport, pub and church.
 - It avoids, where, possible land of landscape/conservation importance – where alternative options exist sites with landscape or conservation designations will typically not be acceptable for development.
 - The site can be safely accessed.
- 14.5 Traditionally, ‘exception’ schemes have been built by or for Housing Associations. However, there are potential alternative options that may be credible and these may not necessarily involving public subsidy, (eg. they are variations on ‘intermediate’ housing). However any properties provided via these means will need to be genuinely affordable with planning conditions carefully drafted to ensure this occurs and provision will be weighted toward meeting the needs of those in greatest need.

15 SHELTERED HOUSING SCHEMES

- 15.1 Elderly person accommodation, including purpose built accommodation with restrictive occupancy conditions (say with warden provision), will fall under the provision of affordable housing policy. Therefore affordable housing will be sought as part of such schemes. However hospitals, care homes, student/nurses homes or children’s homes will be excluded.

16 AFFORDABLE HOUSING IN THE NEW COMMUNITY

- 16.1 Policy AEA1 of the East Devon Local Plan provides for a New Community of 2,900 dwellings in East Devon. Because of the scale and complexity of affordable housing issues relating to the new community separate guidance will be issued for it.

17 PLANNING OBLIGATIONS AND CONDITIONS

- 17.1 Circular 6/98 advocates the use of conditions and planning obligations as a means for securing the provision of affordable housing. Planning agreements made between the various parties will be entered into under the provisions of Section 106 of the Town and Country Planning Act 1990.
- 17.2 The Council will seek to use planning obligations to secure the long-term availability of affordable housing and where it is agreed that the most satisfactory method of affordable housing provision is off-site including via a commuted sum.
- 17.3 East Devon District Council will advise developers, at the earliest possible stage, of the need for and likely requirements of a planning obligation. This may help inform developers land negotiations. The developer will be responsible for paying the LPA’s legal fees (and surveyors fees if necessary) in connection with the preparation and completion of the legal agreement. The Council will expect developers to negotiate the terms of draft section 106 agreements with it in advance of a planning application going to Development Control Committee, so that elected members can consider whether or not an acceptable planning obligation is being offered.

- 17.4 All information on agreed obligations will be kept on the Statutory Planning Register and copies of the agreements will be available to all interested parties. S106 agreements will also be registered as local land charges, and may also be registered at the Land Registry. The Council is developing model legal clauses for affordable housing provision.

18 MONITORING

- 18.1 The provision of affordable housing will be monitored by size, type and tenure as part of the Council's annual monitoring of residential development as set out in a Residential Land Availability Schedule.

19 REVIEW

- 19.1 This guidance will be kept under review to take account of potential changing housing needs and changes to Local Plan policy.

APPENDIX 1 – EAST DEVON LOCAL PLAN POLICIES

Policy H2 (Residential Land Allocation)

Land is allocated for residential development in East Devon at the locations listed below. Development will not be permitted before the phase noted, unless required to meet a demonstrable shortfall in housing provision in any of the specified settlements listed under this policy. Permissions granted will (where required) state the earliest permitted start date. Should monitoring of housing provision reveal that sites are not coming forward within the expected timescale, then a re-assignment of sites between phases may be undertaken.

Site selection for phasing is based on a sequential ordering process where, subject to meeting the development needs of the identified towns, phasing of sites in priority order, is based on identification of:

1. Brownfield sites in urban areas.
2. Greenfield sites in urban areas.
3. Sites on the edge of urban areas.
4. Outside urban areas around public transport nodes and corridors.

Town	Site No	Area (Ha)	Dwellings	Affordable Reqt	Phase Of Development			Green/ Brownfield
					2nd	3rd	4th	
Axminster	AX 02*	3.62	109	44			109	Green
Axminster	AX 04*	0.40	16	6	16			Brown
Axminster	AX 05*	0.45	18	7		18		Green
Axminster	AX 13*	0.82	30	12	30			Green
Axminster	AX 15	0.29	5	0	5			Brown
Axminster	AX 17*	0.61	22	9	22			Green
Budleigh Salterton	BS 01	1.45	70	28	70			Brown
Honiton	HN 04	0.40	16	6	16			Green
Ottery St Mary	OT 02	0.46	17	7	17			Brown
Ottery St Mary	OT 08*	0.50	10	0	10			Green
Ottery St Mary	OT 11	0.41	16	6	16			Green
Seaton	ST 02	10.72	300	120	300			Brown
Seaton	ST 05	0.91	29	12	29			Green
Seaton	ST 08	0.27	3	0		3		Green
Sidmouth	SD 03*	4.43	128	51	100	28		Green
Sidmouth	SD 06	0.69	25	10		25		Green
Total			814	312	631	74	109	

Highway improvements are required for the sites identified with asterisks above - see paragraph 5.13b.

New Community	Unspecified Sites Within Defined Development Area	2,900	1,160	0	1,450	1,450	Green
OVERALL TOTAL		3,714	1,472	631	1,524	1,559	

(The sites allocated under Policy H2 are identified for residential development and are shown on Inset Maps to the Local Plan Proposals Map. Highway improvements are listed separately in the Local Plan)

Policy H3 (Affordable Housing)

Where an up-to-date housing needs survey demonstrates a need for affordable housing, the District Council will seek the provision of affordable dwellings as part of proposals for new housing development in the following circumstances:

1. Area and Local Centres (where population levels exceed 3,000 persons) where proposals are on sites of 0.5 Ha or larger, or where 15 dwellings or more are proposed.
2. Settlements with a population falling below 3,000 persons where proposals are on sites of 5 dwellings or more.

On qualifying sites the number of affordable dwellings sought is either detailed in the housing allocation Policy H2 (typically at 40 percent of total numbers) or on non-allocated (windfall) sites the District Council will seek to negotiate with developers to provide a minimum of 40% affordable dwellings.

Affordable housing should be provided on-site as part of the proposed development. In exceptional circumstances, where the District Council and developer both consider that the element of affordable housing is better provided on an alternative site, the Council may enter into negotiations for “off-site” provision.

Planning conditions will be used and/or planning obligations sought to ensure that housing provided under this policy will remain available as affordable housing for local residents, people employed locally or people with local connections in perpetuity.

In certain cases permitted development rights for the affordable dwellings will be removed so that control may be exercised over their extension or alteration which would affect their affordability for future occupiers.

Policy H5 (Affordable Housing on Exception Sites)

The provision of affordable housing should, wherever possible, be accommodated on sites within Built-up Area Boundaries. Where this is not possible, planning permission may be granted for small-scale developments for affordable housing on sites which would not otherwise be released for residential development provided that evidence of the community's need for affordable housing exists and that:

1. The need in any given locality would not otherwise be met, and
2. The development is within or on the edge of a village with a population below 3,000 persons, is well designed using local materials, well related to the existing built form, community services and facilities and sympathetic to the character of the settlement and has a satisfactory highway access. and
3. Secure arrangements are made, by the imposition of a planning condition or planning obligation, to ensure that the initial and subsequent occupancy of the affordable housing is restricted to a person(s) who;
 - i) Does not have access to general market housing, and
 - ii) Is a resident of that Parish group, or has a local connection with that parish group because of family ties or a need to be near their workplace.

In the event that an occupier who fulfils both (or either) of criterion (i) or (ii) cannot be found within a reasonable period of time, then criterion (ii) will be widened firstly to a person(s) with a local connection to a neighbouring parish group because of family ties or a need to be near their workplace, and subsequently to a person(s) with an East Devon connection.

Permitted development rights on affordable dwellings provided under this policy may be withdrawn so that control may be exercised over enlargement or alterations which would affect affordability for future occupiers.

General market housing, or a mixed housing used to cross-subsidise affordable housing on the same site, are not appropriate within the context of this policy.

(In considering need for affordable housing, where applying exceptions policy H5, the grouping of geographic parishes that will be used for assessing housing needs is as follows. For single Parishes the need will need to exist specifically within that Parish for grouped Parishes the need can be made up from the groups of Parishes listed.)

Single Parishes

- Colyton.
- Exmouth.
- Honiton.
- Newton Poppleford & Harpford.
- Seaton.
- Sidmouth.

Parishes that are Grouped

- Axminster and Hawkchurch.
- Beer and Branscombe.

- ❑ Broadclyst, Clyst Honiton, Clyst Hydon, Clyst St. Lawrence, Rockbeare and Poltimore.
- ❑ Budleigh Salterton and East Budleigh.
- ❑ Clyst St. George, Clyst St. Mary, Farringdon and Sowton.
- ❑ Coly Valley, Cotleigh, Farway, Northleigh and Southleigh.
- ❑ Offwell & Widworthy.
- ❑ Dunkeswell, Combe Raleigh, and Sheldon.
- ❑ Brampford Speke, Huham, Netherexe, Rewe, Stoke Canon and Upton Pyne.
- ❑ Feniton, Buckerell and Gittisham.
- ❑ Dalwood, Kilmington, Musbury and Shute.
- ❑ Cotleigh, Luppitt, Monkton, Stockland and Upottery.
- ❑ Ottery St Mary and Aylesbeare.
- ❑ Bicton, Colaton Raleigh, and Otterton.
- ❑ Awliscombe, Broadhembury, Payhembury and Plymtree.
- ❑ Axmouth, Combpyne Rousden and Uplyme.
- ❑ Whimble and Talaton.
- ❑ Woodbury and Lypstone.
- ❑ All Saints, Chardstock, Membury and Yarcombe.

APPENDIX 2 – KEY AFFORDABLE HOUSING CONTACTS

East Devon District Council

East Devon District Council act as an affordable housing provider through its existing Council Housing stock. In addition to managing its own stock East Devon District Council are primarily involved in affordable housing provisions through a co-ordinating, facilitating, promoting and supporting role and as the local planning authority. Key affordable housing contacts at East Devon District Council (at July 2004), all of whom can be contacted at the **Council Office, Knowle, Sidmouth, Devon, EX10 8HL (Tel (01395) 516551)** are:

Name	Job Title	EEmail	Role in respect to Affordable Housing Provision
John Golding	Head of Housing and Social Inclusion	jpgolding@eastdevon.gov.uk	Responsible for promoting and enabling affordable housing provision and leading negotiations over the form, scale and size of housing/contributions to be secured through the planning process.
Rachel Pocock	Head of Legal and Member Services	rpocock@eastdevon.gov.uk	Responsible for legal agreements in respect to ensuring provision and delivery of affordable housing.
John Milverton	Development Control Manager	jmilverton@eastdevon.gov.uk	Responsible for advising on development control matters and site specific considerations.
Matt Dickins	Principal Planning Officer	mdickins@eastdevon.gov.uk	Responsible for advising on principles underlying planning policy and application of policy.

Housing Associations

Housing Associations are currently the primary provider of new affordable housing. The Housing Associations listed below are currently active (as at July 2004) and/or have properties in East Devon.

Name	Address	Tel	Notes
Anchor Housing Association	The Business Support Centre, Milestone Place, 100 Bolton Road, Bradford, West Yorkshire BD1 4DH	(0845) 7758595	Housing for elderly persons only
Devon Community Housing Society Ltd	7 Colleton Crescent, Exeter, EX2 4DG	(01392) 686686	
Devon & Cornwall Housing Association	The Mount, Paris Street, Exeter, EX1 2JZ	(01392) 252566	
Guinness Trust Housing Association	South West Area Office, First Floor, Broadwalk House, Southernhay West, Exeter, EX1 1NX	(01392) 456600	
Hastoe Housing Association	24 High West Street, Dorchester, Dorset, DT1 1UW	(01305) 250103	

Name	Address	Tel	Notes
Housing 21	Longwood House, Love Lane, Cirencester, Glos, GL7 1YG	(01285) 659928	
Magna Housing Association	Hollands House, Poundbury Road, Dorchester, DT1 1SW	(01305) 216000	
Raglan Housing Association	Unit 4, Vincent Court, 89 Soundwell Road, Staple Hill, Bristol, BS16 4QR	(0117) 9701000	
Sanctuary Housing Association	Vale House, Pynes Hill, Rydon Lane, Exeter, EX2 5SJ	(0845) 6021214	
Signpost Housing Association	115 Sidwell Street, Exeter, Devon, EX4 6RY	(01392) 254388	
Sovereign Housing Association Ltd	Unit 2, Orchard Court, Heron Road, Sowton Industrial Estate, Exeter, EX2 7LL	(01392) 888000	
Westcountry Housing Association	Hatfield House, Hatfield Road, Torquay, TQ1 3HF	(01803) 200300	
Western Challenge Housing Association	5 Cranmere Court, Lustleigh Close, Exeter, EX2 8RD	01202 499300	

Devon Rural Housing Enabler

The Devon Rural Housing Partnership (which East Devon is a partner) employs a Rural Housing Enabler who's role is to promote provision of affordable housing in rural areas (in settlements of under 3,000 population). The post is based at the Community Council of Devon (an independent charity).

The Devon Rural Housing Enabler can act as a broker, help villages assess their housing needs, provide advice and support on affordable housing and help influence regional housing strategies. The Devon Rural Housing Enabler's contact details (at July 2004) are:

Lizzie Utley, Devon Rural Housing Enabler, Community Council for Devon, County Hall, Topsham Road, Exeter, Devon EX2 4QB.

Tel 01392 382793, Fax 01392 382062, email – lizzie@devonrcc.org.uk

Housing Corporation

Housing Corporation – Exeter Office.

The Housing Corporation, Beaufort House, 51 New North Road, Exeter, Devon EX4 4EP.

**APPENDIX 3 - PREFERRED METHOD OF CALCULATING FINANCIAL CONTRIBUTIONS
FOR OFF-SITE AFFORDABLE HOUSING PROVISION.**

Off-site developer contributions (added to Housing Association contributions where available) will need to provide for the cost of:

1. Off-site land acquisition.
2. Social and physical infrastructure to serve the off-site affordable dwellings.
3. Construction of the off-site affordable dwellings.

The preferred formula is:

$$\begin{array}{c}
 \textbf{Total Number of Proposed Dwellings} \\
 \textit{multiplied by} \\
 \textbf{The Percentage of Affordable Housing Required} \\
 \textit{multiplied By} \\
 \textbf{The Total Cost Indicator (TCI)} \\
 \textit{multiplied by} \\
 \textbf{Social Housing Grant (SHG) Rate} \\
 \textit>equals} \\
 \textbf{Minimum Commuted Sum Payable.}
 \end{array}$$

In addition the developer will be required to make an acceptable financial proposal which ensures all the elements of the developer contribution set out above are delivered. These will be calculated according to the likely land acquisition and suitable development costs.

Notes:

- A) The figure for the Total Cost Indicator (TCI) will be provided by the Housing Corporation and will vary according to the type of dwelling required. The TCI may change over time to reflect changes in building costs.
- B) The figure for the Social Housing Grant Rate (SHG) will also be provided by the Housing Corporation and may change over time.

Worked Example:

The following is a worked example of calculating an off-site financial contribution for a proposed development of 30 dwellings, where 40% (or 12 dwellings) would otherwise be provided on-site. The TCI of £91,500 relates to a dwelling unit with a floor area of 70-75 m² with a probable occupancy of 3/4/5 persons (2002/3 Housing Corporation figures for East Devon). TCI figures for other sizes of dwellings are also available. The Housing Corporations SHG rate is 65.5% (2002/3).

$$30 \text{ dwellings} \times 40\% \times \text{£}91,500 \times 65.5\% = \text{£}719,190$$

In this example, the sum of £719,190 would not cover the cost of providing the 40% affordable element on an alternative site in East Devon. The commuted sum is intended to replace the public subsidy element that could have been attracted through providing the social housing on-site, the social landlord would meet the shortfall on construction costs and land acquisition. For example the above in the above case the developer would provide around £60,000 and the social landlord around an additional £30,000 for construction costs.