Report to	Sustainable development panel 25 February 2015	**Item**
Report of	Head of planning service	6
Subject	Affordable housing supplementary planning document	

Purpose

This report concerns the *Affordable housing supplementary planning document* (SPD) which the panel considered and commented on before it was published as a draft for public consultation in October 2014.

The report outlines the main issues raised in the responses to the consultation, summarises the responses received and proposes a number of changes to the document to address those responses.

In addition, and of greater significance, the report has also been amended to take into account changes made to national planning policy which have raised the threshold over which local authorities can require a contribution to affordable housing and details how we propose to calculate the vacant building credit.

Recommendation

To:

(1) note the *Affordable housing supplementary planning* document with proposed amendments;

(2) recommend cabinet to approve the document as amended for formal adoption as a supplementary planning document in accordance with Part 5 of the Local Planning Regulations (2012).

Corporate and service priorities

The report helps to meet the corporate priority decent housing for all and the service plan priority to implement the local plan for the city.

Financial implications

There are no direct financial consequences for the council regarding adoption of this document.

Adoption of the SPD is likely to result in additional Section 106 funding being received by the council. Any such funding will be ring fenced and only able to be spent on the provision of affordable housing. If the SPD increases the amount of planning and development activity there may also be financial impacts associated with planning fees and new homes bonus payments to the Council.

Ward/s: All wards

Cabinet member: Councillor Stonard – Environment and transport

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Background documents

None

Report

Introduction

1. This report presents the responses to the recent consultation on the *Affordable housing supplementary planning document* (SPD) reported to the September 2014 meeting of the panel. The SPD provides essential detail to implement *Joint core strategy* (JCS) policy 4 and policy DM33 of the *Development management policies local plan* which was adopted in December 2014. Policy 4 of the JCS seeks to achieve a proportion of affordable housing on all housing development sites of 5 or more dwellings, taking into consideration viability issues. Policy DM33 of the local plan sets out the planning obligations not covered by the Community Infrastructure Levy (CIL) and the circumstances in which negotiation of planning obligations will occur where non-viability of development can be demonstrated

2. The policy background and purpose of the SPD was discussed in detail in the report to panel in September 2014. Broadly, the SPD is intended to outline how the policy framework should be interpreted and implemented in order to promote mixed and sustainable communities, and to formalise the 2011 *Interim statement on affordable housing* and the *Prioritisation framework* to provide guidance on the circumstances in which the council will accept contributions in lieu of on-site provision of affordable housing.

3. It should be noted that procedurally, a full council resolution is not necessary in order to adopt an SPD. This is because SPD does not involve a substantive change in the council's policy approach, rather it is intended to supplement and update a policy which is already adopted. Subject to the agreement of members, the SPD would be reported to cabinet for approval on the 11th March 2015.

4. The draft document (with amendments to address comments made in response to the two consultations) is attached as Appendix 1. The detailed comments received to the first consultation, alongside the council's response, are attached as Appendix 2. The detailed comments received to the focused re-consultation (see paragraph 13), alongside the Council's response, are attached as Appendix 3. A schedule of the amendments made to the document is attached at Appendix 4.

The consultation

5. The *Affordable housing SPD* was published in draft format on the Council's website on the 1st October 2014. Copies of the document were made available for inspection at City Hall and the Forum. The consultation ran for a period of just over 4 weeks in accordance with the adopted *Statement of community involvement* (SCI).

6. A range of groups and individuals were consulted including developers, agents and architects, registered providers of affordable housing, adjacent district councils, local interest groups, and councillors. Consultation was carried out via email and letters.

Issues raised in the consultation

7. A limited number of responses, 4 in total, were received to the consultation. However, a number of useful comments were made by those respondents.

8. Points raised included:

- Appendix 4 (Viability assessment requirements) being overly prescriptive, particularly for outline applications.
- Conflict with RICS guidance in relation to exceptional circumstances.
- The need for explanation of how the Broads Authority will use this SPD.
- More explanation of JCS policy 4 is needed.
- Reference to whom should pay for independent viability assessments should be made.
- Queried whether contributions for part dwellings would be accepted?
- Queried whether sensitivity testing is required and if yes then reference to this should be made within the document.
- Recommendation of the use of 'claw back' as well as reviews of viability of development proposals.
- Minor edits to wording and format.

9. One representation in support of the SPD was made by Norfolk County Council, specifically welcoming the inclusion of the section on prioritisation of planning obligations.

National planning policy changes

10. A ministerial statement was issued on the 28th November 2014 introducing the new threshold for affordable housing contributions so that only developments of **over** 10 dwellings, or a 1,000 square metre gross floorspace, would be liable for affordable housing contributions through Section 106 agreements.

11. As a result of this national planning policy change some parts of adopted JCS policy 4 can no longer be applied. In particular:

    a) bullet point 1 (requiring 20% affordable housing provision on sites of 5-9 dwellings) can no longer be applied at all, and
    b) bullet point 2 (requiring 30% affordable housing provision on sites of 10-15 dwellings) can now only applies to sites of *11* to 15 dwellings.
    All other parts of the adopted JCS policy 4 will be applied in full.

12. In addition, a 'vacant building credit' can now be offered to developers to incentivise them to develop sites. This applies where existing vacant buildings are proposed to be brought back into lawful use or demolished and redeveloped. This does not apply to buildings which have been abandoned.

The re-consultation

13. It was considered necessary to carry out a focused re-consultation on the changes proposed to the document following this national policy change.

14. The new section (Section 4) proposed to be included in the draft SPD was advertised on the council's website on the 19th January 2015. The consultation ran for a period of 2 weeks.

15. A range of groups and individuals were consulted including developers, agents and architects, registered providers of affordable housing, adjacent district councils, local interest groups, and councillors. Consultation was carried out via email and letters.

Issues raised in the re-consultation

16. While only 3 responses were received, a particularly useful comment was made on the 'vacant building credit' calculation.

17. A respondent proposed an alternative method to that proposed by officers. After consideration of the proposed alternative methodology it is considered to be a simpler calculation which is not influenced by unit sizes or by the specific design of the scheme. It is also considered to be more adaptable if elements of the scheme change and more appropriate for flatted developments.

Proposed changes from the draft SPD

18. A number of minor changes have been made to the document. These are outlined in the modifications table in appendix 4 of this report and relate to some of the points detailed in paragraph 8 of this report.

19. In addition a number of minor changes have been made by officers to provide clarity, for example, how the document will be updated following production of the new SHMA, how hybrid sites will be considered, inclusion of additional terms in the glossary, and changes to wording and formatting etc.

20. More significantly, the area within which commuted sums will be spent is proposed to be changed from within 1km of the site to within the same or an adjacent electoral ward. It is considered that 1km is too restrictive a radius and alternative sites are unlikely to be found which are suitable for off-site affordable housing provision. Extending the area within which commuted sums can be spent is likely to give rise to more opportunity for affordable housing development to occur whilst also ensuring balanced and mixed communities are formed.

21. Most significant is the amendment to the proposed Section 4, particularly how the 'vacant building credit' will be calculated. The methodology proposed by officers was based on the net increase in floorspace but had the potential to be influenced by unit numbers and sizes as it involved calculation of an average unit size to determine the affordable housing requirement. This could potentially have been used to negative effect by developers. The methodology proposed by a respondent to the re-consultation was simpler and revises the affordable housing percentage requirement according to the net increase in floorspace only, irrespective of the number of size of the units proposed. Section 4 of the SPD outlines the methodology in full. The previously proposed methodology which was consulted on is outlined for information in appendix 5. Members should note that it is not intended to publish the previously proposed methodology in the SPD when it is adopted.

Conclusions

22. As amended (and subject to approval by cabinet), officers are confident that the SPD will provide a sound basis for the future determination of applications where affordable housing is required and/or where planning obligations are to be negotiated due to poor development viability.

23. Members are asked to note the content of this report and the amended SPD and agree to recommend the SPD for approval by cabinet.

Appendix 1

Affordable housing Supplementary planning document (2015)

This document supplements *Joint core strategy* policy 4 and *Norwich local plan* policy DM33

Executive summary

This supplementary planning document (SPD) provides detailed guidance on how policy 4 of the *Greater Norwich Joint Core Strategy (JCS)* and policy DM33 of the *Development management policies local plan*, both relating to delivery of affordable housing, should be interpreted and implemented in order to help promote mixed and sustainable communities. In November 2014 central government introduced changes to National planning policy which increased the threshold over which affordable housing can be required by a local planning authority. This SPD acknowledges this national policy change and outlines the parts of JCS policy 4 which can no longer be applied, and how the 'vacant building credit' will be calculated.

The SPD reiterates the requirements for affordable housing on development sites of 11 or more dwellings as required by *JCS* policy 4[1], and makes clear the design requirements for affordable housing provision.

Development viability is a material consideration currently affecting the implementation of *JCS* policy 4 and local evidence shows low levels of delivery of affordable housing.

Where non-viability of sites can be demonstrated, the council's approach to prioritisation of planning obligations is outlined.

Where non-viability of development is accepted but affordable housing is prioritised over other policy requirements, and/or where a reduced on-site provision is accepted, then *JCS* policy 4 and the design criteria outlined in this SPD should be applied.

Where affordable housing is not prioritised over other planning obligations, the council's approach to provision of off-site affordable housing via a commuted sum is outlined.

Further, the council's approach to reviewing development viability is also covered, recommending a review within 12 months of permission being granted if no commencement on site has occurred in order to incentivise development and promote housing delivery.

In response to the varying quality of viability assessments submitted to date, the SPD seeks to provide best practice guidance in relation to what should be contained in viability assessments in order to better inform developers of the council's expectations and ease the process at planning application stage.

[1] Bullet point 1 of JCS policy 4 ('affordable housing section') can no longer be applied, and bullet point 2 now only applies to sites of 11-15 dwellings following changes to National planning policy.

This SPD is for use by applicants, agents, developers and land owners applying for residential development and development management staff and members of planning applications committee in assessing and determining applications. It incorporates advice from the council's planning and housing services.

Consultation on the draft SPD took place in the autumn of 2014. The adopted SPD will be a material consideration in determining planning applications and will supersede the 2011 *Interim statement on affordable housing* and the corresponding *Prioritisation framework*.

The SPD is flexible and will be updated annually to reflect changes in development viability and market conditions at that time and any relevant changes in Government policy.

1. National Planning Policy

1. National planning policy in the *National Planning Policy Framework (NPPF)* requires local authorities to 'deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive, and mixed communities'. In order to achieve this local authorities should:

   - plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes);

   - identify the size, type, tenure and range of housing that is required in particular locations, reflecting local demand, and;

   - where they have identified that affordable housing is needed, set policies for meeting this need on site, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified (for example, to improve or make more effective use of the existing housing stock) and the agreed approach contributes to the objective of creating mixed and balanced communities. Such policies should be sufficiently flexible to take account of changing market conditions over time.

   (NPPF, paragraph 50)

2. For the purposes of this SPD the same definition of 'affordable housing' is used as that within the *NPPF* and as shown in Figure 1 on the following page.

3. The following paragraphs of the *NPPF* have been taken into account in preparing this document: paragraphs 56 (good design), 69 (mixed and healthy communities), 159 (the need for a Strategic housing market assessment (SHMA)), and 173 and 179 (viability and deliverability).

4. In addition, relevant guidance in *National Planning Practice Guidance (NPPG)* published in March 2014 and amended in November 2014, has also been taken into consideration, in particular the sections on planning obligations and design[2]. Following changes made in November 2014, the NPPG now stipulates that 'contributions should not be sought from developments of 10 units or less, and which have a maximum combined gross floorspace of no more than 1000sqm'.

[2] http://planningguidance.planningportal.gov.uk/

5. When considering development of a vacant (empty/cleared) site and proposed unit numbers the NPPG is clear: only sites of 11 or more dwellings should provide affordable housing on site.

6. When considering sites where vacant buildings are present and are proposed to be brought back into lawful use or demolished and replaced with a new building, the NPPG states that developers should be offered a 'financial credit equivalent to the existing gross floorspace…' and that 'affordable housing contributions would be required for any increase in floorspace'. The process for determining the vacant building credit is set out in section 4 of this document.

7. For clarity, the vacant building credit applies only where the building has not been abandoned.

8. Any references within this document to housing tenures, including affordable rent, social rent and intermediate housing, will be as defined in the glossary of this SPD (see Appendix 6).

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

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

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

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

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

NPPF Annex 2: Glossary

Figure 1: Affordable housing definition from the National Planning Policy Framework (NPPF)

2. Local policy context

9. The local plan for Norwich consists of the *Joint Core Strategy (JCS)*, the *Site allocations and site specifics policies local plan* (the *Site allocations local plan*), the *Development management policies local plan* (the *DM policies local plan*), the policies map, and the *Northern city centre area action plan (NCCAAP)*.

10. Policy 4 of the *JCS* seeks to achieve the following proportion of affordable housing on sites of 5 or more dwellings[3]:

    - on sites of 5-9 dwellings (or 0.2-0.4ha), 20% with tenure to be agreed on a site by site basis (numbers rounded upwards from 0.5);
    - on sites for 10-15 dwellings (or 0.4-0.6ha), 30% with tenure to be agreed on a site by site basis (numbers rounded upwards from 0.5), and;
    - on sites of 16 dwellings or more (or over 0.6ha) 33% with approximate 85% social rented and 15% intermediate tenures (numbers rounded upwards from 0.5).

11. Following changes to National planning policy in November 2014, bullet point 1 of JCS policy 4, shown above, can no longer be applied. Further, bullet point 2 relates only to sites of *11*-15 dwellings.

12. The policy also states that the proportion of affordable housing may be reduced, and the balance of tenures amended, where it can be demonstrated that the site is unviable in prevailing market conditions.

13. It should be noted by those using this document that affordable housing requirements apply to the **net increase of dwellings only** (where planning permission is required). For example, if an application is submitted to demolish 10 open market dwellings and replace them with 20 dwellings then the net increase is 10 dwellings. The policy should only be applied to the 10 new dwellings.

14. The requirement for affordable housing provision applies to **all C3 dwellings, C4 dwellings and sui generis dwellings (eg HMOs)** irrespective of tenure or ownership model.

15. All relevant development proposals should have regard to the principles set out in this SPD.

16. The appropriate mix of tenures is as set out in *JCS* policy 4. For sites of 5-9 dwellings and 10-15 dwellings, tenure is to be agreed on a site by site basis. On sites of 16 or more dwellings a split of 85% social rented and 15% intermediate tenures is

[3] See appendix 1 for a full version of *JCS* policy 4.

advocated. However, in accordance with *JCS* policy 4, this can be negotiated in exceptional circumstances and/or where certain tenures are not appropriate in specific areas of the city. The publication of any new SHMA may update the required tenure split. This document will be updated as necessary thereafter including any amendments as necessary to the calculations set out in Appendix 3.

17. It is current practice to accept affordable rent dwellings only where a developer can provide evidence that social rent is unviable or where evidence is provided that registered providers (RPs) will not accept social rented dwellings. It is considered preferable to accept affordable rent dwellings on-site, rather than a commuted sum as this helps build sustainable mixed communities.

18. Provision of affordable housing on-site is the city council's preferred approach, and is also the preference set out in government guidance. This promotes social inclusion and the design of individual sites should take account of this objective.

Affordable housing design

19. The policies of the *DM policies local plan* relating to amenity (DM2), design (DM3), and principles for residential development (DM12) should be adhered to when applying for planning permission for any development of residential dwellings. These standards should be applied to *all* forms of housing development, including affordable units.

20. It is critical that the design process recognises at an early stage the need to accommodate a mix of affordable tenures, and has the ability to incorporate affordable housing which meets the needs of, and is attractive to, RPs. Applicants should undertake early discussions with RPs, considering alternative designs where necessary, to try to accommodate on site affordable housing in the first instance.

21. Paragraph 12 of this document outlines the threshold for an affordable housing requirement and the corresponding required percentage of affordable housing to be provided on site. In order to achieve the mixed and balanced communities advocated in *JCS* policy 4, as a minimum, the following design criteria should be met:

- there should be no distinction between affordable units and market units, (i.e. development should be 'tenure-blind');
- the same levels of car parking provision should be made for the affordable units as for market units (i.e. if 80% of the market housing has a parking space, then 80% of the affordable units should have a parking space), and;
- if reasonable and practical to do so, affordable units should be distributed evenly throughout the development to promote social inclusion and mixed communities.

Where a flatted development is proposed, the affordable housing units should meet the requirements of the RP taking on the units upon completion of the development.

Residential institutions

22. Both purpose built student accommodation (C1 halls of residence) and care homes (C2 residential institutions) make a valuable contribution to meeting housing need, which in turn releases accommodation in open market housing stock. Any consent granted for such a use is likely to be subject to a condition restricting and making clear the approved use.

23. Neither student accommodation nor residential institutions have permitted development rights to transfer to C3, C4 or sui generis dwellings. Therefore, any proposal to convert such accommodation would require a new planning consent. These forms of development are not subject to the same requirements for affordable housing provision as market housing.

Application requirements

24. Full planning applications should confirm the amount of development proposed, including the amount of affordable housing to be provided, the dwelling mix in terms of tenure and unit size and the location of the affordable homes. If, subject to the criteria outlined in this SPD, the affordable dwellings are not to be provided on site, applicants should use the tables in Appendix 3 of this document to calculate the amount of commuted sum required to be paid in lieu of on-site provision.

25. Outline planning applications should as a minimum secure the full affordable housing provision in accordance with *JCS* policy 4. The overall numbers to be provided with, if possible, an indicative tenure mix, dwelling sizes, types and proposed location should be outlined. Any subsequent reserved matters applications can review the affordable housing provision and tenure mix. Submissions should comply with the requirements for a full planning application (listed above).

How adjoining authorities will use this document

26. For clarity, the Broads Authority does not have a strategic housing function. Policy DP23 of the adopted *Broads Authority Development management policies development plan document* (2011-2021) states that the Broads Authority applies the policies of its constituent District Councils (in both Norfolk and Suffolk) regarding affordable housing. Therefore, this SPD will also apply to housing proposals within the Broads Authority area.

27. All other adjoining authorities will produce their own SPDs as necessary.

Artificial sub-division of sites

28. Where a site is in a single ownership, artificial sub-division to avoid provision of affordable housing will not be permitted. The intention behind this statement is to distinguish between those schemes which are prepared with the intention of circumventing *JCS* policy 4, and those schemes which have been drawn up addressing legitimate planning considerations, and therefore may not be able to provide affordable housing in accordance with the core strategy policy.

Hybrid applications

29. Sites which are proposed to be developed partly under permitted development rights as outlined in The Town and Country Planning (General Permitted Development) Order 1995 (as amended), and partly requiring planning permission will be considered on a case by case basis regarding viability and resulting planning obligations.

3. Local evidence on affordable housing delivery

30. It is recognised that affordable housing provision secured through *JCS* policy 4 is dependent on the overall viability of development and that this is, in itself, dependent upon a wide range of site specific circumstances.

31. Wider economic conditions over past years have impacted on levels of housing delivery on all sites, and the viability of sites has been significantly affected by the levels of affordable housing required under the *JCS* policy 4 and other planning obligations.

32. Table 1 below shows numbers of housing completions since the start of the plan period (2008), the average annual requirement and the actual annual requirement taking into account the actual rate of housing delivery in previous years.

	2008/09	2009/10	2010/11	2011/12	2012/13
Completions	**527**	**399**	**377**	**280**	**377**
JCS allocation annualised over 18 years (2008-2026)	477	477	477	477	477
Managed delivery target – annual requirement taking account of past/projected completions	477	474	479	486	531

Table 1: Extract from the JCS AMR 2012/13

33. As a result of low levels of house building due to poor site viability, levels of affordable housing provision from private development have also been affected (see table 2 below).

	2008/09	2009/10	2010/11	2011/12	2012/13
AH Completions	**235**	**92**	**112**	**171**	**145**

Table 2: Affordable Housing completions 2008-2013

34. The particularly successful years of delivery in 2011/12 and 2012/13 can be largely attributed to the work of the city council in partnership with the Homes and Communities Agency (HCA) to deliver affordable homes on council owned sites (shown as RP sites in table 3 below). From this partnership, between December 2011 and March 2013 108 dwellings were delivered on small sites of 10 dwellings or fewer, all counting towards provision of affordable housing.

35. The *JCS* AMR has raised concern in previous years with poor affordable housing delivery, and the impact of the requirements on *JCS* policy 4 on development viability.

36. Table 3 below sets out the number of sites which have provided on-site affordable housing provision and those where a commuted sum has been accepted in lieu of on-site provision.

	5-9 dwellings	**10-15 dwellings**	**16 plus dwellings**
Total sites where *JCS* policy 4 applicable:	24	13	17
-of which private	13	8	16
-of which RP	11	5	1
Private Schemes			
Delivering on-site provision	3 (23%)	2 (25%)	11 (69%)
Delivering a commuted sum and/or overage for off-site provision	10 (77%)	6 (75%)	5 (31%)
RP Schemes			
Delivering on-site provision	11 (100%)	5 (100%)	1 (100%)
Delivering a commuted sum and/or overage for off-site provision	0 (0%)	0 (0%)	0 (0%)

Table 3: Number of sites where on-site affordable housing provision has been made, and where a commuted sum has been accepted since base date of JCS 01.04.2008 to 31.03.2014.

37. The city council is continuing to identify sites where affordable homes can be delivered. However, it is clear from low levels of schemes, particularly small and medium sites up to 15 dwellings, providing on-site affordable dwellings since adoption of the *JCS* that the private market is struggling to meet the on-site policy requirements of *JCS* policy 4.

38. The current approach of the council of accepting a commuted sum for off-site provision delivers a valuable funding stream to provide affordable dwellings off site.

39. This SPD proposes to continue this approach, to ensure that potential funding sources are not lost and to ensure affordable housing is provided. The council considers that this approach takes account of the need for flexibility advocated by government in prevailing market conditions which are a material consideration when determining planning applications.

4. Changes in national legislation and implications for JCS policy 4

40. In 2014 the government consulted on a proposed change to the threshold for affordable housing contributions so that only developments of over 10 dwellings, or a 1,000 square metre gross floorspace, would be liable for affordable housing contributions through Section 106 agreements. The Government considers that this will aid the delivery of housing small-scale sites and brownfield land.

41. The results were published by the Department for Communities and Local Government (CLG) and a ministerial statement was issued on the 28th November 2014 introducing the new threshold for affordable housing contributions as set out above. In addition, a 'vacant building credit' can now be offered to developers to incentivise them to develop sites. This applies where existing vacant buildings are proposed to be brought back into lawful use or demolished and redeveloped. This does not apply to buildings which have been abandoned.

    The consultation response document can be found here: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/381349/Planning_Contributions__Section106_planning_obligations_.pdf

    The ministerial statement can be found here: http://www.parliament.uk/documents/commons-vote-office/November%202014/28%20Nov%202014/2.%20DCLG-SupportForSmallScaleDevelopersCustomAndSelf-Builders.pdf

42. As a result of this national planning policy change some parts of adopted JCS policy 4 can no longer be applied. In particular:
    - bullet point 1 (requiring 20% affordable housing provision on sites of 5-9 dwellings) can no longer be applied at all, and
    - bullet point 2 (requiring 30% affordable housing provision on sites of 10-15 dwellings) can now only applies to sites of *11* to 15 dwellings.

    All other parts of the adopted JCS policy 4 will be applied in full.

Calculating the 'vacant building credit'

43. Where the 'vacant building credit' is applicable, it will be calculated in the following way:

    - The existing affordable housing requirement is outlined in bullet points 2 and 3 of JCS policy 4, ie for proposals of 11-15 dwellings 30% affordable housing

will be required, for developments of 16 plus dwellings 33% affordable housing will be required.

- The net affordable housing requirement should be recalculated to take into account the two gross floor areas (the original building floorspace to be demolished or brought back into lawful use, and the proposed replacement building) to arrive at the net maximum affordable housing target for that site. The following formulae will be applied:

  A = existing affordable housing target (ie 11-15 dwellings 30% affordable housing, 16 plus dwellings 33% affordable housing)

  Coefficient[4] = 1 (existing floorspace / proposed floorspace)

  Net affordable housing requirement = A x coefficient

44. Once the affordable housing requirement has been calculated, all other parts of this SPD should then be applied to the affordable housing contribution.

45. For clarity, a worked example for a scheme of 26 dwellings is shown below:

    - A = 33%

    The GIA schedule on the following page has been supplied with the application. This shows an existing vacant floorspace of 865sqm and a proposed residential floorspace of 1607.1sqm.

    - 1 - (865 / 1607.1) = 0.46

    - 33 x 0.46 = 15% net affordable housing requirement.

46. If, after such a calculation has been made, development of the site is still not viable, the following sections of this SPD will apply.

[4] A coefficient is a number multiplied with a variable (in this case the existing floorspace / the proposed floorspace) in an algebraic term.

Proposed housing

Plot	Beds	GIA Sqm
1	1	46.2
2	1	46.2
3	2	70.2
4	2	64.2
5	2	64.2
6	2	64.2
7	2	64.2
8	1	45.2
9	1	46.2
10	1	46.2
11	2	70.2
12	2	64.2
13	2	64.2
14	2	64.2
15	2	64.2
16	1	45.2
17	1	46.1
18	3	83.2
19	2	70.2
20	2	64.2
21	2	64.2
22	2	64.2
23	2	64.2
24	1	45.2
25	3	84.3
26	3	92.3
Total GIA		1607.1
Average GIA		61.8

Existing vacant retail floorspace

Unit No	GIA Sqm
Unit 1	565
Unit 2	300
Total GIA	865

Example GIA schedule

5. Establishing development viability

47. Planning Law requires that applications for planning permission must be determined in accordance with the development plan unless material considerations indicate otherwise[5]. The issue of viability is a material consideration.

48. It is recognised that seeking provision of affordable housing on site is an important and longstanding aspect of government planning policy which enables mixed communities and social cohesion. However, the requirements of *JCS* policy 4 are still putting increased pressure on development viability in the current economic market and with the government drive to deliver homes the planning system must be flexible to ensure that developments can go ahead.

49. The fundamental issue in considering development viability is whether an otherwise viable development is made unviable by the extent of planning obligations or other policy requirements. Figure 2 below illustrates this point.

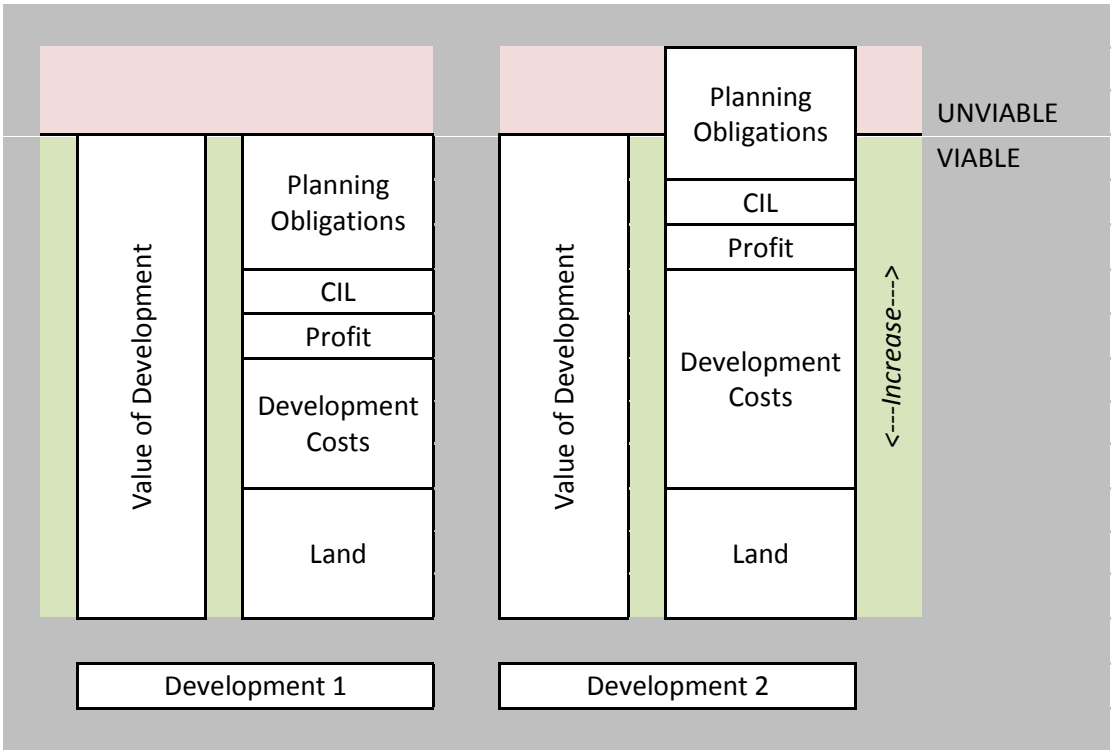

Figure 2: Adapted from RICS 'Financial Viability In Planning' (2012)

[5] Section 38(6) of the Planning and Compulsory purchase Act 1004 and Section 70(2) of the Town and Country Planning Act 1990.

50. In “development 1” the value of the development can be met whilst meeting all planning obligations and costs and maintaining a reasonable return for the land owner.

51. In “development 2” the costs have increased and as a result the development becomes unviable. In such a case a viability assessment would be required to be provided by the developer.

52. The council’s requirements for viability assessments are set out in section 11 and appendix 4 of this document. Upon receipt of an assessment, the council will seek independent verification (where necessary) of the developer’s viability assessment to determine the accuracy of the projected development cost, land values and the level of return, and to ascertain those planning obligations that could be negotiated, and to what level, to render the site viable whilst still retaining a reasonable return for the land owner. The council will do this taking into consideration the planning obligation prioritisation framework outlined in the following section of this document. The council will expect the developer to pay for such independent assessment and the costs of this can be added to the viability assessment.

6. Planning obligations prioritisation framework

53. In 2009 a *Prioritisation Framework* was agreed by Executive with an update agreed in March 2011. This Framework sought to provide guidance for development management officers and members of planning applications committee on how to prioritise requirements for developer contributions covered by Section 106 agreements, planning conditions and planning obligations. This list included essential policy requirements such as transport contributions, education and library contributions, play and open space provision/contributions and affordable housing, amongst others.

54. In June 2013 the city council adopted the *Community Infrastructure Levy (CIL)*. CIL is a planning charge, introduced by the Planning Act 2008, as a tool for local authorities in England and Wales to help deliver infrastructure to support the development in their area. It came into force through the Community Infrastructure Levy Regulations 2010.

55. The introduction of CIL effectively renders the *Prioritisation Framework* of 2011 null and void as many of the essential policy requirements now have contributions paid under the mandatory levy rather than through Section 106 agreements.

56. However, planning obligations are still relevant in certain circumstances and are required in order to secure acceptable development. Policy DM33 of the local plan outlines when such obligations will be required. The remaining obligations include (positioning in the list below is not an indication of priority)[6]:

    - the delivery of affordable housing;
    - the delivery of on-site open space and playspace required directly to serve the development, and;
    - pedestrian and highway safety improvements necessary to secure satisfactory access to the development via a range of modes of transport.

57. In the event that a developer can demonstrate that a development is not viable with the full range of planning obligations being met, the council will undertake an assessment of the priority of those obligations required from the development.

58. Prioritisation of planning obligations will be made on a case by case basis, taking into consideration site specific circumstances and other material considerations.

59. It is important to recognise that provision of affordable housing on site may be prioritised over other obligations and that the following sections of this SPD may not

[6] Policy DM33 is appended in full at Appendix 2.

always apply. Where affordable housing provision on site is considered to be a priority over other obligations, *JCS* policy 4 and paragraphs 15, 16 and 21 of this SPD should be applied and dwelling numbers and tenures negotiated as appropriate.

60. Where affordable housing provision on-site is considered to be of a lesser priority to other site specific planning obligations, or where development remains unviable even when all planning obligations are removed, then the following sections of this SDP will apply.

7. Reduced on-site affordable housing provision

61. It is recognised that affordable housing provision through *JCS* policy 4 is dependent on the overall viability of development. In turn, this is dependent upon a wide range of site specific circumstances.

62. *JCS* policy 4 states, in addition to setting the levels of affordable housing provision, that 'The proportion of affordable housing sought may be reduced and the balance of tenures amended where it can be demonstrated that site characteristics, including infrastructure provision, together with the requirement for affordable housing would render the site unviable in prevailing market conditions, taking account of the availability of public subsidy to support affordable housing'.

63. Provision of affordable housing on site is the council's preferred approach. However, taking a flexible approach, if non-viability of development with a policy compliant level of affordable housing can be demonstrated via an open book viability assessment (see Appendix 4), then reduced provision on-site will be considered in the first instance. As set out in Section 11, any viability assessment submitted to support non-viability of development should set out all sensitivity testing that has been undertaken.

64. In such cases, the design considerations outlined in paragraphs 19-21 of this SPD should be applied and dwelling numbers and tenures negotiated as appropriate.

65. In addition, paragraphs 75-78 of this SPD regarding review of viability where non-commencement of development occurs, will also apply.

8. Off-site affordable housing provision via a commuted sum

66. In December 2011 an *Interim Statement on off-site affordable housing provision* (the *Interim Statement)* was adopted by cabinet following adoption of the *JCS*. The *Interim statement* saw a significant change in policy in respect of housing provision and particularly affordable housing in *JCS* policy 4. At that time, the scale of the challenge involved in meeting the requirements of *JCS* policy 4 was significant with housing completions down significantly on the annual requirement.

67. The purpose of the *Interim Statement* was to identify the issues relating to implementation of *JCS* policy 4 and introduced a payment contribution in lieu of provision of affordable housing on site in certain circumstances.

68. The criteria outlined in the *Interim statement* for accepting contributions in lieu of on-site provision of affordable housing provision have been successfully applied to several development schemes across the city, ultimately helping to deliver much needed homes. It is therefore proposed that this approach is continued at present, but also updated to reflect current circumstance, and formalised in this SPD.

69. This SPD supersedes in full the *Prioritisation framework* of March 2011 (discussed in section 5 of this SPD) and the *Interim Statement* of December 2011.

Where are we now

70. The *NPPF* and CIL regulations set out the tests against which planning obligations should be considered:
    - **necessary** to make the development acceptable;
    - directly **related** to the development, and;
    - fairly and reasonably **related in scale and kind** to the development.

71. The following sections of this SPD outline the circumstances in which provision for affordable housing to be made off-site via a commuted sum may be considered acceptable whilst not undermining the *NPPF* objective to create mixed and balanced communities, and whilst still providing a contribution towards provision of affordable homes.

72. *JCS* policy 4 seeks provision of affordable housing on site to meet this objective. However, in relation to some sites, this can create certain practical difficulties and tensions with other policy objectives such as the minimum density requirement. This may lead to single units being required, or flatted forms of development with high service charges or small floor areas, both of which may be unattractive to RPs.

73. It is also recognised that the viability of providing affordable housing on site for some developments may be difficult in the current housing market and that the RP capacity to take on affordable dwellings on private developments is limited at present. However, as stated at paragraph 20 of this SPD, developers should undertake early discussions with RPs, considering alternative designs where necessary, to try to accommodate on-site affordable housing in the first instance.

74. In accordance with government policy to secure balanced communities, the provision of affordable housing on-site in accordance with *JCS* policy 4 is favoured and will remain the starting point in all cases. However, in recognition of local evidence, and in the light of government statements about the need for flexibility in the planning system and recognition of the need to stimulate the development economy to increase the rate of provision of homes and jobs, it is considered that, in certain circumstances it is pragmatic to accept the provision of off-site affordable housing via a commuted sum to ensure sites are not stalled and much needed housing can be delivered:

Example1:
On **any site** where after an open-book viability appraisal has been conducted and accepted by the council after independent assessment where necessary (based on a residual method) it can be demonstrated that the site is not sufficiently viable to enable the provision of a single affordable dwelling on site.

Example 2:
On relatively **small sites** proposed for flatted developments (typically developments of 15 or fewer units on sites of 0.2ha or less) where it can be demonstrated that RPs are reluctant to take on the management of affordable units.

In these cases developers will be expected to provide written evidence that no RP is willing to take on the unit(s) and that their preferred scheme design has difficulty accommodating affordable housing on site and that they have considered alternative arrangements which would be more attractive to RPs. The housing development team will contact the relevant RPs on behalf of the developer if requested. A list of contact details for local RPs is listed in appendix 5 of this document;

Example 3:
On **any site** with exceptional site specific factors which would not be attractive to RPs (evidence of which will be required), such as inappropriate floor areas or high service charges.

It will be up to the developer to demonstrate that the constraints associated with development of the site make it impractical for development to be brought forward

in a form which may be more attractive to RPs and that RPs are not prepared to manage units as proposed. Each application will be considered on its own merits.

75. Where it is demonstrated that a development is unviable if a fully policy compliant scheme is sought, or where reduced on-site provision cannot be provided, then a commuted sum for provision of off-site affordable housing will be accepted.

76. A schedule of the level of payments that will be used in calculating such a commuted sum in lieu of provision of on-site affordable housing is set out in appendix 3. These are set at a level that will enable the city council to typically deliver a unit equivalent in type to the those being provided on the site proposed for development i.e. a site providing for 10 one bedroom units and not able to provide three affordable units on site will be expected to make a contribution sufficient to provide for three one bedroom units as part of another development elsewhere in the city. Appendix 3 will be updated upon publication of the new SHMA and thereafter reviewed annually to ensure it is kept up to date with changing costs. Any changes will be published on the website.

77. The level of contribution may be reduced *only* if an open-book viability assessment has been agreed demonstrating that the full level of provision would render the development unviable. Where the council considers it necessary, viability assessments will be subject to independent assessment. The council will expect the developer to pay for such independent assessment and the costs of this can be added to the appraisal. The council will seek a fee quote for such an assessment and expect the developer to provide the council with the funds to meet this inclusive of VAT before the independent assessment commissioned.

How will commuted sums be spent?

78. Commuted sums collected by the council in lieu of on-site provision of affordable housing will be spent on delivery of affordable housing schemes across the city.

79. A clause in the Section 106 agreement will impose a time limit of 10 years on the council within which they must spend the commuted sum received from the development. Such a time limit will start from the date of receipt of the commuted sum.

80. The commuted sum will be spent on the provision of affordable housing within the same electoral ward, or adjacent electoral ward to the site from which the sum was received in order to ensure balanced and mixed communities are created as a result of the development, albeit, not on site. However, in the instance that a suitable site cannot be identified by the Council, the commuted sum will be spent on provision of affordable housing city wide.

9. Section 106BA applications

81. The government has recently introduced a new clause within the Town and Country Planning Act 1990 to allow applicants to renegotiate affordable housing contributions as part of previously approved developments. This new clause ceases on the 30th April 2016.

82. This applies to sites where a policy compliant provision of affordable housing is agreed, and also sites where a reduced on-site provision of affordable housing has been agreed.

83. The process for considering these applications will be similar to that for considering the viability of new planning applications. A viability appraisal and associated supporting information is required to be submitted by the applicant and this will usually be required to be considered by an independent party, appointed by the council.

84. Any proposed changes to the amount of affordable housing approved as a result of previous committee resolutions, would need further committee authorisation. In such cases it is unlikely that such applications would be determined within the initial 28 day period specified by the legislation. The council will look to agree alternative timescales for a decision through the use of a post-application agreement with the developer.

85. The council will expect any changes to affordable housing provision to be formally agreed via a deed of variation to the original Section 106 agreement. The council would look to include the measures set out within the government guidance (Department for Communities and Local Government (DCLG): 'Section 106 affordable housing requirements: Review and appeal' (or any such subsequent document)) to encourage schemes to be implemented rapidly. This will include a clause within the deed of variation which stipulates that the modifications to the original Section 106 agreement are for a three year period only. The original Section 106 requirements will apply to any completions following the temporary three year period. This will incentivise developments to be completed within 3 years of the date of the Section 106BA application. If the scheme is of such a size and complexity that would render this unlikely, alternative timescales will be agreed on a case by case basis.

10. Review of development viability

86. It is important to recognise that a viability assessment represents a snapshot of development viability at a particular moment in time, and is based upon the best available up to date information at that point. As a result, the assumptions within the viability assessment could change.

87. Where reduced on-site provision or off-site provision is accepted by means of a commuted sum it will be necessary to revisit the viability assessment for the development scheme if the scheme has not been commenced. This will ensure that the values associated with the development are still valid should the development be implemented some time after the viability appraisal was originally undertaken.

88. Any Section 106 agreement relating to a development where reduced on-site provision or a commuted sum has been accepted as necessary due to development viability considerations will include an 'affordable housing viability review clause. Such a clause will come into effect upon either of the following criteria being met:

    - if there has been no commencement of the permission within 12 months of the date of the decision being issued, or;
    - if commencement has occurred within 12 months of the decision being issued but where there has been no occupation within a further 12 month period from commencement, unless the scheme is of such a size and complexity that occupation is unlikely to take place within 12 months of commencement.

89. The review will reassess the total commuted sum to be paid in lieu of on-site affordable housing provision and a Deed of Variation to the original Section 106 agreement will be required.

11. Viability assessment requirements

90. As a result of varying quality and content in viability assessments submitted to the council in the past, this section of the SPD offers guidance on the information the council expects to be submitted in a viability assessment if the case for non-viability is being pursued.

91. This information is expected **as a minimum** if a development is proposed which does not provide the amount or type of affordable housing and/or commuted sum required by *JCS* policy 4.

92. The following bullet points outline some general points to consider when submitting a viability assessment with any application:

- the applicant should provide a brief covering report providing an overview of why the viability case is being made. This should detail the viability case being made and what the issue is. The report should be clear on the request / offer that is being made (i.e. the extent of departure from Policy compliance considered necessary) and the reasons why, in the applicant's view, this should be considered;
- the report should be accompanied by the supporting information / evidence associated with the viability assessment including:
  - appraisal(s) / sensitivity tests,
  - a detailed costs plan (prepared by a Quantity Surveyor),
  - appropriate evidence to support the existing land use valuation, and
  - evidence of comparable sales in the area to support the projected sales value for the proposed units;
- the appraisals content and summaries should be supplied in PDFs. In addition, a "live" (functional) appraisal version(s) should also be submitted in order to aid the review process and enable the independent assessor to examine the data across a range of scenarios;
- appraisal(s) should be consistent with, and clearly linked to the written submission / covering report;
- applicants should provide a policy compliant viability assessment to illustrate the viability issues as a baseline;
- appraisals should show the optimum planning obligations position that can be reached, in the opinion of the applicant, based on their viability assessment;
- if sensitivity analysis has been carried out, an explanation of sensitivity assumptions should be provided.
- a development appraisal toolkit, which incorporates a cash flow analysis, should be used, for example the Homes and Communities Agency (HCA) Development Appraisal Tool (DAT). The toolkit to be used should be agreed prior to submission;

93. Appendix 4 offers a detailed guide to what should be included in any viability assessment submissions.

94. If applicants are submitting viability assessment information which is commercially sensitive and confidential then a redacted version of the assessment which can be made available to members of the public should also be submitted. Applicants should clearly detail why they believe the information to be confidential and should be aware that the council cannot guarantee the confidentiality of information submitted. Information held by the council is subject to the Freedom of Information Act. The Act has exemptions for trade secrets and the disclosure of information which would be likely to prejudice the commercial interests of any person. Further guidance is provided on the Information Commissioner's website.

Appendix 1: *Joint core strategy* policy 4: housing delivery

Policy 4: Housing delivery

Allocations will be made to ensure at least 36,820 new homes can be delivered between 2008 and 2026, of which approximately 33,000 will be within the Norwich Policy Area (NPA – defined in Appendix 4), distributed in accordance with the Policies for places.

Affordable housing in Norwich

Housing mix

Proposals for housing will be required to contribute to the mix of housing required to provide balanced communities and meet the needs of the area, as set out in the most up to date study of housing need and/or Housing Market Assessment.

Affordable Housing

A proportion of affordable housing, including an appropriate tenure mix, will be sought on all sites for 5 or more dwellings (or 0.2 hectares or more). The proportion of affordable housing, and mix of tenure sought will be based on the most up to date needs assessment for the plan area. At the adoption of this strategy the target proportion to meet the demonstrated housing need is:

- on sites for 5-9 dwellings (or 0.2 – 0.4 ha), 20% with tenure to be agreed on a site by site basis (numbers rounded, upwards from 0.5)
- on sites for 10-15 dwellings (or 0.4 – 0.6 ha), 30% with tenure to be agreed on a site by site basis (numbers rounded, upwards from 0.5)
- on sites for 16 dwellings or more (or over 0.6 ha) 33% with approximate 85% social rented and 15% intermediate tenures (numbers rounded, upwards from 0.5)

The proportion of affordable housing sought may be reduced and the balance of tenures amended where it can be demonstrated that site characteristics, including infrastructure provision, together with the requirement for affordable housing would render the site unviable in prevailing market conditions, taking account of the availability of public subsidy to support affordable housing.

At appropriate settlements, sites that would not normally be released for housing will be considered for schemes that specifically meet an identified local need for affordable homes. Such schemes must ensure that the properties are made available in perpetuity for this purpose.

Housing with care

Mixed tenure housing with care will be required as part of overall provision in highly accessible locations. In particular provision will be required in Norwich, and the major growth locations of Old Catton, Sprowston, Rackheath and Thorpe St Andrew growth triangle, Cringleford, Hethersett, Wymondham and Long Stratton, and at Aylsham, Acle and Wroxham.

Gypsies and Travellers

Provision will be made for a minimum of 58 permanent residential pitches for Gypsies and Travellers between 2006 and 2011 to ensure full conformity with Regional Spatial Strategy Policy H3. These will be provided on the following basis: Broadland 15, Norwich 15, and South Norfolk 28.

Between 2012 and 2026, an additional minimum 78 permanent residential pitches will be provided to ensure full conformity with Regional Spatial Strategy Policy H3. These will be distributed on the following basis: Broadland 20, Norwich 20, and South Norfolk 38.

These will be provided on a number of sites. Generally sites will not have more than 10 to 12 pitches, but may be varied to suit the circumstances of a particular site. The sites will be provided in locations which have good access to services and in locations where local research demonstrates they would meet the needs of the Gypsy and Traveller communities. Some of the allowance to be provided after 2011 is expected to be provided in association with large-scale strategic housing growth.

In addition, 17 transit pitches will be provided, with the expectation that these will be provided by 2011. These will generally be in locations providing good access to the main routes used by Gypsies and Travellers, such as the A11, A47, A140 and A 143/A1066. Again, sites would not normally be expected to accommodate more than 10 to 12 pitches.

Research also shows the need for additional plots for Travelling Show People. The expectation is that 15 additional plots will be provided by 2011 and a further 12 between 2012 and 2026. These will be located on sites within the Norwich urban area, or if sites within the urban area cannot be identified, with easy access to it.

The Government has signalled its intention to revoke the Regional Spatial Strategy. When this is enacted new targets for permanent residential and transit pitches for the period after 2011 will be set, based on local evidence.

Contributes to spatial planning objective 2

Appendix 2: Policy DM33 of the *Development management policies local plan*

Policy DM33 - Planning obligations

General principles

Delivery of essential infrastructure on or adjoining a site which:
a) is only necessary as a direct consequence of the development proposed; and
b) cannot be secured via condition; and
c) is not identified as infrastructure to be delivered through the Community Infrastructure Levy (infrastructure identified on the "Regulation123 list") will be secured by a site specific planning obligation.

Planning obligations will be required to secure infrastructure which is necessary to ensure:

a) the delivery of sustainable development (through compliance with the policies of this plan, other development plan documents and relevant neighbourhood plans);
b) the delivery of affordable housing;
c) the delivery of on-site open space and playspace required directly to serve the development
d) pedestrian and highway safety improvements necessary to secure satisfactory access to the development via a range of modes of transport.

Viability considerations
In cases where it is demonstrated by independent viability assessment that:

a) the impact of CIL contributions, planning obligations and abnormal development costs either individually or in combination, would result in a proposed development becoming economically unviable; and
b) a viable scheme cannot be achieved by amendments to the proposals which are consistent with the other polices within this plan,

specific policy requirements which would clearly and demonstrably compromise scheme viability may be negotiated, and planning obligation requirements covering specific matters may be reduced, by agreement. Negotiation on planning obligation requirements should be in accordance with the council's approved Planning Obligations Prioritisation Framework (or successor document) or consideration may be given to specific infrastructure which would normally be delivered through a planning obligation being added to the "Regulation 123 list" and delivered instead via CIL.

Appendix 3: Methodology for calculating payments for off-site affordable housing provision in circumstances where provision off-site is considered acceptable.

SOCIAL RENT								
Property type	**Land costs (£) (a)**	**Build costs (£) (b)**	**On costs (£)**	**Total scheme costs (£)**	**RP/LA borrowing (£) (c)**	**Cost (£) (d)**	**Typical floorspace* (sqm) (e)**	**Cost per sqm (£) (d/e) (f)**
Studio	20,000	26,000	1,950	47,950	10,314.91	37,635.19	20	1,881.75
1B 2P	20,000	66,300	4,973	91,273	21,367.71	69,904.79	51	1,370.68
2B 3P	20,000	85,800	6,435	112,235	28,070.10	84,164.90	66	1,275.23
2B 4P	20,000	100,100	7,508	127,608	30,237.61	97,369.89	77	1,264.54
3B 5P	20,000	120,900	9,068	149,968	40,537.15	109,430.35	93	1,176.67
4B 6P	20,000	137,800	10,335	168,135	57,077.91	111,057.09	106	1,047.71
Average	20,000	89,479	6,711	116,190	31,267.57	84,922.36	68.83	1,233.80

SHARED OWNERSHIP – 25% equity sold									
Property type	**Land costs (£) (a)**	**Build costs (£) (b)**	**On costs (£)**	**Total scheme costs (£)**	**Value to RP (£) (c)**	**Value to tenant (£) (d)**	**Cost (£) (e)**	**Typical floorspace* (sqm) (f)**	**Cost per sqm (£) (d/e) (g)**
Studio	20,000	24,000	3,300	41,925	4,965.30	32,500	4,459.7	20	222.99
1B 2P	20,000	61,200	6,090	81,915	14,388.61	55,000	12,526.39	51	245.62
2B 3P	20,000	79,200	7,440	101,265	17,524.59	62,500	21,240.41	66	321.82
2B 4P	20,000	92,400	8,430	115,455	21,705.90	72,500	21,249.10	77	275.96
3B 5P	20,000	111,600	9,870	136,095	29,038.56	90,000	17,056.44	93	183.40
4B 6P	20,000	127,200	11,040	152,865	33,219.87	100,000	19,645.13	106	185.33
Average	20,000	82,600	7,695	104,920	20,140.47	68,750	16,029.53	68.83	232.89

*Net internal

Average cost of provision of affordable floorspace is therefore calculated to be (£1233.80 x 0.85) + (232.89 x 0.15) = £1083.66.

Total contribution due therefore equals net internal floorspace of open market housing proposed x 0.30 (if 11-15 dwellings), or 0.33 (if 16 plus dwellings) x £1083.66. Plus flat fee of £1000 to cover legal charges associated with the land transfer.

Figures correct at February 2015. Figures will be updated annually.

Appendix 4: Viability assessment requirements

Scheme details and context – the report/appraisal(s) should include / provide the following:

- **an Ordnance Survey based site plan and overview layout plan**
  - to include indication of the location and extent of any adjoining highways works or similar.

- **scheme description/details to include**
  - site areas (ha) - gross and net (developable)
    - land areas for any other non-residential / ancillary / other uses
  - confirmation of resulting development density
  - total residential unit numbers; both market and affordable (with percentage of affordable housing)
  - residential unit schedules (market and affordable housing) with:
    - type of units
    - number of bedrooms
    - floor areas of each unit (usually GIA)
    - any non-saleable floor areas / net : gross ratio
  - any commercial / other / mixed use development details – equivalent information (to include gross and net internal floor areas)
  - evidence of consideration of affordable housing requirements in the design process as part of the scheme

- **details of timings and any phasing**
  - include numbers and types of units in each phase
  - assumed project / phase start and end dates
  - construction start and period
  - sales period, rate of sale and any post construction sales period
  - cash flow
  - affordable housing timing
    - construction period
    - payments / handover / receipts.

Site value – the report/appraisal(s) should include / provide the following:

- **details of current use(s)** of the site and planning context / status (with any relevant supporting information)

- **value of site / premises** at the assessment (current) date – include supporting evidence
  - full explanation with valuation and other supporting details where relevant including existing rental values being achieved

- details of any special assumptions and planning risk adjustment being made with respect to alternative use value assessment as a basis for site value
- clear approach on whether site value being used as an appraisal input or as a benchmark against which a RLV is being compared (i.e. is the viability benchmark based on land value or profit)
- land purchase and timing details may be relevant – including background, basis / planning assumption, any conditions, etc. The value of the site should normally be based on the Existing Use Value with a premium to allow for a reasonable profit for the landowner. An alternative use value may be considered acceptable where it can be clearly evidenced, eg where an extant permission or allocation exists. Evidence of how the Existing Use Value or Alternative Use Value has been calculated will need to be provided.'

- **land purchase related costs / fees**
  - stamp duty, legal and any agent's fees plus supporting information if necessary.

Gross development value (GDV) – the report/appraisal(s) should include / provide the following:

- **assumed sales values**[7]
  - provide sales values both as £ per unit and £/m²
  - ground rents
  - total revenue summarised
  - provide supporting evidence including analysis of any comparable cases/ research / agents advice / other justification.
  - service charges or any other deductions / incentives that may impact on value

- **Affordable housing revenue assumptions**
  - provide revenue assumptions both as £ per unit and £/m² (where based on offer(s) from Registered Providers please indicate offer and provide supporting evidence)
  - indicate tenure assumptions - by unit type and overall mix (eg affordable rent / shared ownership or similar ratio)
  - affordable and/or social rent assumptions
    - rent assumptions
    - percentage of market rent assumed
    - other financial criteria used to calculate affordable housing revenue where applicable
  - assumptions for shared ownership revenue
    - percentage initial equity share and percentage rent on retained equity;
  - equivalent information / explanation on any other affordable housing models / variation.
  - details of any offers from RPs for the affordable units

[7] NB Rental values will not be accepted.

- **Commercial / non-residential values (where applicable):**
  - rental values
  - yields
  - void rates
  - rent free periods
  - tenant incentives
  - any other area that impacts on value (eg purchaser's costs).
  - evidence of any pre-development agreement with future occupiers (eg retailer)

  The above is to be provided with supporting evidence.

Development costs – the report /appraisal(s) should include / provide the following:

- **build costs**
  - basis and source of build cost assumptions / estimates – eg all-in / unit costs plus external / site works; contingency percentage and any other costs additions.
  - £/m² rates for each element (if separated) and totals provided.
  - a cost plan drawn up by a registered Quantity Surveyor

- **other**
  - Eg abnormals (provide supporting evidence including qualified assessments and details of the mitigation/solutions needed to overcome issues with supporting details of costs)
  - site or other works
  - infrastructure or services related costs etc. not otherwise allowed-for.

- **build cost related fees**
  - Details and basis / percentage (of build costs). Eg professional fees (architect, planning, surveyors etc.).

- **survey / investigation or similar costs**
  - provide details and supporting evidence.

- **sustainability standards**
  - provide details and supporting evidence for costs relating to:
  - sustainable design and construction costs (Code for Sustainable Homes (or successor document) / renewable energy or equivalent for both market and affordable (*NB – These will not be accepted as 'abnormal costs'* where meeting normal policy requirements. Where policy requirements are being exceeded, a balanced judgement will be made on a case by case basis, as to whether these costs should be classed as 'abnormal').
  - any additional measures and costs.

- **Section 106 obligations and contributions**
  - provide details and costs including explanation and any council / formulaic calculations
  - anticipated CIL liability and any relevant assumptions where applicable.

- **finance costs**
  - finance rates assumed (negative and positive cash flow balance)
  - related fees
  - the appraisal cash flow should be provided.

- **development profit**
  - clear statement on target return / assumed fixed appraisal input and basis (percentage of value / percentage of cost or other) including:
    - profit assumptions on private / affordable housing and commercial / other non-residential elements of the scheme where applicable.

- **sale & marketing costs**
  - usually expressed as a percentage of value with details of any separate elements provided.

- **legal fees on sale**
  - provide details and supporting evidence where applicable. Generally expressed as a rate per unit or percentage of value.

Please note, documents and accompanying evidence should be provided by the applicant / their agent(s) as a package with an explanatory note of the components / appendices in electronic format where possible.

Appendix 5: List of registered providers

Company / Name	Telephone	E-mail	Additional details
Norwich City Council			
Andrew Turnbull	01603 212778	andrewturnbull@norwich.gov.uk	
Debbie Gould	01603 212851	debbiegould@norwich.gov.uk	
Broadland Housing Association			
Andrew Savage	01603 750211	Andrew.savage@broadlandhousing.org	
Ed Mumford-Smith	01603 750241	Ed.mumford-smith@broadlandhousing.org	
Mark Walker	01603 750247	Mark.walker@broadlandhousing.org	
Cotman Housing Association / Places for People			
Paul Smith	01603 731644	Paul.smith@placesforpeople.co.uk	
Circle Anglia (Wherry Housing Association)			
Jerry Harkness		Jerry.harkness@circleanglia.org	
Dean O'Regan	01603 703853	Dean.oregan@circleanglia.org	
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Appendix 6: Glossary

Term	Definition
Affordability	A measure of whether housing may be afforded by certain groups of households.
Affordable housing (AH)	*Social Rented*, *Affordable Rented* and *Intermediate Housing*, provided to 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. • It should 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. 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*. Those homes that do not meet the definition, for example, 'low cost market' housing, may not be considered, for planning purposes, as *Affordable Housing*.
Affordable rented housing	Rented housing let by Registered Providers of social housing to households who are eligible for *Social Rented* housing. *Affordable Rent* is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80 per cent of the local market rent.
Alternative Use value (AUV)	Where an alternative use can be readily identified as generating a higher value for a site, the value for this alternative use would be the market value with an assumption, as defined for Site Value for financial viability assessments for scheme specific planning applications.
Bedspaces	The maximum number of full size beds which can be accommodated in the sleeping area of a house.
Benchmark	A comparator for either outputs or inputs into the appraisal, ie Site Value or developers return, etc.
CIL	Community Infrastructure Levy. A levy allowing local authorities to raise funds from owners or developers of land undertaking new building projects in their area. CIL is levied on a wider range of developments and in accordance with a published tariff or charging schedule. This spreads the cost of funding infrastructure and provides certainty to developer of how much they will have to pay. In addition, the charging authority must produce a regulation 123 list of the infrastructure projects CIL monies will be spent on.

Commencement	Commencement of development is taken to be initiated if any material operation or change of use is carried out: Any work of construction in the course of erection of a building; Any work of demolition of the building; The digging of a trench which is to contain the foundations, or part of the foundations of any building; The laying of any underground main pipe to the foundations or part of the foundations of a building, or to any such trench mentioned in bullet point 3 above; Any operation in the course of laying out or constructing a road or part of a road; Any change in the use of the land which constitutes material development.
Commuted payment	Payment made by a developer to the local planning authority (usually secured by means of a Planning Obligation) to fund provision of a facility needed to serve a development, but to be built or provided elsewhere or in some way other than by the developer.
Core strategy	The spatial planning strategy that sets out long term objectives for planning across the authority area.
Current Use Value (CUV)	Market value for the continuing existing use of the site or property assuming all hope value is excluded, including value arising from any planning permission or alternative use. This also differs from the Existing Use Value. It is hypothetical in a market context as property generally does not transact on a CUV basis.
Current Use Value (Plus a premium) (CUV+premium)	Used by some practitioners for establishing Site Value. The basis is as with CUV but then adds a premium (usually 10% to 40%) as an incentive for the landowners to sell. However, it does not reflect the market and is both arbitrary and inconsistent in practical application.
Density (housing development)	A measure of the average concentration of housing within a given area (normally expressed as n dwellings per hectare). Net density is a more refined measure of the actual area developed for housing purposes and excludes open space, major distributor roads, landscaped strips and primary school sites from the calculation of the developed area.
Development	Defined in planning law as 'the carrying out of building, engineering, mining or other operations in, on, over, or under land, or the making of a material change of use of any building or land'.
Existing Use Value	The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after properly marketing and where parties had each acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause market value

	to differ form that needed to replace the remaining service potential at least costs.
Existing Use Value (plus a premium) (EUV+premium)	Used by some practitioners for establishing Site Value. The basis is as with EUV but then adds a premium (usually 10% to 40%) as an incentive for the landowner to sell. However, it does not reflect the market and is both arbitrary and inconsistent in practical application.
Gross development value (GDV)	The total value achieved on sale of the completed development. It is shown before the deduction of any costs or allowances and is simply the total of funds realised on the sale of the completed development.
Implementation	Implementation of development is taken to be initiated when, in the case of a change of use, the new use is begun, or, in the case of residential development, upon the development being capable of being occupied.
Intermediate affordable housing	Housing at prices and rents above those of Social Rented, but below market price or rents, and which meet the criteria set out above. These can include shared equity (eg Home Buy), other low cost homes for sale and Intermediate Rent but does not include Affordable Rented housing.
Local plan	The plan for the future development of the local area, drawn up by the local planning authority in consultation with the community. In law this is described as the development plan documents adopted under the Planning and Compulsory Purchase Act 2004. Current core strategies or other planning policies, which under the regulations would be considered to be development plan documents, form part of the Local Plan. The term includes old policies which have been saved under the 2004 Act. Previously referred to as the Local Development Framework.
Market housing	Housing for those households who can afford to pay the full market price to buy or rent their home, i.e. occupied on the basis of price alone.
Market value (MV)	The estimated amount for which an asset 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.
Material considerations	Factors which will be taken into account when reaching a decision on a planning application or appeal. Under Section 38 of the Planning and Compulsory Purchase Act 2004, decisions on planning applications 'must be made in accordance with the [development] plan unless other material considerations indicate otherwise'. Material considerations include issues regarding traffic, wildlife, economic impacts and the historical interest of the area (this list is not exhaustive). Issues such as the loss of a view or the impact on property values are not material to planning decisions.
Mixed use developments	Development comprising two or more uses as part of the same scheme (eg shops on the ground floor and residential flats above). This could apply at a variety of scales from individual buildings, to a street, to a new

	neighbourhood or urban extension.
National Planning Policy Framework **(NPPF or The Framework)**	This document sets out national planning policies for England and the Government's requirements for the Planning System. The policies in the NPPF must be taken into account when preparing Local Plans.
Permitted development	Certain types of minor changes to houses or businesses can be made without needing to apply for planning permission. These changes can be made under "**permitted development rights**". They derive from a general planning permission granted not by the local authority but by Parliament. The permitted development rights which apply to many common projects for houses do not apply to flats, maisonettes or other buildings.
Planning condition	A condition imposed on a grant of planning permission (in accordance with the Town and Country Planning Act 1990 (as amended)) or a condition included in a Local Development Order or Neighbourhood Development Order.
Registered provider (RP)	Registered providers (RP) are landlords who provide affordable accommodation for rent and/or sale. The way they operate is governed by a government body called the Homes and Communities Agency.
Residual land value (RLV)	Land value and referred to as a residual because it is the amount remaining after a calculation that deducts from the GDV (as above) the various costs of development (eg usually comprising of costs including build costs and contingencies, professional fees, site purchase costs, finance costs, developer's profit, marketing and sales expenses). The amount left over (hence 'residual') indicates the land price that can be justified by the calculation and the assumptions used within it.
Section 106 (S106)	Legal agreements entered into under Section 106 of the Town and Country Planning Act 1990 (as amended) between a planning authority and a developer, or undertakings offered unilaterally by a developer to ensure that specific works are carried out, payments made or other actions undertaken which would otherwise be outside the scope of the planning permission. Also referred to as Planning Obligations. Section 106 agreements differ to CIL in that whilst they secure monies to be paid to fund infrastructure to support new developments, the agreements are negotiable and not all new development is subject to such agreements.
Shared ownership	A form of intermediate tenure low cost home ownership housing. Homes in which the occupier owns a share of the equity and pays rent on the remaining share.
Site Value (SV) (for financial	Market Value (MV) subject to the following assumption: that the value has regard to development plan policies and all other material planning

viability assessments for scheme specific planning applications)	considerations and disregards that which is contrary to the development plan.
Strategic housing market assessment (SHMA)	Evidence study providing a detailed analysis of housing need in a specified area, to inform how local authorities should plan for new housing development. Typically, a SHMA will define housing market areas and provide analysis of housing need, demand and supply both in the market areas and in individual local authority areas or other geographic areas used for planning purposes. It shows how housing need and demand will be translated into requirements for a specific number of homes and for different sizes, types and tenures of homes in each area in future years. SHMAs also identify the key drivers of need and demand for both market and affordable housing, including the affordability of accommodation, the impact of welfare reform, economic growth and the potential effects of other current and emerging policies. For Norwich a new joint SHMA is in production covering the wider Norwich housing market area including Norwich city, Broadland and South Norfolk districts and extending into North Norfolk and Breckland. When published later in 2014 it will supersede the present Greater Norwich SHMA dating from 2007 and updated in 2011.
Social housing	Housing let at lower than market rents to people in housing need. It includes social rent, affordable rent and intermediate housing tenures and is usually provided by not-for profit organisations including housing associations and councils.
Social rented	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 Homes and Communities Agency as a condition of grant.
Supplementary planning document (SPD)	Guidance published by the local planning authorities to provide further detailed information on how local plan policies are to be applied or interpreted in order to bring forward sustainable development. SPD may be prepared jointly, particularly where a consistent policy approach is required over an area covered by more than one local planning authority.
Viability assessment	An objective financial viability test of the ability of a development project to meet its costs including the cost of planning obligations/CIL, while ensuring an appropriate site value for the landowner and a market

	risk adjusted return to the developer in delivering that project.

Appendix 2

Affordable Housing SPD - Comments received in response to the consultation draft and the city council's response

Rep Ref	Name	Organisation	Date of response	Nature of Rep	Summary	Council's response
5068-1	Andy Scales	NPS Property	15.10.2014	Object	The approach outlined in the draft is generally welcomed. However, the requirements of Appendix 4 are excessively prescriptive and detailed and focus on fully designed schemes. It is unreasonable to require such a level of detail and cost information in many cases, particularly where full design has not taken place. The level of detail required to be submitted should be proportionate for each site/development proposal. BCIS costs would normally be used. The approach to land purchase and timing on page 31 is in conflict with RICS guidance in relation to 'exceptional circumstances' – this should be more flexible.	NOT ACCEPTED: The Council considers the level of detail outlined in Appendix 4 to be proportionate and necessary in order for a robust assessment of viability of a scheme to be made. Applications which are made in outline, i.e. not yet fully designed, should be made as policy compliant schemes (see paragraph 25 of the document). ACCEPTED: The reference to 'exceptional circumstances' will be removed. However, it will be made explicit that the value of the site will be based on the existing use value unless use of the alternative use value can be clearly evidenced either through an extant permission or allocation.
5246-1	Stephen Faulkner	Norfolk County Council	07.10.2014	Support	The SPD is not considered to raise any strategic concerns to the County Council and is considered to be consistent with the adopted JCS (Policy 4 – housing delivery). The County Council welcomes paragraph 46 of the SPD which indicates that prioritisation of planning obligations will be made on a case by case basis taking into consideration site specific circumstances and other material considerations.	N/a

Appendix 2

Affordable Housing SPD - Comments received in response to the consultation draft and the city council's response

Rep Ref	Name	Organisation	Date of response	Nature of Rep	Summary	Council's response
5481-1	Sue Bull	Anglian Water	14.10.2014	Support	On this occasion, we have no comment to make	N/a
5544-1	Natalie Beal	Broads Authority	07.11.2014 (date of committee)		Section 2 of the SPD needs to explain how the BA defers to this SPD for development within NCCs authority boundary. In addition, this SPD will be referred to for any application submitted to the BS which triggers JCS4	ACCEPTED: The document has been amended in section 2 to reflect these circumstances.
					Paragraph 7 – The wording of JCS 4 does not make it clear if the AH contribution should be 20% or 30% if a site is 0.4HA in size. It would be useful if the SPD could clarify the policy intention here.	NOT ACCEPTED: It is considered that the JCS policy is sufficiently clear. If a site is 0.4ha and 5-9 dwellings are proposed, the affordable housing provision should be 20%. If 10-15 dwellings are proposed then 30% affordable housing should be provided. Officers should determine on a case by case basis if the greater requirement of JCS policy 4 (i.e. 30%) is being deliberately circumvented through lower density development than appropriate for the site.
					Paragraph 41 – reference should be made to who will pay for independent verification of viability assessments.	ACCEPTED: Inclusion of such a reference has been updated in the document. (See paragraph 52)
					Paragraph 63 – Criterion 1: if the appraisal has demonstrated the development cannot deliver 1 AH unit, would it allow for a commuted sum for the partial cost of a dwelling?	NOT ACCEPTED: The intention behind the commuted sum is that the Council provides the affordable dwelling in lieu of on-site provision by the developer. It is not possible to provide only part of a dwelling, therefore it is not considered prudent to accept a commuted sum on this basis.

Affordable Housing SPD - Comments received in response to the consultation draft and the city council's response

Rep Ref	Name	Organisation	Date of response	Nature of Rep	Summary	Council's response
					Notwithstanding the above, is there an element of sensitivity testing required, e.g. 20%, 30% provision etc.	ACCEPTED: Section 11 refers to the need for sensitivity testing. Paragraph 52 will be updated to make this clearer.
					Further, should the last sentence of criterion one state '*even* one' dwelling? The JCS policy will typically require more than 1 dwelling.	NOT ACCEPTED: This is a matter of expression. The criterion states 'a single' which is effectively the same as 'even one'. No change is proposed.
					Some guidance on the information required to demonstrate that the constraints of a site make it impractical for development in a form attractive to RPs.	ACCEPTED: It is considered that each application should be considered on its own merits. Therefore, the reference to guidance at this point will be removed.
					Paragraph 69 – suggest 'The City Council will provide justification for spending money on a city-wide basis' is added.	NOT ACCEPTED: the justification would be the absence of a site within 1km of the site. However, this is proposed to be changed to allow the commuted sum to be spent within the same or an adjacent electoral ward (see paragraph 80).
					Paragraph 74 – add 'S106' into sentence.	ACCEPTED: A change will be made to the document.
					We recommend that the option of 'clawback' is used as well.	NOT ACCEPTED: Where an overage clause has been used in the past, no sites have yet got to a point where the second viability assessment is required. It is unclear at this time how the process will work, how much officer time is involved, and, most importantly, whether the Council will secure any further funding for

Affordable Housing SPD - Comments received in response to the consultation draft and the city council's response

Rep Ref	Name	Organisation	Date of response	Nature of Rep	Summary	Council's response
						provision of affordable dwellings. Guidance produced by the Royal Institute of Chartered Surveyors (RICS) suggests that rather than an 'overage' clause, a 'review' of the viability assessment should be made where non-commencement occurs. Such an approach would have significant benefits for housing delivery and positive resource implications: • More incentive for developers to build out schemes and complete them within a specified time period, thereby boosting housing delivery, and; • Less officer time negotiating complicated overage clauses with developers. The S106 agreement for any development would have a 'review' clause as outlined in paragraph 88 of the SPD.
					Paragraph 81 – the bullet points, whilst useful, are not in a logical order and could be worded more clearly.	ACCEPTED: These will be re-ordered and re-worded as necessary to provide more clarity.
					We recommend that the formulae are written out using the letters included in the column headers to each row of the table.	NOT ACCEPTED: The appendix formulas are considered to be clear without this.
					Appendix 4, 'sustainability standards' bullets – reference to CSH should be removed given the Government's clear intention as set out in the Housing Standards Review? Perhaps 'or successor document' could be added.	PARTIALLY ACCEPTED: The wording 'or successor document' will be added rather than removal of reference to CSH.

Appendix 2

Affordable Housing SPD - Comments received in response to the consultation draft and the city council's response

Rep Ref	Name	Organisation	Date of response	Nature of Rep	Summary	Council's response

Appendix 3

Affordable Housing SPD - Comments received in response to the focused re-consultation and the city council's response

Rep Ref	Name	Organisation	Date of response	Nature of Rep	Summary	Council's response
6949-1	Laura Waters	Norfolk County Council	20.01.2015	Comment	At this stage it is not considered that the SPD raises any strategic cross-boundary issues with Norfolk County Council.	N/A
6950-1	Simon Mitchell	Planning Issues	21.01.2015	Comment	Supportive of recognition that the Vacant Building Credit should be applied and that only the net increase of floor space should be liable for affordable housing. Advised that this should be applied immediately. Suggest that the method proposed for calculating the 'credit' is reasonable using unit numbers is cumbersome and potentially confusing. The net effect of this initiative is to reduce the target affordable housing percentage. An alternative method is proposed that arrives at a revised target percentage no matter how many units are proposed (or the size of those units). The target percentage should be recalculated to take into account the two gross floor areas (the original building and the proposed replacement building) to arrive at a net affordable housing target. This will be the revised maximum target for that site. It should be made clear that VBC applies on all sites where buildings are vacant, not just on existing residential buildings.	ACCEPTED: The alternative methodology is simpler than that proposed by officers. It is recommended that this methodology is used and Section 4 of the SPD has been drafted to reflect this.
5544-2	Natalie Beal	Broads Authority	30.01.2015	Comment	No further comments	N/A

Appendix 4

Modifications to the *Affordable housing supplementary planning document* in response to consultation and at officer level

Page/Para	Modification	Reason
Cover	Amendment to title to read: Affordable housing supplementary planning document ~~to Joint Core Strategy Policy 4 and Local plan policy DM33.~~ Addition of new sub-heading to read: This document supplements *Joint core strategy* policy 4 and *Norwich local plan* policy DM33.	For clarification.
Cover	Removal of 'draft for consultation'	This sub-heading is not required upon adoption.
Page 2/Executive Summary Para 1	Amendment to paragraph 1 of the executive summary as follows: 'This supplementary planning document (SPD) provides detailed guidance on how policy 4 of the *Greater Norwich Joint Core Strategy (JCS)* and policy DM33 of the local plan, both relating to delivery of affordable housing, should be interpreted and implemented in order to help promote mixed and sustainable communities. In November 2014 central government introduced changes to National planning policy which increased the threshold over which affordable housing can be required by a local planning authority. This SPD acknowledges this national policy change and outlines the parts of JCS policy 4 which can no longer be applied, and how the 'vacant building credit' will be calculated'.	To add reference in the executive summary to the changes to National planning policy made in November 2014.
Page 2/Executive Summary Para 2	Amendment to paragraph 2 of the executive summary as follows: 'The SPD reiterates the requirements for affordable housing on development sites of ~~5~~11 or more dwellings as required by JCS policy 4[1] , and makes clear the design requirements for affordable housing provision.' Inclusion of footnote 1: 1 - 'Bullet point 1 of JCS policy 4 ('affordable housing section') can no longer be applied, and bullet point 2 now only applies to sites of 11-15 dwellings following changes to National planning policy.'	To update the threshold over which affordable housing can be required following the changes to National planning policy made in November 2014, and to add the footnote for clarity on the parts of JCS policy 4 which can no longer be applied.
Page 3/Executive Summary	Amendment to paragraph 10 of the executive summary as follows: 'Consultation on th~~is~~e draft SPD ~~will take~~took place in the autumn of 2014. The adopted SPD will be a material consideration in determining planning applications and	To provide an update to the progress of the SPD to adoption.

Para 10	will supersede the 2011 Interim statement on affordable housing and the corresponding Prioritisation framework.'	
Pages 4-5/National planning policy Paras 4, 5, 6 & 7	Amendment to paragraph 4 as follows and the addition of 3 new paragraphs: 4. In addition, relevant guidance in *National Planning Practice Guidance* (NPPG) published in March 2014, and amended in November 2004, has also been taken into consideration, in particular the sections on planning obligations and design. Following changes made in November 2014, the NPPG now stipulates that 'contributions should not be sought from developments of 10 units or less, and which have a maximum combined gross floorspace of no more than 1000sqm'. 5. When considering development of a vacant (empty/cleared) site and proposed unit numbers the NPPG is clear: only sites of 11 or more dwellings should provide affordable housing on site. 6. When considering sites where vacant buildings are present and are proposed to be brought back into lawful use or demolished and replaced with a new building, the NPPG states that developers should be offered a 'financial credit equivalent to the existing gross floorspace…' and that 'affordable housing contributions would be required for any increase in floorspace'. The process for determining the vacant building credit is set out in section 4 of this document. 7. For clarity, the vacant building credit applies only where the building has not been abandoned.	To outline the changes made to National planning policy in November 2014.
Page 6/Local policy context Para 9	Amendment to paragraph 9 as follows: '9. The local plan for Norwich consists of the Joint Core Strategy (JCS), the ~~emerging~~ Site allocations and site specifics policies local plan (the Site allocations local plan), the ~~emerging~~ Development management policies local plan (the DM policies local plan), the ~~emerging~~ policies map, and the Northern city centre area action plan (NCCAAP). ~~At time of writing this draft the Site allocations plan, DM policies plan and corresponding policies map have all been subject to examination in public by the Secretary of State and are nearing adoption.'~~	Removal of reference to the emerging local plan documents following adoption of the Norwich local plan in December 2014.
Page 6/Local policy context	Inclusion of a new paragraph as follows: 'Following changes to National planning policy in November 2014, bullet point 1 of JCS policy 4 can no longer be applied. Further, bullet point 2 relates only to sites of 11-15	For clarification following changes to National planning policy in November 2014.

Para 11	dwellings.'	
Page 6-7/Local policy context Para 16	Amendment to paragraph 16 as follows: 'The appropriate mix of tenures is as set out in JCS policy 4. For sites of 5-9 dwellings and 10-15 dwellings, tenure is to be agreed on a site by site basis. On sites of 16 or more dwellings a split of 85% social rented and 15% intermediate tenures is advocated. However, in accordance with JCS policy 4, this can be negotiated in exceptional circumstances and/or where certain tenures are not appropriate in specific areas of the city. The publication of any new SHMA may update the required tenure split. This document will be updated as necessary thereafter including any calculations in Appendix 3.	The final sentence has been added to provide clarity on how this document will be updated following publication of any future Strategic Housing Market Assessment (SHMA).
Page 7/Local policy context Para 17	Amendment to paragraph 17 as follows: 'It is current practice to accept affordable rent dwellings only where a developer can provide evidence that social rent is unviable or where evidence is provided that registered providers (RPs) will not accept social rented dwellings. ~~because registered providers (RPs) are currently not taking on dwellings provided under social rent tenure.~~ It is considered preferable to accept affordable rent dwellings on-site, rather than a commuted sum as this helps build sustainable mixed communities.	Amended to provide clarification of when affordable rent tenures will be accepted.
Page 8/Local policy context Para 26	Inclusion of a new paragraph as follows: 'For clarity, the Broads Authority does not have a strategic housing function. Policy DP23 of the adopted *Broads Authority Development management policies development plan document* (2011-2021) states that the Broads Authority applies the policies of its constituent District Councils (in both Norfolk and Suffolk) regarding affordable housing. Therefore, this SPD will also apply to housing proposals within the Broads Authority area. All other adjoining authorities will produce their own SPDs as necessary'.	Change made in response to comments received from the Broads Authority during consultation. Commentary has been added on how the Broads Authority will use this SPD when determining applications within their authority area.
Pages 6-9/Local policy context Paras - various	Inclusion of new sub-headings: 'Affordable housing design', 'Residential Institutions', 'Application requirements', 'How adjoining authorities will use this document', 'Artificial sub-division of sites', and 'Hybrid applications'.	For clarification and ease of use of the document
Page 9/Local policy context Para 29	Inclusion of a new paragraph as follows: 'Sites which are proposed to be developed partly under permitted development rights as outlined in The Town and Country Planning (General Permitted Development) Order 1995 (as amended), and partly requiring planning permission will be considered on a case by case basis regarding viability and resulting planning obligations.'	Commentary added to provide guidance on how applications which are proposed to be developed partly under permitted development rights, and partly requiring planning permission, are to be considered.

Page 13-15/Changes in national legislation	Insertion of a new 'Section 4' to cover the changes in national legislation and resulting implications for the Joint Core Strategy policy 4. Additional information on how the vacant building credit will be calculated. New section appended to this document.	Changes made to national policy which impact on how JCS policy 4 is implemented is detailed. Clarification of how the 'vacant building credit' will be calculated including changes made in response to the focused re-consultation from Planning Issues.
Page 17/Establishing development viability Para 52	Inclusion of the following sentence at the end of paragraph 52 as follows: 'The council will expect the developer to pay for such independent assessment and the costs of this can be added to the viability assessment.'	Change made in response to comments received from the Broads Authority during consultation. Although this is also made explicit elsewhere in the document, for clarity it has also been referred to here.
Page 20/Reduced on-site AH Para 63	Amend paragraph 63 as follows: 'Provision of affordable housing on site is the council's preferred approach. However, taking a flexible approach, if non-viability of development with a policy compliant level of affordable housing can be demonstrated via an open book viability assessment (see Appendix 4), then reduced provision on-site will be considered in the first instance. As set out in Section 11, any viability assessment submitted to support non-viability of development should set out all sensitivity testing that has been undertaken.'	For clarification and in response to comments received by the Broads Authority that reference to sensitivity testing should be made.
Page 20/Reduced on-site AH Para 64	Amendment of reference to paragraphs 14-17 for affordable housing design to paragraphs 19-21.	Factual update following insertion of new paragraphs.
Page 22/Off-site AH Para 73	Amendment to reference to paragraph 16 to paragraph 20.	Factual update following insertion of new paragraphs.
Page 22/Off-site AH Para 74	Amendment to final sentence of paragraph 74 as follows: 'However, in recognition of local evidence, and in the light of government statements about the need for flexibility in the planning system and recognition of the need to stimulate the development economy to increase the rate of provision of homes and jobs, it is considered that, in ~~the following~~ certain circumstances it is pragmatic to accept the provision of off-site affordable housing via a commuted sum to ensure sites	To allow for flexibility in the application of the examples outlined and to ensure that cases can be assessed on their own merits.

	are not stalled and much needed housing can be delivered ~~will be acceptable~~:'	
Pages 22-23/Off-site AH Para 74	Amendment to headings from 'criterion' to 'examples'. Amendment to the final sentence of 'Example 3' as follows: 'Each application will be considered on its own merits. ~~City council officers can advise further about the level of evidence that will be necessary to be submitted in relation to both matters.'~~	To allow for flexibility in the application of the examples outlined and to ensure that cases can be assessed on their own merits. Detailed guidance on the detail to be submitted in viability assessments is now included in Appendix 4 of the SPD.
Page 26/Off-site AH Para 75	Amendment to paragraph 75 as follows: 'Where it is ~~accepted~~ demonstrated that a development is unviable if a fully policy compliant scheme is sought, or where reduced on-site provision cannot be provided, ~~meets any of the 3 criteria outlined above~~ then a commuted sum for provision of off-site affordable housing will be accepted.	For clarification and following changes as listed above at page 22/para 74.
Page 23/Off-site AH Para 76	Amend reference to 'flats' to 'units' throughout the paragraph	For clarification
Page 23/Off-site AH Para 80	Amend paragraph 80 as follows: 'The commuted sum ~~must~~ will be spent on the provision of affordable housing within ~~1km~~ the same electoral ward, or adjacent electoral ward to ~~of~~ the site from which the sum was received in order to ensure balanced and mixed communities are created as a result of the development, albeit, not on site. However, in the instance that a suitable site cannot be identified by the Council ~~such provision within 1km is not practical, feasible or viable itself~~, the commuted sum will be ~~able to be~~ spent on provision of affordable housing city wide.	It is considered that 1km is too restrictive. Extending the area is likely to give rise to more opportunity for AH development to occur whilst also ensuring balanced and mixed communities are formed.
Page 24/Section 106BA applications Para 84	Amendment to last sentence of paragraph 84 as follows: 'The council will look to agree alternative timescales for a decision through the use of a post-application agreement with the developer ~~for consideration of such application with the applicant~~.'	For clarification
Page 24/Section 106BA applications	Inclusion of the words 'Section 106' in the first sentence. Addition of the final sentence as follows: 'If the scheme is of such a size and complexity that would render this unlikely,	For clarification

Para 85	alternative timescales will be agreed on a case by case basis.'	
Page 26-27/Viability assessment requirements Para 92	Amendments to the order and language of the bullet points following this paragraph as follows: • the applicant should provide a brief covering report providing an overview of why the viability case is being made. This should detail the viability case being made and what the issue is. The report ~~It~~ should be clear on the request / offer that is being made (i.e. the extent of departure from Policy compliance considered necessary) and the reasons why, in the applicant's view, this should be considered; • the report should be accompanied by the supporting information / evidence associated with the viability assessment including: o ~~and~~ appraisal(s) / sensitivity tests, ~~for example~~ o a detailed costs plan (prepared by a Quantity Surveyor), o appropriate evidence to support the existing land use valuation, and o evidence of comparable sales in the area to support the projected sales value for the proposed units; • the appraisals content and summaries should be supplied in PDFs. In addition, a "live" (functional) appraisal version(s) should also be submitted in order to aid the review process and enable the independent assessor to examine the data across a range of scenarios; • appraisal(s) should be consistent with, and clearly linked to the written submission / covering report; • applicants should provide a policy compliant viability assessment to illustrate the viability issues as a baseline; • appraisals should show the optimum planning obligations position that can be reached, in the opinion of the applicant, based on their viability assessment; • if sensitivity analysis has been carried out, an explanation of sensitivity assumptions should be provided. • a development appraisal toolkit, which incorporates a cash flow analysis, should be used, for example the Homes and Communities Agency (HCA) Development Appraisal Tool (DAT). The toolkit to be used should be agreed prior to submission;	Change made in response to comments received from the Broads Authority during consultation.
Pages 31-	Figures updated as at February 2015. Formulae amended following removal of AH	Figures not updated since 2011.

32/Appendix 3	contributions on sites of up to and including 10 dwellings.	
Page 34/Appendix 4	Inclusion of the following bullet point under 'scheme description/details to include': o <u>evidence of consideration of affordable housing requirements in the design process as part of the scheme</u>	For clarification
Page 35/Appendix 4	Amendment of the final bullet point under 'value of site/premises' as follows: o land purchase and timing details may be relevant – including background, basis / planning assumption, any conditions, etc. ~~The value of the site should normally be based on the Existing Use Value with a premium to allow for a reasonable profit for the landowner. Only in exceptional circumstances will an Alternative Use Value be acceptable (such as an extant permission/site allocation for alternative use). Evidence of how the Existing Use Value has been calculated will need to be provided. Land purchase and timing details may be relevant including background, basis/planning assumption, any conditions etc.~~ <u>The value of the site should normally be based on the Existing Use Value with a premium to allow for a reasonable profit for the landowner. An alternative use value may be considered acceptable where it can be clearly evidenced, eg where an extant permission or allocation exists. Evidence of how the Existing Use Value or Alternative Use Value has been calculated will need to be provided.'</u>	Change made in response to comments received from NPS during consultation and to explain when an 'alternative use value' will be considered.
Page 35/Appendix 4	Inclusion of a footnote against 'assumed sales value' to state that rental value will not be acceptable in the open book viability assessment on residential schemes.	For clarification
Page 36/Appendix 4	Inclusion of '(or successor document) in the second bullet point under 'sustainability standards' to acknowledge that this document may be superseded.	Change made in response to comments received from the Broads Authority during consultation and to ensure that any successor document to the Code for Sustainable Homes is considered.
Pages 40-45/Appendix 6	Inclusion of the following definitions within the Glossary: <u>Alternative Use Value: Where an alternative use can be readily identified as generating a higher value for a site, the value for this alternative use would be the market value with an assumption, as defined for Site Value for financial viability assessments for scheme specific planning applications.</u> <u>Benchmark: A comparator for either outputs or inputs into the appraisal, ie Site Value</u>	For clarity

	or developers return, etc. Current Use Value: Market value for the continuing existing use of the site or property assuming all hope value is excluded, including value arising from any planning permission or alternative use. This also differs from the Existing Use Value. It is hypothetical in a market context as property generally does not transact on a CUV basis. Current use Value (plus a premium): Used by some practitioners for establishing Site Value. The basis is as with CUV but then adds a premium (usually 10% to 40%) as an incentive for the landowners to sell. However, it does not reflect the market and is both arbitrary and inconsistent in practical application. Existing Use Value: The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after properly marketing and where parties had each acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause market value to differ form that needed to replace the remaining service potential at least costs. Existing Use Value (plus a premium): Used by some practitioners for establishing Site Value. The basis is as with EUV but then adds a premium (usually 10% to 40%) as an incentive for the landowner to sell. However, it does not reflect the market and is both arbitrary and inconsistent in practical application. Market Value: ~~The value of market housing.~~ The estimated amount for which an asset 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. Site Value (for financial viability assessments for scheme specific planning applications): Market Value (MV) subject to the following assumption: that the value has regard to development plan policies and all other material planning considerations	

	and disregards that which is contrary to the development plan.	

4. Changes in national legislation and implications for JCS policy 4

40. In 2014 the government consulted on a proposed change to the threshold for affordable housing contributions so that only developments of over 10 dwellings, or a 1,000 square metre gross floorspace, would be liable for affordable housing contributions through Section 106 agreements. The Government considers that this will aid the delivery of housing small-scale sites and brownfield land.

41. The results were published by the Department for Communities and Local Government (CLG) and a ministerial statement was issued on the 28th November 2014 introducing the new threshold for affordable housing contributions as set out above. In addition, a 'vacant building credit' can now be offered to developers to incentivise them to develop sites. This applies where existing vacant buildings are proposed to be brought back into lawful use or demolished and redeveloped. This does not apply to buildings which have been abandoned.

    The consultation response document can be found here: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/381349/Planning_Contributions__Section106_planning_obligations_.pdf
    The ministerial statement can be found here: http://www.parliament.uk/documents/commons-vote-office/November%202014/28%20Nov%202014/2.%20DCLG-SupportForSmallScaleDevelopersCustomAndSelf-Builders.pdf

42. As a result of this national planning policy change some parts of adopted JCS policy 4 can no longer be applied. In particular:
    a. bullet point 1 (requiring 20% affordable housing provision on sites of 5-9 dwellings) can no longer be applied at all, and
    b. bullet point 2 (requiring 30% affordable housing provision on sites of 10-15 dwellings) can now only applies to sites of *11* to 15 dwellings.

    All other parts of the adopted JCS policy 4 will be applied in full.

Calculating the 'vacant building credit'

43. Where the 'vacant building credit' is applicable, it will be calculated in the following way:

    a. The existing affordable housing requirement is outlined in bullet points 2 and 3 of JCS policy 4, ie for proposals of 11-15 dwellings 30% affordable housing will be required, for developments of 16 plus dwellings 33% affordable housing will be required.

    b. The net affordable housing requirement should be recalculated to take into account the two gross floor areas (the original building floorspace to be demolished or brought back into lawful use, and the proposed replacement

building) to arrive at the net maximum affordable housing target for that site. The following formulae will be applied:

A = existing affordable housing target (ie 11-15 dwellings 30% affordable housing, 16 plus dwellings 33% affordable housing)

Coefficient[2] = 1 (existing floorspace / proposed floorspace)

Net affordable housing requirement = A x coefficient

44. Once the affordable housing requirement has been calculated, all other parts of this SPD should then be applied to the affordable housing contribution.

45. For clarity, a worked example for a scheme of 26 dwellings is shown below:

    a. A = 33%

    The GIA schedule on the following page has been supplied with the application. This shows an existing vacant floorspace of 865sqm and a proposed residential floorspace of 1607.1sqm.

    b. 1 - (865 / 1607.1) = 0.46

    c. 33 x 0.46 = 15% net affordable housing requirement.

46. If, after such a calculation has been made, development of the site is still not viable, the following sections of this SPD will apply.

[2] A coefficient is a number multiplied with a variable (in this case the existing floorspace / the proposed floorspace) in an algebraic term.

Proposed housing		
Plot	**Beds**	**GIA Sqm**
1	1	46.2
2	1	46.2
3	2	70.2
4	2	64.2
5	2	64.2
6	2	64.2
7	2	64.2
8	1	45.2
9	1	46.2
10	1	46.2
11	2	70.2
12	2	64.2
13	2	64.2
14	2	64.2
15	2	64.2
16	1	45.2
17	1	46.1
18	3	83.2
19	2	70.2
20	2	64.2
21	2	64.2
22	2	64.2
23	2	64.2
24	1	45.2
25	3	84.3
26	3	92.3
Total GIA		1607.1
Average GIA		61.8

Existing vacant retail floorspace	
Unit No	**GIA Sqm**
Unit 1	565
Unit 2	300
Total GIA	865

Example GIA schedule

Proposed 'Section 4' of the *Affordable housing supplementary planning document*

4. Changes in national legislation and implications for JCS policy 4

38. In 2014 the government consulted on a proposed change to the threshold for affordable housing contributions so that only developments of over 10 dwellings, or a 1,000 square metre gross floorspace, would be liable for affordable housing contributions through Section 106 agreements. The Government considers that this will aid the delivery of housing small-scale sites and brownfield land.

39. The results were published by the Department for Communities and Local Government (CLG) and a ministerial statement was issued on the 28th November 2014 introducing the new threshold for affordable housing contributions as set out above. In addition, a 'vacant building credit' can now be offered to developers to incentivise them to develop sites. This applies where existing vacant buildings are proposed to be brought back into lawful use or demolished and redeveloped. This does not apply to buildings which have been abandoned.

    The consultation response document can be found here: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/381349/Planning_Contributions__Section106_planning_obligations_.pdf

    The ministerial statement can be found here: http://www.parliament.uk/documents/commons-vote-office/November%202014/28%20Nov%202014/2.%20DCLG-SupportForSmallScaleDevelopersCustomAndSelf-Builders.pdf

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    a. bullet point 1 (requiring 20% affordable housing provision on sites of 5-9 dwellings) can no longer be applied at all, and
    b. bullet point 2 (requiring 30% affordable housing provision on sites of 10-15 dwellings) can now only applies to sites of *11* to 15 dwellings.

    All other parts of the adopted JCS policy 4 will be applied in full.

Calculating the 'vacant building credit'

41. Where the 'vacant building credit' is applicable, it will be calculated in the following way:

    a. The affordable housing requirement will be calculated based on the number of units as outlined in bullet points 2 and 3 of JCS policy 4, ie for proposals of 11-15 dwellings 30% affordable housing will be required, for developments of 16 plus dwellings 33% affordable housing will be required.

b. The existing vacant gross internal area (GIA) of any buildings proposed to be brought back into lawful use or demolished and redeveloped, will be deducted from the proposed residential GIA leaving the total increase in floorspace. *(**Note:** for wholly residential schemes this will be the total GIA of all dwellings, for mixed use schemes the GIA of the proposed residential elements only will be used. Where flatted development is proposed the GIA will include all communal and circulation areas).*

c. The average floorspace of the residential scheme will be calculated by dividing the total residential GIA by the total number of units proposed.

d. The increase in total floorspace will then be divided by the average residential floorspace to calculate how many dwellings could be provided on the increase in floorspace.

e. The required percentage of affordable housing will then be applied to the dwellings which are to be provided *only* on the increase in floorspace.

42. Once the affordable housing requirement has been calculated, all other parts of this SPD should then be applied to the affordable housing contribution.

43. For clarity, a worked example is shown below:

a. In a scheme where 26 dwellings are proposed there is a requirement for 33% to be affordable. Equating to 9 affordable dwellings.

b. In this example, the GIA schedule on page 19 has been supplied with the application. This shows an existing vacant floorspace of 865sqm and a proposed residential floorspace of 1607.1sqm. This results in a net increase of floorspace of 742.1sqm.

c. The average floorspace of the proposed residential units is calculated at 61.8sqm. Therefore 12 dwellings can be provided on the net increase in floorspace (742.1sqm / 61.8sqm = 12).

d. Therefore, 4 affordable dwellings need to be provided (33% of the total dwellings (12) provided on the net floorspace increase).

44. If, after such a calculation has been made, development of the site is still not viable, the following sections of this SPD will apply.

Proposed housing

Plot	Beds	GIA Sqm
1	1	46.2
2	1	46.2
3	2	70.2
4	2	64.2
5	2	64.2
6	2	64.2
7	2	64.2
8	1	45.2
9	1	46.2
10	1	46.2
11	2	70.2
12	2	64.2
13	2	64.2
14	2	64.2
15	2	64.2
16	1	45.2
17	1	46.1
18	3	83.2
19	2	70.2
20	2	64.2
21	2	64.2
22	2	64.2
23	2	64.2
24	1	45.2
25	3	84.3
26	3	92.3
Total GIA		1607.1
Average GIA		61.8

Existing vacant retail floorspace

Unit No	GIA Sqm
Unit 1	565
Unit 2	300
Total GIA	865

Example GIA schedule