



**Purbeck District Council**

# **Affordable Housing**

**Supplementary Planning Document**

**2012-2027**

Meeting the housing needs of local people, through implementing innovative ways of delivery, is a priority of the Council's Corporate Strategy. The Strategy is a long-term plan for delivering our vision for Purbeck: 'creating thriving communities in balance with the natural environment.'

To make this a reality, the Council has produced a Housing Strategy, as well as a suite of new affordable housing policies in the Purbeck Local Plan Part 1. This Affordable Housing Supplementary Planning Document (SPD) provides the information necessary to help implement the objectives and policies of those two documents.

This document:

- Sets out how the Council supports different ways to bring forward affordable housing. For example, it details the Council's support for self-build rural exception sites;
- Provides information on enabling significant numbers of affordable homes by allowing a small number of market houses on rural exception sites;
- Makes developers aware of their obligations when they are required to provide affordable housing; and
- Details the Council's process for dealing with financial viability. This will enable a streamlined, faster planning process for developers and the Council.

This SPD is the culmination of months of work and active engagement by the Council's Affordable Housing Policy Development Panel. The Panel benefited from a wide range of expertise, comprising councillors, council officers, a housing association and town and parish council representatives. The Panel also liaised closely with other councils to understand their innovative approaches to affordable housing delivery.

Through setting out what types of affordable housing we prefer and making clear how developments can deliver it, we envisage that this SPD will facilitate and inspire the building of much-needed affordable housing for local people in Purbeck.



Councillor Mike Lovell, Housing & Transport Spokesperson, January 2013.

Contents

**Foreword** ..... 1

**Contents** ..... 2

**Executive summary** ..... 3

**1. Introduction**..... 4

**2. Types of affordable housing and their appropriateness in Purbeck**..... 6

Social rent / affordable rent ..... 6

Intermediate ..... 6

Household eligibility for affordable housing and the Council’s allocations policy ..... 7

Transfer of affordable housing to a HA to remain affordable in perpetuity ..... 7

**3. Implementing affordable housing policies** ..... 8

(a) Policy AH: Affordable Housing ..... 8

Calculations for commuted sums ..... 9

Timing of delivery of affordable housing ..... 9

Section 106 template ..... 9

(b) Policy AHT: Affordable Housing Tenure ..... 9

(c) Policy RES: Rural Exception Sites ..... 10

Allowing some market housing to facilitate significant affordable housing ..... 10

Self-build rural exception sites ..... 10

**4. Testing site viability** ..... 14

Economic viability assessments ..... 14

Process of assessing a scheme’s economic viability (open book appraisal) ..... 14

**5. How development contributions will be spent**..... 16

Governance ..... 16

Monitoring ..... 16

**Glossary** ..... 17

**Appendix 1: Purbeck submarkets** ..... 19

**Appendix 2: Development appraisal pro-forma** ..... 20

**Appendix 3: Discounted options**..... 21

The National Planning Policy Framework requires councils to meet their objectively assessed housing needs. There is an acute shortage of affordable housing in Purbeck and a corporate priority of the Council is to meet the housing needs of local people. Achieving this this will require implementing innovative ways to deliver affordable housing.

This Supplementary Planning Document (SPD) does not create new policy. Its purpose is to provide the detail required to implement objectives 1 (increase supply of housing to help satisfy local needs) and 2 (deliver high quality housing) of the Council's Housing Strategy; and policies AH (Affordable Housing), AHT (Affordable Housing Tenure) and RES (Rural Exception Sites) of the Purbeck Local Plan Part 1.

This SPD sets out which types of affordable housing the Council prefers, concluding that social rented housing is most suited to Purbeck. Other models for affordable rent and shared ownership are in less demand because they are less affordable for local people.

The Council is confident that its affordable housing policies will not make developments financially unviable. However, where developers wish to put forward a case that delivering affordable housing will make their proposal financially unviable, this SPD details how they can challenge the Council's requirements.

The document states that the Council expects affordable housing to be delivered on site, but there may be instances where developers can provide genuine justification for providing a commuted sum in lieu of provision. In other instances, the calculation of on-site provision may lead to part units, which the Council will expect to receive as commuted sums. The SPD details how commuted sums will be calculated and how the Council will spend monies collected.

The National Planning Policy Framework (NPPF) and the Purbeck Local Plan Part 1 permit some market housing on rural exception sites to allow significant affordable homes. Owing to the great variation in property values across the District, this document concludes that the Council will make a judgement site by site according to financial viability.

Households in need are able to build their own affordable home, whether as individual self-build rural exception sites, or as a group of self-build homes. This SPD provides the necessary detail to facilitate this type of affordable housing.

When the Council's Affordable Housing Policy Development Panel produced this document, it investigated a wide range of ways to potentially deliver more affordable housing. Not all the ideas investigated are included in this document. Discounted options are shown in Appendix 3.

## 1. Introduction

1. This Supplementary Planning Document (SPD) is one part of a series of documents that link into the Council's Housing Strategy. This is illustrated below.



2. The purpose of this SPD is to provide further information on how to implement certain objectives in the housing strategy and the Purbeck Local Plan Part 1 (PLP1) as follows.

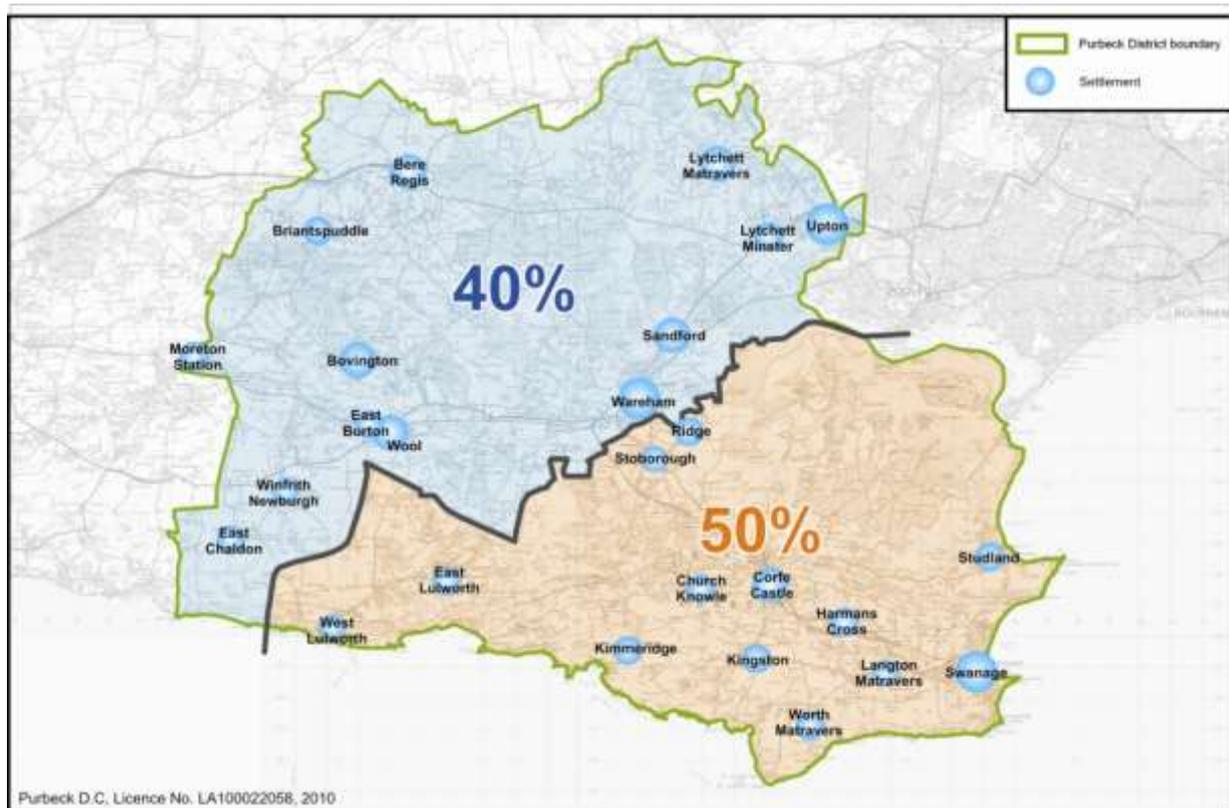
Housing Strategy:

- Objective 1: Increase supply of housing to help satisfy local needs.
- Objective 2: Deliver high quality housing.

PLP1:

- **Affordable Housing (AH)** – requires any developments with a net increase of two or more homes or on sites with a size over 0.05ha to provide 40% affordable housing in the north of the District and 50% in the south. This split is shown in Map 1 below:

## Map 1: Affordable Housing Requirement by Sub Market Area for infill Sites



- **Affordable Housing Tenure (AHT)** – requires 90% of all new affordable homes to be social/affordable rented and 10% intermediate.
  - **Rural Exception Sites (RES)** – allows, in very special circumstances, housing to be built in the countryside to meet the needs of rural communities.
3. Purbeck is one of the most environmentally designated areas in the country and finding suitable land for development is difficult. Therefore, the Council expects developers to provide affordable housing on site because of the difficulties in finding alternative sites that are suitable to deliver off-site affordable housing.

## 2. Types of affordable housing and their appropriateness in Purbeck

4. Market housing is for households who can afford to pay the full market price to buy or rent their home. The NPPF defines affordable housing as ‘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’.

### Social rent / affordable rent

5. The highest affordable housing need in Purbeck is for social rented accommodation. However, all housing associations (also known as registered providers), with development contracts with the Homes and Communities Agency (HCA) and in receipt of grant funding from the HCA are required to charge what are known as affordable rents on new properties. The affordable rents are 80% of market rents. This will mean that in the future, stock will become increasingly subject to affordable rent, rather than social rent. Unfortunately, though, for all property types affordable rents are likely to be 20% higher than social rents. This means that unless supported by housing benefit, affordable rents will be too high for many households in housing need.
6. If Housing Associations develop new affordable housing without HCA grant, they do not have to provide affordable rent homes and can continue to provide homes at social rents.

### Intermediate

7. There is much less demand in Purbeck for intermediate housing than there is for social rented housing. Intermediate housing includes:
  - Homes for rent at costs above social rent, but below market levels. These homes are in less demand in Purbeck than cheaper social rented properties.
  - Shared ownership. This is where the household buys a percentage and pays rent on the remainder of the lease. This has not been successful in Purbeck because often the combination of the mortgage repayments and the rent make the option too expensive. There are companies that operate a shared ownership model, where they sell the household a proportion of the lease, but do not charge rent on the remainder. This is a more affordable option for local people in Purbeck.
  - The ‘discounted sales’ model, where homes are sold to local people at a fixed percentage of market price. The low cost is then maintained in perpetuity via a legal agreement, so that future resales continue to be at the same percentage of market value and only to people with a local connection.
  - A similar model to discounted sales is the build your own affordable home model (self build). Further detail is given in part 3 below.
8. The Council particularly encourages developers to provide affordable housing through the discounted sales model or for self build as part of their intermediate housing provision.

## Household eligibility for affordable housing and the Council's allocations policy

9. The Council uses the Dorset Home Choice Common Allocations Policy<sup>1</sup>. This details what criteria a household must fulfil in order to be eligible for joining the Housing Register, how housing need is assessed and how a household can apply for properties.

## Transfer of affordable housing to a HA to remain affordable in perpetuity

10. New affordable housing should be transferred by the developer to a housing association who will manage the property and ensure it remains affordable in perpetuity. The Council's Housing team can provide developers with a list of associations. The Council is happy to discuss the use of alternative providers, for example Community Land Trusts. In all cases, affordable homes must remain affordable in perpetuity through a legal agreement.
11. Two exceptions to transferring stock to a housing associations are self-build affordable homes (see part 3 below) and discounted sales homes, which cannot be transferred because the self-builder retains the ownership.

---

<sup>1</sup> [http://homechoice.dorsetforyou.com/DorsetHomeChoice/uploads/DorsetCommonPolicyFinalv1.15March2012\\_.pdf](http://homechoice.dorsetforyou.com/DorsetHomeChoice/uploads/DorsetCommonPolicyFinalv1.15March2012_.pdf)

### 3. Implementing affordable housing policies

12. This section provides further detail to help implement policies in the PLP1, in particular:

- (a) Policy AH: Affordable Housing
- (b) Policy AHT: Affordable Housing Tenure
- (c) Policy RES: Rural Exception Sites

#### (a) Policy AH: Affordable Housing

13. Developers of sites of 2 or more net dwellings (or with a site area above 0.05ha) should provide a proportion of the development as affordable housing. For clarification, the requirements of this policy will not apply to:

- Mixed use sites<sup>2</sup> exceeding 0.05ha in size, provided that the overall site area occupied by the residential element does not exceed 0.05ha, or exceeds a net increase of 2 or more dwellings.
- Single replacement dwellings, even if the dwelling and its curtilage exceed 0.05ha.
- Dwellings knocked down and rebuilt as part of a wider scheme. For example, where 1 dwelling is knocked down and replaced by 4, the policy requirements will only apply to the net gain of 3 dwellings.
- Rural workers' dwellings.
- Hotel accommodation, as defined in use class C1 of the Use Classes Order.
- Residential institutions, as defined in use class C2 of the Use Classes Order.

14. The proportion of affordable housing required on eligible sites depends upon the location in the District as set out in PLP1 and is either 40% or 50%. If these levels are not achievable, the developer must justify a lower proportion through an open book appraisal. Assessing site viability is explained further in section 4.

15. The Council expects the affordable homes to be delivered on the same site as the market housing. This is because of the lack of available alternative housing sites in the District and the need to plan for mixed communities. There are two exceptions:

- Where the calculation of the affordable housing element of a proposal results in a fraction of a dwelling, any part units will be met by a commuted sum (financial contribution) of broadly equivalent value (see below). The contribution will be spent on the provision of affordable housing schemes elsewhere; or
- Where the applicant provides full justification to the Council that on-site provision is not economically viable. A developer's preferences for off-site provision, or concerns

<sup>2</sup> For example, including a commercial element

over any potential impact on the values of surrounding properties, are not justifications.

### Calculations for commuted sums

16. Any commuted sums should be of 'broadly equivalent value' (NPPF, paragraph 50) to building the equivalent affordable house on the site. As land values vary greatly around the District, the Council will not set out a range of indicative contributions. Instead, sums will be calculated on a site by site basis using the following formula:

The difference between the residual land value when providing the required amount of affordable housing and residual land value when the required amount of affordable housing is not provided.

If existing use value is higher than residual land value, then the commuted sum is the difference between existing use value and residual land value without the required amount of affordable housing provision.

17. The Council has published the Three Dragons viability toolkit on the Council's website, which can be used to calculate Residual Land Values and affordable housing provision. The toolkit can also be used to calculate commuted sums. Further information on using the toolkit and assessing site viability is explained in section 4.

### Timing of delivery of affordable housing

18. The Council will expect no more than 50% of the total number of market homes in a mixed market and affordable housing scheme to be occupied, until all of the affordable homes have been completed to the housing association's satisfaction. If this is not economically viable, the developer will be expected to provide justification for alternative timings to the Council. Where a developer requires the finances from selling a market home in order to finance an affordable home, a legal agreement will ensure that the market home cannot be occupied until the affordable home is completed. This is to ensure that affordable homes are built.

### Section 106 template

19. To simplify the decision making process, the Council will use a standard template for the provision of affordable housing through a Section 106 (S106) legal agreement. The agreement will ensure that affordable homes remain affordable in perpetuity. A copy of the template is available on the Council's website.

### (b) Policy AHT: Affordable Housing Tenure

20. Some forms of affordable housing are more expensive to provide than others. Typically, these require public subsidy in the form of grant, which is becoming increasingly scarce. Therefore, the choice of tenure will need to reflect the availability of grant funding. Grant funding is now rarely available for new build social rented housing. This means developments may need to feature more affordable rent or intermediate housing.

21. The tenure split for all affordable housing is likely to be 90% social/affordable rent and 10% intermediate housing. This will be negotiated site by site depending on local needs at the time. The Council encourages developers to enter early discussions with the Housing Team to establish the tenure mix of a proposed development.
22. The Council also encourages developers to provide affordable housing through the discounted sales model or for self build as part of their intermediate housing provision.

### (c) Policy RES: Rural Exception Sites

23. This policy allows landowners to bring forward rural exception sites to meet the housing needs of rural communities. Settlements that are eligible for rural exception sites are defined in legislation<sup>3</sup> and in Purbeck includes all settlements except Swanage, Upton and Wareham. Further guidance on the location of rural exception sites is set out in the Council's Rural Exception Site Checklist<sup>4</sup>.

#### Allowing some market housing to facilitate significant affordable housing

24. The policy permits small numbers of market homes on rural exception sites to facilitate the provision of significant additional affordable housing<sup>5</sup> to meet local needs. Property values vary greatly across the District and therefore the Council does not prescribe ratios of market to affordable homes in exception sites. Instead, the Council will make a judgement on the proportion of market housing site by site using an open book approach. This will be based on economic viability assessed through the Three Dragons Toolkit. Paragraphs 49 to 51 of this SPD set out the process for submitting a toolkit and how to go about challenging the Council's requirements.
25. Rural exception sites are exceptions to normal planning policy, which strictly prohibits market housing outside settlement boundaries. The market housing element of Policy RES is to increase the viability of exception sites. It is not a way for applicants to circumvent the planning system to achieve unnecessarily large numbers of market homes in the countryside.

#### Self-build rural exception sites

26. The NPPF<sup>6</sup> and the National Housing Strategy<sup>7</sup> recognise the need to look more closely at self build as a means of extending the range of intermediate affordable housing.
27. Self build rural exception sites can be single plots or in a group. The Council will continue to explore ways of supporting self build, either as individual bespoke properties or group projects, as part of achieving mixed and balanced communities.

<sup>3</sup> Statutory Instrument 1997/621

<sup>4</sup> <http://www.dorsetforyou.com/media.jsp?mediaid=149252&filetype=pdf>

<sup>5</sup> Whilst historical delivery of affordable housing in Purbeck is low and any additional affordable housing would be significant to the District, the Council considers that this refers to the ratio of affordable homes exceeding significantly the proportion of market homes in each development proposal. The Council does not interpret the wording of the NPPF to mean a significant increase overall in the District.

<sup>6</sup> Paragraph 50

<sup>7</sup> 'Foundations for Growth' (2011)

## Funding for self-build projects

28. Anyone wishing to undertake a self build project will have to secure a site and funding. The Council can provide advice about banks that may be willing to provide mortgages for self build projects. A bank's agreement to lend for self-build projects depends on the terms of the Section 106 legal agreement and its future resale clauses. Potential applicants of planning permission are advised to discuss the terms of future resales with their bank prior to engaging in pre-application discussions with the Council. Further information on resale requirements are set out below.
29. The government wants to help fund self-build projects and has made money available for which applicants can bid<sup>8</sup>.

## Maintaining self build properties as affordable in perpetuity for future resales

30. Self build affordable housing must remain affordable in perpetuity via a Section 106 legal agreement between the leaseholder and the Council. This agreement will likely ensure that the property cannot change ownership without the written consent of the Council. The Council will only grant consent for resale if it is satisfied that the new purchaser is paying the prevailing 'affordable' price and meets the terms of the Section 106 legal agreement. Inheritance of the property by family members is permitted in the first instance, provided that they meet the local needs criteria. Otherwise, the new owners may sell the property in accordance with the provisions of the Section 106 agreement.
31. The resale value for self-build rural exception site homes will be calculated as follows:
- (standard cost of construction<sup>9</sup> x internal floorspace + nominal plot value<sup>10</sup>) / prevailing market value<sup>11</sup> = xx%**
32. The Council has chosen to use standard costs of construction and a nominal plot value because, without these parameters, applicants may risk paying too much to buy the land and build the property, therefore resulting in future resale prices that are too high for future owners.

*Worked example using current figures:*

*A hypothetical 4 bedroom, 100sqm dwelling in the highest value area (Purbeck Coast), costs £1,198sqm to construct with plot of land that costs £10,000. The total cost to self builder is £129,800. If the market value for that property would normally be £460,000, the resale value would be 28.2% of market value.*

<sup>8</sup> <http://www.homesandcommunities.co.uk/ourwork/custom-build>

<sup>9</sup> Three Dragons have advised the Council that according to the RICS, typical build costs in Purbeck are £1,248 per sqm for dwellings less than 75sqm and £1,198 per sqm for dwellings more than 75sqm (includes other development costs, such as professional fees, overheads and finance costs). These figures will be reviewed annually.

<sup>10</sup> Three Dragons state that a nominal plot value should be £10,000. This figure will be reviewed annually.

<sup>11</sup> The prevailing market value can be provided by the Land Registry and must be accurate at the time the applicant submits the planning application.

33. It is worth noting that as the affordable price is a percentage of open market value, it will go up or down in line with local market prices.
34. The Council has set a resale cap of £140,000 in order to prevent resales from becoming unaffordable. The worked example shows that using standard build costs and nominal plot value in the highest value area of Purbeck, a ceiling of £140,000 is more than enough to acquire a plot and build a 4 bedroom, 100sqm property, with six bed spaces. The Council will review the cap annually and adjust it to take into account increases in standard build costs or plot values.
35. The Council acknowledges that there will be exceptional circumstances where a project encounters abnormal build costs. In these instances, the applicant will have to fully justify why the property has cost more to build. A higher specification dwelling than is reasonable or paying over £10,000 for a plot of land are not acceptable justifications. If the Council accepts the applicant's justification, the Council will allow the resale value of the property to be increased over the cap.

### Design of self build properties

36. The Council expects high quality building design in Purbeck and expects applicants to have due regard to District design guidance<sup>12</sup> and, where applicable, Townscape Character Assessment SPDs<sup>13</sup>.

### Scale of self build properties

37. The dwelling size will not be permitted to exceed 100sqm gross internal floor space<sup>14</sup>. The reason for this limitation is to ensure that the house does not become too large. This would result in an increase in value and becoming less affordable to local people.
38. Attached garages will count against the 100sqm limit. Outbuildings, including detached garages, will not count against the 100sqm limit and therefore may be permitted where they are suitably designed and appropriate to their context. If the Council grants planning permission for any such outbuildings, planning conditions will ensure that they cannot be used as residential accommodation.
39. 100sqm is adequate bed space for six individuals. The Homes and Communities Agency provides the following standards for dwelling sizes<sup>15</sup>:

- 1 Bedroom                      45 to 50sqm (2 bed space)
- 2 Bedroom                      57 to 67sqm (3 bed space)
- 2 or 3 Bedroom                67 to 75sqm (4 bed space)
- 3 Bedroom                      1 storey 75 to 85sqm (5 bed space)

<sup>12</sup> <http://www.dorsetforyou.com/evidence/purbeck>

<sup>13</sup> <http://www.dorsetforyou.com/397020>

<sup>14</sup> Defined by the Royal Institute of Chartered Surveyors (RICS) as the area within external walls including internal partitions

<sup>15</sup> Homes and Communities Agency Housing Quality Indicators (HQI) Form Version 4 updated April 2008 (Section 5, Indicator 5.1, p.27).

- 3 Bedroom                    2 storey 82 to 85sqm (5 bed space)
- 3 Bedroom                    3 storey 85 to 95sqm (5 bed space)
- 3 Bedroom                    1 storey 85 to 85sqm (6 bed space)
- 3 or 4 Bedroom            2 storey 95 to 100sqm (6 bed space)

### Plot size for self build properties

40. The overall plot size for single plot exception sites including gardens must be appropriate in terms of the general pattern of development in the surrounding area. However, a plot size exceeding 1,000sqm (0.1 hectare) will not normally be permitted. Sites that form part of the curtilage of an existing property must provide an appropriately sized plot for the new dwelling. In this respect, it will be important to achieve a ratio of dwelling size to overall plot size that is in keeping with surrounding properties. Such sites must also respect the existing character and setting of the original property, so as not to adversely alter that character or create a cramped form of development.

### Further extensions of self build properties

41. If the Council grants planning permission for a self build exception site, the Council will apply a planning condition to remove the permitted development rights of the property. This is to ensure that the property will not increase in size and become less affordable. The Council will consider on their merits any future applications for extensions and adaptations. This will include the personal circumstances of the applicant, such as the needs of an occupant with disabilities, or to accommodate appropriate extensions for significant family growth or formal homeworking.

### Process for resale of self build properties and discounted sales properties

42. When a property is resold, the Council prefers to prioritise certain households over others, using a cascade process. The Council's allocations policy will apply, except in the first instance, the property may be sold to (or inherited by) an immediate family member with a need for affordable housing and a strong local connection<sup>16</sup> with the parish. The process for the resale of properties is set out in the template Section 106 agreement available on the Council's website.

<sup>16</sup> A local connection is defined in the Dorset Home Choice Common Allocations Policy, which can be found here: [http://homechoice.dorsetforyou.com/DorsetHomeChoice/uploads/DorsetCommonPolicyFinalv1.15March2012\\_.pdf](http://homechoice.dorsetforyou.com/DorsetHomeChoice/uploads/DorsetCommonPolicyFinalv1.15March2012_.pdf)

## 4. Testing site viability

43. In order to proceed, development must be economically viable. This is where after taking account of all costs, a scheme provides a competitive return to the developer to ensure that development takes place and generates a land value sufficient to persuade the land owner to sell the land for the development proposed.
44. The Council will expect applicants purchasing land to have taken into account the Council's policies. In certain circumstances, a scheme may incur abnormal development costs over and above typical build costs, which may reduce the economic viability of the scheme. The Council will not accept as justification, costs that could reasonably have been foreseen at the time of the site purchase.

### Economic viability assessments

45. In 2008 the Council commissioned Three Dragons to undertake a district-wide study of residential economic viability. The study included an allowance for developer contributions, which will become part of the Community Infrastructure Levy (CIL) in 2014. The report demonstrated how viable development is in Purbeck with a range of affordable housing and developer contributions in different conditions and led to the development of the Council's Local Plan Part 1 Policy AH. In 2010, the Council asked Three Dragons to update their report<sup>17</sup> to reflect changed market conditions.
46. In 2011 the Government introduced the affordable rent product into the definition of affordable housing. The Council asked Three Dragons to investigate the effect affordable rent will have on viability and its report concluded that it would make development more viable in Purbeck<sup>18</sup>.
47. The Council uses the Three Dragons Toolkit, a Microsoft Excel-based computer model, to assess the viability of development proposals. It is based upon the 2010 and 2011 economic viability assessments. It splits the district into submarkets, where house prices vary. These submarkets are shown in Appendix 1. The toolkit is available on the Council's website. The Council will update its assumptions annually to reflect the latest build costs, recent sale prices, etc.

### Process of assessing a scheme's economic viability (open book appraisal)

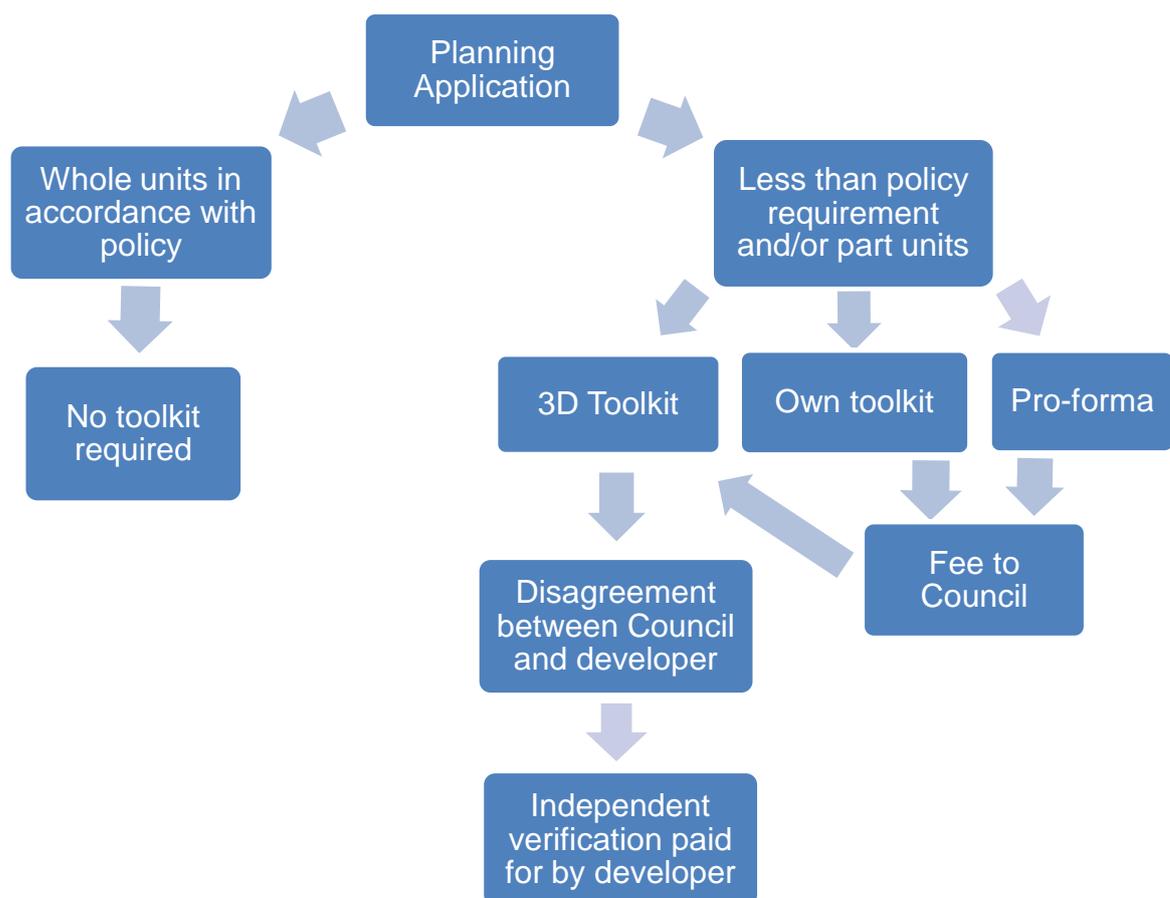
48. If an applicant provides the required amount of affordable housing as set out in Policy AH, they will not have to submit a completed toolkit.
49. If the applicant does not provide the required amount of affordable housing as set out in Policy AH, they will have to submit a completed version of the Three Dragons Toolkit alongside their planning application. This must demonstrate why the proposed development cannot deliver the required proportion of affordable housing.

<sup>17</sup> <http://www.dorsetforyou.com/media.jsp?mediaid=156743&filetype=pdf>

<sup>18</sup> <http://www.dorsetforyou.com/media.jsp?mediaid=166532&filetype=pdf>

50. Where the applicant is unable to submit a completed Three Dragons Toolkit, they must provide either an alternative completed toolkit or a complete the Development Appraisal Pro-forma (available in Appendix 2 and on the Council’s website). The Council will have to complete the Three Dragons Toolkit on behalf of the applicant and so the costs for this doing this will be borne by the applicant.
51. Planning applications that are required to include affordable housing contributions will not be registered by the Council if they are not accompanied by either a completed development appraisal toolkit or Development Appraisal Pro-forma.
52. The Council recognises that a degree of flexibility is required to ensure that a scheme is economically viable. Therefore, where the applicant challenges the Council’s affordable housing requirements, the Council will seek verification using an independent verifier to be agreed by both parties. In the event that both parties cannot agree on a verifier, a professionally-qualified RICS verifier will be appointed by the Council. The costs for any verification will be borne by the developer.
53. Figure 1 below is a flow diagram showing the process for submitting a planning application where affordable housing is required.

**Figure 1: flow diagram**



## 5. How development contributions will be spent

54. The PLP1 aims to deliver a mix of market and affordable housing in the District's five spatial areas. Commuted sums will be aggregated and held by the Council. The Council will work with the local community to find projects and will allocate funding accordingly. Projects may include:

- To support new build development of affordable housing;
- Purchase homes on the open market and let as social rented housing;
- To provide 'top up' subsidy to developer's to increase the proportion of affordable homes for social rent within a particular scheme;
- To help 100% affordable housing schemes commence;
- To reduce funding gaps within planned affordable housing schemes and other similar initiatives.

55. The contributions will be spent in the spatial area where they are collected. This is consistent with the approach set out in PLP1 policies HS, NW, NE, SW, SE and CEN to provide mixed communities in each spatial area. This will ensure that the Council meets the tests of paragraph 204 of the NPPF to directly link Section 106 obligations with the development.

### Governance

56. Monies not spent within fifteen years of their original receipt by the Council will be returned to the developer. The Council will add interest to the held contributions at the Bank of England base rate.

57. The Housing Team will be responsible for identifying projects and will have to gain Council approval before any money is spent.

### Monitoring

58. The Council will produce a monitoring report annually setting out the total amount of contributions collected in each spatial area and how they have been allocated to bringing forward affordable housing schemes.

**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 service charges, where applicable).

Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and 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.

**Community Infrastructure Levy (CIL)** – levy allowing local authorities to raise funds from owners or developers of land undertaking new building projects in their area.

**Council** – Purbeck District Council, unless stated otherwise e.g. town or parish.

**Existing use value** – the price at which a property could be sold on the open market assuming that it could only be used for the existing use for the foreseeable future.

**National Planning Policy Framework (NPPF)** – a document setting out the Government’s planning policies for England and how these are expected to be applied.

**Perpetuity** – 80 years.

**Purbeck District Local Plan** – a portfolio of documents that provide the framework for delivering the planning policy for Purbeck.

**Purbeck Local Plan Part 1 (PLP1)** – the plan containing the overarching strategy for development in Purbeck.

**Residual land value** – the value of the land that remains after any and all deductions associated with the cost of developing, maintaining or reselling the land.

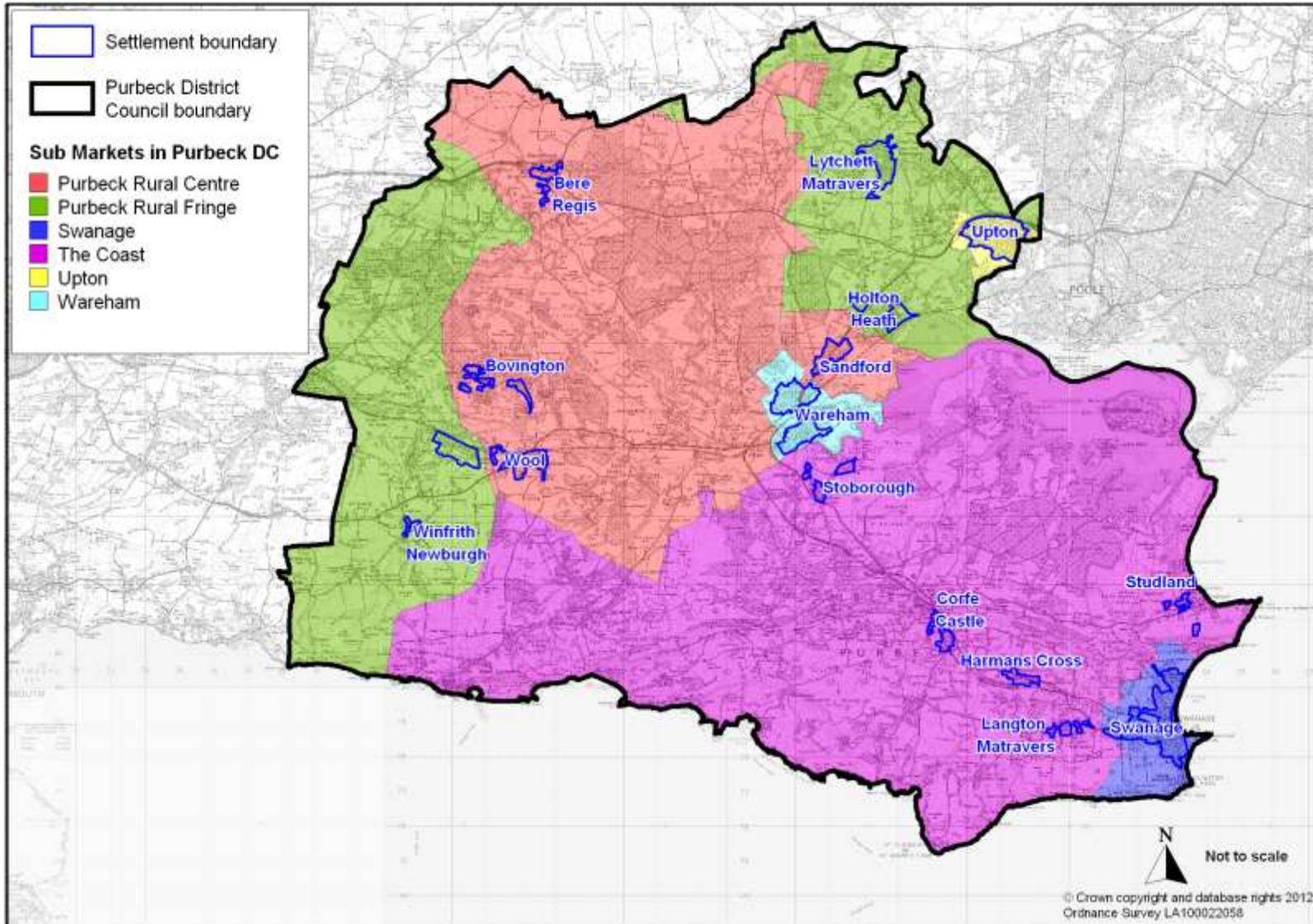
**Royal Institute of Chartered Surveyors (RICS)** – the world's leading professional body for qualifications and standards in land, property and construction.

**Rural exception sites** – small sites used for affordable housing in perpetuity where sites would not normally be used for housing. Rural exception sites seek to address the needs of the local community by accommodating households who are either current residents or have an existing family or employment connection. Small numbers of market homes may be allowed at the local authority's discretion, for example where essential to enable the delivery of affordable units without grant funding.

**Section 106 agreement** – a legally enforceable obligation entered into under section 106 of the Town and Country Planning Act 1990 to mitigate the impacts of a development proposal.

**Supplementary Planning Document (SPD)** – document that adds further detail to the policies in the Local Plan. They can be used to provide further guidance for development on specific sites, or on particular issues, such as design. SPDs are capable of being a material consideration in planning decisions but are not part of the development plan.

# Appendix 1: Purbeck submarkets



## Appendix 2: Development appraisal pro-forma

Please use a separate sheet for each dwelling type proposed

Site address including postcode					
Total size of site (ha)					
Total number of proposed dwellings	Gross:		Net:		
Type and number of dwellings (detached, semi or terraced house, bungalow, flat, etc.)	Type of dwelling:	No. of dwellings:	No. of bedrooms:	Net internal size (sqm):	Market sale value (£)
Underground, undercroft or surface level parking provision					
Total number of floors in any flatted development block					
Details of exceptional costs and written evidence supporting these costs					
Acquisition cost of land, or if already owned, current site value					
Any other relevant information					

The Policy Development Panel looked at many ways to bring forward affordable housing, but was unable to take them all forward into this SPD. The Panel discounted the following two:

### a) **Low Impact Development (LID)**

This is a concept where residential development is permitted in the countryside as an exception to normal planning policy by virtue of the sustainability of the properties. Dwellings are permitted with a number of conditions, for example tying them directly to the land and ensuring they provide sufficient livelihood for the occupants. There is a policy allowing LID in Wales, but there is no equivalent policy in England.

The Panel had two concerns about LID:

- As there is no national planning policy supporting LID, to allow it in Purbeck would require a departure from national policy, which would be extremely risky for the Council; and
- LID provides an alternative lifestyle choice rather than a method to specifically deliver affordable housing. Therefore, this SPD is not the right place to consider it.

It is important to note, however, that there is no reason why a rural exception site cannot provide homes that have a low impact by virtue of their green credentials. Such development is already allowed under national and local planning policy.

### b) **The estates' 'thirds' model**

The Panel invited several of the District's largest estates to discuss their housing needs and rural exception sites. The estates preferred a 'thirds' model: 1/3 market housing, 1/3 estate housing to rent to estate workers and 1/3 affordable housing on a short lease.

The Panel has several concerns about this model:

- In planning law, affordable housing must remain affordable in perpetuity, not on a short lease;
- On the expiry of the short lease, the affordable housing would be lost from the District's affordable housing stock;
- The NPPF and Policy RES of the Purbeck Local Plan Part 1 only allow small numbers of market housing on rural exception sites (which the Panel interprets to also include estate workers' housing) to allow significant numbers of affordable homes. The thirds model would not pass this policy test and would require a departure from national and local policy. This would be extremely risky for the Council; and
- Estates would be treated differently from other landowners in the District. There are questions over whether this would be reasonable and how the Council would define what is an estate.

It is worth noting, however, that the estates spoke to the Panel before the NPPF was published. At this time, no market housing was allowed on rural exception sites. The Panel asked the estates if they would support a hypothetical scenario (inspired by the South Hams Village Housing Initiative)

where up to two market homes are allowed on exception sites in order to bring forward around eight affordable homes. The estates all said that they would be interested in such a model. Therefore, the Council's allowance for some market housing on rural exception sites, as detailed in this SPD, should go some way to satisfying the estates.