

Guidance on affordable housing contributions secured through section 106 planning agreements.

Purpose

This guidance seeks to provide additional detail to policy CS09 of the Core Strategy – Proposed Submission Document December 2009 (and subsequent proposed document changes) that sets out principle policies for affordable housing. It is recommended that these notes are read in conjunction with section CS09 (as amended). It is envisaged that these notes will assist developers or their agents in understanding what is expected in relation to affordable housing contributions (**The relevant extract from section CS09 is contained in Appendix 1**) and going on to submit a planning application.

Principle of approach

The principle behind affordable housing contributions (whether commonly provided on site or via a commuted sum payment) are well established nationally in that qualifying residential development must contribute to the provision of new affordable housing in the local authority area to help address the housing need in the area. The costs associated with making this contribution are met from the capital uplift derived from the development process.

The Council will seek an affordable housing contribution by means of an obligation to transfer completed dwellings (the type of which commonly reflect the types being provided as part of the development) to a Private Registered Provider of Social Housing (PRPSH). The approach will seek to ensure that affordable housing is 'mixed' and is dispersed amongst private housing.

Affordable housing will not be sought where it is not economically viable. Affordable housing contributions could be waived or reduced by agreement with the Council if it can be demonstrated via a development appraisal that a proposed development is unviable with an affordable housing contribution.

The values of affordable housing

Affordable housing dwellings will be sold to a PRPSH at a price that reflects a sum that could be raised typically over 30 years given regard to the income stream of the affordable dwellings (subject to prevailing target rents). A developer may seek offers for the affordable housing from a number of PRPSH. The Council keeps a record of indicative values that the PRPSH would pay for different housing types. It is recommended that a developer contacts the Housing Enabling Officer in the Housing Needs section at the earliest opportunity to assist with the engagement of an PRPSH.

Sites capable of development

Policy CS09 refers to threshold sites of 0.33 ha or 10 dwellings in King's Lynn, Hunstanton, and Downham Market and rural thresholds of 0.165 ha or 5 dwellings. An affordable housing contribution will be sought on development sites of these respective sizes where such sites can reasonably accommodate 10 or 5 dwellings respectively. If it can be demonstrated that such a site could not accommodate the 10 or 5 dwellings respectively, because of physical constraints then such a development will not trigger an affordable housing contribution. As an example the site may be constrained for a variety of reasons for example a significant change in level or a band of TPO trees that could limit the extent to which the site could be developed. In this sense the economic worth of the site is reduced because of site constraints – and this reduced worth is recognised in the Council's approach. The site thresholds are 'trigger points' for an affordable housing contribution. For example for rural sites the threshold is 5 dwellings or sites of 0.165 Ha that are capable of accommodating 5 dwellings. Sites meeting this description will trigger a whole dwelling contribution (or cash equivalent where appropriate). If a developer believes such a contribution would make such a development unviable then a case should be made demonstrating this. An open book approach to

the development appraisal will be required and the Council will be flexible in terms of the requirement sought where a standard requirement impacts on viability.

It should be noted that the existing thresholds and proportions are subject to an annual review. This review will be informed by an assessment of a set of key economic variables including house price and build cost indices. Further details of this review process are outlined in the draft affordable housing policy.

However the thresholds and proportions applied at the time planning permission is granted will remain for the duration of permission. If the permission expires or a new planning application is submitted the prevailing proportions and thresholds used by the Council at the time of submission will apply.

Applicable Development

The expectations in relation to affordable housing requirements in respect of existing dwellings or conversions are set out below. The approach is based upon the view that only new development is likely to benefit from the value uplift that can sustain affordable housing contributions. The Council would not wish to create a requirement that could make the renovation, or 're-use' of an existing building unviable. Such an approach could well conflict with other Council priorities and wider amenity issues.

1) *Replacement of an existing dwelling* – Where an existing dwelling (or dwellings) is to be demolished and replaced with substantially the same type of dwelling no affordable housing contribution will be sought. Essentially no 'additional' development is being created, and therefore no development uplift will be created.

2) *Conversion*-The conversion of an existing building to a dwelling or dwellings will not require an affordable housing contribution where substantial elements of the building remain and are enhanced and/or the internal layout is remodelled.

The type of affordable housing sought

The Council will seek a mix of affordable housing types that reflect the mix on the development site, but also gives regard to current housing need. The tenure will reflect the Councils existing affordable housing policy in seeking a rent to shared ownership (or other intermediate tenure by agreement) ratio of 70:30.

Provision of affordable housing on site or as a cash equivalent

The Council's approach will be in line with national guidance PPS3 "In seeking developer contributions, the presumption is that affordable housing will be provided on the application site so that it contributes towards creating a mix of housing. However, where it can be robustly justified, off-site provision or a financial contribution in lieu of on-site provision (of broadly equivalent value) may be accepted as long as the agreed approach contributes to the creation of mixed communities in the local authority area."

There may be exceptional circumstances where it is considered appropriate to accept a cash equivalent in lieu of affordable housing on site. It is envisaged such circumstances are likely to be very limited.

How we deal with fractions of affordable units

- On sites of 10 dwellings or more the number of dwellings will be rounded up to the nearest whole number e.g. 13.6 becomes 14. In the same way rounding down will apply to fractions of less than a half.
- On sites of less than 10 dwellings any proportions of less than a dwelling can be received as a cash equivalent sum without rounding up or down. e.g. 1.6 dwellings would equate to 1 affordable dwelling and 0.6 dwelling cash sum equivalent. In the case of 0.8 dwelling no on site provision would be required but a cash sum equivalent to 0.8 dwellings would be required.

- **Calculating cash equivalent payments**

National guidance suggests that cash equivalent sums should be broadly equivalent to the cost of providing affordable housing on site. The Council favours a fixed sum as an affordable housing contribution rather than using a formula. The sum sought will be £60,000 per equivalent whole dwelling. This amount will be reviewed annually to coincide with the annual viability review.

Example

A rural site of 8 dwellings would attract a 20% affordable housing contribution (from policy CS09) 20% of 8 is equal to 1.6 units. Therefore one dwelling would be provided plus a fraction of 0.6 of a dwelling would be provided as a cash sum. The cash sum sought would be £36,000 (0.6 of £60,000)

Pre-application discussions

Before submitting a plan for outline or full planning permission it is usual for the architect or agent, in conjunction with their client to discuss the proposal with a Planning Officer. On submission of a formal pre-application request clarification on the affordable housing requirements will be sought from the Enabling Officer by the Planning Officer. This will enable the architect or agent to ensure that the application meets the affordable housing requirements.

Although the Council cannot insist on it, it is recommended that the applicant contacts the Housing Enabling Officer to assist with involving a Registered Provider at the earliest opportunity.

Submission of a Planning Application

When submitting a Planning Application that triggers the affordable housing thresholds a draft S.106 Agreement will be required. Please note that the application will not be validated unless a draft Agreement with agreed heads of terms is submitted. To aid potential applicants a [model agreement](#) is available on the Council's website. The S.106 Agreement must be ready for all parties to sign by the time the application is ready for decision by the Council.

Policy CS09 does provide for viability issues relating to a proposed development to be raised. Should you consider the affordable housing contributions to render the scheme unviable a full development appraisal should be submitted with the application instead of a draft S.106 Agreement. The appraisal will be considered by the Council and discussed in full with the applicant.

Completing the draft S.106 Agreement

When completing the draft please ensure that all relevant schedules and clauses are completed and delete any sections that do not apply. Please also include full contact details of the solicitor who will be dealing with S.106 Agreement. It is recommended that this section is read in conjunction with the [S.106 Contribution Advice Note](#)

Useful links

[Housing Strategy & Enabling](#)

[Housing Research Policies](#)

[Development Control](#)

Contact Us

If you have any queries regarding this guidance please contact:

The Development Control team at the Borough Council of King's Lynn and West Norfolk on 01553 616314

Alternatively you can email any enquiries to borough.planning@west-norfolk.gov.uk

