

# **Affordable Housing**

## **Summary Guidance Document for Small Residential Developments**

Supporting the Crawley Borough Local Plan 2015-2030 and  
the Affordable Housing Supplementary Planning Document

**November 2017**



## Introduction

Crawley Borough Council has produced the consultation draft Affordable Housing Supplementary Planning Document (SPD) to support the Crawley Borough Local Plan policies which relate to the provision of affordable housing:

- Policy H4: Affordable and Low Cost Housing
- Policy H3: Future Housing Mix

The Policy requirement applies to all **new residential developments**, where these result in the development of at least one new housing unit. This includes:

- ▶ Conversions (including dwelling houses to flats);
- ▶ single new dwelling houses; and
- ▶ larger residential developments.

This summary document provides a simplified overview of the requirement and the information set out within the Local Plan and Affordable Housing SPD for assisting in the application of the Policy requirement for small residential developments. However, the SPD contains more detailed guidance on the issues covered here and should be used if more information is needed.

## Crawley Borough Local Plan Policy Context

The Local Plan policy requirements are set out below:

- ▶ The provision of 40% affordable housing from all new residential developments.
- ▶ This is expected to be provided in the form of 70% Affordable Rent, or Social Rent where other forms of subsidy exist, and up to 30% Intermediate Tenure.
- ▶ For developments of 5 dwellings or less, or on sites of less than 0.2ha in size, a commuted sum towards off-site affordable housing can be provided in lieu of on-site provision.
- ▶ For schemes of 15 dwellings or more and additional 10% low cost housing will be sought, offering a discount for first-time buyers.
- ▶ Where viability is a concern, and can be suitably evidenced, the council may apply a cascading approach to prioritise the affordable housing expectations in order to assist scheme viability.

## Affordable Housing Supplementary Planning Document (SPD)

The Affordable Housing SPD seeks to clarify the implementation of the Local Plan Policy by:

- a. Providing clear guidance on how the council will interpret Local Plan policies for affordable housing;
- b. Providing advice in relation to the expectations in relation to meeting the Policy requirement, for the different stages of planning applications: pre-applications, submission of application, determining planning applications, and post-permission;
- c. Setting out design, layout, tenure split and dwelling size mix expectations;
- d. Highlighting the thresholds at which affordable housing will be expected on-site;
- e. Setting out the exceptional circumstances in Crawley and the evidence which justifies contributions from small sites;
- f. Establishing the mechanism for calculating off-site payments in-lieu, including an inbuilt discount for small schemes;
- g. Outlining the mechanisms that will be used to assess viability;
- h. Clarifying the preferred types of tenure and the 'cascade' options in the event of viability constraints.

## Affordable Housing Contributions and the Planning Application Process

### Pre-Application Stage:

Applicants, agents and developers are encouraged to seek pre-application advice prior to the formal submission of development proposals, and it is essential that consideration is given to incorporating Policy H4 into a policy compliant scheme early in the pre-application process.

### Submission of Planning Application Stage:

All Full applications for residential development must be accompanied by an Affordable Housing Scheme, which should set how the affordable housing requirements compliant with the Crawley Borough Local Plan 2015-2030 and further detailed in the Affordable Housing SPD will be met.

If an application does not include an Affordable Housing Scheme the application may not be registered and will be returned to the applicant.

Once the Affordable Housing Scheme is agreed with the Local Planning Authority and Strategic Housing and Planning Services, this will form the Heads of Terms for the S106 Agreement.

The Affordable Housing SPD provides an example Affordable Housing Scheme in **Appendix A** and an example S106 Agreement for small, simple developments is provided in **Appendix E**.

For Outline applications, the detail in relation to the Affordable Housing Scheme may be able to be provided as part of the Reserved Matters application stage. In this case, the Outline application should be accompanied by an Affordable Housing Statement outlining how the affordable housing requirements will be met.

### Planning Application Stage:

The Local Planning Authority will consider whether the information submitted in the Affordable Housing Scheme is adequate and accurate. This must include consideration of:

- Affordable Housing quantum, tenure split and unit mix;
- Type of Provision – on-site provision, or financial contribution in lieu of on-site provision;
- Where on-site provision is being made, details of the:
  - Site plan showing tenures (rented and intermediate);
  - Floor plans showing room sizes and storage capacity;
  - Car parking plan showing allocations across tenures;
  - Phasing plan showing the delivery of the affordable housing;
  - A schedule of accommodation showing number, size (GIFA), number of rooms, number of bed-spaces, type of dwelling, and tenure of units;
  - The process for appointing a suitable Affordable Housing Provider (more detail can be found in Part 5 and Appendices E, F, G and H of the Affordable Housing SPD).
- Any Viability Statement or Viability Assessment seeking to vary the Affordable Housing contribution (more detail can be found in **Part 4** and **Appendix B** of the Affordable Housing SPD).

The S106 Agreement, or Unilateral Undertaking, will preferably be finalised and ready for completion prior to the determination of the application. Where this is not possible, Heads of Terms will at least need to be agreed in time for the Planning Case Officer to include this in the report to Planning Application Committee or Delegated Officer Report.

## Tenure Options

On smaller schemes of 10 units or less the starting point will be to establish the capital value of the expected affordable housing contribution using the Affordable Housing Calculator. This will determine the commuted sum payable on schemes of 5 residential units or less, unless the applicant wishes to consider on-site provision whereby the approach detailed below will also apply.

For schemes in the range of 6 to 10 residential units, the capital contribution established by the Affordable Housing Calculator for on-site provision will be modelled by the council to determine the most appropriate on-site use of this resource to address local housing needs while taking into account practical considerations and constraints.

The council's options would then be to apply the capital value across the available affordable housing units as either Discounted Market Sale or Shared-Equity, which would not require the involvement of a Registered Affordable Housing Provider.

Alternatively, with the involvement of a Registered Affordable Housing Provider, the options available to council would then include either Shared-Ownership or Affordable Rent.

The council may choose to apply this capital value over fewer affordable units than are due in order to improve the affordability of the affordable units.

## Small Developments

Due to Crawley's specific circumstances (as set out in Appendix J of the Affordable Housing SPD), the Local Plan policy and local evidence justify the expectation that affordable housing contributions should be sought from all new residential developments, regardless of size, unless viability constraints indicate the requirements cannot be supported.

However, the council is mindful of the national intention to support smaller house builders, through reducing "disproportionate burdens" affecting the viability and deliverability of small sites.

As a result, the Affordable Housing Calculator has an in-built sliding scale discount, to ensure the required contribution remains proportionate and viable for smaller developments. Timing of the payment of the financial contribution has also been adjusted to take account of cash-flow pressures.

In addition, as part of Planning Applications, more simplified submissions will be accepted in support of smaller housing developments, in relation to:

- The Affordable Housing Scheme;
- S106 Agreement; and
- Any Viability Assessment.

Early discussions with the council's Strategic Housing and Planning Services is recommended. Advice and support can be provided in relation to the submission requirements and policy-compliance.

Development Size	Expected Requirement
One to Five New Dwelling Units	Submission of an Affordable Housing Scheme. Affordable Housing Calculator to calculate off-site commuted payment. If on-site provision preferred, this must be agreed with the council early.
Six to Ten New Dwelling Units	Submission of an Affordable Housing Scheme. Affordable Housing Calculator will determine the value of contribution for on-site tenure options. Off-site payment in lieu only considered in exceptional circumstances.

## Procedures for Commuted Sum Payments

The Affordable Housing Calculator can be found by accessing the following link:

- [Affordable Housing Calculator](#)

Generally, the council will expect the following to be included in the S106 Agreement or Unilateral Undertaking with respect to the procedures for making commuted sum payments:

- The formulae as applied in calculating the value of the affordable housing contribution for off-site provision, as at the date of the application or the date of the Planning Committee resolution.
- Indexation from the date of the Resolution to Grant or Unilateral Undertaking until the date of payment. Indexation will be on an annual basis in accordance with the Retail Price Index.
- Normally, for schemes of one to ten dwellings payments shall be made on occupation of the first property. For schemes of 11 dwellings or more, the payment schedule will be 50% on commencement and 50% upon occupation of the first market units, unless otherwise agreed. Indexation will continue until the final payment is made.
- The S106 or Unilateral Undertaking must indicate the milestones that trigger payment, and the applicant is to notify the council when the payment trigger is reached. On receipt of the notification, the council will issue an invoice for the amount payable including any indexation. Penalty interest to be payable on late payments.
- The council will have 10 years in which to spend the capital contribution. The council may spend the capital contribution in any part of the borough, or within adjacent developments where the council secures nomination rights to affordable housing, for the provision and/or improvements to affordable housing.

## Viability Assessments

In the case of smaller housing developments, where there are anticipated viability issues, the applicant is advised to contact the Local Planning Authority at an early stage to discuss ways of addressing the requirements for providing affordable housing.

Where viability may alter the contribution from that indicated by the Affordable Housing Calculator, to accord with the Local Plan Policy, the council will request a Viability Statement, which shall include the following information:

- a) A summary of acquisition costs;
- b) A summary of anticipated development costs;
- c) A summary of assumed income from sales, also showing assumed or actual offers from Registered Providers (where applicable);
- d) An indication of the perceived funding shortfall that prevents the scheme from being policy compliant and meeting the full Affordable Housing contribution.

If a viability or delivery problem is accepted, the council will seek to test the viability by exploring other viability enhancements, and will consider:

- i. Varying mix/tenure split;
- ii. Varying payment timing; and/or
- iii. Reducing percentage of affordable housing and/or applying a lower sum to the off-site calculation.

More detail on Viability Assessments (including Viability Statements and Viability Appraisals) can be found in Part 4 and **Appendix B** of the Affordable Housing SPD.

## Does my Development need to provide a contribution towards Affordable Housing?

