

Affordable Housing Supplementary Planning Document

South Downs Local Plan

CONSULTATION DRAFT

[insert date]

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I. INTRODUCTION

Policies covered:

- **Policy SD28:** Affordable Homes
- **Policy SD29:** Rural Exception Sites

Background

- 1.1** The South Downs Local Plan (SDLP) was adopted on 02 July 2019. The introduction to the SDLP sets out the context of the statutory purposes and duty that govern all national park activities. In carrying out its purposes, the South Downs National Park Authority (SDNPA) has a duty to seek to foster the economic and social well-being of the local communities within the National Park. The English National Parks Vision and Circular further sets out the Government's expectation that *new housing will be focused on meeting affordable housing requirements, supporting local employment opportunities and key services.*¹
- 1.2** There is substantial evidence which shows that most privately provided residential property in the National Park has become unaffordable to families and individuals on modest incomes. House prices within the National Park are significantly higher than in the wider sub-region, with the average house being sold costing some fourteen times the average salary. The result is that more people and families are struggling to meet the cost of accommodation, and younger people in particular are discouraged from remaining or settling in the area.
- 1.3** To support the duty and help to address these issues, the SDLP includes two policies that require new residential development to provide affordable housing:
- **Policy SD28: Affordable Homes** sets out a requirement for residential developments of 3 or more homes to provide for affordable housing. This provision should be on-site on sites with capacity for 4 or more homes. The level of provision is determined by the overall capacity of the site in terms of potential number of homes, with a minimum 50% of the total to be affordable on sites of 11 or more homes. The policy also sets out how many affordable homes should be provided as rented tenure (as opposed to shared ownership or other forms of low-cost ownership).
 - **Policy SD29: Rural Exception Sites** sets a requirement that residential housing sites outside of settlement boundaries should provide 100% affordable housing. The precise mix of homes and tenures should be based on the local needs of the community, and provide specifically for local housing needs.

In addition, **Policy SD27: Mix of Homes** sets out a broad strategic mix of affordable dwelling sizes. **Policy SD25: Development Strategy**, and in particular paragraphs 7.15 and 7.16, outlines the SDNPA's approach with respect to Whole Estate Plans and affordable housing. Policies SD27, SD28 and SD29 are replicated in **Appendix I** to this SPD.

¹ English National Parks and the Broads: UK government vision and circular 2010 (Defra, 2010), paragraph 78

Purpose of this SPD

- 1.4** The SPD provides further guidance to support the implementation of the Local Plan policies, in particular Policy SD28: Affordable Homes and Policy SD29: Rural Exception Sites. The SPD therefore supports Local Plan Objective 8: To protect and provide for the social and economic wellbeing of National Park communities supporting local jobs, affordable homes and local facilities. It covers a number of detailed matters which are set out in the Contents page of this document.

2. USING POLICY SD28: AFFORDABLE HOMES

Assessing ‘gross capacity’ and artificial subdivision of sites

- 2.1** The capacity of sites in the national park to accommodate development will depend on a number of factors. Most importantly, all developments must be ‘landscape-led’ and thereby enhance landscape character. But within this, it should also make appropriate and efficient use of the land.
- 2.2** Policy SD28 includes thresholds that refer to ‘gross capacity’. This means that the development layout and design, and the sizes of houses and their plots, will be expected to reflect SDLP (and where relevant Neighbourhood Plan) policies.
- 2.3** In assessing site capacity, the SDNPA will consider carefully whether the number of homes proposed makes efficient and appropriate use of the site. Particular regard will be had to SDLP Strategic Policies SD4: Landscape Character, SD5: Design, and SD27: Mix of Homes. If the development does not make optimum use of the site (for example, by providing uncharacteristically large plot sizes, and/or failing to provide smaller dwellings to meet identified housing needs), the SDNPA may conclude that the use of the land is not appropriate, and also that not enough affordable housing is being provided. It should be emphasised however that a landscape-led approach will always be used when assessing site capacity.
- 2.4** Policy SD28 part 5 states that developers may not circumvent the policy by artificially subdividing sites. The development site itself (as identified by the ‘red line’) should include all existing elements of built development that are being materially modified (e.g. extended, reconfigured or converted). As such, any existing dwelling or building on a plot proposed for development should only be excluded if there is no material alteration to that building proposed. If there are changes to the access, garden or parking to an existing dwelling or building that is necessary for the wider development to go ahead, the SDNPA may conclude that the land and building in question form part of the same development site.
- 2.5** Should two or more separate planning applications come forward for adjacent sites within the same ownership and/or which have a clear functional link, the SDNPA may conclude that the developments should be considered as a single scheme. The SDNPA will, in such cases, consider evidence including land transaction data, the closeness in time of the applications being made, and appropriate evidence of ownership at the times the respective applications were made.

Types of uses to which policy applies

- 2.6** Strategic Policy SD28 Affordable Homes is applicable to all development proposals falling within the Use Class C3. Developments falling into the Use Class C1 (hotels) and C2 (residential institutions) do not attract the requirement for affordable housing. Use Classes C3 and C2 are defined as follows:

Use Class C3

Use as a dwelling house (whether or not as a sole or main residence) by

- a. a single person or by people to be regarded as forming a single household
- b. not more than six residents living together as a single household where care is provided for residents
- c. not more than six residents living together as a single household where no care is provided for residents (other than use within C4)

Use Class C2

Residential Institutions - Use for the provision of residential accommodation and care to people in need of care (other than a use within class C3 (dwelling houses))

There is a clearer distinction between Use Classes C1 and C3, as C1 applies to hotels and guesthouses that contain no capacity for use as a separate, independent unit of accommodation and provide no significant element of care (notwithstanding the ancillary provision of a manager's flat).

- 2.7** Historically Use Class C2 has been used for the more traditional forms of residential institutions providing care such as 'nursing homes' and 'care homes' provided by Local Authorities and some private companies. However, the provision of care has increasingly taken alternative forms consisting of 'assisted living', 'extra care', 'retirement village' and 'sheltered accommodation' which are different from a 'nursing home'. These alternative forms of care often take the form of self-contained dwellings (i.e. residents have their own front door where differing levels of care are provided to individuals living in those dwellings, which contain all the domestic facilities to enable independent living), as part of a wider housing complex or estate. Given this, the distinction between Use Class C2 and C3 has become less clear.
- 2.8** Where there is doubt over the use class, the SDNPA will presume in favour of Use Class C3, and the onus will be on the applicant to demonstrate otherwise. Each proposal will be assessed on its own merits to assess the level of care being provided to the individuals and the constituent parts that make up the wider care provision. The amount of care provided at a care home must be significant, and the care provided must be the primary reason why residents seek to live in the care home. To this end, the SDNPA will begin the case by case consideration for compliance with Use Class C2 where the units are restricted to those of state pension age or above and requiring a minimum of 4 hours of care needs per week. Outside of this definition, and if the units are self-contained, they will be considered as Use Class C3.
- 2.9** Elements to consider when making the judgement include:
- Built form of the development (e.g. scale, facilities provided such as private kitchens), dwelling types, dwelling features, building standards);

- Tenure (for sale, shared ownership, leasehold, mix);
- Allocation and eligibility criteria (age restriction, individual assessment of and minimum level of care needs etc);
- Level of service charge (whether these are well beyond those that might reasonably be expected in non-institutional accommodation);
- Provision of meals and other services (is it linked to the needs of the individual's personal care),
- Provision of communal facilities (kitchen, social areas, therapy rooms, offices and other areas for staff), and
- Housing and other support provisions (care provider / agency on site, multiple care agencies providing care).

2.10 These elements will be weighed up to determine whether a proposal falls within Use Class C2 or C3. For a proposed development to fall within Use Class C2, whether residents qualify as 'people in need of care' is key. Care can include medical care but extends to other forms of care needs due to age or disablement. In contrast, residents of extra-care housing, may be in receipt of care, but retain a degree of independence beyond that enjoyed by occupants of a care home and would therefore still be considered a C3 Use.

2.11 The facilities of the dwelling will also be taken into consideration, for example whether they include a private front door and lounge / kitchen area, and the extent to which the dwelling can function as a separate unit. It is necessary to look at the interrelationship between the dwellings and the rest of the development, taking into account the primary purpose of the development as a whole.

Affordable housing tenures

2.12 'Affordable housing' is an umbrella term that covers housing provided to eligible households whose needs are not met by the market, with eligibility based on local incomes and local house prices. This includes a number of different ownership and/or rental options, referred to in this document as tenures. The main types of affordable housing are 'social rented', 'affordable rented' and 'intermediate' affordable housing.

- **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.² 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 housing that must be rented at no more than 80 per cent of the local market rent (including service charges, where applicable). It should also be

² Current guidance on setting a social rent formula is contained in 'Guidance on Rents for Social Housing' (DCLG, May 2014), which is published on gov.uk. It is likely that a new formula will be introduced from 1 April 2020 – see <https://www.gov.uk/housing-local-and-community/housing> for updates.

provided at a level of rent (and any additional service charge) which does not exceed the Local Housing Allowance (LHA) for the relevant area.³

- **Shared Ownership housing** describes housing where the occupier purchases with a mortgage part of a home and pays rent on the remainder. These are primarily provided by Registered Providers. Due to the high cost of housing in the National Park, shared ownership housing should offer buyers a maximum initial share of 25% of the open market value of the dwelling. The annual rental charges on the unsold equity (share) plus any service charges should be no more than 2.75% of this share. Shared ownership affordable housing should be available in perpetuity to those in housing need if the house is sold on in future, with the exception that occupants may increase (or ‘staircase’) their equity share towards outright ownership. Flexibility may be necessary to take account of affordable housing providers’ business models, provided the core objective of meeting the housing needs of those who cannot afford market prices are met.
- **Intermediate home ownership** can include discounted market sales housing, shared equity, shared ownership and equity loans. The NPPF provides further details.
 - **Discounted market sales housing** is a form of intermediate home ownership and is defined in the NPPF. The NPPF states that this should be provided at a discount of **no less than 20%** below market value. Subject to evidence provided on a case-by-case basis, the SDNPA **will seek a discount of 40% below local market value** to reflect the high cost of buying a home in the National Park. The level of discount should ultimately reflect what is realistically affordable to a lower income household on a lower quartile salary. The discount should ‘run with the land’ such that if the house is sold on in future, the same level of discount will apply for future eligible buyers.
- Where the site relates to an endorsed Whole Estate Plan (WEP) and the landowner is looking to retain the housing themselves to deliver as affordable, the affordable housing must be provided in perpetuity, the tenures on which they are provided will be expected to reflect the tenures above, and be secured by S106 Agreement.

2.13 The National Planning Policy Framework (NPPF) was revised in 2018 and again in 2019. The revised NPPF changed the definition of ‘affordable housing’ as applies to national policy, to include ‘starter homes’ and provide more detailed explanation of different forms of rented affordable housing and low-cost ownership. For avoidance of doubt, the definitions set out in the SDLP Glossary will take precedence over national definitions. However it may be appropriate to refer to the national definitions, where these provide greater detail.

2.14 A legal agreement (‘Section 106 Agreement’) will set out the precise tenure restrictions applicable to a particular scheme.

Mix of dwelling sizes and tenures

2.15 Policy SD28 seeks to maximise delivery of affordable housing to meet local need, whilst providing a tenure mix that reflects the needs of the National Park as a whole. Paragraph 7.59 of the SDLP confirms that an alternative tenure mix to that set out in Policy SD28 may be

³ Current Local Housing Allowance rates can be viewed on the Directgov website at <https://lha-direct.voa.gov.uk/>

proposed to reflect needs specific to the local community, provided this is robustly evidenced and supported by the relevant housing provider.

- 2.16** It is clear from evidence underpinning the SDLP that the overriding housing need in the National Park is for low-cost rented accommodation. Therefore any alternative tenure mix that reduces the rented element should be underpinned by an up-to-date local housing needs assessment. This should take account of evidence both from the Local Housing Register, and from a thorough analysis of locally expressed needs which has looked at future demographic change as well as the immediate existing need. This evidence should be based on recent data that is no more than 2 years old, and endorsed by the relevant local housing authority (generally this will be a local housing enabler employed by the relevant housing authority) or community led housing group.
- 2.17** Affordable dwelling sizes should also reflect Policy SD27: Mix of Homes (part I(a)). This reflects evidence of most affordable housing need being for smaller dwellings. The tenure mix across dwelling sizes should be proportionate, to achieve an even spread of unit sizes for the different tenures. Regard should be had to any local housing needs evidence in achieving the broad mix required whilst also rounding to whole numbers.
- 2.18** **Figure I** provides a worked example to illustrate this.

Applying occupancy restrictions and local connections criteria

2.19 Policy SD28 part 4 states that occupancy conditions and local connections criteria will be applied to affordable housing to ensure local needs are met. The SDLP in paragraph 7.62 states that local connections will be assessed in a cascade manner, as outlined in the S106 agreement, to include the respective needs of:

- i) the relevant settlement, then
- ii) the parish, then
- iii) the wider area including nearby settlements and parishes within the National Park.
- iv) Therefore, in line with paragraph 7.62 of the SDLP, the following cascade will be followed when prioritising the allocation of homes to local people in need of affordable housing:

- | | |
|-------------|--|
| Priority 1: | Local connection to the settlement where development is proposed; |
| Priority 2: | Local connection to the parish where development is proposed, and within the South Downs National Park; |
| Priority 3: | Local connection to the contiguous neighbouring parish to the parish within which development is proposed, and within the South Downs National Park; and finally |
| Priority 4: | Local connection to another nearby parish within the South Downs National Park. |

FIGURE I: WORKED EXAMPLE OF HOUSING MIX FOR 10 AFFORDABLE HOMES AS PART OF A 20 DWELLING SCHEME

A scheme of 20 dwellings is proposed. 50% of these dwellings (10 dwellings) are provided as affordable homes in line with Policy SD28 1(a). A suitable mix of sizes and tenures may be as follows:				
Dwelling size (no. bedrooms)	Proportion of dwelling sizes (Policy SD27)	Rented (at least 75% of affordable units) (Policy SD28)	Intermediate (up to 25% of affordable units) (Policy SD28)	Total
1 bedroom	35%	2 (see Note 3)	1	3
2 bedrooms	35%	3 (see Notes 1 & 3)	1	4
3 bedrooms	25%	2	0	2
4 bedrooms	5%	1	0	1 (see Note 4)
Total		8 (see Note 2)	2	10
It should be noted that, as the mix must be in whole numbers, it has been necessary to round figures up and down as appropriate:				
<ol style="list-style-type: none"> 1. It is appropriate to provide more 2 bedroom dwellings as Policy SD27 states that 1 bedroom affordable dwellings may be substituted with 2 bedroom affordable dwellings. 2. It is appropriate to over-provide rented units against the 75% target overall. Therefore 8 of 10 units (80% of overall total) are provided as rented. 3. 5 of 7 units with 1 or 2 bedrooms are provided as rented, which is equivalent to 71%. However this slight undersupply is compensated for by 100% of the 3-bedroom units being provided as rented. 4. The 4-bedroom unit represents 10% of the total. An alternative acceptable approach may be to provide 3x3-bedroom rented affordable homes and no 4-bedroom unit, dependent on any local evidence which may provide a steer. 				

2.20 Paragraph 7.63 of the SDLP states that local connections will be determined by the Authority, parish council and relevant housing authority primarily. Paragraph 7.81, with respect to Rural Exception Sites, also cross-refers to the need for conditions to ensure the needs of local people are being met. For avoidance of doubt, such conditions and criteria will be set out in the Section 106 Agreement and/or in the planning permission conditions. The specific local connection criteria will depend on where the scheme is proposed. Criteria applied to a specific site may reflect evidence provided by relevant community-led and legally constituted organisations or Community Land Trusts where applicable. Generally, the following will apply:

- a) Where there is a Neighbourhood Plan (NDP) which is 'made' or at an advanced stage of preparation, the relevant local connections policy will be used where included in the NDP.
- b) If the above does not apply, the starting point will be the most up-to-date housing allocations policy definition of 'local connection' that is applied by the relevant local housing authority, as applies in the South Downs National Park or in Designated Rural Areas⁴ where specified, provided this prioritises need within South Downs National Park settlements or parishes and follows the cascade set out in paragraph 7.62 of the SDLP.
- c) Where neither a. nor b. apply, the following will define a person or household considered to have a local connection. The area to which this relates will be dependent on where has been reached in the cascade set out in paragraph 2.20 above.
 - i. Ordinarily resident in the National Park, or
 - ii. Previously ordinarily resident, or
 - iii. Currently employed by, or is due to take up permanent employment with, an established employer with a registered business premises based in the relevant area, or
 - iv. Has demonstrated a need to or be supported by a family member who is ordinarily resident.
- d) The cascade from settlement / parish / wider area within the South Downs National Park will be applied in accordance with the availability of prospective residents on the relevant housing register(s) within each of these respectively:
- e) Where alternative criteria are proposed, for example to respond to the particular needs of a rural estate, large farm, or as expressed in a Neighbourhood Development Plan, this should be clearly evidenced. Material weight will be given to this when evidenced in an endorsed Whole Estate Plan or as otherwise robustly evidenced in respect of the specific circumstances of the scheme.

2.21 Occupancy conditions may be applied to limit future occupants to ensure the dwelling remains available to those with a local connection in perpetuity. Occupancy conditions may also be applied where there is a proven need for those with a particular work connection, in respect to maintaining the special qualities of the National Park. Regard will be had as appropriate to Development Management Policy SD32: New Agricultural and Forestry Workers' Dwellings.

Viability appraisal

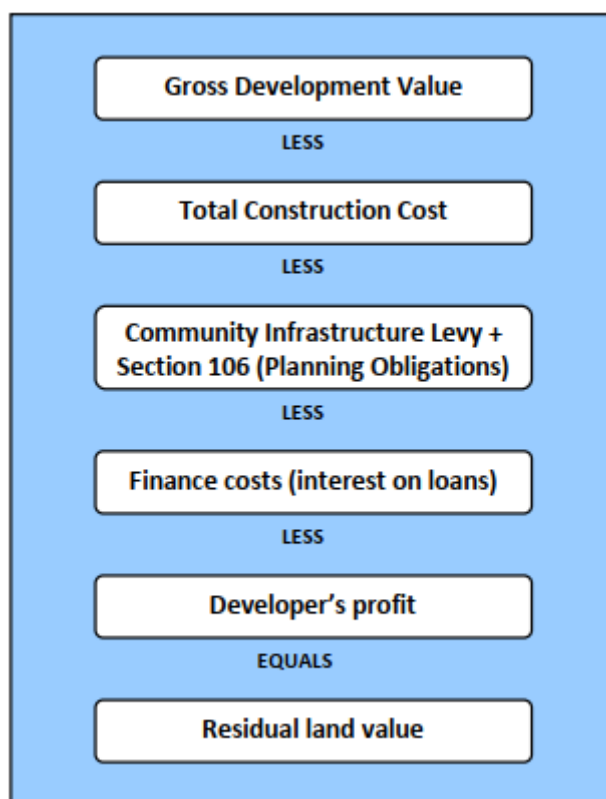
2.22 Policy SD28 part 2 recognises that, exceptionally, provision of affordable housing in a way that complies with the policy may render a development financially unviable. Paragraphs 7.64 to 7.68 of the SDLP set out the expectations of the SDNPA where this is considered to apply. Viability appraisals should be prepared on the basis that it will be made publicly available other than in exceptional circumstances. Even in those circumstances an executive summary should be made

⁴ Designated Rural Areas are defined in the NPPF 2018 as National Parks, Areas of Outstanding Natural Beauty and areas designated as 'rural' under Section 157 of the Housing Act 1985. Therefore the whole of the South Downs National Park is a Designated Rural Area.

publicly available. Reference should be made to Planning Practice Guidance for further advice on public availability.⁵

- 2.23 The SDLP is in line with the more detailed Planning Practice Guidance (PPG) with respect to viability and decision-making.⁶ Applicants should have full regard to this advice, in addition to complying with the SDLP. PPG makes clear that under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan (Paragraph 011 Reference ID: 10-011-20180724).
- 2.24 The starting point for a viability appraisal is to establish the ‘residual land value’ (RLV) for the site being developed. This is the amount that the developer can afford to pay for the development site, once all reasonable costs have been met. It is the difference between the value of the completed development on the one hand, and the overall cost of the development on the other. **Figure 2** shows in a simplified form how this calculation works.

FIGURE 2: RESIDUAL LAND VALUE



- 2.25 To establish whether a scheme is viable, the residual land value is compared with a benchmark land value (BLV). This is defined as the value of the site in its existing use (the ‘existing use value’ or ‘EUUV’), plus a ‘premium for the landowner’ which is the minimum return at which it is considered a reasonable landowner would sell their land for development. **Figure 3** illustrates this.

⁵ www.gov.uk/guidance/viability. See ‘Should a viability assessment be publicly available?’ Paragraph: 021 Reference ID: 10-021-20190509

⁶ www.gov.uk/guidance/viability. See Viability and decision taking, Paragraph: 007 to 021 Reference ID: 10-007-20180724 to 10-021-20180724

2.26 When assessing the viability of a scheme, a number of key inputs are required. **Figure 4** sets out the key inputs and some standard assumptions. It is important that each of these elements is transparently and robustly justified, with reference to independently sourced data and analysis. The SDNPA will usually conduct an independent review of any or all elements of this supporting evidence, which would be required to be funded by the applicant.

FIGURE 3: BENCHMARK LAND VALUE

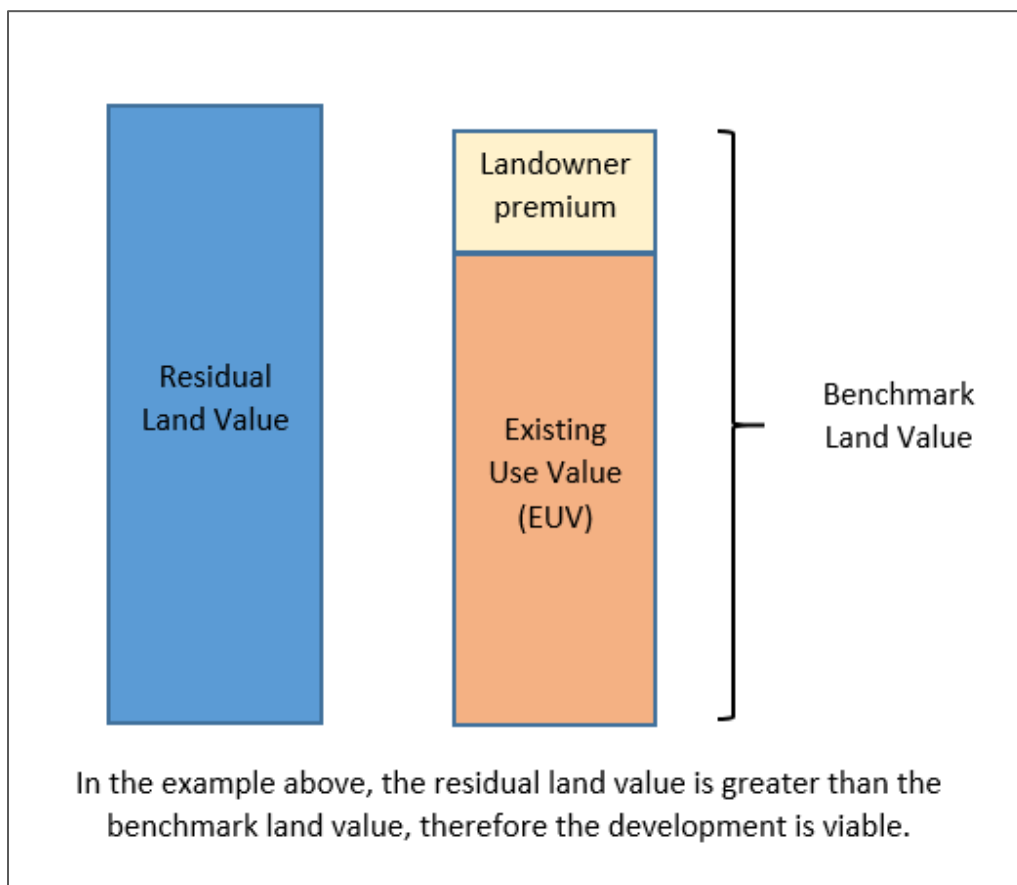


FIGURE 4: CHECKLIST OF KEY INPUTS FOR VIABILITY APPRAISAL

Input	Elements	Standard assumption	Evidence
Gross Development Value (GDV)	<p>Expected sale value of open market homes</p> <p>Expected sale value of rented affordable homes</p> <p>Expected sale value of intermediate sale units</p>	N/A – bespoke evidence only	<p>Based on real current market values for developments of comparable typology, and reflect that new-build properties tend to have a premium over resale properties.</p> <p>For the affordable housing element, whilst using a percentage of open market value can be a useful guideline, bespoke evidence must also be included (e.g. evidence from a registered provider, actual comparable sales data, or based on capitalised rent). Value of intermediate housing will vary</p>

	Capitalised income from any commercial or non – residential elements of the scheme		depending on the tenure, location and other factors.
Build cost	Up-to-date data from the Building Costs Information Service (BCIS) (plus uplift for external works) Cost of demolition Site servicing and infrastructure costs Abnormal costs	BCIS upper quartile data plus a 15% uplift for the cost of external works and custom measures N/A – bespoke only	An itemised cost plan, prepared by a professional and independent Quantity Surveyor (QS), will usually be appropriate, particularly where the project is complex and includes a number of bespoke elements or where build costs that deviate from the BCIS index are used.
Professional fees	Estimated design & build professional fees (e.g. planning, architect, QS) Estimated planning application fee Estimated legal fees Estimated sales & marketing fees	6% of build costs. N/A – based on scheme N/A 3% of GDV	Assumptions may be made based on standard professional practice. The basis for these assumptions should be soundly justified.
Finance costs	The cost of borrowing money to provide upfront capital	Inclusive finance rate of up to 6.5% (APR) of borrowed capital	The APR assumed should take into consideration current market conditions for the area concerned (which may be different in the South Downs National Park compared with the national picture).
Community Infrastructure Levy and planning obligations	Community Infrastructure Levy (CIL)	See SDNPA CIL Charging Schedule	CIL should be based on the development floorspace, taking account of any exemptions, and agreed with the SDNPA.

	Planning obligations	N/A – based on scheme	Planning obligations, including Section 106 and Section 278, should be based on any site specific works necessary to make the development acceptable in planning terms, and include any additional policy requirements set out in the development plan.
Developer profit	Evidence that assumed profit margin represents level of risk	Up to 15% of GDV for open market housing 6% of GDV for affordable housing	Developer profit should take account of identified risk in respect of the scheme. Evidence should be provided; it should not be assumed that the upper end of the range will automatically be acceptable.
Existing use value (EUV)	The value of the site in its current use and condition	NA – bespoke only	This should be based upon a valuation undertaken by a RICS accredited surveyor in line with RICS requirements for existing use valuations.

Financial contributions in lieu of on-site provision

- 2.27** In accordance with Policy SD28, financial contributions towards affordable housing will be accepted on sites with a gross capacity of 3 homes. Exceptionally, financial contributions in lieu will also be accepted on proposals of 4 to 10 net dwellings where it has been robustly demonstrated that on-site provision of affordable housing is not feasible. On larger sites of 11 or more homes the expectation will be for on-site provision of affordable homes. All residential development (including self-build and custom housebuilding) is subject to Policy SD28.
- 2.28** Funds raised from such financial contributions will be used primarily to increase the overall number of affordable homes, or on occasion to achieve an optimum tenure mix to meet local need. For example, funds may be used to cross-subsidise delivery of rural exception sites to ensure that 100% affordable housing is achieved. A legal agreement will be required that sets out the terms of payment, and that limits its spending to relate to only schemes that address local needs.
- 2.29** The Authority’s approach to calculating the in lieu financial contribution, is to base the calculation on the cost of providing affordable housing on another site without subsidy. The financial contribution is based on the development cost (comprising build and land costs) minus the revenue that can be expected from selling to a Housing Association or other Registered Provider. The detailed methodology is set out in **Appendix 2** and in lieu financial contributions will be accepted in line with the amounts set out in **Figure 5** below. These may be reviewed on an annual basis, and updated as necessary, to reflect the changing cost of affordable housing provision.

Dealing with conversions

- 2.30** Policy SD28 applies to the gross site capacity. The policy equally applies to the conversion of an existing building to create or increase the number of C3 residential units, irrespective of the existing floorspace. So, for example, if a large dwelling is proposed to be converted into a total of 4 smaller dwellings (even with no net increase in floorspace), there would be a requirement to provide 1 affordable home in line with Policy SD28.
- 2.31** Vacant building credit may apply with respect to existing floorspace if the relevant tests are met. See section below on Vacant Building Credit.

FIGURE 5: AFFORDABLE HOUSING IN LIEU FINANCIAL CONTRIBUTION PAYMENT TABLE, 2019

Development size	Affordable housing requirement	In lieu financial contribution
3 homes	Meaningful financial contribution	£46,832 (which is equivalent to half of a 1-bedroom affordable home, and subject to site specific circumstances)
4-5 homes	1 affordable home	£93,664
6-7 homes	2 affordable homes	£163,181
8 – 9 homes	3 affordable homes	£244,772
10 homes	4 affordable homes	£326,363
11+ homes	Minimum 50% of homes	£93,664 per affordable home necessary to meet the 50% minimum

Applying the Vacant Building Credit

- 2.32** The NPPF (paragraph 63) provides for a ‘vacant building credit’ (VBC), in effect reducing the requirement for affordable housing in some instances where a development is proposed on previously developed land that accommodates vacant buildings. National Planning Practice Guidance provides further guidance on how this should apply.⁷ The guidance explains that the gross floorspace of vacant buildings being brought back into use or demolished will be ‘netted off’ from the total floorspace of the new development proposed. VBC does not apply to buildings that are either still in use, or have been abandoned. If the building in question has been made vacant for the sole purpose of re-development, it is unlikely that the VBC will apply.
- 2.33** As Policy SD28 requires provision of on-site affordable units, the following methodology will apply, which reflects both planning practice guidance and Policy SD28:
- i) Divide the vacant floorspace by the overall gross floorspace of the proposed development, and convert this fraction into a percentage;
 - ii) Subtract the percentage credit from 100% to give the proportion of the whole development to which Policy SD28 will apply;
 - iii) Apply this percentage to the total number of units proposed;

⁷ Planning Practice Guidance on Planning Obligations, paragraphs 026-028. (Reference ID: 23b-025-20190315, 23b-026-20190315, 23b-027-20190315)

- iv) Round the resulting figure up to the next whole number. (The number is always rounded up rather than down to reflect that Policy SD28 sets out minimum requirements.)

2.34 The resulting number will represent the hypothetical development quantum (in terms of number of dwellings) after the VBC has been applied. Policy SD28 scales of provision will then be applied to this number.

2.35 Figure 6 below sets out a worked example of how the VBC would be applied:

FIGURE 6: WORKED EXAMPLE OF HOW TO APPLY THE VACANT BUILDING CREDIT

A scheme of 8 dwellings is proposed with a total gross floorspace area of 936m². To comply with Policy SD28, 3 of the dwellings would normally be provided as affordable homes in line with Policy SD28 1(a). However there exists on the site a vacant workshop building that has a gross floorspace of 300m².

The number of affordable units to actually be provided is worked out as follows:

- i) Divide the vacant building floorspace by the total floorspace-
 $300 / 936 = 0.32$ or 32% 'credit'
- ii) Subtract the percentage credit from 100% to give the proportion of the whole development to which Policy SD28 will apply-
 $100\% - 32\% = 68\%$
- iii) Multiply this by the total number of dwellings-
 $68\% \times 8 \text{ dwellings} = 5.44 \text{ dwellings}$
- iv) Round this figure up to the next whole number-
 5.44 rounds up to 6 dwellings

The hypothetical development after vacant building has been applied therefore works out as 6 dwellings in total. Policy SD28 requires a development of 6 dwellings to provide 2 affordable homes, at least 1 of which is a rented affordable tenure. This is what the development should therefore provide.

2.36 If it has been agreed that a financial contribution in lieu of on-site affordable housing is appropriate, the amount should reflect the scale of provision set out in Figure 5, after the VBC has been applied using the methodology above (in the example above, the amount would be £163,181 or the equivalent figure following annual review of Figure 5).

Agricultural forestry and estate workers

2.37 The SDLP recognises the importance of providing 'tied' dwellings for occupation by essential rural workers. Policy SD32: New Agricultural and Forestry Workers' Dwellings seeks to protect existing such dwellings, and allows for new such dwellings in appropriate circumstances.

2.38 With respect to tenure, an occupational tie provides in effect a form of 'key worker housing'. As there is no requirement for such a dwelling to provide a low-rent or intermediate tenure, it

does not automatically make a dwelling affordable, and may not be available to all those who qualify as having a local connection. Such a dwelling can however be defined as ‘affordable’ for the purposes of Policy SD28 if the tenure provided is in line with the definitions given in the SDLP and in paragraph 2.12 of this SPD.

2.39 With respect to rural workers, it is recognised that large rural estates employ people who are seen as integral to the long term sustainability of the estate and the wider community to which it relates, but are not defined as agriculture or forestry workers. Nevertheless, they may still qualify as having a need for affordable housing, and be able to demonstrate a local connection as defined in the SDLP and in this SPD.

2.40 Paragraph 7.16 of the SDLP states:

Where new dwellings are proposed as part of a Whole Estate Plan, these should meet the priority housing needs of the local area, hence should be affordable homes, or accommodate full-time, rural workers as defined by Policy SD32 and its supporting text. An exception may be made where to do so would make the delivery of multiple benefits to ecosystem services and the special qualities of the park unviable, provided clear evidence is provided in the endorsed Estate or Farm Plan.

2.41 The exception described above may apply to a specific identified need for affordable accommodation that is not strictly within the definition of either ‘affordable housing’ or ‘agricultural worker or forestry worker’s dwelling’. If an applicant considers that an exception case can be made such that these definitions are ‘flexed’, whilst still meeting the core objective of meeting local affordable housing needs, this will be viewed in light of the following:

- Is there an endorsed Whole Estate Plan which provides robust evidence and justification for such a departure, including demonstration of the multifunctional benefits that could be delivered through the delivery of the housing?
- Does the proposed scheme provide for people or families in the local settlement or parish who are in need of affordable housing, but are not working for the estate or organisation who proposes development?

The existence of an endorsed Whole Estate Plan will potentially provide weight to any exception case made. Consideration of rural workers’ needs may also, however, be material when assessing proposals not covered by a Whole Estate Plan on a case by case basis.

Delivering affordable housing

2.42 Developers are responsible for delivering affordable housing in line with planning policy, or to comply with a legal agreement or condition. This means that the developer should partner with a reputable provider of affordable housing. Alternatively the developer must demonstrate that they are able to themselves provide and manage the affordable housing to the same quality and cost to the occupier as an RP. Whoever provides the affordable housing must be willing to enter into a nominations agreement with the relevant local housing authority.

2.43 The SDNPA strongly encourages the involvement of Community Land Trusts (CLTs) in delivering community-driven affordable housing. This is emphasised in the SDLP in paragraph 7.77. A CLT is set up by a local community to acquire land for building affordable housing, and then oversee the homes being built and maintain some degree of control over their management

into the future. Some CLTs may choose to enter into partnerships with other organisations who can offer experience and/or capital, such as a Registered Provider (RP) (see below).

- 2.44** Registered Providers (RPs) are formally recognised providers of low-cost social housing for people in need. Most RPs are housing associations, although other organisations such as charities and not-for-profit private companies can also be RPs. It is RPs who are best placed to partner with developers tasked with delivering affordable housing, unless there is a CLT or CLT/RP partnership set up for the local area who can take on the affordable dwellings.
- 2.45** It is recognised that there are particular challenges associated with providing very small numbers of affordable dwellings on a site. Whilst options may be more limited compared with larger developments, there are specialist providers of affordable housing who can take on small numbers, or even individual units. Where discounted market housing is agreed as acceptable, it may be appropriate to deliver the affordable homes without a third party provider being involved at all (although the discount provided will need to run with the land in perpetuity).
- 2.46** Whichever delivery model is used, the advice of both the planning authority and a suitable housing enabler⁸ should be sought at an early stage. This will allow any practical barriers to delivery to be addressed, ensure that planning obligations are fulfilled, and maximise the benefits to the local community.

Lewes Low Cost Housing

- 2.47** The Lewes Neighbourhood Development Plan (LNDP) forms part of the development plan for Lewes town.⁹ It includes Policy PL1 A (part 3) which requires development to maximise the amount of Lewes Low Cost Housing (LLCH) to meet local housing need, unless proven to be undeliverable. LLCH is defined as:

“the maximum cost affordable on the average Lewes salary whether for sale or rent. The Government’s definition of 80% of market value is not “affordable” on the average Lewes income of £23,000 or house-hold income of less than £30,000, and for that reason will not address the community’s housing need.”

- 2.48** In Lewes town, the LLCH model will apply. Rented affordable dwellings should be provided at a rent level based on income rather than market rents, to reflect the aims of the LLCH policy.¹⁰ Intermediate housing for sale should be capped at a level which is 5 times the average Lewes household income.
- 2.49** The requirement to maximise LLCH is important, but where there is conflict, greater weight should be given to Strategic Policy SD28: Affordable Homes. Where viability is a genuine barrier to delivery of LLCH, the applicant will be required to demonstrate this by submitting a robust viability appraisal. If a policy-compliant provision of affordable housing which meets both the SDLP and LNDP is not deliverable, an appropriate balance between the cascade in paragraph 7.66 of the SDLP and provision of LLCH will be sought. Some rented affordable dwellings should

⁸ Most local housing authorities covering the SDNP have a rural housing enabler, or work in partnership with others to provide support for rural affordable housing. Advice can also be sought from the housing authority itself. SDNPA can provide suitable contacts on request.

⁹ The Lewes Neighbourhood Plan is published on the SDNPA website at www.southdowns.gov.uk/planningpolicy, and also at www.lewes4all.uk

¹⁰ Social rented dwellings are defined in the South Downs Local Plan Glossary

in any case be provided. Therefore any viability appraisal should test appropriate scenarios that have been agreed with the Authority in advance.

Affordable Housing Review Mechanisms

- 2.50** The assessment of development viability at planning application stage may, exceptionally, result in a reduction of the levels of affordable housing that a developer might have to provide, when compared to development plan policy requirements. This reduces the SDNPA's ability to meet the need for affordable housing across the National Park. Therefore, to maximise affordable housing delivery the SDNPA will use review mechanisms to ensure that any future improvements in the viability of developments, for example as a result of house price rises or reductions in build costs, help to deliver additional affordable housing.
- 2.51** Review mechanisms allow for a reappraisal of a development and only apply where the full level of affordable housing was not secured as required by policy SD28 of the SDLP. These mechanisms are required in order to maximise affordable housing and are applied particularly where some degree of uncertainty around the viability of the scheme existed at the time at which the permission was granted. They allow increases in S106 contributions to be required after permission is granted to reflect any increases in the value of a development. In no circumstances will reviews be used to reduce the level of affordable housing contributions required; any proposed reduction would instead require a new or modified planning permission.
- 2.52** A review will be achieved through an 'Early review' and / or a 'Late stage review'. The review mechanism must be based on transparent and robust data as set out in Figure 2 above, albeit with specific assumptions to take account of the timings of the review and specifics of the site.

Early review

- 2.53** It is important to ensure that the amount of affordable housing is maximised, and that the early completion of development is incentivised. As a guideline, developments of 11 dwellings or more will be subject to an early review which is triggered if sufficient progress on construction of the approved development has not been achieved after 2 years from the date of the permission being granted (or at an alternative time as agreed with the SDNPA). This trigger will apply both where affordable housing is provided on-site and where provided as a financial contribution in lieu of affordable housing.
- 2.54** The term 'sufficient progress' means the completion of all ground preparations works, the foundations for the core of the development (or that particular phase) and the construction of the ground floor. Other triggers may be set out in the Section 106 agreement as appropriate. If the agreed level of progress has been made, the review will not be triggered.
- 2.55** The need or otherwise for a review will be discussed with the applicant after two years. It will be provided and funded by the applicant who must also cover the full costs to the SDNPA of negotiating and assessing the review.
- 2.56** The review will be expected to compare the estimated GDV of the development at the time permission was granted with the predicted GDV, along with the estimated build costs and any other relevant costs, at the time permission was granted compared with the time of the review. The assumed percentage of developer profit and professional fees as agreed at the time of the permission will generally not have changed and shall be factored into the assessment.

- 2.57** Due to the early stage of this review, the SDNPA will expect that any increase in affordable housing achieved will be provided on-site, albeit material considerations assessed at the time (aside from viability) will also be taken into account. The level of provision expected by the SDNPA will be capped to no more than that required by Local Plan policy SD28 or SD29.
- 2.58** If the surplus is insufficient to provide affordable housing on site then it should be paid to the SDNPA as a financial contribution in line with the existing legal agreement or with this SPD, to be used for affordable housing elsewhere in the local area.

Late stage review

- 2.59** As a guideline, in addition to any early stage review, a late stage review on sites of 25 or more homes will be required where a policy-compliant level of affordable housing required was not achieved at planning permission stage as a result of viability evidence. This higher threshold allows for the practicality of undertaking the review, and the costs and time involved. The late stage review will generally take place at the point when 75% of the permitted dwellings have been sold (or if not being sold, when 75% are occupied), but before the completion and sale of the whole development to ensure that any additional requirements are enforceable.
- 2.60** The need or otherwise, and scope of a review should be agreed with the SDNPA before commencing the review. It will be undertaken and funded by the applicant who must also cover the full costs to the SDNPA of negotiating and assessing the review.
- 2.61** The level of information required and detail to be agreed with the SDNPA will be proportionate to the size and complexity of the scheme.
- 2.62** The review will be expected to compare:
- a) the GDV achieved on the 75% of units sold / let plus the estimated GDV for those yet to be sold / let with the predicted GDV at the time of the permission; and,
 - b) the build costs and other relevant costs for those completed, and the estimate for those yet to be built, with the estimates made at the time of the permission.
- 2.63** The assumed percentage of developer profit and professional fees as agreed at the time of the permission will generally not have changed and should be factored into the assessment.
- 2.64** Any resulting surplus above the established minimum profit will be split between the applicant and the SDNPA in such a way as to ensure that the level of affordable housing as required in Policy SD28 is met, with a maximum of 50% of the surplus funding additional affordable housing. The SDNPA will seek the surplus to be provided as on-site affordable housing. If financial contributions are nevertheless agreed as appropriate, **Figure 5** of this SPD will be used to help establish the cap on the further financial contribution expected. The applicant can retain any further surplus above the cap.

3. USING POLICY SD29: RURAL EXCEPTION SITES

What is a Rural Exception Site?

3.1 A Rural Exception Site (RES) provides 100% affordable housing in perpetuity to meet local needs, on land outside of any settlement boundary that would not normally be used for housing. SDLP Policy SD29 sets out criteria to be considered when assessing proposals for RESs:

- a) Affordable housing is provided in perpetuity;
- b) The site selection process has considered all reasonable options, and the most suitable available site in terms of landscape, ecosystem services and overall sustainability has been chosen;
- c) The scale and location relates well to the existing settlement and landscape character;
- d) It is shown that effective community engagement has fed into the design, layout and types of dwellings proposed.

3.2 An RES must provide affordable housing in perpetuity. Consequently, the homes must be secured through a Section 106 legal agreement with a clause to enable affordable homes to remain affordable indefinitely. This also relates to any intermediate housing, including shared ownership and discounted market sales housing. The Section 106 agreement will also ensure the homes will be for people in housing need and with a local connection to the community.

Evidencing local need

3.3 RESs must address the needs of the local community. The type and tenure of homes should be informed by the latest evidence of strategic and local needs, including the currently published Housing and Economic Development Needs Assessment (HEDNA) or future reviews as relevant. In addition, the RES should take into account the needs of the local community as expressed in the relevant Neighbourhood Development Plan or Parish Plan where these are supported by appropriate up-to-date evidence including local housing needs assessment and housing registers. Proposals for RES will be expected to provide an up-to-date local housing needs assessment as part of the evidence in support of the application. This should have been prepared or updated no more than 2 years before the planning application (or a fully worked-up pre-application scheme) is submitted.

Site selection process

3.4 The selection of a site for an RES must be through a clear and evidenced selection process. This needs to have considered all reasonable available options. RESs by their nature are an exception to Policy SD25 (which directs development to within existing settlement boundaries). Where

there are no available sites within a settlement boundary which are capable of delivering 100% affordable housing, a RES outside the settlement boundary will be considered. The selection of the most suitable site needs to have taken into account which site is best related to the existing settlement, including providing best access to local services, which site fits best within the landscape, and which site offers the best opportunities to contribute to ecosystem services.

3.5 Some key considerations in assessing RESs are, in brief:

- Relationship between the site and the existing settlement;
- Contribution to ecosystem services, including in respect to the further points below;
- Understanding the landscape character and its capacity to accommodate change;
- Contribution to the natural environment and green infrastructure;
- Impact on the historic environment, and
- Physical access to local amenities, especially for pedestrians and cycles.

3.6 The relationship between a site and the existing settlement is the first consideration for the site selection process. The preferred site should fit well with the existing settlement pattern both in terms of location and by respecting the settlement character in terms of form and scale. In addition, all reasonably available sites should be evaluated in relation to their access to local amenities (in particular for pedestrians and cycles, but also for vehicles). Consideration should also be given to impact upon the historic environment, including conservation areas, individual buildings and archaeology.

3.7 A meaningful understanding of the landscape context and character should inform the site selection process. The South Downs Integrated Landscape Character Assessment, relevant community-led / local landscape character assessments and any bespoke assessment should be used to establish an understanding of the landscape context and character of the area and those positive characteristics which define local distinctiveness. The assessment should evaluate the capacity of each reasonably available site to accommodate change without significant negative effects on overall landscape character and settlement pattern. Landscape capacity will reflect the inherent sensitivity of the landscape and the value attached to the landscape, or to specific elements within it.

3.8 The site selection assessment should also consider the ability of each reasonably available site to have an overall positive impact on the natural environment, and to contribute to ecosystem services in accordance with SDLP Policy SD: Ecosystem Services. To establish the baseline conditions of sites, a range of evidence base should be used including the Ecoserve GIS mapping (available on the South Downs Local Plan Policies Map webpage¹¹). For each site, a baseline assessment should establish what characteristic assets exist such as trees, hedgerows and woodland, wildlife habitats, water or soils which are valuable for providing ecosystem service benefits. Once the assets present on each site have been established, these should be analysed to determine what opportunities exist to positively enhance the ability of the natural environment to contribute goods and services in line with the examples provided in SDLP Policy SD2.

3.9 The site selection process should demonstrate that the site offering greatest opportunity to enhance ecosystem services has been given preference.

¹¹ [\[link to be added once interactive policies map is live\]](#)

Delivering rural exception sites

- 3.10** Due to their nature, RESs should be owned and managed by a Registered Provider (RP) or a constituted community led housing provider such as a Community Land Trust (CLT)¹². Paragraph 7.82 of the SDLP explains that local partnership arrangements potentially involving an RP are an appropriate way to deliver a RES. Where an endorsed Whole Estate Plan (WEP) is in place, alternative options such as direct provision by the landowner may be appropriate, with the tenure mix being considered on a case-by-case basis.

4. LEGAL AGREEMENT FOR AFFORDABLE HOUSING

Affordable housing requirements will be secured by Section 106 legal agreement. An example S106 Agreement is provided at Appendix 3, and this template will be updated periodically as required.

All S106 Agreements related to affordable housing will:

- Detail the number and tenure of affordable housing to be provided on site (social rented, affordable rented, shared ownership etc.);
- Detail the locations, number of bedrooms, and gross internal floor areas of the specific units;
- Formulas for calculating rent and service charge and/or sale value of units as relevant, and the initial equity for sale of shared ownership units to future occupiers;
- In the case of on-site affordable housing provision on a commercially-led scheme, state when the affordable housing will be provided (usually prior to occupation of a proportion of the open market units);
- Where relevant, specify the means by which the affordable units will remain as affordable for future occupiers in need of affordable housing;
- Include a requirement to notify the SDNPA of the development commencement and completion dates and the name, where applicable, of the Registered Provider for the Affordable Homes;
- In the case of financial contributions in lieu of on-site affordable housing, the legal agreement will include the amount payable to the SDNPA, the timing of that payment, and indexation and the interest chargeable in the case of late payment of the financial obligations;
- In circumstances where the full level of affordable housing has not been achieved as set out in Policy SD28, state whether there is to be an early review / late stage review or

¹² Further information and advice is available on the National Community Land Trust Network – www.communitylandtrusts.org.uk

both, what the triggers will be, arrangements for covering the costs of the review, the detail of timings for the review, and how any surplus above target profit will be apportioned (including stipulating whether additional affordable homes will be provided on-site or as a contribution in lieu of off-site affordable housing). It will also include a requirement to notify the SDNPA of when triggers are reached;

- The means of delivering the affordable units, i.e. whether through partnership with a Registered Provider or other specialist housing provider; through direct provision, and process of nominating occupiers of the affordable units

Where reference is made to a specific Housing Authority, it should be acknowledged within the S106 Agreement that housing allocations will be, where necessary extended across the whole of the administrative area of the National Park in line with the cascade set out in paragraph 2.20 of this SPD.

Where the designated housing authority fails to nominate a person within 21 days of being notified of the availability of the affordable unit, or where a nominee fails to take up tenancy, the affordable housing provider shall be entitled to allocate such units to any person who is in need of an affordable home within the SDNP.

Housing Authority Nomination Agreements are to use the criteria and mechanisms for Affordable Housing detailed in the S106 Agreement.

APPENDIX I: LOCAL PLAN POLICIES

Strategic Policy SD27: Mix of Homes

Strategic Policy SD27: Mix of Homes

1. Planning permission will be granted for residential development that delivers a balanced mix of housing to meet projected future household needs for the local area. Proposals should provide numbers of dwellings of sizes to accord with the relevant broad mix.
 - a) Proposals for affordable housing delivered as part of a market housing scheme should provide the following approximate mix of units:
 - 1 bedroom dwellings: 35%*
 - 2 bedroom dwellings: 35%
 - 3 bedroom dwellings: 25%
 - 4 bedroom dwellings: 5%
 - b) Proposals for market housing should provide the following mix of units:
 - 1 bedroom dwellings: at least 10%
 - 2 bedroom dwellings: at least 40%
 - 3 bedroom dwellings: at least 40%
 - 4+ bedroom dwellings: up to 10%
2. Planning permission will be granted for an alternative mix provided that:
 - a) Robust evidence of local housing need demonstrates that a different mix of dwellings is required to meet local needs; or
 - b) It is shown that site-specific considerations necessitate a different mix to ensure National Park Purpose 1 is met.
3. Development proposals will be permitted for residential development that provides flexible and adaptable accommodation to meet the needs of people who are less mobile, or have adult homecare requirements. Development proposals of 5 or more homes will be permitted where it is clearly demonstrated that evidence of local need for older people's or specialist housing is reflected in the types of homes proposed.

*1 bedroom affordable dwellings may be substituted with 2 bedroom affordable dwellings

Meeting the needs of local households

- 7.33** The purpose of this policy is to ensure that development proposals provide a mix of homes that reflects the need and community aspiration for small and medium-sized homes.
- 7.34** The precise mix of homes within each proposal should be informed by the latest evidence of strategic and local needs, including the currently published *HEDNA* or future reviews as relevant. However, given clear evidence in the *HEDNA* of future household needs, it is important that new housing development focuses on providing smaller and medium size dwellings, to reflect the National Park duty to foster the well-being of the local communities.
- 7.35** The mix of dwellings set out in Policy SD27 is in line with the recommendations of the *SHMA* (and confirmed by the *HEDNA*), which is based on detailed modelling of housing market trends up until 2033. The *SHMA* and *HEDNA* recommend that market housing, in particular, should

be explicitly focused on delivering smaller family housing for younger households. This approach also complements Policies SD30: Replacement Dwellings and SD31: Extensions to Existing Dwellings and Provision of Annexes and Outbuildings, which similarly seek to retain smaller dwellings.

- 7.36** It is recognised that many housing sites are small and in such instances it may not be possible to achieve the exact proportions set out in Policy SD27. Nevertheless the requirements should be broadly met. For all proposals for standard occupancy housing, the onus will be on providing smaller homes, some of which should be suitable for families with children.
- 7.37** Affordable 1 bedroom dwellings may be substituted with 2 bedroom dwellings, in recognition that 2 bedroom dwellings are more adaptable to changing needs, for example, where a couple have children whilst living there.
- 7.38** For avoidance of doubt, any room in a proposed dwelling that is not a main reception room, kitchen, bathroom or WC, and has dimensions that allow for a single bed, will be counted as a bedroom. This will include studies and additional reception rooms.

Alternative mix of homes

- 7.39** The Authority recognises that future development will need to respond appropriately to local needs. Policy SD27 therefore allows for regard to be had to bespoke local housing need evidence relating to the parish. This would normally be in the form of a local (parish) housing needs assessment. Such evidence should be robustly and independently prepared, and agreed in writing with the Authority as an appropriate evidence base for informing new residential development. Where a made Neighbourhood Plan (NDP) proposes an alternative housing mix based on robust local evidence, this should be used in place of the mix proposed in Policy SD27.
- 7.40** Exceptionally, the effect of unit types and sizes on a scheme's financial viability may be a material consideration, where this has been clearly evidenced through independent viability appraisal. For avoidance of doubt, the overall proportion of affordable housing with tenure mix to reflect Policy SD28: Affordable Homes will be prioritised, if exceptionally necessary, over the normal mix of market housing.
- 7.41** The delivery of each element of supply will be subject to ongoing monitoring.

Older people's housing

- 7.42** The evidence from the *SHMA*, and confirmed by the *HEDNA*, demonstrates the importance of making provision for older people's housing. Furthermore, providing smaller homes suitable for older people encourages 'downsizing' which in turn frees up larger dwellings more suited to larger households.
- 7.43** The National Park has a higher than average proportion of its population within the 'older person' category of 55 years old or over, with further growth in this age demographic predicted. In particular, there is predicted to be strong growth in the 85+ age category.
- 7.44** The *HEDNA* identifies an indicative demand for some 90 homes per annum suitable to meet the needs of older people. This represents some 20% of the total objectively assessed housing need. Figure 7.3 indicates the different types of older people's housing need. There is a particular need for more sheltered housing in future.

FIGURE 7.3: ESTIMATED NEED FOR SPECIALIST HOUSING FOR OLDER PEOPLE, 2014 – 33

	Affordable		Market		Total	
	2014-33	Per annum	2014-33	Per annum	2014-33	Per annum*
Sheltered	506	27	758	40	1,264	67
Enhanced sheltered	81	4	121	6	202	11
Extra-care	101	5	152	8	253	13
Total	688	36	1,031	54	1,719	90

*Note total differs from sum of rows due to rounding

Source: *South Downs Housing & Economic Development Needs Assessment (GL Hearne, Sep 2017)*

- 7.45** All proposals for new residential development should include smaller homes that are designed to meet the living requirements of older people, for example, allowing step-free access to and within the home. Proposals of 5 or more dwellings are considered most likely to provide opportunity to achieve this. Sites that can reasonably accommodate a comprehensive mix of housing types should demonstrate that opportunities for specialist older people's accommodation have been fully investigated and, where appropriate, incorporated into the development. This should be of a type which reflects local or strategic needs, including affordability.

Other housing needs

- 7.46** The National Park Authority recognises that there are other specialist housing needs that exist in local communities. People with disabilities may have particular requirements in respect of how their homes are designed to function, that is, the need for 'accessible and adaptable homes'.
- 7.47** The national requirements and advice in respect of addressing such needs are set out in *statutory building regulations (Approved Document Part M)*. The Authority is supportive of proposals that go beyond meeting the statutory minimum standards.

Strategic Policy SD28: Affordable Homes**Strategic Policy SD28: Affordable Homes**

1. Development proposals for new residential development will be permitted that maximise the delivery of affordable housing to meet local need, and provided that, as a minimum, the following are met:
 - a) On sites with gross capacity to provide 11 or more homes, a minimum of 50% of new homes created will be provided as affordable homes on-site, of which a minimum 75% will provide a rented affordable tenure.
 - b) On sites with gross capacity to provide between 3 and 10 homes, a proportion of affordable homes will be provided in accordance with the following sliding scale, applied to new homes created:

3 homes	Meaningful financial contribution, to be negotiated case-by-case
4 – 5 homes	1 affordable home
6 – 7 homes	2 affordable homes, at least 1 of which is a rented affordable tenure
8 homes	3 affordable homes, at least 1 of which is a rented affordable tenure
9 homes	3 affordable homes, at least 2 of which is a rented affordable tenure
10 homes	4 affordable homes, at least 2 of which is a rented affordable tenure

Development proposals of 4 to 10 net dwellings will provide affordable housing on-site. Exceptionally, at the discretion of the Authority, financial contributions in lieu will be accepted.

2. Where, exceptionally, provision of affordable housing which complies with Part 1 of this policy is robustly shown to be financially unviable, priority will be given to achieving the target number of on-site affordable homes over other requirements set out in this policy.
3. Development proposals will be permitted provided that affordable housing units are integrated throughout the development, are indistinguishable in design and materials from the market housing on the site, and, where feasible, will remain affordable in perpetuity.
4. Occupancy conditions and local connection criteria will be applied to affordable housing to ensure local needs are met. Specific criteria will be determined by the Authority, in close partnership with established community-led and legally constituted organisations or CLTs where applicable.
5. Developers may not circumvent this policy by artificially subdividing sites.

Applying Policy SD28 to residential development

- 7.55** The purpose of Policy SD28 is to maximise the delivery of affordable homes across the National Park as part of market-led housing schemes.
- 7.56** All development falling within Use Class C3 is subject to Policy SD28, including any retirement or assisted living accommodation within this use class. The policy applies to all developments of 3 or more new homes, and applies to all residential units on the site that have been created by building new structures or converting existing structures.

Amount of affordable housing

- 7.57** Policy SD28 sets out a sliding scale of requirement for developments to provide affordable housing. This recognises the greater challenges that exist for small site developers in making such provision. These requirements have been tested for viability, taking account of the different market circumstances across the National Park. Where the calculation of the on-site affordable housing requirement results in a fraction of a unit, the requirement will be rounded up to the nearest whole number. Applications proposing a lower proportion of affordable home provision should present robust evidence to demonstrate constrained viability or other exceptional circumstances.

Mix of affordable housing tenures

- 7.58** The *SHMA*, as confirmed by the *HEDNA* recommends that 75% of new affordable homes should be either social rented or affordable rented tenure to reflect evidence of need, with the remaining 25% being provided as intermediate forms of housing, such as shared or low-cost ownership. However the *SHMA* also recognises that different communities within the National Park have different needs and aspirations.
- 7.59** Policy SD28 reflects the *SHMA* strategic tenure mix (as confirmed by the *HEDNA*) as a requirement for new housing development, whilst allowing flexibility to reflect local need. Evidence of local need can include, but is not limited to: local (parish) housing needs assessment, relevant housing market assessment published by a local authority, and housing registers (waiting lists). If a tenure mix is proposed which departs from the strategic tenure mix set out in Policy SD28, robust evidence must be provided, which is supported by the relevant housing enabler.
- 7.60** The National Park Authority considers that social rent tenures are the most affordable to those in greatest need, and should be prioritised over other forms of rented tenure. Levels of rent for affordable rented homes must be genuinely affordable, and must not exceed the relevant Local Housing Allowance.

Local connections

- 7.61** Local connections will be assessed in a cascade manner: to include the needs of the relevant settlement; then the parish; and then the wider area including nearby settlements and parishes within the National Park, as necessary. Rural local connection criteria, which is linked to parishes, will take precedent over other needs.

7.62 Local connections will be determined by the Authority, parish council and relevant housing authority, having primary regard to the relevant housing register allocations policy. Where a CLT is to be the managing body for the homes provided, regard will be given to the CLT's objectives and strategy. The Authority will also have regard to evidence of local need which is specific to a rural estate or large farm, particularly where this is set out in a Whole Estate Plan that has been endorsed by the National Park Authority.

Viability

7.63 The *South Downs Whole Plan and Affordable Housing Viability Study*¹³ demonstrates that for the great majority of sites, the requirements of Policy SD28 can be achieved. The *Vision and Circular on English National Parks and the Broads*¹⁴ states that new housing should be focused on affordable housing requirements, and support local employment opportunities and key services. Insufficient affordable housing provision which runs contrary to Policy SD28 will be a significant factor weighing against approval, irrespective of any viability barriers.

7.64 In exceptional cases where viability is a genuine barrier to delivery, the Authority will require the applicant to demonstrate this by submitting a robust viability appraisal. This should show that the cost of land reflects the existing value of land in its current use, plus a reasonable, but not excessive, uplift which provides an incentive for the land to be sold. The Authority will not accept a land cost assumption that factors in 'hope' value. It will expect also that land purchase/sale negotiations have ensured due diligence, and have fully taken into account the whole cost of development, including all adopted and emerging development plan policies, CIL, and any abnormal costs reasonably identifiable ahead of development, as a prerequisite for development potential. Affordable housing provision and other planning obligations should therefore result in reduced residential land values which reflect these factors.

7.65 In cases where viability is, having had regard to the above, still an issue, developers will be expected to contribute as fully as possible to mixed and balanced communities, by assessing development options in accordance with the following cascade:

- i) Firstly, reduce the proportion of rented affordable tenure homes in favour of intermediate housing that best reflect local need;
- ii) Secondly, reduce the overall percentage of housing provided as affordable units; and
- iii) Thirdly, provide a financial contribution for affordable housing to be delivered off-site.

7.66 The viability appraisal must be done on an independent and open-book basis, and must be undertaken by a professionally qualified member of the Royal Institution of Chartered Surveyors (RICS) to establish the appropriate form and level of contribution. Where the Authority does not agree that the appraisal has been undertaken robustly and fairly, it must be independently audited at the cost of the developer and subsequently reviewed if necessary.

7.67 Where a lower proportion of affordable housing is accepted by the Authority as an exception, a clawback clause will be included in the Section 106 Agreement to secure higher affordable housing contributions, up to the requirement in Policy SD28, if market conditions improve before the completion of development.

¹³ South Downs Whole Plan and Affordable Housing Viability Study (BNP Paribas, 2017)

¹⁴ Vision and Circular on English National Parks and the Broads (DEFRA, 2010)

7.68 The National Park Authority will publish guidance on viability matters in due course.

Providing for affordable housing on-site

7.69 Affordable homes should be provided on-site. The options for achieving this should be discussed in full with both the Authority and the relevant housing enabler.

7.70 Exceptionally, off-site provision or a financial contribution of broadly equivalent value to the normal on-site provision may be justified. Only when all options for on-site provision are shown to have been reasonably explored, without success, will a financial contribution to provide affordable housing off-site be accepted. On larger sites of 11 or more homes, this will usually be due to a lack of financial viability, ascertained by working through the cascade set out under 'Viability' above. On smaller sites of 10 or fewer homes, there may on occasion be other site-specific practical constraints that make on-site provision of a policy-compliant mix of housing tenures unfeasible.

7.71 Financial contributions secured in lieu of affordable housing must directly address local needs within the National Park, and support achievement of mixed and balanced communities. In such cases, a legal agreement will be required that sets out the terms of payment, and that limits its spending to relate only to schemes that address local needs. The calculation of financial contributions will be based on the most up-to-date policy or guidance published or used by the local housing authority within which the site is located. The National Park Authority will publish its own guidance on this matter in due course, which will supersede other guidance.

7.72 In some cases, the Authority may be willing to accept serviced plots as payment-in-kind, either on the application site, or on an equivalent site that equally addresses local need and is in other respects suitable and deliverable. This, together with any additional payment necessary, should represent a value equivalent to the financial contribution which would otherwise be calculated and paid to the Authority in the absence of acceptance of the serviced plot.

Design and mix

7.73 Affordable homes must be integrated throughout the development and be of visually indistinguishable design. They should be located throughout the site in a manner that supports integration but can also be managed efficiently by the relevant housing association. The mix of dwelling types and standards of design for affordable housing are considered under other development management policies alongside all other types of housing.

Artificial subdivision of sites

7.74 The Authority will not accept the artificial subdivision of sites where an obvious consequence of doing so would be to fall under the relevant policy threshold requiring either on-site provision of affordable housing, or a financial contribution proportionate to the total sum of development. For the purposes of housing provision, the Authority will consider a site to be a single site if the current arrangements, in either functional and/or legal land ownership terms, can be considered part of a wider whole.

Affordable housing delivery

7.75 Affordable housing provision will be secured at the granting of planning permission by a Section 106 legal agreement. The National Park Authority will work in close partnership with the relevant Local Housing Authority to ensure that affordable housing is delivered effectively. Affordable housing should remain as such in perpetuity.

- 7.76** CLTs provide an opportunity for local community ownership of land for long-term affordable housing provision. Affordable housing provided by CLTs and most housing associations are exempt from the “Right to Buy”, allowing affordable housing to remain affordable in perpetuity.

Strategic Policy SD29: Rural Exception Sites

Strategic Policy SD29: Rural Exception Sites

1. Proposals for new residential development of 100 per cent affordable housing outside of settlement boundaries as shown on the Policies Map will be permitted, provided that the following are met:
 - a) Affordable housing is provided in perpetuity;
 - b) The site selection process has considered all reasonable options, and the most suitable available site in terms of landscape, ecosystem services and overall sustainability has been chosen;
 - c) The scale and location relates well to the existing settlement and landscape character; and
 - d) It is shown that effective community engagement has fed into the design, layout and types of dwellings proposed.
2. The size (number of bedrooms), type and tenure, (for example, social and affordable rented, intermediate, shared ownership or older people’s housing) of affordable homes for each proposal will be based on robust and up-to-date evidence of local community need.
3. Occupancy conditions and local connection criteria will be applied to affordable housing to ensure local needs are met. Specific criteria will be determined by the Authority, in close partnership with established community-led and legally constituted organisations or CLTs where applicable.

- 7.77** The purpose of Policy SD29 is to encourage the delivery of rural exception sites. These sites provide a critical source of affordable housing in perpetuity to meet local needs, which are not served by the market, on land that 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.

Mix of tenures

- 7.78** The National Park Authority believes that a policy of allowing market housing would reduce the number of affordable homes coming forward and may reduce the willingness of communities to support the principle of rural exception sites. The emphasis on rural exception sites in national parks should be on 100 per cent affordable housing. If a viability appraisal has robustly demonstrated that viability genuinely risks preventing a rural exception site from coming forward, and there are no alternative, more viable, sites, the Authority will work with the landowner, community and other stakeholders to establish the optimum alternative option which best meets the local need.

Site selection, scale and location

7.79 Policy SD29 (1) (b) requires the most sustainable, available site to be chosen. It is important to ensure that locations which have an overall positive impact on the ability of the natural environment to contribute to ecosystem services, work best within the landscape and settlement form, allow better access to local services, and are most suitable in other respects, are preferred.

Community and stakeholder engagement

7.80 “Effective community engagement” should be demonstrated by the applicant in both the site selection and application design processes. This can include liaison with the relevant parish council(s), community groups and neighbours. It is also essential that the advice of the relevant Rural Housing Enabler feeds into these processes, so that any practical difficulties regarding management issues are identified and overcome at an early stage of design.

Local need and local connection

7.81 Occupation of affordable housing brought forward on both rural exception sites and market-led sites is subject to conditions to ensure the needs of local people are being met. The meanings of “local need” and “local connection” are set out in the supporting text to Policy SD28: Affordable Homes. Rural exception sites should also take into account the aspirations of the local community, for example, as expressed in the relevant Neighbourhood Plan (NDP), Parish Plan or Village Design Statement. The type and tenure of dwellings on rural exception sites will need to balance the provision of local needs with the character of the existing settlement and the landscape within which it is located.

Delivery of rural exception sites

7.82 The Authority will expect all rural exception sites to reflect local needs and aspirations. An effective way to achieve this is through establishing CLTs to drive the delivery of sites. Local partnership arrangements will generally be appropriate for delivering on sites, for example, between CLTs, Parish or Town Councils, Specialist Housing Associations and/or Rural Housing Enablers (RHEs). Whichever delivery model is used, the Authority will seek to ensure that affordable housing remains affordable in perpetuity.

APPENDIX 2: FINANCIAL CONTRIBUTIONS CALCULATION METHODOLOGY

1. This technical note provides the detailed workings behind the standard financial contributions set out in **Figure 5** of the Affordable Housing SPD. These figures may be reviewed on an annual basis, and updated as necessary, to reflect the increasing cost of affordable housing provision.
2. In accordance with Policy SD28, a meaningful financial contribution is sought from residential developments of 3 homes. Residential development proposals of 4 or more dwellings will be expected to provide affordable housing on-site. Exceptionally, and where it has been robustly demonstrated that on-site provision is unviable, financial contributions in lieu of on-site affordable housing will be accepted in line with paragraph 7.71 of the SDLP.
3. A financial contribution will only be applicable to developments of 3 homes or where delivery onsite is demonstrated to be unviable and/or is agreed by the Authority. The Authority's approach to calculating an offsite financial contribution, also known as a 'commuted sum', is to base the calculation on the cost of providing affordable housing on another site without additional subsidy. The Authority will use the following methodology to calculate the commuted sum payments:

$$\mathbf{A} \text{ [Cost of land + Build Cost]} - \mathbf{B} \text{ [Revenue of Selling to Housing Association or other Registered Provider]} = \text{Off site financial contribution}$$

4. The assumptions and figures used in this methodology reflect the Local Plan and Affordable Housing Viability Assessment (the 'Viability Report').¹⁵ This was prepared in 2017 by BNP Paribas Real Estate, on behalf of the SDNPA, as evidence to support the Local Plan.

A) Cost to build affordable housing offsite

5. The cost of land is based on a benchmark greenfield land value. Most sites coming forward for development in the National Park will be greenfield sites on the edge of settlements. It is therefore considered appropriate to assume offsite affordable housing would be delivered on a greenfield site. The Viability Report adopted a greenfield benchmark land value of £300,000 per gross hectare. This figure is adopted for the purposes of the financial contribution methodology. Greenfield development is assumed to comprise houses at a density of 15 dwellings per hectare. This reflects the requirements for landscape-led development, ecosystem services and on-site green infrastructure (including public open space) which typically means that a significant portion of a site won't be used for built development.
6. **Table A** sets out the component parts of the total build cost. The build cost is based on costs sourced from the RICS Building Cost Information Service (BCIS) as reported in the Viability Report. Upper quartile BCIS costs are used to reflect the high benchmark set by policies such as Local Plan Policy SD5. Separate BCIS costs are used for flats and semi-detached dwellings to reflect the higher build cost of flats. The Viability Report also applied a local adjustment factor of 120 which is used in this methodology. A further 23% uplift on base build costs is applied to account for external works, landscaping and climate change mitigation measures. As with the Viability Report, an additional allowance of £15,000 per unit is made for the provision of utilities infrastructure on greenfield sites.
7. BCIS figures are periodically updated to reflect changes to build costs as a result of inflation. These updates may feed into an annual review of standard financial contributions as set out in paragraph 2.29 of the Affordable Housing SPD.

¹⁵ Local Plan and Affordable Housing Viability Assessment (BNP Paribas Real Estate, August 2017). See Local Plan Evidence pages at www.southdowns.gov.uk/localplan

Table A: Build Cost of affordable housing units

Cost component	Notes	Cost per unit
Cost of land	Using benchmark land value of £300k and benchmark density of 15dph. Applies to all unit types.	£20,000
BCIS upper quartile base build cost (as of May 2017)	Flats	£1,454 per m ²
	Houses – semi detached	£1,397 per m ²
Local adjustment factor of 120 applied to base costs	Flats	£1,745 per m ²
	Houses – semi detached	£1,676 per m ²
23% uplift allowance for external works, landscaping and climate change mitigation	Flats	£2,146 per m ²
	Houses – semi detached	£2,061 per m ²
Installation of utilities infrastructure	On greenfield sites allowance is made for site roads, ground works and other associated costs. Applies to all unit types.	£15,000

8. A figure for gross internal floor area is needed to calculate the build cost by unit size. This is taken from the Government’s published ‘Technical housing standards – nationally described space standard’ (DCLG, March 2015), which sets out requirements for the Gross Internal (floor) Area of new dwellings at a defined level of occupancy and is set out in **Table B**.

Table: B Nationally described space standards

Unit size	1 bed flat	2 bed house	3 bed house	4/5 bed house
Gross internal floor area (sqm)	58	79	102	128

9. In calculating floor area, account is taken of the strategic mix of homes specified in Local Plan Policy SD27: Mix of Homes. The unit mix for affordable homes is used. This unit mix is then multiplied by the unit sizes shown in Table 2. For example a notional floor area for a 1 unit scheme is calculated as follows:

$$\text{Floor area for 1 unit} = [0.35 \times 58] + [0.35 \times 79] + [0.25 \times 102] + [0.05 \times 128] = 79.85$$

10. **Table C** gives the cost/ m² to build new homes by dwelling size. This cost/ m² incorporates the land cost and build costs detailed above. It is assumed a 1 bed unit would be built as a flat and the build cost for flats are used accordingly. The build costs for semi-detached houses are used for 2 – 4/5 bed units.

Table C: Total Build Cost by Unit size

Unit size	Build cost/ m ²
1 bed	£2,750
2 bed	£2,504
3 bed	£2,404
4/5 bed	£2,334

B) Gross development value of affordable units

- 11.** The Gross Development Value (GDV) of the affordable units is the amount it is assumed would be paid for the affordable units by a housing association or other registered provider. To calculate this, Land Registry sales data is used to establish the median per square metre Open Market Sales Value (OMV). Table 5.7.1 of the Viability Report gives sales data by settlement and house type. The median figure for flats (£3,460 per m²) is used for 1 bed units and the median figure for semi-detached houses (£3,838 per sqm) is used for 2-5 bed units. This figure is multiplied by the floor space as shown in **Table B** according to the mix of units required by Policy SD27.
- 12.** The next step in establishing the GDV is to factor in the amount a housing association or other Registered Provider (RP) will pay for the affordable units as a proportion of the OMV. It is expected that any offsite affordable housing would be delivered on a relatively small site given the availability of sites within the National Park. The SDLP sets a strategic tenure mix which favours social rented or affordable rented tenure, reflecting evidence of need. In addition, smaller sites can be more challenging for a housing association or RP with a higher associated risk. This additional risk is likely to be factored into the amount offered by an RP for affordable housing units. The Viability Report (paragraph 5.17) found that RPs would pay an average of £1,475 per sqm to acquire completed affordable rented units, which is equivalent to 42% or 38% of the typical median open market value of a flat or house respectively. It is therefore assumed that an RP would pay 40% of the market value for all affordable units, and a multiplier of 0.4 is therefore used to calculate the expected revenue for the affordable units.
- 13.** The methodology as set out above and detailed in the worked example in **Box I** is repeated to calculate the in lieu financial contribution for 2, 3 or 4 affordable homes as set out in **Table D**. In the case of 2 or more affordable homes, the median open market sale value for semi-detached dwellings is used as it is assumed 2 or more affordable homes would be delivered as semi-detached dwellings.
- 14.** The Authority may review these figures on an annual basis, and update them as necessary, to reflect the increasing cost of affordable housing provision.

Table D: Affordable housing in lieu financial contribution payment table

Development size	Affordable housing requirement	Off-site financial contribution
3 homes	Meaningful financial contribution	£46,832 (which is equivalent to half of a 1-bedroom affordable home, and subject to site specific circumstances)
4-5 homes	1 affordable home	£93,664
6-7 homes	2 affordable homes	£163,181
8 – 9 homes	3 affordable homes	£244,772
10 homes	4 affordable homes	£326,363

Box 1: Worked example calculating the in lieu financial contribution for 1 affordable home

A proposal consists of 4 units – it has been demonstrated that there are exceptional circumstances such that onsite affordable housing cannot be delivered. A financial contribution equivalent to the delivery of 1 affordable unit offsite is calculated as follows.

A) Cost to build 1 affordable unit

Step 1 – Calculate the floor area

The floor area is calculated according to mix of units required by SD27 and using **Table A: Nationally described space standards**

$$\text{Floor area} = [0.35 \times 58] + [0.35 \times 79] + [0.25 \times 102] + [0.05 \times 128] = 79.85$$

Step 2 – Calculate the build cost

As with floor area, the strategic mix of homes is factored into build cost and using **Table B: Build Cost by Unit Size**

$$\text{Build Cost} = [0.35 \times 2750] + [0.35 \times 2504] + [0.25 \times 2404] + [0.05 \times 2334] = 2557 \text{ per m}^2$$

Step 3 – Calculate total build cost

The notional floor area for one unit is multiplied by the build cost, i.e. 79.85×2557 :

$$\boxed{\text{Total build cost} = \text{£}204,176}$$

B) Gross Development Value

Step 4 Calculate the Open Market Sales Value

Multiply median sales figure for flats by floor area (incorporating policy SD27 mix):

$$\text{OMSV} = 3,460^{\dagger} \times ([0.35 \times 58] + [0.35 \times 79] + [0.25 \times 102] + [0.05 \times 128]) = \text{£}276,281$$

[†]see paragraph 11 of this Appendix

Step 5 Calculate revenue from Registered Provider

RP expected to pay 40% of open market value

$$\boxed{\text{RP revenue} = \text{£}110,512} \text{ (i.e. } \text{£}276,281 \times 0.4)$$

Off site Financial Contribution

Step 6 Calculate cost of development

A [Cost of land + Build Cost] – **B** [Revenue of Selling to Housing Association or other Registered Provider]

$$204,176 - 110,512 = \text{£}93,664$$

APPENDIX 3: MODEL SECTION 106 LEGAL AGREEMENT

[Appendix 3 will be added at a later date, in time for public consultation]