



Affordable Housing

Supplementary Planning Document

July 2013



South Bucks
District Council

Contents

	page
Introduction	1
1 Purpose and status of this Supplementary Planning Document	2
2 Strategic Environmental Assessment and Sustainability Appraisal Statement	4
3 Policy context	5
National planning policy	
Need for affordable housing in South Bucks	
South Bucks Core Strategy	
South Bucks Local Plan	
4 Definitions	7
5 What sites should contribute	9
Developments of 5 units or more	
Developments on sites of more than 0.16 hectares	
6 Preferred process	11
7 Off-site affordable housing provision	14
Circumstances where a commuted sum payment in lieu of on-site affordable housing provision may be appropriate	
Establishing the value of a commuted sum payment	
Spending commuted sum payments	
8 Financial viability	18
9 Rural exception sites	21
10 Design	23
11 Procedures: step-by-step guide	24
12 Monitoring and reporting	25
Annexes	
1 Development plan policies	26
2 Calculation of indicative commuted sum payments	28
3 Map of designated rural areas	32
4 Equality Impact Assessment screening	33
5 Glossary	37
6 Background documents	40

Introduction

1. There is a high level of need for affordable housing in South Bucks. Because large parts of the District are protected by the Green Belt or by landscape or nature conservation designations, it is impossible for all of those needs to be met locally in full. We recognise that more needs to be done if we are to increase affordable housing provision; our adopted Core Strategy sets out our policy approach to tackle the issue.
2. This Supplementary Planning Document (SPD) sets out our advice on how the Council will implement its affordable housing policy through the planning process. Our approach is based on negotiation. We want to work with prospective applicants to agree how to most efficiently and effectively achieve the best housing outcomes for the community. We believe that the key lies in early engagement between the Council and developers. This document encourages developers to take maximum advantage of the services we offer to discuss (informally and formally) our affordable housing requirements *before* a planning application is submitted. We also encourage applicants to contact a Registered Provider (RP) of affordable housing early in the process to discuss issues such as design, size and management.
3. Early discussions with the Council can clarify the approach to on-site affordable housing provision, including the amount, type, size and tenure of the affordable housing required. There is also the opportunity to consider details of any financial viability appraisal. Discussions may also consider whether there are sound planning or other reasons why a commuted sum payment may be acceptable in lieu of on-site affordable housing provision. It is important to emphasise that commuted sum payments are not an option available to developers, landowners or their agents simply because that is what they would prefer. The acceptance of commuted sums is purely at the Council's discretion to enable the delivery of better housing outcomes than would have been provided on-site.

1. Purpose and status of this Supplementary Planning Document

- 1.1 There is a high level of need for affordable housing in South Bucks. Local constraints on development mean that it will be impossible for those needs to be met locally in full. The adopted South Bucks Core Strategy recognises that more needs to be done if the provision of affordable housing is to be increased from the very low levels that have been delivered in recent years.
- 1.2 To address these issues, the Core Strategy includes a policy on affordable housing. Core Policy 3 makes provision for between 350 and 500 affordable homes between 2006 and 2026. The policy seeks 40% affordable housing on schemes of 5 units or more or on sites of 0.16 hectares and above where there is a net gain in the number of dwellings¹. About two-thirds of the affordable homes should be social rented², with the remainder intermediate housing. The affordable housing should normally be provided on site, but the policy recognises that there may be circumstances where a financial contribution could be an appropriate alternative.
- 1.3 The purpose of this SPD is to provide advice on how the Council's affordable housing policy will be implemented through the planning process. The SPD includes guidance on: what sites should contribute; the Council's negotiated approach towards affordable housing delivery; and, how the Council will deal with financial viability. The SPD applies across the whole of the District, and identifies the particular approach that is taken towards rural exception sites. The SPD replaces the Council's Position Statement on Commuted Sum Payments (January 2011).
- 1.4 The role played by this SPD – providing guidance on how the Council wishes to work with applicants from the earliest stages in the process to agree approaches towards affordable housing delivery – fits well with advice in the National Planning Policy Framework:
- 'Supplementary planning documents should be used where they can help applicants make successful applications or aid infrastructure delivery, and should not be used to add unnecessarily to the financial burdens on development'.*
- 1.5 The SPD does not include new policies and does not form part of the Council's Development Plan. The SPD does however form a material consideration in the determination of planning applications and will be considered alongside Core Policy 3 and other local planning policies. This SPD is a Local Development Document (LDD) and forms part of the South Bucks Local Development Framework (LDF).
- 1.6 Further information on the Council's requirement for an Affordable Housing Statement to support planning applications for all schemes of 5 or more dwellings is set out in the Council's Local Requirements for the Validation of Planning Applications.

¹ For further clarification on what sites should contribute, including how the Council will apply the 0.16 hectare threshold, see Section 5.

² Since the Core Strategy was prepared, 'affordable rent' has been added to the range of affordable housing products available. The introduction of affordable rent means that social rented housing is less likely to come forward in future. In applying Core Policy 3, references to social rent should be taken as including affordable rent.

- 1.7 Affordable housing is currently excluded from the Community Infrastructure Levy (CIL). If the CIL regulations are changed to allow receipts to be spent on affordable housing, the Council will consider the merits of securing funding for affordable housing through CIL. This SPD will be reviewed if necessary.

2. Strategic Environmental Assessment and Sustainability Appraisal Statement

- 2.1 South Bucks District Council has prepared this SPD to supplement and expand upon policies in the adopted South Bucks Core Strategy Development Plan Document (DPD), particularly Core Policy 3 on affordable housing.
- 2.2 The European Union Strategic Environmental Assessment (SEA) Directive³ requires certain UK plans and programmes – including Local Development Documents (ie. DPDs and SPDs) – which are likely to have *significant effects* on the environment to undergo formal environmental assessment. In addition, planning authorities (in this case, South Bucks District Council) are required⁴ to carry out an assessment of the effects of a plan on any European site or sites designated for nature conservation value. The process – known as Habitats Regulations Assessment (HRA) – establishes whether the plan, alone or in combination with other plans or projects, is likely to have significant effects on the qualifying features of a European site or sites.
- 2.3 The Planning Act 2008 no longer requires Sustainability Appraisal of SPDs. This is because the higher tier policies (in this case, those in the Core Strategy DPD) have already been subject to Sustainability Appraisal and because SPDs simply expand upon existing DPD policy, rather than creating new policy. Whilst in certain cases a Sustainability Appraisal of a SPD may be necessary (for example, where more detailed information on the implementation of policy suggests there may be significant effects), this is not considered to be the case for the South Bucks Affordable Housing SPD.
- 2.4 The SEA and HRA Directives only require assessment of those LDDs likely to have a *significant effect*. The parent policies for this SPD were fully assessed through the Sustainability Appraisal of the Core Strategy which also incorporated the SEA. The HRA 'screening' for the Core Strategy concluded that it would not have any significant adverse effects on European sites. The Sustainability Appraisal of Core Policy 3 concluded that there may be adverse environmental impacts associated with affordable housing schemes on some rural exception sites, but that these impacts could be mitigated by the application of other Core Policies.
- 2.5 The Council therefore considers that there is no need to undertake further assessment of this SPD.

³ 2001/42/EC

⁴ European Directive 92/43/EEC Conservation of Natural Habitats, Wild Fauna and Flora

3. Policy context

National policy context

- 3.1 The National Planning Policy Framework (NPPF) sets out the Government's planning policies and how these are expected to be applied. It confirms that the purpose of the planning system is to contribute to sustainable development, including supporting strong, vibrant and healthy communities by providing a supply of housing that meets the needs of present and future generations. Local planning authorities should plan to deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities, with a mix of housing based on current and future demographic trends and the needs of different groups in the community. Local planning authorities are expected to identify the size, type, tenure and range of housing that is required in particular locations.
- 3.2 Where local planning authorities have identified that affordable housing is needed, the NPPF states that they should:
- '... set policies for meeting this need on site, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified (for example to improve or make more effective use of the existing housing stock) and the agreed approach contributes to the objective of creating mixed and balanced communities. Such policies should be sufficiently flexible to take account of changing market conditions over time.'*

Need for affordable housing in South Bucks

- 3.3 Evidence from the Bucks Strategic Housing Market Assessment 2008 shows that to fully meet identified housing need in South Bucks, 459 new affordable homes would be needed each year. Given the planned level of housing provision in the District – 2,200 to 2,800 dwellings between 2006 and 2026 – it will be impossible for these needs to be met locally in full.
- 3.4 Only a limited amount of affordable housing has been provided in South Bucks in recent years. The most recent annual monitoring data shows that just 10 additional new build affordable homes were completed in 2011/12⁵, with a further 23 homes provided through tenure change of open market properties with the assistance of commuted sum payments.
- 3.5 The South Bucks Sustainable Community Strategy and the South Bucks Core Strategy recognise the need for more affordable housing of the right type and size, especially in those parts of the District that have the greatest affordability problems and where the existing supply of affordable housing is limited.

⁵ The gross number of affordable homes provided though new build in 2011/12 (ie. before demolitions were taken into account) was 29.

South Bucks Core Strategy

- 3.6 The South Bucks Core Strategy was adopted in February 2011. It includes two 'Strategic Objectives' particularly relevant to affordable housing:
- Ensure that local residents can live in a property that is appropriate to their needs in terms of type and size.
 - Increase the amount of affordable housing provided throughout the District, particularly social rented units.
- 3.7 These strategic objectives are linked to a series of 'Critical Success Factors', including:
- Delivery of 350-500 new affordable homes in the period 2006-2026⁶.
 - At least two-thirds of the affordable homes to be for social rent.
 - An increasing proportion of new homes built to Lifetime Homes standard.
- 3.8 To maximise the amount of new affordable housing, Core Policy 3 sets out a requirement for 40% affordable housing on all schemes of 5 or more homes (gross) or on sites of 0.16 hectares and above (where there is a net gain in the number of homes) unless it is clearly demonstrated that this is not economically viable. Two-thirds of the affordable homes should be for social rent, with the remaining one-third of homes in intermediate tenures. The text supporting Core Policy 3 explains that the precise tenure split will vary from site to site, depending on factors such as the amount and types of affordable housing that already exist in the locality.
- 3.9 The affordable housing target of 350-500 new affordable homes is ambitious, but realistic. The South Bucks Development Economics Study demonstrates that lowering the site size threshold to 5 dwellings, with a target of 40% affordable housing provision, is financially viable across South Bucks in many instances.

South Bucks District Local Plan

- 3.10 Policy H9 of the adopted Local Plan (1999, consolidated February 2011) relates to residential layout and design. The policy encourages development which is compatible with the character and amenities of the surrounding area and contributes to the visual and environmental qualities of South Bucks. The policy applies to residential development throughout the District. Policy H9 recognises that the amount of land available for housing development in the District is very limited. It is therefore important that development makes full and effective use of land, whilst ensuring that it complies with other policies and does not result in over-development.

⁶ The lower end of the range is based upon neither of the Core Strategy Opportunity Sites (Wilton Park and Mill Lane) coming forward for development. The upper end of the range assumes both of these sites are developed during the Plan period. The top end of the range is not treated as a maximum.

4. Definitions

- 4.1 'Affordable housing' refers to housing products provided to those who cannot afford to meet their own needs in the main housing market without some assistance.
- 4.2 Core Policy 3 refers to homes for 'social rent' and to 'intermediate homes'. Since the Core Strategy policy was adopted in February 2011, 'affordable rent' has been added to the range of affordable housing products available. Affordable rent is a new model, where social housing is offered to households who are eligible for social rented housing at a rent of up to 80% of the local market rent and for a tenancy that can range from two years to a lifetime. In applying Core Policy 3, references to social rent should be taken as including affordable rent.
- 4.3 The national definition of affordable housing is set out in the NPPF glossary. For the purposes of Core Policy 3 and this SPD, affordable housing is defined in accordance with the NPPF.
- 4.4 **Affordable housing** is social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices⁷. Affordable housing should include provisions for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the value of the developer subsidy and grant subsidy (if any) to be recycled for alternative affordable housing provision.
- 4.5 **Social rented housing** is rented housing owned and managed by local authorities and RPs, for which guideline target rents are determined through the national rent regime. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements. In South Bucks, homes are let to qualifying households registered on Bucks Home Choice, the county-wide choice-based lettings scheme.
- 4.6 **Affordable rented housing** is rented housing owned and let by RPs to qualifying households who are eligible for social rented housing. In South Bucks qualifying households are registered on Bucks Home Choice. Affordable rent is not subject to the national rent regime, but is subject to other rent controls that require a rent of no more than 80% of the local market rent.
- 4.7 **Intermediate affordable housing** is housing for sale or rent provided at prices and rents above those of social rent, but below market prices or rents, subject to the above affordable housing definition. It can include shared equity products, other low cost homes for sale and intermediate rent, but not affordable rented housing.
- 4.8 The definition of affordable housing includes homes provided by private sector bodies or provided without grant funding. Homes that meet the definition above may be considered as affordable housing for planning purposes. Homes that do not fall within the above definition, for example

⁷ Sources of information on local incomes and local house prices in South Bucks are set out in Annex 2.

'low cost market' housing or 'low cost' housing, may not be considered as affordable housing for planning purposes.

- 4.9 'Market housing' is private housing for rent or for sale, where the price is set in the open market.

5. What sites should contribute

- 5.1 The South Bucks Core Strategy sets two thresholds above which affordable housing will normally be provided. The first is a dwelling threshold of 5 homes or more (gross). The second threshold of 0.16 hectares has been set to work alongside the dwelling threshold. Based upon development at 30 dwellings per hectare, the area threshold seeks to prevent developers circumventing the need to provide affordable housing, by developing sites at low density.
- 5.2 Attempts by developers to avoid providing affordable housing by fragmenting their sites to create plots below the affordable housing threshold will be resisted. The Council will seek affordable housing on sites smaller than the 5 dwellings/0.16 hectare threshold where these could reasonably form part of a larger developable area.

Developments of 5 or more dwellings

- 5.3 For developments of 5 or more dwellings, the Council will require that at least 40% of the homes will be affordable. Two-thirds of the affordable homes should be for social or affordable rent and the remainder in intermediate tenures. The Council's starting point is that the affordable housing will normally need to be provided on-site. However, the Council understands that on smaller sites there may be practical difficulties surrounding the delivery, design or on-going management of small numbers of affordable homes and/or a mix of tenures.
- 5.4 In those cases where provision of 40% affordable housing would not equate to whole numbers of units, the Council will expect a financial contribution (or commuted payment) in lieu of the part unit of affordable housing. The commuted sum payment will be calculated as set out in Section 7 of this SPD, based on two-thirds social or affordable rented housing and one-third intermediate housing.
- 5.5 The requirement for affordable housing to be provided extends to all types of residential development falling within Use Class C3. For sheltered housing schemes and extra care housing (within Use Class 3) there may be opportunities for on-site sheltered or extra care affordable housing. Where on-site provision would result in management difficulties, developers may be asked to provide affordable housing in the form of a commuted payment.

Developments on sites of 0.16 hectares or more

- 5.6 On sites of 0.16 hectares and above, and where there is a net gain in the number of dwellings of less than 5 homes, the Council will assess whether the site could deliver 5 or more homes through an appropriate higher density development. The Council's assessment will consider the site's characteristics and any constraints, the character of the surrounding area, impact on neighbouring properties and other policy requirements.
- 5.7 Where the Council accepts that the developer is not seeking to circumvent the requirements of Core Policy 3 by under-developing a site of more than

- 0.16 hectares, the Council will not require affordable housing to be provided.
- 5.8 On a site where the Council considers that a higher density development would be acceptable, the Council will normally refuse an application on the grounds that the proposal does not comply with Policy H9 of the South Bucks adopted Local Plan, which seeks to make full and effective use of land.
- 5.9 There may be circumstances in which an applicant proposes and is able to robustly justify to the Council a case for a development of fewer than 5 dwellings on a site of 0.16 hectares or more that could accommodate more homes. For example, a developer may propose a small number of large apartments on a site which the Council considers could accommodate a greater number of smaller apartments. The Council may consider such a scheme favourably. In the limited circumstances where an applicant proposes and justifies to the Council's satisfaction a lower density scheme on a site that could reasonably accommodate higher density development, the Council will, subject to financial viability, expect the applicant to pay a commuted sum in lieu of the affordable housing that would otherwise need to be provided.

6. Preferred process

- 6.1 The Council adopts a negotiated approach to affordable housing delivery. Each scheme is considered based on its particular circumstances and the objective of promoting mixed and balanced communities. The Council will normally expect new housing developments to meet the requirements of Core Policy 3. The starting point for all prospective applicants should be to develop a scheme in line with adopted policy which provides 40% affordable housing on-site, with two-thirds of the homes available for social or affordable rent and one-third for intermediate tenures.
- 6.2 The Council will strongly resist proposals brought forward by an applicant that has not made best endeavours to deliver affordable housing in line with Core Policy 3. This includes situations where an applicant has paid an unreasonably high premium to acquire a site or has chosen to incorporate costly design features and seeks to argue that providing affordable housing in line with Core Policy 3 is not financially viable. Core Policy 3 should therefore be taken into account by developers and landowners from the earliest stages in the process: before prospective development land is sold or purchased, in the initial site and development appraisals and during concept design. Developers and landowners are also expected to consider other required planning obligations and any other costs. Zero housing grant should be assumed.
- 6.3 Early engagement between local authorities, developers and RPs has significant potential to improve the efficiency and effectiveness of the planning application system. It can enable better co-ordination between public and private resources and improved outcomes for the community. This is recognised in the NPPF which emphasises that local planning authorities should encourage developers to take maximum advantage of the services offered at pre-application stage.
- 6.4 The Council wishes to work with prospective applicants to agree approaches towards affordable housing delivery. Before making a planning application, applicants should contact the Council to discuss the affordable housing requirements.
- 6.5 Pre-application discussions will clarify the approach to on-site affordable housing provision, including the amount, type, size and tenure of the affordable housing required. Discussions may also consider whether there are sound planning or other reasons why off-site affordable housing provision or a commuted sum payment may be acceptable in lieu of on-site affordable housing provision. Such discussions will include circumstances where an applicant proposes development of fewer than 5 dwellings on sites of 0.16 hectares or more that could accommodate more homes. Factors that will be taken into account include prevailing densities and the mix of housing in the local area.
- 6.6 Following discussions, there may be circumstances in which the Council and the developer agree that a commuted sum (or a combination of on-site affordable housing provision and a commuted sum) offers the best housing outcome. Where the Council considers that on-site affordable housing provision would be appropriate, but the prospective applicant wishes to propose an alternative approach, the onus will be wholly on the prospective

- applicant to justify to the Council why off-site provision or a commuted payment should be accepted.
- 6.7 Pre-application discussions may also consider financial viability where a prospective applicant considers that there are constraints that would jeopardise or prevent them from delivering the Council's affordable housing requirements. In such circumstances the Council will expect a robust financial viability appraisal to be submitted. Prospective applicants will also be encouraged to obtain at pre-application stage independent advice on financial viability from the District Valuer Service (DVS) or an alternative independent assessor of financial viability specified by the District Council. Part of the Valuation Office Agency, DVS acts only for local authorities and other public sector organisations. Use of the service will help ensure a consistent approach to the independent validation of financial viability appraisals. Obtaining the independent assessment at pre-application stage is an important part of the process - see Section 8.
- 6.8 The Council will act as the client of DVS/other independent valuer, commissioning advice on behalf of the developer. The developer will pay the cost of the DVS/other independent valuer's fee to the Council who will then pay DVS or the alternative independent valuer on the developer's behalf. The fee will be additional to the Council's charges for pre-application advice. The independent advice will not be commissioned until the Council has received the fee from the prospective applicant. The report setting out the independent advice will be submitted to the prospective applicant and to the District Council. There will be scope for a meeting between the developer and DVS/other independent valuer. Discussions between the Council and the developer will seek to establish a clear understanding of the issues and a suitable resolution.
- 6.9 Formal pre-application enquiries should be made in writing to the Council's Development Management team. The Council will endeavour to keep pre-applications confidential, although this cannot always be guaranteed.
- 6.10 Applicants should also use the pre-application discussions or correspondence with the Council to agree the terms of the Section 106 agreement or Unilateral Undertaking⁸ (whichever is the agreed process) that will be required to ensure delivery of the affordable housing.
- 6.11 As well as pre-application discussions with the Council, prospective applicants are encouraged to contact RPs. Before making the planning application, applicants will preferably identify the RP and contact them to discuss the delivery of the affordable housing element of the development, including the RPs requirements and any potential design, size or management issues. The Council can provide a list of RPs who are active in the District.
- 6.12 Where less than 40% affordable housing is proposed (either on-site or off-site), the Council will require a financial viability appraisal to be submitted with the planning application. Where the affordable housing element on-site comprises less than two-thirds affordable rented housing, the Council will normally require a financial viability appraisal to be submitted with the

⁸ A Unilateral Undertaking is an obligation offered by the applicant to the planning authority either in support of a planning application or a planning appeal. The terms of the Undertaking are identified by the applicant but it will be for the local planning authority or PINS on appeal to determine if the terms are acceptable.

planning application – see Section 8. The appraisal should be up-to-date when the planning application is submitted and take account of any changes in circumstances between the pre-application and application stages⁹. The financial viability appraisal will be required to be accompanied by an independent assessment carried out by the DVS/other valuer specified by the District Council – as set out in the Council's Local Requirements for the Validation of Planning Applications. The arrangements for commissioning the independent assessment and for the payment of fees for the advice are set out in paragraph 6.8 of this document.

- 6.13 Following pre-application discussions about a scheme, the Council may agree that a variation from Core Policy 3 in terms of the tenure of the affordable housing provided on-site will provide a better housing outcome. In such circumstances, the Council will provide written confirmation of the acceptable approach. This written confirmation may also advise that as the relevant proposal is otherwise policy compliant with Core Policy 3, there is no requirement to obtain the independent advice of DVS or another valuer on any financial viability appraisal.
- 6.14 The submitted planning application must include a draft Section 106 agreement or Unilateral Undertaking that has already been discussed with the Council's Planning, Legal and Housing teams. On request, the Council will provide the prospective applicant with a standard template Section 106 agreement or a standard Unilateral Undertaking.
- 6.15 If, following consideration of evidence submitted through a viability assessment, the Council accepts that it is not currently viable to provide 40% affordable housing or an equivalent commuted sum payment, the Council will normally require an overage clause as part of the Section 106 Agreement/Unilateral Undertaking. This commits the owner/developer to provide a commuted sum if sale proceeds exceed current expectations. This approach reflects the Core Strategy objective of maximising the amount of new affordable housing.
- 6.16 The Council charges for pre-application advice. Details of the procedure and charges for pre-application advice can be found on the Council's web site. The Council also charges applicants, owners and/or developers the cost of administrative and legal work involved with the preparation, negotiation and execution of Section 106 Agreements/approval of Unilateral Undertakings. Details of the charges – which must be paid before completion of the Section 106 Agreement (and are payable without prejudice to the outcome of the associated planning application or appeal) – are available from the Council's web site.
- 6.17 Pre-application discussions and negotiations relating to affordable housing are without prejudice, and do not commit the Council to the granting of planning permission.

⁹ The length of time that a financial viability appraisal and the accompanying independent valuer's assessment remain valid depends on any material changes relating to the site and local conditions and/or changes in national conditions, including the national economy. Appraisals and assessments older than 6 months will not normally be considered up-to-date.

7. Off-site affordable housing provision

Circumstances where a commuted sum payment in lieu of on-site affordable housing provision may be appropriate

- 7.1 The Council's starting point is that affordable housing will normally need to be provided on-site. However, Core Policy 3 recognises that there can be circumstances where an alternative to the provision of affordable housing on-site may be appropriate. Core Policy 3 therefore makes provision for the developer to make a financial contribution as a commuted sum to the Council to enable the affordable housing provision to be made elsewhere. This approach is in line with the NPPF which states that local authority policies should seek to provide affordable housing on-site, unless off-site provision or a financial contribution can be robustly justified and the agreed approach better contributes to the objective of creating mixed and balanced communities.
- 7.2 Commuted sum payments are designed to optimise affordable housing outcomes for local people. Such payments may be acceptable based on sound planning or other reasons. The Council will consider whether a commuted sum payment would enable the delivery of better housing outcomes than would have been provided on-site. In considering the case for a commuted sum payment, the Council will take in to account recent delivery of affordable housing – type, size, tenure and location – and the precise make-up of housing need.
- 7.3 Examples of circumstances that might justify the acceptance of commuted sum payments include (but are not necessarily limited to):
- where it is robustly demonstrated to the Council by the developer or the Council advises that there are practical difficulties surrounding the delivery, design or on-going management of small numbers of affordable units and/or a mix of tenures;
 - where a proposal involves the creation of homes that will not be affordable in practice, particularly on higher value sites in higher value areas;
 - where identified housing needs at the time can be more appropriately met by accepting a commuted sum.
- 7.4 The Council and the developer will agree, preferably through pre-application discussions, whether a commuted sum payment is appropriate. The acceptance of commuted sums is purely at the Council's discretion; commuted sum payments are not an option available to developers, landowners or their agents simply because that is what they would prefer.
- 7.5 Where commuted sum payments are proposed by the applicant without the Council's agreement – for example, because there have been no pre-application discussions – the onus will be on the applicant to justify to the Council why off-site provision or a commuted payment should be accepted. In these circumstances, applicants will be required to draw on robust evidence to provide a statement that demonstrates:
- why affordable housing cannot be provided on-site, or

- in those cases where on-site provision is possible but does not result in the best housing outcome, how and why identified housing needs would be more effectively met off-site (compared to on-site).
- 7.6 In those instances where the Council considers that on-site affordable housing provision would provide a better housing outcome, it is likely that a planning objection would be raised.
- 7.7 Where off-site affordable housing provision is agreed in principle, the Council will consider offers from the developer of equivalent, alternative affordable housing on land elsewhere, where this could provide affordable housing consistent with local planning policies and other material planning considerations.

Establishing the value of a commuted sum payment

- 7.8 In those circumstances where it is agreed that a commuted sum payment is appropriate, it will be necessary to establish the value of the payment in lieu of on-site affordable housing. To calculate the commuted payment it is necessary to establish the details of the notional on-site affordable housing that has been 'lost'.
- 7.9 For a scheme that is acceptable to the Council but which provides homes that are too large to be affordable, the payment will be based on what would have been provided on site had the homes been of a suitable size for affordable housing. For a site which offers the potential for more homes than are actually being delivered, a commuted sum will be payable in lieu of the potential number of affordable homes that could have been provided on site. The calculation will be based on affordable rent (rather than social rent) and intermediate housing.
- 7.10 The applicant should therefore agree a notional scheme with the Council, taking in to account viability, deliverability and the space and design standards appropriate for affordable housing.
- 7.11 The Council's approach to calculating commuted sum payments is based on the following principles:
- The Council's Core Strategy expects that developers will provide 40% affordable housing, of which two-thirds will be social or affordable rented and one-third intermediate.
 - The sum should be of at least equivalent value to the cost to the developer of on-site affordable housing provision – there should be no financial benefit to the developer for making a financial contribution to off-site provision compared with on-site provision.
 - The sum will include an additional element to cover the Council's costs in terms of calculation, negotiation and finding alternative sites or houses.
 - The sum should be realistic and reflect financial viability considerations.
- 7.12 If a commuted sum payment is acceptable in principle, the method of calculating the amount of the payment will be clearly set out. The basis for calculation is an approach which seeks to fund the intermediate housing

contribution (£50,000 per unit for Your Choice Home Buy¹⁰) plus the gap between the purchase of modest two and three bedroom properties for affordable rent and the maximum amount that a RP can offer¹¹. The commuted sum figures are an average (or 'blend') of the cost of providing one intermediate home and two homes for affordable rent, with the latter based on the rented housing funding gap. Further information on the methodology for calculating commuted sum payments is set out in Annex 2.

7.13 There are two-tiers to the approach based on house prices in different parts of the District. One tier of the approach will apply to lower/medium value areas; the other tier will apply to higher value areas and to higher value sites in medium/lower value areas. In broad terms, the higher value areas in the District are: Beaconsfield, Gerrards Cross, Fulmer and parts of Farnham Common, Stoke Poges, Taplow, Dorney, Hedgerley and Denham. The lower to medium value areas are: Burnham, Farnham Royal, Iver and Wexham. These lists of higher and lower/medium tier areas are not definitive. Each site will be considered on a site-by-site basis, with the Council's decision based on the value of the proposed development and the likely availability of properties suitable for affordable housing within and beyond the settlement.

- The starting point for commuted sum payments in higher value areas and for higher value sites in lower/medium value areas will be £112,000 per unit regardless of tenure, based on two-thirds social or affordable rented housing and one-third intermediate housing.
- The starting point for commuted sum payments in lower/medium value areas will be £85,300 per unit regardless of tenure, based on two-thirds social or affordable rented housing and one-third intermediate housing.

The basis on which these figures have been calculated is set out in Annex 2. These figures will be reviewed on an annual basis and updated as necessary. Updated figures will be published on the Council's web site.

7.14 Site-specific variables mean that these figures are not per plot flat rates. There may, at the Council's discretion, be some circumstances when the Council will accept a commuted sum which falls within the range set out above. The Council will need to be satisfied that such an approach is justified and results in a housing outcome that is consistent with the objectives of the Core Strategy.

7.15 Commuted sums generate additional costs for the Council in terms of calculation, negotiation and finding alternative sites or houses. In order to meet the Council's costs, an additional fee will be levied.

7.16 The timing of the payment of a commuted sum will be in accordance with a payment schedule agreed with the Council. The expectation is that the commuted sum will be payable on commencement of the development. However, the Council may agree to an alternative trigger or phasing. Such an alternative will be subject to negotiation.

¹⁰ An equity loan scheme which helps residents of South Bucks purchase a home on a shared equity basis.

¹¹ The RP offer is capped by the capitalised rent maximum limited to Local Housing Allowance for rented accommodation. The South Bucks methodology for commuted sums is based on the RPs capitalised rent (capitalised at 6% per annum) at Local Authority Housing Allowance average levels for two and three bedroom accommodation across the District.

Spending commuted sum payments

- 7.17 Where a financial contribution is secured, the contribution will be ring-fenced and used to meet the Council's affordable housing objectives. The Council will seek to make the most effective use of any commuted sums received, taking in to account identified housing needs and suitable opportunities at the time the commuted sums become available. The following list of options is not exhaustive and may change over time.

Your Choice: An equity loan scheme which helps residents of South Bucks purchase a home on a shared equity basis, by taking a low interest equity loan of up to £100,000¹² (subject to affordability). The properties are purchased on the open market in the areas applicants choose.

Incentives for Tenants to Move to Smaller Accommodation: The Council offers incentives to existing housing association tenants who under-occupy their home to move to smaller accommodation and release their family-sized accommodation for use by a household in housing need.

Tenants Cash Incentive Scheme: Existing housing association tenants have the opportunity to purchase a home in the private housing market with the assistance of a lifetime interest free loan of up to £40,000.

Acquisition Scheme: The Council funds a housing association to enable the purchase of suitable properties on the open market which are then let to households in housing need. This will include freehold and leasehold properties previously sold through the Right-to-Buy scheme, as well as other appropriate freehold homes.

- 7.18 Where funds are used to promote the release of existing homes for rent or provided as grant to housing associations to acquire or develop homes for rent or Home Buy, the Council will receive nomination rights subject to a local lettings policy, negotiated on a scheme-by-scheme basis.
- 7.19 The Council will make reasonable endeavours to spend a commuted sum accepted in lieu of on-site affordable housing provision within the settlement that generated the commuted sum. Where this is not practical or feasible, the Council will seek to spend the money in close proximity to that settlement. Within this overall framework, some flexibility will be used in the more expensive areas of the District (particularly in Gerrards Cross and Beaconsfield) where the availability of suitable properties is limited and where, from time-to-time, there may be no suitable properties available to meet identified housing needs.
- 7.20 Some of the schemes listed above may result in provision of housing outside of South Bucks. Such circumstances will be limited but could include, for example, Your Choice applicants and tenants who vacate existing tenancies and who purchase beyond the District where they are able to buy accommodation of a suitable size to meet their needs.

¹² The maximum contribution from South Bucks DC is £50,000 which is match funded by the delivering RP partner from their own funds.

8. Financial viability

- 8.1 Developers and landowners are expected to consider the Core Strategy policy requirements, alongside other planning obligations and any other costs, when negotiating the sale or purchase of land.
- 8.2 The Council recognises that there may be occasions when the provision of the required affordable housing may not be financially viable. This Section outlines the procedure that will be taken if an applicant considers that the Council's affordable housing policy requirement renders the development unviable.
- 8.3 Where a developer considers there are particular circumstances that would prevent them from meeting the Council's affordable housing policy targets, this will need to be robustly demonstrated to the Council by the submission of a detailed financial viability appraisal. The appraisal should be accompanied by an independent assessment of viability produced by the DVS or an alternative independent valuer identified by the District Council. The Council will act as the client of DVS/other independent valuer, commissioning advice on behalf of the developer. The developer will pay the DVS/other independent valuer's fee to the Council who will then pay DVS or the alternative independent valuer on the developer's behalf. The report setting out the independent advice will be submitted to the prospective applicant and to the District Council. The Council recommends that the appraisal and all relevant supporting information should preferably be submitted as part of any pre-application discussions. There may be benefit in bringing forward the independent valuer's advice to the pre-application stage.
- 8.4 A planning application that proposes a level of affordable housing provision at less than 40% must be accompanied by a financial viability appraisal. A planning application that proposes a tenure split for the affordable element with less than two-thirds social or affordable rented housing, should normally be accompanied by a detailed financial viability appraisal. Financial viability appraisals are required to be accompanied by independent advice from DVS or an alternative independent valuer identified by the District Council – as set out in the Council's Local Requirements for the Validation of Planning Applications. The appraisal will be required to demonstrate that there are genuine economic constraints in providing affordable housing in accordance with Core Policy 3, and that alternative options have been explored to establish whether they could provide a financially viable housing solution acceptable to the District Council. Such options could include variation in size and type of units provided.
- 8.5 There is a range of possible models for viability appraisal of development sites. The Homes and Communities Agency (HCA) has an appraisal toolkit and there are various bespoke models offered by a range of consultants.
- 8.6 The models rely on the principle of residual valuation which seeks to compare scheme revenue (or gross development value [GDV]) with development costs in order to derive a residual land value. The residual land value can be compared with either the existing use or an alternative use value of the land.

- 8.7 The Council does not require that applicants use a particular viability model, but all appraisals should include the following information:
- Full and detailed output from an appropriate economic appraisal tool including a cash flow, and information on the methodology, underlying assumptions and any software used.
 - Development programme.
 - Market evidence on sales values and affordable housing values.
 - Quantity surveyors cost assessment, including a full estimate of build cost.
 - Valuation report for the site in its existing or alternative uses with an explanation of how the values have been assessed.
 - Any abnormal development costs.
- 8.8 A planning application submitted with a financial appraisal that argues for no or less than 40% affordable housing or equivalent commuted sum, and allows for a developer return (to cover profits and overheads) of more than 20%, could be refused planning permission.
- 8.9 The Council seeks to ensure that the planning application process is as open and transparent as possible. Once submitted with a planning application, a financial viability appraisal will be publicly available.
- 8.10 If the Council concludes that a policy compliant scheme is economically viable, but the affordable housing requirements are not met, it is likely that the application will be refused planning permission. In particular, the Council is unlikely to grant planning permission for a scheme that does not meet affordable housing policy requirements where the independent financial viability assessment concludes that a higher level of provision would be economically viable. Only in very exceptional circumstances will the Council consider accepting a level of affordable housing provision lower than required by policy where this is contrary to the conclusions of the DVS/other independent valuer.
- 8.11 When considering planning applications for 4 or more homes, the District Council uses guidance prepared by the education authority on the contributions that developers should make to meet the costs of additional education infrastructure generated by new development. Where the District Council and the developer agree that the total costs of the affordable housing, education and other Section 106 requirements mean that a scheme is not financially viable, the Council will consider its priorities on a case-by-case basis, taking into account recent decisions and the latest available evidence of infrastructure needs.
- 8.12 Where a developer demonstrates to the satisfaction of the Council that a scheme is not currently viable at the affordable housing target rate and the Council determines that a reduced or zero contribution rate is appropriate, an overage clause will normally be included in the draft Section 106 Agreement(/Unilateral Undertaking) that must be submitted with the planning application. This sets an agreed completion date for a further appraisal that will be based on achieved development values and actual development costs at that point in time. If a profit of over 20% Gross Development Value (GDV) is achieved by the development, the overage clause will normally require the surplus above this profit level to be recouped by the Council up to the remaining balance of the affordable

housing contribution at the affordable housing target rate that was applicable at the time of the submission of the latest relevant application.

- 8.13 The submission of a robust and validated financial viability appraisal does not guarantee that the Council will accept a level of affordable housing provision lower than that required by Core Policy 3. The Council will consider each planning application in the context of the specific development proposal, and take a view as to whether a scheme is of a sufficiently high priority or there are other benefits or circumstances which justify a variation on the Council's affordable housing target. These circumstances will include the Council's land supply position at the time.

9. Rural exception sites

- 9.1 Opportunities for delivering affordable housing to meet local needs in rural settlements tend to be limited, especially in an area such as South Bucks where much of the countryside is protected by the Metropolitan Green Belt and by landscape or nature conservation designations. Where there is a lack of affordable housing to meet local needs, local planning authorities are able to allow development of small-scale rural exception sites. Such sites provide 100% affordable housing within or adjoining a rural settlement as an exception to normal planning policy, where appropriate and within the framework set out by local planning policies. The NPPF allows for small numbers of market homes to be allowed, for example where essential to enable the delivery of affordable units without grant funding. However, the NPPF makes it clear that any such cross-subsidy would be at the local authority's discretion. In South Bucks such an approach would be contrary to policy in the adopted Core Strategy.
- 9.2 Core Policy 3 allows the development of small-scale sites for 100% affordable housing within or adjacent to villages within specific named (or 'designated') parishes to meet local needs. The parishes are: Dorney, Fulmer, Hedgerley, Taplow, Wexham and the rural parts of Beaconsfield and Stoke Poges¹³. Any such development is a strict exception to normal Green Belt policy. The South Bucks Core Strategy includes a target of at least 20 additional affordable housing units on rural exception sites in the period 2006-2026.
- 9.3 Development elsewhere – on sites that are not within or adjacent to villages in the named parishes or on sites outside of the named parishes – will be considered inappropriate development in the Green Belt and will not be approved except in very special circumstances. In line with national and local planning policies, very special circumstances will not exist unless the potential harm to the Green Belt and any other harm is clearly out-weighed by other considerations.
- 9.4 Rural exception sites seek to address the needs of the local community by providing homes for lower income households who are either existing residents or have a close family or employment connection to a settlement. Before the Council will consider the suitability of a rural exception site, it must be satisfied that there is genuine local need for affordable housing. 'Local' in this context means the individual village or the parish in which it sits. To establish that genuine local need exists, the Council will require Parish level evidence of housing need that is: objective; sufficiently recent to be reliable; and proportionate to the scale of development being proposed.
- 9.5 The proposed tenure mix for a rural exception scheme should be agreed with Council officers before a planning application is submitted.
- 9.6 The number of homes provided on a rural exception site should not be greater than the level of local need identified. Any rural exception site must be small-scale. There is no standard definition of 'small-scale' that would be appropriate to each of the 'designated rural areas'. The

¹³ Statutory instrument 1997/625 lists these South Bucks parishes as 'designated rural areas'. A map showing the 'designated rural areas' in South Bucks is provided as Annex 3.

appropriate scale of development will be influenced by local circumstances, including the size and character of the village and the facilities and services available.

- 9.7 It is important that rural exception sites come forward with the support of the local community. The delivery of affordable housing through rural exception sites can be a complex issue for parish councils and the community (and landowners). To help promote awareness of housing need in rural communities and to increase the amount of affordable rural housing in Buckinghamshire, the Bucks Rural Housing Partnership is supporting the provision of a Rural Housing Enabling Service. The District Council will work in partnership with the Rural Housing Enabling Service to help achieve its objectives. This will include informal pre-application discussions with the Rural Housing Enabling Service to discuss potential sites.
- 9.8 Anybody contemplating bringing forward a scheme for a rural exception site is advised to discuss their proposals with the Council's Planning and Housing Teams prior to the submission of any planning application. Schemes should not be submitted on a purely speculative basis.

10. Design

- 10.1 The Council expects all new development to be designed to a high standard and to make a positive contribution to the character of the surrounding area. This applies to market and affordable housing.
- 10.2 Developers should avoid designs for affordable housing that would not be affordable in practice because of limits on the offers that RPs are permitted to make. They should also avoid designs that would result in high maintenance or service charges. Affordable homes should meet HCA design and quality standards. These standards address:
- Internal environment – comfortable and convenient homes suitable for the particular needs of intended users.
 - Sustainability – homes that reduce environmental impact and better adapt to climate change, with lower running costs and features that enhance health and well-being.
 - External environment – good places to live.
- 10.3 Prospective applicants should contact a RP early in the development process to discuss the design of affordable housing, including the amount of floorspace a housing association will normally expect to be provided.
- 10.4 To ensure that new homes are sufficiently flexible and adaptable to meet changing needs, the Council requires that a proportion of affordable homes are designed to Lifetime Homes standard. The Lifetime Homes standard is a widely used national standard that goes further than statutory building regulations. It ensures that spaces and features in new homes can readily meet the needs of most people, including those with reduced mobility.
- 10.5 The new homes will be expected to meet the latest sustainability standards set out in the Code for Sustainable Homes and reflected in Building Regulations. At present, Part L of the Code is incorporated into Building Regulations at level 3, increasing to level 4 in October 2013. The current aim in the Core Strategy is that all new homes will be zero carbon by 2016.
- 10.6 New affordable housing developments should have regard to 'Building for Life'. Managed by a partnership of the Design Council CABI, the Home Builders Federation and Design for Homes, Building for Life promotes high quality design by establishing criteria against which new developments can be judged¹⁴.
- 10.7 Affordable housing should be well-integrated with market housing in terms of site layout, appearance, detailed design, build quality and materials. Large groups of single tenure or particular types of dwelling should be avoided. The Council does not encourage mixed tenure blocks of apartments.
- 10.8 Prospective applicants should contact a RP of affordable housing to discuss design requirements before submitting a planning application. The Design and Access Statement accompanying a planning application should set out the design approach to the affordable housing element of a scheme.

¹⁴ The criteria cover: integrating into the neighbourhood; creating a place; and streets and homes.

11. Procedures: step-by-step guide

Stage 1: Initial site and development appraisal

- ⇒ Site and development appraisals should take into account the affordable housing requirements of Core Policy 3.
- ⇒ Prospective applicants should contact the Council for advice before designing a scheme.

Stage 2: Pre-application

- ⇒ Before making an application, applicants should contact the Council to discuss affordable housing requirements. In addition to relevant general planning considerations, the Council will consider the following:
 - Does the site meet the site size threshold of 5 or more homes?
 - Is the site area over 0.16 hectares and could it be more efficiently and effectively developed to deliver 5 or more homes?
 - Is the site suitable for on-site affordable housing provision?
 - If 'yes', has affordable housing been designed out and can it be designed in?
 - Is the applicant able to robustly demonstrate sound planning or other reasons why off-site affordable housing or a commuted sum payment should be accepted in lieu of on-site affordable housing?
 - For a scheme that does not meet affordable housing policy requirements, has the applicant provided a robust and detailed financial viability appraisal and independent advice on financial viability from the DVS/alternative independent valuer specified by the Council?
 - What is the notional on-site affordable housing that has been lost (in those circumstances where it is considered a commuted payment is acceptable)?
 - Has the applicant discussed the proposed scheme with a Registered Provider?
 - For a rural exception site, does the site meet the relevant policy criteria and is the scheme being brought forward with the support of the local community?
- ⇒ Officers will, where possible, advise on the following:
 - Type, tenure and size of on-site affordable housing required.
 - Value of any commuted payment in lieu of on-site affordable housing provision.
 - Terms of the Section 106 agreement.

Stage 3: Planning application

- ⇒ Local requirements for the validation of planning applications state that applications will not be validated unless:
 - an Affordable Housing Statement with a financial viability appraisal has been submitted; or
 - an Affordable Housing Statement with a draft Section 106 Agreement/Unilateral Undertaking has been submitted.
- ⇒ Applicants submitting a financial viability appraisal will be expected to pay the costs of using the DVS/alternative valuer to obtain an independent viability assessment. The final advice must be submitted with the planning application, or the application will not be registered.
- ⇒ Unless the Council provides written agreement to a commuted sum payment following the pre-application discussions, applicants proposing off-site affordable housing or a commuted sum in lieu of on-site affordable housing must provide a statement justifying why affordable housing cannot be provided on site or, where on-site provision does not result in the best housing outcome, how and why identified housing needs would be more effectively met off-site.
- ⇒ Applications for rural exception sites must be accompanied by Parish level evidence of housing need.
- ⇒ The Design and Access Statement accompanying a planning application should demonstrate the design approach to the affordable housing.
- ⇒ The Section 106 agreement must be agreed and signed before the granting of planning permission.

12. Monitoring and reporting

- 12.1 The delivery of affordable housing will be monitored and reported in the South Bucks Monitoring Report. The Monitoring Report will set out progress towards the Core Policy 3 target of 350-500 new affordable dwellings over the period 2006-2026. It will record:
- the number and proportion of affordable homes on sites of 5 or more dwellings or 0.16 hectares or more
 - the number and proportion of new social rented or affordable rented homes
 - the number and proportion of new intermediate homes
 - the number of affordable homes provided on rural exception sites.
- 12.2 The Council will also record how much money is collected through commuted sum payments, where such payments have been received and where and how they have been spent.

Annex 1: Adopted development plan policies

South Bucks Core Strategy, adopted February 2011

Core Policy 3: Affordable Housing
350-500 affordable dwellings will be provided in South Bucks District between 2006 and 2026⁴⁵.

At least 40% of all dwellings in schemes of 5 units and above (gross), or on sites of 0.16 hectares and above (where there is a net gain in the number of dwellings) should be affordable, unless it is clearly demonstrated that this is not economically viable. The Council will seek affordable housing on smaller sites where these could reasonably form part of a larger developable area.

On qualifying sites, about two thirds of the affordable units provided should be social rented, with the remainder as intermediate affordable dwellings. The precise tenure split will vary from place to place, and should reflect the evidence in the latest SHMA.

Affordable housing should normally be provided on-site. However, where there are sound planning or other reasons, and the developer and Council agree, a financial contribution (or off-site provision) in lieu of on-site provision, may be acceptable. In addition, a partial commuted payment will be sought on sites where, by virtue of the number of dwellings proposed, it would not be possible to deliver 40% affordable housing on-site.

The development of small scale sites for 100% affordable housing within or adjacent to villages within designated parishes ('Rural Exception sites') will be supported in principle, where there is a demonstrable local need for such dwellings, and local community support.

South Bucks Local Plan, March 1999, consolidated February 2011

POLICY H9 - RESIDENTIAL LAYOUT & DESIGN

Proposals involving the development of land for residential purposes will only be permitted where:-

- (a) the proposal would be compatible with the character of the surrounding area in terms of density, layout, design, height, scale, form and materials. Development adjacent to the areas defined in Policy H10 (Residential Areas of Exceptional Character) should be sympathetic to the character of these areas. In assessing whether proposals are compatible the Council will have particular regard to the size and shape of the site and its physical characteristics; and
- (b) the proposal would not adversely affect the character or amenities of nearby properties or the locality in general, for example through overdominance, obtrusiveness, loss of important trees or important groups of trees, loss of privacy or loss of daylight, and the proposal would be in accordance with policy EP3 (Use, Design and Layout of Development); and
- (c) the proposal includes provision for conveniently located, usable amenity space; and
- (d) satisfactory access would be available for emergency vehicles and for refuse collection; and
- (e) the proposal would comply with all the other relevant policies in this Plan. Particular attention is drawn to policies H10 (Residential Areas of Exceptional Character), EP4 (Landscaping), ~~R4 (Public Open Space Provision)~~, GB2 (Re-use of Buildings in the Green Belt), GB3 (Residential Infilling in Green Belt Settlements), GB11 (Rebuilding of Dwellings in the Green Belt), ~~GB12 (Development Adjacent to Settlement Boundaries)~~, TR5 (Accesses, Highway Works and Traffic Generation) and TR7 (Parking Provision).

The Council will not grant permission for proposals which do not make as full and effective use of land as would be possible whilst remaining consistent with all other policies in this Plan. Permission will not be granted for proposals which sterilise adjacent land or which reduce its availability or suitability for future development.

Annex 2:

Calculation of indicative commuted sum payments

Principles

1. The table at the end of this Annex provides a breakdown of how the Council has calculated the sum of money needed to deliver an off-site affordable housing unit, in lieu of on-site provision. Figures are provided for lower/medium and higher value areas (and for high value schemes in lower/medium value areas). The figures have been informed by guidance on the affordability of intermediate and rented tenures. The figures will be used as the Council's starting point for agreeing an appropriate commuted sum payment, where the provision of a commuted sum payment in lieu of on-site affordable housing has been agreed in principle.
2. Where the Council has agreed that a commuted sum in lieu of on-site provision is appropriate and acceptable, the required cash amount needs to be sufficient to enable the provision of suitable RP type properties¹⁵ elsewhere in the District. This will preferably be in the settlement where the commuted sum was generated or, where this is not practical or feasible, in close proximity to that settlement.
3. We recognise that developers need some certainty about the amount required as a commuted sum early on in the planning application process. The methodology used by the Council to arrive at the figure has been designed to be clear, transparent, easy-to-use and understand and readily updateable to reflect any significant changes in market conditions.
4. The underlying assumption is that a commuted sum amount *will be broadly equivalent* to the cost to the developer had the affordable housing units been provided on the development site. In this context, the cost to the developer of on-site affordable housing of appropriate type, size and value is the difference between the Gross Development Value (GDV) of the units (their full market value) and the price that an RP would be ready, willing and able to pay. In other words, an offer price that would enable the RP to provide those dwellings as affordable for rent or sale to lower income households in housing need¹⁶ who could not otherwise afford¹⁷ to access the market without assistance.
5. Where suitable RP type units could potentially be accommodated on the application site but where off-site provision has been agreed for other reasons, then actual developer costs/property values etc will normally be used to establish a commuted sum equivalent to the actual cost to the developer had the homes been delivered on the application site. In these circumstances the process will involve an open-book approach, with sharing of information on all essential elements – projected income, costs, risk,

¹⁵ Broadly equivalent to the size, design and specification of a property that would be typically found within existing public/housing association sector stock.

¹⁶ Applicants register housing needs on Bucks Home Choice and Home Buy agents' database for homeownership options.

¹⁷ Based on ASHE 2012 data for South Bucks Council residents lower quartile/median income. ASHE is the Annual Survey of Household Earnings, published annually.

profit, valuations, offers etc – and will be subject to independent validation and valuations.

6. Where a scheme cannot provide homes suitable for affordable housing, it is necessary to work out the value of a commuted sum based on the concept of 'notional' suitable RP type properties. Due to cost and limited availability of alternative new build affordable housing opportunities, we work on the assumption that off-site provision will be in the form of the 'tenure change' of suitable open market properties.
7. Currently, commuted sums payments are being used to deliver tenure change in two ways. Homes for intermediate tenures are being grant funded in the form of the 'Your Choice' shared equity product to enable the purchase of individual open market properties where the approved buyer funds the purchase of the percentage they can afford to service with a conventional mortgage/savings. Homes in rented tenures are provided by grant funding a RP to purchase individual suitable properties on the open market. The properties are then allocated through Bucks Home Choice, with the rental stream funding the balance of the acquisition costs. In addition we may use commuted sums to grant fund RP new build where suitable opportunities arise or to fund a range of other housing option products and incentives introduced from time-to-time.

'Blended' approach

8. Adopted planning policies require developers to provide an affordable tenure split of 67% rented and 33% intermediate, and a mix of house sizes and types, but with an emphasis on much needed family-sized homes. Affordable housing provision through commuted sum payments needs to be able to meet all of these policy requirements. To simplify the calculation of the sum in lieu and to reflect differential property values across the District, our methodology produces a per unit amount which takes into account a 'blend' of tenures and property sizes with two tiers. One tier will apply to lower/medium value areas; the other tier will apply to higher value areas and to higher value sites in medium/lower value areas. The per unit amounts will be reviewed annually and updated if necessary.

Property values, affordability and tenure

9. The property values applied in the calculation methodology are well below lower quartile and median values for the whole District and include an amount for acquisition and works costs (A&W). We propose off-site provision with very modest equivalent RP type dwellings based on our recent acquisition experience and local market research. Suitable properties benchmarked for comparison or acquired for rent cannot include flats above shops or leasehold properties where the acquiring RP is not the Freeholder as these are not suitable in terms of management and maintenance.
10. We have referenced and benchmarked the lower quartile (LQV) and median property prices for the District. The LQV is £277,000¹⁸ and the median is £428,000. These are aggregated values¹⁹ for all property sizes, types and

¹⁸ Quarter 3, 2011.

¹⁹ Published by the Land Registry; tabulated and updated quarterly by CLG.

locations across South Bucks. There are some parts of the District where property values are significantly higher than in others, although historically there are not many RP property types in those areas.

11. Data on household earnings – ASHE – provides incomes data for residents of and those employed in South Bucks. Lower quartile, median and mean income tables highlight the household sectors who cannot afford to access the market without assistance where affordability of housing costs are assessed as approximately 45% Net Disposable Income (NDI) for intermediate tenures and 30-35% NDI for rent²⁰.
12. In broad terms, the higher value areas in the District are: Beaconsfield, Gerrards Cross, Fulmer and parts of Farnham Common, Stoke Poges, Taplow, Dorney, Hedgerley and Denham. The lower to medium value areas are: Burnham, Farnham Royal, Iver and Wexham. These lists of higher and lower/medium tier areas are not definitive. Each site will be considered on a site-by-site basis, taking into account the exact location, as well as the likely value of the units on the development site and the potential availability of properties suitable for affordable housing within and beyond the settlement.

Blended unit amounts

Medium/Lower Value Area	TSC ²¹	Higher Value Area and Higher Value Sites in Medium/Lower Value Areas	TSC
2 bed property	£200,000	2 bed property	£250,000
3 bed property	£250,000	3 bed property	£280,000
Average TSC one unit	£225,000	Average TSC one unit	£265,000
	minus		minus
Capitalised Rent ^{22, 23}	£122,074	Capitalised Rent	£122,074
Gap ²⁴ for Affordable Rent	£102,926	Gap for Affordable Rent	£142,926
Tenure Mix²⁵		Tenure Mix	
1 x Affordable Rent	£102,926	Affordable Rent	£142,926
1 x Affordable Rent	£102,926	Affordable Rent	£142,926
1 x Intermediate/Your Choice ²⁶	£50,000	Intermediate/Your Choice	£50,000
Total ²⁷	£255,851	Total	£335,851
One Blended Amount	£85,284	One Blended Amount	£111,950

²⁰ HCA guidance on percentage of disposable income considered to be affordable, by tenure and type.

²¹ TSC: Total Scheme Costs.

²² Blended 2/3 bed rent (not to exceed LHA Local Housing Allowance [LHA]) capitalised, irrespective of property value.

²³ Capitalised rent modelled here at 6% remains the same irrespective of property value.

²⁴ The amount of 'subsidy' needed to provide one 2/3 bed property for rent not serviceable from the rent stream.

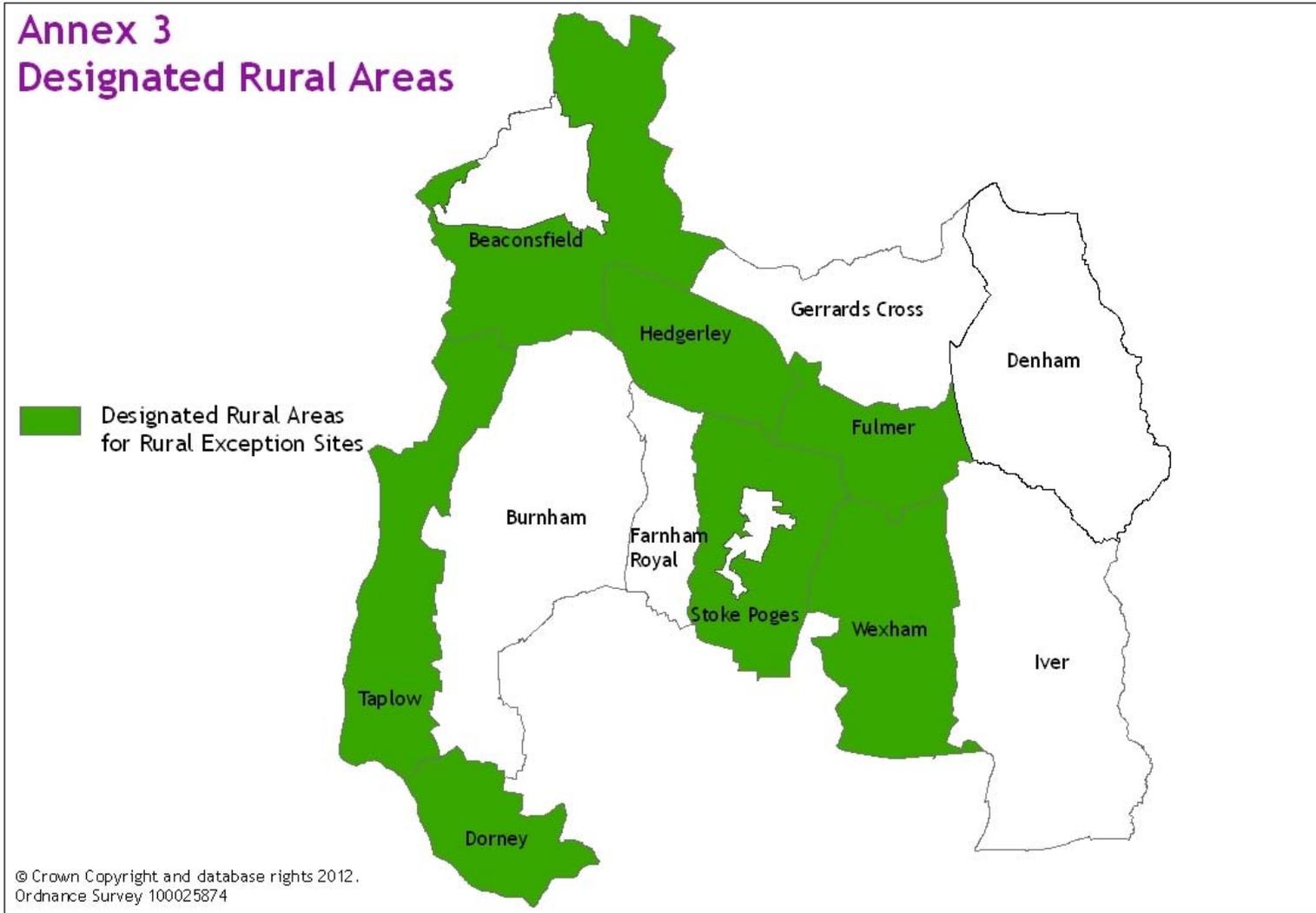
²⁵ Two-thirds rented, one-third intermediate.

²⁶ Your Choice grant per property by SBDC capped at £50,000 across programme with the balance of funding provided by partner RP and the individual purchaser.

²⁷ Total for 3 units in required tenure mix divided by 3 to give one blended amount.

13. The starting point for commuted sum payments will be in the range £85,000 to £112,000 depending on location and reflecting the likely value of the units on the development site. The payment will be subject to an additional fee to cover the Council's costs and in accordance with a payment schedule agreed with the Council.

Annex 3 Designated Rural Areas



Annex 4:

Equality Impact Assessment Screening Report by South Bucks District Council

Produced in support of the
Affordable Housing Supplementary Planning Document

1. Introduction

- 1.1 The Equality Act 2010 places a legal duty on local authorities to ensure that service users are treated fairly. The law protects people from discrimination on the basis of certain 'protected' characteristics. There are eight protected characteristics of people who use services. These are: disability, gender, gender reassignment, pregnancy and maternity, race, religion or belief, sexual orientation and age.
- 1.2 Discrimination includes: treating a person worse than someone else because of a protected characteristic (known as 'direct discrimination'); putting in place a rule or a way of doing things that has a worse impact on someone with a protected characteristic than someone without one, when this cannot be objectively justified ('indirect discrimination'); treating a disabled person unfavourably because of something connected with their disability when this cannot be justified ('discrimination arising from disability'); and, failing to make reasonable adjustments for disabled people.
- 1.3 The purpose of this Equalities Impact Assessment (EqIA) is to determine whether the proposals in the Affordable Housing Supplementary Planning document (SPD) have the potential for discrimination or an adverse impact on a particular group, and to assess whether the needs of such groups have been taken into account as the document has been prepared.

2. What is the policy that is being addressed and what is its purpose?

- 2.1 The purpose of SPDs is to expand on policies in existing Development Plan Documents (DPDs). This SPD provides advice on how the Council's Core Strategy policy on affordable housing will be implemented through the planning process, with the overall aim of increasing the amount of affordable housing delivered in the District. The SPD forms a material consideration in the determination of planning applications.
- 2.2 There is a high level of need for affordable housing in South Bucks. Local constraints on development mean that it will be impossible for those needs to be met locally in full. The South Bucks Core Strategy (adopted Feb. 2011) recognises that more has to be done if the provision of affordable housing is to be increased from the very low levels that have been delivered in recent years.

- 2.3 To address these issues, the Core Strategy includes a policy on affordable housing. Core Policy 3 makes provision for between 350 and 500 affordable homes between 2006 and 2026. The policy seeks 40% affordable housing on schemes of 5 units or more or on sites of 0.16 hectares and above. About two-thirds of the affordable homes should be social or affordable rented, with the remainder intermediate housing. The affordable housing should normally be provided on site, but the policy recognises that there may be circumstances where a financial contribution could be an appropriate alternative.
- 2.4 Core Policy 3 was subject to an Equalities Impact Screening Assessment which is available to view on the Council's web site.
- 2.5 The SPD includes guidance on: what sites should contribute; the Council's negotiated approach towards affordable housing delivery; how the Council will deal with financial viability; and design and quality. The SPD applies across the whole of the District, and identifies the particular approach that is taken towards rural exception sites.
- 2.6 The SPD is concerned with the provision of affordable housing, not its allocation which is dealt with by services elsewhere within the Council.

3. Information on different groups: what information is there about the experiences or needs of different groups?

- 3.1 The South Bucks Core Strategy was subject to a series of public and stakeholder consultation events. Further details can be found in the Core Strategy Statement of Consultation available on the Council's web site. The Council's consultee database for planning policy documents includes a number of stakeholders representing equality groups. These stakeholders have been formally consulted during the preparation of this SPD.
- 3.2 The housing needs of different groups living in South Bucks are set out in the Buckinghamshire Strategic Housing Market Assessment (SHMA). The figures in the report are a snapshot at a point in time (2008, but based on earlier data sets). Although indicative only, the figures do provide some information on the needs of particular groups. In addition, in 2004 a study in to the housing needs of Black and Minority Ethnic (BME) groups was carried out for Chiltern and South Bucks Councils.

Race:

- 3.3 The SHMA shows that in South Bucks around 11.7% of the population comprises non-White (British/Irish) population. Around 4% of the population is Asian. The SHMA also includes some broad information about the household characteristics of the BME populations across Buckinghamshire as a whole. BME households show some distinctive characteristics compared with other households. They are less likely to contain only people of pensionable age and more likely to have dependant children, particularly in Asian households. White and Asian households are more likely to be owner-occupiers, and black and mixed households are most likely to be in the social rented sector. BME groups are more likely to be over-crowded than White households and have associated high levels of desire to move home. The 2004 study included a series of recommendations. These included expanding the supply of housing association homes, particularly larger properties.

Age:

- 3.4 It is likely that there will be significant changes in the demographic make-up of the District over the period to 2026. The 2011 Census shows that compared with the national average, the South Bucks population is already older. 12,900 (19.3%) of the population is aged 65 plus; 6,400 (9.6%) of the population is aged 75 plus. 700 residents (1%) were aged 90 or over. In England as a whole, 16.3% of the population is aged 65 plus, 7.8% of the population is aged 75 plus and 0.8% of the population is aged 90 or over. Fewer South Bucks residents are in their 20s and 30s (21.1%) compared to the average for England as a whole (27%).
- 3.5 By 2026 the District is likely to see significant percentage increases in those aged over 65 and over 80. Older people are able to live in their own homes for longer if homes are flexible and adaptable, though there will still be a need for some specialist accommodation for older people. Single pensioners are relatively concentrated in the social rented sector.

Disability:

- 3.6 The SHMA includes Buckinghamshire-wide information on people with a limiting long-term illness. The data shows that such people are more likely than the rest of the population to live in social rented accommodation and more likely to live in accommodation that does not have access at ground floor level.

Gender:

- 3.7 The 2011 Census shows the total population of South Bucks to be 66,900. 32,500 (48.6%) of the population is male and 34,400 (51.4%) of the population is female. This is a slightly higher proportion of females compared to the national average. The figures for England are 49.2% (male) and 50.8% (female) respectively. 57% of the South Bucks residents aged over 65 are female and 61% of those aged over 75 are female. 500 of the 700 South Bucks residents aged over 90 are female.

4. Policy Impact: What does the evidence say about the impact or potential impacts of the policy on different groups with protected characteristics?

- 4.1 In 2010 the District Council conducted an Equalities Impact Screening Assessment for Core Strategy Policy 3 using 2009 guidance. The screening concluded that there were no negative impacts on race, ethnic origins, gender, disability, faith, sexuality, age or deprivation. The impacts were judged to be neutral in respect of race, ethnic origin, gender, disability, faith and sexuality. Because affordable housing is provided for those who cannot afford to meet their own needs through the housing market and can help young people to remain in their own communities, impacts on age and deprivation were considered to be positive. The same broad conclusions will also apply in terms of the Affordable Housing SPD.

Race:

- 4.2 People will generally be affected by the SPD independently of their ethnicity. There may be a slight positive impact in terms of race because some BME households tend to live in larger or extended families, are more likely to live in the social rented sector and are more likely to be over-crowded. The SPD

aims to provide more affordable housing that meets peoples needs and supports the Homes and Community Agency's design and quality standards.

Age:

- 4.3 In preparing the SPD the Council has considered the affordable housing needs of an ageing population. The SPD seeks to provide affordable homes that are able to address the needs of people as they age and their circumstances change by requiring that a proportion of new homes are designed to Lifetime Homes standard. In addition, the provision of affordable housing on rural exception sites may assist younger people to remain in the village or parish where they grew up and have a close family connection. There is likely to be a positive impact on age as a result of the approaches in the SPD towards design and rural exception sites.

Disability

- 4.4 In preparing the SPD, the Council has considered the need for accessible and adaptable affordable dwellings. The SPD seeks to provide affordable homes that are designed to the Lifetime Homes standard, ensuring that spaces and features in new homes can readily meet the needs of most people, including those with reduced mobility. The impact on disability is therefore likely to be positive.

Gender reassignment, pregnancy and maternity, religion and belief, gender, sexual orientation

- 4.5 No impacts identified.

5. Conclusion

- 5.1 This Equalities Impact Assessment has examined whether the Affordable Housing SPD is likely to cause an adverse impact or discriminate against a particular group or groups with protected characteristics in South Bucks District.
- 5.2 Overall, the assessment has identified that the SPD is unlikely to result in negative impacts on a particular group or groups. In certain instances there may be positive benefits for a particular group given the intention of the policy to increase the provision of affordable housing.
- 5.3 It is not considered that the Affordable Housing SPD is in conflict with any aspect of the Council's duties or wider equality responsibilities. A full Equalities Impact Assessment is therefore not required.

6. Monitoring

- 6.1 The Council will continue to monitor the effects of the Affordable Housing SPD to ensure that its implementation does not adversely affect a particular group or groups. It is not anticipated that the policy will have any adverse impacts on the target groups. Should any adverse effects occur, the Council will investigate the reasons and seek to mitigate accordingly.

Annex 5: Glossary

Affordable housing

Housing provided to those who cannot afford to meet their own needs in the main housing market without some assistance.

Affordable rent

A new affordable housing model, where social housing is offered at a rent of up to 80% of the local market rent and for a tenancy that can range from two years to a lifetime.

Building for life

Building for Life 12 is the industry standard for well-designed homes and neighbourhoods. It is based on the National Planning Policy Framework. Assessments are based on 12 questions, covering: connections; facilities and services; public transport; meeting local housing requirements; character; working with the site and its context; creating well defined streets and spaces; ease of finding your way around; streets for all; car parking; public and private spaces; external storage and amenity space. Building for Life is managed by a partnership of the Design Council CABI, the Home Builders Federation and Design for Homes.

CABI

Between 1999 and 2011 the Commission for Architecture and the Built Environment advised government on architecture, urban design and public space.

Code for Sustainable Homes

The national standard for the sustainable design and construction of new homes. The Code aims to reduce carbon emissions resulting from fuel usage for lighting, heating and power, and to create homes that are more sustainable. It has been mandatory for all new homes to be rated against the Code since 2008. The standard is currently set to CSH level 3, increasing to CSH level 4 later in 2013. The current goal is to achieve zero-carbon homes in 2016.

Community Infrastructure Levy (CIL)

A new levy that local authorities can choose to charge on new developments in their area. The money can be used to support development by funding infrastructure that the Council, local communities and neighbourhoods want.

Committed sum

A financial contribution in lieu of on-site affordable housing provision.

Core Strategy

A Development Plan Document that forms the strategic overview element of the Local Development Framework and contains policies against which planning applications are assessed.

District Valuer Service (DVS)

The District Valuer Service is the property arm of the Valuation Office Agency (VAO), providing professional property advice across the public sector. The VAO is an executive agency of HM Revenue and Customs.

Extra-care housing

A type of specialised housing for older and disabled people. It is purpose-built accommodation in which 24-hour personal care and support can be offered and where various other services are shared. It is also known as 'assisted living', 'close care' and very sheltered housing'.

Gross Development Value (GDV)

Scheme revenue. The amount a developer receives when a scheme is sold might include sales as well as payments from a Registered Provider for completed affordable housing units. It does not include an allowance for costs. See also residual land value (RLV).

Habitats Regulations Assessment

Used to assess the impacts of proposals and land-use plans against the conservation objectives of a European site and to ascertain whether it would adversely affect the integrity of that site.

Homes and Communities Agency

The national housing and regeneration agency. Its role is to create opportunities for people to live in high-quality, sustainable places. It provides funding for affordable housing, brings land back into productive use and improves quality of life by raising standards for the physical and social environment.

Intermediate housing

Housing at prices and rents above those of social rent, but below market prices or rents. It can include shared equity products, other low cost homes for sale and intermediate rent.

Lifetime Homes

The Lifetime Homes standard is a set of 16 design criteria that provide a model for building accessible and adaptable homes. The standards include level entry to the home, minimum doorway widths, adequate wheelchair manoeuvring space, provision for future installation of internal lifts and appropriate window heights.

Local Development Document (LDD)

Documents that collectively deliver the spatial planning strategy for the local planning authority's area. They include Development Plan Documents and Supplementary Planning Documents.

Local Development Framework (LDF)

A non-statutory term used to describe the portfolio of Development Plan Documents, Supplementary Planning Documents, the Statement of Community Involvement, the Local Development Scheme and Annual Monitoring Report.

National Planning Policy Framework

The document that sets out the Government's planning policies for England and how these are expected to be applied.

Registered Provider (RP)

A body registered with the Homes and Communities Agency which owns or manages affordable homes. For the purposes of this SPD, the term 'Registered Provider' is taken to include either a Registered Provider or a developer/organisation that is registered with the HCA as an Investment Partner.

Residual Land Value (RLV)

The sum of money left once all development costs (including developer return) have been deducted from the gross development value (GDV). Development costs include any sums required for affordable housing and other Section 106 requirements.

Section 106 agreement

Section 106 agreements (also known as planning obligations) are created under Section 106 of the Town and Country Planning Act 1990. They are legally binding obligations that are attached to a piece of land and are registered as local land charges against that piece of land. They are negotiated, usually in the context of planning applications, between local planning authorities and people with an interest in a piece of land. They are intended to make acceptable development that would otherwise be unacceptable in planning terms. They enable councils to secure contributions towards services, infrastructure and amenities to support and facilitate a proposed development.

Sheltered housing

Housing which is purpose built or converted exclusively for sale to elderly or vulnerable people with a package of estate management services and which consists of grouped, self-contained accommodation with an emergency alarm system, usually with communal facilities and normally with a resident warden.

Social rented housing

Housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime.

Strategic Environmental Assessment (SEA)

Environmental assessment of policies, plans and programmes required under the European SEA Directive 2001/42/EC. In the UK, this is combined with the sustainability appraisal (SA).

Supplementary Planning Document (SPD)

Part of the LDF that supplements and elaborates on policies and proposals in Development Plan Documents. Supplementary Planning Documents do not form part of the statutory development plan.

Sustainable Community Strategy

A strategy produced by a Local Strategic Partnership that sets the vision for an area and identifies the key areas where the partnership feels it can add value.

Unilateral Undertaking

A formal, legally binding document usually submitted by an applicant to the local planning authority to indicate that the applicant proposes to meet certain planning requirements as part of a new development scheme. The local planning authority is not party to a Unilateral Undertaking. Unilateral Undertakings are planning obligations created under Section 106 of the Town and Country Planning Act 1990.

Annex 6: Background documents

- Communities and Local Government, *National Planning Policy Framework*, 2012
- Fordham Research, *Buckinghamshire Strategic Housing Market Assessment*, 2008
- Housing Corporation, *Design and Quality Standards*, 2007
- South Bucks District Council, *Annual Monitoring Report 2011/12*, 2012
- South Bucks District Council, *Core Strategy*, 2011
- South Bucks District Council, *Core Strategy Sustainability Appraisal*, 2010
- South Bucks District Council, *Local Plan*, 1999 (consolidated 2007 and 2011)
- South Bucks District Council, *Local Requirements for the Validation of Planning Applications*, 2013
- South Bucks District Council, *Position Statement on Commuted Sum Payments*, 2011
- South Bucks District Council, *Proposed Submission Core Strategy Equalities Impact Assessment*, 2010
- South Bucks Partnership, *Sustainable Community Strategy for South Bucks District 2009-2026*, 2009
- Three Dragons, *Development Economics Study*, 2007 and 2010