



Hull Local Plan: 2016 – 2032

SPD15: Affordable Housing Supplementary Planning Document

Adopted 20th September 2019

Supplementary Planning Document (SPD) 15: Affordable Housing

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1. Introduction

1.1 This Supplementary Planning Document (SPD) provides additional guidance on implementing Policy 5: 'Type and Mix of Housing', Parts (2), (3) and (4): 'Affordable Housing' in the Hull Local Plan 2016 to 2032. It provides advice on when affordable housing is required, how much should be provided, how it should be provided, the mix required, and appropriate design.

2. Definition

National Planning Policy Framework (NPPF), July 2018, Annex 2: Glossary

2.1 Affordable housing: housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions:

a) Affordable housing for rent: meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).

b) Starter homes: is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household's eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.

c) Discounted market sales housing: is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.

d) Other affordable routes to home ownership: is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value)

and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision, or refunded to Government or the relevant authority specified in the funding agreement.

3. National and Local Policy

National Planning Policy Framework (NPPF), February 2019

3.1 Paragraph 62. Where a need for affordable housing is identified, planning policies should specify the type of affordable housing required (*applying the definition in Annex 2 to this Framework*), and expect it to be met on-site unless:

- a) off-site provision or an appropriate financial contribution in lieu can be robustly justified; and
- b) the agreed approach contributes to the objective of creating mixed and balanced communities.

3.2 Paragraph 63. Provision of affordable housing should not be sought for residential developments that are not major developments (*for housing, development where 10 or more homes will be provided, or the site has an area of 0.5 hectares or more*) ... To support the re-use of brownfield land, where vacant buildings are being reused or redeveloped, any affordable housing contribution due should be reduced by a proportionate amount (*equivalent to the existing gross floorspace of the existing buildings. This does not apply to vacant buildings which have been abandoned*).

3.3 Paragraph 64. Where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership (*as part of the overall affordable housing contribution from the site*), unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups. Exemptions to this 10% requirement should also be made where the site or proposed development:

- a) provides solely for Build to Rent homes;
- b) provides specialist accommodation for a group of people with specific needs (such as purpose-built accommodation for the elderly or students);
- c) is proposed to be developed by people who wish to build or commission their own homes; or
- d) is exclusively for affordable housing, an entry-level exception site or a rural exception site.

3.4 Paragraph 71. Local planning authorities should support the development of entry-level exception sites (*a site that provides entry-level homes suitable for first time buyers (or equivalent, for those looking to rent), in line with this paragraph*), suitable for first time buyers (or those looking to rent their first home), unless the need for such homes is already being met within the authority's area. These sites should be on land which is not already allocated for housing and should:

a) comprise of entry-level homes that offer one or more types of affordable housing as defined in Annex 2 of this Framework; and

b) be adjacent to existing settlements, proportionate in size to them (*entry-level exception sites should not be larger than one hectare in size or exceed 5% of the size of the existing settlement*), not compromise the protection given to areas or assets of particular importance in this Framework (*i.e. the areas referred to in footnote 6. Entry-level exception sites should not be permitted in National Parks (or within the Broads Authority), Areas of Outstanding Natural Beauty or land designated as Green Belt*), and comply with any local design policies and standards.

3.5 Paragraph 127. Planning policies and decisions should ensure that developments:

f) create places that are safe, inclusive and accessible and which promote health and wellbeing, with a high standard of amenity for existing and future users (*Planning policies for housing should make use of the Government's optional technical standards for accessible and adaptable housing, where this would address an identified need for such properties. Policies may also make use of the nationally described space standard, where the need for an internal space standard can be justified*).

Text in *italics* refers to footnotes in the NPPF.

Hull Local Plan 2016 to 2032, November 2017

3.6 Policy 5 Type and mix of housing

Size of homes

(1) Housing development should contribute to re-balancing the housing stock in Hull in the following ways:

a. at least 70% of new affordable housing should contain no more than 2 bedrooms ...

Affordable housing

(2) Market housing development should contribute towards the supply of affordable housing at the following levels, unless a detailed assessment of viability is provided by the developer and demonstrates that a reduced level of provision is justified:

a. in Housing Market Value Zones 1, 2, 3 and 4, 10% on sites of 15 or more dwellings;

b. in Housing Market Value Zone 5, 15% on sites of 11 or more dwellings.

(3) Affordable housing should be provided on-site and fully integrated into the development.

(4) In exceptional circumstances, where on-site provision is not suitable or feasible, off-site provision or payment in lieu will be accepted.

3.7 Policy 6 Housing space standards

(1) In Housing Market Value Zone 1, housing development is not required to meet the national minimum space standards.

(2) In Housing Market Value Zone 2, housing development should meet the national minimum internal space standards, unless a detailed assessment of viability is provided by the developer and demonstrates that it is not viable to meet these standards.

(3) In Housing Market Value Zones 3, 4 and 5, housing development should meet the national minimum internal space standards.

3.8 Policy 21 Designing for housing

(3) Housing development should provide accessible and adaptable dwellings that meet Building Regulation M4 (2) standard in at least 25% of market housing and at least 50% of affordable housing, unless:

a. in all Housing Market Value Zones, a detailed assessment of feasibility is provided by the developer and demonstrates that a reduced level of provision is justified; or

b. in Housing Market Value Zones 1 and 2 only, a detailed assessment of viability is provided by the developer and demonstrates that a reduced level of provision is justified.

(4) The Council will seek to deliver wheelchair user dwellings that meet Building Regulation M4 (3) standard on suitable housing sites, where there is a demonstrated need for such accommodation in that specific area.

4. When is affordable housing required on market development sites?

4.1 The Hull Local Plan states that in housing market value zones (HMVZs) 1,2,3,4, affordable housing should be provided on sites of 15 or more dwellings and in HMVZ 5 it should be provided on sites of 11 or more dwellings (Policy 5(2)).

4.2 The NPPF sets the following exemptions to an affordable housing requirement (paragraph 64):

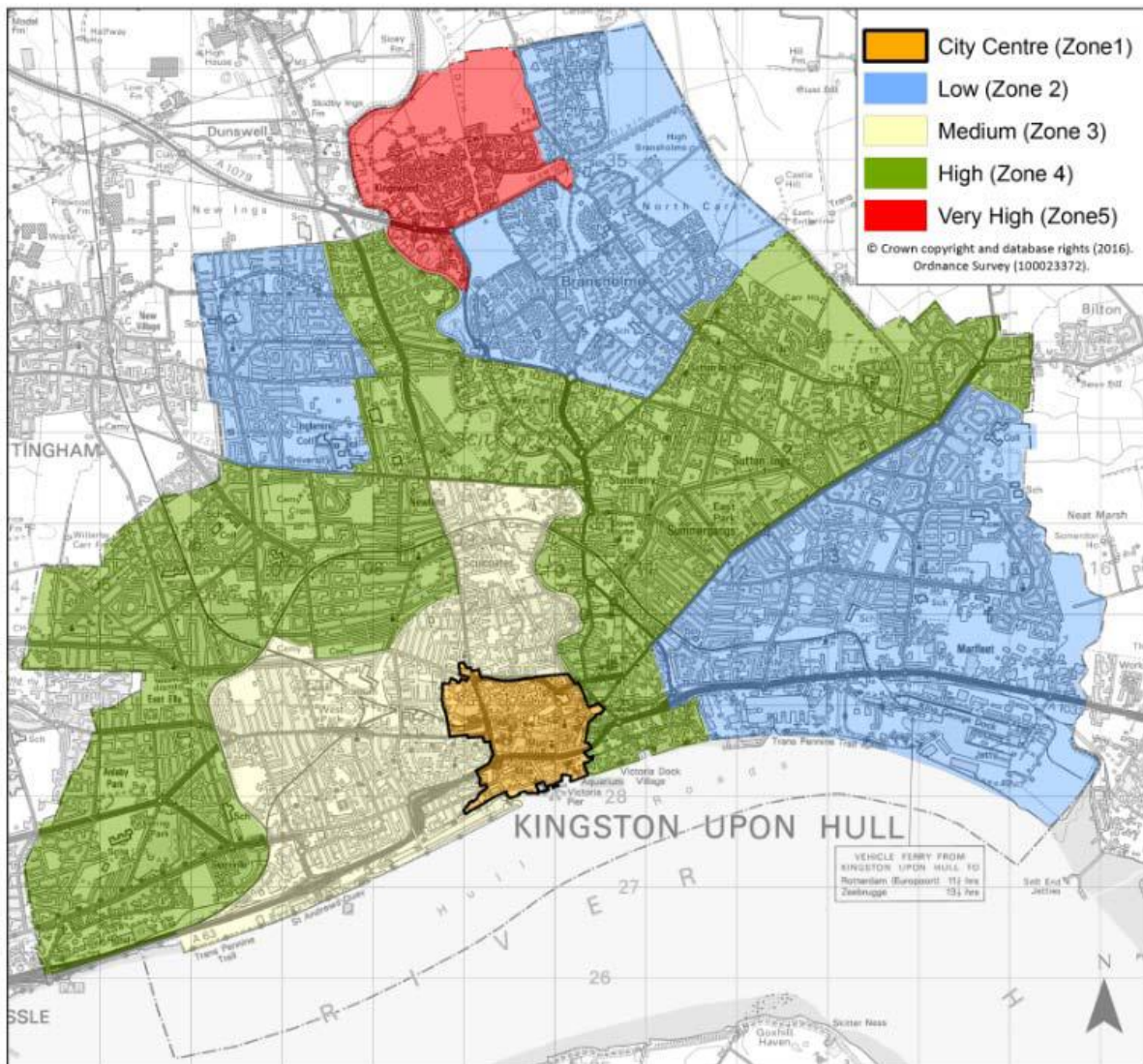
- Build to rent homes;
- Specialist accommodation for specific groups;
- Self-build and custom build houses; or
- Sites exclusively for affordable housing or entry-level exception sites.

4.3 The thresholds should be applied to all types of proposals for new housing, including conversions, changes of use and new build. Planning applications for sites that fall under the threshold but are part of a wider allocation or site that would be above the threshold will be required to provide affordable housing. For example, where the site is the first phase of the development, proportionate provision towards affordable housing will be expected.

4.4 Details of affordable housing provision will be dealt with in full or reserved matters applications. Approved outline applications will include a condition which requires affordable housing to be provided. The Council will expect applicants to submit an Affordable Housing Statement setting out how they propose to deal with affordable housing before an application is validated (the information required is set out in Appendix 1).

4.5 Affordable housing for rent will usually be transferred to a Registered Provider. If practicable, negotiations with a Registered Provider should begin in advance of when a planning application is submitted. Provision of affordable housing for sale is supported and the Council will work with developers to bring forward affordable home ownership products.

Map of Housing Market Value Zones



5. How much affordable housing should be provided on market development sites?

5.1 The Hull Local Plan states that affordable housing should be provided at a rate of 10% on sites of 15 or more dwellings in HMVZs 1,2,3,4 and 15% on sites of 11 or more dwellings in HMVZ 5, unless a viability assessment provided by the developer demonstrates that a reduced level of provision is justified (Policy 5 (2)).

5.2 Developers will be expected to submit sufficient details in support of any claim for a reduction in the affordable housing requirement to enable the Council to undertake a review of the scheme's viability (the information required is set out in Appendix 2).

6. How should affordable housing be provided on market development sites?

6.1 The Hull Local Plan states that affordable housing should be provided on-site. However, in exceptional circumstances, where on-site provision is not suitable or feasible, off-site provision or payment in lieu will be accepted (Policy 5 (3) & (4)).

6.2 The affordable housing requirement will usually be provided on-site. If the affordable housing is for rent, it will usually be transferred to a Registered Provider. Transfer values, set out in Appendix 3, are the sum a developer would expect to receive when transferring an affordable dwelling to a Registered Provider. If the affordable housing is for sale, the Council will work with the developer to ensure that eligibility criteria are met.

6.3 Where it is determined by the Council that off-site provision would be more appropriate, this will usually be made by way of a commuted sum. In some cases the Council may require a combination of on-site provision and a commuted sum. Where the affordable housing requirement does not equate to a whole number of units, a financial contribution equivalent to the commuted sum for a partial unit will be required in addition to any whole units being provided on-site.

6.4 Commuted sums per dwelling in each of the Housing Market Value Areas have been determined based on valuations by the District Valuer and are set out in Appendix 3. These sums should be used when a financial contribution is required for less than one affordable unit or where the Council requests whole affordable units are provided as a commuted sum rather than on-site.

6.5 If it has not been possible to reach an agreement with a Registered Provider prior to commencing the development, the developer should contact a range of Registered Providers throughout a 12-month offer period to allow them the opportunity to reconsider whether they are able to take on the affordable housing. Where after the offer period there is evidence that no Registered Provider is willing to accept the affordable housing, or the offers received from Registered Providers are not considered reasonable, the Council may consider another negotiated arrangement or, as a last resort, may accept a commuted sum in lieu of provision. These sums will be based on the size, type and tenure mix specified in the S106 agreement using the indicative transfer values shown in Appendix 3. The amount payable in lieu of on-site provision is calculated as market value minus the transfer value.

6.6 Commuted sums will be used to enable the delivery of additional affordable housing in Hull through a variety of schemes which support the delivery of specialist, supported and general needs homes in areas of identified need. Where appropriate, the Council is open to partnering with Registered Providers and other organisations,

for example charitable and community led organisations, to deliver affordable housing using commuted sums.

7. What mix of affordable housing will be required?

7.1 The Hull Local Plan states that at least 70% of new affordable housing should contain no more than 2 bedrooms (Policy 5 (1)).

7.2 When considering the tenure, size and type of affordable housing, applicants should consider the need in the local area. The most appropriate tenure split, size and type of affordable housing will be determined on a case-by-case basis and informed by the most up-to-date Strategic Housing Market Assessment (SHMA), the current local authority housing register, the existing affordable housing stock in the locality, any other relevant site-specific information and current planning policy/guidance. Applicants should approach the Council's Housing Strategy and Renewal team who can provide advice and guidance.

7.3 Where the delivery of affordable housing will unreasonably affect the economic viability of a development, the Council will work with the applicant and, if appropriate, Registered Providers, to achieve a balance between meeting the requirement for affordable housing and providing the appropriate tenure, size and type of affordable dwellings.

7.4 For full or reserved matters applications, an agreement with the Council on the number, type, size, tenure and location of the affordable housing to be provided on the particular site should be reached before an application is submitted. Applicants will be required to submit an Affordable Housing Statement (see Appendix 1) before an application will be validated.

8. What design of affordable housing is appropriate?

8.1 The Hull Local Plan states that affordable housing should be fully integrated into the development (Policy 5 (3)), be designed according to Building for Life principles (Policy 21 (1)) and developed at an appropriate density (Policy 21 (2)). It should also meet, as appropriate, the nationally described space standard (Policy 6) and accessible/ adaptable dwellings standard (Policy 21 (3/4)).

8.2 Where affordable housing is provided as part of a mixed tenure site, it should be integrated into the development in terms of its design and layout (Policy 5 (3)). It is important to consider affordable housing from the inception of a design concept. The requirement for affordable housing could significantly alter the potential design of a scheme depending on the percentage of affordable housing required and the size, type and tenure required. Where the affordable housing will be for rent,

developers are encouraged to involve a Registered Provider at an early stage in the design and layout of any scheme involving affordable housing to ensure that their requirements can be met.

8.3 Residential development should aim to create mixed and balanced communities; therefore, affordable housing is best distributed as individual houses or in small clusters throughout the development. Where appropriate, early engagement with Registered Providers will ensure the design and layout of a scheme, including the provision of affordable housing, is accepted by both parties.

8.4 All housing development in HMVZs 3, 4 & 5, and, unless demonstrated not to be viable, in HMVZ 2, should meet the nationally described space standard (Policy 6). In terms of affordable housing for rent, meeting the standard will ensure that homes meet the requirements of Registered Providers.

8.5 The Hull Local Plan seeks the provision of housing that is accessible and adaptable, that will meet the needs of a wide range of people over time. At least 50% of affordable housing should meet Building Regulation M4 (2) standard, unless a reduced level of provision is justified by a feasibility study or, in HMVZs 1 and 2 only, by a viability assessment (Policy 21 (3)). Where there is a demonstrated need in a specific area, the Council may seek wheelchair user dwellings that meet Building Regulation standard M4 (3) (Policy 21 (4)).

9. Section 106 Agreements and Unilateral Undertakings

9.1 In general, the Council prefers to use S106 agreements for the provision of affordable housing. This is because they are flexible and enable the Council to negotiate the details of provision, such as size, type and mix, to ensure it is the best option for meeting need. S106 agreements also allow for changes to the design of the development through the application process.

9.2 Unilateral undertakings are encouraged where the required provision of affordable housing is less than 1 dwelling and where the applicant intends to meet the requirement with the payment of a commuted sum.

9.3 S106 agreements, and unilateral undertakings, should cover the following:

- how completed dwellings or land are to be transferred to an approved development partner, including costs and phasing of handover;
- how the occupancy of the affordable housing is to be preserved for people in housing need;
- the number, size and tenure of affordable housing or the area of land to be made available; or the level of financial contribution if it is to be provided off-site (commuted sum);

- a restriction requiring that no more than a specific proportion of the site will be sold or occupied before the affordable housing has been contractually secured;
- how the dwellings completed as affordable units are retained as such to benefit future occupants;
- the level and timing of payment of any commuted sum.

10. Other information

10.1 The Council has a list of Registered Providers that currently work in Hull. The Council is also a Registered Provider and will work with developers to deliver new affordable housing. The Council, as a Registered Provider, should be approached alongside other Registered Providers (who may or may not be on the Council list) prior to submitting a planning application.

10.2 The Council will place restrictions on who is eligible to rent affordable housing and may place restrictions on who is eligible to buy affordable housing. Where the affordable housing will be for rent, the Council will require 100 percent nomination rights to first lettings and an agreed percentage of re-lets and re-sales, to be no less than 50 percent. Nominations (and allocations if the Registered Provider is the Council) will be made in line with the Council's Housing Allocations Policy. Where the affordable housing will be for sale, the Council will determine on a case-by-case basis whether or not to exercise any restrictions on nominations and/ or allocations.

Appendix 1: Affordable Housing Statement

Where an application for residential development generates a requirement for affordable housing, an Affordable Housing Statement should be submitted. The information required in the statement is set out below:

- The total number of residential units proposed.
- The mix of market and affordable units with details of numbers and floor space of habitable rooms and bedrooms.
- Plan(s) showing the location of affordable units in relation to the proposed market housing, with details of size and numbers of habitable rooms and bedrooms.
- Details of the proposed arrangements of tenure for the affordable units including the proposed arrangements for ensuring affordability in the long term (where more than one type of tenure is proposed, details of types should be provided and plans should clearly identify which type applies to each unit).
- Details of any Registered Provider acting as a partner in the development.
- In the event that you are seeking to justify affordable housing provision below the Council's requirements, a full financial appraisal (or information to enable the Council to undertake a review of the scheme's viability)
- A statement setting out the proposed draft heads of terms for any necessary S106 agreement is also recommended.

Appendix 2: Information Required to Review Financial Viability

To justify the provision of less than the required percentage of affordable housing, the Council requires financial information to be submitted with the planning application. The type of information required is set out below. Applicants may also choose to submit a completed viability appraisal to support their case. The Council is not prescriptive about the format or methodology as this may depend on the circumstances of the proposed development. For small schemes, a relatively simple residual appraisal using current costs and values may be sufficient. Whatever format is adopted, the information submitted should be presented in a transparent manner with the key revenue, cost and timing and phasing variables set out below clearly stated.

National Planning Practice Guidance (NPPG) states that '*any viability assessment should be prepared on the basis that that it will be made publicly available other than in exceptional circumstances...Where it is deemed that specific details of an assessment are commercially sensitive, the information should be aggregated...and included as part of total cost figures...The aggregated information should be clearly set out to the satisfaction of the decision maker. Any sensitive personal information should not be made public.*' (NPPG 'Viability', Paragraph 021, Reference ID: 10-021-20190509, revised 9th May 2019).

The information to be supplied should include the anticipated value of the completed development, and all costs incurred or expected to be incurred in order to achieve this value together with copies of any professional advice used in support of the figures supplied.

The value of land will be determined by the Council, in accordance with up-to-date RICS guidance, as the market value subject to the following assumption: that the value has regard to development plan policies and all other material planning considerations and disregards that which is contrary to the development plan. The Council will normally disregard the nature of the applicant and benefits or dis-benefits that are unique to them and will seek to adopt industry benchmarks appropriate to the site in question. The Council recognises that those who typically build small schemes will often work within different financial parameters to the developers of larger volume housing sites.

Information required should include the following as a minimum guide but may also cover other items specific to the proposed development. The Council may specify further information as it deems necessary in relation to specific proposals.

Information required includes, in summary:

- Development proposal
- Costs/ Revenue
- Costs
- Timings and Phasing

Appendix 3: Transfer Values

The following transfer values and commuted sums are indicative and based on market valuations provided by the District Valuer. They are intended as a starting point for negotiation. Transfer values provide an indication to developers and registered providers of the amount they may expect to receive or pay for an affordable dwelling. Commuted sums are the amount a developer may be expected to pay the Council in lieu of on-site provision. Market values, transfer values and commuted sums will be updated periodically through the Hull Local Plan Annual Monitoring Report to ensure they remain relevant and responsive to current market conditions and policy.

<i>Dwelling Size</i>	<i>Market Value £</i>	<i>Transfer Value £</i>	<i>Commuted Sum £</i>
HMVZ 1			
1-bedroom	110,000	44,000	66,000
2-bedroom	162,500	65,000	97,500
3-bedroom	182,500	73,000	109,500
HMVZ 2			
1-bedroom	80,000	32,000	48,000
2-bedroom	135,000	54,000	81,000
3-bedroom	152,500	61,000	91,500
HMVZ 3			
1-bedroom	80,000	32,000	48,000
2-bedroom	135,000	54,000	81,000
3-bedroom	155,000	62,000	93,000
HMVZ 4			
1-bedroom	90,000	36,000	54,000
2-bedroom	140,000	56,000	84,000
3-bedroom	160,000	64,000	96,000
HMVZ 5			
1-bedroom	100,000	40,000	60,000
2-bedroom	142,500	57,000	85,500
3-bedroom	162,500	65,000	97,500

HMVZ = Housing Market Value Zone

Transfer Value = 40% of Market Value

Commuted Sum = Market Value minus Transfer Value (i.e. 60% of Market Value)

A worked example is on the following page.

Worked Example of on-site and off-site provision of affordable housing

Development of x20 2-bedroom dwellings in HMVZ4 with a 10% affordable housing requirement

1. Providing affordable housing on-site:		
x18 units at Market Value	£140,000 x18	£2,520,000 <u>plus</u>
Transfer Value for 2 affordable units	£56,000 x2	
£112,000		
Total Value		£2,632,000
2. Providing affordable housing off-site:		
x20 units at Market Value	£140,000 x20	£2,800,000
<u>minus</u>		
Commuted Sum for 2 affordable units	£84,000 x2	
£168,000		
Total Value		£2,632,000

Market Value is a receipt for the developer; a Commuted Sum is a cost to the developer.