

# **Affordable Housing Briefing Note**

**For**

# **Neighbourhood Development Plans**

**Compiled by:**

**Cornwall Council's Affordable Housing Team**

**(updated Sept 2018)**

# Affordable Housing Briefing Note for Neighbourhood Development Plans

## Contents

Introduction.....	3
1.The Challenge.....	3
1.1. Taking a Positive Approach .....	3
1.2. Towards a Solution.....	4
2. What is affordable housing?.....	4
3. What is housing need and the evidence?.....	4
4. What are nomination rights and other restrictions?.....	5
4.1. Local connection criteria and cascade arrangements .....	6
4.2. Guidance on Section 106 agreements.....	6
5. Delivery .....	6
5.1. National Policy .....	6
5.2. Local Policy .....	7
5.2.1. Local Plan Policy 8 .....	7
5.2.2. Local Plan Policy 9 (Affordable Housing Led / Rural Exception sites .....	8
5.3. Viability.....	9
5.4. Infill sites and sites outside of existing settlement extents.....	9
5.5. Re-used or replacement dwellings in the open countryside .....	9
5.6. Meeting need in Areas of Outstanding Natural Beauty.....	10
5.7. Implications of Maximum site size and NDPs.....	10
6. Affordable housing scheme mix .....	10
6.1. Tenure .....	10
6.2. Dwelling mix (sizes and types).....	10
7. Further Information.....	11

Appendix 1 – Local Connection Criteria

Appendix 2 – Value Zones

Appendix 3 - Glossary

Appendix 4 – Affordable Housing Tenures and Products

## Introduction

This briefing note sets out the basics of why your community needs to consider affordable housing and what policy says about it; it gives you an understanding of what affordable housing is, the different types of tenure and why it is important to understand housing need; you will also read about the restrictions that are placed on Affordable Housing. Finally, there is some useful information in the Appendices such as a glossary of terms.

## 1. The Challenge

Access to a good quality home at an affordable price is a basic human need, but due to the divergence between house prices and average salaries in Cornwall, access to suitable housing for many people here is a significant challenge. Coupled with the rural character of Cornwall and the various landscape constraints that protect our countryside, delivery of new homes in the right places is difficult and requires careful planning through well informed local planning policies, including Neighbourhood Development Plans (NDP's).

There is an existing framework of national and Cornwall wide planning policies that will help you produce robust and effective NDP policies to shape new housing development in your area. It is important that your NDP is consistent with these policies if it is to be formally adopted. In particular paragraphs 54 and 55 refer to affordable housing:

1. The National Planning Policy Framework (March 2012):  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/6077/2116950.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6077/2116950.pdf)
2. Existing and adopted ('saved') Local Planning Policy:  
<https://www.cornwall.gov.uk/environment-and-planning/planning/planning-policy/saved-policies/>
3. It is also important your NDP considers local policies and documents that are likely to be adopted without significant changes, including:
4. The Cornwall Local Plan Strategic Policies, in particular Policy 8 and Policy 9 (covered later in this guidance note)
5. The draft Affordable Housing Supplementary Planning Document (SPD)

### 1.1. Taking a Positive Approach

The National Planning Policy Framework (NPPF) puts sustainable development at the heart of plan making. Key to this is that, as plan makers, you must not seek to prevent development in an area but instead, you should positively seek opportunities to meet your development needs.

It is important to note that the risk of taking a preventative approach to development is that any developer or landowner can submit a housing development proposal regardless and this will be assessed against the national and local plan policies alone, thereby leaving your community with less leverage to direct new development in your area. Therefore, it is essential that your NDP is in conformity with the positive and enabling approach towards development promoted in the NPPF.

You must also ensure that your NDP policies are in conformity with the Cornwall Local Plan Strategic Policies on housing and affordable housing and the specific advice contained in the draft Housing Supplementary Planning document.

## 1.2. Towards a Solution

To create robust NDP Policies relating to housing you will need to use evidence bases including those listed below to ensure that your plan objectively meets the need for affordable housing in your area:

- The housing targets set out for your Community Network Area
- The up to date affordable housing need for your area
- You may wish to undertake a Housing Needs Survey

Cornwall Council's Affordable Housing Team can advise you on the up to date affordable housing need in your area and how to undertake a Housing Needs Survey. Contact details are provided at the end of this guidance document.

As well as written policies, you can identify key sites or broad locations for housing growth. It is important that, in considering the location of housing sites, you promote sustainable development by encouraging housing where it will enhance or maintain the vitality of rural communities. Remember, by supporting the appropriate scale of housing growth in your area, you can also support the future of local businesses, facilities and services including schools that may otherwise be under threat. New housing in your area may help create more local jobs, both directly and indirectly.

The NPPF requires that in making NDPs, you develop robust and comprehensive policies that set out the expected quality of development in the area and contribute positively to making places better for people. Specific advice on design can be found in the Cornwall Design Guide<sup>1</sup> (link) and more detailed advice on housing quality and standards can be found in the draft Housing SPD.

Try to ensure that you have a clear understanding of your aims and objectives for producing a NDP for your community. Remember, an NDP is not always the right tool for shaping development in all areas. For example, if you are a rural area which experienced little pressure for housing development, you might be better talking to someone in our Affordable Housing Team who can advise and support you on specific housing development sites and proposals.

## 2. What is affordable housing?

The NPPF provides a broad definition of housing need. It encompasses households on very low incomes including those dependent upon means tested benefits for whom rented accommodation may best meet their need. It also includes households who have an income but, due to the significant gap between earnings and housing costs, are unable to buy a house through the open market.

## 3. What is housing need and the evidence?

The NPPF defines households as being in housing need if they are unable to access a suitable home in the open market. That is, a household that cannot access a home suitable for their needs in the right location at an affordable price. This is the basis of any measurement of housing need. Any assessment will need to take into account the quality and condition of existing housing; homes in disrepair; homes which are overcrowded; homes which are not suitable for households with specific needs (for example those with disabilities); and, in Cornwall crucially, homes which are not affordable to local households.

<sup>1</sup> Available here: <https://www.cornwall.gov.uk/environment-and-planning/planning/planning-policy/adopted-plans/planning-policy-guidance/cornwall-design-guide/>

The Council has relied on the Strategic Housing Market Assessment (SHMA)<sup>2</sup> and housing register data to provide evidence of housing need to support the development of local plan policies. However, it recognises that for site specific proposals, there is scope to give weight to a wider range of local data sources both to justify the level of housing need, the number of houses that may be required and to inform the tenure and dwelling mixes. Examples of relevant data sources include:

- Bespoke analysis from the Cornwall Homechoice register<sup>3</sup>
- Analysis of commitments and recent delivery rates in the parish or locality
- Parish Housing Needs Surveys (of less than 3 years old)
- NDPs
- Application data in response to specific proposals
- Data from the Help to Buy South West website for intermediate housing

If you wish to undertake a local housing needs survey please contact the Affordable Housing Team, who will be able to offer guidance and support in carrying out and analysing an online survey<sup>4</sup>. The survey data collected will then complement and be considered alongside the registered housing data and information that the Council can provide.

#### **4. What are nomination rights and other restrictions?**

The Council maintains comprehensive information on local households seeking affordable housing. Homechoice<sup>5</sup> is a single housing register for Cornwall where applicants can apply for rented housing owned and managed by the Council or by local Registered Providers.

Some HomeChoice applicants are considered to be in a greater need than others, and are awarded a higher priority banding as a result. Regardless of any priority banding, all Parish qualified households are eligible to apply for affordable housing. This becomes relevant when there are more locally qualifying people than affordable homes available, and priority is given to those deemed in greatest need. Were the affordable homes ready for occupation now, and were all qualifying applicants to bid, the number of affordable homes would be insufficient to meet the local need. Those in the highest banding would be given priority to proceed, and subject to availability, by those in lower priority bands.

The types of households who are awarded band E status vary. This is because an assessment that they are adequately housed does not address the temporary nature or affordability of their housing solution. For example, people living in short term housing (holiday lets, local authority care or hospital) are very often in this group. In addition, a number of adult children or couples living at home with parents are in this group, so in one sense they may be 'adequately housed', but not independently so and not permanently so. All Band E applicants qualify for affordable housing and all are eligible to bid for available properties.

<sup>2</sup> Available to download here: <https://www.cornwall.gov.uk/housing/affordable-housing/affordable-housing-policy/strategic-housing-market-needs-assessment/>

<sup>3</sup> There is a small cost associated with this, depending on the analysis needed

<sup>4</sup> Online surveying conducted via Netigate. A template can be viewed for free here: <https://www.netigate.se/a/s.aspx?s=597322X129995318X66542>

<sup>5</sup> Cornwall Home Choice Register: <https://secure.cornwall.gov.uk/cornwallhousing/openaccess.l/ibsxmlpr.p?docid=home>

In addition, households looking to buy an affordable home can make an application to the Council's partner Help to Buy South West<sup>6</sup>. Help to Buy South West advertise homes for sale on behalf of developers and Registered Providers.

Both registers assess the eligibility of households and the affordability of homes being provided. Given that these registers provide comprehensive records of eligible households, the Council will seek to secure rights to put forward (or nominate) these pre-qualified households to new developments. Nomination rights are negotiated through the section 106 agreement and normally permit the Council or its agents a period of time in which to put forward suitable eligible occupants for properties. Where the Council is not able to provide a suitable nominee within a specified period of time, the owner is free to let or sell properties to qualifying applicants of their choice, provided that all occupants will be subject to approval by the Council.

#### **4.1. Local connection criteria and cascade arrangements**

All rural schemes are subject to a parish local connection policy. Relevant occupancy controls would be included in a section 106 obligation. A connection can be established either through residence or employment and the criteria also makes provision for other exceptional circumstances. A cascade will operate with homes being let or sold:

- Initially to households with a parish connection;
- Then to households with a connection to adjoining parishes; and
- Then with the same connection to Cornwall

The key towns have a dual function, meeting locally arising need but also providing for the wider strategic and statutory housing needs of Cornwall. Given this, developments in the main towns identified under policy 3 of the Cornwall Local Plan are subject to wider local connection provisions. Local connection definitions are set out in Appendix 1.

#### **4.2. Guidance on Section 106 agreements**

For all planning applications that involve affordable housing, applicants will be required to complete a Section 106 Agreement<sup>7</sup>. The purpose of this Agreement is to ensure that the affordable housing is of a high quality and that:

- the homes go to local people most in need of affordable housing, and
- the rents or prices are affordable, and remain so in the future

## **5. Delivery**

### **5.1. National Policy**

Local Authorities have a statutory duty to provide housing for households in local housing need and to prevent homelessness. The National Planning Policy Framework (NPPF) provides the overarching national requirements for planning policy, which local planning documents must be in conformity with.

An underpinning principle of the NPPF is to significantly boost the supply of new housing and widen opportunities for home ownership. The NPPF is explicit that

<sup>6</sup> Help to Buy South West: <https://www.helptobuysw.org.uk/>

<sup>7</sup> Cornwall Council's template s106 agreement: <https://www.cornwall.gov.uk/housing/affordable-housing/affordable-housing-policy/section-106-agreements/>

Local Planning Authorities (LPAs) must deliver a wide choice of quality homes that people want and need, which includes both market and affordable housing.

Specifically, in rural areas local planning authorities should be responsive to local circumstances and plan housing development to reflect local needs, particularly for affordable housing, including through rural exception sites where appropriate (see 5.2.2).

Following amendments in May 2016 to the Governments National Planning Practice Guidance (NPPG) within the document 'Planning Obligations', the minimum site thresholds where affordable housing delivery is required has changed.

The new minimum site threshold is 10 dwellings. However, Local Planning Authorities (LPAs) can apply a lower site threshold to 5 in Designated Rural Areas (DRA's) and Areas of Outstanding Natural Beauty (AONBs). In AONBs and Designated Rural Areas the Council is only permitted to seek off site contributions in lieu of affordable housing on schemes delivering between 6 to 10 dwellings and not seek the provision of on-site affordable housing. The target level of affordable housing as set out in the Cornwall Local Plan shall continue to apply (i.e. 25% to 50%, based upon the updated Zone areas within the Cornwall Local Plan) as a basis for calculation. On schemes of over 10 dwellings the Council can seek on-site provision of affordable housing. Please note the revised threshold does not apply to exception sites which are defined in 5.2.2.

## 5.2. Local Policy

There are two Policies that are relevant to Affordable Housing in the Local Plan: Policy 8 Affordable Housing and Policy 9 Affordable Housing Led Schemes (whose primary purpose is to provide affordable housing to meet local needs). Sites under both policies can be identified ('allocated') in NDPs, with Policy 9 sites securing between 50-100% affordable housing (dependent on viability), providing greater delivery certainty; and Policy 8 sites delivering a combination of Open Market and Affordable Housing to meet local needs.

### 5.2.1. Local Plan Policy 8 will apply to:

- Sites allocated in the Cornwall Site Allocations DPD<sup>8</sup> and within NDPs (excluding Policy 9 rural exception sites);
- Sites within or on the edge of the main towns whose development would contribute to the housing growth set out in Local Plan Policy 3;
- Infill developments in both urban and rural areas, as defined in Local Plan Policy 3 and supporting text, which states they are the filling of a small gap in an otherwise continuously built up frontage that does not physically extend the settlement into the open countryside; or the redevelopment of an existing previously developed site within or adjoining the settlement;
- Previously developed sites in the countryside where proposals comprise of the replacement or subdivision of existing residential dwellings or the re-use of existing redundant or disused buildings (as defined in draft Policy 7 of the Cornwall Local Plan).

<sup>8</sup> Cornwall Site Allocations DPD work: <https://www.cornwall.gov.uk/environment-and-planning/planning/planning-policy/adopted-plans/development-plan-documents/cornwall-site-allocations-development-plan-document/>

The target requirement for developments caught by Policy 8 is a provision of 25% - 50% affordable housing target, depending on the Value Zone (Appendix 2 provides a full breakdown of Cornish locations and their corresponding Value Zone).

Zone	1	2	3	4	5
%	50%	40%	35%	30%	25%

### 5.2.2. Local Plan Policy 9 (Affordable Housing Led / Rural Exception sites) will apply to:

- Development proposals on sites outside of existing built up areas in smaller towns, villages and hamlets, or in the open countryside;
- Sites which would not otherwise be considered for development, i.e. those which would only be considered favourably if their primary purpose is to provide affordable housing to meet local needs;

It is important that communities preparing a neighbourhood development plan (NDP) understand the scope of neighbourhood planning powers and how that relates to strategic policy. It has always been the case that, if there is demonstrable local need, exceptions sites will be allowed if they meet the tests of Policy 9 of the Cornwall Local Plan.

Policy 9 allows development proposals on sites outside of but adjacent to the existing built up area of smaller towns villages and hamlets, whose primary purpose is to provide affordable housing to meet local need.

Any market housing must be demonstrated to be an essential element to increase the viability of affordable housing provision and incentivise landowners to bring forward sites within acceptable land value parameters. Cross-subsidy proposals must therefore be carefully considered and are required to:

- Be affordable-led, i.e. a key objective must be to provide affordable homes to meet need rather than to maximise the amount of market housing. This will significantly impact on land value and it is important that landowner expectations for such sites are realistic and reflective of the policy requirement to be affordable-led.
- Recognise that the 50% percentage (quantum and land take) for the level of market housing stipulated in Local Plan Policy 9 is a minimum level and not a standard acceptable ratio;

If there is a qualifying local need, on the housing needs register which demonstrates a local connection to the parish in the first instance, and a proposal for affordable housing is made, then Cornwall Council must consider whether the site is suitable and in line with the policy framework in other respects such as scale and location; and if it is in line with policy, the application should be approved.

The decision has to be taken at the time the application is made. The housing need register is a snapshot at a certain point in time and will vary from month to month. An NDP cannot count existing permissions as a definite delivery to satisfy housing need over the plan period.

### 5.3. Viability

Every proposal involving residential development over the Local Plan Policy 8 thresholds will be expected to use the targets set in the Local Plan (Value Zones) as a starting point for calculating the level of affordable housing to be provided.

However, the Council accepts that the Local Plan targets are in some circumstances aspirational and will, on some sites, in some areas of Cornwall, be challenging to achieve and recognises that in some circumstances it will be necessary to negotiate the level of affordable provision. The objective is to prevent blockages on delivery where viability is marginal. It is recognised that the financial viability of developments varies greatly:

- Across different value zones of Cornwall;
- Over time according to the prevailing economic climate;
- From site to site, for example brownfield sites or those involving the historic built environment can incur higher costs; and
- Depending on what other planning gain is being contributed, for example to infrastructure or wider regeneration or economic development objectives.

In circumstances where an applicant considers the affordable housing requirement will render a scheme unviable, applicants need to submit economic viability information.

### 5.4. Infill sites and sites outside of existing settlement extents

The Local Plan sets out a criteria based approach to assessing the status of a site, for example whether it is considered to be infill development or development outside of existing settlement extents. The distinction between infill and open countryside has important implications for affordable housing with different policies and targets applying depending on how a site is considered

Paragraphs 1.31 – 1.33 and Policy 3 of the Local Plan provide guidance on what is considered as an infill site in built-up areas of towns and large villages, and what is considered as an infill site in smaller villages and hamlets. The targets and requirements of Local Plan Policy 8 will apply to infill sites.

### 5.5. Re-used or replacement dwellings in the open countryside

Policy 7 of the Local Plan encourages housing in the open countryside to focus on the use of existing buildings. Such proposals on previously developed sites for the replacement or subdivision of existing residential dwellings, or the re-use of existing redundant or disused buildings; are likely to be small scale and potentially high cost. As such it is not considered reasonable to require such proposals to be affordable housing led and instead the default targets of Policy 8 should be applied, according to Value Zones. However, sites which involve the partial replacement or re-use of existing buildings together with new build, where a larger proportion of the site is currently undeveloped, will be considered under Policy 9.

## 5.6. Meeting need in Areas of Outstanding Natural Beauty

Where a parish or settlement is entirely within an AONB and there is a significant level of affordable housing need:

- Some affordable housing development within the AONB will be necessary to meet this need;
- NPPF tests 115 and 116 must be considered in this context;
- It is in the public interest to provide affordable housing to meet an identified affordable housing need;
- The assessment of what constitutes a major development in the AONB will be on a case by case basis. Scale should be appropriate to both the size of the settlement and level of affordable housing need within the settlement;
- The level of affordable housing need in an area could be considered to be an exceptional circumstance, as envisaged in the NPPF

## 5.7. Implications of Maximum site size and NDPs

It is important to consider the implications of introducing a maximum site size in the a NDP eg 10 units would restrict the supply of affordable homes in an area, and may be contrary to national planning guidance to increase the supply of new homes and meet local needs across all sections of the housing market, including affordable homes.

Applying the Local Plan affordable housing target in Value Zone 4 30% to a 10 unit development site would mean a maximum affordable housing quantum of 3 homes from each site (maximum). This therefore brings concerns that this maximum site size cap would restrict affordable supply. With a high level of housing need in Cornwall, this is a concern.

## 6. Affordable housing scheme mix

### 6.1. Tenure

The greatest need in Cornwall is for affordable homes to rent. The Local Plan tenure target is that at least 70% of the affordable homes should be provided as affordable rented housing. The balance can be some form of intermediate housing, provided it satisfies the Council's price, nomination and management requirements.

### 6.2. Dwelling mix (sizes and types)

Where affordable homes are delivered on-site a balanced and appropriate mix in terms of dwelling style, type and size must be achieved. Typically each site should provide affordable housing in the form of both houses and apartments, unless there is overriding justification because of local housing needs or site constraints.

A balanced range of affordable dwelling sizes and types will be required in a mix designed to deliver the two objectives of meeting local needs and ensuring a balanced, mixed and sustainable community.

Unbalanced numbers of a particular unit size or type will not be supported. However, the following guiding principles will be employed by the Council in negotiating an appropriate mix of affordable homes:

#### **Dwelling sizes**

- For rented homes, generally there is a high level of need for dwellings with 1 and 2 bedrooms. However, given this and the objective to make homes as flexible as possible, the Council will generally seek homes with higher

numbers of bed-spaces per room, for example 1 bedroom 2 person and 2 bedroom 4 person homes.

- On medium and large sites a proportion of larger family homes for rent (4 bedrooms plus) will be sought, as there is typically a high demand.
- Homes shall generally comprise of larger house types and bed-spaces.
- Guidance in relation to floor-space standards is provided in the draft Affordable Housing SPD (8a.3.2 on page 40)

### **Dwelling types**

- No more than 40% of affordable homes should be apartments, due to the high proportion of households with younger children and those with mobility problems.
- Detached and terraced houses and bungalows are preferred house types for affordable housing to rent.
- Semi and link detached houses should always be of the same tenure.
- Coach houses are only acceptable if the garage below is part of the property and allocated to the same household.
- At least 20% of affordable rented homes on developments of 10 or more should be built to Lifetime Homes and / or wheelchair standards, due to the number of older applicants and those with limited mobility.

Appendix 4 provides a table detailing the different types of Affordable Housing tenure and products and their pros and cons.

## **7. Further Information**

Further information on Cornwall Council's approach to delivering Affordable Housing can be found in the draft Housing Supplemental Planning Document (SPD): <https://www.cornwall.gov.uk/environment-and-planning/planning/planning-policy/adopted-plans/planning-policy-guidance/housing-supplementary-planning-document/>

The Affordable Housing Team have development a Rural Toolkit to help communities to get together and assess need, find sites, choose sites and deliver housing. Cornwall Council is pro-actively using the toolkit across the county but communities can also initiate a project on their own or with the assistance of Cornwall Council.

The Rural Toolkit comes in two parts - a summary leaflet that sets out the five key stages with checklist, and a more detailed handbook that gives step by step guidance on how to carry out the tasks within each stage. The two documents are complementary and should be read together: <https://www.cornwall.gov.uk/housing/affordable-housing/community-led-housing/rural-toolkit/>

The Rural Toolkit has been designed for anybody to be able to use it for help in running a local needs housing project. It is designed to be flexible so that communities can pick and choose the parts that suit their own needs. The Rural Toolkit identifies available Resources to carry out the relevant task.

In addition the Council's Affordable Housing Team is always ready and willing to assist so please contact the Affordable Housing Team;

Email: [affordablehousing@cornwall.gov.uk](mailto:affordablehousing@cornwall.gov.uk) Tel: 01872 326253