



Exeter City Council

AFFORDABLE HOUSING
Supplementary Planning Document

August 2010

INTRODUCTION

- 1 Everyone living in Exeter should have the opportunity of a decent and affordable home. The *Sustainable Community Strategy*, “Exeter Vision”, includes the theme “A city with Homes for Everyone” to ensure that “there are enough homes to meet need, with a range of developments that are well designed, maintained and affordable.”
- 2 The purpose of this Supplementary Planning Document (SPD) is to provide advice to developers, landowners and other interested parties on the provision of affordable housing in Exeter through the planning process. It does this by amplifying local planning policy and by applying Government guidance to reflect local requirements.
- 3 The SPD was approved for use in the determination of planning applications in September 2010, by Exeter City Council’s Executive Committee, following a period of public consultation in accordance with Section 17 of the *Town and County Planning (Local Development) (England) Regulations 2004*. It is accompanied by an Affordable Housing SPD Sustainability Appraisal and Consultation Statement.

NATIONAL LEGISLATIVE AND POLICY CONTEXT

- 4 Government advice on affordable housing is provided by *Planning Policy Statement 3 (PPS3)*, the accompanying document *Delivering Affordable Housing* and *Circular 05/2005*. In Paragraph 27 of *PPS3* it states:

The Government is committed to providing high quality housing for people who are unable to access or afford market housing.

- 5 The saved policies of the *Exeter Local Plan First Review 1995-2011* (the *Local Plan*) adopted on 31 March 2005 and saved policies of the *Devon County Structure Plan 2001 -2016* adopted on October 2004 constitute the development plan. Along with the development plan, Government advice through Planning Policy Statements and Circulars and a community’s need for affordable housing are all material considerations in the determination of planning applications.
- 6 This SPD supplements affordable housing policy in the *Local Plan* as provided by Policy H6 and paragraphs 4.40 to 4.50. These are reproduced in Appendix 1 of the SPD.
- 7 Development plan policies are supported by the *Exeter and Torbay Strategic Housing Market Assessment (ETHMA)*, the *Exeter Housing Strategy* and the *Housing Needs Survey* available from the City Council and listed in Appendix 5.

THE DEFINITION OF AFFORDABLE HOUSING

- 8 The definition of affordable housing provided by *PPS3* and set out below is used by the Council:

Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:

- Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices;
- Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.

This definition supercedes that set out in paragraph 4.44 of the *Local Plan*.

SCOPE

- 9 Policy H6 of the *Local Plan* requires the provision of affordable housing on sites capable of providing 15 or more dwellings (net) or over 0.5 hectares in extent.
- 10 The requirement to provide affordable housing will apply to all housing proposals including:
- new build, and mixed use schemes and conversions;
 - phased developments where the thresholds will be exceeded by cumulative totals;
 - developments by Registered Social Landlords (RSLs);
 - schemes providing housing for people receiving care or support and supported housing developments; and
 - schemes involving non-self contained dwellings and the sharing of amenities, including houses in multiple occupation.
- 11 Developments where an affordable housing contribution is required are, by definition, Major Developments. They will be dealt with in accordance with the Council's *Major Developments Protocol*, a copy of which can be viewed at www.exeter.gov.uk/index.aspx?articleid=10681&panel id=1

PRE-APPLICATION INQUIRIES

- 12 Developers are encouraged to engage with the Council early and provide as much detail as possible about their proposed scheme. The Area Planner (see paragraph 61 below) will advise the applicant as to the Council's broad policy requirements on affordable housing. The applicant will be encouraged to contact the Council's Housing Enabling Team, who will be able to provide detailed information relating to the guidance given in this SPD.

OUTLINE APPLICATIONS

- 13 The Housing Enabling Team will be consulted directly by the Area Planner on outline applications. This will inform discussions with the applicant about the nature of affordable housing within the proposed development. Applicants are

encouraged to discuss the affordable housing directly with the Housing Enabling Team if they have not already done so.

- 14 Any outline consent will be the subject of a Section 106 Agreement to secure delivery of the affordable housing (see paragraph 19 and Appendix 2 of this SPD).

APPROVAL OF RESERVED MATTERS

- 15 It is essential for an applicant to submit full details of the affordable housing, including dwelling types, location and proposed tenure, at the time of applying for Approval of Reserved Matters or Full Permission.
- 16 When detailed plans are available, the Area Planner will again consult the Housing Enabling Team. Direct discussions between the applicant and that Team will be crucial (if these have not already taken place) before detailed plans are drawn up. The applicant will be encouraged to find a partner RSL at the earliest possible stage.

APPLICANTS FOR FULL PERMISSION

- 17 Applications for full planning permission should identify the specific units comprising the affordable housing on their plans.
- 18 Most applicants will wish to dispose of the affordable housing to an RSL and the Council's standard clauses for Section 106 Agreements are drafted on this basis. If an applicant wishes to depart from this approach, this should be made clear to the Housing Enabling Team and the Area Planner at the earliest opportunity. Applicants are encouraged to discuss the affordable housing directly with the Housing Enabling Team if they have not already done so.

SECTION 106 AGREEMENT

- 19 The Council will require completion of the Section 106 Agreement within the 13 or 16 week period of the planning application. A specimen Agreement and sample clauses can be obtained from the Planning Solicitor (see paragraph 61 below) and are displayed on the Council's website at: www.exeter.gov.uk/planningobligations. Further details about the contents of the Agreement are also contained in Appendix 2 below).

AMOUNT

- 20 As indicated by paragraph 29 of *PPS3*, the amount of affordable housing sought on suitably qualifying sites is determined by the current relevant development plan policy subject to any variations made necessary by site conditions and other planning objectives.
- 21 The *Local Plan* (paragraph 4.45) states that 25% of total dwelling provision (net) on eligible sites should be affordable, subject to negotiation.

- 22 The 25% should be achieved not only in relation to the number of dwellings, but also in relation to gross internal floor area. Where the percentage would not equate to a whole number of affordable homes, the Council will expect the contribution to be rounded up to the nearest whole unit.
- 23 The size and growth of the Housing Register in recent years, the number of homeless households, the *Housing Strategy*, the *ETHMA* and the *Housing Needs Survey* demonstrate that there is a need for affordable housing well in excess of the 25% target. Increased house prices and experience in the delivery of affordable housing through the planning system in Exeter over a period of 10 years suggests that only in exceptional cases will the requirement prevent development coming forward. Matters of viability are discussed in paragraphs 55 and 57 below.

TENURE

- 24 Two types of affordable housing, social-rented and intermediate, are recognised and defined in Annex B of *PPS3*. The definitions are replicated in Appendix 3 of this SPD.
- 25 The proportions to be provided of each form of tenure are informed by the *Housing Needs Survey*, the *ETHMA* and viability issues (given that the different tenures involve different amounts of subsidy). The Council will require a minimum of 85% social rented and a maximum of 15% intermediate housing. The way in which the different tenure types are distributed to dwelling types/sizes shall be agreed in accordance with a scheme agreed in writing by the Local Planning Authority. Further details are provided in paragraphs 45 to 47 below.

AFFORDABILITY

- 26 The rents for social rented housing, and any proposals for future rent increases, should be in line with the Homes and Communities Agency (HCA) calculation for 'target rents' as set out in the HCA's Capital Funding Guide. Increases should be limited annually according to the HCA's requirements on annual rent and service charge increases.
- 27 The outgoings on intermediate low cost home ownership housing should in no case exceed the average market rent for comparable properties. The mortgage element of the outgoings should be assessed on the basis that there is a 30 year repayment mortgage at standard variable rates (i.e. ignoring any introductory discounts). Any rents payable on low cost home ownership homes will be dependent on the viability of an individual site, but should not exceed 1% p.a. of the retained equity, to ensure that as much income as possible is available to occupants to pay off mortgage costs.
- 28 Rents for intermediate rented housing should be set at 80% of Local Housing Allowance Rates. In every case, such rents must fall within any relevant ceiling set within the Housing Benefit system (e.g. Local Reference Rents or Local Housing Allowance).

- 29 Applicants should take care to design schemes in such a way that the service charges applicable to any affordable housing are kept as low as reasonably possible. Failure to take account of affordability issues within the scheme design will be grounds for refusing planning permission. In any event, the service charge should not exceed the maximum amount a Specified Eligible Person would be entitled to claim in respect of service charges for the affordable home under housing benefit regulations in force for the time being.

CONTROL OF OCCUPATION

- 30 All affordable housing provided in Exeter through the planning system is required to be subject to a Section 106 Agreement restricting occupation to “specified eligible households”. The Section 106 Agreement will set out mechanisms for allocating affordable housing to such households. Further details about Section 106 Agreements are provided in Appendix 2 of this SPD.
- 31 The eligibility of any particular household for affordable housing must be based in part on the degree of housing need and the ability of the household to afford what is on offer. However, for the foreseeable future, given the shortage of affordable housing, it is essential that eligibility for accessing affordable housing is also determined relative to the generality of other applicants, with priority established through a queuing system. The operation of any queue needs to be transparent and fair. To meet this requirement and to fulfil its statutory obligations, the Council has worked with its partners to create sophisticated mechanisms and detailed policies for allocating affordable housing. Currently this comprises the Devon Home Choice choice-based letting system, which not only allows for the registration of need and waiting time, but also gives applicants greater opportunity to choose which home they live in when they reach the front of the queue.
- 32 All RSLs in Exeter contribute to the costs of running Devon Home Choice. An applicant that wishes to let or sell homes without involving an RSL will need to participate in Devon Home Choice and will be required to bear a fair share of the running costs of the scheme, as well as ensuring that any vacancies are made available through the normal allocation processes.

PERPETUITY

- 33 The PPS3 definition of affordable housing (see paragraph 12 above) includes the requirement that affordable housing or proceeds from its sale remain available to provide additional affordable housing after the original occupiers have moved on. Government advice on arrangements to achieve this is provided in *Delivering Affordable Housing* in paragraphs 36 to 38, and more particularly in relation to HomeBuy schemes in paragraphs 64 to 73. This advice is followed by the Council and is summarised below:

Some types of social rented housing cannot be acquired by occupiers and will therefore remain in perpetuity, or for specified periods, as affordable homes. Otherwise, any receipts arising from the purchase by occupiers of their affordable housing should be re-used to subsidise provision of more affordable housing.

- 34 All money received as a result of the acquisition by occupants of their property (e.g. 'right to acquire') or further equity share (e.g. 'stair-casing') will (subject to any statutory restriction) be used to provide affordable housing within the City. In the event that dwellings which have benefitted from grant from the City Council's Housing department are purchased, the grant sum must be paid back to the City Council's Housing department. Recovered HCA grant must be either paid back to the agency or recycled and used to provide affordable housing in the same housing market area, in accordance with details outlined in the HCA Recycled Capital Grant Fund Guide.

PROVIDERS

- 35 The Council follows advice provided by paragraphs 48, 49 and more generally elsewhere in Annex C of *Delivering Affordable Housing*. Paragraph 48 is reproduced below:

The Government does not want local authorities to adopt restrictive practices which could preclude innovation and competition between potential affordable housing providers. The best use of resources is to engage with the most effective and best value provider, whether that is a Registered Social Landlord (RSL) or unregistered body, as long as good management and ownership are ensured.

- 36 The Council has identified a number of RSL partners, who will usually be in a position to assist applicants. Details are available from the Strategic Housing Manager. Exeter City Council is also a provider of affordable homes.
- 37 Applicants who wish to provide affordable housing themselves or use another body that is not an RSL will need to satisfy the Council that there will be a secure long term arrangement to ensure standards of management, including letting arrangements, comparable to those applicable in the regulated social housing sector. The arrangements must meet the relevant National Standards for Social Housing Landlords. *PPS3* defines social rented housing as "Rented housing owned and managed by local authorities and RSLs."
- 38 The providers of affordable housing will be required to have in place publicly available policies and procedures that ensure control over changes of ownership and occupation that favour specified eligible households. Similarly, such controls shall ensure that homes continue to remain safe and habitable.

LOCATION

39 The Council supports the advice in paragraph 29 of *PPS3* that:

In seeking developer contributions, the presumption is that affordable housing will be provided on the application site so that it contributes towards a mix of housing. However, where it can be robustly justified, off site provision or a financial contribution in lieu of on-site provision (of broadly equivalent value) may be accepted as long as the agreed approach contributes to the creation of mixed communities in the local authority area.

40 Off-site provision of affordable housing will only be agreed in exceptional circumstances when the Council is satisfied that:

- the affordable housing cannot be managed effectively on the site; and
- providing the affordable housing elsewhere in the City will significantly widen housing choice and encourage a better social mix.

41 In the case of off-site provision, the Council must also be satisfied that there is a suitable and available site to accommodate the affordable housing. Alternatively, the applicant may buy equivalent dwellings on the open market for use as affordable housing. The dwellings should be of a type and in a location to which the Council agrees and have the potential to meet all required standards. In such instances the applicant shall sell each dwelling to an RSL or the Council for £1.

42 In the case of off-site provision, the affordable housing requirement will be calculated by applying the 25% target to the total number of dwellings (e.g. an application for 20 dwellings generates an affordable housing requirement under Policy H6, because the 15 dwelling threshold is met. If the affordable units were to be provided on-site, the Council would seek to negotiate 5 (25% of 20) as affordable. However, in this case, the Council agrees that there are exceptional circumstances to justify off-site provision of the affordable units, on a site that can accommodate 10 new dwellings. The total number of dwellings across the two sites, irrespective of tenure, is 30. This results in an affordable housing requirement of 8 dwellings (25% of 30).

43 This approach maintains the ratio of open market to affordable homes that Policy H6 seeks to achieve, ensuring consistency in the development of mixed communities and in the balance of tenures of housing being developed in the City. The affordable housing requirements of a site cannot be met as part of the Council's affordable requirements of another site.

44 In the exceptional case that the Council agrees to the provision of affordable housing by way of a financial contribution, this will be calculated using the formula set out in Appendix 4 of this SPD. The formula is based on the cost of providing affordable dwellings that are representative of those provided on the subject site. The contribution will be calculated on the basis that dwellings on the subject site represent 75% and the financial contribution represents 25% of the total dwelling provision. This maintains the ratio of open market to

affordable homes that Policy H6 seeks to achieve, ensuring consistency in the development of mixed communities and in the balance of tenures of housing being developed in the City. The contribution will be spent at the discretion of Exeter City Council for the provision of affordable housing in the City. Contributions should be index linked.

DWELLING TYPES

- 45 Affordable housing should contribute towards the creation of mixed communities. Where larger developments are proposed, a development brief for the area may be prepared which specifies the mix of affordable housing required in the light of factors including:
- the results of the most recent Strategic Housing Market Assessment;
 - current Housing Register data;
 - the site's location and access to facilities; and
 - the mix of housing in the surrounding area.
- 46 On any other site with an affordable housing requirement, the Council will negotiate a mix of affordable housing that is representative of all housing on the site. However, if the Council have an identified need for larger properties, such properties should be provided by the applicant at the cost of smaller dwellings. The Council may also seek supported accommodation if there is an identified need. The Council's Older Person's Housing Strategy identifies the level of need for Extra Care Housing in Exeter. Accommodation schemes for older people should consist of dwellings with a minimum of two bedrooms, allowing enough space for carers and visiting family.
- 47 In all cases during the negotiation process, the Council will be mindful of waiting times and turnover of occupancy in the existing affordable housing stock.

HOUSING FOR DISABLED PEOPLE

- 48 Paragraph 21 of *PPS3* advises councils to make sure that the housing needs of specific groups, including disabled people, are met in the future. *Local Plan* Policy H7 and paragraphs 4.51 to 4.55 aim to ensure that 5% of new dwellings in developments on sites capable of providing 15 or more dwellings or over 0.5 hectares in extent are easily adaptable to enable them to be occupied by people permanently confined to a wheelchair. On such sites, the Section 106 Agreement will therefore include a requirement that a representative 5% of the affordable homes to be provided are designed for occupation by people confined to wheelchair, in accordance with Exeter City Council's Wheelchair Accessible Homes Design Standards. The Council holds a waiting list of individuals/households in need of wheelchair accessible housing. If an individual/household is on the list at the time of pre-application discussion taking place with the applicant, then the applicant will be required to build dwellings to meet the specific needs of that individual/household.
- 49 Where there is an identified need for an affordable dwelling of a particular tenure type or dwelling size to be provided as a wheelchair accessible unit,

Exeter City Council may seek to secure a scheme of affordable housing that accommodates this need.

DISTRIBUTION

- 50 In order to achieve mixed communities, in accordance with paragraph 20 of *PPS3*, affordable housing units should be distributed singly (pepper-potted) or in small groups agreed with the Housing Enabling Team around the development.

DESIGN

- 51 The *Local Plan* Policies DG1, DG2, DG4, DG5, DG6 and DG7 set out guidance on the design of new development. Policies C1, C2 and C3 are relevant when considering development affecting buildings of architectural or historic value or conservation areas. The Council is to introduce a *Residential Design Guide* to supplement those *Local Plan* policies. The *Residential Design Guide* covers issues such as space standards and the Lifetime Homes Standard.
- 52 Within the broader constraints of these policies, affordable housing should conform to the design standards normally required by funding bodies such as the HCA for affordable housing in order to qualify for grant. Such standards may be higher than those applicable to market housing, reflecting the needs of the occupants and the implications of the difference in tenure. The Council supports the principle of tenure blindness and, as far as reasonably practicable it should not be possible to ascertain the tenure of affordable homes from location or appearance.
- 53 Innovative design of affordable homes and their environment will be encouraged, within the context of overall planning policies, to make them:
- sustainable, for example through enhanced energy efficiency measures such as solar power and use of recycled water and sustainable materials;
 - maintainable, durable and adaptable, and
 - quiet and enjoyable to residents.

OTHER PLANNING OBLIGATIONS

- 54 There are likely to be open space, education, transport and other infrastructure obligations arising from a housing development affected by the affordable housing requirement. Reference should be made in particular to paragraphs 8.17 to 8.19 of the *Local Plan* and relevant Government guidance. Affordable housing units will be expected to contribute towards meeting these obligations in the same way as open market dwellings. The Council will ensure that the extent of all requirements will fairly and reasonably relate in scale and kind to the proposed development.

VIABILITY

- 55 Applicants should take affordable housing and any identifiable exceptional site development costs into account in the cost of securing land for housing development. Applicants must not assume that grant will be available. Sales values must simply be based on the value of the mortgage raised from the rental income. If applicants wish to make representations that a development is not viable due to abnormal costs such as specific site or market conditions, they will be requested to work with a third party and submit detailed information of costs and valuations, which will be treated in confidence. This will be at the expense of the applicant.
- 56 Applicants should not expect that HCA grant will be available to assist in the provision of affordable housing. All financial assessments should take the potential absence of grant into account.
- 57 If the Council is satisfied that there is a case, it will investigate the availability of HCA grant. If, after exploring availability of public funds, the viability of the development is still in question, the Council will consider the possibility of raising the proportion of intermediate housing, or relaxing one or more of the other Section 106 requirements affecting the development.

MONITORING

- 58 It is intended that the SPD will be reviewed when this is justified by changes in Government guidance, changes in local planning policies or evidence that housing policies are not delivering what is required effectively. Reviews of the Council's *Housing Strategy* and information provided on a regular basis by the *Annual Monitoring Report* and the quarterly Economic Trend Reports are being used to assess the performance of housing policy.

EMERGING POLICY

- 59 The *Local Development Framework Core Strategy*, published in August 2010 at pre-submission stage, envisages a 35% target for affordable housing provision of which at least 70% should be social rented housing and requires provision of affordable housing on sites capable of providing three or more dwellings. When adopted, the *Core Strategy* will supercede the *Local Plan* and the affordable housing policies therein.
- 60 At such time as these emerging policies are adopted, a revised Affordable Housing SPD to reflect the new policy position will be produced.

ADVICE AND INFORMATION

61 First point of contact should be the Area Planning Officer who is dealing with the planning application. Specialist contacts:

- North Area Planning Officer.
Roger Clotworthy 01392 265285 roger.clotworthy@exeter.gov.uk
- West Area Planning Officer.
Paul Jeffrey 01392 265117 paul.jeffrey@exeter.gov.uk
- South Area Planning Officer.
Mike Higgins 01392 265186 mike.higgins@exeter.gov.uk
- Planning Solicitor
Matthew Page 01392 265236 Planning@exeter.gov.uk
- Forward Planner.
Katharine Smith 01392 265269 katharine.smith@exeter.gov.uk
- Strategic Housing Manager.
Ron Mayers 01392 265534 ron.mayers@exeter.gov.uk
- Housing Enabling Manager.
Emma Osmundsen 01392 265869 emma.osmundsen@exeter.gov.uk

APPENDIX 1: CURRENT PLANNING POLICY

The relevant *Local Plan* Policy and supporting text are set out below.

Affordable Housing

- 4.40 Government advice on the provision of affordable housing through the planning process is set out in Planning Policy Guidance Note 3 – Housing (paras 12-20), and in Circular 6/98: 'Planning and Affordable Housing'. This guidance states that a community's need for affordable housing is a material planning consideration which may properly be taken into account in formulating development plan policies and determining planning applications and that where there is evidence of need for affordable housing, local plans should include a policy for seeking an element of affordable housing on suitable sites. The Government advise that any local plan policy should be based upon a good understanding of the needs of the area during the period of the development plan.
- 4.41 To assess the level of need, the City Council commissioned Fordham Research to carry out a comprehensive Housing Needs Survey. The survey, which took place in Spring/Summer 2000, found that, in the period until 2005, approximately 3900 additional affordable homes might be required. This estimate takes into account other means of resolving housing need such as relets and facilitating transfers within the Council and RSL housing stock and through the provision of adaptations, repairs and improvements. The number of new affordable homes identified in the survey exceeds the total supply of all housing to be developed in the period until 2011.
- 4.42 An update of the survey, carried out in 2003, indicates a shortfall of just under 4,400 affordable homes up to 2008.
- 4.43 The Joint Housing Register, which is maintained by the Council and its partner Registered Social Landlords (RSLs) shows that there is a priority need for family homes. Although they do not form the majority of the people in need, households with or expecting children make up around 30% of the Register – these households tend to experience the worst housing conditions because they are more likely to be living in overcrowded conditions and sharing accommodation with other households. At the same time the supply of existing affordable rented accommodation is diminishing through the 'Right to Buy' Council homes and the 'Right to Acquire' Housing Association properties.
- 4.44 Affordable housing is defined as "both low cost market and subsidised housing that will be available to people who cannot afford to rent or buy houses generally available on open market". This includes the provision of low cost as well as rented and shared ownership accommodation. The City Council especially encourage the provision of rented accommodation because the Housing Needs Survey suggests that few households in housing need in the City are able to afford low cost market housing. The Council will use the Housing Corporation rent caps and target rents, with increases limited annually in perpetuity by reference to the Retail Prices Index, as a measure

against which to assess affordability whichever tenure is secured. The Council will also use, as a measure, the reasonable maximum expected housing costs of people on low incomes and/or on housing and/or other welfare benefits or in low paid employment and not entitled to housing or other welfare benefits.

- 4.45 The City Council will, therefore, seek, through negotiations with landowners and developers, to ensure that a proportion of new dwellings on suitable sites within the plan period are made available to households in housing need. A realistic target is set which will help ease the problem but, in view of the level of need outlined above, it is recognised that achieving the target will by no means resolve the problem. The amount, type and mix of affordable housing and the mix of housing tenures will be a matter for negotiation but the Council will aim for 25% of the total dwelling provision on suitably qualifying sites, depending upon site conditions and other planning objectives. This level of provision (25% of the local plan allocations would provide over 500 houses in the period up to 2011) represents a reasonable and effective contribution.
- 4.46 The depth and breadth of need also justifies applying the policy to the lower site thresholds identified in Circular 6/98, i.e. to proposals on sites which are capable of yielding 15 dwellings or more or which have a site area of 0.5 ha or more, irrespective of the number of dwellings. The threshold is expressed in terms of the capability of the site, in order to overcome attempts to evade site thresholds, either by lowering densities, by phasing development, by submitting subsequent applications on the same site, or by the incremental acquisition of sites.
- 4.47 To ensure that the affordable housing, which is provided, continues to meet housing need in the City, it should wherever possible remain available for successive as well as initial occupiers. Circular 6/98 advocates that this can be best done through the involvement of a Registered Social Landlord. In addition, a condition or legal agreement will normally be attached to a planning permission to ensure that the housing does accommodate existing and incoming members of the local community in housing need. This is defined as:
- (i) people on the waiting list or transfer list of the Council or any registered social landlord; or
 - (ii) people who qualify to move to Exeter to take part in a mobility scheme operated by the Council; or
 - (iii) people who are homeless and who are considered to be in priority need of permanent housing; or
 - (iv) people who live or work or who have written confirmation of work in the City and who are considered to be suitable to occupy affordable housing; and, in every case,
 - (v) people on low incomes and/or on housing and/or other welfare benefits or in low paid employment and not entitled to housing or other welfare benefits.

- 4.48 Government advice states that there is a presumption that affordable housing should form part of the development of sites which are suitable for such accommodation. However, there may be circumstances where developers do not wish to include an element of affordable housing on a suitable site but are prepared to make alternative provision. In exceptional cases it may be acceptable for a financial or other contribution to be made towards the provision of affordable housing on a site elsewhere in the City.
- 4.49 PPG3 emphasises the need to create mixed and inclusive communities and urges local authorities to encourage a better social mix by avoiding the creation of large areas of housing of similar characteristics. To further these aims the City Council will negotiate with developers to secure a better mix of house types and tenures. In order to ensure the development of mixed tenure areas the Council will seek to negotiate planning obligations to make sure that the supply of affordable housing is provided concurrently with general market housing.
- 4.50 Supplementary Planning Guidance will be prepared to guide landowners, developers and other interested parties on the provision of affordable housing through the planning process in Exeter.

H6: HOUSING PROPOSALS ON SITES CAPABLE OF YIELDING 15 OR MORE DWELLINGS OR ON SITES OF 0.5 HA OR MORE (IRRESPECTIVE OF THE NUMBER OF DWELLINGS PROPOSED) SHOULD INCLUDE PROVISION FOR SUBSIDISED RENTED, SHARED OWNERSHIP OR LOW COST MARKET HOUSING TO CONTRIBUTE TO THE CITY WIDE TARGET FOR AFFORDABLE HOUSING.

THE COUNCIL WILL IMPOSE PLANNING CONDITIONS OR SEEK TO NEGOTIATE PLANNING OBLIGATIONS TO ENSURE THAT THE AFFORDABLE HOUSING IS OCCUPIED:

- INITIALLY, AND
- IN PERPETUITY INSOFAR AS 'RIGHT TO BUY' AND OTHER LEGAL REQUIREMENTS PERMIT,

BY MEMBERS OF THE LOCAL COMMUNITY WHO CANNOT AFFORD TO OCCUPY HOUSING GENERALLY AVAILABLE ON THE OPEN MARKET. IN ASSESSING THE SUITABILITY OF A SITE FOR AFFORDABLE HOUSING THE FOLLOWING MATTERS WILL BE TAKEN INTO CONSIDERATION:

- LOCAL HOUSING NEED;
- SITE CONDITIONS; AND
- OTHER PLANNING OBJECTIVES

APPENDIX 2: THE SECTION 106 AGREEMENT

A The Section 106 Agreement will:

- define the amount of affordable housing or, in the case of full permission, specify specific units and detail the breakdown between different tenures and the amount of accommodation to be designed for wheelchair-bound users, all in accordance with the Council's policies);
- require the affordable housing to comprise a mixture of dwelling types matching and in proportion to the overall mixture of dwelling types on the site, and to be distributed throughout the site;
- set a timescale for the affordable housing to be provided, usually that it shall be available for occupation by the time 50% of the market housing is available;
- include a mechanism for selecting an RSL partner, unless another approach has been agreed, and a cascade in the event that a sale to an RSL cannot be achieved;
- limit the price at which the affordable housing can be sold to a provider, the rent and outgoings which can be charged to occupants and the price at which an initial share can be sold under a shared ownership arrangement;
- include a mechanism for limiting and selecting the occupants of the affordable housing, which will require supplementary agreements to be entered into as follows:
 - where the Council provides grant aid, the RSL or other provider will be required to enter into a nomination agreement;
 - in the case of a provider that is not an RSL, or in other special cases (e.g. usually large grant payment), the Council will require additional security for repayment of grant on disposal of the land;
 - where the provider is not an RSL. It will be required to enter an agreement governing letting and management arrangements;
- provide for the housing to remain affordable in perpetuity, subject to:
 - any statutory right to acquire, buy or "staircase", in which case proceeds of sale will be required to be invested in affordable housing in Exeter, provided that this does not conflict with legislation or (for example) Homes and Communities Agency rules;
 - a mortgagee in possession clause, where the affordable housing is transferred to an RSL.

B The applicant will be required to pay the Council's reasonable legal costs in connection with the Agreement. The Council's costs in connection with any related Agreement (e.g. a nomination agreement) shall be paid by the applicant, RSL or other provider, depending upon which of those parties is involved in negotiating the terms of that Agreement.

C Where the Council has refused an application which, if allowed, would have been subject to a requirement for affordable housing, it will endeavour to negotiate a Section 106 Agreement on a "without prejudice" basis, to take effect in the event that an appeal is allowed.

D The Section 106 Agreement will require the applicant to agree certain matters with the Head of Housing and Social Inclusion (in practice, delegated to the

Strategic Housing Manager or Housing Enabling Manager) prior to the commencement of development:

- where the affordable homes have been identified already, their specification;
- where they have not already been identified, their physical locations, type, layout and tenure.

E The Agreement will require the applicant to notify the Head of Housing and Social Inclusion of the anticipated date(s) when the affordable housing will be available for occupation, a specified period of periods in advance.

F Section 106 Agreements will include mechanisms to record when key stages are reached in the development and requirements are triggered.

G The Council will use its enforcement powers if a Section 106 Agreement is not complied with. In addition, the fact that a development is taking place despite non-compliance with a Section 106 Agreement will be included as a standard response to searches from prospective purchasers.

APPENDIX 3: DEFINITIONS

Sources are given in brackets where relevant at the end of the definitions. Brackets are otherwise used in bold to provide abbreviations that are used.

Affordability The terms ‘affordability’ and ‘affordable housing’ have different meanings. ‘Affordability’ is a measure of whether housing may be afforded by certain groups of households. ‘Affordable housing’ refers to particular products outside the main housing market. [PPS3]

Housing Needs Assessment Examination of the suitability of present housing and the ability of households to afford market priced housing.

Intermediate affordable housing: Housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria set out above. These can include shared equity products (e.g. New Build HomeBuy), other low cost homes and intermediate rent. [PPS3]

Local Development Framework (LDF): The name for the portfolio of Local Development Documents that provide the framework for delivering the spatial planning strategy for a local authority area. It consists of Development Plan Documents, Supplementary Planning Documents, a Statement of Community Involvement, the Local Development Scheme and Annual Monitoring Reports.

Local Development Scheme (LDS): A component of the LDF, comprising the local authority’s project plan for the preparation of the other documents forming the LDF.

Market Housing: Private housing for rent or for sale, where price is set in the open market.

Multiple Occupation: A property occupied by a number of persons who do not form a single household. This includes bedsits and other non self-contained property where sharing of facilities takes place.

Planning Obligation: Comprises both planning agreements between a developer and a local planning authority and a unilateral undertaking by a developer. Obligations regulate the development or use of land in a way that cannot be adequately controlled by a planning condition. May be used to provide facilities required as a result of development or to offset impact on amenity and can include payments to be made to the local planning authority. The benefit must be related to the development and necessary to the grant of permission.

Registered Social Landlord (RSL): An independent, registered, non profit making, organisation, funded primarily by Government grants, to build, improve and manage affordable housing for sale or rent. An RSL must be registered with and regulated by the current government regulating authority.

Older Persons Accommodation: Accommodation for a specific section of the community (e.g. elderly or handicapped) that allows residents to live independently but with provision of communal facilities and services.

Social rented housing: Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. The proposals set out in the Three Year Review of Rent Restructuring (July 2004) were implemented as policy in April 2006. It may also include rented housing owned or managed by other persons and provided under the same rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency as a condition of grant. [PPS3]

Supplementary Planning Documents (SPD): Provide supplementary information in respect of the policies in Development Plan Documents. They do not form part of the Development Plan and are not subject to independent examination.

Sustainability Appraisal: Tool for appraising policies to ensure they reflect sustainable development objectives (i.e. social, environmental and economic factors).

Sustainable Development: Development which meets the needs of the present without compromising the ability of future generations to meet their own needs. This means that mankind should live off the Earth's income rather than erode its capital. The consumption of renewable resources must be kept within the limits which allow them to be replaced and future generations handed down not only man-made wealth such as building, roads and railways, but natural wealth such as clean and adequate water supplies, good arable land, wildlife and ample forests.

APPENDIX 4: FORMULA FOR CALCULATING FINANCIAL CONTRIBUTIONS

This formula is based on the cost of obtaining equivalent dwellings off-site.

Open market value for a similar property in the same ward	-	Rental income over 30 years minus Housing Management, Repairs, Void, Major Works and Cyclical Maintenance costs	+	Purchase costs	+	Decent Homes Standard costs	+	EcoHomes XB costs	+	Lifetime Homes Standard costs	+	Cost of wheelchair accessible adaptations (where applicable)	+	Contingency (as most of these figures are averages)	=	Total unit cost
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Sources of information used for establishing these values include Hometrack, letting agents, HouseMark, HCA, Lifetime Homes Standard website, Exeter City Council Housing Repairs & Maintenance averages and the BCIS Greener Homes Price Guide

When the financial contribution is paid, it must be based on current values and costs.

APPENDIX 5: DOCUMENTS REFERRED TO

Documents are listed in the order that they appear in the text. The source is provided in brackets.

- (ECC) documents are published by Exeter City Council and can be seen at the Customer Service Centre of the Civic Centre on Paris Street or on the Council's web site. Copies can be acquired from the Customer Service Centre. If you have any difficulties please contact Katharine Smith on 01392 265269 or katharine.smith@exeter.gov.uk

- (Govt) documents comprise either national legislation or documents published by the Government department responsible for planning and housing (currently Communities and Local Government). These documents can be seen on the Department's web site, main public libraries or acquired from HM Stationery Office.
 - Exeter Vision (ECC)
 - Town and County Planning (Local Development) (England) Regulations 2004 (Govt)
 - Affordable Housing SPD – Sustainability Appraisal (ECC)
 - Planning Policy Statement 3 (PPS3) – Housing (Govt)
 - Delivering Affordable Housing (Govt)
 - Circular 05/2005 (Govt)
 - Exeter Local Plan First Review (ECC)
 - Devon County Structure Plan 2001-2006 (Devon County Council)
 - Exeter Local Plan First Review (ECC)
 - Exeter and Torbay Strategic Housing Market Assessment (ECC and other Devon authorities)
 - Exeter Housing Strategy (ECC)
 - Housing Needs Survey 2003 (ECC)
 - Major Developments Protocol (ECC)
 - Older Person's Housing Strategy (ECC)
 - Exeter Local Development Framework Core Strategy Pre-Submission Consultation Report (ECC)