

TEST VALLEY BOROUGH COUNCIL

**Affordable Housing Advice Note 1
for the Affordable Housing SPD
2019**

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1. Purpose and status of this additional advice note

This Advice Note sets out the requirements and expectations the Council have in relation to the delivery of affordable housing in Test Valley. It should be read alongside the Affordable Housing Supplementary Planning Document and the Local Plan.

The Council's requirements for an element of affordable housing to be provided within a development site will need to be taken into consideration and designed for by the developer from an early stage in accordance with the Council's policy and guidance.

Unless there are exceptional circumstances the Council will seek the provision of affordable housing in respect of all new housing developments where the number of dwellings is above the thresholds set out the Local Plan. Being unaware of the relevant policies will not constitute a reason for non-provision of affordable housing.

2. Affordable Housing Provision in Test Valley

The Government is committed to providing high quality affordable housing for people who are unable to access or afford market housing in order to create mixed sustainable communities.

The National Planning Policy Framework (NPPF) defines affordable housing as 'housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to homeownership and/or is for essential local workers). The full definitions is set out in the NPPF Glossary. This Guidance sets out the expectations regarding the delivery of various affordable housing tenures.

2.1 Social Rent

The Council encourages to developers or registered providers to provide an element of social rented homes on affordable housing sites, especially larger sites. The affordability of the larger family , 3 and 4 bed homes, can be beyond many families on low income at affordable rent levels. It is preferred that these larger units are delivered for social rent. Registered Providers can apply to the Council for Affordable Housing Grant for assistance, subject to funding being available.

2.2 Affordable Housing Rent

The affordable rent must not exceed 80% of the local market rent, inclusive of service charges and must not exceed the Local Housing Allowance (LHA) for the relevant property type in the relevant location in perpetuity. Test Valley is situated falls within 4 Broad Rental Market Areas (BRMAs); Basingstoke BRMA, Salisbury BRMA, Southampton BRMA and Winchester BRMA.

2.3 Starter Homes

This tenure of affordable housing is not currently supported by the Council as the technical guidance is still awaited.

2.4 Discount Market Sales Homes

To provide homes for first time buyers and families wishing to move up the property ladder but no more than 3 bedrooms due to affordability and local incomes. Purchasers for the discount market sales homes must be eligible and registered with Help to Buy South or their successor.

The minimum discount of open market value is 20%. Developers are required to provide details to the Housing Development Team of the proposed sales prices and open market sales valuation (RICS) to evidence the level of discount to be provided at the pre-application stage or prior to submission of any planning application. The proposed sales prices must be affordable taking into account local incomes and the income restrictions for Help to Buy South eligibility.

Discount market sale homes will be secured as a planning obligation through a S106 Agreement. The Agreement (S106) will contain restrictions to ensure the purchaser cannot sub-let the whole property and it is not sold to a buy to let investor. The property must be the only property the purchaser owns unless the purchaser is seeking to move up (extended family) or down (divorce/separation/downsizing) the property ladder and is unable to afford the full purchase price of the property and is eligible and registered under Help to Buy. In these circumstances, a sale must be in place before they can reserve a property on the Discount Market scheme and their current home must be sold by the time of completion of their purchase.

A restriction on the disposal price to an amount not exceeding a specified percentage of the market value will be imposed, together also with an obligation requiring any subsequent purchaser to enter into a similar restriction.

2.5 Private Intermediate Rented Homes

These are private rented new homes where the rent charged is a minimum of 20% less than the market rent for a home in a similar area. The Council will require the following matters to be secured through a s106 agreement:

- management by a bona fide housing provider or managing agent from the public or private sector;
- restrictions to ensure that the properties meet the needs of eligible households and remain affordable for future households;

- rents, inclusive of service charges, must not exceed 80% of market rents or the Local Housing Allowance, whichever is the lowest, in the relevant BRMA area for the relevant property type;
- the right to make nominations in respect of future occupants;
- homes are let in the form of an assured tenancy with the tenancy terms submitted to the Council for approval.

The eligibility criteria for intermediate private rental homes, applicants will need to be :-

- Working with means to cover the rent without assistance.
- Not be a property owner.
- Have a gross household income of less than £66,000 per annum to rent a one or two bedroom home.
- Have a gross household income of no more than £80,000 per annum to rent a three or more bedroom home.
- Be able to afford 80 % of the local market rent without assistance, e.g. Housing Benefit.
- Currently living or working in the area in which the subject home is located (varies from scheme to scheme).

2.6 Rent to Buy

- Rent to Buy are new homes for rent. The rents are approximately 20% cheaper than a similar property on the open market and it is expected that the occupier will purchase the home on a shared ownership basis at the end of the rental period.
- To be eligible, households must earn £60,000 a year or less. A household can be one person or with a partner/friend. An affordability check will be carried out to confirm the applicant is able to afford the rent from the start and can realistically purchase a share in the property in the future.

2.7 Shared Ownership

Shared ownership should equate to a household on an average household income being able to purchase a minimum initial share of 25% up to a maximum initial share of 75% in the property together with an obligation to pay rent on the proportion of equity retained by the Registered Provider at no more than 2.75%. Typically, a maximum of 50% equity share in the property is sought in the first instance.

All shared ownership homes shall be disposed of by the grant of a lease in the form or substantially in the form of the Homes England Model Form of Shared Ownership Lease or in such other form as may be agreed in writing by the Head of Housing and Environmental Health.

Shared ownership properties will be allocated to those households who are eligible and registered on Help to Buy South or its successor.

Shared ownership affordable housing should be available in perpetuity to those in housing need, unless the owner has stair-cased to 100% ownership in the property.

2.8 Shared Equity

The purchaser can buy 100% of the affordable home but only pays for 75%. The remainder of the equity is covered by an interest free equity loan. When the property is sold, the purchaser repays the equity loan as a set percentage of the sale price, ie, 25% of the sale price agreed.

Shared equity should be affordable for those applicants on the Help to Buy South Register, that is with a joint income of no more than £80,000. It is envisaged that the first sales would be at a minimum of 50% and maximum of 75% of the open market value.

Shared equity properties will be allocated to those households who are eligible and registered on Help to Buy South or its successor.

3. When Affordable Housing is Required On Site

Factors influencing whether affordable housing can be provided on site will include the physical nature of the development, the flexibility of the site providing for a range of needs and the assessed housing need.

3.1 Older Persons and Specialist Housing

The Council welcomes proposals for accommodation which meet the needs of older people and people with disabilities or special needs.

Affordable housing provision can include both housing for general needs and supported housing for specific needs or age groups provided that it falls within the appropriate use class. Where justified by need, the Council may seek an element of affordable housing provision in the form of supported housing where dwellings are provided together with additional communal space and facilities or homes provided to lifetime or full wheelchair standards.

The Council reserves the right to seek on-site affordable housing provision in the first instance. The Local Plan Policy requirements will be the starting point for any negotiations.

However, where the Council considers that on-site provision would not be the most appropriate or viable provision, the Council will seek an off-site financial contribution. The sum payable will be calculated using the Financial Contribution Methodology as set out in Annex 2 of the SPD.

Each proposals will be determined on a site by site basis paying due regard to viability, the level of care proposed, the model of supported housing involved and affordability. The mix of affordable tenures will vary through negotiations on the basis of local need.

3.2 Extra care accommodation

The Council will have regard to the following factors as indicating that a development falls within Use Class C3 and therefore subject to the affordable housing requirements:

- Units within the scheme consist of single, self-contained units of occupation being used as a single dwelling for an individual household.
- Units are designed, or adapted, for residential purposes – containing the normal facilities for cooking, eating and sleeping associated with use as dwelling house i.e. they afford the facilities for day to day private domestic existence.

The factors that differentiate Use Classes C2 and C3 are those relating to the predominant level of care provided and whether it is provided as a condition of residency, which is more likely to indicate C2 classification. However, receiving a care service does not in itself necessarily determine it as C2 accommodation if it is not a requirement. If the level of care provided is high or equivalent to the service normally associated with residential care homes, a C2 classification would be indicated.

The nature and type of service and accommodation in a scheme will determine the Use Class and therefore whether or not it needs to accord with the provisions of COM7 in providing an affordable housing contribution where it is viable and appropriate to do so. The particular characteristics of Extra Care housing are likely to make it more expensive to deliver than general market housing, which may affect its ability to provide a full affordable housing contribution. Where viability is an issue, it will be assessed in the same way as any other scheme.

Where a development of Extra Care housing forms part of a larger development, for example a retirement village, the individual parts of the development will be treated separately in determining their Use Class, provided they are in separate buildings.

Where a C3 use is determined, an Extra Care scheme will be subject to the provision of COM7 and be required to provide affordable housing on site, subject to viability considerations.

3.3 Self-build and custom-build housing

House size on self-build plots may be subject to size limitations to ensure the dwelling remains affordable for future purchasers/occupiers. Applicants would also need to demonstrate that they have adequate finance in place to fund the commissioning and construction to avoid unfinished plots being sold on as open

market plots with planning permission. The occupant would need to satisfy local occupancy and connection criteria.

Where self-build is sought as an affordable home planning obligations will be secured through a S106 Agreement to control occupancy, re-sale and the maximum sale or rent price that can be charged. Early engagement with the Council is encouraged before purchasing a self-build plot as many lenders will not provide finance for self-build affordable housing, particularly where there is a S106 Agreement in place.

Proposals for affordable housing on single dwelling plots can be supported, provided that they meet the following criteria:

- A limit on the size of the dwelling may be necessary to assist in retaining its affordability for future occupiers. This will vary between property types and take into account considerations, for example the needs of disabled residents. It is expected that self-build affordable homes should not exceed 102 m² (Gross Internal Floor Area). Where this is significantly exceeded, justification must be provided and further measurements to control affordability may be necessary.
- Where there are no other subsidies from market housing or the public sector, the applicant would need to demonstrate both eligibility and an ability to finance the development with savings, equity and mortgage finance.
- The occupant would need to satisfy local occupancy and connection provisions.
- The applicant needs to demonstrate that their needs could not reasonably be met in a more suitable scheme within reasonable timescales.
- The applicant undertakes to enter into a S106 to control the future disposal and occupancy of their home.
- The Council reserves the right to approve future purchasers/occupiers.

Community-led projects, such as Community Land Trusts (CLT), can also bring forward self-build or custom-build plots

CLT self-build affordable housing brought forward on rural exception sites or under Policy COM9 of the Local Plan 2016 will be required to enter into a legal agreement to control the future disposal and occupancy to ensure the homes remain affordable in perpetuity.

A further form of self-build and custom-build housing is the self-finish approach. These plots are offered on a custom-build basis but where the individual occupier can finish the build themselves and is typically limited to internal finishes such as fixtures and fittings and some external appearance materials. Where self-finish plots are proposed, the Council will require a design code to be agreed specifying a palette of external materials and exterior treatment prior to the submission of reserved matters.

3.6 Serviced Plots

The Council reserves the right to negotiate the transfer of serviced plots to an approved Registered Provider, for the future development of dwellings. This will be at the Council's absolute discretion, for example where it necessary to improve viability and is negotiated in accordance with the process set out below under Viability Assessments.

Plots must be serviced right up to the boundary of each site and be cleared and ready for development, as defined in the AH SPD. The transfer must be for nominal consideration and free from any and all encumbrances.

Unless otherwise agreed the Developer must permit unfettered access to any land which has been transferred and must not do anything to prevent its timely delivery.

3.7 Off Site Delivery

There will be a strong presumption in favour of the affordable homes being provided on site. There may however be some circumstances in which the Council at its absolute discretion is willing to accept an off-site provision. This will require the provision of a site comprising of serviced land to be made available at no cost to the Council.

The alternative site must be of a sufficient size and suitability to provide the 40% provision for on site affordable housing of the combined capabilities, in a location related to the residential development site. Appropriate financial contributions may also be sought for off-site provision where necessary to ensure that the dwellings provided can be made available to meet local needs.

Exceptionally, with the agreement of both the Council and the developer, financial contributions may be made to fund affordable housing off site. The scale of financial contribution for off site development will reflect the expected 40% provision for on site affordable housing at the current density requirements in terms of:-

- The current rate for residential land in that location;
- Costs equivalent to serviced land and connection charges¹
- Contributions towards public open space, transport, education and other services as required
- Fees and charges for legal work associated with the purchase of an alternative site and
- An administration fee of £670 (RPI – subject to annual review) to cover the costs of collecting and handling the money and meeting auditing requirements.

¹ Affordable Housing Viability Update 2012, Dixon Searle

The Council will consider proposals where the developer purchases existing properties on the market. However, they purchases have to reflect a) the mix of the units had they been provided on site; and b) that the properties are related to the location of the residential development.

3.8 Financial Contribution

Whilst there is a presumption that all affordable housing will be built on site, circumstances where the Council may consider accepting a financial contribution include:

- Where the Council is satisfied that the provision of affordable housing units on site would not be viable; determined in accordance with the approach set out below under Viability Assessments.
- Where a small number of affordable units would result and therefore delivery would not be commercially attractive to an affordable housing provider;
- Where the Council considers that on-site provision would not be deliverable or practical or best suited to local needs;
- Where the Council is satisfied that a proposal cannot be value engineered to enable a greater affordable housing contribution;
- Where affordable housing outcomes can be optimised by delivery on a more strategic site;
- Where the Council does not consider that there is a location specific need for affordable housing but a wider need in the adjacent parish or locality;

4. Dwelling Mix (sizes and types)

A target of 70% affordable rent or social rent tenure will typically be sought for all affordable housing sites with the balance of 30% for intermediate/low cost home ownership as set out in the Local Plan.

A balanced range of 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.

The following guiding principles will be employed by the Council in negotiating an appropriate mix of affordable homes:

- Unbalanced numbers of a particular unit size or type will not be supported.

Dwelling Sizes

- Homes shall generally be comprised of larger house types and bed spaces, for example 2 bedroom, 4 person rather than 2 bedroom, 3 person homes.

- In order to be able to have the potential to attract grant funding from Homes England, all affordable dwellings unit sizes shall be no more than 15% below or 30% above the National Described Space Standards.²

Dwelling Types

- Detached and terraced houses and bungalows are preferred house types for affordable housing for rent.
- Social rent is preferred for family accommodation 3 + bedrooms due to levels of affordability for affordable rent at 80% of market value.
- Wheelchair mobility standard is Approved Document M: Access to and Use of Buildings Volume 1: dwellings Category 3: Wheelchair User Dwellings
- Lifetime Home Standard is Approved Document M: Access to and Use of Buildings Volume 1: dwellings Category 2: accessible and adaptable dwellings.

4.1 Clustering and Phasing

Clustering

The general expectation regarding clustering arrangements are:-

- Affordable homes should be in small groupings spread evenly across a development;
- Clustering should be proportionate to the size of the development and the ratio of affordable homes;
- Typically no more than 10 affordable houses should be grouped together;
- Typically individual affordable apartment blocks should not exceed 24 units;
- Clear concentrations of affordable units, particularly of the same tenure or size will not be supported;

In addition, in relation to schemes providing 100% affordable:-

- Avoid unbalanced, large number of a particular size and type of unit in one area, for example small flats.

Phasing

On larger schemes, the Council will typically seek the phasing as follows:

- No more than 25% of open market homes to be occupied before 25% of the affordable home are completed and transferred to the Registered Provider;
- No more than 50% of open market homes to be occupied before 50% of the affordable homes are completed and transferred to the Registered Provider;
- No more than 75% of open market homes to be occupied before 100% of the affordable homes are completed and transferred to the Registered Provider

² Technical Housing Standards – nationally described space standard; DCLG March 2015

These requirements will be included in the planning obligations within the S106 Agreement

4.2 Design and Space Standards

Affordable homes should:

- Not be readily differentiated between open market homes from their design, quality and location;
- Comply with Homes England funding requirements in relation to Nationally Described Space Standards
- Meet the criteria in the Affordable Housing Capital Grant Policy if affordable housing grant is required.

5. Enabling Fee

The Cabinet in July 2015 approved the introduction of charging Registered Providers for the housing enabling work carried out by its officers on S106 sites.. This work is of direct benefit to the RPs in so much as it ensures that when negotiating with developers, the Council has already secured the correct, mix, distribution, type and tenure of the required affordable housing. In the past, RPs had to undertake this work when identifying development opportunities.

This enabling work also includes supporting potential development schemes with evidence of need, liaising between the RP, developer and other services within the Council and giving guidance. The Enabling Fee is set out in the Council's Fees and Charges Schedule and is kept under review through the annual Fees and Charges review process and any reviews of the affordable housing target.

The fee is payable per unit of affordable housing delivered, invoices will be sent out upon notification of quarterly affordable housing completions. The date the fee is calculated from is the date the RP enters into a contract with the developer for the delivery of the affordable homes.

6. Rural Housing

6.1 Policy COM8: Rural Exception Affordable Housing

Paragraph 77 of the NPPF suggests a possibility for mixed tenure where the inclusion of some open market housing would facilitate, or cross-subsidise, the provision of affordable housing that meets local need. The ratio of affordable homes should exceed the proportion of market homes in each development proposal.

Where proposals can demonstrate an element of market housing is required to deliver the level of affordable housing need locally, the Council will expect that proposals will be affordable-led. The Council will need to be satisfied that the number of market homes proposed is essential to facilitate the delivery of the number of affordable homes proposed.

The 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. The 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 landowners' expectations for such sites are realistic and reflective of the policy requirement to be affordable-led.

The proposed tenure and dwelling mix must be aligned with local need and not simply driven by viability and maximising value. If carefully considered, the layout, dwelling mix and scheme design can add value.

Proposals for cross-subsidy schemes will normally be expected to submit a Viability Assessment with the planning application to provide justification for the ratio of market to affordable housing proposed.

Viability assessments should work backwards from 100% affordable housing and demonstrate how the number of market housing has been determined to deliver a balanced scheme which meets need, secures community support and releases the site.

6.2 COM9: Community Led Development

Community Support for Housing Led Proposals

Measuring support requires careful planning and preparation. This section sets out the measures applicants are encouraged to undertake in order to maximise opportunities to successfully demonstrate a proposal is supported by the community:

- Take full advantage of the pre-application stage and the opportunity this affords to consult with local people and consider issues and solutions early in the process.
- Discuss the proposals with the Housing Development Team to establish how to measure local housing need (see below for further detail).
- Inform and communicate with those directly affected by their proposals and (if necessary), amend proposals accordingly.
- Communicate with the local parish or town council and attend a parish meeting to discuss their proposal.
- Engage with the local community before submitting their application using a variety of engagement techniques. This could include publicising plans and formal or informal consultation, to ensure no surprises at the application stage.
- Conduct consultation in accordance with the Council's Statement of Community Involvement. The Council can advise on how the local community

like to be contacted and consulted and can help with understanding particular local issues and ways to reach certain groups, and

- Submit with their planning application a statement outlining the measures undertaken to engage with the community and take on board any feedback received.

Guidance on the Council's approach to consultation and engagement is set out in the Council's Statement of Community Involvement.

The need to demonstrate community support should not discourage schemes coming forward. The steps taken to engage the community and the level of evidence demonstrating community support provided should be proportionate to the scale of the scheme and needs to be demonstrated as part of any planning application.

Please refer to the HARA 'A 10-Stage Guide to Developing an Affordable Housing Scheme for Local People in a Rural Community' marked Annex 'x' or contact the Housing Development Team for further guidance in developing a rural affordable housing scheme.

6.3 Local Housing Needs Surveys

All planning proposals for the development of rural exception sites should be supported by a local housing need survey undertaken within the previous five years, which will determine the level of affordable housing need in the Parish (or a group of parishes should they agree to work jointly on a survey).

The Parish Council should be involved in the investigation of local housing need in partnership with the Council and Action Hampshire as part of the HARA partnership. It will be essential to consult and engage the local community throughout the process and particularly at the site selection stage. Guidance on the Council's approach to consultation and engagement is set out in the Council's Statement of Community Involvement.

Action Hampshire will carry out the Housing Needs Survey, analyse and produce the report. Where a developer or landowner wishes to resource a survey, the Council will need to approve the survey methodology and questionnaire and validate the survey results.

If an affordable housing need is identified, the report should give an indication of the number, type and tenure of affordable homes that are needed by households with a local connection to the parish. The analysis will consider information on the incomes and savings of respondents in relation to their needs and to local housing costs, in order to assess their eligibility.

Individual responses to surveys should be kept confidential.

If a survey fails to identify a local need for affordable housing then no further work will be undertaken to investigate delivering a scheme under policy COM8.

6.4 Local Connection on Rural Sites

In relation to developments of affordable housing in rural areas, other than on exception sites, a priority may be given to applicants with a local connection to the Parish, where appropriate and where there is evidence of local affordable housing need as set out in the Hampshire Home Choice Scheme of Allocation. In the assessment of bids through Hampshire Home Choice for rural tenancies, a bid from an applicant with a local connection will take priority over applicants who do not.

As opportunities for the development of rural affordable housing are limited, legislation exists to ensure that it can be retained for future use, by protecting it from being sold under any Right to Buy or Acquire and restricting the amount of equity that can be purchased by leaseholders of intermediate affordable housing.

7. Restriction on disposal of affordable homes in Test Valley

Many villages within Test Valley and part of the urban areas are with designated protected areas to ensure the affordable housing remains in perpetuity are exempt from the Right to Acquire, Right to Buy and restricting stair-casing for shared ownership homes.

7.1 Restricting Right to Acquire

Restriction on disposal of homes in Rural Areas of Test Valley (S157 of the Housing Act 1985).

Statutory Instrument 1997 No. 625, 'The Housing (Right to Acquire or Enfranchise) (Designated Rural Areas in the South East) Order 1997, designated rural areas of Test Valley for the purposes of Section 17 of the Housing Act 1996 (the right to acquire) and section 1AA (3)(a) and (5) of the Leasehold Reform Act 1967 (additional right to enfranchise). This Order states the rights of tenant of registered providers to acquire their homes under Sections 16 and 17 of the 1996 Act and the rights of tenants with long leases to enfranchise under Section 1AA of the 1967 Act do not apply.

These include-

- Ampfield, Amport, Appleshaw, Ashley, Awbridge, Barton Stacey, Bossington, Braishfield, Broughton, Buckholt, Bullington, Chilbolton, East Dean, East Tytherley, Facombe, Frenchmoor, Fyfield, Goodworth Clatford, Grately, Houghton, Hurstbourne Tarrant, Kings Somborne, Leckford, Linkenholt, Somborne, Lockerley, Longparish, Longstock, Melchet Park and Plaitford, Michelmersh, Monxton, Mottisfont, Nether Wallop, Over Wallop, Penton Grafton, Penton Mewsey, Quarley,
- Designated rural areas by Maps for the parishes of Abbots Ann, Chilworth, Nursling and Rownhams, Wellow,

Please refer to the Statutory Instrument for full details of the areas covered by parishes and maps. Maps are available from the Department of the Environment, Eland House, Bressenden Place, London, SW1E 5DU.

7.2 Restricting Right to Buy and Staircasing

Statutory Instrument 2004 No. 2681 (SI 2004 No. 2681) designated certain parishes in Test Valley rural areas where if an affordable home is sold under the right to buy, the vendor may under Section 157 of the Housing Act 1985 impose a covenant requiring its consent to any further disposal unless it is an exempted disposal under Section 160 of the Act; or reserve a right of pre-emption if the Secretary of State, or if the vendor is a housing association, Homes England consents. The designated rural areas include:-

The parishes of Abbots Ann, Ampfield, Amport, Appleshaw, Ashley, Awbridge, Barton Stacey, Bossington, Braishfield, Broughton, Buckholt, Bullington, Chilbolton, Chilworth, East Dean, East Tytherley, Facombe, Frenchmoor, Fyfield, Gratley, Goodworth Clatford, Houghton, Hurstbourne Tarrant, Kimpton, Kings Somborne, Leckford, Linkenholt, Little Somborne, Lockerley, Longparish, Longstock, Melchet Park and Plaitford, Michelmersh, Monxton, Mottisfont, Nether Wallop, Over Wallop, Penton Grafton, Penton Mewsey, Quarley Sheffield English, Shipton Bellinger, Smannell, Stockbridge, Tangley, Thruxton, Upper Clatford, Vernham Dean, West Tytherley, Wherwell

7.3 Restricting Staircasing

Statutory Instrument 2009 No. 2098 (SI 2009 No 2098) The Housing (Right to Enfranchise) (Designated Protect Areas) (England) Order 2009 designated those parishes and unparished areas in Hampshire which include:

- Ampfield, Amport, Appleshaw, Ashley, Awbridge, Barton Stacey, Bossington, Braishfield, Broughton, Buckholt, Bullington, Chilbolton, East Dean, East Tytherley, Facombe, Frenchmoor, Fyfield, Goodworth Clatford, Gratley, Houghton, Hurstbourne Tarrant, Kimpton, Kings Somborne, Leckford, Linkenholt, Little Somborne, Lockerley, Longparish, Longstock, Melchet Park and Plaitford, Michelmersh, Monxton, Mottisfont, Nether Wallop, Over Wallop, Penton Grafton, Penton Mewsey, Quarley, Romsey Extra, Sheffield English, Shipton Bellinger, Smannell, Stockbridge, Tangley, Thruxton, Upper Clatford, Vernhams Dean, West Tytherley, Wherwell,
- The designated rural areas by maps under Schedule 12 of the Order for the parishes of Abbots Ann, Chilworth, Nursling and Rownhams, Wellow,

Please refer to the Statutory Instrument for full details of the areas covered by parishes and maps. Maps are available from the Department of the Environment, Eland House, Bressenden Place, London, SW1E 5DU.

In the Designated Protected Areas purchasers will generally not be able to staircase beyond 80% of market value, and this restriction will need to be reflected in any s106 agreement regulating the development.

8. Viability Assessments

This section sets out the Council's expectations regarding the information to be supplied for consideration where Developers are requesting a reduced percentage of on site affordable housing or an off site financial contribution rather than delivering the policy requirement for affordable housing on site or are proposing market housing to cross-subsidise a rural affordable housing scheme.

The Viability Assessment (as per NPPG) should:-

- be proportionate to the deviation from policy requirements (that is, the greater the deviation from policy the proposed provision is, the greater degree of evidence and justification will be needed).
- Start appraisals at the policy target affordable housing requirement and work backwards from this (ie. evidence why the Local Plan policy requirement cannot be viably achieved with a reasonable return);
- Provide adequate and honest evidence based information to enable the Council to accurately assess the viability of the proposal
- Provide information on an open book basis
- Provide full and robust justifications where figures deviate significantly from what are considered reasonable or benchmark figures and
- Not to take any account of the price paid for the land, if already purchased.

In order for a proposal with reduced provision to be supported, the applicant should make every effort to adequately demonstrate clearly and transparently, including if necessary to the community and Councillors through the Councils committee process, that the reduced affordable housing provision negotiated is absolutely necessary in order to make the development financially viable and deliverable.

The onus is on the applicant to demonstrate this and where it cannot be demonstrated satisfactorily, the proposal may not be supported.

8.1 Viability appraisals which will not be supported

The Council will not support applications which provide inadequate evidence and fail to demonstrate that the Council's guidance above has been followed.

Proposals to provide affordable housing provision below policy requirements on the ground of economic viability are unlikely to be supported where the Viability Appraisal:

8.1.1 Fails to Demonstrate:

- That a reduced contribution is necessary to make the development viable, where the submitted evidence:
 - Is considered inadequate or inaccurate; or
 - Not in accordance with the guidance provided in this SPD; or
 - Reasonable requests to submit the required level of evidence are not met; or
 - The poor quality submitted evidence does not allow positive determination of the planning application within the necessary timeframe.

8.1.2 Has not tested alternatives:

- Where the proposal has not demonstrated sufficient flexibility to ‘value engineer’ the scheme or test alternatives where the Council considers such alternatives reasonably exist and could improve viability and increase affordable provision.

8.1.3. Does not demonstrate NPPF deliverable or sustainable development:

- Where the viability appraisal demonstrates that viability is extremely marginal, or even negative, even with greatly reduced or even zero affordable housing provision, applications may not be supported on the grounds of:
 - A failure to demonstrate deliverability; and/or
 - A failure to contribute to the key sustainable development and Local Plan objective of delivering affordable housing; and/or
 - A lack of overall planning gain to justify the development.

8.2 Alternative sites:

- Where the case made in the Viability Appraisal causes the Council to consider that alternative more viable site(s) exist within the town, parish or adjoining parish which can contribute more to sustainable development or are more deliverable. This is particularly the case in rural areas where the quantum of development required and development land is finite.

8.3 Economic Viability Appraisals at Outline Stage

Typically, the Council may negotiate a reduced affordable housing provision on the basis of viability at outline stage where:

- There are significant, known and unavoidable costs, for example infrastructure costs (but not the price paid for the site);
- The overall package of S106 obligations proposed is considered to represent sustainable development, for example known highways, education or open space improvements and associated costs will be considered in the planning balance;

- Where the Council is satisfied the policy compliant affordable housing contribution could not be obtained at a later stage in the phasing of development/scheme;
- Where the Council considers that the work and resources necessary to re-assess viability at a later stage(s) would be disproportionate to the affordable housing gained which may be achieved, and that it is therefore, more appropriate to fix the percentage at outline stage;
- Where a degree of certainty is necessary at outline stage for transparency and certainty of affordable housing delivery; ie. on a strategic site it may better enable a strategic planning decision to be made on the basis of securing a fixed number of affordable dwellings at outline, rather than an uncertain number across all reserved matters stages.

However, where reduced levels of provision are agreed at outline stage, the Council reserves the right to include the mechanism set out the Council's approach to Negotiating Proposals which are Not Viable (as per AH SPD).

The Council reserves the right to revert to a default position to defer any discussion, regarding viability and concession below policy levels until reserved matters, for example where:

- It is considered that proposals are not sufficiently evolved for applicants to be able to provide robust information regarding costs and values; for example based on indicative layouts/ with all matters reserved;
- Where a sufficient deviation from policy levels is proposed which cannot be supported at outline stage.

9. Collaborative Approach to Securing Delivery

The Council is keen to facilitate housing delivery and unlock stalled sites. Where a developer considers that a scheme has stalled and wishes to re-negotiate the affordable housing requirement but still make a reasonable affordable housing contribution; the first step is to contact the Housing Development Team. Thereafter applications S106 Agreements can be renegotiated on a voluntary basis. Agreed amendments to Section 106 obligations can be negotiated at any time and effected by way of a Deed of Variation between the relevant parties.

10. Section 106 Agreements

For all planning applications that involve affordable housing, applicants will be required to enter into a S106 Agreement. The purpose of this Agreement is to ensure that the affordable housing is of high quality and that:-

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

It is strongly recommend that discussions are held with the Housing Development Team before any planning applications are submitted as they can advise about the options available, and provide informal advice about affordable housing proposals.

Applicants are recommend to view the standard S106 Agreement clauses in relation to the provision of affordable housing attached at Annexes 1, 3 and 5 in the Affordable Housing SPD.

11. Affordable Housing Providers

An Affordable Housing Provider can be selected at various stages of the process. For rural sites, the Parish Council should be involved in the selection of the provider and should work closely with them.

Occasionally a provider may have initiated the process to meet local affordable housing need and sought the involvement of the Parish Council. Ideally a rural housing provider should be involved at an early stage and be a preferred partner of the Council through the HARAH partnership.

11.1 Registered Providers (RPs)

For COM7 sites, the Council will not prescribe which RP a developer chooses to work with but it is the Council's preference for the affordable housing to be delivered by one of its RP Partners as set out in the List of Preferred Registered Providers annexed to this Advice Note.

In the event that a developer chooses to work with a RP which is not a preferred partner, the Council will seek confirmation at the earliest opportunity that they are:-

- A registered provider with Homes England (or its successor)
- Eligible to bid for and receive housing subsidy
- Have experience of managing the relevant or a similar tenure type
- Capable of demonstrating how an effective local housing management and maintenance service will be provided.
- Willing to enter into nomination arrangements or let their homes in accordance with Hampshire Home Choice register to ensure homes are provided for the benefit of the local community.

The S106 Agreement will require the Registered Provider to be approved in writing by the Council (Head of Housing & Environmental Health).

Whichever provider is chosen, it is advisable for the developer to involve them at the earliest opportunity, ideally before the design stage. Early consultation with an RP allows for the early incorporation of standards and design briefs in affordable housing designs.

11.2 Community Land Trust (CLT)

A CLT is a non-profit community-based organisation run by volunteers that develop housing, workspaces, community facilities and other assets that meet the needs of the community, are owned and controlled by the community and are made available at affordable levels in perpetuity.

The Council supports the development of CLTs to meet local housing need. Any CLT seeking to develop affordable housing in Test Valley must satisfy conditions for their constitution within the Housing & Regeneration Act 2008. In addition they must:

- Deliver affordable homes which are fully in accordance with the definitions of affordable housing set out within the AH SPD.
- Enter into a S106 with the Council to control the affordability and occupancy of the dwellings.
- Ensure nominations for affordable rented homes will be made through Hampshire Home Choice (Village Local Connection Criteria will be imposed).
- Ensure nominations for Intermediate Housing will be through Help to Buy South or their successors.

The CLT is encouraged to enter into discussions with the Housing Development Team at an early stage to discuss their affordable housing aspirations and community consultation process. The Housing Development Team is happy to provide any advice, assistance or guidance on community engagement, consultation, CLTs, affordable housing, site finding and selection, selecting RPs etc.

12. Contacts

To discuss affordable housing policies and affordable housing development opportunities, please contact the Council's Housing Development Team:

- Email: HousingDevelopmentTeam@testvalley.gov.uk
- Telephone: 01264 368000

To discuss development proposals for specific sites, contact the Council's Development Management Team:

- Email: planning@testvalley.gov.uk
- Telephone: 01264 368000

To discuss planning policies and their influence on development proposals for specific sites, contact the Council's Planning Policy Team:

Email: planningpolicy@testvalley.gov.uk

Telephone: 01264 368000

13. Annexes

Annex 1 – List of Registered Provider Partners for Test Valley

<p><u>ASTER HOMES</u> Hannah Watkins Development Manager Testway House Greenwich Way Andover, SP10 4BF</p> <p>Tel: 01380 735570 Hannah.Watkins@asterhomes.co.uk</p>	<p><u>VIVID (formerly SENTINEL)</u> Julie Porter Head of Development 56 Kingsclere Road Basingstoke Hampshire RG21 6XG</p> <p>Tel: 01256 312869 Julie.Porter@vividhomes.co.uk</p>	<p><u>SOVEREIGN HOUSING ASSOCIATION LTD</u> Tim Tallyn-Hancock Development Manager Woodlands 90 Bartholomew Street Newbury RG14 5EE</p> <p>Tel: 01635 277953 Tim.Tallyn-Hancock@sovereign.org.uk</p>	<p>RADIAN GROUP Steve Taylor Senior Project Manager Collins House Bishopstoke Road Eastleigh Hampshire SO50 6AD</p> <p>Tel: 023 8062 8386 or steve.taylor@radian.co.uk</p>
	<p>RURAL SCHEMES – HARAH PARTNER</p> <p><u>English Rural Housing Association</u> Nick Hughes Regional Development Manager Astolat, Coniers Way. New Inn Lane, Burpham, Guildford Surrey GU4 7HL</p> <p>Tel: 01483 563758 Mob: 07799508731</p> <p>Nick.hughes@englishrural.org.uk</p>		

Annex 2 – Worked example of vacant building credit
To be completed