

Revision to Affordable Housing SPD

Further information.

- 1) Policy approaches of the others Districts.
- 2) Worked Examples.
- 3) Other Financial Considerations.

- 1) Policy approaches of the other Districts.

1.1 **West Wiltshire:**

- In villages the policy is to seek to achieve up to 50% affordable housing provision from all sites within a village policy limits.
- In August 2005 the Council adopted the Supplementary Planning guidance (SGP), this stated that *where a net gain of only 1 dwelling is proposed, we will seek a commuted sum towards the provision of affordable housing off-site.*
- It was concluded that during an 18 month period 90% of relevant applications were withdrawn due to this position on single dwellings.
- As of September 2007, West Wiltshire Cabinet removed the requirement for this commuted sum on single dwellings. All other aspects of the SPG remain

1.2 **Salisbury:**

- Local Plan Policy H25, applications of 1 ha or 25 dwellings will be subject to affordable housing requirement.
- Affordable Housing is triggered on applications of 0.5ha or 15 dwellings in rural settlements with a population below 3000.
- Salisbury DC seek around 25% on allocated sites.
- This is a fairly old policy position and is likely to be reviewed during their LDF process.

1.3 **Kennet**

- 50% affordable housing requirement.
- Threshold of 2 dwellings.
- No off-site contributions sought for single or odd dwellings.

2) WORKED EXAMPLES

Table 2: The position based on the construction of a £450,000 market value dwelling in a rural area.

Option	Application	Total Affordable Housing provision	Issues
1) Maintain the current position as stated in the Adopted SPD August 2007	Minus RSL sum of £87,700 = £362,400. 50% of £181,150	£181,150	The 50% requirement is not delivering affordable housing provision.
2) Adopt Revised SPD, flat fee of £26,000 on single or odd dwellings	Simple requirement of a flat fee.	£26,000	Relatively low when compared to option 1.
3) Set a threshold	A single dwelling would not be subject to any affordable housing requirement.	NIL	No provision secured
4) Scale of contributions	E.g. 1 Bed 10K 2 Bed 20k 3 Bed 30k 4 Bed 40K	£40,000	Does not conform with the Local Plan 2011

Table 3: Worked example of officer Recommendation, based on 3 bed / 4 person dwellings

Scenario	AH Requirement		The Elements of the Development			Total
	50% on Site Affordable Housing	£26,000 off-site contribution to affordable housing.	Total number of Market value dwellings	Total Number of affordable dwellings	Total off-site financial contribution	Complete affordable Housing Provision
1 Dwelling	NO	YES	1	0	£26,000	£26,000
2 Dwellings	YES	NO	1	1	NIL	1 Affordable Dwelling
3 Dwellings	YES	YES	2	1	£26,000	£26,000 & 1 Affordable Dwelling
4 Dwellings	YES	NO	2	2	NIL	2 Affordable Dwellings
5 Dwellings	YES	YES	3	2	£26,000	£26,000 & 2 Affordable Dwellings

- 2.1 The requirement to provide an off-site contribution of £26,000 only applies for single dwelling developments and developments where there is an odd number. One must always consider the principle of the 50% rule, in scenarios where it is not possible to divide a development by 50% evenly the off-site contribution kicks in. Where it is possible to do so, there is no off-site requirement, only the provision to ensure that 50% of dwellings constructed are affordable dwellings.
- 2.2 What is the odd dwelling?
This relates to the 1st, 3rd, 5th, 7th, 9th, 11th dwelling etc, where these numbers represent the total number of dwellings. It is for this dwelling alone for which developers are required to provide an off-site contribution, as it is not possible to provide half a house on the ground. For example in a development of 3 dwellings, the 3rd dwelling would be subject the £26,000 off-site contribution.
- 2.3 Providing on-site affordable housing (physical unit)
The 50% rule requires developers to provide affordable housing units on the site. For example, a development of 2 dwellings requires 50% to be affordable, so the developer would be required to ensure that 1 of these dwellings is affordable.

- 2.4 This has financial implications for the developer, although the developer will receive some financial return for the affordable dwelling, referred to as a supportable deficit. **Supportable Deficit** is the sum a Registered Social Landlord can generally pay a developer for affordable homes, derived through calculating the amount of private finance the RSL will be able to raise based on the rental income generated.

3. Other Financial Considerations

- 3.1 Table 4 shows the difference between the supportable deficit received and the actual construction costs, the shortfall is absorbed by the developer.

Table 4: Supportable Deficit.

Property Type	Min Floor Area (m2)	Rural Supportable Deficit (SD)	Developer Reasonable Cost per m2	Cost to Build min floor area	Difference between SD and build costs
1 Bed / 2 Person Flat	46	£39,700	£1,000	£46,000	-£6,300
1 Bed / 2 Person Bungalow	46	£42,950	£1,000	£46,000	-£3,050
2 Bed / 3 Person Flat	56	£50,450	£1,000	£56,000	-£5,550
2 Bed / 3 Person Bungalow	56	£54,700	£1,000	£56,000	-£1,300
2 Bed / 4 Person Flat	61	£53,700	£1,000	£61,000	-£7,300
2 Bed / 3 Person House	71	£58,700	£1,000	£71,000	-£12,300
2 Bed / 4 Person House	76	£62,200	£1,000	£76,000	-£13,800
3 Bed / 4 Person House	81	£70,200	£1,000	£81,000	-£10,800
3 Bed / 5 Person House	86	£72,700	£1,000	£86,000	-£13,300
4 Bed / 6 Person House	101	£87,700	£1,000	£101,000	-£13,300

- 3.2 Please note, the build cost is only one small element of the overall market value when developing a dwelling. In a village the build costs might make up, for example, a third and the land costs might make up two thirds of the market value. The developer will take into account the cost of delivering affordable homes when negotiating with the landowner – it's the landowner that ultimately pays for the affordable homes. Therefore, the difference between the supportable deficit and the build costs will mean the land is worth less, or put another way the cost of providing the affordable homes will dictate the land value.

3.3 Open Space.

The North Wiltshire Local Plan 2011, paragraph 12.5 states that all residential developments regardless of scale have the potential to contribute to the increased need generated to improve existing open spaces or provide new open spaces.

Table 5: Potential Open Space contribution (based and 3 bed / 4 Person dwelling).

Scenario	Possible Open Space Contribution
1 Dwelling	£6,100
2 Dwellings	£12,200
3 Dwellings	£18,300
4 Dwellings	£24,500
5 Dwellings	£30,600

3.6 North Wiltshire District Council does operate an open approach so as not to jeopardise a scheme progressing, we are open to discussion with RSL's etc, and can reduce the Public Open Space payment to an acceptable level. During these discussions we may ask for evidence to be provided to support any claim.

3.7 **Local Plan (9.23)**

The Council acknowledges that local plan policies on affordable housing should be reasonably flexible, leaving room for other material considerations to be taken into account. The Council accepts that there may be particular site costs associated with the development of a site that may justify a negotiated reduction in provision of affordable housing, or the level of financial contribution transferred for off-site affordable housing provision. Developers will be expected to submit details of such costs as part of the initial planning application documentation or as soon as these cost become apparent, if they are identified after the initial submission.

3.8 The Council will seek professional advice in circumstances where the developer believes there is significant development costs that would justify a decrease in the level of financial contribution sought. The cost of this advice will be met by the applicant.