

APPENDIX 2

Developers Guide Part 2 - Sec 106 & Affordable Housing

Revision of Affordable Housing section

Draft dated 22nd August 2017

Introduction

The Core Strategy for Slough 2006 – 2026, adopted 2008, has a policy that requires between 30% and 40% of homes on new development sites of 15 or more to be affordable housing. The Developers Guide states how the Council will implement that policy.

When will there be a requirement

Residential development on sites of 0.5 hectare or more and development with 15 or more dwellings. This includes change of use to residential accommodation. See Table 1.

What will be required - Developments of 15 to 24 homes.

A financial contribution in accordance with the schedule of rates at Table 3 will be payable. The contributions are payable per unit dependent upon the size of development. But the contributions are made only on the 15th unit and each additional unit up to 24 units. The requirement is based upon a starting point of 30% affordable housing. However the rates have been set to take account of typical development viability calculations to encourage more development between 15 and 24 units than has occurred in the past. The payments will be spent by the Council on affordable housing.

For sites of 0.5 hectares or more where the number of homes is not known please see below.

What will be required – Development of 25 or more dwellings.

New affordable homes are to be provided in accordance with the percentages in table 1 and 2. There are different requirements for development less than 70 homes or 70 or more homes. In addition there is a lower requirement, in certain circumstances and for brownfield sites only, where development viability is an issue. (see Viability Assessments below). The percentages in the tables relate to the proportion of the total of new homes in the development. Table 2 outlines the proportion of 3 different tenures types required. The Council's definition of tenure types is as set out below :

Rent : Comprises a combination of Slough Affordable Rent (roughly equivalent to social rent) and Slough Living Rent as set out below. It does not include any rented accommodation where there is any home ownership involved e.g. rent to buy nor does it include the Government's proposed

affordable private rented category. Details of rent levels to carry out valuations can be made available on request to [to be inserted]. Rent levels are likely to be revised yearly.

Slough Affordable Rent : broadly the existing Council or Housing Association or Target rents (defined by reference to the Homes and Communities Agency policy). It is important to note this is not the same as Affordable Rent as defined in the Governments Planning Practice Guidance. The proportion of the two different categories required varies between greenfield and brownfield sites. Brownfield sites require less Slough Affordable Rent than on greenfield sites and vice versa for Slough Living Rent.

Slough Living Rent : for people on middle incomes but who cannot access market rents. It therefore meets the ambition in the Council's Housing Strategy to have a wider range of rents available for different groups of the population who cannot afford to accommodate themselves in the market. These rents would also be affordable for people on Housing Benefit and include any service charges. They will be reviewed annually and set at a level that reflects median gross household incomes in Slough and take account of the size of the property.

Intermediate Housing : To comprise Shared Ownership and Rent to Buy. Both of these are 'ownership' based tenures. This category also includes Build to Rent products where these are provided at less than market rent but above the level of Slough Living Rent. If the Government introduce Starter Homes the Council has the option of including them within this category. The minimum % share available to a purchaser should not be higher than 40%. New intermediate homes must be first offered to local people through the Council's Register of households interested in intermediate housing.

What will be required - Sites of 0.5 hectares or more.

Where the total number of dwellings is not known at the planning permission stage the above provisions (table 1, 2 and 3) will still be applicable. The amount of affordable housing or payment would be calculated when the number of dwellings is known.

Viability assessments for brownfield sites :

Developers may consider that development of a site that already has built development on it can only go ahead if likely Section 106 obligations including affordable housing are reduced. Any request to the Council for a development to not be policy compliant, in terms of affordable housing targets and infrastructure contributions, will need to be supported with a viability assessment. Unless the exception outlined below applies a full viability assessment will need to be submitted and accepted by the Council before any planning permission can be granted. This may involve negotiation. See separate document on the Council's web site for details

of what the council expect to be submitted and associated fees. [link/info to be inserted]

Past experience indicates that some brownfield sites are not easily developed without a reduction of affordable housing. Consequently the above requirements allow for a relaxation whereby a full viability assessment need not be submitted if the stated reduced affordable housing requirement is met – Brownfield (viability issue) in table. A simple viability statement will however be needed. This will hopefully incentivise developers to include a substantial level of affordable housing but avoid the complication of a viability assessment and uncertainty regarding negotiation.

Financial payments in lieu

Other than for developments of 15 to 25 homes referred to above financial payments in lieu of building new affordable homes will not normally be accepted. Payments (also known as commuted sums) will only be accepted in exceptional circumstances i.e. when the Council considers it will benefit compared to new homes being built by a developer. The amount of any financial contribution will be negotiated and based upon a figure considered equivalent to affordable housing on site.

On-site or off-site

Where the requirement is for new affordable housing to be built it will nearly always be provided on the development site where the requirement applies. In exceptional circumstances the Council will consider the required affordable housing being built on another site (i.e. a donor site). The exceptional circumstances will apply where the Council considers off site provision a benefit compared to on site. Any donor site will have to be suitable for affordable housing tenants and not already be allocated for or expected to provide some affordable housing.

Minimum requirements

The percentages of affordable housing stated are minimums excepting where viability has been accepted by the Council. Developers of affordable housing can of course offer a greater percentage than the figures stated.

Other requirements

Standards - Affordable housing dwellings to be built to HCA Housing Quality Indicator standards.

Dwelling Mix - A mix of dwelling types and sizes to be agreed by the Council (including specifying the number of persons to be accommodated per dwelling and floorspaces). Guidance on housing mix requirements for potential development sites/types will be available if requested.

Floorspace – floorspace (net internal of dwelling) should be based upon the nationally prescribed space standard.

Disability Standard (wheelchair standard)- due to high levels of the need for housing for disabled residents across all tenures, 5% of homes are to be to be wheelchair standard on all developments of 25 or more dwellings.

Section 106 planning obligation - the affordable housing will be secured through a Section 106 planning obligation. It will include provision for the housing to remain as such in perpetuity but with provision for the exclusion of mortgagees etc. in possession and purchasing under any statutory provision or stair-casing re shared ownership. The obligation will include provision for eligibility and occupancy arrangements to be agreed with the Council; i.e. how the affordable housing will accommodate those in most need. Most affordable housing will need to be transferred to either the Council or a Registered Provider approved by the Council. The Council will seek a nomination rights agreement to be signed by the relevant registered provider. Any financial payments will be indexed linked (BCIS All in tender) when written into Section 106 obligations. Financial contributions will need to be paid prior to the commencement of development.

Clawback/viability review mechanism

If a development, supported with a viability assessment, is agreed without being policy compliant re affordable housing policy it should be noted that the Section 106 planning obligation will include an obligation to carry out a viability review mechanism. The obligation would only be applicable after a defined period from planning permission such that if development is well underway in a reasonable timescale there will be no need to carry out a review. A different arrangement would be made for very large multi phased developments over many years. The review would establish if development values rise above development costs after permission is granted such that more affordable housing or an equivalent payment could be provided. Any additional affordable housing or payment justified by the review would take account of developers return for the site and be capped at the normal policy compliant level.

Registered Provider Partners

The Council currently has 9 partner Registered Providers and developers will be asked to approach them as well as the Council to negotiate taking on the affordable housing. They can be approached at the pre-application stage. Section 106 obligations can allow for other Providers to be used if no reasonable agreement can be reached with one of the partners listed (or the Council) in a reasonable time. It should be noted that the Council or one of its housing companies may also be in a position to purchase some affordable housing from developers. Developers will be asked to approach the Council at the same time as Providers.

The council's Partners are:

- A 2 Housing Group
- Catalyst Housing Group
- Home Group
- Paradigm Housing Group
- Sovereign Housing Group

- Thames Valley Housing Assn.
- Housing Solutions
- Radian
- Inquilab

[Contact details to be listed including the Council Housing Department]

Table 1 Affordable Housing Required

	Type of Requirement	Normal Requirement	Exemption For brownfield sites where development viability is an issue
		Affordable Housing as a % of total development.	
Development Size			
15 to 24 new homes	Financial Contribution	Schedule of rates applied (Table 3)	Not applicable
25 to 69 new homes	Build new homes	30% total Comprising : Rent 25% Intermediate 5%	25% total Comprising : Rent 21% Intermediate 4%
70 or more new homes	Build new homes	40% total Comprising : Rent 25% Intermediate 15%	35% total Comprising : Rent 22% Intermediate 13%

Table 2 Affordable Housing Required by Tenure

(affordable housing tenure as a percentage of total new homes in a development)

	Development Size					
	25 – 69 homes in development			70 plus homes in development		
	Tenure Split			Tenure Split		
Type of Site	Slough Affordable Rent (Social Rent)	Slough Living Rent	Intermediate	Slough Affordable Rent (Social Rent)	Slough Living Rent	Intermediate
Greenfield	10%	15%	5%	10%	15%	15%
Brownfield	6%	19%	5%	6%	19%	15%
Brownfield (viability issue)	5%	16%	4%	5%	17%	13%

Table 3 Financial contribution for developments of 15 to 24 homes.

Payment to be made dependent upon size of development (total number of units) and type of dwelling proposed.

Type of dwelling proposed	15 units	16 units	17 units	18 units	19 units	20 units	21 units	22 units	23 units	24 units
	£	£	£	£	£	£	£	£	£	£
1 Bed	39,860	77,623	113,287	146,854	178,322	207,693	234,966	260,141	283,218	304,197
	£	£	£	£	£	£	£	£	£	£
2 Bed	50,884	99,092	144,620	187,471	227,643	265,137	299,954	332,091	361,551	388,333
	£	£	£	£	£	£	£	£	£	£
3 Bed	68,047	132,513	193,397	250,700	304,421	354,561	401,120	444,097	483,493	519,307
	£	£	£	£	£	£	£	£	£	£
4 Bed	112,243	218,578	319,006	413,526	502,139	584,844	661,642	732,532	797,515	856,590
	£	£	£	£	£	£	£	£	£	£
5 Bed	151,951	295,904	431,859	559,818	679,779	791,742	895,708	991,677	1,079,648	1,159,622