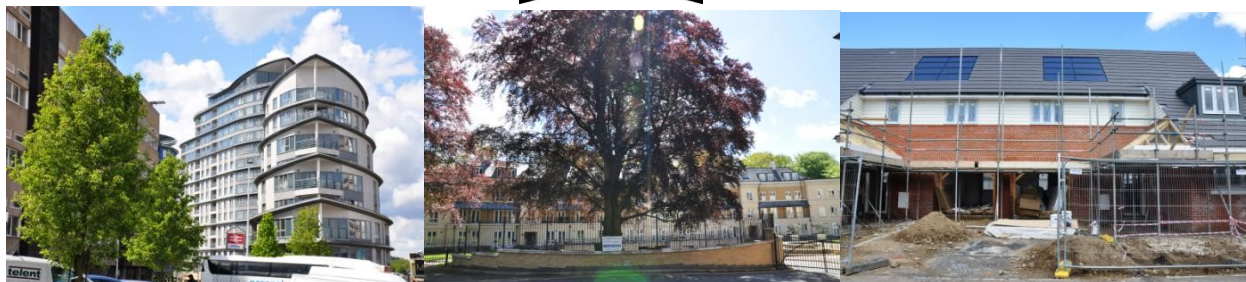




Woking Borough Council Local Development Documents

Affordable Housing Delivery Supplementary Planning Document

November 2022



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1. Summary

This Supplementary Planning Document (SPD) stipulates how the Council's affordable housing policy, as set out in Policy CS12, is to be implemented. [Core Strategy Policy CS12 – Affordable housing](#) is the main planning policy detailing how new affordable housing will be delivered through the planning system in Woking.

This SPD does not introduce any additional requirements, but sets out the detail of how Policy CS12 will be applied in practice. Applicants are advised to read Policy CS12 in full for their development proposal. An SPD does not have the same status as a development plan document (DPD) and is not subject to independent examination.

This document was updated in 2022 and adopted by the Council on (insert date) Consultation was carried out on (insert date) and the consultation and adoption statements for this SPD are available on the Council's 2027 website (insert links here when available).

Woking has an acute need for more affordable housing of all types, sizes and tenures and the demand for affordable housing far exceeds supply due to a number of land constraints, including shortage of developable land. In addition, local house prices and rents create an additional issue of affordability for many.

The following information provides some key facts about affordable housing need and provision in the borough. A regular housing facts and figures report is published [here](#).

- As at July 2022, the average house price in Woking was £482,145, which is considerably higher than the national average of £311,583
- Between July 2012 and July 2022 the average property price in Woking increased by 62.9%, compared with an increase of 75.9% in the South East as a whole and 73.3% nationally.
- According to the Office of National Statistics (ONS) the number of households in Woking was 39,460 in 2018, a number projected to increase by 3.7% to 40,936 households by 2043.
- The median gross annual workplace-based earnings in Woking is £34,176.
- In Woking, the number of people on Universal Credit was 6039 in March 2022 which is at the lowest level since August 2020.
- As of the 1 October 2021, there were a total of 972 applicants on Woking's Housing Register. The Housing Register shows that the greatest need is for 1

bed units at 40%, but there is also a significant need for 2 and 3+ bed homes at 25% and 33% respectively.

In Woking, the affordability ratio of median house price to workplace-based earnings was 13.87 as of March 2022, this is a slight increase in last three-year period. Data published by the Office for National Statistics on 25 March 2022, shows that in England in 2020, full-time employees could typically expect to spend around 7.84 times their workplace-based annual earnings on purchasing a home; this is a slight improvement from 2018, when the ratio was 8.0.

Purchaser affordability table by property type in Woking Borough March 2022.

Property type	Average selling price in the Borough (as of March 2022)	Deposit required (assuming 80% mortgage)	Minimal annual income required (assuming 3.5 times annual salary)
All	£441,848	£88,370	£100,994
Detached	£937,147	£187,429	£214,205
Semi-detached	£482,465	£96,493	£110,278
Terraced	£380,344	£76,069	£86,936
Flat/Maisonette	£253,359	£50,672	£57,911

2. Planning and Housing Policy Context

2.1. National Planning Policy Framework

The [National Planning Policy Framework](#) (NPPF), last revised in July 2021, sets out the Government’s planning policies for England and how these should be applied. It provides a framework within which locally-prepared plans for housing and other development can be produced, including for the delivery of affordable homes.

The NPPF includes a definition of affordable homes (Annexe 2) covering affordable housing for rent, starter homes, discounted market sales housing, and other affordable routes to home ownership.

Paragraph 62 states that, with respect to those who require affordable housing, the size, type and tenure of housing needed should be assessed and reflected in planning policies.

Paragraph 63 highlights that planning policies should specify the type of affordable housing required and expect it to be met on-site other than in specific circumstances.

Paragraph 64 sets out the types of site for which affordable housing requirements should be reduced or not sought.

Paragraph 65 sets a requirement for 10% of dwellings on major housing sites to be available for affordable home ownership, with various exceptions.

Annex 2 of the NPPF (the glossary) sets a national definition for affordable housing, including various sub-categories. In addition, the NPPF also stipulates the need for strategic policies to:

- make sufficient provision for affordable housing (Paragraph 20);
- set out the levels and types of affordable housing required (Paragraph 34);
- recommend that affordable housing needs be resolved at pre-application stage (Paragraph 41).

These issues are covered in more detail below.

2.2. National Planning Practice Guidance

Planning Practice Guidance (PPG) on [housing needs of different groups](#) describes how to assess need for affordable housing. There is a dedicated section of PPG on [First Homes](#), a new type of affordable housing as of 2021, containing detailed guidance on how they should be treated in the planning system. The section of PPG on [Build to Rent](#) contains policy on how this type of housing development should be required to contribute affordable housing, specifically through the tenure of 'affordable private rent'. The latter two issues are covered under the chapter on 'Tenure mix' below.

2.3. Woking Core Strategy

The Local Development Documents (LDD) of the Council relevant to the delivery of affordable housing are; the Core Strategy (CS12), the Development Management Policies Development Plan Document (DMPDPD) and the Site Allocations Development Plan Document (SADPD). Also relevant are the three Neighbourhood Plans adopted in the borough to date.

The Woking 2027 Core Strategy was adopted in October 2012 and reviewed in October 2018 (the next review is due in October 2023). This is the strategic vision for the spatial planning and management of development in the Borough up to 2027, setting out the planning policy that seeks to help to deliver affordable housing.

Amongst the key issues and challenges identified by the Core Strategy is the ‘*significant unmet need for affordable housing, which will have to be delivered in a period of severe public sector budget constraint and an economic downturn; the need to balance the priority to secure affordable housing with the viability of development schemes is challenging*’.

The Core Strategy recognises that the need for affordable housing for those who cannot afford to obtain housing on the open market is considerable. It sets an overall delivery target for affordable housing at 35% of all new homes, equivalent to 1,737 new affordable homes, between 2010 and 2027.

This target is substantially below the need identified locally but is one which the council believes it can realistically deliver, having particular regard to:

- overall levels of development in the borough
- the sites, and types of sites, likely to be developed
- financial viability of the policies
- environmental constraints of the area.

2.4. Policy CS12

CS12 requires provision of affordable housing on all new residential developments and, in some cases, on non-residential developments. On-site provision of affordable housing is expected on larger sites. Provision through medium and small sites may be on-site or via an off-site financial contribution towards provision elsewhere in the borough, depending upon the size and nature of the site and the development proposed. The priority is for on-site provision of affordable housing.

Developers should also take into account [other relevant policies](#) of the Core Strategy, including the following housing policies. Affordable housing provision within a wider development will be expected to reflect these requirements.

- [Policy CS10 - Housing provision and distribution](#)
- [Policy CS13 - Older people and vulnerable groups](#)
- [Policy CS14 - Gypsies, Travellers and Travelling Showpeople](#)

In addition, [Policy CS16 - Infrastructure delivery](#) recognises affordable housing is a form of infrastructure (see paragraph 5.132), whilst Section six ([Implementation and monitoring of the Core Strategy](#)) and [Appendix five Delivery and monitoring](#) provide more detail about how affordable housing delivery will be monitored.

2.5. Core Strategy Review 2018

The Core Strategy review in October 2018 found it to still be in general conformity with the NPPF, and to be helping to deliver the council's key priorities and the aims of Woking 2050.

The review concluded there was no immediate need to modify any of the Core Strategy policies. Regarding policy CS12, the review found it to be in line with the NPPF and vital in delivering affordable housing needed in the area. It found that the policy was justified by evidence on recent house price trends and by the viability evidence that supported the adoption of the Community Infrastructure Levy.

The review stated that the council would continue to monitor the situation to determine, in future, whether any action is needed.

2.6. Neighbourhood Planning

Woking has three made Neighbourhood Plans that form part of the Local Plan. Further information on each of them can be found on the [Woking 2027 website](#).

2.7. Site Allocations DPD

In October 2021, the Council adopted the [Site Allocations Development Plan Document](#) (DPD), which identifies land and allocates specific sites to enable the delivery of Woking Core Strategy (2012).

The Site Allocations DPD also takes a long term strategic view of the future and safeguards land to meet future development needs beyond the present Core Strategy period (between 2027 and 2040).

The policies on sites allocated for housing include requirements to “contribute to Affordable Housing provision in accordance with Policy CS12”.

2.8. Community Infrastructure Levy

Woking Borough Council has adopted the [Community Infrastructure Levy \(CIL\)](#) as its primary means of securing developer contributions towards infrastructure provision in the borough. CIL is a standardised non-negotiable levy that is charged to new development to raise funds to deliver infrastructure to support development.

The Community Infrastructure Levy (CIL) was adopted by the Council on 23 October 2014 and came into effect from **1 April 2015**.

The CIL will apply to most new buildings, but affordable housing and any development for charitable purposes will be exempt from the charge. Contributions for these will continue

to be sought through a Section 106 planning obligation. On mixed tenure housing schemes, only market dwellings will be liable for the CIL payments.

2.9. Annual Monitoring Report

Delivery against the Core Strategy target is monitored through [Annual Monitoring Reports](#) which have shown that, since 2010, the target of 35% of dwelling completions being affordable housing has been met in only one year. Also evidenced is that, in the same period, affordable housing completions have constituted over 20% of all dwelling completions in just three years. In six out of the ten years monitored seeing affordable housing has constituted less than 10% of dwelling completions.

2.10. [Woking Housing Strategy 2021-2026](#)

The Local Government Act 2003 requires all local housing authorities publish a Housing Strategy setting out a vision for housing in its area, including objectives, targets and policies on how the authority intends to manage and deliver its strategic housing role. The strategy provides an overarching framework against which the authority considers and formulates other policies on more specific housing issues

The Housing Strategy covers the scope of our Housing Services and is designed to complement our other policies, such as the Local Plan and Corporate Plan. The strategic priorities contained in the Housing Strategy are:

- To provide well designed, high quality homes that are affordable and meet local needs;
- To prevent homelessness and help those in housing need;
- To help people to achieve independence and wellbeing;
- To deliver an improved housing service to our tenants and leaseholders;
- To enhance choice, standards and quality within the private rented sector.
-

2.11. Affordability

The Core Strategy contains a locally specific definition of affordable housing compatible with, but expanded on, that in the NPPF. It says that affordable housing must '[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'.

Core Strategy Policy CS12 contains terms that differ slightly from those used in national policy. However, each of these has an equivalent, as follows:

- The phrase 'social housing...for rent' in the Core Strategy should be read as per the NPPF category 'Affordable housing for rent', subcategory 'social rent'.

- The phrase 'social housing through shared equity schemes' in the Core Strategy should be read as per the NPPF category 'Other affordable routes to home ownership', subcategory 'shared ownership'.
- The phrase 'subsidised low cost market housing for... rent' in the Core Strategy should be read per the NPPF category 'Affordable Housing for Rent', subcategories 'affordable rent' and 'affordable private rent'.
- The phrase 'subsidised low cost market housing for sale' in the Core Strategy should be read as per the NPPF term 'discounted market sales housing'. This includes First Homes, as defined in Planning Practice Guidance.

3. Local Evidence of housing need

3.1. Types and sizes of homes

[Policy CS11 - Housing mix](#) requires all residential proposals to provide a mix of dwelling types and sizes to address local needs, reflecting the most recent [Strategic Housing Market Assessment](#) (SHMA, 2015).

The appropriate percentage of different housing types and sizes for each site will depend upon the established character and density of the neighbourhood, as well as the viability of the scheme.

A significant need for more family homes during the plan period has been identified. As such, the Council will not permit the loss of family homes on sites capable of accommodating a mix of residential units unless there are overriding policy considerations to justify any loss.

At an HMA level, the analysis would support policies for the mix of affordable housing of:

- 1-bed properties: 40%
- 2-bed properties: 30%
- 3-bed properties: 25%
- 4-bed properties: 5%

Good quality, decent and affordable homes contribute significantly to good health and wellbeing. Consequently, it is important that affordable homes are well designed and of sufficient size to enable a good living environment.

The [nationally described space standard](#) was implemented in 2015, containing information regarding internal space within new dwellings and is suitable for application across all tenures. It sets out requirements for the Gross Internal (floor) Area of new dwellings at a defined level of occupancy as well as floor areas and dimensions for key parts of the home, notably bedrooms, storage and floor to ceiling height.

The Council does not wish to be too prescriptive on the floor area of new affordable homes; achieving good design is as important as property size. However properties do need to be of practical proportions.

2.1. Tenure mix

The Core Strategy (Policy CS12) expects developments to provide an appropriate tenure mix that meets the needs of local residents, as evidenced by the latest SHMA, and considered affordable based on local income levels.

The SHMA identifies that there is a need for 71% of new affordable dwellings to be in the rented tenure (social and affordable) and 29% at intermediate level (including shared ownership and First Homes). National policy requires 25% of new affordable dwellings to be First Homes.

2.2. Social rented

Social rented housing is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency.

The Government's rent policy for Social Rent is typically between 50 and 60 per cent of market rents.

Much of Woking's recent development is concentrated in the town centre to promote economic growth and to protect the green belt. However, such sites attract high land values, which in turn reduces the viability of affordable housing within the schemes. It is therefore essential that the Council maximises other land and funding opportunities to meet its annual target of 102 affordable housing units per year.

Social Rent remains a priority rental tenure for the Council, as this offers affordable housing at the most affordable rent levels with the lowest burden on housing benefits. The Council acknowledges that this form of tenure requires significant levels of

subsidy, but encourages this affordable tenure where circumstances allow. The Council will seek to prioritise social rented homes where possible.

2.3. New Shared Ownership model

[Shared Ownership](#) is aimed at helping people in housing need who are unable to afford to purchase a suitable property for their needs on the open market. Applicants are subject to various eligibility and affordability requirements, for example a gross joint income of less than £80,000 and otherwise unable to purchase a suitable property for their housing needs on the open market. Changes to the Shared Ownership model came into effect on 1 April 2021. The new Shared Ownership model applies to all Shared Ownership homes delivered through Homes England's Affordable Housing Programme (AHP) 2021 to 2026, including Home Ownership for people with long-term disabilities (HOLD), Older Persons Shared Ownership (OPSO), homes in rural protected areas and homes purchased through the [Right to Shared Ownership](#).

The major changes proposed to the Shared Ownership model relate to the following:

- the minimum initial share that can be purchased has reduced from 25% to 10%
- the introduction of the option to buy more equity in 1% increments for the first 15 years; larger shares can still be purchased with the minimum reducing from 10% to 5%
- the introduction of a 10-year period during which the costs of any maintenance or repairs will be partly met by the landlord rather than the shared owner
- if a shared owner wishes to sell on the open market, the 'nomination period' in which they first have to offer the home to the landlord can now be ended after four, rather than eight weeks.

2.4. First Homes

[First Homes](#), a new government scheme, is a form of affordable housing available only to first time buyers, sold at a discounted price of at least 30% from market value, and must apply to 25% of all affordable housing on a scheme delivered by developers through planning obligations (or, where relevant, 25% of cash contributions for affordable housing to be used to secure First Homes). At least 50% of the purchase price must be funded by mortgage or home purchase plan (if required to comply with Islamic law).

The details of national policy on First Homes is set out in national [Planning Practice Guidance](#) and should be referred to by applicants. First Homes, like Shared Ownership dwellings, are a form of intermediate housing (which in the NPPF is described as 'affordable routes to home ownership), which is itself a sub-category of Affordable Housing as defined by national and local policy.

There is a price cap of no more than £250,000 on first sales- after taking into account the discount- and an income cap of £80,000 (joint income or individual), with the full discount being retained in perpetuity through restrictive covenants on the title for these properties. LPA's will be responsible for monitoring this, and the tenure will form part of the S106 agreement for a site.

Implementation of First Homes is mandatory from 28th June 2021 for local authorities whose local plan has been submitted for examination or adopted. Existing planning applications, and advanced pre-planning applications where tenure mix has already been negotiated, are exempt for the first 6 - 9 months from the implementation date.

Local planning authorities have discretion to set a higher minimum discount on First Homes (of 40% or 50%), or a lower price cap than £250,000, if justified. Woking Borough Council is not proposing to introduce either of these at this time, but rather to apply the standard discount and threshold set out in national policy. This position can be reassessed when the Core Strategy is next reviewed.

A local connection test will be applied to all First Homes in Woking Borough for the first three months from when a home is first marketed. If a suitable buyer has not reserved a home after three months, the eligibility criteria will revert to those in the Planning Practice Guidance.

For a household to be eligible for a First Home when it is first marketed, in addition to the requirements in PPG, at least one household member must either:

- have lived in the Borough for at least the previous two years; or
- have permanent employment in the Borough for at least 35 hours per week (unless unable to do so on grounds of disability) and have done so for at least the last two years; or
- have close relative who has lived in the Borough for the last five years, and to whom they are connected by a support or welfare need (with either the First Home buyer or the relative having the need); or
- be an active member of the Armed Forces, or a divorced or separated spouse/civil partner of a current member of the Armed Forces, or a spouse or civil partner of a deceased member of the Armed Forces (if their death was wholly or partly caused by their service), or have been a member of the Armed Forces within the last five years.

Keyworkers

Woking will also be applying keyworker priority status to all First Homes in the Borough. Keyworkers are split into two priority categories:

- **Priority one** - typically a public sector employee who is considered to provide an essential service. This definition may also include support staff without whom the above roles may struggle to function.
- **Priority two** - other “essential” workers whose employment supports the local economy i.e. lower income workers such as other public or private sector employees of other bodies operating in the public sector subject to the relevant body being able to demonstrate that the industry’s national wage structure is such that its employees are unable to afford to rent or to buy homes on the open market within the Borough - for example, care workers or nursery staff.

The tenure split requirements of Policy CS12 should be interpreted in the light of the national PPG requirements regarding First Homes. Once the 25% First Homes requirement has been accounted for, social/affordable rent should be delivered at the same proportion as required by the Local Plan, set out in the latest SHMA (currently 71%). The remainder of the homes on site should be other forms of intermediate housing. This is set out in the table below, along with an example of a hypothetical 80-dwelling scheme, to illustrate how the proportions are applied.

Total	Social/affordable rented	First Homes	Other intermediate tenures	Total
Required proportion of affordable housing in each tenure	71%	25%	4%	100%
Example: 80 dwelling scheme on greenfield land	28 dwellings	10 dwellings	2 dwellings	40 affordable dwellings (i.e. 50% of total dwellings)

In Woking, First Homes can make smaller, 1 or 2 bed units, cheaper for purchase and available to more households. However, these properties are also a much needed type of property for people on the housing waiting list needing social and affordable rented accommodation. The cost of 3 and 4 bed units in the borough prohibits their delivery without a discount of higher than 50%.

2.5. Affordable housing provision on Build to Rent schemes

National Planning Practice Guidance (PPG) states that all Affordable Housing provision on Build to Rent schemes should, by default, take the form of Affordable Private Rent and be managed collectively with private market rent units by the Build to Rent landlord.

The PPG is detailed and applicants for Build to Rent development should refer to it in the preparation of their proposals.

The PPG states that '20% is generally a suitable benchmark for the level of affordable private rent homes to be provided...in any build to rent scheme'. Local authorities are permitted to adjust this, if justified, by inclusion in a local plan policy. As such, and if this guidance is still in place at the time, this may be considered as part of the next CS12 review.

In the meantime, the Council will encourage Build to Rent applications to provide a higher proportion of affordable housing, whilst treating 20% as the minimum requirement on such schemes. Any proposal to deliver less than 20% on site on a Build to Rent scheme will need to be justified in the same way as proposals to diverge from the proportions contained in CS12 for standard housing sites. This includes any proposals to provide financial contributions to off-site affordable housing in lieu of Affordable Private Rented dwellings on-site.

The PPG notes that 'circumstances may arise where developers need to sell all or part of a build to rent scheme into owner occupation or to multiple landlords or, exceptionally, to convert affordable private rent units to another tenure.' When preparing Section 106 agreements for Build to Rent schemes, the Council will include a covenant period of at least 15 years for the retention of private market rent homes in that Built to Rent private market rented tenure. This will allow the Council to claw back financial compensation for the difference between the affordable housing provision that would have been required in accordance with Policy CS12 if the development had initially been built as a non-Build to Rent scheme, and that which remains after any tenure switch of private market rented housing.

Two valuations of the proposed development will be required with Build to Rent applications to enable the level of clawback to be calculated should the covenant be broken. The first valuation will be of the development as proposed at application stage, i.e. in build to rent tenure, and the other will be of the development in a 'build for sale scenario', i.e. as if all the units were intended for sale.

15 years is considered a justified length for the covenant period on market rented tenure, taking into account the scale of undersupply of affordable housing in the Borough. If changing market conditions since the date of permission have reduced the viability of providing affordable housing from standard housing development at the levels set out in

Policy CS12, this will be taken into account in calculating the difference between values of the originally permitted and now proposed scenarios.

4. Delivery of Affordable Housing

The key delivery mechanisms for affordable housing in Woking are:

4.1. On-site provision

Affordable homes provided under Core Strategy Policy CS12 Affordable Housing, on a development site by the developer. For more information about on-site developer affordable housing provision, please see section 5.

4.2. Off-site provision

Affordable homes provided under Core Strategy Policy CS12 Affordable Housing, on a site elsewhere in the borough other than the development site. These may be homes built by the developer on the alternative site or built by the Council or a partner organisation on its behalf, funded by the developer's affordable housing financial contribution.

Affordable housing developer financial contributions are employed by the Council to deliver affordable homes in the Borough.

In addition to reviewing local planning policy through the Core Strategy to require higher levels of affordable housing when new development takes place, the Council's other affordable housing delivery mechanisms include:

- Reviewing the suitability of the Council's own land holdings for the delivery of affordable housing.
- Working with private developers and housing associations to build homes which are let to households on the Council's choice based lettings system.
- Working with owners of empty homes to bring them back into use.
- Working with private landlords to secure long-term lets for their properties, such as through the Private Rented Scheme (Lets Rent) and Private Sector Leasing Scheme.
- Working with Thamesway Housing Limited to continue its property acquisition programme, purchasing market properties for use as affordable homes.

- Potentially also work with other organisations that are Registered Providers to deliver affordable homes, through property acquisition or new development.
- Strengthening relationships with housing association partners to achieve 100% affordable housing schemes
- Utilise Investment Partner status with Homes England and bid for funding for pipeline schemes
- Explore new funding models, such as “income-strip” finance i.e. where the Council provides a Loan Guarantee for the finance advanced to a Limited Liability Partnership and is responsible for all day-to-day management and repairing liability. The Council is then, at the end of the finance period, able to buy the asset for a nominal sum, either directly or through a nominated company such as Thameswey Housing.
- Woking Borough Council is regenerating Sheerwater, a project that will provide new private and affordable family and smaller sized homes.
- Working pro-actively to prevent homelessness through our Housing Options team.

4.3. Off-site financial contribution

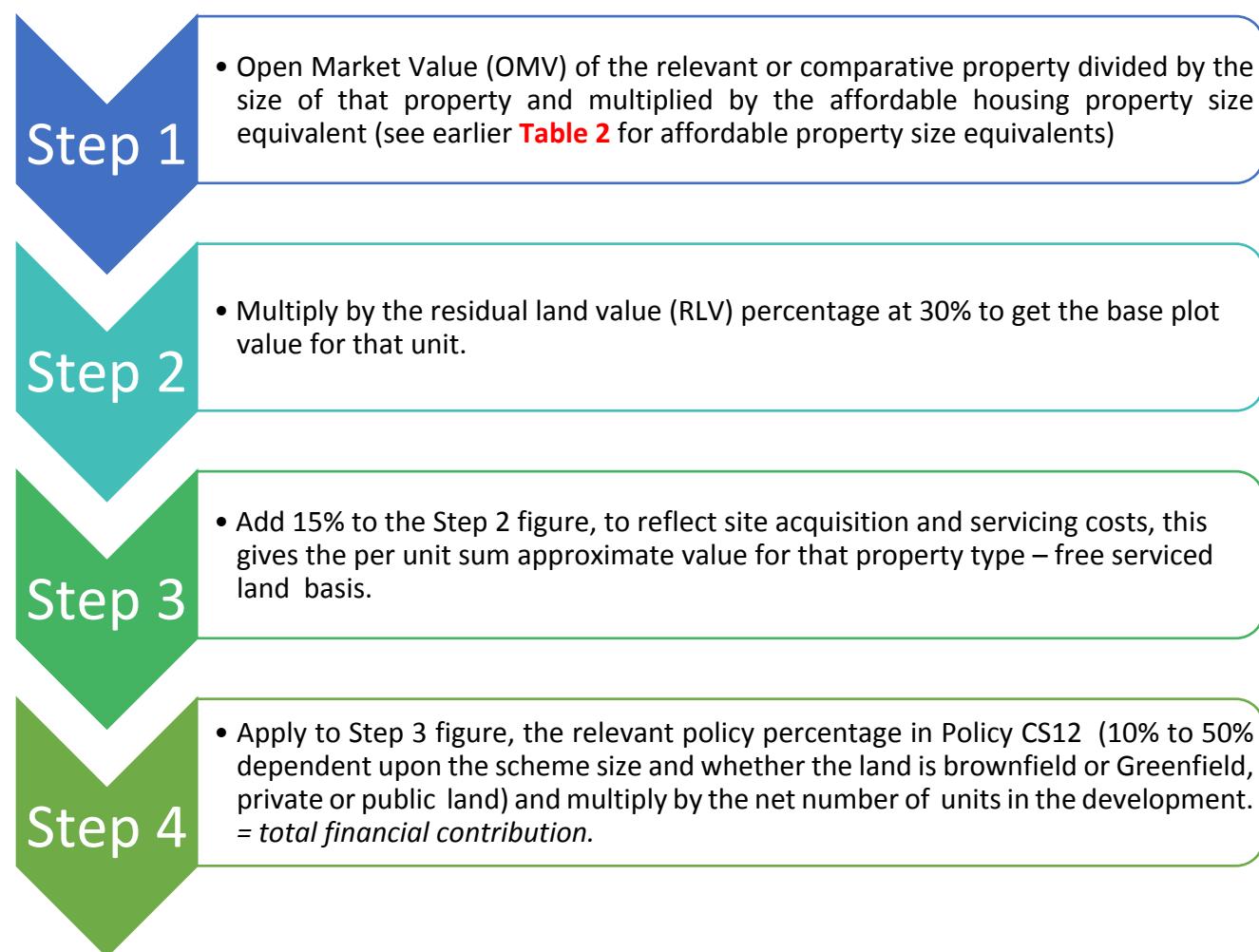
While Woking Borough Council’s preference is for onsite delivery of affordable housing, there may be limited circumstances where it will be appropriate for a scheme that proposes ten or more net additional dwellings to make an off-site affordable housing contribution in lieu of onsite provision. For example, Policy CS12 allows for off-site contributions to be made where there are clear housing management reasons or in the interests of the effective distribution of affordable housing across the Borough.

Contributions will be ring-fenced and used to provide affordable housing elsewhere in Woking Borough. Where possible this will be in the same locality as the development making the contribution, however contributions may be directed to other schemes which make a positive contribution to facilitating delivery of affordable homes through other mechanisms.

4.4. Calculating the financial contribution

The Council will use the following ‘residual land value’ formula to calculate financial contributions where these are required and appropriate. This approach involves approximating the land value that needs to be replaced elsewhere and allowing for the cost of acquiring and servicing that land e.g. providing access and utilities. The applicable affordable housing percentage (according to Policy CS12) is then applied to this figure.

It is recognised that this approach represents only one method of calculating such contributions. It is recommended that you seek advice from a suitably qualified independent surveyor should you wish to put forward an alternative method of calculation. The Council will consider all alternatively calculated contribution figures. Any calculations producing contribution figures less those generated by the Council's formula approach will be questioned. The Council will usually require financial contributions to be paid on commencement of the development.



Example

Calculating the 30% financial contribution required for a brownfield site comprising 5 x 1 bedroom flats and 9 x 2 bedroom flats.

Proposed 14 unit scheme: 5 x 1 bed flats, 9 x 2 bed flats.

5 x 1 bedroom flat (2 bedspaces) size: 50 sqm OMV: £269,000
Guide size for relevant or comparative affordable home –50 sqm

9 x 2 bedroom flat (4 bedspaces) size: 72 sqm OMV: £387,360
Guide size for relevant or comparative affordable home – 70 sqm

Step 1: Open Market Value (OMV) of a relevant or comparative development

Market value of proposed property / size of the property x affordable housing size that would have been required to be provided on-site.

1 bed flat: £269,000 / 50 sqm = £5,380 per sqm

£5,380 x 50 sqm = £269,000 x 5 units = £1,345,000

2 bed flat: £387,360 / 72 sqm = £5,380 per sqm

£5,380 x 70 sqm = £376,600 x 9 units = £3,389,400

Total OMV of relevant or comparative development = (£1,345,000 + £3,389,400) = £4,734,400

Step 2: Multiply the OMV (Step 1) by the residual land value percentage (30%)

£3,321,615 x 30% = £1,420,320

Step 3: Add 15% of the result of Step 2 to reflect site acquisition and servicing costs

£1,420,320 + 15% = £1,633,368 (= base plot/land value of affordable unit)

Step 4: Apply the affordable housing policy percentage from Policy CS12 (i.e. Step 3 x 30% for sites between 10 and 14 units.

£1,633,368 x 30% = **£490,010 Affordable Housing Financial Contribution**

4.5. Calculating number of units – rounding up

In calculating the number of units to be provided by a development, the Council will always round to the nearest number of whole units.

A standard mathematical approach to rounding will be taken. Where applying 30 per cent (or any other target that the development will stand, higher or lower) achieves 0.5 or more of a dwelling, the approach will be to round up. For example, in a scheme of 15 dwellings, applying 30% gives 4.5 dwellings, which would be rounded up to a requirement for 5 affordable homes. Anything below 0.5 will be rounded down. For example, in scheme of 18 dwellings, applying 30% gives 5.4 dwellings, which would be rounded down to 5 homes.

4.6 Viability Appraisals

The Council has tested its affordable housing policy for viability through the Affordable Housing Viability Assessment undertaken by Adams Integra for the Core Strategy, and the Community Infrastructure Levy Viability Study produced by Dixon Searle LLP. However Policy CS12 makes it clear that the application of the policy is subject to the individual site being able to sustain the costs of the affordable housing requirement (either on-site provision or a financial contribution). There may be exceptional circumstances where the application of the Policy in full makes the site financially unviable, in these circumstances the Applicant will need to prove that the site is unviable by submitting a Financial Viability Appraisal (FVA).

Consideration of financial viability appraisals should be in line with the up-to-date national Planning Practice Guidance for decision makers on this topic. In particular:

The EUV+ method (Existing Land Value plus a premium for the landowner) should be used to establish the benchmark land value used in a viability appraisal. Market evidence used for establishing the existing land value should be based on developments which are fully compliant with the affordable housing targets in CS12 or any emerging replacement. Where this evidence is not available plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance. This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time. Under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan.

Any viability assessment should be prepared on the basis that it will be made publicly available other than in exceptional circumstances. Even in those circumstances an executive summary should be made publicly available. Information used in viability assessment is not usually specific to that developer and thereby need not contain commercially sensitive data. In circumstances where it is deemed that specific details of an assessment are commercially sensitive, the information should be aggregated in published viability assessments and executive summaries, and included as part of total costs figures. An exemption from publication will only be granted where the Council is satisfied that the information to be excluded is commercially sensitive. This might include information relating to negotiations, such as ongoing negotiations over land purchase, and information relating to compensation that may be due to individuals, such as right to light compensation. The aggregated information should be clearly set out to the satisfaction of the Council. Any sensitive personal information should not be made public.

Further detail on financial viability appraisals is contained in Annexe 4.

4.6. Overage clause

Where a viability appraisal successfully shows non-viability of delivering the requirements of CS12, the Council may elect to require an overage clause.

If so, this will be incorporated into a Section 106 Agreement. It will usually be based on the final revenues (Gross Development Value) of the completed development compared with the Financial Viability Appraisal submitted with the application, taking into account

what is generally accepted within the industry to be a reasonable developer profit level, (presently typically 20% of Gross Development Value).

If the development has generated “excess” value the Council will claw back the surplus value above the originally predicted GDV, on a basis of 50% to the Council for affordable housing delivery purposes and 50% basis to the Applicant. This will be up to a ceiling of the full affordable housing requirement.

This is considered the most equitable approach in the circumstances, having regard to the requirements of adopted Policy CS12.

The final values will be independently checked by an external consultant chosen by the Council at the Applicant’s expense.

5. Requirements for Affordable Housing Provision

5.1. Types of site

Paragraph 5.83 of the Core Strategy states (with relation to Policy CS12):

‘This policy applies to all sites where new residential development is proposed, including mixed use schemes and proposals where there is a net increase in the number of units on a site. This will include sheltered and extra care accommodation and other forms of residential accommodation where relevant.’

For clarity, this definition does not make any reference to use class. Sheltered and extra care accommodation, and other forms of residential accommodation, will therefore be covered by Policy CS12 regardless of their use class, except where they constitute affordable housing in themselves, in which case the policy would not be relevant.

The previous version of this SPD expanded on the supporting text to CS12 by disapplying the policy from C2 housing (as well as Traveller sites), on the basis that the Council wishes to encourage the provision of such accommodation where an identified need exists. However, whilst the Council still wishes to encourage C2 and Traveller development, the current position is that Woking has a relatively healthy supply of specialist housing (as set out in the Inspector’s Report on the Site Allocations DPD), but a severe undersupply of affordable housing. In addition, case law since the adoption of the previous version of this SPD has led to developments being classified as C2, which the authors of the SPD might have anticipated to be C3. If an applicant for C2 development considers that providing for affordable housing would make their proposals

unviable, this will be dealt with by the criteria contained within policy CS12 and elsewhere in this SPD.

Traveller sites will, in the great majority of cases, fall below the national size threshold for provision of affordable housing (see below), and some Traveller sites will also come under the definition of affordable housing in themselves.

To support the delivery of affordable homes in accordance with Policy CS12, the Council will expect a site that has been sub-divided into smaller development schemes to provide the appropriate level of affordable housing that would have been achieved had the whole site come forward as a single scheme.

Similarly, the Council will resist development proposals which seek permission for a development lower than that characteristic of the area, where this would fail to make efficient use of land and avoids otherwise greater affordable housing policy requirements under Policy CS12.

5.2 Size of site

Since the adoption of the Core Strategy, national policy and guidance has changed, with the introduction of size thresholds below which affordable housing cannot be required from a residential development site.

In taking account of the change to the NPPF and PPG as a material consideration, the council will therefore no longer require affordable housing or affordable housing financial contributions for sites of less than 10 dwellings unless the site is 0.5ha or larger.

- On previously developed land where sites provide 15 or more dwellings, or on sites of 0.5ha or more (irrespective of the number of dwellings proposed), the Council will require 40% of dwellings to be affordable.
- On previously developed sites of less than 0.5ha and providing between 10 and 14 new dwellings, the Council will require 30% of the dwellings to be affordable.
- On greenfield sites and sites in public ownership, where the development is more than 9 dwellings or the site is 0.5ha or greater, the Council will require 50% of the dwellings to be affordable.

All other parts of the adopted Policy CS12 will remain as before.

The thresholds above differ from those applied by the Council since 2019, providing a stricter interpretation of national policy with regard to contributions from sites of 0.5ha or more but with less than 10 dwellings. This is appropriate in the light of the current severe undersupply of affordable housing.

In theory, a site with an area of exactly 0.5ha and less than 10 dwellings could have been subject another set of criteria using the thresholds in CS12. However, the chances of a site with that exact area existing in practice are vanishingly small, and the Council does not wish to encourage site boundaries to be drawn in an arbitrary fashion specifically to meet that threshold (in line with the eighth paragraph of Policy CS12). For that reason, CS12 will be interpreted using the thresholds set out above.

5.3 Vacant Building Credit

In November 2014 the Government (the Department for Communities and Local Government) introduced a “vacant building credit” (VBC), reducing affordable housing contributions, that could be offered to developers to incentivise them to develop brownfield sites. The guidance has been revised since it was first published, and the principle is included as policy in the NPPF (paragraph 74).

When does vacant building credit apply?

Vacant building credit applies where a vacant building is brought back into any lawful use, or is demolished to be replaced by a new building. The applicability of the policy has limits, as set out below. Applicants who consider that VBC should apply to their site should set out in their Planning Statement or Affordable Housing Statement, to the satisfaction of the Council, how their site meets the below criteria for VBC to be applied.

VBC only applies to buildings. A building is defined as a permanent structure with a roof and walls, which is present on the site during assessment of the planning application by the Local Planning Authority (the Council). This definition excludes open-sided structures and buildings into which people do not normally enter or only enter intermittently for the purposes of inspecting or maintaining fixed plant or machinery.

VBC only applies to vacant property. To be considered vacant, a building shall not have been in continuous use for a period of at least 6 months within the 3 years ending on the day the planning application is made valid. Council tax and rates records may provide evidence when determining if a building is vacant. This and the preceding criterion are based on the definitions of ‘building’ and ‘in-use building’ in the CIL Regulations.¹

VBC does not apply where a building has been abandoned. The meaning of ‘abandoned’ has been addressed by case law and whether a building is ‘abandoned’ should be established on a case by case basis. PPG (Planning Obligations section, paragraph 028)² notes some relevant considerations. The onus will be on the applicant to demonstrate that their building has not been abandoned.

VBC does not apply where a building has been demolished, or is in an advanced state of dilapidation at the point when the application is validated.

¹ <https://www.legislation.gov.uk/ukxi/2019/1103/schedule/1/made>, Schedule 1, Part 1, Paragraph 1(10)

² <https://www.gov.uk/guidance/planning-obligations>

VBC will not be applied by the Council to properties made vacant for the sole purpose of re-development. The onus will be on the applicant to demonstrate other reasons why the property has been made vacant, using the definition of 'vacant' above, including through the provision of marketing information to show that new occupants could not be found.

PPG (Planning Obligations section, paragraph 028) states that: *"The [VBC] policy is intended to incentivise brownfield development, including the reuse or redevelopment of empty and redundant buildings. In considering how the vacant building credit should apply to a particular development, local planning authorities should have regard to the intention of national policy. In doing so, it may be appropriate for authorities to consider: whether the building has been made vacant for the sole purposes of re-development; whether the building is covered by an extant or recently expired planning permission for the same or substantially the same development."*

Considering the severe undersupply of affordable housing in Woking, as well as the lower-than-anticipated net delivery of office and industrial space since the adoption of the Core Strategy, it is appropriate to prevent the application of VBC to buildings made vacant for the sole purposes of redevelopment. Given that seven years have elapsed since the introduction of VBC, the lowering of affordable housing provision due to VBC in comparison to extant or recently expired planning permissions is not likely to occur often, but this factor should be considered if it is proposed.

Calculating the vacant building credit

Where VBC is found to apply, the existing vacant gross internal area (GIA) of any buildings proposed to be brought back into lawful use or to be demolished and redeveloped, will be calculated as a percentage of the proposed total GIA, leaving the net increase in floorspace. The required percentage of affordable housing will then be applied only to the net increase in floorspace.

VBC will be calculated as follows:

- Existing vacant floorspace is **A** sq.m
- Proposed total floorspace of new development is **B** sq.m
- Net increase in floorspace (B – A) is **C** sq.m
- Requirement under Core Strategy Policy CS12 Affordable Housing is **D** dwelling units
- To apply the Vacant Building Credit to give a reduced Affordable Housing requirement (**E**):

$$\mathbf{C \times D = E}$$

B

For clarity, a worked example is shown below:

- Existing vacant floorspace is 300 sq.m (A)

- Proposed total floorspace of a mixed use development providing 40 dwelling units is 2,400 sq.m (B)
- Net increase in floorspace (2,400 sq.m. - 300 sq.m) is 2,100 sq.m (C)
- Requirement under Core Strategy Policy CS12 Affordable Housing is 16 dwelling units (D)³
- To apply the Vacant Building Credit to give a reduced Affordable Housing requirement (E):

2,100 (C) x 16 (D) = 14 Affordable Homes (E)
2,400 (B)

Please note that the onus will be on the applicant to demonstrate to the satisfaction of the Local Planning Authority a building's vacancy and to provide accurate GIA floorspace measurements.

6. Requirements for Affordable Housing Provision

6.1. Protection of existing affordable housing stock

The Council will expect that the existing number, and type, of affordable homes on a site will be safeguarded and reflected in any redevelopment. This is predicated on the basis that the Core Strategy seeks to increase the amount of affordable housing in the borough to take account of identified need. Whilst redevelopment of a site which replaces older affordable housing stock with new is often to be welcomed, this cannot be supported at the expense of a reduction in the overall number of affordable homes on the site.

In exceptional circumstances the Council may not require all of the existing units to be replaced, for example:

- Where the location of the site is not considered suitable or sustainable for affordable housing,
- Where the existing affordable housing is vacant and has been for a considerable time and the Council considers there is no reasonable prospect of it coming back into re-use

³ Policy CS12 requires a development of 40 dwellings to make 40% provision for Affordable Housing, which is 16 units.

- Where a better balance of size of affordable units is required.

Where replacement is not required the Council may negotiate a financial contribution in lieu of replacement.

6.2 Previously Developed Land and Greenfield Land

Policy CS12 requires 50% of dwellings to be affordable for residential development on Greenfield land, while various lower thresholds apply to development on Previously Developed Land (PDL). Previously Developed Land is defined in Annex 2 to the NPPF.

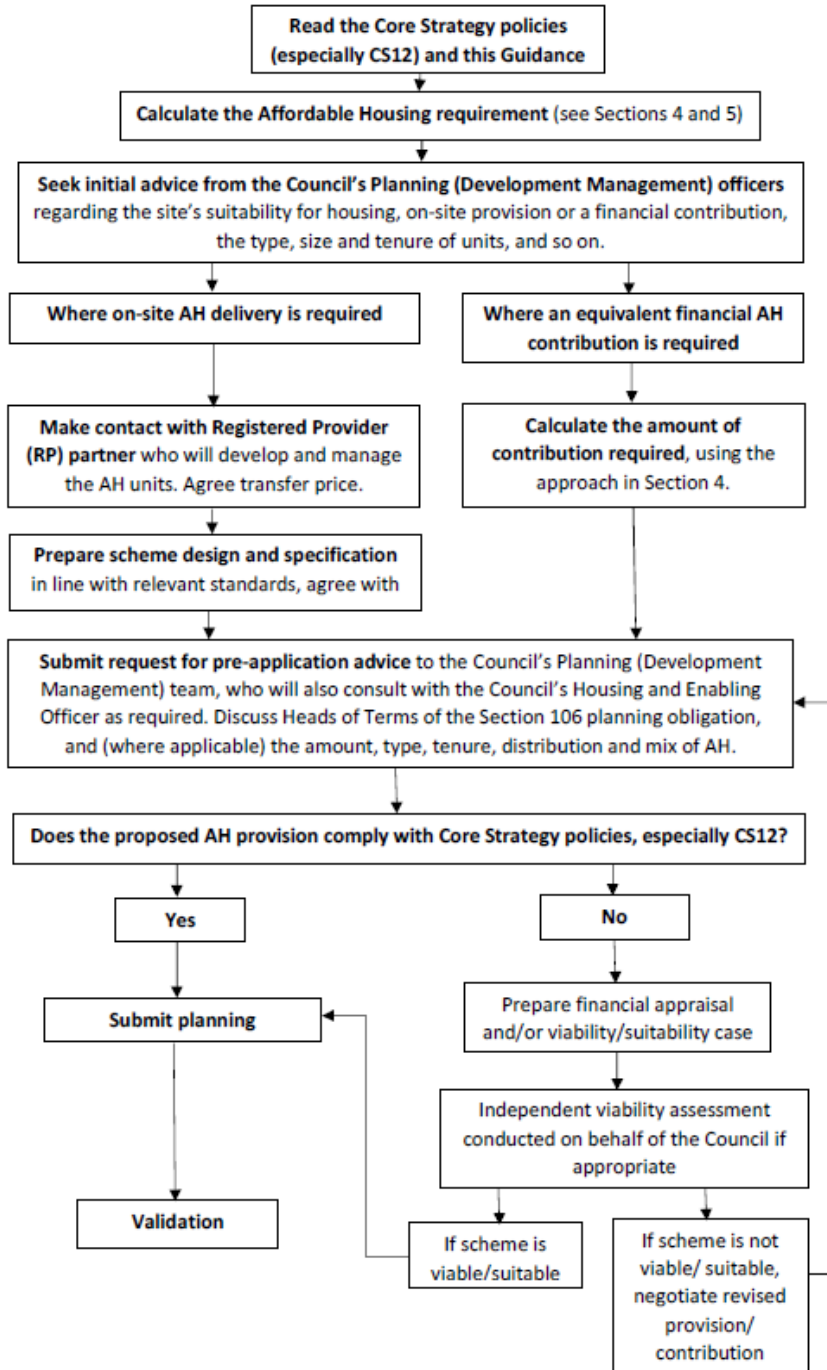
For clarity, the definition of residential gardens, parks etc. (which, within built-up areas, are one of the categories excluded from the PDL definition) will include any hard surfaces, small sheds, summerhouses, greenhouses, temporary residential car ports and similar structures. Land that is hard surfaced with tarmac, aggregate or similar is not considered to be PDL in its own right. The footprint of permanent structures such as dwellings and garages, including where such structures have been largely but not wholly removed, and land over sailed by a permanent structure, are considered to be PDL.

For sites with fewer than 100 dwellings, where a proposed development would sit partly on PDL and partly on Greenfield land, the Council will take a view on which of these the development would predominantly lie. The appropriate affordable housing requirement will then apply to the whole scheme. For example, if 50% or more of the development footprint would be on PDL, the whole development will be treated as PDL for the purposes of applying Policy CS12. Pre application advice should be sought from the Council on this question.

For sites with 100 dwellings or more, the Council will require plans and calculations from the developer showing the extent and percentages across the entirety of the site that are Greenfield and PDL respectively. The same approach will be applied to sites which are partly in public and partly in private ownership. The Council will advise on the level of affordable housing required which it will apply to the whole scheme, having regard to this information and the requirements of Policy CS12. Pre application advice should be sought from the Council on these questions.

7. Planning Process

Affordable housing in the planning process



7.1. Section 106 procedures

The Council will expect the developer to enter into an appropriate Section 106 Agreement covering all aspects of the delivery of affordable housing outlined above.

The content of the agreement can vary considerably from site to site so the Council does not have a standard Section 106 agreement. However, **Annexe 3** lists the main issues that will be included in most agreements.

The Council will draft an appropriate agreement for which a fee is payable. The fee will depend on the complexity of the agreement. An estimate of the fee payable can be obtained from the Council's [Legal Services](#).

7.2. Scheduling of affordable housing delivery

To ensure that the affordable housing is delivered before the market housing is completed; the Council will normally include a number of triggers in the legal agreement.

These may vary from site to site, but would usually be:

- Not to allow or permit occupation of more than 25 per cent of market dwellings until a contract has been entered into with a Registered Provider to deliver the affordable housing in accordance with an Affordable Housing Scheme approved by the Council.
- Not to allow or permit occupation of more than 50 per cent of market dwellings until the affordable housing has been completed and transferred to the Registered Provider and is ready and available for occupation e.g. with all access roads and paths completed and safe for use.

7.3. Maintaining accommodation as affordable housing

The definition of Affordable Housing in the NPPF makes it clear that affordable housing must remain affordable into the future. It therefore follows that there must be safeguards that either preserves the status of the affordable housing, or if it is no longer used for affordable housing, for it to be replaced or for resources to be recycled to replace the dwellings.

Affordable housing provided through the Council's planning policies must be maintained as affordable housing or replaced.

The Council will therefore require provisions in the Section 106 agreement that:

- Keep the units within the definition of affordable housing, and

- Require any purchaser (other than an occupier) to preserve the accommodation as affordable housing, or replace it within the Borough like for like, and
- Require any purchaser to take on the obligations in the nomination agreement or enter into a replacement nomination agreement.

7.4. Recycling of receipts

There are a number of reasons why affordable housing dwellings may be lost, for example a tenant's statutory acquisition of a rented dwelling, shared ownership staircasing to 100%, discharge of the charge on a shared equity dwelling etc. In all cases the Council expects the dwelling to be replaced within the Borough, or at the very least any resources arising from the disposal of the dwelling to be recycled to provide further affordable housing in the Borough.

The Section 106 agreement will contain requirements relating to:

- Continued use of affordable dwellings in perpetuity.
- The retention of obligations relating to the affordable dwellings.
- Requirements to replace the affordable dwellings.
- Requirement to recycle any receipts or Grant arising from the disposal of all or part of an affordable dwelling.

All the above requirements concerning recycling of receipts are subject to there being no conflict with current HCA policies or requirements. In the event of a conflict of these requirements with the HCA, the obligations will be amended as appropriate.

7.5. Affordable housing delivery requirements off site

Policy CS12 allows for off-site contributions to be made in limited circumstances: for example, for clear housing management reasons or in the interests of the effective distribution of affordable housing across the Borough. Changes to thresholds in national policy thresholds mean that financial contributions to affordable housing can no longer be sought from non-major development.

7.6 Viability Appraisals and overage

The Council has tested its affordable housing policy for viability through the Affordable Housing Viability Assessment undertaken by Adams Integra for the Core Strategy, and the Community Infrastructure Levy Viability Study produced by Dixon Searle LLP. However Policy CS12 makes

it clear that the application of the policy is subject to the individual site being able to sustain the costs of the affordable housing requirement (either on-site provision or a financial contribution). There may be exceptional circumstances where the application of the Policy in full makes the site financially unviable, in these circumstances the Applicant will need to prove that the site is unviable by submitting a Financial Viability Appraisal (FVA).

Consideration of financial viability appraisals should be in line with the up-to-date national Planning Practice Guidance for decision makers on this topic.

The EUV+ method (Existing Land Value plus a premium for the landowner) should be used to establish the benchmark land value used in a viability appraisal. Market evidence used for establishing the existing land value should be based on developments which are fully compliant with the affordable housing targets in CS12 or any emerging replacement, including affordable housing requirements at the relevant levels set out in the plan. Where this evidence is not available plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance. This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time. Under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan.

Where a viability appraisal successfully shows non-viability of , the Council may elect to require an overage clause. If the Council decides that an overage claw back arrangement is required this will be incorporated into a Section 106 Agreement and will usually be based on the final revenues (Gross Development Value) of the completed development compared with the Financial Viability Appraisal submitted with the application, taking into account what is generally accepted within the industry to be a reasonable developer profit level, (presently typically 20% of Gross Development Value¹⁵).

If the development has generated “excess” value, then the Council will claw back the surplus value above the originally predicted GDV, on a basis of 50% to the Council for affordable housing delivery purposes and 50% basis to the Applicant. This will be up to a ceiling of the full affordable housing requirement. This is considered the most equitable approach in the circumstances, having regard to the requirements of adopted Policy CS12. The final values will be independently checked by an external consultant chosen by the Council at the Applicant’s expense.

Any viability assessment should be prepared on the basis that it will be made publicly available other than in exceptional circumstances. Even in those circumstances an executive summary should be made publicly available. Information used in viability assessment is not usually specific to that developer and thereby need not contain commercially sensitive data. In circumstances where it is deemed that specific details of an assessment are commercially sensitive, the information should be aggregated in published viability assessments and executive summaries, and included as part of total costs figures. An exemption from publication will only be granted where the Council is satisfied that the information to be excluded is commercially sensitive. This might include information relating to negotiations, such as ongoing negotiations over land purchase, and information relating to compensation that may be due to individuals, such as right to light compensation. The aggregated information should be clearly set out to the satisfaction of the Council. Any sensitive personal information should not be made public.

Further detail on financial viability appraisals is contained in Annexe 4

ANNEXE 1: Glossary

Adoption	The formal approval or acceptance of planning documents by the Council.
Affordability	The ability of people to get onto the property ladder, whether households can access or sustain costs of private sector housing. Affordability is defined by the relationship between local incomes and the local general housing market.
Affordable housing	Affordable housing, as defined by the National Planning Policy Framework, is housing for sale or rent for those whose needs are not met by the market.
Annual Monitoring Report (AMR)	The Council produces an AMR each year to assess the performance and effects of the Local Development Documents.
Community Infrastructure Levy (CIL)	A standard charge set by a local authority levied on new development. For example, the CIL may be levied as a certain amount per square metre of development. The money would be used to pay for transport, schools and health centres, flood defences, play areas, parks and other green spaces.
Development Plan Document (DPD)	Local Development Documents (LDD) documents containing the core planning policies and proposals. These are subject to independent examination. Woking Borough Council is intending to prepare the following DPDs: Core Strategy, Delivery DPD, and Proposals Map.
Examination	Formal examination of Local Development Document (LDD) documents by an independent inspector appointed by the Secretary of State. SPDs are not subject to examination.

Equalities Impact Assessment	A transparent assessment of the impact of a local authority's decisions on equality.
Equity share	The owner owns a percentage of the property and the remainder is owned by a third party (landowner, developer or employer). No rent is charged on the unsold equity, but the purchaser may be expected to buy at the market value at a specified time in the future.
Extra care	Extra care housing is a type of specialist housing for people with care and support needs, including older or disabled people and those with long term conditions.
Family home	A property with 2 or more bedrooms.
Financial contribution	Payments to the Council through a Section 106 Agreement, usually on completion of a development. A financial contribution (payment) made by the planning Applicant (usually a developer / house builder) under the terms of a planning agreement (section.106 / s.106 agreement).
Gross Development Value (GDV)	The open market value of the completed unit or units. If a certain site has a proposed development scheme containing multiple dwellings/units, the GDV of that property/site will be the figure based upon the total value possible from the sale of all the units within that proposed development
Housing Associations	Also known as Registered Providers, regulated by the Regulator of Social Housing, provide affordable homes for rent or sale.
Housing Register / waiting list	The list on which people in housing need register for affordable housing, and are placed in bands of priority. In Woking the

	register is managed through a Choice Based Lettings system.
Infrastructure	Includes transport, affordable housing, education, health, social and community facilities, public services, utility services, flood alleviation measures, and green facilities such as parks and gardens.
Inspector	Representative from the Planning Inspectorate, which is an impartial government agency. Leads the examination of the Core Strategy.
Leasehold accommodation	Where the purchaser takes a lease on a property rather than acquiring the freehold, and pays a ground rent to the owner for the upkeep of certain common areas.
Let's Rent Scheme	The Let's Rent Scheme offers private landlords long-term tenancies via a range of professional letting services with no fees or commission. There are no hidden charges and net income will be comparable with many letting agents' offers. We offer 3 letting management services – Core, Connect and Complete. The differences between these services can be found on our website .
Local Development Documents (LDD)	Documents providing the framework for planning in the Borough and guiding planning decisions. Comprises development plan documents, supplementary planning documents and Statement of Community Involvement i.e. both statutory and non-statutory documents.
Low cost housing	General term for sub-market housing, including affordable homes.
Market housing	Open market housing for private sale or rent with no subsidy
Mixed tenure:	Developments where there is a mix of units that are for sale or rent on the open market, and units which are affordable usually for rent or shared ownership sale.

Net additional dwellings	The number of net additional dwelling is the number of proposed dwellings less the number of existing dwellings to be demolished. Any dwelling with a separate Council Tax registration is counted as a dwelling.
Nominations	Method by which councils are able to put forward people from their Waiting List for affordable homes, usually provided through means of a section 106 agreement with developers and Registered Providers.
Perpetuity	In an affordable housing context, homes secured as affordable into the future, for example by planning restrictions on the resale of affordable housing so that it cannot be lost to the market.
Planning obligations	Legal agreement between a local planning authority (council) and a developer, or undertakings offered unilaterally by a developer, that ensure that certain extra works related to a development are undertaken. For example, the provision of a certain number of affordable homes at a given time. Sometimes also called Section 106 legal agreements, pursuant to section 106 of the Town & Country Planning Act 1990.
Public ownership	Ownership of an asset (such as land or building) by a part of the Government. For example, ownership by a local authority (Borough / District or County Council) or the Ministry of Defence (MOD).
Open Market Value (OMV)	The price of a home on the open property market, its value on the housing market.
Overage	A type of arrangement incorporated into a Section 106 Agreement that seeks to claw back 'excess' profits generated by a development, in comparison with those estimated in the original financial viability appraisal.

Residual Land Value (RLV)	Meaning land value and referred to as a residual because it is the amount remaining after a calculation that deducts from the Gross Development Value (GDV) the various costs of development (e.g. usually comprising of costs including build costs and contingencies, professional fees, site purchase costs, finance costs, developer's profit, marketing and sales expenses). The amount left over (hence 'residual') indicates the land price that can be justified by the calculation and the assumptions used within it.
Shared ownership	A scheme aimed at providing first time buyers, who cannot afford to buy outright a home suited to their needs. The buyer purchases a part of the equity, paying rent on the remainder, which is usually retained by a Registered Provider
Sheltered housing	Housing specifically for older and/or disabled people. Includes a block or group of homes with resident or visiting warden, and individual homes, bungalows and flats, which receive support from a mobile warden or pendant (emergency) alarm service.
Specialist accommodation	Dwellings for people with special needs, including elderly persons, persons with mental or physical needs or temporary accommodation. There are certain types of residential accommodation, which cater for sectors of the community with specific needs. These are often related to the more vulnerable members of society, or those who would benefit from a higher level of on-site support. This need can be divided into two broad groupings – the growing elderly population, and those who may need specialist social support.
Strategic Housing Market Assessment (SHMA)	An assessment of the estimated demand for market housing and need for

	affordable housing in a defined geographical area, in terms of distribution, house types and sizes and the specific requirements of particular groups and which considers future demographics.
Supplementary Planning Document (SPD)	Non-statutory documents that expand upon policies and proposals in development plan documents (DPDs), guiding the delivery of development and the principles set out in the Core Strategy. Unlike Development Plan Documents, SPDs do not form part of the statutory development plan.
Tenure	The nature of the structure by which people own or rent their home. For example – owner occupied, private rented, Registered Provider or council rented.
Threshold	The number of dwelling units that triggers, for example, the affordable housing requirement on a market housing scheme.
Viability	The economic viability of a scheme, assessed through a financial appraisal process of costs and values.
Universal credit	Universal Credit is a new, single monthly payment merging six benefits into one. It is for working age claimants.

ANNEXE 2: NPPF Affordable housing definition

The glossary to the National Planning Policy Framework (Annex 2), as at May 2022, defines affordable housing as follows:

Affordable housing: housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions:

a) **Affordable housing for rent:** meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).

b) **Starter homes:** is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household's eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.

c) **Discounted market sales housing:** is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households. *[NB 'First Homes' fall into this category of affordable housing]*

d) **Other affordable routes to home ownership:** is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision, or refunded to Government or the relevant authority specified in the funding agreement.

The glossary to the Core Strategy contains a locally specific definition of affordable housing which is compatible with that in the NPPF, but expands on it, saying that affordable housing must '[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'. It also cross- refers to the old Housing Strategy which defines affordable

housing as 'housing which meets and continues to meet the needs of people on low and middle incomes who would otherwise not be able to attain housing locally on the open market. Affordable housing is that which can be afforded where the dwelling has the smallest number of rooms appropriate to meet the needs of a household which cannot afford to buy or rent on the open market without some form of subsidy.'

ANNEXE 3: S106 agreement template

The Council does not use a standard Section 106 agreement as the agreement is tailored to the individual circumstances of the site. However sections 5 and 6 provide the background to the requirements for the provision of affordable housing; the following is intended as an indication of the matters likely to be included in any agreement. This is not a definitive list – other matters may be required depending on the site circumstances. Summary of common matters to be included in Section 106 agreements:

- a) details of the planning application
- b) details all parties with an interest in the land (including mortgagees)
- c) a site location plan
- d) definition of affordable housing
- e) number of affordable dwellings, the mix, size, type and tenure
- f) design, standards and location on-site etc.
- g) affordability criteria
- h) details of the affordable housing Provider
- i) phasing of delivery of the affordable housing
- j) obligation to complete an Affordable Housing Scheme
- k) obligation to enter into a Nomination agreement
- l) triggers for the commencement and completion of the affordable housing
- m) limitation on occupation of the units, and maintaining them for affordable housing
- n) recycling of receipts from disposal of affordable housing
- o) mortgagee in possession clause
- p) cascade arrangements (if any)
- q) funding issues (if any)
- r) registration of the Agreement as a Local Land Charge
- s) payment of the Council's costs in drawing up the agreement

ANNEXE 4: Financial Viability Appraisals

Background information on financial viability and Financial Viability Appraisals is given in section 4.6. The following requirements should be read in conjunction with that section and with the national Planning Practice Guidance on the topic. The Financial Viability Appraisal should contain, in addition to the requirements of the above mentioned guidance, the following information and data:

- a) the methodology used for the appraisal and details of any appraisal software or toolkits used.
- b) land values, both current and at the time of purchase (if different)
- c) Residual Land Values (RLV) and Gross Development Value (GDV)
- d) gross and net area of development
- e) number size and type of units
- g) build costs (per square metre)(and comparison with appropriate published RISC data)
- h) abnormal or exceptional costs not reflected in the land value/price (and reasons why)
- i) other costs (design, legal, consultants, planning etc.)
- j) cost of any other planning obligations including infrastructure requirements and financial contributions
- k) build programme and phasing
- l) interest rates, cap rates, loan costs, cash flows
- m) developers profit and an explanation of its make up, and any company or financiers requirements
- n) anticipated phasing
- o) marketing and legal costs (and as a % of Gross Development Value (GDV) p) anticipated sales price for each unit type, and current assumed value of each unit type
- q) anticipated phasing of sales
- r) ground rents and services charges payable
- s) proposals for on-site affordable housing if required in meeting the requirements of the SPD
- t) anticipated price to be paid by the affordable housing provider, and the assumption on which this is based.
- u) substitution values and revenues for less or no affordable housing on-site

v) depending on individual site circumstances and the size of the proposed development, further information may be required, this may include:

- developers Market Analysis Report
- copy of cost plan
- details of company overheads
- copy of financing offer/letter
- Board Report on scheme
- letter from Auditors re: land values and write offs
- sensitivity analysis showing different assumption options (e.g. low, medium and high)

For mixed use schemes similar information and data will be required on the non residential uses. All information and data should be evidenced from an independent expert or source, and be benchmarked.

The following should also be noted:

- each cost, value, revenue, assumption etc. must be evidenced from an independent expert or source
- any assumptions must be explained in detail – in line with national Planning Practice Guidance, please provide a written summary in the application correspondence describing the viability figures provided, giving evidence for all assumptions made, and identifying all information sources.
- the Council will assume that:
 - o the cost of meeting the affordable housing requirements in Policy CS12 should be reflected in the price paid, or price to be paid, for the land, and should be based on:
 - o no public subsidy or grant or payment by the provider of the affordable housing should meet current HCA Guidance, i.e. less than market value.
- abnormal site costs should be reflected in the price paid, or to be paid, for the land.

ANNEXE 5: Nominations Agreements

The Registered Provider or Alternative Affordable Housing Provider ('Provider') will be expected to enter into a Nomination Agreement with the Borough Council that shall contain, as a minimum, the following principles:

1. General

1.1 The Provider will give the Borough Council reasonable notice of all vacancies, sales and re-sales.

1.2 The Borough Council will have a reasonable period in which to nominate households.

1.3 All requests for nominations and resulting nominations will be in writing (including email and fax) and contain appropriate information concerning the property, the sale or tenancy terms and the household nominated.

1.4 In many instances the Borough Council will nominate more than 1 (one) household for each property, where this is the case the Borough Council will put the households in priority order and the Provider will only make offers in that priority order.

1.5 The Borough Council may, at its sole discretion, allow other local authorities and/or public organisations to take up some of the Borough Council's nominations. In this case the Borough Council shall notify the Provider of the nomination arrangements.

1.6 In selecting nominees the Borough Council will have regard to the reasonable priorities and policies of the Provider.

1.7 The Provider will not unreasonably refuse to make an offer to a nominee.

1.8 Where the Borough Council fails to make a nomination within a reasonable time, or a reasonable number of nominees for a property have not resulted in a tenancy or sale of the property, the Provider shall be free to let or sell the property to a household of their choice subject to the cascade in paragraph 1.11.

1.9 The Provider will seek the Borough Council's approval of any marketing or publicity material for the units.

1.10 The Provider will have reasonable regard to the Borough Council's policies, in particular policies on waiting lists, nominations, key workers, and choice based lettings etc.

1.11 In any circumstance where the Provider is able to offer a property to someone who is not a nominee of the Borough Council, the Provider will seek to allocate tenancies or sales in the following order:

- Households who reside, work or have close family living in the Borough Council's area.

- Households on the Housing Registers or Waiting Lists of adjacent local authorities in Surrey.
- Households who reside, work or have close family living in the areas of adjacent local authorities in Surrey.
- Any other household with links to the local area.

1.12 The Provider will keep the Borough Council informed during the nomination process including regular updates on the progress of nominees, sales and lettings and the results of nominations.

1.13 The Provider and the Borough Council will agree appropriate arrangements for the monitoring of nomination processes.

2. Social Rented Housing (including any Extra Care Housing)

2.1 The Borough Council will have the right to nominate to 100% of all the initial lettings, and 75% of all re-lets in perpetuity.

3. Shared Ownership Housing (including any Extra Care Housing)

3.1 The Borough Council will have the right to nominate 100% of all sales in perpetuity (or until such time as the property is sold outright).

3.2 The Provider will ensure that the lease (or similar) for each property requires the leaseholder to seek nominations from the Borough Council (via the Provider) if they wish to sell their share of the property.

3.3 The Provider will comply with the affordability criteria set out in the main agreement for initial sales.

4. Similar nomination arrangements will be required for tenures other than those specifically mentioned above.