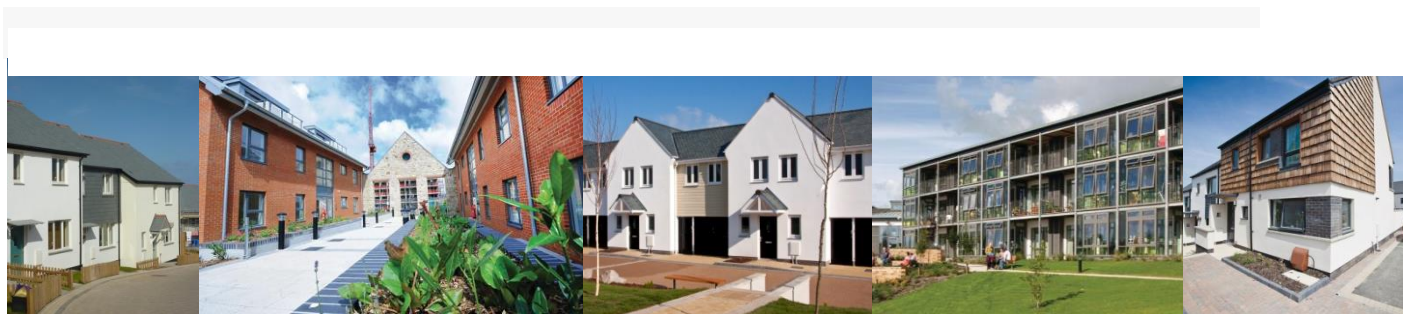


Cornwall Affordable Housing Supplementary Planning Document (SPD)



Local Plan Supporting Document Draft March 2015

Foreword

Ensuring the housing market offers enough decent homes at a price which people can afford is one of the Council's highest priorities. Cornwall Council is committed to addressing this issue by ensuring a sustained supply of new affordable homes.

Affordable housing is typically provided through planning obligations resulting from new developments. Delivering the optimum amount and quality of affordable homes to meet local needs from each and every residential development is therefore a key objective of the Local Planning Authority. In order to achieve this objective, it is very important to have in place a robust planning policy framework.

The Cornwall Local Plan provides the framework with the inclusion of high level affordable housing policies. This Affordable Housing Supplementary Planning Document (SPD) will sit underneath the Local Plan and provide detailed guidance on the how its affordable housing policies will be implemented. For example, the Local Plan sets targets for the percentage of new homes which must be affordable. The Affordable Housing SPD will provide the detail for how these targets and requirements will be implemented, for example delivering the type, size, tenure, quality and distribution of affordable homes which can best meet local need.

- Part A of the SPD defines local housing need and explains how different types of affordable housing products help meet the needs of different types of household.
- Part B provides comprehensive guidance on how the Council will approach negotiations for specific development proposals and how it will address economic viability.
- Part C provides guidance on the delivery of affordable homes on site, for example the size, type, layout and phasing.

Next steps

The representations received during the formal consultation process were reported to elected members of the Environment, Heritage and Planning Portfolio Advisory Committee, together with proposed changes set out in the revised document for endorsement in September 2014. The revised post-consultation draft was reported to and endorsed by Cornwall Council Cabinet in November 2014.

The Cornwall Local Plan: Strategic Policies document was submitted to the Secretary of State in February 2015. The independent examination began in summer 2015 and has currently been suspended for further work, pending a resumption of the examination process early in 2016.

Following adoption of the Local Plan the SPD will be formally adopted as a supporting Supplementary Planning Document.

Whilst the Draft SPD cannot be formally adopted until after adoption of the Local Plan and is therefore of limited weight, in the interim it will remain a material consideration because:

- It brings together the most recent evidence into one place to help support the Council in decision making.
- It will be used as a supporting document for the Local Plan and its examination.
- The Council will seek to apply it as a material consideration in the determination of planning applications

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i) Introduction & Objectives

What is this document?

This is a Supplementary Planning Document (SPD) which will form part of the package of planning documents which comprise the Local Development Framework (LDF) for Cornwall. The SPD will sit underneath the overarching Cornwall Local Plan which provides strategic level policies. The Cornwall Local Plan provides an overarching policy framework for development in Cornwall and includes policies which require developments to contribute to the delivery of affordable housing.

What is it for?

The SPD will provide detailed guidance on the how the Local Plan affordable housing policies will be implemented.

National planning policy makes provision for Local Planning Authorities (LPAs) to supplement the policies contained in the Local Plan with SPDs which are to provide detailed guidance on specific topics or issues. It has been prepared in recognition of the pressing importance of the issue of affordable housing in Cornwall and the complexity around the ways it can be required and implemented

Part A provides housing needs justification for the Council's affordable housing ambitions and targets. This section also defines affordable housing terms and explains how different types of affordable housing product help meet different types of need. It also provides details of the evidence base relied upon by the Council in assessing housing need.

Part B provides comprehensive guidance to applicants and other interested parties on how the Council will approach negotiations for specific proposals and how the Council will address economic viability. Applicants are encouraged to follow the good practice viability guidance contained within it to ensure a positive outcome for their proposals.

Part C provides guidance on how affordable housing is delivered, either on or off site and the Council's expectations in this respect, for example dwelling mix, clustering and phasing arrangements.

Objectives of the document

The objectives of this SPD are to:

- Provide the framework to:
 - Deliver sustainable affordable housing to meet Cornwall's identified local needs;
 - Ensure a wide range of housing is provided of the right type and size to meet the needs of the local community; and
 - Contribute to a better balance in the Cornish housing market between housing need, demand, supply and affordability.
- Help those with an interest in development proposals to understand affordable housing and how development will be required to contribute.

- Help those proposing developments to make successful planning applications and deliver developments which contribute to sustainable, mixed and vibrant communities.
- Provide clear and consistent supporting policy guidance to enable the practical application of policy set out in the Cornwall Local Plan.

Policy context, monitoring and glossary

A glossary of terms used in the SPD is provided in Appendix 13.

The policy context for the SPD is provided in Appendix 1. Local Plan affordable housing policies are provided in full in Appendix 2.

Details of how the SPD will be monitored and reviewed are provided in Appendix 3.

PART A: UNDERSTANDING AFFORDABLE HOUSING IN CORNWALL

1. Need

1.1 Summary of Affordable Housing Need in Cornwall

Access to a good quality home at an affordable price is a basic human need. In Cornwall there are a very significant number of people without access to a home they can afford.

The Council's planning and housing evidence bases set out some of the key indicators of housing need and stress, for example the level of applicants on the housing register, homeless acceptances and levels of rough sleeping. In Cornwall these pressures are exacerbated by lower than national average wages, concentrations of high house prices and second home ownership.

Extreme pressure on national budgets has resulted in 80% reductions in Government funding for affordable housing and has limited the public sector's ability to respond without reliance on land use planning policies.

Housing market instability and cuts to the national affordable housing programme have reduced the overall supply of housing. Declines in mortgage lending have limited prospects and mobility for first time buyers. Decreasing housing benefit payments, increasing unemployment and falls in household income all mean that Cornwall's communities are less able to afford the homes they need.

Cornwall Council is committed to addressing structural housing imbalances by ensuring a sustained supply of new affordable homes. The scale of the housing challenge in Cornwall is reflected in the aspirations and targets in the Local Plan and the accompanying guidance.

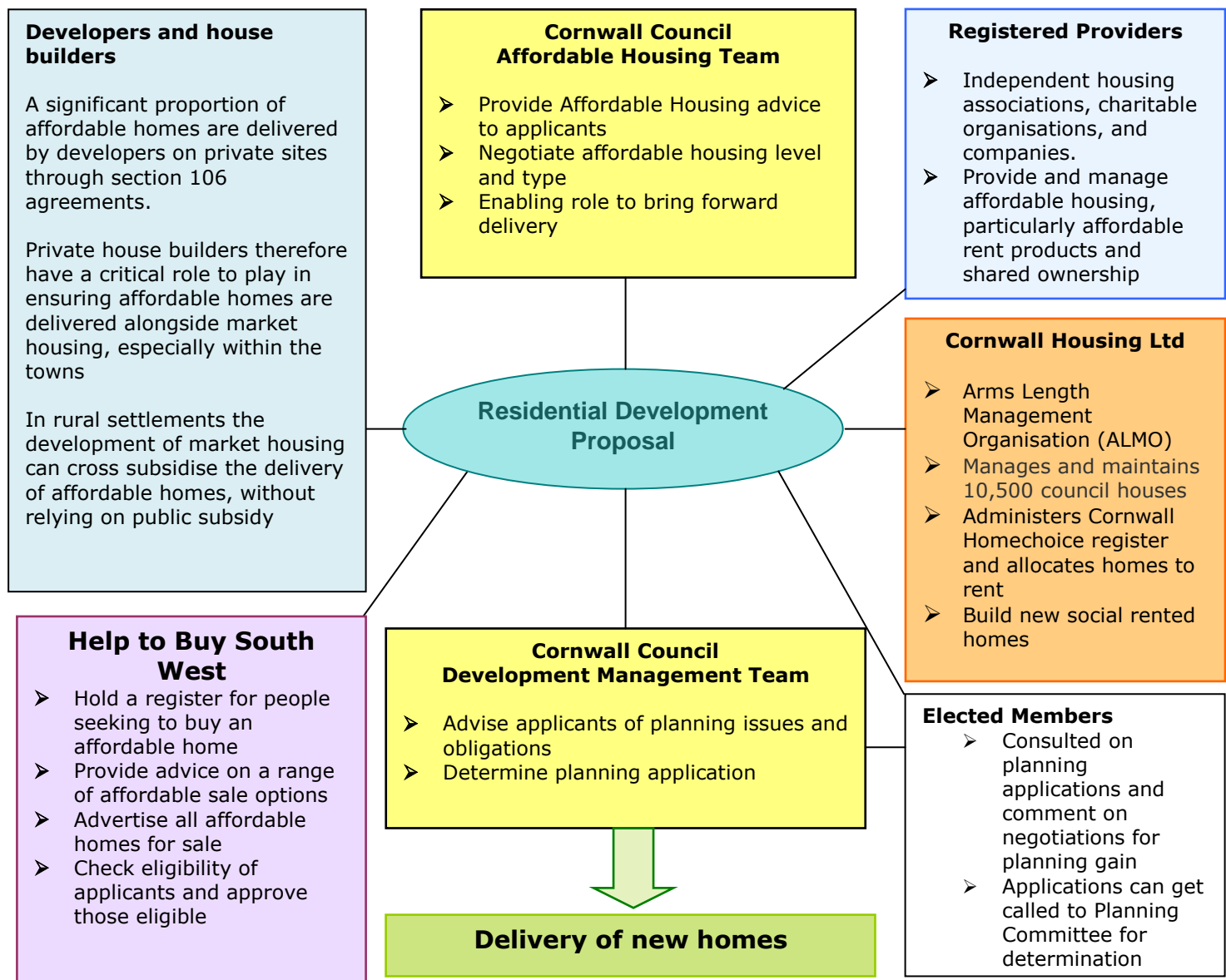
Such is the acuteness of need, delivering the optimum amount and quality of affordable homes from the broadest range of residential development sites is a key objective of the Council. It is vital that those involved in formulating development proposals understand this context. Proposals which make a positive contribution to meeting local housing needs are more likely to attract local community support.

It is recognised that a full range of housing types and tenures are needed to ensure a successful and more balanced housing market in Cornwall. There is a strong justification for the delivery of local needs affordable housing. However, open market homes of the right size and quality also make a positive contribution to local housing need. Starter homes and entry level housing can provide some assistance to local first time buyers. Single storey homes and retirement housing can also assist in responding to demographic changes and an increasingly aging population.

Affordable Housing is one of the Council's highest priorities. To reflect this the Council has set out a programme of investment and actions to deliver new affordable homes through its capital programme and housing strategy. This SPD will be integral in achieving the objectives of the Council's capital investment priorities. .

1.2 How affordable housing is delivered in Cornwall

The following diagram summarises how affordable housing is delivered in Cornwall and the roles of the various organisations involved. Contact details are provided in Appendix 7.



1.3 What is housing need?

The NPPF defines households as being in housing need if they are unable to access a suitable home in the open market. That is, a household that cannot access a home suitable for their needs in the right location at an affordable price. This is the basis of any measurement of housing need. Any assessment will need to take into account the quality and condition of existing housing; homes in disrepair; homes which are overcrowded; homes which are not suitable for households with specific needs (for example those with disabilities); and, in Cornwall crucially, homes which are not affordable to local households.

To supplement the NPPF definition, Cornwall Council defines housing need as being:

Homeless or threatened with homelessness or living in accommodation which in the opinion of the Council is Insecure or unsuitable and being unable to purchase or rent reasonably suitable accommodation in the open market for property in the locality taking into account the person's income and capital and other financial circumstances. Accommodation may be unsuitable on the grounds of cost, overcrowding unfitness or lack of basic amenities or because of a person's infirmity physical disability mental disability or specific social or care needs.

1.4 What is affordable?

There are a number of national benchmarks for measuring whether housing is affordable:

- Housing is generally judged to be affordable if those with the lowest incomes – measured as the bottom 25% of local households or “quartile” are able to purchase or rent the bottom 25% “quartile” of market rents and house prices.
- An individual with a single income is considered able to buy a home if it costs no more than 3.5 times the gross household income. (This can range between 3.5 and 4.5 times joint incomes).
- A household is considered able to afford market housing in cases where the rent payable in the open market would constitute no more than 25% of their gross household income.

Local authorities are required to establish entry level prices for open market housing and where this is unaffordable to those on local earnings, estimate the number and type of affordable homes required at different prices which could meet their needs.

1.5 Measuring Housing Need

The NPPF requires planning and housing authorities to have a clear understanding of the housing needs of their area. Evidence of housing needs can be derived from a range of data. Authorities are required to prepare Strategic Housing Market Assessments (SHMA) to assess both their current and future housing requirements.

Cornwall's most recent SHMA was completed in July 2013 and was prepared jointly with neighbouring authorities in Devon¹.

The 2013 SHMA identifies the following housing challenges for Cornwall:

1. There is strong housing demand in Cornwall. This is driven in part by in-migration and scope for future economic growth over the plan period.
2. A significant proportion of demand is for affordable homes of different tenures. There is an annual need for 2,240 affordable homes over the next five years. This is calculated as being required to meet newly arising need as well as the existing backlog.
3. The level of need reflects the impact of significant house price inflation over the first half of the decade and the inherent problems of low wages and incomes. It also reflects the stock and tenure profile of Cornwall. A high proportion of the existing housing stock is comprised of large detached and semi-detached properties with higher values. Social and affordable homes also represent a lower proportion of the housing stock than either the national or regional average. Only 12% of the existing homes are in the social sector compared with the national average of 17%. The affordable rented stock is smaller than the private rented sector which accounts for 15% of all homes.

1.6 Affordability in Cornwall

Housing affordability has over the last decade become a central challenge in the local housing market, especially for those newly forming households where it is estimated that 54% cannot access even the lowest quartile of open market prices. This is a function of the fact that 35% of households have earnings of less than £15,000.

Cornwall's house price fluctuations have closely mirrored national trends which have seen consistently strong positive growth since 1996. Prices declined rapidly following the 2008 market contraction but have rallied since 2011 and are now experiencing a modest recovery.

Although prices have not yet returned to their peak, affordability has not improved significantly. The reasons for this are twofold. First, lower quartile prices are still beyond the reach of many households, remaining out of step with local incomes. In addition, the level of housing transactions (homes being sold) has contracted significantly and is still some 50-60% below the level of activity seen at the market peak of 2006-07.

¹ *Strategic Housing Market Needs Assessment (SHMNA) Main Report for Plymouth City Council, South Hams District Council, West Devon Borough Council, Cornwall Council and Dartmoor National Park Authority, GVA Grimley (July 2013).*

As a result, affordability levels have not eased. Affordability impacts particularly on first time buyers and new entrants to the housing market without access to equity or savings. In 2011, the most affordable entry level housing (i.e. lower quartile) cost approximately 9.08 times the income of a household within the quartile.

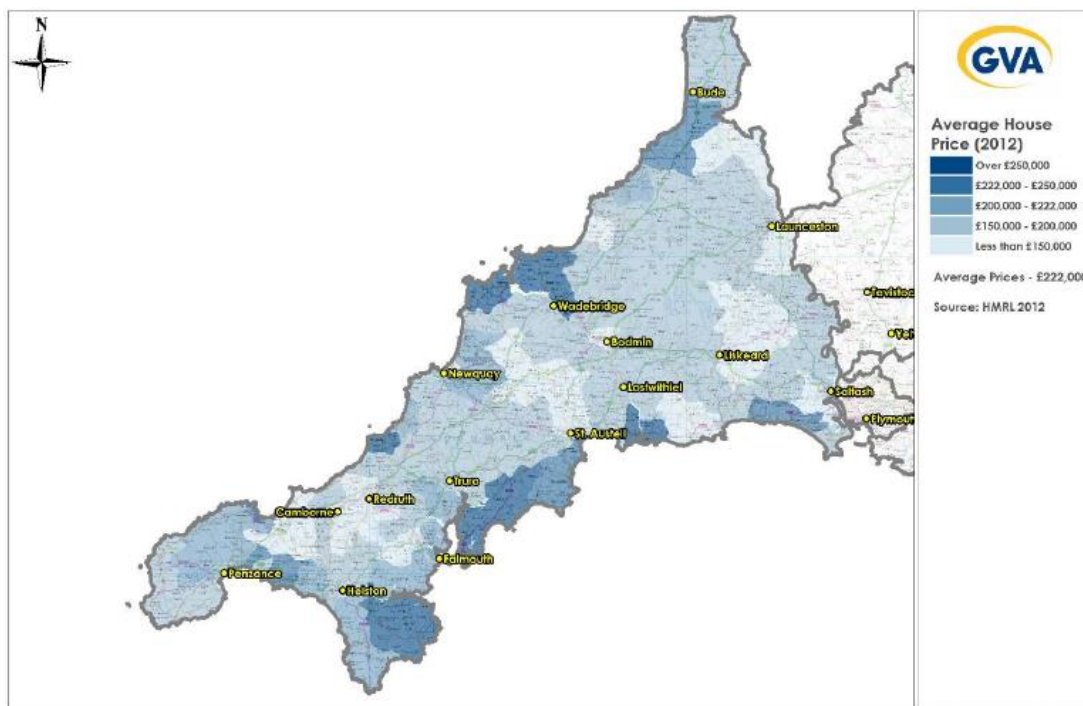
But, as s housing market conditions have stabilised, greater variations in house price values have emerged across Cornwall. The figure below shows the distribution of price bands in 2012. In very broad terms, the spatial pattern in house prices is for “hot spots” within coastal areas, lower than average prices being achieved in Camborne and Redruth and a “middle value” band of property that largely corresponds with interior areas of Cornwall. These variations are reflected in the Council’s policy approach to intermediate housing and the level of discount which is required from open market value, as set out in Section 2.8.

1.7 House Price Value Zones

Whilst incomes are relatively consistent across Cornwall, house prices (and to a lesser extent rental values) vary considerably. This is important for affordable housing delivery in two ways. Firstly, the affordability of housing in the market varies in line with these differences. Second, the viability of housing development varies because the sales values of new homes is a key factor in generating value to provide for developers and contractors profit, land purchase price and planning gain contributions.

In compiling evidence bases for the Local Plan, the Council has combined a decade of house price data within Cornwall and used this to map five broad zones of values. Zone 1, the highest value zone consists entirely of very high value rural areas and small settlements. The majority of towns and larger settlements are identified as zone 3 areas with Camborne-Pool-Redruth classified as zone 5, being the lowest house price zone. These zones have also been used to set discount percentages for intermediate housing for sale, and are provided in Appendix 6.

Figure 2.34: Average House Price 2012



The SHMA uses data on housing costs in different sectors to calculate affordability benchmarks. The outcome of the benchmarking is set out below. A local household would need over £37,000 in order to purchase an open market property within the bottom quarter of the housing market, even with a 10% deposit. Private renting is also out of reach for many requiring an income of between £25,000 and £30,000.

Figure 2.35: Affordability Benchmarking – Access to different tenures of property

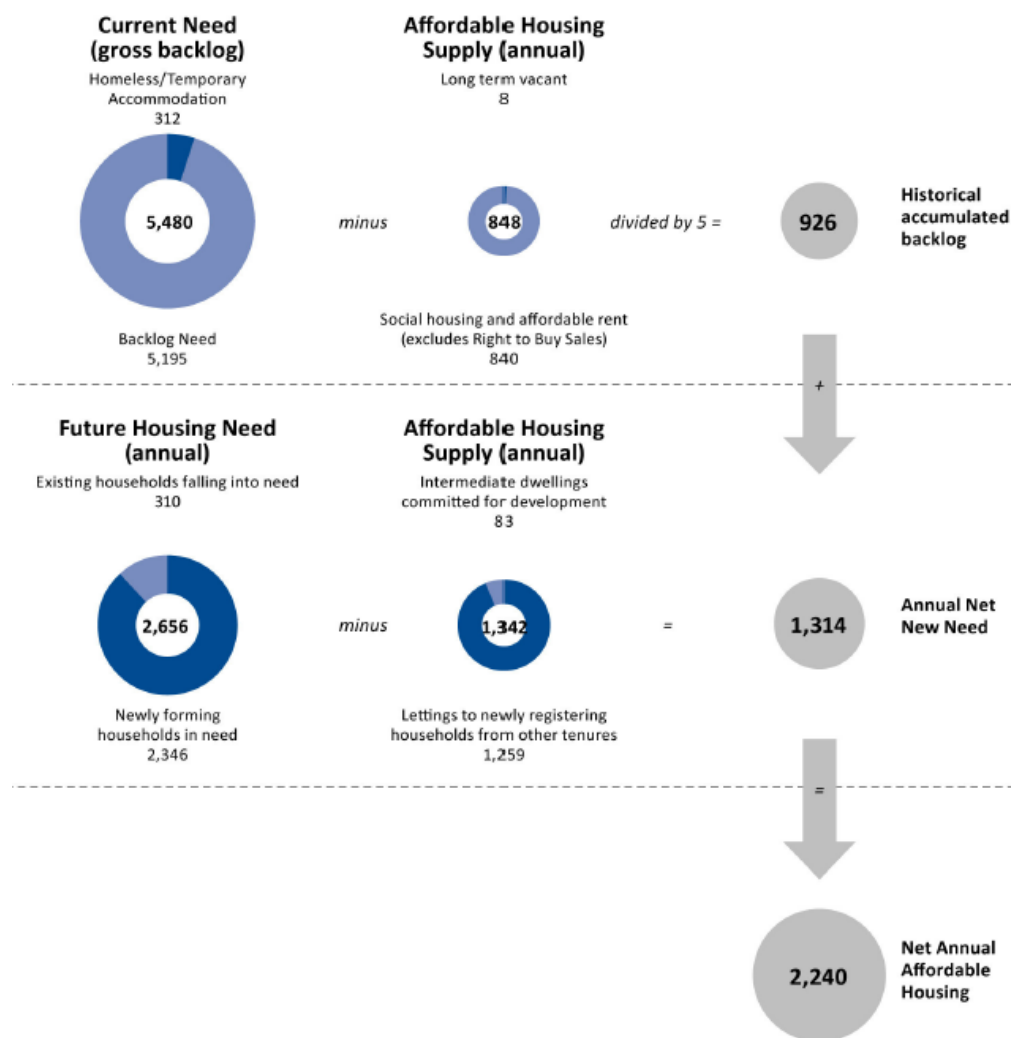
Authority	Affordability Benchmarks – Annual Income Required				
	To purchase LQ House (3.5 * income – 10% deposit) ⁷	Private Rented LQ 2-bed Dwelling (25% income)	Private Rented LQ 3-bed Dwelling (25% income)	Social Rented – 2 Bed Dwelling (25% income)	Social Rented – 3 Bed Dwelling (25% income)
Cornwall	£37,273	£25,680	£30,000	£15,451	£16,959

Source: GVA, 2013

These benchmarks are applied in the SHMA to calculate the number of existing households in housing need (backlog need) and the balance of affordable tenures required to meet their needs and assess the ability of newly emerging households over the next five years to access a home in the open market.

The housing needs calculations use data from the Cornwall Homechoice register to assess the number of households currently in need. The SHMA model disregards those in the lowest level of housing need on the register - "Band E" which if included would result in a higher requirement. Government guidance proposes that needs models seek to reduce the level of any housing backlog over a 5 year period. It should be noted that the exclusion of Band E need from the SHMA analysis was due to the methodology this study employed and does not reflect any Cornwall Council decision or procedure to discount Band E applicants from assessments of need. Band E applicants continue to be considered as in housing need.

Figure 3.10: Calculating the Net Annual Need for Affordable Housing



Source: GVA, 2013

To meet both existing and newly arising need the Council needs to secure the supply of 2,240 affordable homes annually. Were the Council to set a more achievable target of reducing the existing backlog over a longer period of 10 years, the annual requirement would reduce to 1,770 affordable homes.

The Council recognises that in addition to new affordable homes, other interventions can contribute to meeting this need including:

- Reducing the incidence of empty homes;
- Making better use of its own affordable stock through the conversion of older persons housing and reducing under occupation;
- Supporting a high quality private rented sector where financial assistance can help subsidise housing costs;
- Other personal solutions such as shared houses and mortgage guarantors.

1.8 Local Needs Evidence and Data

The Council has relied on the SHMA and housing register data to provide evidence of housing need to support the development of local plan policies. However, it recognises that for site specific proposals, there is scope to give weight to a wider range of local data sources both to justify the level of housing need, the number of houses that may be required and to inform the tenure and dwelling mixes. Examples of relevant data sources include:

- Bespoke analysis from the Cornwall Homechoice register
- Analysis of commitments and recent delivery rates in the parish or locality
- Parish Housing Needs Surveys (of less than 3 years old)
- Neighbourhood plans
- Application data in response to specific proposals
- Data from the Help to Buy South West website for intermediate housing

1.9 Meeting need in Areas of Outstanding Natural Beauty

National and Local Plan policies are clear that great weight should be given to conserving the natural scenic beauty, landscape and special environment of Areas of Outstanding Natural Beauty (AONBs) (NPPF 115 and Local Plan Policy 23).

Paragraph 116 of the NPPF states that:

Planning permission should be refused for major developments [in AONBs] except in exceptional circumstances and where it can be demonstrated they are in the public interest. Consideration of such applications should include an assessment of:

- *the need for the development... and the impact of permitting it, or refusing it, upon the local economy;*
- *the cost of, and scope for, developing elsewhere outside the designated area, or meeting the need for it in some other way; and*
- *any detrimental effect on the environment, the landscape and recreational opportunities, and the extent to which that could be moderated.*

Much of Cornwall falls within AONBs and some Parishes and settlements in Cornwall lie entirely within the designation. In such rural areas, some development will therefore be necessary in AONBs if local needs for affordable housing are ever to be met and settlements sustained. The guidance below therefore provides clarification as to how the tests of NPPF paragraph 116 will be applied in assessing proposals for affordable housing in AONBs.

Guidance Note 1 - Meeting need in Areas of Outstanding Natural Beauty

Where a parish or settlement is entirely within an AONB and there is a significant level of affordable housing need:

- Some affordable housing development within the AONB will be necessary to meet this need;
- NPPF tests 115 and 116 must be considered in this context;
- It is in the public interest to provide affordable housing to meet an identified affordable housing need;
- The assessment of what constitutes a major development in the AONB will be on a case by case basis. Scale should be appropriate to both the size of the settlement and level of affordable housing need within the settlement;
- The level of affordable housing need in an area could be considered to be an exceptional circumstance, as envisaged in the NPPF

The above guidance refers solely to how housing need could be weighed against the tests set out in the NPPF and provides a rationale for why a development may be necessary in principle. However, any development proposal remains subject to conformity with other AONB requirements of the Development Plan (as set out in the supporting text above), for example its location, scale, design, impact etc. must all be assessed against the impact on the AONB.

2. Definitions

2.1 What is affordable housing?

Guidance Note 2 - Compliant Affordable Housing Products²

All products defined in this document are fully consistent with definitions set out within the NPPF. As is required by the NPPF, , further clarity is also provided on how prices and values remain affordable within the local market. For this reason, the Council would expect the affordable housing products provided to satisfy the requirements of Local Plan policies 8, 9 and 10 to be compliant with the definitions set out in this section of the SPD.

Where alternative models or delivery structures are proposed, price and eligibility criteria must be consistent with those set out for other products within this SPD.

² Homes which meet this definition also comply with the CIL regulations exemptions and the social housing relief policy. All the products defined in the SPD would be eligible for mandatory relief apart from the private intermediate sale/low cost housing product. This product is likely to be eligible for discretionary relief on the basis that it will meet the required level of minimum discount (20%) and resales are controlled through a legal agreement ensuring a discounted price for future occupiers.

The NPPF provides a broad definition of housing need. It encompasses households on very low incomes including those dependent upon means tested benefits for whom rented accommodation may best meet their need. It also includes households who have earned income but due to the significant gap between earnings and housing costs, are not able to access housing in the market. For this reason, different types of affordable housing product are required to meet needs.

2.2 Rented homes –RP affordable and social rent

For those households on the lowest incomes (usually less than £15,000) and those to whom the Council owes a re-housing duty (including those on the Council's housing register), the Council requires an element of affordable housing to be provided as social rented or affordable rented housing.

The Council accepts both social rent and affordable rented homes owned and managed either by the Council (and or its agent Cornwall Housing) or Registered Providers also known as housing associations as meeting this need.

2.3 Affordable rented housing is housing let by the Council or Registered Providers to households who are eligible for social rented housing. Affordable rent must not exceed 80% of the local market rent, inclusive of service charges (NPPF, annexe 2 2012); and must not exceed the Local Housing Allowance (LHA) for the relevant property type in the relevant location.

Data on 80% market rent levels are collected by the Council and rents should reflect these data and any published guidance.

The valuations office agency (VOA) is responsible for calculating the LHA. They apply a list of rents that are paid for private sector tenancies across the broad rental market area for each property category.

All social and affordable rented housing provided should be in accordance with the above definitions.

The Council generally welcomes new Registered Providers working in the area. However, given the need to achieve viable developments and reflecting Cornwall's distance and remoteness within the region, the Council will typically seek additional requirements for the delivery of rented housing by a Registered Provider as follows: They must:

- Be a Registered Provider with the Homes and Communities Agency (HCA) (or its successor);
- Be eligible to bid for and receive housing subsidy;
- Have experience of managing the relevant or a similar tenure type;
- Where a provider does not have an existing local management presence, it can demonstrate how an effective local housing management and maintenance service will be provided; and

- Be willing to enter into nomination arrangements or let their homes in accordance with the Homechoice register to ensure homes are provided for the benefit of the local community.

For these reasons, the Council would expect to see planning obligations provide a right to approve a Registered Provider against the above criteria.

These criteria do not relate to homes owned and managed by private providers which are dealt with separately below.

2.4 Social rented housing is rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. It may also include rented housing owned and managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority. Social rents are typically lower than affordable rents.

2.5 Intermediate housing

The NPPF definition of intermediate housing is that it is provided at a cost which is above the income level at which social or affordable rented housing is required and below the entry level for purchasing a home at lower quartile prices on the open market.

Intermediate housing products include:

- Private intermediate homes to rent
- Discounted housing for sale (where resales are controlled by a price covenant)
- Shared equity / ownership housing (such as Homebuy provided by Registered Providers)
- Equity loan homes
- Self build

2.6 Private intermediate rented homes

Intermediate rented homes can be provided by a private sector provider. Such homes should be provided in a form which is equivalent to Affordable rented homes provided by Registered Providers. In terms of affordability, private intermediate rented homes must meet the same affordability thresholds with the monthly rent being capped at 80% of market rents or the Local Housing Allowance. It is simply that under national definitions, only Registered Providers can deliver the product termed Affordable rented housing.

Affordable Rented Homes provided by Registered Providers remain the Council's strong preference for meeting the needs of households seeking rented housing for the following reasons:

long term assured tenancies provide additional security management, administration and management arrangements are transparent and are subject to national government regulation setting minimum standards

However, private sector providers are able to deliver rented homes under the NPPF. Schemes proposing this tenure may be supported by the Council provided that the following criteria are satisfied:

- Homes must be managed by a bona fide housing provider or managing agent from the public or private sector;
- The owner must enter into planning obligations to ensure that the properties meet the needs of eligible households and remain affordable for future households;
- Rents, inclusive of service charges, must not exceed 80% of market rents, provided or the Local Housing Allowance, in the relevant area for the relevant property type.
- In order that these requirements are satisfied, the Council reserves the right to make nominations for future occupants.
- Homes are let in the form of an assured tenancy with the tenancy terms submitted to the Council for approval

2.7 Intermediate homes for sale

The Council recognise that intermediate sale housing plays an important role in bridging the gap between social and affordable rented homes and owner occupation, hence the term “intermediate”. It can allow a household to purchase a share of their home and then “staircase”, buying additional shares in order to own their home outright. Some products for outright sale allow the purchase of 100% of the equity but at a far lower cost, enabling a household to build equity and savings.

However, the demand for intermediate tenures can also fluctuate in local areas and in different market conditions. Cornwall has a number of existing planning permissions which include affordable homes to be provided as intermediate homes for sale. In addition, demand has been affected by the severe limitations on mortgage finance and carries greater delivery risk and there is stronger evidence of the need for rented homes.

For these reasons, the Council would typically seek a maximum of 30% of affordable homes on a specific proposal to be provided as intermediate homes. The SHMA assesses the current demand for intermediate homes to be as low as 6% of demand.

2.7.1 Shared equity, shared ownership and Homebuy schemes

There are a number of shared equity products delivered by Registered Providers (including housing associations) and private developers.

Shared ownership enables the occupant to purchase an equity share in their home usually through a conventional mortgage. Rent can then be charged upon the unsold equity. Purchasers are able to acquire additional shares from 25% to 100% of the equity (in the case of protected rural areas, this can either be limited to 80% or extended to 100% provided the Registered Provider covenants to repurchase the home).

The Council reserves the right to make nominations for the sale and occupation of the homes.

Given the typical income levels of prospective purchasers in Cornwall and the high open market values for shared ownership properties, especially in rural areas, the Council will seek the following additional provisions to be secured through the planning obligation:

- The combined cost of a conventional mortgage and the annual rent charged will be varied through negotiation to ensure that the monthly housing costs are broadly equivalent to other policy compliant low cost products using the HCA calculator.
- The annual rent charged on the retained equity element of the dwelling should not exceed 2.5% of the value.
- Total monthly costs, including the rent element, must be genuinely affordable based on local incomes.
- In some high value areas the 2.5% rent element may render the home unaffordable. In such cases the Council will look at measures to improve affordability, for example reducing the percentage to below 2.5%, but where affordability cannot be ensured the Council will not support this tenure product in some high value areas.
- Unless alternative arrangements are negotiated, each development should enable occupants to purchase the minimum equity share of 25%.
- For any rural leasehold dwelling 100% staircasing will only be permitted in a protected rural area (identified in regulation) if the freeholder is willing to include provisions within the lease to guarantee the repurchase of the property on any resale.

2.7.2 Discounted homes for sale and affordability

Discounted homes for sale are available to buy at a discount from open market value. The discount must remain on future re-sales in perpetuity. It is essential to ensure that homes are genuinely affordable to local people, based on incomes and house prices.

Discounted homes for sale summary:

- Sold at a discount from open market values;
- Must be genuinely affordable, based on incomes and house prices;
- Discounts are based on 'value zones' of varying house prices AND average purchasing power based on incomes;
- Sales price will be based on a discount percentage OR purchasing power - **whichever is the lower;**
- **Where discount percentage results in a price which is still unaffordable, additional price reduction will be required based on purchasing power as set out.**

Discounted homes for sale are distinct from low cost market housing and are acceptable under NPPF definitions, provided that there is a mechanism in place to

ensure that the properties remain affordable for future occupiers at a price which remains fixed at a discount percentage of open market value.

Lenders require discounted sale products to be expressed as a percentage discount from open market value rather than as a fixed price. The Council has therefore calculated the mean percentage discount from market value which would be required to bring an open market purchase within the reach of a typical household.

Affordability calculations based on local incomes and purchasing power together with up to date house price data have been used to draw up an affordability calculator methodology and guideline discount percentages. The detailed methodology is set out in Appendix 12, but the table below indicates the average purchasing power for 3 house types.

House type	Purchasing Power			Plus 5%	Rounded purchasing power
3 bed house	2.5	x 2FTE	£ 99,040	£ 104,253	£ 104,500
2 bed house	3	x 1FTE + 1PTE	£ 82,635	£ 86,984	£ 87,000
1 bed flat	3.5	x 1FTE	£ 69,328	£ 72,977	£ 73,000

FTE = full time earnings; PTE = part time earnings

These purchasing power calculations can then be used to establish the discount from open market values required to ensure discounted homes for sale are affordable.

House prices vary across Cornwall and have been classified into 5 value zones³. These zones are applied in the Local Plan. A study was undertaken in July 2014 to refresh the house price data and ensure the most up to date figures are used (see Appendix 12). Open market values must be discounted to a varying degree in each zone to reflect values and local purchasing power. The guidance below sets out some guideline levels of discount which vary across Cornwall depending upon the house price zone.

Data on incomes and house prices will be reviewed on a regular basis.

Guidance Note 3 - Discounted homes for sale Guidance

Discounted homes for sale will be sold at a set discount from open market values, on first and all subsequent sales. Homes must be and remain affordable, based on incomes and house prices.

Discount percentages from open market values will be set in s106 legal agreements rather than fixed prices.

³ As set out in the Local Plan and provided in Appendix 6.

The discount will be based on average purchasing power (using the methodology in Appendix 12), local value zone and open market valuations for the property types proposed.

Ensuring affordability is critical. Guideline discount percentages by value zone are provided below but affordability will be determined on a case by case basis on the basis of local purchasing power.

Value Zone	Discount percentage required
Zone 1	65%
Zone 2	55%
Zone 3	45%
Zone 4	40%
Zone 5	30%

The resulting prices will be checked against local purchasing power, as set out above (and detailed in Appendix 12). The Council will seek a greater level of discount based on average purchasing powers where the guideline percentage discount will still not result in affordable sales prices within reach of local households.

Developers are encouraged to consider the level of discount necessary to ensure affordability at an early stage in the development process, and advice in this respect can be provided at pre-application stage.

2.8 Equity loan arrangements

Access to mortgage finance can be very challenging for affordable homes to buy. This is primarily because such properties are subject to planning obligations. The Council has reviewed its section 106 terms yet despite improved flexibility and strong protection for mortgagees in possession, such products remain unattractive in the current economic climate. This may change over the plan period.

As a solution, the Council is willing to accept equity loan products to provide affordable homes to buy.

What is an equity loan?

An equity loan can be provided by a developer, the Government and also the Council. It enables the home to be sold at a significant discount from market value. This can reduce both the requirements for a deposit and, potentially, improve the affordability of the dwelling. The value of the discount is held by a third party. Instead of restrictions being imposed through a section 106 obligation, the property is effectively treated as an open market dwelling. With no section 106 restrictions for the purchaser, mortgageability is improved significantly. Affordability,

nomination rights and local occupancy conditions are, instead, controlled by land ownership (the dwellings are sold as leasehold with a freehold interest being retained and / or a restriction on title. The original loan to the purchaser can be secured as a charge on the property.

A second charge, placed upon the property can be used either to recoup the loan for re-investment by the Council or developer into additional affordable homes, as and when the property is sold. Alternatively, the freeholder can require the purchaser to pass on the home at the same level of discount by way of the lease. Nomination rights can be contained in a lease rather than the section 106 agreement.

A section 106 planning obligation is still necessary for the development overall primarily to require the developer to sell the property at an agreed discount (but not to restrict individual properties).

Properties would be subject to the same level of discount percentage on initial and future re-sales as for low cost housing for sale.

Guidance Note 4 - Detailed policy guidance on applying equity loans

The Council will support proposals for the use of equity loans on schemes where they replace intermediate homes for sale as part of the affordable housing contribution. This is subject to the following criteria:

- i) The applicant is willing to sell the home for the same level of discount from open market as for a conventional discounted home for sale;
- ii) The applicant enters into a section 106 planning obligation whereby they undertake to take an equity percentage mortgage for the level of the discount and then convey the benefit to the Council for a nominal sum;
- iii) The Council will retain nomination rights for the dwellings;
- iv) The owner will need to have the appropriate registration to enter into an equity share arrangement;
- v) The proposal must include a level of cross subsidy which enables the home to be sold at the appropriate level of discount. The Council is not providing any loan finance into the scheme.

2.9 Self build or custom build homes

Self and custom build housing can make a contribution to meeting local housing need. Market housing can be developed as custom build housing. In addition, custom or self build can partially satisfy the affordable housing obligations for a residential application. This would typically be as intermediate housing for rent or sale. As such, affordability and eligibility criteria would apply in the same way.

Affordable self build housing as defined in this document can meet an element of intermediate affordable housing requirement on a targeted site. In these cases, the owner / developer would either be required to provide a specified number of fully

serviced plots to be made available to households in housing need with a relevant local connection or homes can be built out to be self-finished by purchasers.

In addition, self-build housing can come forward within affordable housing led schemes under policy 9 or windfall sites provided that it satisfies the specific criteria below:

- a) Any owner must be willing to enter into a section 106 obligation which shall include provisions controlling the future occupancy and affordability of the dwellings.
- b) In circumstances where a scheme comprises of a group of individual plots, a single proposal should come forward to ensure the most comprehensive form of development possible.
- c) Evidence must be provided to the Council's satisfaction on the form of legal relationship or governance arrangements between individual owners or of the involvement of a bone fide organisation such as a Community Land Trust (CLT).
- d) There is clear evidence of housing need.
- e) A limit on the size of the dwelling may be necessary to assist in retaining its affordability for future occupiers. This will vary between property types and take into account circumstances, for example the needs of disabled residents. However, a rule of thumb is that self-build affordable homes should not exceed 100m² (Gross Internal Floor Area). Where this is significantly exceeded, justification must be provided and further measures to control affordability may be necessary.
- f) The initial sale / rental value of the homes must not exceed the Council's discount percentages for the relevant property size with an addition of an equity uplift to reflect the self-builder's labour costs (typically not expected to exceed 10%).
- g) On subsequent resales or re-lets, such properties may only be sold at an equivalent discounted rate of open market value.
- h) To further ensure that the properties meet local housing need and remain affordable for future occupiers, the Council would reserve the right to make nominations for the occupation of the homes if they were rented.
- i) In rural areas future occupation is limited to local connection provisions.

2.10 Single plots and individual local needs dwellings

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

- Subject to the same size limit considerations as set out in 2.10 e) above for self-build dwellings;
- Where there are no other subsidies from market housing or the public sector, the applicant would need to demonstrate both eligibility and an ability to finance the development with savings, equity and mortgage finance;
- The occupant would need to satisfy local occupancy and connection provisions;
- They need to demonstrate that their needs could not reasonably be met in a more suitable scheme within reasonable timescales;

- The applicant undertakes to enter into a planning obligation to control the future disposal and occupancy of their home using the Council's standard precedent for single dwellings; and
- The Council reserves the right to approve future purchasers / occupiers.

2.11 Community Land Trusts (CLT)

Many forms of affordable housing defined within the NPPF and this Supplementary Planning Document including Discounted homes for sale, intermediate homes for rent or to buy or self build schemes can be delivered, owned and managed through a Community Land Trust (CLT) structure. Community Land Trusts are non-profit, community-based organisations run by volunteers that develop housing, workspaces, community facilities or other assets that meet the needs of the community, are owned and controlled by the community and are made available at permanently affordable levels. The Council support the development of CLTs to meet local housing needs.

CLTs are defined as corporate bodies within Section 79 of the Housing and Regeneration Act 2008. Any CLT seeking to develop affordable housing in Cornwall must satisfy conditions for their constitution within the relevant statute. In addition they must:

- Deliver affordable homes which are fully in accordance with the definitions of affordable housing set out within this section of the SPD
- Enter into planning obligations with the Council to control the affordability and occupancy of the dwellings

2.12 What are nomination rights?

The Council maintains comprehensive information on local households seeking affordable housing. Homechoice is a single housing register for Cornwall where applicants can apply for rented housing owned and managed by the Council or by local Registered Providers.

In addition, households looking to buy an affordable home can make an application to the Council's partner Help to Buy South West. Help to Buy South West advertise homes for sale on behalf of developers and Registered Providers. The full range of products, include discounted homes for sale, shared ownership and help to buy properties.

Both registers assess the eligibility of households and the affordability of homes being provided. Given that these registers provide comprehensive records of eligible households, the Council will seek to secure rights to put forward (or nominate) these pre-qualified households to new developments. Nomination rights are negotiated through the section 106 agreement and normally permit the Council or its agents a period of time in which to put forward suitable eligible occupants for properties. Where the Council is not able to provide a suitable nominee within a specified period of time, the owner is free to let or sell properties to qualifying applicants of their choice, provided that all occupants will be subject to approval by the Council.

Not all affordable housing providers are members of the Homechoice housing register. In some cases therefore, the Council make seek to append a nomination rights agreement to the signed section 106 legal agreement.

PART B: NEGOTIATING AFFORDABLE HOUSING CONTRIBUTIONS

3. – Summary of the Council's approach to negotiating affordable housing

Part B of this SPD sets out in detail how the Council approaches the negotiation of affordable housing. The approach is intended to:

- Enable a positive and flexible approach to facilitating sustainable development
- Whilst maximising the quantum and quality of affordable housing delivered and
- Ensuring reasonable returns for developers, as set out in the NPPF.

The Council's starting point is to seek:

- Local Plan policy levels of affordable homes
- On-site provision
- A tenure target of at least 70% affordable or social rented housing

However, the Council is mindful of the economic climate and the impact that affordable housing requirements can have on development viability.

The SPD therefore sets out the type of mitigations which the Local Planning Authority can apply to policy requirements in order to promote delivery and flexibility. . This is particularly relevant in the early stages of the Local Plan period. This section of the SPD sets out the following:

➤ A Small sites approach for sites of 5 dwellings or less

Section 4 details an approach where in certain circumstances:

- There will be greater flexibility to accept off-site contributions using a simple Small Sites Tariff which has been calculated as being less than the cost of on-site provision and affordable in a broader range of circumstances.
- This approach will negate the need for costly and time consuming Economic Viability Appraisals (EVAs) and negotiations.

➤ Comprehensive viability advice and negotiation

Section 5 provides detailed guidance on submitting viability information where applicants consider that policy levels of affordable housing cannot be provided without undermining the economic viability of the proposal.

In accordance with Policy 11 of the Local Plan, the Council will give due consideration to economic viability and adopt a positive approach to negotiation. However, it is reluctant to forego valuable community benefits and will therefore expect a robust and comprehensive viability submission to evidence a departure from policy. Detailed guidance is therefore provided to enable applicants to make good quality submissions and enable positive negotiations.

National policy makes clear that it is for the applicant to provide sufficient information and evidence to satisfy the LPA that planning obligations cannot be satisfied.

➤ **Flexibility to negotiate**

Where a scheme is demonstrated to be unviable with the policy level of affordable housing; section 5 details a range of alternative options to maximise the amount of affordable housing while ensuring viable returns.

These will vary depending on site specific circumstances and constraints but will include:

- Mix flexibility / value engineering
- Tenure flexibility
- Phasing flexibility
- The use of public subsidy
- Negotiated reduced on-site affordable provision
- Provision of serviced plots in lieu of on-site dwellings
- Off-site financial contribution in lieu of on-site provision
- Mechanisms within the legal agreement to reappraise schemes at key stages

4. Small sites

APPROACH TO SMALL SITES OF 5 OR FEWER DWELLINGS

A significant part of Cornwall's supply of new housing comes from small sites of 5 or fewer homes and it is therefore important that these sites provide community benefits including affordable housing.

The Council's starting position on small sites is therefore to seek policy levels of affordable housing with on-site provision or the full equivalent off-site contribution, in accordance with the tariff set in Section 9 of this SPD.

However, the Council recognise that the Local Plan is being introduced at a low point in the economic cycle and that the economic viability of some small scale residential developments in some areas remains marginal at the time of drafting. .

Additionally, the Local Plan's low site thresholds can result in an affordable housing requirement for very small numbers of dwellings (in some cases less than 1 dwelling). Whilst small numbers of affordable units can be delivered successfully on-site. The Council also recognises that , in some circumstances, the resources the Council and the applicant has to employ in assessing viability on small sites can be disproportionate to the end affordable housing gain.

The SPD therefore sets out an alternative approach for certain small sites whereby a reduced rate financial contribution towards affordable housing can be paid in lieu of the full policy level requirement. At its discretion, the Council will, in certain circumstances apply a Small Sites Tariff for small sites of 5 units or fewer, as outlined below.

It is hoped that by adopting this streamlined approach where appropriate viability and prospects for delivery will be enhanced. The policy therefore, provides positive support to small scale house building.

The tariff has been calculated as being less than the cost of on-site provision and affordable in a broader range of circumstances. The tariff is a greatly reduced rate from the Council's standard Single Dwelling Tariff to reflect the smaller scale of development and viability. The rationale behind the Tariff is provided in Appendix 5. The tariff includes a proportionate Council Enabling Fee reflecting the Council's resources required in enabling an affordable home to be built on an alternative site.

Guidance Note 5 - Small sites of 5 dwellings or fewer

(Excluding affordable housing led / rural cross-subsidy (Policy 9 sites)).

Small sites will typically be expected to provide policy levels of affordable housing, for example:

- In areas of high need; and/or
- In areas where affordable housing supply is very low; and/or
- In areas where development opportunities are constrained and where the majority of housing supply is likely to be from small sites, for example AONBs; and/or
- Where it is considered that it should be economically viable to do so.

However, in the following circumstances, the Council may at its discretion accept an off-site financial contribution via a reduced Small Sites Tariff:

- Where it is readily apparent to the Council that economic viability is likely to be marginal. For example:
 - Sites in low or moderate value zones;
 - Where higher than average costs are readily identifiable, for example land remediation or demolition;
 - Proposals which involve the renovation or conversion of a historic building;
- Where the Council considers that on-site provision would not be deliverable or practical or best suited to local needs;
- Sites in locations where the Council considers that on-site affordable housing provision would not be appropriate or sustainable;
- And in all cases where the Council is satisfied that a proposal cannot be value engineered to enable a greater affordable housing contribution.

The Small Sites Tariff payable is provided in Appendix 5

This is a simple tariff payable for the site, rather than per dwelling or the number (or fractions) of dwellings which would have been required on-site.

A condition of the Small Sites Tariff is that no detailed assessment of economic viability by the Council is required.

Payments will typically be expected at commencement (including 100% of the enabling fee)

single dwellings

Proposals for single dwellings on sites over the 0.2ha threshold will be exempt from the requirement to contribute to affordable housing where the site size and density proposed are a result of planning advice provided from the Local Planning Authority, for example because of access, landscaping, heritage, Tree Preservation Orders, density or character.

The Small Sites Tariff represents the cost of providing an alternative single affordable dwelling elsewhere, minus the cost of the land. With the intention being that financial contributions from small sites will fund the building of dwellings on serviced plots provided to the Council as obligations elsewhere. The Tariff and its rationale are provided in Appendix 5 and will be reviewed periodically to reflect changing circumstances.

The Council reserves the right to review this approach as the economic cycle advances.

5. Economic Viability

5.1 The LPA's approach to Economic Viability Appraisals (EVAs)

Every proposal involving residential development over the Local Plan thresholds will be expected to use the targets set in the Local Plan as a starting point for calculating the level of affordable housing to be provided.

However, the Council accepts that the Local Plan targets are in some circumstances aspirational and will, on some sites, in some areas of Cornwall, be challenging to achieve. The Council is mindful of the current economic climate and recognises that in some circumstances it will be necessary to negotiate the level of affordable provision. The objective is to prevent blockages on delivery where viability is marginal, particularly in the early stages of the Local Plan period. It is recognised that the financial viability of developments varies greatly:

- Across different value zones of Cornwall;
- Over time according to the prevailing economic climate;
- From site to site, for example brownfield sites or those involving the historic built environment can incur higher costs; and

- Depending on what other planning gain is being contributed, for example to infrastructure or wider regeneration or economic development objectives.

In circumstances where an applicant considers the affordable housing requirement will render a scheme unviable, applicants need to submit economic viability information..

Applicants need to:

- Submit a full Economic Viability Appraisal (EVA) for assessment by the Council.
- Use the guidance in this section of the SPD and accompanying checklist to submit all the information needed.
- Submit good quality information in a format which is legible and easy for the Council to interpret..
- Be mindful that they are seeking to make a reduced contribution in negotiation with the Council, and that the EVA is the applicant's evidence base for this negotiation.
- Applicants are encouraged to:
 - Carefully consider viability at an early stage in the development process;
 - Consider value engineering or scenario testing different development options which might improve viability or the capacity to accommodate affordable housing; and
 - Consider working collaboratively with the Council early in the process, for example joint commissioning technical consultants or pieces of evidence.

Where this guidance is adhered to, the Council will:

- Assess viability on a case by case basis.
- Consider whether a lower level of affordable housing might be necessary in order to ensure viability and a reasonable return as defined by the NPPF.
- Where we agree that it is, seek to work positively and collaboratively with applicants to negotiate a mutually agreeable solution.
- Strike a balance between maximising planning gain and adhering to the objectives of the Development Plan, whilst not rendering developments unviable and preventing housing supply.
- Scrutinise appraisals in order to ensure developers do not circumvent their responsibilities to contribute fairly to meeting Cornwall's affordable housing needs.

5.2 Economic Viability Appraisal guidance

Poor quality EVAs greatly increase the time and resources needed to assess viability and negotiate, for both parties. The detailed guidance set out below and in Appendix 4 should therefore be used to ensure the right level of information is provided to expedite the process.

Guidance Note 6 – Economic Viability Appraisal Requirements
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An Economic Viability Appraisal (EVA) is required under Policy 11 of the Local Plan where an applicant considers that the Local Plan affordable housing Policy requirements (Policies 8, 9 or 10) will make a development economically unviable.

Where the guidance for EVAs set out below is followed the Council will where possible:

- Work positively with applicants to negotiate the maximum level of affordable housing provision possible whilst ensuring the delivery of an economically viable good quality development.

EVA Requirements

An EVA must :

- Be of a format and provide inputs consistent with the EVA Checklist provided in Appendix 4 of this SPD;
- Be proportionate to the deviation from policy requirements (i.e. the lower a proposed contribution is, the greater degree of evidence and justification will be needed);
- Start appraisals at the policy target affordable housing requirement and work backwards from this (i.e. evidence why the Local Plan policy requirement cannot be viably achieved with a reasonable return);
- Provide adequate and honest evidence-based information to enable the Council to accurately assess the viability of the proposal;
- Provide information by suitably qualified professionals where necessary;
- Be provided on an open book basis; and
- Provide full and robust justification where figures deviate significantly from what are considered reasonable or benchmark figures.

In order for a proposal with reduced provision to be supported it must be possible to adequately demonstrate clearly and transparently, including if necessary to the community and Councillors, that the reduced affordable housing provision negotiated is absolutely necessary in order to make the development financially viable and deliverable.

The onus is on the applicant to demonstrate this and where it cannot be demonstrated satisfactorily the proposal may not be supported, as set out in Guidance Note 9, below.

5.3 Our approach to negotiating proposals which are not viable

The guidance below sets out the Council's approach to negotiating a departure from policy levels of affordable housing, where the viability evidence demonstrates that this is necessary.

Guidance Note 7 - Our approach to negotiating proposals which are not viable

a) Where a scheme is demonstrated to be unviable with the policy level of

affordable housing, the Council will consider a range of alternative options in negotiation with the applicants to secure the maximum level of affordable housing, in accordance with Local Plan Policy 11. These options will vary depending on site specific circumstances and constraints but will include:

- Value engineering / alteration of schemes in terms of the mix of dwelling sizes and types or layout – for example providing more smaller affordable units can reduce costs;
- Flexibility on the tenure ratio – for example increasing the proportion of intermediate units can improve viability;
- Flexibility on the phasing of affordable housing provision – for example early delivery of some open market homes can improve cash flow early on in a development;
- A reduced percentage of affordable housing – where this is considered we will seek to secure quality over quantity, for example although fewer units may be provided they should be well matched in size, type and tenure to local needs;
- The use of public subsidy – however subsidy is scarce and value for money must be maximised so this option is unlikely in the majority of s106 negotiations.

b) Where options for delivering completed dwellings have been exhausted consideration will be given to:

- Accepting serviced plots in lieu of dwellings (see section 8 for guidance); or lastly
- Accepting an off-site financial contribution (see section 9 for guidance.

c) Where a reduced percentage of affordable dwellings or a financial contribution below the full policy equivalent is accepted the Council will consider implementing the following:

- Mechanisms to reappraise viability at a later stage:
 - At Reserved Matters stage or at commencement (for each phase if applicable).
 - A range of percentages may be set, i.e. a minimum (the level demonstrated to be currently viable) and maximum (policy) level.
- Time limiting permissions or the period before Reserved Matters can be submitted, to ensure consents are not 'banked' until viability may improve;
- Provision for the Council or Registered Providers to purchase additional affordable units;
- Mechanisms to review viability at completion enabling 'overage' or 'claw-back' of additional revenues above those envisaged in the viability appraisal.

The above mechanisms are particularly applicable to outline applications and/or large scale developments which are likely to be built out over a long time period.

5.4 Economic Viability Appraisals at outline planning permission stage

Accurately assessing viability at outline stage can be flawed when details, and therefore associated costs and values, are still to be determined. The Council has won an appeal on this basis that a departure from policy provision should not be accepted at outline stage when costs and values cannot be fixed and therefore viability accurately determined.

However, the spirit of national planning policy is one of flexibility and enabling development. An approach whereby the Council refuse to consider viability and to negotiate at outline stage would therefore not be considered in this spirit. Moreover, it is sometimes in the interest of both parties to agree a level of affordable housing provision at outline stage, particularly on strategic or affordable housing led (Policy 9) proposals.

The Guidance below therefore sets out the typical circumstances where the Council will negotiate at outline, and when the viability assessment will be deferred to a more detailed stage.

Guidance Note 8 – Economic Viability Appraisals at Outline stage

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

- There are significant, known and unavoidable costs, for example infrastructure costs, for example;
- The overall package of s106 obligations proposed is considered to represent sustainable development, for example known highways, education or open space improvements and associated costs can be considered in the round;
- Where the Council is satisfied that sufficient certainty exists to be able to assess viability at outline stage and that a significantly enhanced affordable housing contribution could not be obtained at a later stage;
- Where the Council does not consider that the work and resources necessary to re-assess viability at a later stage(s) would be proportionate to the planning gain which may be achieved and that it is more appropriate to fix the percentage at outline stage;
- Where a degree of certainty is necessary at outline stage for transparency and certainty of affordable housing delivery, i.e. on a strategic site it may better enable a strategic planning decision to be made on the basis of securing a fixed number of affordable dwellings at outline, rather than an uncertain number across all reserved matters stages.

However, the Council reserves the right to revert to a default position to defer any discussion regarding viability and concession below policy levels until detailed design stage, for example where:

- It is considered that proposals are not sufficiently evolved for applicants to be able to provide robust information regarding costs and values, for example based on indicative layouts / with all matters reserved;

- Where a significant deviation from policy levels is proposed which cannot be supported at outline stage.

Where reduced levels of provision are agreed at outline stage the Council reserves the right to include the mechanisms set out in Guidance Note 7 c) above.

5.5 Circumstances where proposals will not be supported on the grounds of economic viability

The NPPF is clear that development proposals must be sustainable and deliverable.

In Cornwall a fundamental part of sustainable development is to deliver a balance of housing types and tenures to meet local needs. Where this cannot be achieved a key consideration in determining the application is whether the proposal represents sustainable development or development in accordance with the Development Plan.

EVA's, in trying to justify a lower level of affordable housing contribution, must be careful not to demonstrate that the proposed development is inherently unsustainable or undeliverable.

Some viability evidence can indicate that a proposal has marginal viability, or even negative viability, even without making a satisfactory contribution to affordable housing. Such proposals are unlikely to be supported where the Council considers the objectives of sustainable development and the Development Plan are not being met; and/or that the proposal is not deliverable.

The Council may favour alternative sites within the town, parish or adjoining parish which can better deliver viable, sustainable development and planning gain. This is especially the case in rural areas where the number of developments which can be accommodated by a settlement are finite.

Guidance Note 9 also provides the Council with the mechanism to not support applications which provide inadequate evidence and fail to demonstrate that the Council's guidance above has been followed.

Guidance Note 9 – Viability submissions which will not be supported

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

Fails to demonstrate....

- Where an EVA fails to demonstrate that a reduced contribution is necessary to make the development viable, where the submitted evidence:
 - Is considered inadequate or inaccurate; or
 - Not in accordance with the guidance provided in this SPD; or
 - Reasonable requests to submit the required level of evidence are not met; or

- The poor quality submitted evidence does not allow positive determination of the planning application within the necessary timeframe.

Has not tested alternatives....

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

Does not demonstrate NPPF deliverable or sustainable development....

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

Alternative sites....

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

5.6 Cost recovery

In the current policy regime and economic climate an increasing number of schemes cite economic viability as a justification for reduced levels of planning gain, including affordable housing. . Yet appraising the viability of schemes can be resource intensive. In addition, independent professional advice can be required. . The guidance below sets out the circumstances where the Council will recover from the applicant the costs incurred in assessing viability.

Guidance Note 10 – Circumstances where the Council will recover costs for assessing Economic Viability Appraisals

The Council reserves the right to recover costs incurred and/or administer a fee for assessing viability where:

- The appraisal involves a large site or complex technical input which the Council cannot reasonably be expected to provide in house, for example mixed use developments with commercial elements;
- The proposed level of affordable housing provision is significantly lower than that required by policy and significant additional work is therefore likely to be necessary to make the development acceptable, for example an offer of 10% or 20% against a policy requirement of 40%;
- Where the assessment of viability incurs additional expense to the Council,

for example the advice of independent professionals for valuations.

- Advice commissioned results in a significant uplift in the affordable housing contribution, i.e. the initial viability submission was flawed;
- Insufficient or inadequate evidence is submitted which is not in accordance with this SPD's guidance;

Typically in such cases the Council will suggest a collaborative approach to assessing viability and negotiate a bespoke fee as part of a Planning Performance Agreement (PPA). Any additional costs charged will be on a cost recovery basis.

5.7 Viability and confidentiality

Viability information will be treated confidentially as required with due regard to commercial sensitivity. Whilst it may be necessary to present a transparent case to stakeholders, members, local Councils or the community, commercially sensitive material will not be made public without prior agreement. Such data can be redacted from public reports and Committee, if necessary, whilst still communicating the overall findings from an analysis.

5.8 Section 106BA: Review and appeal of affordable housing obligations due to economic viability

The 'Growth and Infrastructure Act 2013' inserted sections 106BA, BB and BC into the 'Town and Country Planning Act 1990' to introduce a new application and appeal procedure, to review affordable housing obligations on proposals previously granted planning permission on the grounds of economic viability.

The Government's stated objective is to unblock stalled housing developments. The procedure only permits a review of the affordable housing requirement of a Section 106 and no other aspect of the agreement or the development can be considered.

An application made under Section 106BA of the Act to a LPA must contain a revised affordable housing proposal supported by relevant viability evidence. The proposal must take the form of an open-book review of the original viability appraisal and deliver the maximum level of affordable housing consistent with viability. Adjustments can be made to tenure, mix, phasing, timing and the level of off-site contributions. The LPA can challenge the evidence and case for viability and may prepare its own viability evidence or provide commentary on the developer's evidence. The LPA can agree to a revised level of provision, which should be time limited to incentivise early delivery, or refuse the application.

The applicants then have a right of appeal to the Secretary of State.

In order to ensure Section 106BA permissions incentivise house building in the short term, the Council will place a time limit on any reduced affordable housing requirement to ensure delivery is actually achieved and developers do not 'bank' permissions with reduced contributions. The revised legal agreement will contain triggers and review points to review economic viability and revise the affordable

contribution upwards at a given point(s) in time, to allow for improvements in the economic cycle and development cashflow.

A collaborative approach to securing delivery

The Council is keen to facilitate housing delivery and unlock stalled sites. Where a developer considers that a scheme has stalled and wishes to re-negotiate the affordable housing requirements but still make a reasonable affordable housing contribution; the first step ought to be to contact the Affordable Housing Team. Thereafter applicants are encouraged to use the existing ability to renegotiate Section 106 Agreements on a voluntary basis outside of the above new legislation. Agreed amendments to section 106 obligations can be negotiated at any time and effected by way of a deed of variation between the relevant parties.

Guidance Note 11 – Section 106BA: Review and appeal of affordable housing obligations due to economic viability

The provisions of the legislation DO NOT apply to Policy 9 affordable housing led (or rural exceptions) sites, i.e. applications for rural sites or sites outside of settlement boundaries where the objective of delivering affordable housing was integral to the rationale for the grant of consent will not be considered.

Prior to making an application, applicants are strongly encouraged to contact the Affordable Housing team. It is the Council's preference to use existing powers to renegotiate Section 106 Agreements on a voluntary basis. This affords greater flexibility in terms of the scope of variations which can be considered to a s106, the timescales for negotiation, and the evidence required. The Council will welcome the chance to work positively and collaboratively with developers who seek to vary a s106 on a voluntary basis, negating the need for the review and (potentially) appeal process.

Where developers wish to take the Section 106BA review route; applicants must:

- Be able to evidence that the proposal has **stalled solely because of the affordable housing obligations placed upon it**, i.e. the requirements have rendered it economically unviable. No other considerations can be made or any other aspects of a proposal can be considered. The onus on the applicant is therefore to provide thorough evidence that the sole reason why no development has taken place is because of the affordable housing requirements. Applications where this is not adequately demonstrated will be rejected, in line with the Government's guidance.
- Provide clear evidence of a **demonstrable change in circumstances** to justify why the originally negotiated provision can no longer be provided.
- Annex A of the Government Guidance is clear **that clear evidence must be provided that there have been material changes in the original variables which have impacted on the scheme's viability**, for example a change in costs or values. This means that something, or things, must have materially changed from the time the original level of affordable housing provision was agreed or an application to be considered.

When considering applications under Section 106BA the Council will:

- Notify elected local ward members and town or parish council
- Where approving applications, incentivise developers to start building by:
 - Placing a time-limit on any modifications and consider placing conditions on a modified s106, for example time-limiting the reduced affordable obligation for a 2 year period; and
 - Include provisions to reapply the requirements of the original agreement for any dwellings that may remain un-commenced.

6. Implementing Local Plan affordable housing policies

This section provides further detail on the implementation of housing policies in the Local Plan. It provides guidance and points of clarity on the application of Local Plan policies 8, and 9 and the targets and thresholds therein.

Local Plan affordable housing policies are provided in full in Appendix 2.

6.1 Which residential uses are required to contribute to affordable housing?

The requirements of the Local Plan aim to capture potential planning gain from proposals for residential development. The Use Class Order sets out a broad range of the sometimes complex different types of uses which fall within the residential heading. For the avoidance of doubt, the guidance below sets out which types are required to contribute to affordable housing.

Guidance Note 12 – Which residential uses are required to contribute to affordable housing?

The targets of Policies 8 and 9 and 10 of the Local Plan **will be applied to:**

- All self-contained dwellings, i.e. all uses that fall within class C3 of the Use Class Order⁴, including C3 residential elements of mixed use schemes and conversions to C3 residential use.
- Self-contained units for people of pensionable age (e.g. 'retirement' apartments).
- Sheltered housing or extra care developments. Full guidance on how such proposals will be determined is provided in section 10 of this SPD.

The policies do not apply to:

- Residential institutions, covered by Use Class C2; including:
 - Residential care and nursing homes without self-contained dwellings;
 - Residential hospitals / hospices;
 - Purpose built student accommodation tied to an educational institution, for example university student accommodation and boarding schools / colleges; and

⁴ The Town and Country Planning (Use Classes) Order 1987 (as amended)

- Secure residential institutions.
- Specialist or supported housing schemes provided and managed by a local authority or partner Registered Provider that are not self-contained (e.g. accommodation for homeless or vulnerable people).
- Hotel accommodation, as defined in use class C1.
- Caravan or 'park homes' permitted as non-permanent places of residence.
- Residential conversions not requiring planning permission under Permitted Development.
- Dwellings in rural areas permitted because they are necessary for those employed in a specific business or industry to reside in and subject to occupancy conditions limiting their occupants solely to such workers, as defined by Policy 7 of the Local Plan. Although applications to remove conditions may be subject to affordable housing obligations as set out in Guidance Note 17 of this SPD.

Requirements for applications for Houses in Multiple Occupation (HMOs) (falling both within Use Class C4 (3-6 individuals) and Sui Generis (greater than 6 individuals)) will be determined on a case by case basis according to their likely impact on the local housing market and economic viability.

6.2 Which target applies to your site?

Policies 8 and 9 of the Local Plan set out different requirements and affordable housing targets depending on where a site is situated and what ownership it is in. The guidance set out below provides clarification on which policy to apply when.

Infill sites and sites outside of existing settlement extents

The Local Plan and supporting DPDs do not propose defined settlement boundaries and instead set out a criteria-based approach to assessing the status of a site, for example whether it is considered to be infill development or development outside of existing settlement extents. The distinction between infill and open countryside has important implications for affordable housing with different policies and targets applying depending on how a site is considered.

Paragraphs 1.31 – 1.33 and Policy 3 of the Local Plan provide guidance on what is considered as an infill site in built-up areas of towns and large villages, and what is considered as an infill site in smaller villages and hamlets. The targets and requirements of Local Plan Policy 8 will apply to infill sites.

Local Plan Policy 9 will apply to sites not covered by the above, outside of existing settlement extents. Development in the open countryside is generally to be carefully controlled and under this policy such sites would typically only be considered positively for development if they could satisfy an identified local housing need which would otherwise be unmet. Further guidance on such cross-subsidy proposals is provided in Guidance Note 15, below.

Re-used or replacement dwellings in the open countryside

Policy 7 of the Local Plan encourages housing in the open countryside to focus on the use of existing buildings. Such proposals on previously developed sites for the replacement or subdivision of existing residential dwellings, or the re-use of existing redundant or disused buildings; are likely to be small scale and potentially high cost. As such it is not considered reasonable to require such proposals to be affordable housing led and instead the default targets of Policy 8 should be applied, according to Value Zone. However, sites which involve the partial replacement or re-use of existing buildings together with new build, where a larger proportion of the site is currently undeveloped, will be considered under Policy 9.

Guidance Note 13 – Which target applies to your site?

Local Plan Policy 8 applies to:

- Sites; allocated in the Cornwall Site Allocations DPD, Neighbourhood Plans, or urban extensions;
- Sites within or on the edge of the main towns⁵ whose development would contribute to the housing growth set out in Local Plan Policy 3;
- Infill developments in both urban and rural areas, as defined in Local Plan Policy 3 and supporting text;
- Previously developed sites in the countryside where proposals comprise of the replacement or subdivision of existing residential dwellings or the re-use of existing redundant or disused buildings (as defined in Policy 7 of the Local Plan).

➤ **Requirement: 40% or 50%** target depending on value zone.

Local Plan Policy 9 applies to:

- Development proposals on sites outside of existing built up areas in smaller towns, villages and hamlets, or in the open countryside;
- Sites which would not otherwise be considered for development, i.e. those which would only be considered favourably if their primary purpose is to provide affordable housing to meet local needs;
- Sites traditionally considered under 'rural exceptions sites' policy.

➤ **Requirement: they should be affordable-housing led.** Further guidance on expectations regarding affordable led proposals is provided in Guidance Note 15 below.

Local Plan Policy 10 applies to:

- Sites within the ownership of the public sector⁶:

➤ **Requirement: 50%** target

For sites partly within public and partly within private ownership; the target

⁵ Camborne with Pool, Illogan and Redruth; Falmouth with Penryn; Penzance with Newlyn; St Austell; Truro with Threemilestone; Newquay; Bodmin; Launceston; Bude with Stratton and Poughill; Helston; St Ives with Carbis Bay; Saltash; Hayle; Liskeard and Wadebridge.

⁶ Or sites which were previously owned by the public sector which have been disposed of for the purpose of redevelopment which had a public sector use or ownership immediately prior to disposal.

in policy 10 should be applied to the part of the site in public ownership and policy 8 or 9 (as appropriate) applied to the remainder.

6.3 Net development calculations and rounding requirements

Guidance Note 14 provides clarification on how the percentage requirements and thresholds in the Local Plan will be applied, in terms of rounding and the consideration of net and gross units.

Guidance Note 14 - Net development units and requirement rounding

All references in the Local Plan and this SPD to a number of dwellings refer to the net number of units, i.e. Local Plan Policy 8:

- Threshold – applies to a net increase of 2 units or more
- Affordable percentage targets - applies to the net number of units proposed

Where the affordable housing policy requirement results in a number which is not a whole number, i.e. results in a fraction of a dwelling, the Council will:

- Incentivise on-site provision by rounding down to the next whole number, and there will be no pro rata financial payment for the fraction of a dwelling.

Off-site contributions will be rounded up to the next whole number.

6.4 Affordable housing led / rural cross-subsidy proposals

As described above, development on sites which fall outside of the settlement boundaries or in the open countryside is restricted. Traditionally in Cornwall such proposals would be determined under rural exceptions sites policies and had to be 100% affordable housing in order to gain support.

However, the Local Plan introduces more flexibility and sets criteria for where a mix of market and affordable housing on such sites may be acceptable. The NPPF suggests a possibility for such mixed tenure schemes where the inclusion of some open market housing would facilitate, or cross-subsidise, the provision of significant additional affordable housing⁷ (paragraph 54). Policy 9 of the draft Local Plan makes provision for cross-subsidy proposals to be supported where 4 criteria can be met.

The guidance below provides further guidance on how cross-subsidy proposals will be determined. Generally such proposals are welcomed and the Council will seek to support appropriate proposals which can deliver the optimum level of affordable

⁷ The Council interprets the phrase 'significant additional affordable housing' as meaning either:

- a) the ratio of affordable homes exceeding significantly the proportion of market homes in each development proposal; or
- b) the number of affordable homes proposed equating to a significant number relative to the size of settlement; to recent affordable housing supply in that settlement; or to the level of need in that settlement.

The Council does not interpret the wording of the NPPF to mean a significant increase overall in Cornwall.

housing, and provide a reasonable profit to developers. However, it is important to note that Local Plan Policy 9 requires conformity with all 4 of its criteria.

In particular it is important for applicants to note that proposals must be affordable-**led**; and that criterion ii) requires the Council to be satisfied that the number of market housing proposed is **essential** to facilitate the delivery of the number of affordable homes proposed. The 50% percentage (quantum and land take) cited in Policy 9 for market housing is a maximum level and not a starting point for negotiations. Proposals which propose a 50/50 split of market and affordable housing without supporting evidence will not be supported.

Proposals for cross-subsidy schemes will normally be expected to submit an Economic Viability Assessment (EVA) with a planning application to provide justification for the ratio of market and affordable housing proposed. In exceptional circumstances, this may not be necessary on some schemes which are clearly affordable-led (for example a scheme with around 80% affordable housing).

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

It should be noted that Policy 9 sites are not eligible to review the percentage of affordable housing agreed at the time of planning consent under the provisions of Section 106BA (application and appeal procedure, to review affordable housing on the grounds of economic viability).

Guidance Note 15 - Affordable housing led / rural cross-subsidy proposals

The Council welcomes proposals which combine market and affordable housing on sites to be considered under Policy 9 of the Local Plan, where the market housing is necessary to cross subsidise the provision of affordable homes to meet local needs.

The market housing must be demonstrated to be an essential element to increase the viability of affordable housing provision and incentivise landowners to bring forward sites within acceptable land value parameters.

Cross-subsidy proposals must therefore be carefully considered and are required to:

- Be affordable-led, i.e. a key objective must be to provide affordable homes to meet need rather than to maximise the amount of market housing. This will significantly impact on land value and it is important that landowner expectations for such sites are realistic and reflective of the policy requirement to be affordable-led. Further guidance on land values and Cornwall Council's expectations in this respect is provided in Section 5 of this SPD;
- Demonstrate compliance with each of criteria i) to iv) of Local Plan Policy 9;
- Recognise that the 50% percentage (quantum and land take) for the level of

market housing stipulated in Local Plan Policy 9 is a maximum level and not a standard acceptable ratio;

- Work backwards from a 100% affordable scheme with the proportion of market housing only comprising that which is necessary to cross-subsidise the affordable homes;
- Propose only the quantum of market housing which is essential to facilitate the delivery of the quantum of affordable homes proposed;
- Give due consideration to community support in accordance with the guidance provided in Guidance Note 16 below.

Unless a proposal is self-evidently affordable housing led, an Economic Viability Assessment (EVA) should be included with a planning application to provide the rationale for the amount of market and affordable housing proposed. Full guidance on EVAs is provided in section 5 of the SPD.

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

Local Plan Policy 9 (criterion iii) requires affordable-led, cross-subsidy proposals to have the support of the local community. They are responding to local needs and developed with local communities to ensure their sustainability. The Local Plan policy gives examples of how that community support will be judged, including the level of parish support, if a referendum of the community had been undertaken or where there is evidence that it is a community led proposal. However many of the groups in need tend to be harder to reach in terms of community engagement and therefore it is recognised that it may be difficult to measure community support objectively and this will need to be weighed up on a case by case basis. Balance must be struck between:

- Effective community engagement; and placing unduly onerous demands on applicants which deters planning proposals from coming forward; and
- Being able to demonstrate popular support for a proposal; and the overarching objective to provide affordable homes to meet local needs.

The NPPF is clear that applicants are expected to work closely with those directly affected by their proposals and take account of the views of the community, particularly at the pre-application stage. Where this works well issues can be ironed out, concerns addressed and the community can genuinely shape new development.

However, measuring support can be problematic. The guidance below therefore provides some guidance as to how the provisions of Local Plan 9 to demonstrate community support will be interpreted.

Guidance Note 16 – Community support for affordable housing led proposals

Applicants are encouraged to:

- Take full advantage of the pre-application stage and the opportunity this affords to consult with local people and consider issues and solutions early on in the process;
- Inform and communicate with those directly affected by their proposals and (if necessary) amend proposals accordingly;
- Communicate with the local parish or town council and attend a parish meeting to discuss their proposal;
- Engage with the local community before submitting their application. This could include publicising plans and formal or informal consultation, to ensure 'no surprises' at the application stage;
- Conduct consultation in accordance with the Cornwall Statement of Community Involvement⁸; and
- Submit with their planning application a statement outlining the measures undertaken to engage the community and take on board any feedback received.

The need to demonstrate community support should not discourage proposals from coming forward or present an artificial block on delivery of affordable homes. The steps taken to engage the community and the level of evidence demonstrating community support provided should be proportionate to the scale of the proposal.

Need can be demonstrated through housing waiting list data, expressions of interest for the scheme or local parish surveys.

For proposals where support is considered to be marginal, applicants should undertake a local Housing Needs Survey, which is one way of assessing all levels of need, including potential hidden need.

Applicants could consider undertaking measures to engage those in local housing need, for example positive pre-marketing of the affordable homes locally and innovative means of communicating, for example through social media, to help identify the community need and support.

6.5 Removal of occupancy conditions (holiday and occupation based use)

Dwellings in rural areas are sometimes permitted as necessary for those working in a specific rural or land based business or industry, for example agriculture or forestry. Planning conditions are placed on such dwellings restricting their use as such and preventing their unfettered use for general market housing.

Accommodation intended for holiday use is also common throughout Cornwall. Because such units are for non-permanent residence and in order to support the tourism industry, such proposals are exempt from affordable housing contributions.

However, the removal of occupancy conditions effectively creates new open market dwellings. In accordance with Local Plan Policy 8 an appropriate contribution

⁸<https://www.cornwall.gov.uk/environment-and-planning/planning/planning-policy/adopted-plans/statement-of-community-involvement/#Current>

towards affordable housing will therefore be required where the number of units exceeds the Policy 8 threshold.

In terms of occupation-based occupancy conditions; such dwellings tend to be singular and therefore typically would not exceed the affordable housing threshold. Some simple guidance is set out below for the occasional circumstance where the threshold may be triggered.

In terms of holiday conditions; there is a risk of an abuse of the planning system in that sites could circumvent affordable housing obligations by gaining consent for holiday use but then quickly applying to lift the conditions limiting this use, resulting in open market dwellings. It is therefore important that an application to lift conditions within 5 years of holiday use commencing is treated as would be an application for open market dwellings.

The guidance below sets out an approach which allows established holiday uses to be treated differently. This allows sufficient flexibility for circumstances where small scale existing genuine holiday stock which has become unviable as holiday use, can be unfettered to enable a reasonable return for the owner without a disproportionate affordable housing obligation. Larger scale existing uses will be subject to contributions based on the proportionate uplift in value between holiday use and unfettered open market use.

Guidance Note 17 – Removal of occupancy conditions

Where an equivalent proposal for open market dwellings would trigger an affordable housing contribution under Local Plan Policy 8, the following affordable housing contributions will be sought:

Holiday conditions:

- **Where the holiday use is less than 5 years old:**
 - Schemes will be treated as per an application for new build open market dwellings;
 - Full policy requirement on-site sought in the first instance; or
 - Off-site contribution based on Per Dwelling Tariff multiplied by policy requirement. The Tariff is set in Section 9 of this SPD.
- **Where the holiday use is more than 5 years old,** the Council reserves the right to seek the full equivalent contribution, but will typically seek:
 - 5 or fewer units – Small Sites Tariff off-site contribution⁹. The Small Sites Tariff is set in Section 4 of this SPD.
 - 6 or more units – Off-site contribution - Policy requirement percentage multiplied by the total uplift in value (difference between holiday use value and open market residential use value), subject to viability.

⁹ NB - A condition of the Small Sites Tariff is that no detailed assessment of economic viability by the Council is required.

Occupation-based conditions:

- 5 or fewer units – Small Sites Tariff off-site contribution.
- 6 or more units - Determined on a case-by-case basis and subject to economic viability.

6.6 Subdivision of Sites

Policy 13, Paragraph 2.86 and Policy 22 of the Local Plan require development proposals to make the most efficient use of land; to deliver the right quantity of housing; and to build at an appropriate density and layout according to local setting and character. Proposals which seek to circumvent the affordable housing thresholds of the Local Plan by developing at too low a density or subdividing land are therefore not acceptable.

The Council will consequently be alert to, and not permit any benefit to be gained from, the artificial or contrived subdivision of land to circumvent the affordable housing thresholds set out in Local Plan Policy 8 or this SPD.

Guidance Note 18 - Artificial Subdivision of sites

Developers may not circumvent the requirements of the Local Plan by artificially subdividing sites and are expected to make efficient use of land, as required by Local Plan Policy 22. The Council considers as unacceptable any attempt to deliberately circumvent the Local Plan thresholds and/or this SPD's Small Sites approach (section 4) of 5 or fewer dwellings; for example by a phased / piecemeal development of a site over time, the subdivision / redrawing of a boundary of a larger site, or by proposing an artificially low number of units.

The Council reserves the right to scrutinise site/ownership boundaries, density and unit mix, and the reasonable expectation of adjoining land coming forward for housing development in the future; to ensure that land is not used inefficiently or in a piecemeal fashion to produce schemes below the thresholds.

6.7 Contributions from non-residential developments

Local Plan Policy 8 makes provision for the Council to seek contributions towards affordable housing from non-residential development in some circumstances. This section provides further guidance on when such contributions may be required.

Commercial development can put added pressure on the housing market as new employees move to the area for work that may otherwise not have done so. Many commercial developments employ a wide range of employees and inevitably some of these will be on low incomes and in housing need. The high level of housing need in Cornwall, with the finite amount of land available for development, means that any new commercial development inevitably reduces the amount of land available for development.

Conversely, , the Council welcomes proposals which will create jobs and bring investment into the county and recognises that commercial floorspace commands a much lower value than residential and our requirements will reflect this.

In practice the opportunity to seek such contributions is likely to be limited, and the Council does not wish to fetter economic growth which it welcomes. However, there may be instances where a major commercial development would have a significant impact on the local housing market, for example major employment, health or educational development. In these circumstances the Council would assess whether the potential impact on the local housing market is of a scale to justify seeking an affordable housing contribution, either as an off-site financial contribution or through the provision of free serviced land.

Guidance Note 19 - Contributions from non-residential developments

The Council will require proposals for non-residential development to make an appropriate contribution to affordable provision where:

- It is considered that the development would result in a significant and demonstrable impact on the local housing market;
- It can reasonably be expected that the development would directly generate need for additional housing; and
- Market pressures are especially strong and the need for affordable housing is high.

In such circumstances:

- The Council will work collaboratively with the applicants to determine and quantify the likely impact on the local housing market and negotiate an appropriate contribution;
- Contributions will be assessed on a case by case basis, with the targets for residential development set out in Local Plan Policies 8 and 9 not applicable;
- Contributions sought will in proportion with the scale and type of development;
- The scale of requirement will be based on the number of employees and the estimated impact on the local housing market;
- A fair and proportionate financial contribution will be sought; and
- The level of contributions sought will not be of such a scale as to fetter economic development or job creation.

The standard method of contribution from non-residential development would be financial, calculated using the standard Single Dwelling Tariff set out in Appendix 5. In some circumstances consideration will be given to the provision of free serviced land.

PART C – DELIVERY

7. On-Site Delivery

In accordance with the NPPF the Council would ordinarily expect affordable homes negotiated under local plan policies to be provided on the application site. This section provides guidance for how affordable homes should be delivered on-site.

7.1 Tenure

The greatest need in Cornwall is for affordable homes to rent. A tenure target is that at least 70% of the affordable homes should be provided as affordable or social rented housing, as required by Local Plan Policy 8. The balance can be some form of intermediate housing, provided it satisfies the Council's price, nomination and management requirements. The requirement for the majority of homes to be for rent applies to both Policy 8 and Policy 9 sites. Exceptions can only be considered based on local needs or viability and must be appropriately evidenced, for example a bespoke Parish Needs Survey.

7.2 Dwelling Mix

Where affordable homes are delivered on-site a balanced and appropriate mix in terms of dwelling style, type and size must be achieved. Clearly the characteristics of each site will have some influence but the objective is to ensure a broad range in terms of type and size on all developments wherever possible.

Typically each site should provide affordable housing in the form of both houses and apartments unless there is overriding justification because of local housing needs or site constraints.

Applicants are encouraged to work collaboratively with the Council's Affordable Housing Team to design the affordable housing mix and layout, particularly at pre-application stage. We strongly encourage developers to involve the Affordable Housing Team and / or (where relevant) a Registered Provider in the design of the proposed affordable housing before submitting a planning application to avoid costly re-design.

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Guidance Note 20 - Dwelling mix (sizes and types)

A target of 70% affordable or social rent tenure will typically be sought for all affordable homes, as set out in the Local Plan.

A balanced range of dwelling sizes and types will be required in a mix designed to deliver the two objectives of meeting local needs and ensuring a balanced, mixed and sustainable community.

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

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

Dwelling sizes

- For rented homes, generally there is a high level of need for dwellings with 1 and 2 bedrooms. However, given this and the objective to make homes as flexible as possible, the Council will generally seek homes with higher numbers of bedspaces per room, for example 1 bedroom 2 person and 2 bedroom 4 person homes.
- On medium and large sites a proportion of larger family homes for rent (4 bedrooms plus) will be sought, as there is typically a high demand.
- Homes shall generally comprise of larger house types and bedspaces.
- Guidance in relation to floorspace standards is provided in Guidance Note 22, below.

Dwelling types

- No more than 40% of affordable homes should be apartments, due to the high proportion of households with younger children and those with mobility problems.
- Detached and terrace houses and bungalows are preferred house types for affordable housing to rent.
- Semi and link detached houses should always be of the same tenure.
- Coach houses are only acceptable if the garage below is part of the property and allocated to the same household.
- At least 10% of affordable rented homes on developments of 10 or more will be expected to be provided to Lifetime Homes and / or wheelchair standards, due to the number of older applicants and those with limited mobility.

7.3 Clustering and phasing

Affordable homes should be integrated with, and not readily distinguishable from, open market dwellings. However, the Council accepts that grouping together a number of affordable homes is practical, from a construction and management perspective. The guidance below sets out our typical expectations for clustering.

The delivery of affordable housing must keep pace with that of market housing. On larger schemes, the Council will ensure that affordable housing is delivered in phases in parallel with the development of market housing, and will control phasing in the Section 106 planning agreement.

The standard approach in section 106 agreements will be to secure the delivery of the affordable homes at the outset, usually by way of a contractual commitment between the developer and the provider.

Guidance Note 21 - Clustering and phasing

Clustering

Clustering arrangements will vary on a site by site basis, but the following guidance

sets out our general expectations:

Sites with a mix of market and affordable houses:

- Affordable homes should be in small groupings spread evenly across a development;
- Clustering should be proportionate to the size of the development and the ratio of affordable homes;
- Typically no more than 6 affordable houses should be grouped together;
- Typically individual affordable apartment blocks should not exceed 24 units;
- Clear concentrations of affordable units, particularly of the same tenure or size, will not be supported.

100% affordable developments:

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

Phasing

Typically no more than 50% of the open market housing to be delivered before an equivalent proportion of the affordable homes are ready for occupation. On larger schemes the following phasing will be expected:

- No more than 25% of open market homes to be occupied before 25% of the affordable homes are complete;
- No more than 50% of open market homes to be occupied before 50% of the affordable homes are complete;
- No more than 75% of open market homes to be occupied before 100% of the affordable homes are complete.

7.4 Design and space standards

As with all other forms of residential accommodation, the Council expects affordable housing to be built to a high standard of design and amenity. Where mixed tenure schemes are delivered, designs should be tenure blind in that affordable and open market homes cannot be readily identified from the design, quality and their location within the site.

Affordable housing units provided within a new residential development should be of at least similar size and quality to the open market housing. The Council will apply design considerations consistently across housing tenures and proposals and all homes should comply with requirements set out within the Council's policy framework for design.

Generally we will seek affordable homes to be sized in accordance with the HCA Level 1 Space Standards¹⁰, as set out in the tables below.

Flats or Other Dwellings on One Floor

Type	Bedspaces	Min GIA floorspace (m ²)
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¹⁰ http://www.homesandcommunities.co.uk/sites/default/files/our-work/level_1_space_standard_hca_addendum.pdf [link expired]
(Or any superseding Government space standards)

Studio	1 bed space	38
1 bedroom	2 bed spaces	47
2 bedrooms	3 bed spaces	60
	4 bed spaces	69
3 bedrooms	4 bed spaces	73
	5 bed spaces	84
	6 bed spaces	93

2 Storey Houses or Other Dwellings on Two Floors

Type	Bedspaces	Min GIA floorspace (m²)
2 bedrooms	3 bed spaces	68
	4 bed spaces	77
3 bedrooms	4 bed spaces	81
	5 bed spaces	90
	6 bed spaces	99
4 bedrooms	5 bed spaces	94
	6 bed spaces	103
	7 bed spaces	112
	8 bed spaces	121
5 bedrooms	6 bed spaces	107
	7 bed spaces	121
	8 bed spaces	125
6 bedrooms	7 bed spaces	120
	8 bed spaces	129

3 Storey Houses or Other Dwellings on Three Floors

Type	Bedspaces	Min GIA floorspace (m²)
3 bedrooms	4 bed spaces	86
	5 bed spaces	95
	6 bed spaces	104
4 bedrooms	5 bed spaces	99
	6 bed spaces	108
	7 bed spaces	117
	8 bed spaces	126
5 bedrooms	6 bed spaces	112
	7 bed spaces	121
	8 bed spaces	130
6 bedrooms	7 bed spaces	125
	8 bed spaces	134

These will apply both in the transfer of land and completed units (off the shelf). A developer must be able to demonstrate that completed units meet any standards prevailing at the time and any additional requirements of the partner Registered Provider. In the transfer of land, the developer must be able to demonstrate that the land is sufficient in size to accommodate the required unit mix.

Guidance Note 22 - Design and Space Standards

Affordable homes should:

- Not be readily differentiated between open market homes from their design, quality and location;
- Be in accordance with the requirements set out within the Council's policy framework for design; and
- Adhere to the HCA Level 1 Space Standards¹¹. Where provided through a Registered Provider this is an absolute requirement.

7.5 Management arrangements for on-site provision

Affordable housing will in many cases be transferred to a Registered Provider and managed as affordable housing in accordance with the HCA standards. This is the Council's preferred mechanism; however we recognise that there are emerging models of management that may be appropriate subject to appropriate safeguards (as set out in section 2 – definitions).

In recent years, Registered Providers (RPs) have provided the main source of new affordable housing. Developers will be required to enter into obligations securing the future appropriate management of schemes preferably in partnership with a Registered Provider. A list of local Registered Providers is included at Appendix 7.

7.6 Local connection criteria and cascade arrangements

The following arrangements reflect the provisions of Cornwall Council's housing allocations policy. Should this policy be altered, arrangements may need to adapt for future developments. The criteria as set out in this SPD would continue to apply to existing affordable homes.

Cornwall's policy aim is to increase the level of affordable housing available to meet the needs of the local resident population. In addition, many of the policies in this SPD in relation to rural areas seek to provide for the needs of the immediate community and do not seek to promote the movement of households from a larger catchment into much smaller less sustainable communities. For this reason, all rural schemes are subject to a parish local connection policy. Relevant occupancy controls would be included in a section 106 obligation. A connection can be established either through residence or employment and the criteria also makes

¹¹ http://www.homesandcommunities.co.uk/sites/default/files/our-work/level_1_space_standard_hca_addendum.pdf [link expired]
(Or any superseding Government space standards)

provision for other exceptional circumstances. A cascade will operate with homes being let or sold:

- Initially to households with a parish connection;
- Then to households with a connection to adjoining parishes; and
- Then with the same connection to Cornwall

The key towns have a dual function, meeting locally arising need but also providing for the wider strategic and statutory housing needs of Cornwall. Given this, developments in the main towns identified under policy 3 of the emerging Cornwall Local Plan are subject to wider local connection provisions then county connection provisions. Local connection definitions are set out in Appendix 9.

8. Provision of serviced plots

The Council's overarching preference is for the delivery of affordable housing as completed dwellings as part of the wider development of a site. However, in some circumstances, and at its discretion, the Council reserves the right to require the affordable housing obligations to be satisfied on-site through the transfer of a number of serviced plots of land. To be transferred to an approved Registered Provider or to the Council, at nominal value and free from encumbrances.

Where this option is proposed this may assist or resolve viability challenges on the site. This would need to be fully evidenced and negotiated in accordance with Section 5 of this SPD.

The applicant would be required to identify the plots or provide areas of land sufficient to accommodate the Council's preferred housing mix.

For full or reserved matters applications, developers will be expected to provide details of the specific location of the serviced plots within the site. The Council will usually expect the plots to be clustered and the appropriateness of proposed locations for affordable housing will be determined by the Council as part of the planning process.

Free serviced land is defined as freehold cleared, remediated¹² land with all services and connecting media (e.g. gas, electricity, water, sewerage, surface water drainage, telephone, broadband, lighting etc.) and infrastructure (e.g. roads to an adoptable standard, footpaths, boundary walls etc.) necessary for development right up to the edge of the land. There must be no legal, physical or financial barriers to the servicing of the land by the developer constructing the affordable housing or ongoing commuted payments for the off-site maintenance of infrastructure.

Serviced plots may be suitable to provide to self-builders, in accordance with the guidance in section 2.10.

¹² Remediated means any land contamination or pollution has been fully remediated and the plot is certified safe for residential development by an independent professional survey.

Guidance Note 23 – Serviced plots

The Council reserves the right to negotiate the transfer of serviced plots to the Council or to an approved Registered Provider, for the future development of dwellings. This will be at the Council's absolute discretion, for example where it is necessary to improve viability and is negotiated in accordance with the procedure set out in Section 5 of this SPD.

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

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

9. Off-Site delivery

This section does not apply to sites of 5 dwellings or fewer determined under the Small Sites Tariff set out in section 4, or to proposals for retirement dwellings which may be subject to a separate tariff set out in section 10.

9.1 Where consideration will be given to accepting off-site contributions

There will be a strong presumption in favour of the on-site provision of affordable housing. There may however be some circumstances in which the Council at its absolute discretion is willing to accept an off-site contribution. For larger sites, relevant factors might include location, design, housing need and tenure.

Guidance Note 24 - Where consideration will be given to accepting off-site contributions

Circumstances where the Council may consider accepting an off-site financial contribution include:

- Where the Council is satisfied that the provision of any affordable housing either on-site would not be viable, determined in accordance with the approach set in Section 5 of this SPD;
- Where a small number of affordable units would result and therefore delivery would not be commercially attractive to an affordable housing provider;
- Where the Council considers that on-site provision would not be deliverable or practical or best suited to local needs;
- Where the Council is satisfied that a proposal cannot be value engineered to enable a greater affordable housing contribution;
- Where affordable housing outcomes can be optimised by delivery on a more strategic site;

- Where the Council does not consider that there is a location specific need for affordable housing but a wider need in the adjacent parish or locality;
- Where the provision of affordable housing would prejudice the realisation of other corporate objectives or the securing of other community benefits considered in that location to have a higher priority

9.2 Calculating the contribution

In circumstances where an off-site contribution is acceptable, the following calculation will apply in general circumstances:

Affordable Housing Requirement	Multiplied by	Per Dwelling Tariff £ - as set out in Appendix 5
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For example a proposal for 10 dwellings at 40% policy requirement would be required to provide 4 x the Single Dwelling Tariff.

Off-site contributions will be rounded up to the next whole number in accordance with Guidance Note 14 of this SPD.

The tariff represents the average amount of funding necessary to provide a typical 2 bedroom dwelling for affordable rent on an alternative site, as detailed in Appendix 5 The figure will be updated as necessary from time to time to reflect variations in development costs and incomes.

The tariff includes a proportionate Council Enabling Fee reflecting the Council's resources required in enabling an affordable home to be built on an alternative site.

The timing of payments is negotiable but will typically be expected in the following tranches:

- 6 - 10 dwellings - 50% at commencement, 50% before the occupation of the penultimate dwelling or 100% prior to occupation where this is one in the same.
- Between 11 and 40 dwellings - 100% at commencement.
- 41 dwellings or more to be negotiated in accordance with a phasing plan.
- For all developments - 100% of the enabling fee shall be paid at commencement.

9.3 How the money will be spent

Typically the sums should be defined in the section 106 agreement as being to assist in the delivery of affordable housing in Cornwall. It is the intention that, as far as possible, the contribution is spent on meeting housing need in as local an area as possible. However in certain circumstances it may be necessary to spend the money further afield. Typically the s106 agreement would include a cascade which initially requires the funding to be spent in the parish or adjoining parish within 3 years (although it may be possible to vary this in some circumstances). If

in this time a deliverable scheme has not been identified, then the Council shall typically have a further 3 years to secure the completion of affordable housing within the Local Housing Market Area. The definition of Local Housing Market will vary according to the location of the scheme but is likely to include local parishes and could extent to community network areas. In some cases it may be that the money is better spent in meeting housing needs in the broader locality of Cornwall.

In the unlikely event that money remains unspent after 10 years it would be returned.

10. Older persons and specialist housing

As well as general needs affordable housing; the Council is also required to meet the needs of some groups who require specialist forms of housing. Examples include fully adapted accommodation for wheelchair users, housing for older people and supported housing for young people.

10.1 Retirement dwellings

Schemes which provide self-contained housing for older people with an age restriction, for example retirement apartments, will be required to contribute towards affordable housing as are other forms of C3 residential dwellings, as set out in Section 6.1.

The Council reserves the right to seek on-site provision in the first instance. However, such developments tend not be best suited or viable for on-site affordable homes owing to such factors as high service charges, management arrangements, communal facilities, and the age specific nature of the accommodation. Proposals can also be less viable than standard open market dwellings due to higher costs associated with the provision of communal facilities and demolition and clearance, as sites tend to be urban brownfield sites.

Additionally, the Council has a high proportion of traditional sheltered housing within its rented stock.

For these reasons the Council will at its discretion negotiate off-site contributions from retirement schemes to put towards affordable housing provision elsewhere, for example to upgrade the existing affordable older persons housing stock. This will be based on a simple tariff approach.

The Retirement Dwellings Tariff has been devised based on a 'benchmark tariff' approach based on analysis of recent financial contributions which have been viably achieved on similar retirement dwelling proposals in Cornwall. Averaging these out (across different value zones and site specifics) this results in a figure of £16,000 per affordable unit which would have been required on site.

The tariff includes a proportionate Council Enabling Fee reflecting the Council's resources required in enabling an affordable home to be built on an alternative site.

Guidance Note 25 – Retirement dwellings

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

However, where the Council considers that on-site provision would not be the most appropriate or viable provision we will instead seek an off-site financial contribution. The sum payable will be calculated using the following Tariff:

- **Retirement Dwelling Tariff: £16,000 per affordable unit which would have been required on site.**
 - i.e. multiply the number of retirement dwellings proposed by the affordable housing requirement; and multiply this by £16,000
 - Worked example – 32 unit retirement apartment scheme - $((32 \times 50\%) \times £16,000) = £256,000$

Payments will typically be expected of 50% at commencement (including 100% of the enabling fee) and the remainder before the occupation of no more than 50% of the dwellings.

A condition of the above Retirement Dwelling Tariff is that it negates the need for a complex appraisal of economic viability.

Where the applicant does not wish to agree a payment using the above Tariff a full Economic Viability Appraisal will be required, in accordance with the guidance in Section 5 of this SPD. The Council reserves the right to secure a greater amount than the above Tariff approach as a result of the viability appraisal and may seek to recover its costs.

10.2 Housing for Older People and Specialist housing

Proposals for types of specialist and age-targeted housing, for example sheltered or extra care type accommodation which fall within C3 use class (see section 6.1) characterised by the following will typically be subject to affordable housing requirements:

- Individual self-contained units of accommodation
- Individual occupancy rights as a tenant or leaseholder
- Provision of housing management services to all residents
- Communal facilities within the development
- Access to 24 hour care and support services available to meet the need of the individual resident.

Housing needs and demographic data indicate an increasing requirement for housing suitable for older people, including those with physical disabilities.

The Council's corporate strategy for meeting the needs of older people is to provide housing based solutions across all tenures. These are often the most cost effective solutions and meet an individual's aspiration to remain in their own home, rather than moving to residential care homes, nursing homes and other institutional residential settings.

Specialist housing may be in the form of supported housing schemes where dwellings are provided together with additional communal space and facilities or self-contained general needs dwellings provided to lifetime homes or full wheelchair standards. The form and level of provision will vary through negotiation.

In the case of supported housing projects for groups other than older people, this may be more appropriately sought by way of a separate serviced site or financial contribution.

10.3 'Extra care' or 'supported' housing

The terms 'extra care housing' or 'supported housing' have become widely used and adopted as the generic term for purpose designed, self-contained, housing for older and disabled people with integrated on-site care and support. The Council support the development of extra care schemes. However, the high revenue costs of funding care and support can make the economics and delivery of such proposals challenging. In these cases, the views of the Council's adult care service will be sought and this will typically require the submission of the scheme's business case, demonstrating how the care element will be provided and sustained. The Council has prepared a market position statement in relation to extra care housing and proposals should generally be consistent with the statement. In such circumstances the Council will not typically seek an affordable housing element.

In addition, the Council welcomes private and Registered Provider proposals which secure additional public sector capital investment to increase the provision of extra care units. The Council will encourage all such proposals to adhere to HAPPI design principles (*Housing our Ageing Population: Panel for Innovation, June 2009*)

Guidance Note 26 - Supported and specialist housing

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

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

Proposals for accommodation for people of pensionable age, such as sheltered or extra care housing will generally be expected to provide for an element of

affordable housing. The Local Plan target percentages will be the starting point for the amount of affordable housing to be provided. Each proposal will be determined on a case by case basis paying due regard to viability, the level of care proposed, the model of supported housing involved and affordability. The mix of affordable tenures will vary through negotiation on the basis of local need.

Design and layout should ensure that facilities and amenities within any such development are accessible to all the occupants.

Appendices

Appendix 1: Policy context

A1.1 National Policy

Local Authorities have a statutory duty to provide housing for households in local housing need and to prevent homelessness. New supply is a key element of meeting this need. In Cornwall, a third of lettings for groups owed housing assistance are provided through new build, despite over 20,000 affordable and social rented homes being in management.

The National Planning Policy Framework (NPPF) provides the overarching national requirements for planning policy, which local planning documents must be in conformity with. The NPPF provides a definition of affordable housing and associated products and tenures, including the 'affordable rent' tenure. A definition of Affordable Housing is included in the NPPF glossary.

An underpinning principle of the NPPF is to significantly boost the supply of new housing and widen opportunities for home ownership. The NPPF is explicit that Local Planning Authorities (LPAs) must deliver a wide choice of quality homes that people want and need, which includes both market and affordable housing. The NPPF states that LPAs must:

- Provide sufficient affordable housing to meet objectively assessed needs for all different groups in the community;
- Have a clear understanding of housing needs in their area;
- Identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period;
- Set out policies to ensure that affordable housing is delivered where it is needed and require developments to provide affordable homes on site, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified;
- Ensure policies are sufficiently flexible to take account of changing market conditions over time; and
- Consider whether allowing some market housing would facilitate the provision of significant additional affordable housing to meet local needs.

Affordable housing is typically provided through planning obligations¹³ or section 106 agreements. The NPPF sets out 3 tests which planning obligations should meet:

- Necessary to make the development acceptable in planning terms;
- Directly related to the development; and
- Fairly and reasonably related in scale and kind to the development.

¹³ Legal agreements attached to a grant of consent which mitigate the impact of new development by securing contributions which will bring about wider benefits.

Importantly the NPPF is also clear that LPAs must pay careful attention to viability. Policy frameworks must be such that developments should be deliverable and should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. Such obligations must not compromise competitive returns to a willing land owner and willing developer to enable the development to be deliverable.

The 'Growth and Infrastructure Act 2013' inserted new sections 106BA, BB and BC into the 'Town and Country Planning Act 1990' to introduce a new application and appeal procedure, to review affordable housing obligations on proposals previously granted planning permission on the grounds of viability. It is therefore likely that the number of schemes re-submitted for reassessment on the grounds of affordable housing viability will increase. Part B of this SPD sets out the Council's approach to managing viability.

A1.2 The SPD and conformity with the NPPF

The SPD will contribute to meeting the Government's objectives; by increasing the supply of affordable homes which meet the identified local needs of households on a range of income levels and by providing a choice of housing tenures. The policies herein have a sufficient degree of flexibility as required by the NPPF, for example provision is made for off-site contributions in lieu of on-site provision to be acceptable in certain circumstances.

Section 5 of the SPD sets out the Council's approach to managing economic viability in accordance with the NPPF. There is scope and flexibility to ensure developments are not rendered undeliverable by overly onerous or inflexible planning obligations.

2.2.3 The SPD has been drafted to facilitate rather than hinder sustainable development in line with the comments received from the consultation exercise and paragraph 153 of the NPPF. The Council is committed to negotiating positively to secure sustainable and appropriate development comes forward.

A1.3 Local Policy

Status of Local Policy

There are a range of policies relating to affordable housing across Cornwall; a residue of the amalgamation of 6 district and a county Council into the unitary Cornwall Council in 2009. These planning documents vary greatly in their respective age and status and the amount of weight that can be afforded to them. Together with the strategic level policies in the Cornwall Local Plan, this SPD will supersede the former district planning documents and provide an up to date and consistent approach to affordable housing in conformity with the NPPF. Given the age and relative weight of previous policies it is proposed that the Local Planning Authority will apply this SPD as interim guidance at the earliest possible stage as it sets out a clear direction of travel for the Council and a reflection of its priorities.

A full list of policies and documents to be superseded is provided in Appendix 10.

A1.4 The SPD and the Local Plan

This SPD will form part of the package of planning documents which comprise the LDF for Cornwall, required under the Planning and Compulsory Purchase Act 2004. The SPD provides guidance on how the Local Plan policies will be applied and implemented and provides further detailed policy guidance to ensure the objectives of the Local Plan are achieved in practice. For reference, Local Plan affordable housing policies are provided in Appendix 2.

Other Development Plan Documents (DPDs) which will form part of the LDF include the Allocations DPD which will allocate sites to meet the housing provision in the main towns and a range of suitable for other uses. The Travelling Communities Site Allocations DPD will allocate sites to meet the needs of travelling Communities.

The SPD should be used to inform pre-application proposals and planning applications to ensure high quality successful applications are made which deliver sustainable housing appropriate to local needs.

The Cornwall Local Plan: Strategic Policies document was submitted to the Secretary of State in February 2015. The independent examination began in summer 2015 and has currently been suspended for further work, pending a resumption of the examination process early in 2016.

Following adoption of the Local Plan the SPD will be formally adopted as a supporting Supplementary Planning Document.

In the interim, whilst the Draft SPD cannot be formally adopted until after adoption of the Local Plan:

- It brings together the most recent evidence into one place to help support the Council in decision making.
- It will be used as a supporting document for the Local Plan and its examination.
- The Council can use it as a material consideration in the determination of planning applications, but it is of limited weight.

The SPD has been prepared in accordance with the Cornwall Statement of Community Involvement.

Adoption of the SPD

This SPD will be formally adopted as an SPD shortly after the adoption of the Local Plan. In the interim this document may be endorsed by elected Members and adopted as interim planning guidance.

Appendix 2: Local Plan affordable housing policies:

Policy 8 – Affordable Housing

All new housing schemes within the plan, including mixed use schemes, on sites where there is a net increase of two units or more or 0.2 of a hectare developments (not including replacement dwellings) must contribute towards meeting affordable housing need.

Developments will aim to provide the target levels of affordable housing as set out below. Contributions will be in accordance with the requirements set out in the Affordable Housing SPD. The SPD provides guidance on viability and the circumstances under which contributions may be varied or reviewed.

The following provision on site will be sought:

50% in Zones 1 and 2 including the town of St Ives;

40% in Zones 3, 4 and 5 including the towns of Falmouth/Penryn; Truro; Bodmin; Bude; Saltash; Hayle; Launceston; St Austell; Wadebridge; Penzance; Camborne/ Pool/ /Redruth; Helston and Liskeard.

The mix of affordable housing products will vary through negotiation and shall be provided taking into account the Council's evidence of housing need and any viability constraints identified, reflecting the different markets in different value zones. However, the target provision is typically in the following tenure proportions:

70% rented homes owned and or managed by a bone fide affordable housing provider, provided that the initial rent level (inclusive of any relevant service charges) does not exceed the local housing allowance

30% intermediate housing for rent or sale, provided that the homes are available at first and subsequent occupation at a price which is affordable to a typical local household, taking into account the estimated purchasing power in such households.

Planning obligations will be used to ensure that affordable housing is provided and retained for eligible local households.

There may be some circumstances, particularly on sites of 5 dwellings or less, where it is more economic or sustainable to seek a financial contribution towards the provision of affordable housing on an alternative site.

Any off site contributions will be broadly equivalent in value to on site provision and secured to support the delivery of affordable housing through a planning obligation.

The Council may in some circumstances, subject to viability, also seek a contribution towards affordable housing from a non-housing development judged to have a significant and demonstrable impact on the local housing market.

A financial or other contribution will be sought from proposals to remove holiday occupancy restrictions on existing dwellings where there is evidence of need and where development would otherwise have been provided on site for community infrastructure including affordable housing.

Policy 9 – Affordable Housing led schemes

Development proposals on sites outside of existing built up areas in smaller towns, villages and hamlets, whose primary purpose is to provide affordable housing to meet local needs will be supported where well related to the settlement and appropriate in scale, character and appearance.

Proposals should be developed in accordance with guidance provided in the Affordable Housing SPD. The number, type, size and tenure should reflect identified local needs as evidenced through the Cornwall housing register or any specific local surveys completed using an approved methodology, as detailed in the SPD.

While the purpose of such developments should be to provide affordable local needs housing, the inclusion of market housing in such proposals will be supported where;

- i) It can demonstrate it meets a local need for housing; and
- ii) The Council is satisfied it is essential for the successful delivery of the development. (For example to fund abnormal development costs or to deliver a balanced, sustainable community); and
- iii) It has the support of the local community measured by the level of support received from the parish Council, a positive outcome from a local referendum or where there is evidence that it is a community led proposal; and
- iv) Market housing does not represent more than 50% of the homes or 50% of the land take, excluding infrastructure and services.

The Council will secure the first and future occupation of the affordable homes to those with a housing need and local connection to the settlement or parish in line with the Councils adopted local connection policies.

Policy 10 - Publicly Owned Sites

On sites within the ownership of the public sector or sites which were previously owned by the public sector (but have been disposed of for the purpose of redevelopment) but which had a public sector use or ownership immediately prior to disposal, the Council will seek to negotiate an element of affordable housing to a target of 50% of the development.

Policy 11 – Managing Viability

Where the Council is satisfied through the submission of appropriate evidence that the proposal cannot deliver the full quota of affordable housing without affecting the viability of the scheme to such an extent that it cannot proceed, it will adopt the following sequential approach with the aim of securing the maximum contribution to affordable housing achievable;

1. The alteration of the housing mix to reduce scheme costs.
2. Securing public subsidy or other commuted sums, recognising that this may result in further changes to scheme mix and the delivery timescales
3. The alteration of the affordable housing tenure mix within the development
4. Consideration of an off –site contribution for improved number or range of affordable housing.

If after considering the above options only very limited or no affordable housing can be secured due to market conditions at a particular moment in the economic cycle, the Council will seek other mechanisms within a planning obligation to secure planning gain. These can include (but not be limited to) re-phasing, deferment of affordable housing obligations, options to reappraise the scheme at future phases or at commencement to allow viability to be re-assessed.

Appendix 3: Monitoring & Review

Monitoring of this Plan

The Local Plan and this SPD were informed by the Housing Strategic Viability Appraisal (HVSA) (Three Dragons, August 2012) and Strategic Housing Market Needs Assessment (SHMNA) (March 2014). The HSVA and SHMA cannot predict the future of the housing market and are based on current prices and costs for the analysis. At this particular point in time, the economic cycle is recovering from a downturn. In the short-medium term values and costs may rise or fall or remain similar, but an upturn in the economic cycle and therefore housing market can reasonably be expected at some point in the future.

Paragraph 14 of the NPPF (in referring to, among other items, provision of affordable housing) states that:

"...the cumulative impact of... standards and policies should not put implementation of the plan at serious risk, and should facilitate development throughout the economic cycle. Evidence supporting the assessment should be proportionate, using only appropriate available evidence."

It will therefore be necessary for our planning policies to be reviewed as necessary over time to reflect change in the economic climate. The Council recognises that it will need to monitor changes in values and costs as they affect viability and use the information to assess if a full review of affordable housing targets and/or CIL is needed. This can be done relatively simply and the following are put forward as key indicators to be regularly monitored.

Monitoring and Review of the Plan

The following 3 key indicators will be regularly reviewed:

Key Monitoring Indicators

- House prices – data which includes second hand as well as new properties and provides a robust indicator of price trends.
- Build costs – Cornwall benchmark build costs and relevant BCIS index.
- Affordable rents – Local Housing Allowance data.

The Council will:

- Trigger a review of relevant parts of the plan if there is a plus or minus 10% change in any one indicator sustained over a 12 month period; or
 - Consider a review if there is a plus or minus change of between 5-9% in any two indicators sustained over a 12 month period; or
 - There is less than 10% change in indicator(s) but change is being sustained OR if evidence indicates that sustained change has occurred in other development costs e.g. finance costs, developer return required.
- Publish findings if there is a material change in indicators

NB: 12 month period refers to a period measured from date of adoption

The above guidance sets out the principles to be adopted and the three key indicators. Changes in these from one month to another should not trigger a full review (other than in very exceptional circumstances) but a sustained change in values over at least a 12 month period should be taken as a signal that a more detailed review of costs and values and relevant parts of the Plan is required.

A change of 10% or more over a year should lead to a more detailed review of the data. The Council would then obtain more targeted information, for example about new build house prices (rather than all houses prices) and market rents (rather than Local Housing Allowances).

In addition to the above indicators, the Council will liaise with the development industry to monitor any sustained changes in the other development assumptions that affect viability (e.g. professional fees, developer's return and finance costs). The Council will seek feedback on this from such means as the Developers' Forum.

A full review of the above will not necessarily lead to updated policy. For example, a review may find that values are actually little changed (despite the headline indicators) and/or costs and values have changed in the same direction and cancel each other out.

However, if the more detailed analysis of the indicators shows there has been a significant change, updated viability analysis (on a selective basis) may be required to decide whether a full review of policy is needed. Any review process would be undertaken in consultation with relevant stakeholders.

The general performance of each of the policies in this SPD and the associated Local Plan policies will be monitored and reviewed as part of the annual LDF monitoring process, for example number of affordable housing completions and target percentages met.

Appendix 4: Economic Viability Appraisal (EVA) Checklist

The following section details the Council's expectations for EVAs and provides guidance on how the information submitted will be assessed. A simple checklist is provided for applicants to assess their EVA against.

Providing full, clearly presented and fully justified details on development viability, on an open book basis, will streamline the planning application process and allow a collaborative approach.

The Council will expect to see the calculations for the important factors set out in enough detail for viability to be properly assessed and tested. Any 'assumptions' must be clearly explained and justified. This evidence will be assessed on whether the figures prove that the scheme would be unviable if it were to meet all affordable housing and other planning obligation requirements.

The Council, or an independent professional employed by the Council, will undertake a full review of the total development costs and projected development

income in order to determine the level of provision that may be sought from a development. This will involve close scrutiny of all figures.

All costs must be justified, with clear references to supporting evidence, and will be critically scrutinised by the Council to ensure each element is robust.

All assessments of development viability will only consider the viability of the particular development site in question. Assessments will not take into account the specific financial circumstances of any given applicant.

Applicants will be expected to show evidence that they have taken known development costs into account in agreeing realistic land values, and only costs that were unforeseeable at the time of acquisition and taking into account appropriate levels of due diligence will be considered abnormal for the purposes of affordable housing negotiations.



General Requirements:

- ☐ Applicants are strongly encouraged to submit their appraisals using the Homes and Communities (HCA) Development Appraisal Toolkit (DAT), or similar format with the same inputs, as outlined in this checklist.

The HCA DAT is the government backed development appraisal tool and recognised throughout the industry. It is free to download at:

<https://www.gov.uk/government/collections/development-appraisal-tool>

The only exception to the requirement to submit data in a DAT is for schemes of over 300 units or schemes that include mixed uses. In the cases, an alternative EVA format may be required; this should be agreed in advance.

- ☐
 - Use policy target level as the starting point for appraisal and work backwards from this.
- ☐
 - The level of supporting evidence (i.e. valuations, costs reports etc.) will depend upon how far the viability inputs deviate from acceptable parameters based on industry norms.
- ☐
 - Have you tried value engineering / scenario testing? Testing different density, layout, size, type, tenure and design can improve viability. Please provide brief evidence of value engineering options which you have considered.

Information to be submitted:

Development incomes / Revenues

- ❑ ➤ Open Market Sales income
 - ❑ Projected sales values should be evidenced by either:
 - A bespoke valuation provided by an independent chartered surveyor (RICS), using the red book valuation approach; or
 - A local estate agent market appraisal specific to the unit type and location.
 - Where the Council disagree with valuations provided we reserve the right to seek further valuations.
- ❑ ➤ Affordable / Social rent income
 - ❑ Projected value of rented units to be sold to a Registered Provider (RP). The value is calculated by capitalising the rental income, and should be based on what an RP would pay taking into account the maximum rent levels and reasonable costs associated with managing and maintaining the properties.
- ❑ ➤ Intermediate Sales
 - Projected value of intermediate sales income taking into account the relevant required discount percentage from open market value (as set out in section 2.8 of this SPD)
- ❑ ➤ Shared ownership units
 - The value of units to be sold to an RP, on the basis of shared ownership and rent on the unsold equity of 2.5%. The sale element will be added to the capitalised rental income (allowing for deductions for repairs, voids/bad debts, management, maintenance and service charge) to arrive at an overall value that an RP can afford to pay for the unit.
- ❑ ➤ Any other potential revenues to the scheme, such as
 - Grant/subsidy
 - Ground rents
 - Income from a commercial element

Development costs

- ❑ ➤ Cost estimates should be provided by a Quantity Surveyor or other suitably qualified professional.
- ❑ ➤ Build costs should be provided as £ per m² of Gross Internal Area (GIA) and should cover sub and super structure. This will be different for different types of dwelling (e.g. flats compared with houses; conversion compared with new-build).
 - The Council will expect as a benchmark BCIS lower quartile. Deviation from this figure will need to be robustly justified.
- ❑ ➤ External works and infrastructure - This may include the following costs

under this heading:

- Site Preparation/Demolition – Note that site preparation/prelims and a reasonable allowance for demolition is included within BCIS so additional cost should not be included in this section if BCIS data is used. If substantial demolition is required the costs should be evidenced by quotes.
- Roads and sewers
- Services (power, water, gas, telecommunications and IT)
- Landscaping
- Off site works
- Public open space
- Site specific sustainability initiatives
- Plot specific external works

-
- ➤ Other development cost data. This should be set out under the headings below so that this can be cross referenced back to the HCA Toolkit. The following elements **may** make up the total cost of construction. Only provide those applicable to your development.

-
- Professional fees. These may include fees for planning application, land acquisition, architect, planning agent, quantity surveyor, building control and stamp duty.

-
- Finance costs (including how these have been calculated). Details of project finance, related to phasing of construction and sales, should be clearly set out. The proportion of the overall cost to be met by securing bank loans, and the rate of interest applicable to these, should be included in the open book assessment.

-
- Developer internal overheads– often included within developers return/profit, where shown as a separate item we would expect the projected profit margin to reflect this.

-
- Fees relating to the marketing and sale of the units. These may include the reasonable costs of sales (e.g. marketing agent commission) and legal input for the sale or transfer of units. These costs must be benchmarked in line with current industry standards and phased appropriately, i.e. they will normally only apply to the later phases of development.

-
- Abnormal/exceptional development costs. Any developer buying a site would be expected to undertake a proportionate amount of due diligence work to ensure that the price paid for the land reflects the prevailing conditions. Whilst the following may be considered as 'abnormal costs' we would expect the land value to reflect these costs:

- demolition works – above that included in BCIS
- noise bunds

- ☐ knotweed
- ☐ decontamination
- ☐ archaeological and ecological surveys
- ☐ capping mine shafts
- ☐ drainage and flood prevention measures

Where abnormal costs are not reflected in a reduced land value, robust evidence should be submitted in the form of surveys and costings to justify any impact on the level of affordable housing and an explanation as to why these were not factored into the land value will be required.

-
- ☐ Other planning obligations where these are known, for example contributions required to education, highways or open space provision.
-
- ☐ Build contingency – contingency should not be included within the appraisal where appropriate due diligence has been undertaken. Only in exceptional circumstances will a contingency be accepted and justification as to its inclusion should be provided.
-
- ☐ Any other costs the applicant believes are relevant.

Site value

- ☐
 - An estimate of site value should be provided. Where necessary full justification for this valuation should be provided in the form of an RICS red book valuation or a copy of the land registry certificate.
 - If the actual price paid for the land is contributing to the inability to deliver policy levels of affordable housing we will request an RICS valuation to determine the land value, taking into account the planning obligations at the time and reasonable assumptions regarding the prevailing characteristics of the site (i.e. abnormals).
-
- ☐
 - Where a site has an evidenced existing use, the value of the site should be based on the Existing Use Value (EUV), and not a theoretical value based on obtaining consent for residential use. The EUV is what the site is worth in its current use and condition, evidence in the form of a valuation will be required.
 - ☐ Where sites are being brought forward on previously developed land, developers should provide an independent 'Existing Use' valuation of the site, which must be undertaken by a qualified RICS surveyor.
 - ☐ The accepted method of establishing Existing Use Values is using the RCIS red book valuation method.
-
- ☐
 - The site valuation should reflect relevant planning policies and associated planning obligations.
 - ☐ The Council expects developers to have considered the financial
-

implications of affordable housing and any other planning obligation policies, along with the prevailing characteristics of the site, when buying land for development or taking an option to buy the land. The planning system is clear that legitimate planning obligations and affordable housing will have an impact on land values and landowner expectations.

- ❑ Developers when purchasing a site should take account of adopted and emerging planning policies in agreeing a price.
- ❑ Costs associated with 'abnormal' site conditions should be deducted from the price paid for the land.
- ❑ The Council will not accept overpayment for site purchase as a justification for non-viability.

- ❑ ➤ The site valuation should reflect its current market value and not historic purchase price(s). Historic payment for land above its current market rate will not be accepted as a reason for non-viability.
- ❑ ➤ The site valuation should not be inflated by the specific needs of land owners to maximise the amount they are paid for land to facilitate further things, for example to fund the relocation of a service to an alternative location.

Developer margin / profit

- ❑ ➤ Developer margin on open market units should be shown as a percentage of the Gross Development Value (GDV).
➤ Developer margin on affordable units should be shown as a percentage of costs.
- ❑ ➤ The level of developer profit will reflect the degree of risk to the developer. The required profit margin should be fully justified.
For affordable units the level of profit should be significantly less than for open market units, to reflect the lower risk profile.

Phasing

- ❑ ➤ The anticipated build period should be stated. With this information should be provided an estimate of projected selling prices and projected development costs for the period of the build.
- ❑ ➤ The applicant should state whether the affordable housing or other Section 106 contributions have been front loaded in their appraisal.

Development process

-
- ❑ ➤ The applicant should state how the development will be procured. Is the scheme being developed by a company that has its own building arm, or will the scheme be developed on a Design and Build basis?
-

Appendix 5 - Off-site financial contributions / commuted sums calculations

This appendix and the tariffs therein will be reviewed periodically and amended as necessary to reflect changing circumstances.

a) Single Dwelling Tariff

The following calculation will be used to determine the amount where it has been agreed to accept off-site financial contributions, or commuted sums, made in lieu of on-site provision. (Excluding sites of 5 dwellings or fewer determined under the Small Sites Tariff - see Guidance Note 5 of this SPD).

The tariff will also be used to calculate off site financial contributions where the Council agrees to lift holiday conditions and the site would otherwise have delivered on-site affordable housing. In these cases the single dwelling tariff will be applied for each affordable home which would have been provided on sites of 3 dwellings or more. Sites of fewer than 3 dwellings where holiday conditions are to be lifted will not be expected to make a contribution provided the dwellings are practically complete.

Contributions will be calculated using the Council's Single Dwelling Tariff of £57,000. The number of dwellings which would have been required on-site is multiplied by the Tariff.

No. of dwellings required on-site x Single Dwelling Tariff = Commuted sum

**For example, proposal for 20 dwellings at 40%:
8 x £57,000 = £456,000**

Rationale for the calculation

The LPA has developed the following methodology to satisfy requirements in the NPPF which state that that off-site financial contributions must be of broadly equivalent value [to on-site provision] (paragraph 50).

The methodology therefore calculates the cost in full of providing a 2 bedroom affordable rented dwelling on an alternative site. An amount is then deducted which reflects what a Registered Provider can borrow by capitalising the future rental stream to arrive at a residual cost. This is broadly equivalent to the subsidy provided by the developer where homes are delivered on site.

Calculations are based on an average 2 bedroom affordable home of 75m². Values have been averaged and rounded where necessary for simplicity. The methodology is based on default assumptions and averages and represents our best estimate for the cost of re-provision on an alternative site... Where the applicant is not willing or able to negotiate a commuted sum payment in accordance with the methodology proposed, the Council will reserve the right to revert to seeking on-site provision in accordance with the Local Plan policy preference.

Average Values based on Affordable Rent (80% Market Value)

	Two Bed
Size	75m ²
Weekly rent	£105.55
Capital Value	£68,000

Average Development Costs based on 75m²

Cost	Amount	Notes
Land	£31,500	Based on Valuation Office £420 per m2 average.
Construction	£60,000	Based on £797 per m2 (BCIS Median)
Preliminaries & Externals	£6,000	Based on 10% of construction costs as per BCIS
Abnormals	£1,000	
Fees	£6,000	Based on 10% of costs
Interest	£5,200	Based on 7% of costs
Code 3 Costs	£0	Included in BICS
S.106/CIL Costs	£5,000	Estimated
Council Enabling Fee	£10,000	Reflects Council resources required to enable an affordable home to be built on an alternative site. Based on 0.1% of Cornwall Council Affordable Housing team costs (outturn 2011/12) resourced to deliver 1,000 affordable dwellings.
Contractors Profit	£0	Included in BICS
Total	£125,000	

Standard Commuted Sum to enable an average new build 2 bedroom affordable house for affordable rent to be developed is therefore:
£125,000 - £68,000 = £57,500

➤ **Single Dwelling Tariff: £57,000**

b) Reduced tariff for small sites of 5 dwellings or less

In certain circumstances (in accordance with Section 4 of this SPD) on small sites the financial contribution sought will be a reduced rate from the Single Dwelling Tariff set out above, to reflect the smaller scale of development and economic viability; to circumvent the requirement for time consuming and costly Economic Viability Appraisals; and to aid delivery at this point in the economic cycle.

The reduced tariff represents the cost of providing an alternative single affordable dwelling elsewhere, minus the cost of land. With the intention being that financial contributions from small sites will elsewhere fund the building of dwellings on serviced plots provided to the Council as planning obligations.

The Tariff is a flat rate for the site and no pro-rata calculation of the number of dwellings (or fractions of dwellings) which would have been required on site is necessary.

➤ **Single Dwelling Tariff: £57,000 minus Land value = £26,000**

Small Sites Tariff: £26,000

c) Retirement Dwelling Tariff

➤ £16,000 per affordable unit which would have been required on site.
--

The Retirement Dwellings Tariff has been devised based on a 'benchmark tariff' approach based on analysis of recent financial contributions which have been viably achieved on similar retirement dwelling proposals in Cornwall. Averaging these out (across different value zones and site specifics) this results in a figure of £16,000 per affordable unit which would have been required on site.

Enabling Fee

All tariffs include a proportionate Council enabling fee reflecting the Council's resources required to enabling an affordable home to be built on an alternative site. Finding sites for affordable homes is not straightforward and involves the Council's Affordable Housing Team contributing a lot of effort and time to finding suitable sites and working up development proposals. Such activity is known as enabling activity. This is calculated using previous time recorded activity for the affordable housing team. On a time recorded basis 13 members of the team spend their time on enabling activities. The majority of this time is spent on core activities which are funded by the Council. However enabling is not a statutory service and additional activities are required in relation to the investment of commuted sums which is over and above the service's general activities. There are currently 192 settlements with commuted sums and officers spend on average 9.1 weeks (339 hours) on these settlements a year. (17.6% of their time).

National and local policy is clear that affordable housing should be provided in the first instance on the associated development site, thereby negating the above enabling work. Notwithstanding the above rationale for the off-site commuted sum Tariffs, generally off-site provision can be considered a good deal for the developer who is been freed from their obligation to provide homes on-site and the associated financial and logistical costs. Conversely where the Council has agreed to forfeit the homes on-site; in doing so it is taking on considerable extra costs and committing resources to spending the financial contribution on affordable homes on an alternative site.

It is therefore considered reasonable to assign a proportionate fraction of the financial contribution to cover these enabling costs and the Council's resources which will be

necessary to ensure the money actually results in affordable homes being delivered locally.

In the event that a developer considers the Enabling Fee sought to be unreasonable, the Council will reserve the right to revert to the default national and local policy requirement for on-site provision.

Appendix 6: Value Zones and map

Sales values are of critical importance in assessing the economic viability of housing development. However, it is recognised that Cornwall is a large geographical area with numerous localised housing markets within it. Sales values vary considerably across Cornwall. In order to make a robust assessment of viability, the Council has therefore collected house price data using the methodology set out below and has been able to identify 5 broad zones of housing market values with zone 1 being the highest value zone and 5 the lowest. For ease of application it has been possible to align value zones to parish boundaries. However it is acknowledged that these provide a broad guideline only. There will be cases where the actual location, site characteristics, design and property types and local market drivers will have a greater influence on sales values for a specific development than the zone itself. For these reasons, economic viability appraisals should also allow for site specific valuations, up to date transaction data and additional local market intelligence.

The zones are used within the SPD to set the level of discount to be applied to homes sold as low cost housing for sale. This is because average local earnings vary only marginally across Cornwall and therefore the amount by which an open market property must be discounted varies significantly between zones, reflecting the disparity between house prices and incomes. The methodology used to calculate the level of discount is set out in section 2.8.

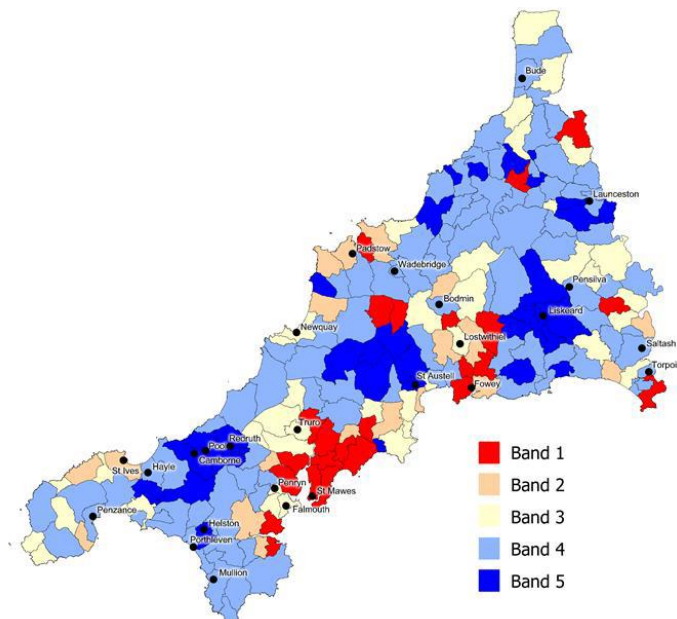
The zones are shown on a distribution map below and set out in tabular form.

Key stages in calculating housing market value zones:

- 10 years worth of HM Land Registry data were used
- Each transaction was assigned to a parish and this was then assigned to its community network areas (CNA)
- All previous prices were uplifted to current prices using a rolling quarterly average price by property type by CNA as the basis for the uplift.
- All non-new build dwellings were uplifted to new build prices by property type using a rolling quarterly average new build premium by property type by Community Network Area (CNA). Therefore, the new build premium is not a constant. At this point all dwelling prices calculated were at their current new build equivalent prices.
- The average price of each property type was then calculated by CNA and used to calculate the ratio of prices of property type to each other.
- These ratios are used to create an equivalent price for each dwelling. As an example, if the dwelling was detached, the ratios were used to calculate its equivalent price if it had been semi-detached terraced or a flat.

- The dwelling type distribution for Cornwall as a whole was then calculated.
- The dwelling type distribution for Cornwall was applied to each equivalent price for each property to create a normalised price. The aim of this exercise was to prevent areas with a high proportion of detached dwellings appearing to be expensive compared to those with a high proportion of flats. At this point the property price for all dwellings can be directly compared with each other as they have been normalised to a composite new build dwelling in Cornwall
- The bottom and top 2.5% of transactions were removed to reduce bias
- The average house price was then calculated for each parish
- There were few transactions in some parishes which means that those dwellings which did sell could be outliers and produce counter intuitive results.
- The analysis identified 5 price zones. The towns in Cornwall and all the parishes had been allocated to one of the price zones
- Within each price zone the average selling price of detached, semi-detached, terraced and flats was calculated using the selling prices of these dwelling types

Value zones (1 is most expensive)



Zone	Category A settlements	Category B settlements	Category C settlements	Parishes		
1			Rock with Tredrizzick Gerrans/ Portscatho Fowey	Boconnoc CP Broadoak CP Cuby CP Feock CP Fowey CP Gerrans CP Lanhydrock CP Maker-with-Rame CP	North Tamerton Philleigh CP Ruanlanihorne CP St. Anthony-in-Meneage CP St. Clement CP St. Just-in-Roseland CP St. Mellion CP	St. Michael Penkevil CP St. Minver Lowlands CP St. Sampson CP St. Veep CP St. Wenn CP Treneglos CP Veryan CP

				Mawnan CP Mylor CP		Withiel CP
2		St Ives	Padstow St Merryn/ Shop Constantine	Constantine CP Helland CP Landulph CP Lanlivery CP Lanteglos CP Manaccan CP Mawgan-in- Pydar CP	Padstow CP Paul CP Perranarworthal CP Shevioc CP St. Austell Bay CP St. Ewe CP	St. Ives CP St. Merryn CP St. Minver Highlands CP St. Winnow CP Tregoney CP Zennor CP
3	Falmouth and Penryn Truro with Threemilesto ne, Newquay		Mevagissey Lostwithiel Marazion	Antony CP Blisland CP Boyton CP Budock CP Cardinham CP Carlyon CP Chacewater CP Crantock CP Falmouth CP Grampond with Creed CP Jacobstow CP Kea CP Kenwyn CP	Lanivet CP Launcells CP Linkinhorne CP Lostwithiel CP Marazion CP Mevagissey CP Morvah CP Morwenstow CP Newquay CP Penryn CP Pentewan Valley CP Pillaton CP Poundstock CP Sancreed CP	Sennen CP South Hill CP St. Allen CP St. Dominick CP St. Endellion CP St. Germans CP St. Goran CP St. Hilary CP St. Levan CP Stokeclimsland CP Towednack CP Trewen CP Truro CP

4	Bodmin Penzance St Austell	Launceston Bude with Stratton and Poughill Saltash Hayle Wadebridge	Callington Camelford Newlyn Perranporth St. Columb Major Boscastle Porthleven Heamoor St Blazey/Par St Just Mullion St Agnes Tintagel Gunnislake Kilhampton Looe Torpoint	Advent CP Altarnun CP Bodmin CP Botusfleming CP Breage CP Bude-Stratton CP Callington CP Calstock CP Camelford CP Colan CP Cubert CP Cury CP Davidstow CP Deviock CP Duloe CP Egloshayle CP Egloskerry CP Forrabury and Minster CP Germoe CP Grade-Ruan CP Gunwalloe CP Gweek CP Gwennap CP Gwinear- Gwithian CP Hayle CP Kilhampton CP Ladock CP Landewednack Landrake with St. Erney CP Laneast CP Lanreath CP Lansallos CP	Launceston CP Lewannick CP Lezant CP Looe CP Ludgvan CP Luxulyan CP Mabe CP Madron CP Marhamchurch Mawgan-in- Meneage CP Michaelstow CP Millbrook CP Morval CP Mullion CP North Hill CP North Petherwin Otterham CP Penzance CP Perranuthnoe CP Perranzabuloe CP Porthleven CP Portreath CP Probus CP Quethiock CP Saltash CP Sithney CP St. Agnes CP St. Blaise CP St. Breock CP St. Breward CP St. Buryan CP St. Clether CP	St. Columb Major St. Erme CP St. Ervan CP St. Gennys CP St. Gluvias CP St. Issey CP St. Ive CP St. John CP St. Juliot CP St. Just CP St. Keverne CP St. Kew CP St. Mabyon CP St. Martin-in- Meneage CP St. Mewan CP St. Neot CP St. Newlyn East St. Stephens By Launceston Rural St. Tudy CP Stithians CP Tintagel CP Torpoint CP Tremaine CP Tywardreath and Par CP Wadebridge CP Warleggan CP Week St. Mary Wendron CP Werrington CP Whitstone CP
5	Camborne with Pool, Illogan and Redruth	Helston Liskeard	Indian Queens with St Columb Rd & Fraddon Delabole	Camborne CP Carharrack CP Carn Brea CP Crowan CP Dobwalls and Trewidland CP Helston CP Illogan CP Lanner CP Lawhitton Rural Lesnewth CP Liskeard CP Menheniot CP	Pelynt CP Redruth CP Roche CP South Petherwin St. Austell CP St. Cleer CP St. Day CP St. Dennis CP St. Enoder CP St. Erth CP St. Eval CP St. Keyne CP	St. Martin-by- Looe CP St. Michael Caerhays CP St. Pinnock CP St. Stephen-in- Brannel CP St. Teath CP St. Thomas the Apostle Rural CP Tresmeer CP Trevalga CP Treverbyn CP Warbstow CP

Appendix 7: List of local Registered Providers

<p>Aster www.asterhomes.co.uk</p> <p>Cornwall Housing Carrick House Pydar Street Truro Cornwall TR1 1EB www.cornwallhousing.org.uk</p> <p>Cornwall Rural 1 Dreason Barns Bodmin Road Bodmin Cornwall PL30 4BG www.crha.org.uk</p> <p>Coastline Housing Coastline House Barncoose Gateway Park Redruth TR15 3RQ www.coastlinehousing.co.uk</p> <p>Devon & Cornwall Housing (DCH) Paris Street Exeter EX1 2JZ http://www.dchgroup.com</p> <p>Guinness Hermitage Hillfields House Matford Court Sigford Road Exeter EX2 8NL http://www.guinnesspartnership.com</p>	<p>Hastoe Housing Association Fleur de Lis Middlemarsh Street Poundbury Dorchester Dorset DT1 3GX http://www.hastoe.com</p> <p>Ocean Housing Stennack House Stennack Road St Austell PL25 3SW http://www.ocean-group.co.uk/home/who-we-are/ocean-housing-ltd/</p> <p>Sanctuary Estuary House Rydon Lane Exeter EX2 7XE http://www.sanctuary-housing.co.uk</p> <p>Tamar Housing Society Mayflower House Armada Way Plymouth PL1 1LD http://www.tamarhs.org</p> <p>Westward Housing Group 3 Endurance House Parkway Ct Longbridge Rd Plymouth PL6 8LR http://www.westwardhousing.org.uk</p>
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Appendix 8: Guidance on Section 106 agreements

For all planning applications that involve affordable housing, applicants will be required to complete a Section 106 Agreement. The purpose of this Agreement is to ensure that the affordable housing is of a high quality and that:

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

We strongly recommend that discussions are held with the Affordable Housing Team at the Council before any planning applications are submitted as you will be required to submit draft Heads of Terms (this is **not** in the form of a legal document) as part of the application process. They can advise you about the options available, and can also give informal advice about your affordable housing proposals.

Applicants are required to use the Council's template s106 agreement, which can be downloaded at:

<http://www.cornwall.gov.uk/housing/affordable-housing/understanding-your-section-106-agreement/>

The Section 106 template which is 'read only' is an indication of the Deed that will be prepared by the Council's Solicitor to cover affordable housing. There will be other contributions required, such as education, open space, highways and clauses to cover these will be inserted as appropriate.

If you are not absolutely sure about how the s106 agreement will affect you, or what the different clauses mean, you should consider seeking the advice of your own solicitor in advance of receiving a draft from the Council.

Please note: The Council's solicitor or Legal Service cannot provide you with legal advice about s106 agreements, you will need to seek your own independent legal advice. This will be essential if you have a mortgage on your property.

Heads of terms for a s106 agreement should be agreed with the Affordable Housing Team prior to submission and included with your application.

To agree Heads of Terms for a s106 agreement we require you to provide...

- Details of all parties with an interest in the land to which the application relates.
- An accommodation schedule setting out the number, type and tenure of affordable dwellings proposed.
- A layout plan showing the location of the affordable dwellings edged blue.
- Details of sales values for any intermediate affordable dwellings.
- Proposals for timing of delivery of the affordable dwellings.

Appendix 9: Local connection criteria

In the case of towns:

"Local Connection" means a connection with the Town or County as appropriate and demonstrated by that person or a member of their Household to the reasonable satisfaction of the Council:

- (a) being permanently resident therein for a continuous period of at least 12 months immediately prior to Advertising and that residence is of their own choice; or
- (b) being formerly permanently resident therein for a continuous period of five (5) years; or
- (c) having his or her place of permanent work (normally regarded as 16 hours or more a week and not including seasonal employment) therein immediately prior to Advertising; or
- (d) having a connection through a close family member (normally mother, father, brother, sister, son or daughter) where the family member is currently resident therein and has been so for a continuous period of at least five (5) years immediately prior to Advertising; or
- (e) being in such other special circumstances which the Council considers requires the applicant to reside therein as appropriate and which is consistent with the Council's Cornwall Homechoice policy as amended from time to time

"Qualifying Person" means person(s) have a Local Connection with the Town or the County - a Local Connection with the Town takes precedence

In the case of parishes:

"Area Local Connection" means a connection with the Primary Area (normally the parish) or Secondary Area (normally adjoining parishes) as appropriate and demonstrated by that person or a member of their

Household to the reasonable satisfaction of the Council:

- (a) being permanently resident therein for a continuous period of at least three (3) years immediately prior to Advertising; or
- (b) being formerly permanently resident therein for a continuous period of five (5) years; or
- (c) having his or her place of permanent work (normally regarded as 16 hours or more a week and not including seasonal employment) therein for a continuous period of at least three (3) years immediately prior to Advertising; or
- (d) having a connection through a close family member (normally mother, father, brother, sister, son or daughter) where the family member is currently resident therein and has been so for a continuous period of at least five (5) years immediately prior to Advertising

"Qualifying Person" requires the person(s) to have an Area Local Connection with:

- (a) Connection with the Primary Area in the first instance; or

- (b) If after a certain period (typically 28 days) no person with a connection with the Primary Area can be identified the connection cascades out to those with connections with either the Primary or Secondary Areas;
- (c) If no person satisfying the requirements of (a) or (b) has been identified within a certain period (typically 56 days) the connection cascades out to those with connections with the Primary or Secondary Areas or a County Local Connection.

The s106 agreement requires the properties to be advertised in order to trigger the above cascades. Advertising can run concurrently.

Appendix 10: Full list of planning policies to be superseded

Upon adoption of the Local Plan and subsequent adoption of this SPD, the following affordable housing policies will be superseded.

Cornwall Structure Plan Policies:

- 9 - Mix and Affordability of Housing

Former Carrick District:

Carrick Local Plan 1998:

- 6BB - Small scale residential development
- 6CB - Housing provision
- 6H - Affordable housing on exceptional sites
- 6I - Affordable Housing

Carrick Balancing Housing Markets DPD 2008

Former Kerrier District:

Nothing of any material status exists.

Former North Cornwall District:

North Cornwall Local Plan 1999:

- HSG9 - Affordable housing: 'on plan' sites
- HSG10 - Affordable housing: Group schemes

The Negotiation of Community Benefits (2008)

Section 2.1 – Affordable Housing

Fomer Penwith District:

Penwith Local Plan 2004:

- H1 - Requirements for housing provision in Penwith
- H13 - Requirements for negotiated element of affordable housing
- H14 - Requirements for secure arrangements for retention/occupancy of affordable housing
- H15 - Development of 'rural exception sites' for affordable housing

Penwith Affordable Housing SPG 2004

Former Restormel District:

Restormel Local Plan 2001:

- 42 - Accessible housing
- 43 - Wheelchair Housing
- 74 - Affordable housing
- 75 - Exceptions sites for affordable housing

Restormal Supplementary Planning Document (SPD) for Affordable Housing (2008)

Restormal Planning Obligations & Community Infrastructure SPG (2004)

Section 5 – affordable housing

Former Caradon District:

Caradon Local Plan first Alteration 2007:

- HO11 Affordable Housing in Towns & Villages 27
- HO13 Rural Exception Housing
- HO14 Wheelchair Housing

Appendix 11: Compliance statement with Sustainability Appraisal

Because this SPD is a supplementary document supporting and subsidiary to the Cornwall Local Plan and because it concerns only the implementation of the policies contained within the Local Plan it is considered that the comprehensive Sustainability Appraisal (SA) which accompanies the Local Plan is sufficient to cover the SA requirements for this SPD. There is therefore no requirement or necessity to produce a separate SA for this SPD. The Local Plan SA deals in depth with the topic of affordable housing and it is integral to the sustainability testing methodology therein.

The Sustainability Appraisal (SA / SEA) and Habitats Regulations Assessment (HRA) requirements of the following European and National legislation are therefore met:

- S (19)5 of the Planning and Compulsory Purchase Act 2004
- The EU SEA Environmental Assessment (SEA) Directive 2001/42/EC
- The EU Habitats Directive (92/43/EEC)

It is clear from the Local Plan SA that affordable housing is key to sustainable development and that the Local Plan's affordable housing policies score positively in terms of their impacts on sustainability, for example as demonstrated in the 'Summary of SA Assessment of Total Plan Impacts' on page 8 of the SA. Detailed guidance on the implementation of these policies must therefore also score positively in terms of sustainability.

The Local Plan SA is available on the Council's website and a link to the SA will be made available as part of the consultation material for this SPD:

<http://www.cornwall.gov.uk/environment-and-planning/planning/planning-policy/adopted-plans/sustainability-appraisal-and-habitat-regulation-assessment/>

Appendix 12: Discounted homes for sale – discount percentages methodology

Analysis was conducted of the incomes of all purchasers of Discounted homes for sale on the Help to Buy South West (formerly South West Homes) database.

The analysis included all purchasers over the last 3 years and is considered the best available and most robust indicator of local purchasing power based on those in housing need who have accessed affordable homes.

An average full time income was arrived at using single households who had purchased either a discounted sale or shared ownership home. The average full time income was £19,808. The percentage of part time earnings was then applied to full time earnings using the ASHE statistics (£22,246 and £8,690: 39.06%) to arrive at a part time earnings figure:

- FT: £19,808
- PT: £7,737

We then used applied these incomes to typical households which are considered average purchasers of the 3 main property types:

- 1 bedroom flat – 1 full time earner
- 2 bedroom house – 1 full time and 1 part time earner
- 3 bedroom house – 2 full time earners

The Government's affordability calculator for Homebuy products has been used to arrive at a purchasing power derived from this income level. The calculator allows a multiplier of between 2.5 and a maximum of 4.5 to be applied to gross household income. We have used conservative low – mid points on the calculator as follows:

- 1 bedroom flat – 1 full time earner - 3.5 times salary (lenders lend more against single than joint incomes)
- 2 bedroom house – 1 full time and 1 part time earner – 3 times joint salary (reduced multiplier due to joint income)
- 3 bedroom house – 2 full time earners = 2.5 times joint income (lowered to reflect higher value property and therefore greater risk to the lender)

The following calculations are then used to arrive at an average purchasing power, plus 5%.

House type	Purchasing Power			Plus 5%	Rounded purchasing power
3 bed house	2.5	x 2FTE	£ 99,040	£ 104,253	£ 104,500
2 bed house	3	x 1FTE + 1PTE	£ 82,635	£ 86,984	£ 87,000
1 bed flat	3.5	x 1FTE	£ 69,328	£ 72,977	£ 73,000

Lenders require discounted sale products to be expressed as a percentage discount from open market value rather than as a fixed price. The Council has therefore calculated the mean percentage discount from market value which would be required to bring an open market purchase within the reach of an average household.

House prices vary across Cornwall and have been classified into 5 value zones. These zones are applied in the Local Plan. A study was undertaken in July 2014 to refresh the house price data and ensure the most up to date figures are used. Open Market Values (OMVs) must be discounted to a varying degree in each zone to reflect local purchasing power.

The table below shows the 2014 Open Market Values for each of the 3 property types above:

1-bedroom flat		2-bedroom terraced house		3-bedroom semi-detached house	
Zone	OMV	Zone	OMV	Zone	OMV
Zone 1	£ 200,000	Zone 1	£ 245,000	Zone 1	£ 290,000
Zone 2	£ 170,000	Zone 2	£ 205,000	Zone 2	£ 235,000
Zone 3	£ 140,000	Zone 3	£ 165,000	Zone 3	£ 195,000
Zone 4	£ 115,000	Zone 4	£ 145,000	Zone 4	£ 180,000
Zone 5	£ 100,000	Zone 5	£ 130,000	Zone 5	£ 165,000

Applying the above purchasing power methodology to the above prices results in the following guideline levels of discount which vary across Cornwall depending upon the house price zone:

Value Zone	Discount percentage required
Zone 1	65%
Zone 2	55%
Zone 3	45%
Zone 4	40%
Zone 5	30%

Appendix 13: Glossary

Affordable Housing: social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.

Definitions of affordable housing products (types) of affordable homes are provided in Section 2 of this SPD.

Affordable Housing Products: A term used to describe types of affordable home – there are various different products, or types of affordable home.

Cornwall Housing Register: a register of applicants in housing need. The register is called Cornwall 'Homechoice' and is a choice based lettings system – homes are allocated to those in most need. Partner landlords advertise their vacant properties on the Homechoice website and in newsletters available in the Councils' One Stop Shops and libraries.

Dwelling: a dwelling under Use Class C3 is defined as a building that ordinarily affords the facilities required for day to day domestic existence i.e. all the rooms (including kitchen, bathroom and toilet) in a households accommodation are behind a single door which only that household can use.

Economic Viability Appraisal: a report to establish the profit or loss arising from a proposed development. It will usually provide an analysis of both the costs inputted and output values together with other matters of relevance. An assessment will normally provide a judgment as to the profitability (or loss) and thereby the economic viability of a development.

Holiday Occupancy Conditions: a planning condition used to restrict occupancy of a building or buildings to holiday use i.e. non-permanent residency. The condition requires that the accommodation will be occupied for holiday purposes only and will not be occupied as a person's sole or main place of residence. Typically this may place limits on the number of consecutive days or total months in a year that the accommodation can be occupied by any one family or individual. Any subsequent proposal to remove holiday occupancy restrictions may be subject to planning obligations at that time. See also **Occupancy Conditions**.

Housing Benefit: a means tested benefit that is intended to help people with low incomes pay for rented accommodation.

Housing Mix: the **National Planning Policy Framework** requires local authorities to plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community (such as but not limited to, families with children,

older people, people with disabilities, service families and people wishing to build their own homes).

- House Size: size of the house. The average size of a dwelling is 76 sq. m;
- House Type: types the main types of houses in England are detached, semi-detached, terraced and flats (apartments). Houses come in all shapes and sizes and vary from one part of the country to the next - see also Dwellings;
- House Price: the value placed on a dwelling for sale;
- House Tenure: provides information about whether a household rents or owns the accommodation that it occupies.

Housing Need: the **National Planning Policy Framework** defines households as being in housing need if they are unable to access a suitable home in the open market. That is, a household that cannot access a home suitable for their needs in the right location at an affordable price. Cornwall Council define housing need as someone being 'homeless or threatened with homelessness; or living in accommodation which in the opinion of the Council is insecure or unsuitable; and being unable to purchase or rent reasonable suitable accommodation in the open market for property in the locality taking into account the person's income and capital and other financial circumstances. Accommodation may be unsuitable on the grounds of cost, overcrowding, unfitness or lack of basic amenities or because of a person's infirmity, physical disability, mental health or specific or social care needs'.

Local Connection: eligibility for affordable homes generally requires conformity with Local Connection Criteria which are applied as part of the Homechoice lettings process (see **Cornwall Housing Register**) and typically a Section 106 legal agreement (see **Planning Obligations**). A connection can be established either through residence or employment and the criteria also makes provision for other exceptional circumstances. In towns a connection with the town is required. In rural areas, homes will be let or sold initially to households with a parish connection; then to households with a connection to any adjoining parishes; and then with the same connection to Cornwall.

Local Housing Allowance: the Local Housing Allowance (LHA) system is a form of housing benefit to provide Housing Benefit entitlement for tenants renting private sector accommodation. A flat allowance is used to decide the eligible rent of all claimants with similar sized households living in a broad rental market area

Local Needs / Local Needs Housing: housing requirements that are generated by the indigenous population rather than by in-migration. See also **Housing Need** and **Local Connection**.

Local Plan: a Local Plan is the plan for the future development of the local area drawn up by the local planning authority in consultation with the community. The government has now returned to using this term to refer to LDF documents as a whole and is discouraging councils

from producing too many separate documents. In law this is described as the development plan document adopted under the Planning and Compulsory Purchase Act 2004.

Market Housing: is housing for sale or rent at open market prices. It generally refers to housing for those households who can afford to pay the full market price to buy or rent their home.

Neighbourhood Plans / Neighbourhood Development Plans: a land use plan prepared by a Parish Council or Neighbourhood Forum for a particular neighbourhood area. It can contain policies and site allocations, reflecting the needs and priorities of the local community, and following an independent examination and local referendum, it is adopted and forms part of the statutory development plan.

Occupancy Conditions: are planning conditions or obligations placed by the Council upon a planning permission. For example this would include an agricultural occupancy condition for a house built in the open countryside where development would not normally be permitted. The 'tie' seeks to restrict occupancy of the dwelling to those employed in certain jobs. The planning permission will only have been granted because someone was able to demonstrate an essential need to live close to their place of work in either agricultural, forestry or equestrian employment.

Phasing: is used to refer to any distinct period or stage in a sequence of development. For example, a housing development can be split into several phases and will be developed one phase at a time. Phasing may be controlled by planning conditions attached to the planning permission.

Planning Conditions: a condition imposed on a grant of planning permission (in accordance with the Town and Country Planning Act 1990). Planning conditions set out the actions that are needed to make the development acceptable in planning terms.

Planning Obligations: a legally enforceable obligation entered into under Section 106 of the Town and Country Planning Act 1990 to mitigate against the adverse impacts of a development proposal. 'Section 106' obligations must be related to the development (site specific) and are a well-established route for collecting developer contributions towards infrastructure and the only means of securing affordable housing.

Rural Exception Sites: small sites used for affordable housing in perpetuity where sites would not normally be used for housing. Rural exception sites primarily seek to address the needs of the local community by accommodating households who are either current residents or have an existing family or employment connection. A proportion of open market homes may be allowed at the local authority's discretion when in accordance with Policy 9 of the Cornwall Local Plan, for example where essential to cross subsidise the delivery of affordable units without public subsidy.

Value Zones: house prices vary across Cornwall and each parish has been classified into five value zones. Zone 1 being the highest priced and zone 5 the lowest priced. This was undertaken as part of the Cornwall Strategic Housing Viability Assessment (SHVA). See the Appendix 6 for a list of Parishes and their value zones together with an accompanying map.

Viability: an individual development can be said to be viable if, after taking account of all costs, including central and local government policy and regulatory costs and the cost and availability of development finance, the scheme provides a competitive return to the developer to ensure that development takes place and generates a land value sufficient to persuade the land owner to sell the land for the development proposed. If these conditions are not met, a scheme will not be delivered. To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable.