



Cornwall Affordable Housing

Supplementary Planning Document
January - March 2014

www.cornwall.gov.uk



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 main part of this framework with 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 houses 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 provides details on housing need and explains how different types of affordable housing products help meet different types of need. Part B provides comprehensive guidance on how the Council will approach negotiations for specific development proposals and how the Council will address economic viability.

This document is a consultation draft and we would welcome your feedback and thoughts. Details of how to make comments and the consultation period is provided online at:

www.cornwall.gov.uk/affordablehousingspd

Edwina Hannaford

Portfolio Holder for Environment, Heritage and Planning

Raglavar

Surhe an varhas anedhans dhe brofya anedhow lowr ha gwiw aga fris may hallo tus aga affordya yw onan a'n uhella ragwiryow a'n konsel. Konsel Kernow a omri orth dyghtya an mater ma dre surhe provians sostenys a anedhow nowyth affordyadow.

Herwydh usadow y proviir anedhans affordyadow der ambosow towlennans a sew dhyworth displegyansow nowyth. Ytho, yth yw provia an gwella myns ha kwalita a anedhow affordyadow rag satysfia edhommow leel amkan a vri an Awtorita Towlennans Leel. Rag kowlwul an amkan ma, yth yw pur vysi desedha framweyth polici towlennans krev.

Towl Leel Kernow a brovi an brassa rann a'n framweyth ma dre bolicis anedhans affordyadow uhel aga nivel. An Skrifen Geworansus Towlennans (SGT) Anedhans Affordyadow a wra esedha yn-dann an Towl Leel. Porpos anedhi yw dhe brovia gidyans manylys fatel gowlwrer an policis anedhans affordyadow, stratejek aga nivel. Rag ensampel, an Towl Leel a sett kostennow a'n gansran a jiw nowyth a dal bos affordyadow. An SGT Anedhans Affordyadow a wra provia an manylyon a fatel gowlwrer an kostennow ha mynasow ma, rag ensampel dre brovia an ehen, braster, perhenogeth, gnas ha lesrannans a anedhow affordyadow hag a yll satysfia an edhommow leel y'n gwella fordh.

Rann A an SGT a brovi manylyon a edhom anedhans hag y styr fatel wra ehennow dihaual a askorasow anedhans affordyadow gweres orth provia ehennow dihaual a edhom. Rann B a brovi gidyans olldalhus a-dro dhe fatel wra an Konsel dyghtya negysyansow rag profyansow displegyans komparek ha fatel wra an Konsel dyghtya hewulder erbysiethek.

An skrifen ma yw kyns-skrif kussulya ha wolkom via agas dasliv ha tybyansow. Provewgh dhyn agas kampollow er-bynn an 14ves a vis Meurth 2014, mar pleg.

www.cornwall.gov.uk/affordablehousingspd

Edwina Hannaford

Portfolio Holder for Environment, Heritage and Planning

How to comment on this document

We would welcome your views on this draft Affordable Housing Supplementary Planning Document (SPD). It is important that the Council's policy framework reflects the views and aspirations of local people and key stakeholders. There is a 6 week consultation period for you to make your comments. This document and the consultation being carried out on it have been prepared in accordance with the Cornwall Statement of Community Involvement.

Before doing so, it is important to note that this consultation relates solely to the contents of the Affordable Housing SPD and not the contents of the Local Plan. This consultation is therefore not the right place to comment on the numbers, targets, aspirations and policies contained within the Local Plan but rather on the detailed guidance provided in the SPD. The SPD's foreword and introduction section provide details of the relationship between the Local Plan and the SPD and explain the purpose of this document.

If you do wish to comment on the Local Plan further details of consultation arrangements for that document can be found at: www.cornwall.gov.uk/localplancornwall

Commenting on the SPD

The consultation period dates are available at the website below.

Comments on the Affordable Housing SPD can be submitted by e-mail, using the form available at: www.cornwall.gov.uk/affordablehousingspd

To be emailed to the Affordable Housing Team at: affordablehousingspd@cornwall.gov.uk

Comment forms are also available from council offices and libraries.

Completed response forms should be sent to:

Cornwall Council
Affordable Housing Team
Circuit House
St Clement Street
Truro
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Next steps

The representations received during this formal round of consultation will be reported to and considered by the Council. Suggested changes can be reflected in a final draft of the SPD which will then be reported to elected members for endorsement and adoption. The Cornwall Local Plan is due for submission to the planning inspectorate in autumn 2014. In the interim it is likely that this document will be adopted by the Council as interim guidance, with its adoption as a formal Supplementary Planning Document to follow shortly after the adoption of the Local Plan.

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1. Introduction and Objectives

1.1 What is this document?

1.1.1 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 SPD will provide detailed guidance on the how the Local Plan policies will be implemented.

1.1.2 This SPD provides detailed guidance on the issue of affordable housing. 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. Such is the pressing importance of the issue of affordable housing in Cornwall and the complexity around the ways it can be required and implemented, an SPD on the issue is required.

1.1.3 Affordable housing is only one community benefit sought by the Local Planning Authority – others may include contributions for open space, education and transport. Guidance on other contributions and how the relative priority is afforded to each is not covered by the SPD.

1.2 What is it for?

1.2.1 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.

1.2.2 The purpose of the SPD is twofold: Part A sets out the Council's affordable housing ambitions and targets. It provides justification in terms of housing need and explains how different types of affordable housing product help meet different types of need.

1.2.3 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 works within the prevailing economic environment to address viability. There is a specific section which addresses viability and applicants are encouraged to follow the good practice guidance contained within it to ensure a positive outcome for their proposals.

1.3 Objectives of the document

1.3.1 The objectives of this SPD are to:

- 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.
- 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.

Part A: Understanding affordable housing in Cornwall

i) 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, high house prices and high levels of second home ownership.

Extreme pressure on national budgets has resulted in 80% reductions in Government funding for affordable housing and have 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.

5% of dwellings

in Cornwall are second homes (2012)

26,500 households

on the Homechoice register 23,000 of whom have a connection to Cornwall

Households and housing currently over

230,400

households (2012)

Average house price in Cornwall was

£184,311

compared to £160,417 across England and Wales (2012)

Value of the lower quartile houses (cheapest 25%) is 9.3 times greater than the lower quartile earnings (lowest 25%) (2010)

Economy and business - remains the

second weakest economy in the country (2012)

Full time weekly wages in 2001 were approximately

19% below the GB average

Median gross annual pay in Cornwall is

£22,068

compared to England at £26,165 (2011)

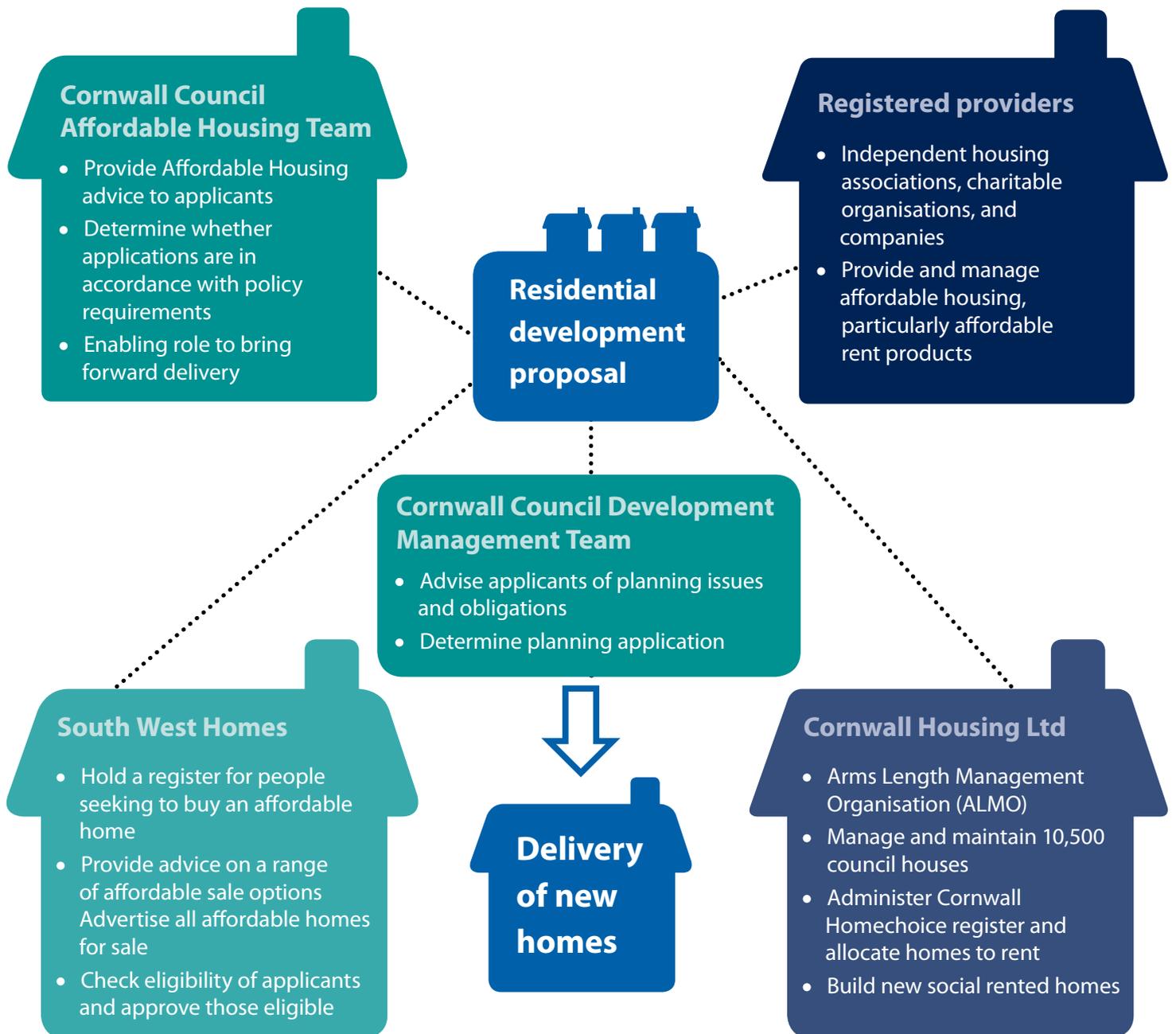
Cornwall Council is committed to addressing structural housing imbalances by ensuring a sustained supply of new affordable homes. The scale of the housing challenge in Cornwall is reflected in the aspirations and targets in the Local Plan and the accompanying guidance.

Such is the acuteness of need, delivering the optimum amount and quality of affordable homes from each and every residential development is a key objective of the local planning authority. 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 be looked upon favourably.

Affordable Housing is one of the Council's highest priorities. To reflect this the Council has set out an ambitious target of delivering 1,000 affordable homes a year to 2016, and a programme of investment and actions to achieve this goal. This SPD will be integral in achieving the objectives of the Council's capital investment priorities, and any superseding housing strategy.

ii) 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 4.



2. Policy context

2.1 National Policy

2.1.1 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.

2.1.2 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.

2.1.3 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.

2.1.4 Affordable housing is typically provided through planning obligations¹ 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.

2.1.5 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.

2.1.6 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.

2.2 The SPD and conformity with the NPPF

2.2.1 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.

2.2.2 A specific section 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.

¹ Legal agreements attached to a grant of consent which mitigate the impact of new development by securing contributions which will bring about wider benefits

2.3 Local Policy

Status of Local Policy

2.3.1 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 7.

The SPD and the Local Plan

2.3.2 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 below.

2.3.3 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. Once adopted the SPD will form an important material consideration in the determination of planning applications.

A glossary of terms used in the final version of the SPD will be provided in the accompanying Local Plan Glossary, available online.

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

Adoption of the SPD

2.3.4 Following Pre-Submission consultation (March-April 2013) work continues on the Cornwall Local Plan with a view to its adoption in 2014. This SPD will be formally adopted as an SPD shortly afterwards. In the interim this document may be endorsed by elected Members and adopted as interim planning guidance.

2.3.5 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;

1. It can demonstrate it meets a local need for housing; and
2. 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
3. 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
4. Market housing does not represent more than 50% of the homes or 60% 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.

3. Understanding housing need

3.1 What is housing need?

3.1.1 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. Assessments consider the quality and condition of the existing housing stock; 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.

3.1.1 Cornwall Council define 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.”

3.2 What is affordable?

3.2.1 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 3.5 times the gross household income. This can range between 3.5 and 4.5 times a joint income.
- 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.

3.2.2 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.

3.3 Measuring Housing Need

3.3.1 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. But authorities are required to prepare Strategic Housing Market Assessments (SHMA) to assess both their current and future housing requirements.

3.3.2 Cornwall’s most recent SHMA was completed in July 2013 and was prepared jointly with neighbouring authorities in Devon².

3.3.3 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 this sector compared with the national average of 17%. The affordable rented stock is smaller than the private rented sector which accounts for 15% of homes.

3.4 Affordability

3.4.1 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.

² 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).

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

3.4.3 Although prices have not 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 are still some 50-60% below the level of activity seen at the market peak of 2006-07.

3.4.4 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.

3.4.5 As 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

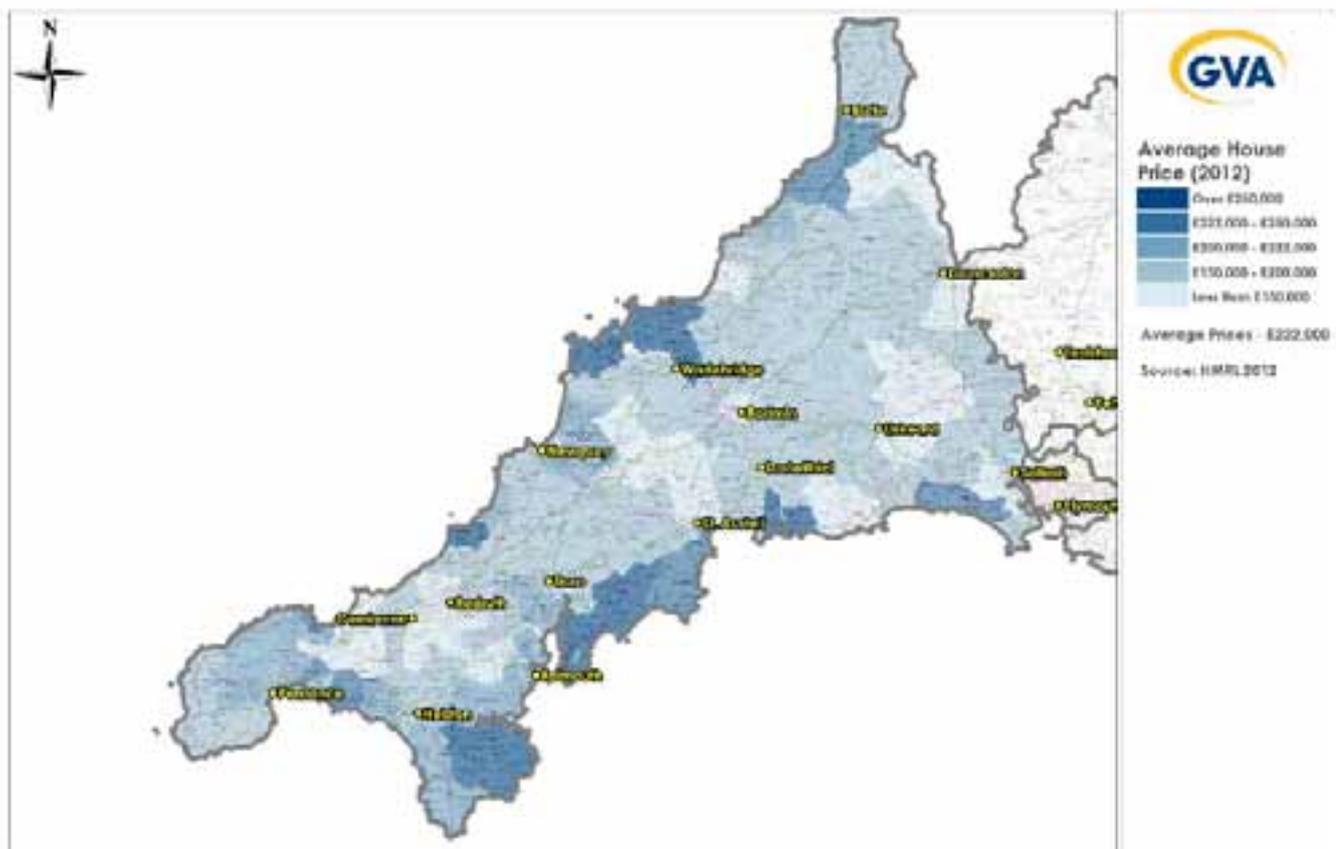
policy approach to intermediate housing and the level of discount which is required from open market value, as set out in Section 4.

3.5 Use of House Price Value Zones in Cornwall

3.5.1 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 as the sales values of new homes is a key factor in generating value to provide for a developers return, land purchase price and planning gain contributions.

3.5.2 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 are set out in the Local Plan and accompanying Glossary Document but have also been used to set discount percentages for intermediate housing for sale.

Figure 3.1 Average house prices 2012



3.5.3 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 3.2: Affordable Benchmarking - access to different tenures of property

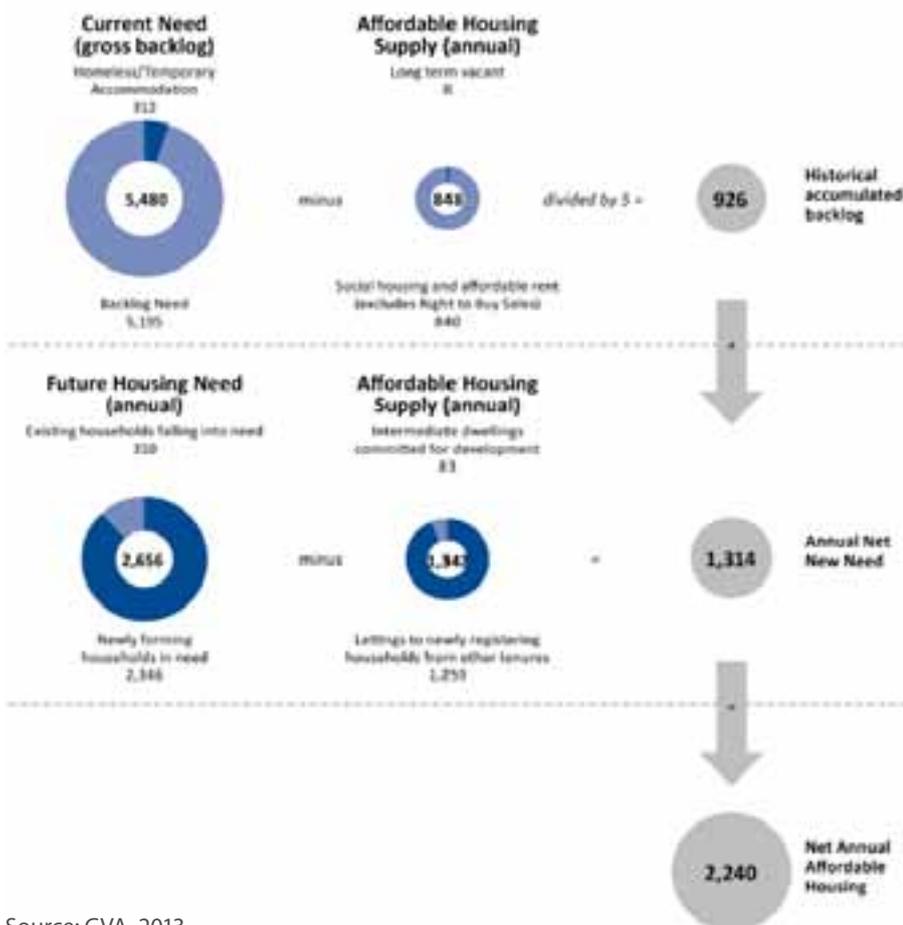
Authority	Affordability Benchmarks - Annual income required				
	To purchase LQ House (3.5 income - 10% deposit)	Private rented LQ 2-bed dwelling (25% income)	Private rented LQ 3-bed dwelling (25% income)	Social rented 2-bed dwelling (25% income)	Social rented 3-bed dwelling (25% income)
Cornwall	£32,273	£25,680	£30,000	£15,451	£16,959

3.5.4 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.

3.5.5 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 housing need 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

3.5.6 To meet both existing and newly arising need the Council needs to secure the delivery 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.

3.5.7 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.

3.5.8 Given this, it has set its annual affordable housing target up until 2016-17 at 1,000 homes per annum.

3.6 Local Evidence and Data

3.6.1 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 surveys (of less than 3 years old)
- Neighbourhood plans
- Application data in response to specific proposals
- Data from the South West Homes website for intermediate housing



4. What is affordable housing?

Definition of affordable housing products

P1: Compliant Affordable Housing Products

All products defined in this document are fully consistent with definitions set out within the NPPF. As is required by the framework, 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 delivered on relevant sites to be compliant with these definitions. 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.

4.2 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.

4.2 Affordable and social rented homes for those on low incomes

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

4.2.2 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.

4.3 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.

4.4 Affordable Rented Housing

is housing let by the Council or registered providers to households who are eligible for social rented housing. Affordable rent is subject to rent controls that require a rent of no more than 80% of the local market rent inclusive of service charges (NPPF, annexe 2 2012).

4.4.1 Rent guidance on 80% market rents levels is issued by the Council on a six monthly basis. Rents should reflect this published guidance and in all cases, affordable rents charged should not exceed the Local Housing Allowance (LHA) for the relevant property type in the relevant location.

4.4.2 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.

4.4.3 All social and affordable rented housing provided should be in accordance with the above definitions. In addition, given the need to achieve viable developments and reflect Cornwall's distance and remoteness within the region, the local planning authority has 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 tenure type;
- Have an existing local management presence or 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.

4.4.4 For these reasons, the planning authority would expect to see planning obligations provide a right to approve a registered provider against the above criteria.

4.5 Intermediate housing

4.5.1 The local planning authority recognise that intermediate housing can provide 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% but at a far lower cost, enabling a household to build equity and savings.

4.5.2 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 housing. In addition, demand has been affected by the severe limitations on mortgage finance and carries greater delivery risk.

4.5.3 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 for sale. The SHMA assesses the current demand for intermediate homes to be as low as 6% of demand.

4.5.4 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.

4.5.5 Intermediate housing products include:

- Shared equity housing (such as home buy provided by registered providers)
- Low cost housing for sale (where resales are controlled by a price covenant)
- Private intermediate homes to rent
- Self build
- Equity loan arrangements

4.6 Private intermediate homes to rent

4.6.1 Intermediate rented homes can be provided by a private sector provider, provided that proposals satisfy the following criteria:

- 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;
- Homes must be rented at up to 80% of market rents, provided that the rental value shall not exceed the Local Housing Allowance in the relevant area for the relevant property type inclusive of service charges;
- In order that these requirements are satisfied, the Council reserves the right to make nominations for future occupants.

4.7 Intermediate homes for sale

Shared equity, shared ownership and Homebuy schemes

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

4.7.2 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 housing association covenants to repurchase the home).

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

4.7.4 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.

- 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 if the freeholder is willing to enter into a planning obligation to guarantee the repurchase the property on any resale, regardless of whether the settlement is identified by regulation as being in a protected rural area.

4.7.5 Low cost homes for sale

Low cost homes for sale summary:

- Sold at a set 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.**

4.7.6 Low cost 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.

4.7.7 Based upon fluctuations in the wider housing and employment markets, intermediate demand can account for between 6% and 30% of need.

4.7.8 The SHMA calculates that a local household must earn at least £37,273 per annum to be able to purchase an open market home in the lower quartile range of house prices. The affordability band for intermediate dwellings is for households with earnings of at least £29,464 per annum. The LPA will therefore require affordable homes for sale to be sold at an appropriate discount from open market value so that it is accessible to a household earning £29,464 per annum.

4.7.9 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 maximum multiplier of 4.5 to be applied to net income.

The following calculation has been used to arrive at an average purchasing power:

- 4.5 x net income (74% of gross income)
- Maximum purchasing power = 4.5 x £21,803 (£29,464 x 74%) and assuming a 10% deposit = £107,924.

4.7.10 The Council estimate that the typical purchasing power of a local household is therefore £107,924 and sale products should reflect this.

4.7.11 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 % discount from market value which would be required to bring an open market purchase within the reach of an average household.

4.7.12 House prices vary across Cornwall and have been classified into 5 value zones³. These zones are applied in the local plan. House prices on new developments must therefore be discounted to a varying degree in each zone to reflect local purchasing power.

4.7.13 This results in guideline levels of discount which vary across Cornwall depending upon the house price zone.

House price zone	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5
Average required percentage of open market value	45%	50%	60%	70%	80%
Discount from open market value required	55%	50%	40%	30%	20%

Table P2: Discount percentages for low cost homes for sale

Worked example of a low cost home for sale

Gwithian Rd, St Austell

2 bed semi-detached home

Open market value £149,950

Price at 20% discount from OMV £119,960

Mortgage value:
(less 10% deposit) **£107,964**

Further detailed worked examples of how discount percentages for low cost homes for sale work, is provided in Annexe 1.

³ As set out in the Local Plan and accompanying Glossary Document

P2 Detailed policy guidance on Low Cost Homes for Sale

Low cost 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 genuinely affordable, based on incomes and house prices.

The Council will use the discount percentages set out in Table P2, above, as a general guideline when calculating the required discount from open market value. However, in some cases, applying the percentage discount will still not result in affordable sales prices within reach of a local household's purchasing power. In these cases, the Council will seek a greater level of discount from market value so that properties are affordable to a household with the Council's assessment of an average purchasing power.

In all zones the Council reserves the right to require a greater discount from open market value from the guideline percentages above to ensure homes are genuinely affordable to local people.

4.8 Equity loan arrangements

4.8.1 Access to mortgage finance can be very challenging for affordable homes to buy. This is exacerbated by making such properties 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.

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

4.9 What is an equity loan?

4.9.1 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 with the value of the discount held by a third party. Instead of the discount being controlled via a section 106 agreement, it is controlled by a legal charge on the property which can be held by the owner / a third party and second ranks behind the retail lender.

4.9.2 This charge can be used either to recoup the loan for re-investment as and when the property is sold or to require the purchaser to pass on the home at the same level of discount. Nomination rights can be contained in a lease rather than the section 106 agreement.

4.9.3 The Council may consider alternative delivery proposals which make low cost homes for sale subject to equity loan arrangements. In practice this means

that the owner (or the Council) uses a legal charge on the property to control the sale price and disposal arrangements, rather than relying on restrictions within the section 106 obligation. The advantage of these proposals is that they assist purchasers who cannot raise large deposits or have limited access to mortgage finance.

4.9.4 Applicants would need to enter into a section 106 obligation which provided for a legal charge either to be granted to the Council or to commit to the proceeds from any future repayment to be paid to the Council to contribute towards the delivery of affordable housing.

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

P3 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.

4.10 Self build or custom build housing (including homes to rent and buy)

4.10.1 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 contribute to a proposal's affordable housing obligations. This would typically be as intermediate housing. As such, affordability and eligibility criteria would apply in the same way.

4.10.2 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 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.

4.10.3 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:

- 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.
- 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.
- 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
- There is clear evidence of housing need
- A limit on the size of the dwelling will assist in retaining its affordability for future occupiers. This will vary between property types but is not expected to exceed 100m² (Gross Internal Floor Area).
- 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 up to a 10% equity uplift to reflect the self builder's labour costs.
- On subsequent resales or re-lets, such properties may only be sold at an equivalent discounted rate of open market value.
- 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.
- In rural areas future occupation is limited to local connection provisions
- Conditions may be imposed to remove permitted development rights

4.11 Single Plots and Individual Local Needs Dwellings

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

- They should not exceed 100m² gross internal floor area;
- 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.

4.12 Community Land Trusts (CLT)

4.12.1 Many forms of affordable housing defined within the NPPF and this Supplementary Planning Document including low cost 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's affordable housing and planning policies seek to support the development of CLTs to meet local housing needs.

4.12.2 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 section 4 of the SPD
- Enter into planning obligations with the Council to control the affordability and occupancy of the dwellings

5. Negotiating Affordable Housing – summary of the Council’s approach

5.1 Part two of this SPD sets out in detail how the Council approaches the negotiation of affordable housing on relevant sites. In summary, however, the Council will adopt the following approach to negotiations:

- On relevant local plan sites where an affordable housing contribution is required, the Council will seek to negotiate an element of affordable housing.
- The presumption will be in favour of on-site provision.
- The starting point for negotiations will be the Local Plan policy position. At least 70% of the affordable homes on site should be provided as affordable or social rented housing. The balance can be some form of intermediate housing, provided it satisfies the Council’s price, nomination and management requirements.
- The Council is mindful of the economic climate and the impact of its requirements. At the early stages of the Local Plan period, the Local Planning Authority will adopt the following mitigations:

A Small sites policy on sites of less than 5 dwellings

- We will seek to minimise costly and time consuming Economic Viability Appraisals (EVAs) and negotiations.
- 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.

B Comprehensive viability advice

In accordance with Policy 11 of the Local Plan, the Council will give due consideration to economic viability. The Council will adopt a positive approach to negotiation to consider viability issues. 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.

The Council will adopt a positive approach towards value engineering and will expect applicants to have demonstrated how they have approached value engineering to improve the viability of schemes.

Where a scheme is demonstrated to be unviable with the policy level of affordable housing, the planning authority will sequentially consider a range of alternative options to secure the maximum level of affordable housing, in accordance with Local Plan Policy 11. These will vary depending on site specific circumstances and constraints but will include:

- Value engineering / alteration of schemes
- The use of public subsidy
- Revised tenure mixes
- Consideration of alternative provision, for example off-site financial contributions or serviced plots.
- Mechanisms to reappraise schemes at commencement



Part B: Negotiating affordable housing contributions



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.

6.1 When to use which policy and target

6.1.1 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.

6.1.2 Sites associated with the main towns

The Local Plan focuses the majority of residential development on the main towns⁴ identified in Local Plan Policy 3.

6.1.3 Preferred sites for development will be allocated through the Cornwall Site Allocations DPD or through Neighbourhood Plans. Such sites are subject to the targets and provisions of Local Plan Policy 8 – 40% or 50% requirement depending on value zone.

6.1.4 Other sites which are not allocated will come forward within or on the edge of the main towns which would contribute to the housing growth set out in Local Plan Policy 3. On such sites, affordable housing would be targeted using Local Plan Policy 8.

6.2 Infill sites and sites outside of existing settlement extents

6.2.1 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

⁴ 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



6.3 Re-used or replacement dwellings in the open countryside

6.3.1 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 in the countryside 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.

Publicly owned sites

Policy 10 applies only to sites in the ownership of the public sector – or previously in public ownership and sold specifically for the purpose of redevelopment. In these cases, Policy 10's minimum target of 50% provision over-rides both policies 8 and 9.

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

6.2.2 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.

6.2.3 Local Plan Policy 9 will apply to sites not captured 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 generally only be considered positively for development if they could satisfy an identified local need which would otherwise be unmet.

6.2.4 Policy 9 states that sites not considered to fall within Policy 8 must be affordable housing led – i.e. their primary purpose must be to provide affordable housing to meet local needs. Open market housing is only permitted on such sites where it is assessed as being necessary to cross-subsidise the provision of the affordable housing. Further guidance on such cross-subsidy proposals is provided in Policy A2, below.

Local Plan Policy Guidance A1 – Clarification on which affordable housing targets to apply

Local Plan Policy 8 applies to:

- Allocated sites; allocated in the Cornwall Site Allocations DPD or Neighbourhood Plans, or sites identified as 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: 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: Affordable-housing led. Further guidance on expectations regarding affordable led proposals is provided in Policy A2 below.

Local Plan Policy 10 applies to:

- Sites within the ownership of the public sector :
- Requirement: 50% target

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

Worked examples:

A site within the developed area of a town in Value Zone 3:

- Policy 8 applies and the requirement is a target of 40%.

An unallocated site adjacent to a main town in Value Zone 4, where 20 homes are proposed which would contribute to the housing growth set out in Local Plan Policy 3

- Policy 8 applies and the requirement is a target of 40%.

An unallocated site on a parcel of land adjacent to a village but outside of its existing built up / developed extent:

- Policy 9 should apply and the scheme should be affordable housing led.

A small area of land which currently forms a gap in the otherwise continuous built form of a village, unallocated in value zone 4:

- The guidance in Local Plan Paragraphs 1.31 – 1.33 and Policy 3 should be used to determine that the site should be considered as an infill site.
- Policy 8 applies and the requirement is a target of 40%.

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.

6.4 Rural cross-subsidy proposals

6.4.1 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.

6.4.2 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 housing⁶ (paragraph 54). Policy 9 of the draft Local Plan makes provision for cross-subsidy proposals to be supported where 4 criteria can be met.

6.4.3 Policy A2 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 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.

6.4.4 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 (emphasis added). The 50% percentage (quantum) / 60% percentage (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.

6.4.5 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 more than 80% affordable housing). But as the ratio of market housing rises, a robust economic rationale will be necessary to justify this. Guidance on EVAs is provided in SPD Section 7.

6.4.6 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.

⁶ 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.

Local Plan Policy Guidance A2 - Rural cross-subsidy / affordable housing led proposals

The Council welcomes proposals which combine market and affordable housing on sites to be considered under Policy 9 of the Local Plan, particularly in rural areas 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.

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 7 of this SPD;
- Demonstrate compliance with each of criteria i) to iv) of Local Plan Policy 9;
- Recognise that the 50% percentage (quantum) / 60% percentage (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 A2a), 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 7 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.

6.4.7 Local Plan Policy 9 (criterion iii) requires affordable-led, cross-subsidy proposals to have the support of the local community. 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:

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

6.4.8 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.

6.4.9 However, measuring support can be problematic. It is an inescapable fact that generally more people will object to a development proposal than support it. More often than not individuals who are opposed to a development will communicate their objections to the planning authority; whereas those who do not oppose, or support, a proposal will remain silent.

6.4.10 Policy guidance A2a) therefore provides some guidance as to how the provisions of Local Plan 9 to demonstrate community support will be interpreted.

Local Plan Policy guidance A2a) – Guidance on demonstrating community support for rural cross-subsidy / affordable housing led proposals

Applicants are encouraged to:

- o Take full advantage of the pre-application stage and the opportunity this affords to consult with local people and consider issues and alternatives early on in the process;
- o Inform and communicate with those directly affected by their proposals and (if necessary) amend proposals accordingly;
- o Communicate with the local Parish or town Council, for example attend a Parish meeting to discuss their proposal;
- o 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;
- o Conduct consultation in accordance with the Cornwall Statement of Community Involvement⁷; and
- o Submit with their planning application a brief 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, including its relative scale with the size of the settlement.

In areas with high levels of need the Council will weigh up community support and the levels of need and where the case for the community support (or lack of) is not conclusive will give greater weight to meeting local housing need. 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 could consider undertaking 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 who may support the proposal to come forward and register their support, for example positive pre-marketing of the affordable homes locally. Applicants should consider innovative means of communicating with those who may be in housing need, for example through social media.

⁷ <http://www.cornwall.gov.uk/default.aspx?page=30215#Current>

6.5 Types of residential development to which policies apply

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 but for the avoidance of doubt, the Local Plan policies apply primarily to residential development - self-contained dwellings; and not to residential institutions, for example residential care homes.

Local Plan Policy Guidance A3 – Types of residential development to which policies apply

Policies 8 and 9 of the Local Plan set out how residential development should contribute towards affordable housing.

The policies will be applied to:

- All self-contained dwellings, i.e. all uses that fall within class C3 of the Use Class Order⁸, 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 DQ2 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
 - 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:
 - Accommodation, of a construction suitable for its purpose and duration, for workers (including seasonal migrant workers) and where no other suitable accommodation is available, to support established and viable rural businesses;
 - Dwellings for full time agricultural and forestry workers will be allowed where appropriate for these needs and supported by an up-to-date evidence of need.

Applications for the conversion of or removal of conditions limiting the above uses will be subject to affordable housing obligations as appropriate.

Requirements from 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.

⁸ The Town and Country Planning (Use Classes) Order 1987 (as amended)

6.6 Holiday conditions

Local Plan Policy Guidance A4 – Holiday Conditions

In general the LPA will apply a two-tier approach to applications for the lifting of holiday conditions. On schemes of less than 3 dwellings and which are practically completed will not be expected to make a contribution. The justification being that many of these applications relate to an existing dwelling being used for this purpose. Seeking a contribution in these circumstances is not justified as there is often little additional value or a development return from which to secure it. Requests to lift conditions on schemes of less than 3 units will therefore be judged on planning merits and affordable housing contributions will only be sought where the units are not practically complete.

For schemes of 3 or more units, the Council will seek to negotiate an off site financial contribution. The intention is to secure a contribution which is of broadly similar value to the provision of affordable housing on-site. The contribution will be calculated in accordance with the financial contributions methodology set out at appendix 2.

Notwithstanding the above, the Council will not accept proposals which are deemed to be attempting to circumvent affordable housing obligations by gaining consent for holiday use then quickly applying to lift the conditions limiting this use. These include schemes that have yet to be implemented or completed. Where this is considered to be the case the Council will treat the application to lift conditions in the same way as a proposal for standalone residential use.

6.7 Removal of occupancy conditions

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

6.7.2 In circumstances where the Council is asked to consider applications to remove occupancy conditions, the Council will want to consider scope for such dwelling(s) to become affordable homes to meet local needs in the first instance (subject to criteria). Such proposals will be considered positively.

Local Plan Policy Guidance A5 - Removal of occupancy conditions

Removal of an employment or business related occupancy condition on a dwelling, or dwellings, in rural areas will be supported where:

- The dwelling, or dwellings, will become affordable home(s) to meet an identified local need; and
- It can be demonstrated that there is no longer any functional need for the original purpose of the dwelling(s), for example where marketing has been undertaken without success.

This is subject to other requirements of the Development Plan and other material planning considerations, for example sustainability, character, design, amenity, highways etc.

Such dwellings should be of a modest floorspace so that they meet the needs of, and are affordable to, the local community. Large buildings with occupancy restrictions will be encouraged to consider sub-division to provide multiple affordable homes. Where housing need justifies it but on site provision is neither suitable nor essential, the Council may consider an off site contribution towards meeting local housing need.

The provisions of this policy do not apply to holiday occupancy conditions which are dealt with in section A4.

6.8 Technical implementation of policies

6.8.1 Guidance points A6 and A7 provide 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.

Local Plan Policy Guidance A6 - Requirement rounding

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 seek to incentivise delivery and on site provision. Therefore, on site provision will be rounded down to the next whole number with a pro rata financial payment for the fraction of a dwelling. Off site contributions will be rounded up to the next whole number.

The exception to this approach is for small sites of 5 or fewer net dwellings which are covered by Local Plan Policy Guidance A8, below.

6.9 Net and gross development

6.9.1 The guidance below clarifies the approach taken to net and gross number of dwellings.

Local Plan Policy guidance A7 - Net Development Units

The threshold in Local Plan Policy 8 applies to the net amount of development; i.e. developments with a net increase of 2 units or more must contribute to affordable housing.

The affordable housing requirement will also be calculated on the net number of units proposed. The percentage targets in Local Plan Policy 8 are therefore applied to the net number of units proposed.

Worked examples:

A proposal for the demolition of 2 dwellings and the construction of 4 replacement dwellings in Value Zone 1:

- A net increase of 2 dwellings results so there is a requirement for affordable housing provision.
- The 50% requirement applies to the net gain of 2 units – so 1 affordable home would be required.

Proposed demolition of 1 dwelling and replacement with 2 no. dwellings:

- A net increase of 1 unit so there is no requirement for affordable housing (unless the site is 0.2ha or greater).

6.10 Approach to small sites

Small sites of fewer than 5 net dwellings

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

6.10.2 However, the Council recognise that the plan is being introduced at a low point in the economic cycle and the viability of residential developments, especially small schemes can be marginal.

6.10.3 Within the Local Plan, policies which require residential sites to provide an element of affordable housing are set with low site thresholds. This can result in very small development sites being targeted, including some single dwelling plots. At such a scale, it is recognised that in addition to viability constraints, the delivery of affordable homes on-site can also be challenging. In some cases, Local Plan targets can result in a requirement for less than 1 dwelling.

6.10.4 To enhance viability and delivery and provide positive support to small scale house building, the Council will adopt a streamlined approach for small sites of fewer than 5 units. A more flexible approach will be applied to affordable housing requirements on such sites, in accordance with Paragraph 2.29 of the Local Plan.

6.10.5 The Council reserves the right to review this approach as the economic cycle advances and such sites are not exempt from the policy requirements but the Council is fully supportive of a more flexible approach towards contributions.



Local Plan Policy Guidance A8- Small sites of fewer than 5 net dwellings

This guidance will be applied to sites where fewer than 5 net units are proposed, excluding those determined under Local Plan Policy 9 (affordable housing led schemes).

On some sites, where justified by housing need and with due regard to economic viability, the Council may elect to seek on-site provision. In these circumstances this will be in the form of intermediate housing for sale, to sold at a discount from open market values.

However, the Council may, at its discretion, seek to avoid costly viability appraisals and negotiations and apply a more flexible approach to small sites and may consider accepting an off-site financial contribution in lieu of on-site provision.

Off-site financial contributions will be based on a simple Small Sites Tariff set out in Appendix 2. This 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 reduced rate from the Council's standard Single Dwelling Tariff to reflect the smaller scale of development and viability. The tariff is a flat levy for the site and will not be calculated on the number (or fractions) of dwellings which would have been required on-site.

Where the applicant commits to provide the contribution, no Economic Viability Assessment is required. Provided that there are no other financial planning contributions sought, the contribution can be paid via a planning condition and unilateral agreement, eliminating the need for a Section 106 agreement.

Payments will generally be expected at 50% at commencement and 50% before the occupation of the penultimate dwelling.

However, the above off-site commuted sums approach is less likely in rural settlements if there is little prospect of an alternative affordable housing development coming forward within the next five years.

Single Dwellings

The following proposals involving single dwellings will be exempt from the requirement to contribute to affordable housing:

- Replacement dwellings on any size site.
- Single dwellings on sites over the 0.2ha 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 / character strategy etc.

6.10.6 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 2 and will be reviewed periodically to reflect changing circumstances.

6.11 Subdivision of Sites

6.11.1 Policy 13, Paragraph 2.86 and Policy 22 of the Local Plan requires 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.

6.11.2 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.

Local Plan Policy Guidance A9 - 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 (A8) of fewer than 5 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.

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.

Local Plan Policy Guidance A10 - 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 2. In exceptional circumstances consideration will be given to the provision of free serviced land.

6.12 Contributions from non-residential developments

6.12.1 Local Plan Policy 8 makes provision for the Council to seek contributions towards affordable housing from non-residential development in some circumstances. This section and guidance note A10, below, provides further guidance on when such contributions may be required.

6.12.2 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.

6.12.3 On the other hand, 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.

6.12.4 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

7. Economic Viability

7.1 Where Economic Viability Appraisals will not be required

The targets for the percentage of affordable housing provision required on residential developments set out in Policies 8,9 and 10 of the Local Plan reflect the high levels of need throughout Cornwall and the importance the Council attaches to addressing this need. 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.

Local Plan Policy Guidance V1 – Proposals where an Economic Viability Appraisal will not be required

Development proposals which provide or exceed the policy level of affordable housing required in the Local Plan will be supported, in respect of affordable housing. Such proposals will not be required to submit an Economic Viability Appraisal (EVA) which will help expedite the determination of the planning application.

Developments which are close to providing policy levels of affordable housing should review the information set out in section 7.3 – 7.4 below to determine whether the proposal can be value engineered to increase viability and meet Local Plan policy requirements. Ideally, this should be done at pre-application stage.

Provision is made for very small sites of fewer than 5 dwellings where viability is marginal to circumvent the requirement for detailed Economic Viability Appraisal in section 6.10 of this SPD.

7.2 Where Economic Viability Appraisals will be required

7.2.1 The Council accepts that the Local Plan targets are in some circumstances aspirational and will, 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 carefully consider the level of affordable provision sought in order 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 areas of Cornwall;
- From site to site; and
- Over time according to the prevailing economic climate.

7.2.2 The Council recognises that private developments are driven by the requirement to make profit; and that where sufficient profit margins cannot be achieved, developments will not be delivered. Constricting the delivery of market housing would consequently constrict the supply of associated affordable housing. A policy framework with high affordable housing targets and insufficient flexibility to consider viability in different circumstances would therefore be counter-productive to the objective of increasing the supply of affordable homes.

7.2.3 The NPPF is clear that planning obligations must be proportionate and reasonable and must not place an unrealistic, overly onerous burden on development which prevents housing delivery.

7.2.4 There must therefore be sufficient flexibility to:

- Enable judgements to be made on a case-by-case basis according to viability;
- Strike a balance between maximising planning gain whilst not rendering developments unviable and preventing housing supply; and
- Facilitate profitable development whilst ensuring developers do not circumvent their responsibilities to contribute fairly to meeting Cornwall's affordable housing needs.

7.2.5 Therefore consideration can be given to accepting a reduced percentage of affordable housing where applicants can demonstrate that a reduced provision is absolutely necessary in order to make the development financially viable and deliverable. The mechanism for doing this is to submit a full Economic Viability Appraisal (EVA) for assessment by the Council which can then be used as a basis for negotiating a mutually agreeable reduced affordable housing contribution.

7.2.6 Guidance V2 sets out the Council's requirements for accepting EVAs. By following this guidance, particularly in the Economic Viability Appraisal Checklist provided in Appendix 1 applicants can help to expedite the process and enable the Council to work positively with them. Applicants are encouraged to carefully consider viability and EVA at the pre-application stage.

7.3 Factors to consider before submitting an EVA

7.3.1 Careful consideration should be given before taking the EVA approach. Inadequate EVAs can greatly increase the amount of time and Council resources needed to determine an application, and may lead to delays and extra costs being incurred for an applicant.

7.3.2 Judgments about viability can only be made on the basis of full and robust development appraisals. The clear onus is on the applicant whose responsibility it is to present robust and detailed information in relation to site viability in a format approved by the Council.

7.3.3 In order to minimise the amount time taken in considering proposals and in order to ensure a fair, transparent and consistent approach is taken to each development proposal, Guidance V2 sets out the Council's requirements for submitting EVAs. This is supported by detailed guidance set out in an Economic Viability Appraisal Checklist (Appendix 1).

7.3.4 Proposals which adhere to the requirements will be dealt with positively by the Council to negotiate a level of affordable housing provision.

7.3.5 However, Section V3 provides the Council with the mechanism to refuse applications which provide inadequate evidence and fail to demonstrate that the requirements of Section V2 have been met.

7.3.6 In the current policy regime and economic climate an increasing number of schemes cite economic viability as a reason why they are unable to meet the current policy expectations for affordable housing. Council officers are now regularly involved in appraising the viability of schemes which is resource intensive. EVAs, particularly poor quality ones, increase the amount of time both officers and applicants must spend in protracted negotiations. Frequently the Authority is requiring independent professional advice in order to assess viability appraisals. V4, below, permits the Council to recover its costs incurred in assessing viability in certain circumstances.

7.3.7 EVAs, in trying to justify a lower level of affordable housing contribution, must be careful not to demonstrate that the proposed development is inherently unsustainable and undeliverable. In such cases the Council reserves the right to refuse such proposals and seek alternative sites within the town, parish or adjoining parish which can better deliver 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.

7.3.8 The following diagram summarises the advantages and disadvantages of submitting an EVA versus providing policy requirements.

Figure V1: Advantages vs. Disadvantages of meeting policy requirements

Advantages of meeting policy requirements - Applications not requiring an EVA	Disadvantages of not meeting policy requirements - the EVA route
<ul style="list-style-type: none"> ✓ Helps to speed up determination of application. ✓ Reduced time and costs spent preparing and revising an EVA. ✓ Simplifies the process. ✓ More likely to gain Councillor and Parish Council support. ✓ More likely to gain community support. ✓ Can help reduce objections – there exists strong community support for the provision of affordable homes for local people. ✓ Less risks to obtaining planning consent. ✓ Contributes fairly to sustainable development and the provision of balanced communities. 	<ul style="list-style-type: none"> ✗ Complicates and slows down the process. The Council may charge a fee for assessing an EVA. ✗ EVAs can be costly and time consuming to prepare. ✗ More likely for application to be called in to be determined by Planning Committee. ✗ Likely to generate community objections for failing to provide affordable homes for local needs. ✗ Increased risks of refusal and potentially costly and time consuming appeal. ✗ Risk of demonstrating that the development is not deliverable and therefore should not be permitted. ✗ Risk of demonstrating alternative sites are more sustainable, viable and deliverable and can contribute a greater level of planning gain.

7.4 Value engineering

7.4.1 Because of the cost and potential time delays associated with submitting an EVA, the Council would wish to see evidence that the applicant had given careful consideration to any changes which might be made to reduce a proposal's costs and/or increase its value. The following diagram summarises some aspects of a proposal that the Council would wish to see tested before submitting an EVA.

Figure V2: Value engineering

Value Engineering Factors

Amount – Testing different densities and numbers of units can increase revenue. Does the current number of units maximise the potential of the site? Higher densities can increase the number of units to sell, however lower densities can increase the value and the desirability of the development.

Type – Consider the costs and revenues of different types of dwellings, for example detached, semi-detached and terraced houses, bungalows, flats, maisonettes etc.

Size – Explore all options for the size of dwellings which could be accommodated on the site, for example it may be more profitable to provide more smaller units to increase sales volumes or fewer larger units to increase sales margins.

Testing different combinations of dwelling amounts, types and sizes taking full account of context, design and other planning considerations

Tenure – Where viability is marginal consideration to increasing the percentage of intermediate homes for sale and decreasing those for affordable rent, if this will improve viability and enable policy levels of provision to be provided.

The Affordable Housing Team can provide advice and negotiate on scheme size, type and tenure mix at the Pre-Application stage.

Layout – Has the layout been carefully designed with the site and context in mind, rather than a generic scheme? Carefully considering each aspect of layout can improve value, for example designing in useable open space to meet the needs for residents whilst eradicating space wasted on small areas of un-useable open space and avoiding over-provision of land for car parking.

Design and specification – Challenge expensive aspects of the scheme's build costs and test costs associated with design aspects which are not essential, giving consideration to materials, design features, internal specification and landscaping. Consultation with Registered Providers can help ascertain design standards which will be expected for affordable units, which can help with developing accurate costs.

Landowner expectations – Evidence of realistic landowner expectations. Further information on this is provided in the EVA Checklist in Appendix 1 but the land value must reflect the planning policy obligations which exist, i.e. reflect the requirement to provide affordable housing and other planning obligations.

Phasing – Phasing is negotiable with the Affordable Housing Team and careful phasing can help improve cashflow. Don't assume all planning obligations, including affordable housing provision, necessarily have to be provided in full, up front prior to the development of market housing.

Local Plan Policy Guidance V2 – Economic Viability Appraisals and negotiation

An Economic Viability Appraisal (EVA) is required under Policy 11 of the Local Plan where an applicant considers that the Local Plan Policies (8, 9 or 10) requirements for affordable housing provision will make a site economically unviable. The applicant is therefore seeking to make a reduced contribution in negotiation with the Council. The EVA is the applicant's evidence base for this negotiation.

Before submitting an EVA applicants should fully consider revisions to the proposal using the value engineering guidance provided in Figure V2.

Where the requirements for EVAs set out below are met; the Council will work positively with applicants to negotiate the maximum level of affordable housing provision possible whilst ensuring the delivery of an economically viable development with a high standard of layout and design. EVA applicants should use the guidance provided in the supporting text above and in the EVA Checklist in Appendix 1 to enable this to happen.

The Local Plan policy requirement will always be the Council's starting point for negotiation and a starting point for the EVA should be to evidence why this cannot be viably achieved.

Requirements:

An EVA must :

- Be in accordance with the requirements of the EVA Checklist provided in Appendix 1 of this SPD;
- Start at the policy target affordable housing requirement and work backwards from this;
- Be driven by achieving the closest level to policy viable, and not by an aspirational pre-determined profit margin;
- Provide adequate and honest evidence-based information to enable the Council to accurately assess the viability of the proposal; and
- Be provided on an open book basis.

Benchmark parameters and values for the EVA inputs will be provided in Technical Guidance. These will set out the Council's expectations for reasonable values for the inputs. Any deviation from the benchmark figures will need to be robustly justified by the applicant.

Where a scheme is demonstrated to be unviable with the policy level of affordable housing, the planning authority will sequentially consider a range of alternative options to secure the maximum level of affordable housing, in accordance with Local Plan Policy 11. These will vary depending on site specific circumstances and constraints but will include:

- Value engineering / alteration of schemes
- The use of public subsidy
- Revised tenure mixes
- Consideration of alternative provision, for example off-site financial contributions⁹ or serviced plots¹⁰
- Mechanisms to reappraise schemes at commencement

In order for a proposal with reduced provision to be supported it must be possible to adequately demonstrate clearly and transparently, including 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 Section V3 (below) may be applied.

Where Officers consider that all options to provide policy levels of affordable housing have not been adequately explored, Section V3 (below) may be applied and the proposal will not be supported.

⁹ (See section 8. c) of this SPD for guidance)

¹⁰ (See section OD4 of this SPD for guidance)

Local Plan Policy Guidance V3 – Circumstances where applications may not be supported on the grounds of Economic Viability

Where proposals cannot demonstrate accordance with Local Plan Policies 8 or 9 together with SPD Section V1 or V2, the Council will be unable to support proposals:

- Where the proposal has not adhered to the guidance provided above and has not demonstrated sufficient flexibility to 'value engineer' the scheme or test alternatives which could improve viability and increase affordable provision; or
- Where the scheme is considered to be solely profit driven and not driven by the objective to deliver good quality sustainable development and affordable housing which meets local needs; or
- Where the submitted EVA is considered inadequate and not in accordance with the requirements of Section V2, proposals will not be supported; for failing to demonstrate that legitimate planning obligations have been taken into account; or
- Where an EVA demonstrates that viability is extremely marginal, or even negative, even with greatly reduced or even zero affordable housing provision, applications may be refused on the grounds of:
 - A failure to demonstrate deliverability; and/or
 - A failure to contribute proportionately and fairly to the key sustainable development objective of delivering affordable housing; and/or
 - A lack of overall planning gain to justify the development; and/or
 - The likelihood of alternative sites within the town, parish or adjoining parish being able to come forward which are more sustainable, deliverable, viable and contribute more to planning gain. This is particularly the case in rural areas.

Local Plan Policy Guidance V4 – Cost recovery for assessing Economic Viability Appraisals

The Council reserves the right to seek cost recovery and administer a fee where a viability appraisal involves a large site and/or complex inputs and/or where the assessment of viability incurs additional expense to the Council, for example the advice of independent professionals. In such cases the Council will suggest a collaborative approach to assessing viability, which should lead to a much swifter resolution. Preferably a bespoke fee can be negotiated and agreed as part of a Planning Performance Agreement (PPA).

Local Plan Policy Guidance V5 – Economic Viability Appraisals at Outline stage

For outline applications on Local Plan Policy 8 sites we will expect the affordable housing offer to be at policy levels. Viability submissions at outline stage are to be discouraged on the basis 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.

In exceptional circumstances the Council may consider exploring a reduced level of affordable housing at outline stage; this will only be where there are significant, known and unavoidable costs which combined with below average market values would render the policy requirements unachievable.

In most cases, it will be preferable to defer any discussion regarding viability until detailed design stage, and to ensure that all opportunities to value engineer the site are considered to optimise chances of delivering the required level of affordable housing.

7.5 Section 106BA: Review and Appeal of Affordable Housing Obligations due to economic viability

Procedure for section B/A applications

7.5.1 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.

7.5.2 The Government's motivation is to unblock stalled housing developments. The procedure can specifically only review the affordable housing requirement of a Section 106 and no other aspect of the agreement or the development can be considered. The procedure applies only, therefore, where an applicant can demonstrate that a scheme has been unimplemented or stalled, solely because the affordable housing obligations previously negotiated have rendered the scheme economically unviable.

7.5.3 Permissions granted in accordance with a Rural Exceptions Site policy are exempt from the new procedure. Given that proposals under policy 9 are solely affordable housing led, the Council will not consider applications to discharge affordable housing obligations on such sites.

7.5.4 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.

7.5.5 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; 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.

7.5.6 Things to consider before submitting a Section 106BA application

Where a developer wishes to pursue a Section 106BA application, the guidance below and in guidance note V6 amplifies the provisions of the Government's Guidance and clarifies how this guidance will be implemented in Cornwall. Two key elements bear emphasis:

1. The Council can consider such an approach favourably only where a robust and evidenced case can be made that the consented affordable housing requirement specifically is preventing delivery of the proposal in the current economic climate, and therefore a reduced contribution is necessary.
2. Applications require a verifiable material change in circumstances to justify why the originally negotiated provision can no longer be provided, and for this to be fully evidenced.

7.5.7 For applications permitted since the publication of this SPD; it is considered that sufficient flexibility exists in the policy framework set out in guidance V1-V3 to enable a deliverable level of affordable provision to be agreed the first time around.

7.5.8 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.

Local Plan Policy Guidance V6 – Section 106BA: Review and Appeal of Affordable Housing Obligations due to economic viability

The following guidance is for those considering applications under revised sections 106BA, BB and BC of the Town and Country Planning Act 1990¹¹, to revise affordable housing obligations secured in a Section 106 agreement on the grounds of economic viability.

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 outside of the above legislation. 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:

- Note that sites granted in accordance with a Rural Exceptions Site policy are exempt from this procedure; 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.
- 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:

- Consult with elected ward members, who may wish to refer the matter to Planning Committee to allow elected Members to scrutinise the case.
- 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 3 year period; and
 - Include provisions to reapply the requirements of the original agreement for the part of the site that remains un-commenced.

¹¹ 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.

8. Delivery

8a On-Site Delivery

Dwelling Mix

8a.1.1 In accordance with the NPPF the Council would ordinarily expect affordable homes negotiated under local plan policies to be provided on the application site.

8a.1.2 Where this is the case, an appropriate mix in terms of dwelling style, type and size must be incorporated. Clearly the characteristics of each site will have some influence but the objective is to ensure a proper range of development in terms of tenure and size on all developments wherever possible.

8a.1.3 There a number of guiding principles which the Council employs in negotiating an appropriate mix of development:

- For rented homes, generally there is a high level of need for dwellings with 1 and 2 bedrooms. However, given this, the Council will generally seek homes with higher numbers of bedspaces – 1 bedroom 2 person and 2 bedroom 4 person homes;
- Any 1 bedroom dwelling designed and intended for occupation as a permanent principal home should be no less than 43m² in size;
- Due to the high proportion of households with younger children and those with mobility problems, only 40% of need should be met in apartments of more than two storeys;
- There is a significant demand for larger family homes for rent (4 bedrooms plus);
- Due to the number of older applicants and those with limited mobility, the Council has a negotiating target of 10% of affordable homes to achieve life time homes and / or wheelchair standards on sites of more than 10 dwellings.

8a.1.4 There are specific house types which are more suited to affordable housing to rent:

- Detached and terrace houses and bungalows are preferred. Semi and link detached 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.
- Units should not have unconventional layouts and foot prints – e.g. apartments with circular rooms / turrets etc. Whilst these can be attractive, unconventional room shapes can be expensive to furnish and carpet.

QD1 Dwelling mix

Taking into account the characteristics of the site, proposals for housing development should include an appropriate mix and range of dwelling types, tenures and sizes in appropriate locations to meet the needs of the community. Guidance on mix shall be provided by the Council.

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. Homes shall generally comprise of larger house types and meet minimum HCA standards for rented homes.

At least 10% of affordable homes on developments of 10 or more will be expected to be provided as larger family homes, lifetime homes or homes to wheelchair standards.

8a.2 Distribution and Phasing of Affordable Housing

8a.2.1 The delivery of affordable housing should keep pace with that of market housing. On larger schemes, the Council wishes to ensure that affordable housing is delivered in phases in parallel with the development of market housing, and will look to see this phasing reflected in S.106 planning agreements.

8a.2.2 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. 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.

8a.2.3 Clustering

Site briefs may indicate the maximum size or grouping of affordable housing units in any development. The Council prefers a clustering approach to affordable housing however:

- Typically no more than 6 affordable houses should be grouped together in a cluster and apartment blocks of more than 36 units should not be grouped together.
- Individual apartment blocks of more than 36 units of affordable rented housing units are not acceptable.

8a.3 Design Standards

Where mixed tenure schemes are delivered, designs should be tenure blind in that one type of tenure could not be readily identified from the design, quality and location within the site.

8a.3.1 As with all other forms of residential accommodation, the Council expects affordable housing to be built to a high standard of design and amenity. 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 Design Guide.

8a.3.2 Where affordable housing is provided through a housing association, the **HCA Design and Quality Standards** shall apply. These govern sizes, code for sustainable homes and good practice principles surrounding design and layout. These will apply both in the transfer of land and the acquisition of 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 housing association. 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, built to Standards prevailing at the time and any additional requirements of the partner housing association. Indicative sizes are as follows:

1 Bed Flat	43m ² - 52m ²
2 Bed Flat	56m ² - 68m ²
2 Bed House	64m ² - 78m ²
3 Bed House	75m ² - 92m ²
4 Bed House	88m ² - 107m ²

8a.3.3 We strongly encourage developers to involve a housing association or other affordable housing provider in the design of the proposed affordable housing before submitting a planning application to avoid costly re-design.

8a.4 Supported and specialist accommodation

8a.4.1 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.

8a.4.2 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 service site or financial contribution.

8a.5 Housing for Older People

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

8a.5.1 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.

8a.5.2 Proposals for types of supported and retirement housing, for example sheltered or extra care type accommodation which fall within C3 use class (see SPD Local Plan Policy Guidance A3) characterised by the following will 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.

8a.5.3 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 care and support. The market for such housing includes homes for sale, for shared ownership, for affordable and market rent. It is therefore important that an appropriate level of affordable homes are provided within this sector of need. Depending on the model, market homes can cross subsidise affordable homes in supported housing schemes in much the same way as standalone C3 dwellings.

DQ2: 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 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.

8a.6 Provision of Serviced Plots

The Council's overarching preference is for the delivery of affordable housing as completed units as part of the wider development of a site. However, in some circumstances, 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 to an approved registered provider or to the Council. In such circumstances the transfer will be at nominal value and free from encumbrances.

8a.6.1 The applicant would be required to identify the plots or provide areas of land sufficient to accommodate the Council's preferred housing mix.

8a.6.2 Where this option is proposed, this may assist or resolve viability challenges on the site. Where an applicant still believes a site to be unviable on this basis, this would need to be challenged by an EVA.

8a.6.3 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.

8a.6.4 Free serviced land is defined as freehold cleared, remediated land with all services (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.

Local Plan Policy Guidance OD4 – Serviced plots

The Council reserve 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.

Plots must be serviced right up to the edge of each site and cleared and remediated¹², ready for development. 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.

8b 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.

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.

In recent years, Registered Providers (RP) 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 4.

8b.1 Local Connection Criteria and cascade arrangements

The following arrangements reflect the provisions of Cornwall Council's housing allocations policy.

8b.1.1 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 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

8b.1.2 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 towns identified under policy 3 of the emerging Cornwall Local Plan are subject to wider local connection provisions than county connection provisions. Local connection definitions are set out in Appendix 6.

8c Off-Site delivery

The following does not apply to sites of fewer than 5 dwellings. The approach to contributions on such small sites is set out in Section 6.10 and Local Plan Policy Guidance A8 of this SPD.

8c.1 Negotiating Off-Site Contributions for Affordable Housing

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 LPA 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. Criteria which might be considered to support this approach include:

- Where the council is satisfied that the provision of any affordable housing either on or off-site would not be viable;
- On very small sites where delivery would not be commercially attractive to an affordable housing provider;
- 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.

8c.1.1 The applicant and the Council must have agreed that the circumstances justify the provision of affordable homes off-site or by way of a financial contribution. In circumstances where an off-site contribution is acceptable, the following calculation will apply in general circumstances:

- Off-site financial contributions, or commuted sums, made in lieu of on-site provision will be calculated using the Tariff as set out in Appendix 2.
- Given that the commuted sum will be based on a fixed tariff for each affordable property that would have been required to have been provided on-site. The number of dwellings which would have been required on-site will be multiplied by this tariff.
- 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 Local Plan Policy Guidance A6 of this SPD.

8c.1.2 This tariff represents the average amount of funding necessary to provide a typical 2 bedroom dwelling for affordable rent on an alternative site. The figure will be updated as necessary from time to time to reflect variations in development costs and incomes, which is why it is contained in an appendix.

8c.1.3 The payment will generally be expected in the following tranches:

- 5 - 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, save that 100% of the enabling fee shall be paid at commencement

8c.2 Use of commuted sums

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 meets housing need in as local an area as possible. The s106 agreement should therefore include a cascade which initially requires the funding to be spent to assist in the delivery of housing in the parish or adjoining parish within 3 years. If after 3

years a deliverable scheme has not been identified, then the Council shall have 7 years to secure the completion of affordable housing within a defined 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.

8c.3 Heads of Terms for section 106 agreements

The commuted sum shall be spent on the delivery of affordable housing in the Primary or Adjoining Parishes within 3 years from the date of receipt of the payment.

If a deliverable scheme has not been identified within three years then the funds shall be directed to deliver Affordable Housing in the Local Housing Market Area and Affordable Dwellings shall be completed on or before the 10th anniversary of the date of receipt of payment.



9. Monitoring and Review

Monitoring of this Plan

9.1 The Local Plan and this SPD were informed by the Housing Strategic Viability Appraisal (HVSA) (Three Dragons, August 2012). The HVSA cannot predict the future of the housing market and was based on current prices and costs for the analysis. At this particular point in time, the economic cycle is in 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.

9.2 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."

9.3 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.

M1 – 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
- Will 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.

9.4 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.

9.5 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).

9.6 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.

9.7 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.

9.8 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 the Developers' Forum.

9.9 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 etc.



Appendices

Appendix 1: 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 advice 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 and the applicant will be required to take an open book approach to the financial assessment. Where an applicant wishes for some information to be kept confidential in the interests of commercial sensitivity this should be clearly stated and the submission will not be made publically available.

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:
	All applicants must submit their appraisals using the Homes and Communities Development Appraisal Toolkit (DAT), available on the following website: http://www.homesandcommunities.co.uk/ourwork/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 applicants and works 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 the Value Engineering suggestions provided in Figure V2 of this SPD? 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: <ul style="list-style-type: none"> • A bespoke valuation provided by an independent chartered surveyor (RICS), using the red book valuation approach; or • Three local estate agent market appraisals specific to the unit type and location.
	➤ Social/Affordable 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. Affordable rented units will be let at 80% of the equivalent market rent, unless there is solid evidence that the ratio will be lower.
	➤ 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 4 of this SPD)
	➤ Shared ownership units The value of units to be sold to an RP, on the basis of shared ownership with the maximum of 25% of each unit to be sold at open market value, 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 <ul style="list-style-type: none"> • Grant/subsidy • Ground rents • Cross subsidy 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 housing; conversion compared with new-build).

	<p>➤ External works and infrastructure - the HCA DAT includes the following costs under this heading:</p> <ul style="list-style-type: none"> • Site Preparation/Demolition – 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) • Strategic landscaping • Off site works • Public open space • Site specific sustainability initiatives • Plot specific external works
	<p>➤ 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.</p> <hr/> <p>Professional fees. These may include fees for planning application, land acquisition, architect, planning agent, quantity surveyor, building control and stamp duty.</p> <hr/> <p>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.</p> <hr/> <p>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.</p> <hr/> <p>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 in the DAT, i.e. they will normally only apply to the later phases of development.</p> <hr/> <p>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:</p> <ul style="list-style-type: none"> • demolition works - included in external works and infrastructure • noise bunds • knotweed • decontamination • archaeological and ecological surveys • capping mine shafts • drainage and flood prevention measures <p>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.</p> <hr/> <p>Other planning obligations where these are known, for example contributions required to open space provision or education.</p> <hr/> <p>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.</p> <hr/> <p>Any other costs the applicant believes are relevant.</p>

✓	Site value
	<ul style="list-style-type: none"> ➤ An estimate of site value should be provided. 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. abnormal).
	<ul style="list-style-type: none"> ➤ 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 valuations will be required. <ul style="list-style-type: none"> • Where sites are being brought forward on previously developed land, developers should provide 2 independent 'Existing Use' valuations of the site, each of which must be undertaken by a different qualified RICS surveyor. • The accepted method of establishing Existing Use Values is using the RICS red book valuation method.
	<ul style="list-style-type: none"> ➤ The site valuation should reflect relevant planning policies and associated planning obligations. <ul style="list-style-type: none"> • 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
	<ul style="list-style-type: none"> ➤ Developer margin on open market units should be shown as a % of the Gross Development Value (GDV). ➤ Developer margin on affordable units should be shown as a % of costs
	<ul style="list-style-type: none"> ➤ The level of developer profit will reflect the degree of risk to the developer. The required profit margin should be fully justified. <p>For affordable units the level of profit should be significantly less than for open market units, to reflect the lower risk profile.</p>
✓	Phasing
	<ul style="list-style-type: none"> ➤ 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.
	<ul style="list-style-type: none"> ➤ The applicant should state whether the affordable housing or other Section 106 contributions have been front loaded in their appraisal.
✓	Development process
	<ul style="list-style-type: none"> ➤ 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?
	<ul style="list-style-type: none"> ➤ How is the affordable element being procured?

Appendix 2 - Off-site financial contributions / commuted sums calculations

a) Single Dwelling Tariff

The following calculation will be used for all sites of 5 or more dwellings where it has been agreed to accept off-site financial contributions, or commuted sums, made in lieu of on-site provision. Sites of fewer than 5 dwellings will apply a reduced Small Sites Tariff, set out in part b).

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 are 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. The Tariff is a set figure and will not be amended or negotiated downwards to reflect site specific circumstances and / or any alternative information provided by applicants. Where the commuted sum methodology is challenged the Council will reserve the right to revert back 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 m ² average.
Construction	£60,000	Based on £797 per m ² (BCIS Median)
Preliminaries and 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 fewer than 5 net dwellings

In certain circumstances (in accordance with Section 6.10 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

The small sites tariff includes a proportionate Council enabling fee reflecting the Council's resources required to enabling an affordable home to be built on an alternative site.

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

Appendix 3: 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 4.:

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

key stages in calculating housing market value zones:

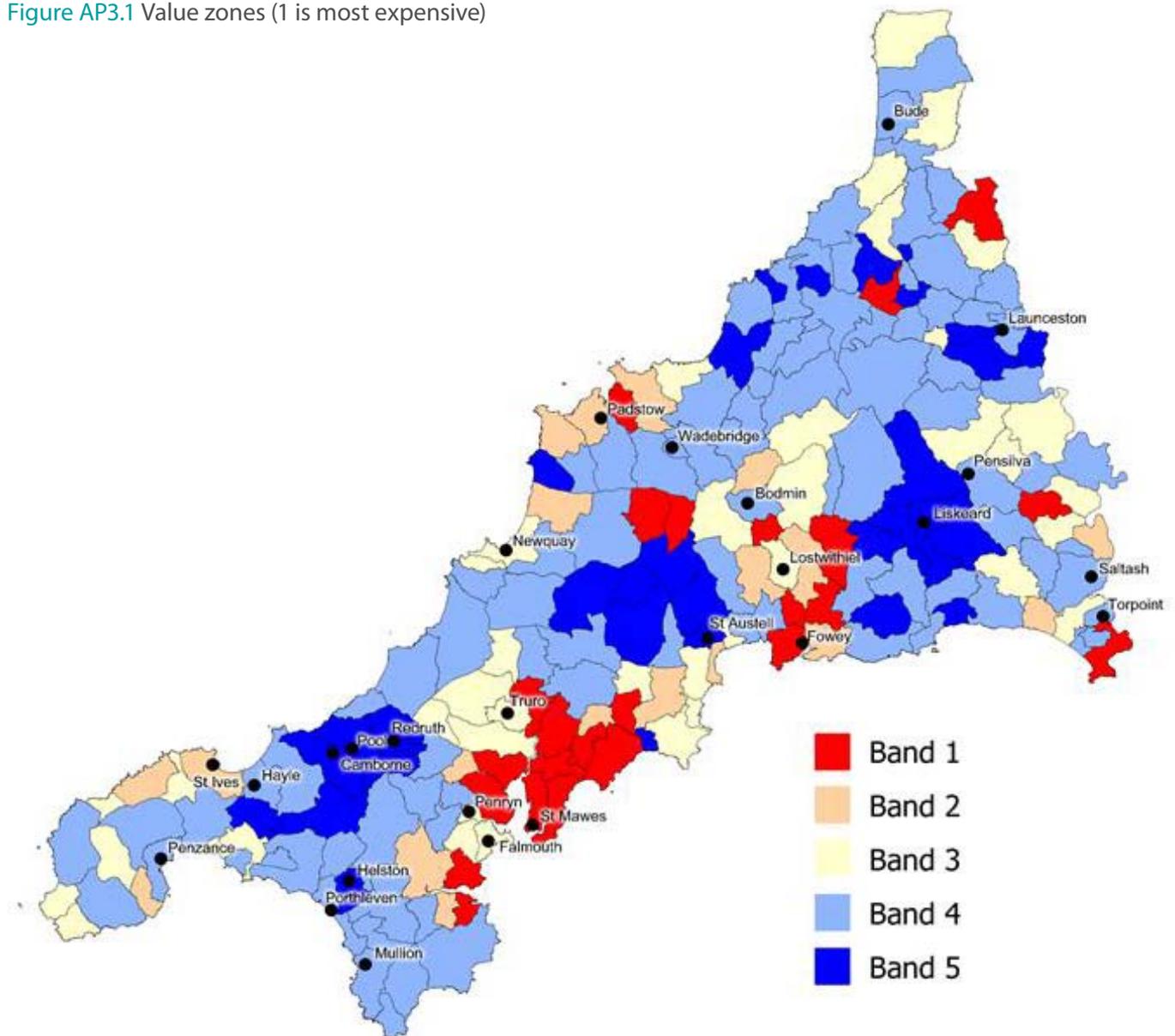
- 10 years worth of HM Land Registry data were used
- Each transaction was assigned to a parish and this was then assigned to its community network areas (CNA)
- All previous prices were uplifted to current prices using a rolling quarterly average price by property type by CNA as the basis for the uplift.
- All non-newbuild dwellings were uplifted to newbuild prices by property type using a rolling quarterly average newbuild premium by property type by Community Network Area (CNA). Therefore, the newbuild premium is not a constant. At this point all dwelling prices calculated were at their current newbuild 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 newbuild 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

Figure AP3.1 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 Mawnan CP Mylor 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 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 Threemilestone, 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

Zone	Category A settlements	Category B settlements	Category C settlements	Parishes		
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 Kilkhampston 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 Kilkhampston 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. Mabyn 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 and 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 Trevarga CP Treverbyn CP Warbstow CP

Appendix 4: List of local Registered Providers

Aster

Andy Boon, Development Manager
www.asterhomes.co.uk

Cornwall Housing

Michelle Richards
 Carrick House
 Pydar Street
 Truro
 Cornwall
 TR1 1EB
www.cornwallhousing.org.uk

Cornwall Rural

Peter Moore or Alan Fox
 1 Dreason Barns
 Bodmin Road
 Bodmin
 Cornwall
 PL30 4BG
www.crha.org.uk

Coastline Housing

Michelle Foster, Director of Development
 Coastline Housing Ltd
 Coastline House
 Barncoose Gateway Park
 Redruth
 TR15 3RQ
www.coastlinehousing.co.uk

Devon and Cornwall Housing (DCH)

Bob Bremner, Head of Development
 Devon & Cornwall Housing
 Paris Street
 Exeter EX1 2JZ
<http://www.dchgroup.com>

Guinness Hermitage

Ryan Hosken
 Hillfields House
 Matford Court
 Sigford Road
 Exeter
 EX2 8NL
<http://www.guinnesspartnership.com>

Hastoe

Jo Flint, Senior Development Officer
 Hastoe Housing Association
 Fleur de Lis
 Middlemarsh Street
 Poundbury
 Dorchester
 Dorset
 DT1 3GX
<http://www.hastoe.com>

Ocean Housing

Alan Green, Head of Development and New Business
 Ocean Housing Ltd
 Stennack House
 Stennack Road
 St Austell
 PL25 3SW
<http://www.ocean-group.co.uk/OceanHousing>

Sanctuary

Neil Clements, Development Manager
 Sanctuary Group
 Estuary House
 Rydon Lane
 Exeter
 EX2 7XE
<http://www.sanctuary-housing.co.uk>

Tamar Housing Society

Isabel Manners, Business Development Manager
 Tamar Housing
 Mayflower House
 Armada Way
 Plymouth
 PL1 1LD
<http://www.tamarhs.org>

Westcountry

Chris Duggan, New Business Officer
 Westward Housing Group
 3 Endurance House
 Parkway Ct
 Longbridge Rd
 Plymouth
 PL6 8LR
<http://www.westwardhousing.org.uk>

Appendix 5: Guidance on Section 106 agreements

For all planning applications that involve on site affordable housing, applicants will be required to submit 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

A section 106 agreement (planning obligation) is required to secure affordable homes for qualifying persons in perpetuity. The s106 agreement will contain provisions to control initial and future rent levels and sales values. Occupancy of the affordable dwellings will be restricted, in the first instance, to qualifying persons in housing need with local connections.

Applicants are expected to use the Council's template s106 agreement. The current s106 templates are available at the following web page <http://www.cornwall.gov.uk/default.aspx?page=17557>

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 6: 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) who (unless otherwise agreed with the Council) has / have on the date of Advertising by the Owner of the relevant Affordable Dwelling a Local Connection with the Town or the County save that a person with a Local Connection with the Town shall take 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” means person(s) who (unless otherwise agreed with the

Council) has / have an Area Local Connection with:

- (a) the Primary Area; or
- (b) if no person satisfying the requirement of (a) above has been identified by the Owner in consultation with the Council within a period of 28 days of Advertising the relevant Affordable Dwelling a person who has an Area Local Connection with the Primary Area or Secondary Area; or
- (c) if no person satisfying the requirements of (a) or (b) has been identified by the Owner in consultation with the Council within a period of 56 days of Advertising the relevant Affordable Dwelling a person who has an Area Local Connection with the Primary Area or Secondary Area or a County Local Connection

Appendix 7: 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

Former 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

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

Restormel Planning Obligations and 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 8: 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/default.aspx?page=24899>

Annex 1: Low cost homes for sale - worked examples

Section 4.7.5 of the document outlines the mechanism to be used to ensure that low cost homes for sale are and remain affordable for first and future occupiers. This mechanism is a price which remains fixed at a specified discount percentage of open market value.

Discount percentages will vary on a case by case basis dependent on the property type and location, but guideline levels of discount are provided in Table P2 of the SPD. These vary from a 55% discount to a 20% discount depending on which value zone of Cornwall the site falls within.

Section 4.7.5 of the SPD is explicit that **where the guideline discount percentage results in a price which is still unaffordable (based on average**

purchasing power) an additional price reduction will be required. The LPA requires affordable homes for sale to be sold at an appropriate discount from open market value so that it is accessible to a household earning £29,464 per annum.

Worked example - theoretical housing estate development

The following details a worked example based on a theoretical development of a small estate of houses in St Enoder Parish, a value zone 5 where a guideline discount of 20% is required. The examples demonstrate how a discount percentage would be applied in practice for each house type and size expected across a typical estate development.

1 bedroom flat

Average open market value: £94,500
 Price at 20% discount from open market value: £75,600
 Purchasing power + deposit: £105,700
 Mortgage value: £68,000
 Additional discount required (based on purchasing power): na
 Discount percentage to be set in s106: 20%

2 bedroom flat

Average open market value: £109,000
 Price at 20% discount from open market value: £87,000
 Purchasing power + deposit: £106,800
 Mortgage value: £78,500
 Additional discount required (based on purchasing power): na
 Discount percentage to be set in s106: 20%

2 bedroom terraced house

Average open market value: £117,500
 Price at 20% discount from open market value: £94,000
 Purchasing power + deposit: £107,500
 Mortgage value: £84,600
 Additional discount required (based on purchasing power): na
 Discount percentage to be set in s106:

2 bedroom semi-detached house

Average open market value: £132,500
 Price at 20% discount from open market value: £106,000
 Purchasing power + deposit: £108,700
 Mortgage value: £95,500
 Additional discount required (based on purchasing power): na
 Discount percentage to be set in s106: 20%

3 bedroom terraced house

Average open market value: £157,500
 Price at 20% discount from open market value: £126,000
 Purchasing power + deposit: £110,700
 Mortgage value: £113,400
 Additional discount required (based on purchasing power): £2,700
 Discount percentage to be set in s106: 22%

3 bedroom detached house

Average open market value: £166,250
 Price at 20% discount from open market value: £133,000
 Purchasing power + deposit: £111,400
 Mortgage value: £119,700
 Additional discount required (based on purchasing power): £8,300
 Discount percentage to be set in s106: 26%

4 bedroom detached house

Average open market value: £175,000
 Price at 20% discount from open market value: £140,000
 Purchasing power + deposit: £112,100
 Mortgage value: £126,000
 Additional discount required (based on purchasing power): £13,900
 Discount percentage to be set in s106: 30%

The worked examples demonstrate that for the smaller property types the application of the guideline 20% discount works well, and prices remain affordable. For larger property sizes (the open market value of which would be dependent on floorspace and specification) the examples show a greater discount from the guideline discount percentages may be required. This is where the guidance, explicit in section 4.7.5 and detailed policy guidance box P2 of the SPD, would be used by the Council to require a greater level of discount to ensure affordability.

Notes:

The following calculation has been used to arrive at an average purchasing power:

- 4.5 x net income (74% of gross income)
- Maximum purchasing power = 4.5 x £21,803 (£29,464 x 74%) and assuming a 10% deposit = £107,924.

Sales values derived from Hometrack data 30/01/14 (<http://www.housingintelligence.co.uk/>) and comparables on www.rightmove.co.uk for Fraddon and surrounding areas.

Comments can be submitted by e-mail, using the form available at:

www.cornwall.gov.uk/affordablehousingspd

To be emailed to the Affordable Housing Team at:

affordablehousingspd@cornwall.gov.uk

Comment forms are also available from council offices and libraries.

Completed response forms should be sent to:

**Cornwall Council
Affordable Housing Team
Circuit House
St Clement Street
Truro
TR1 1DT**

If you would like this information in another format or language please contact:

Cornwall Council, County Hall, Treyew Road, Truro TR1 3AY

Telephone: 0300 1234 100

Email: enquiries@cornwall.gov.uk

www.cornwall.gov.uk



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