

# Affordable Housing

## Supplementary Planning Document

June 2021



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Adopted 2 June 2021



# INTRODUCTION

## Purpose of the Supplementary Planning Document (SPD)

- 1.0** The purpose of this Supplementary Planning Document (SPD) is to assist the Council in meeting its objective of delivering affordable housing to meet the identified housing needs of the County. The SPD is designed to provide supplementary guidance on the Herefordshire Local Plan Core Strategy affordable housing policies in the adopted plan. While it does not in itself make it a policy, it will be a material consideration in the determination of planning applications.
- 1.1** It is important that everyone living in Herefordshire has the opportunity of a decent and affordable home. The Council's key areas of focus are the environment, our communities and the local economy. One of the priorities in Herefordshire's Corporate Plan –The County Plan 2020/24<sup>1</sup> is to 'Build communities to ensure everyone lives well and safely together', this reflects the Council's commitment to guarantee we get the right mix of housing for our communities, whilst ensuring new homes are energy efficient and built to a high standard. This should help towards reducing the number of households living in fuel poverty in Herefordshire, as it is likely to result in more affordable living costs.
- 1.2** The County Plan states that the Council will work with housing associations and developers to enable them to build more homes for sale and for long-term rent. In order to drive the delivery of affordable housing and to assist the county to become carbon neutral by 2030, the council will look to develop its own housing stock to provide over 2,500<sup>2</sup> additional genuinely affordable homes for local people in Herefordshire over the next 10 years. Sites with 100% affordable housing are being funded by Homes England and being brought forward through the planning system.
- 1.3** This SPD will guide development in affordable housing and how planning obligations are managed in planning applications. It is not an opportunity to make changes to policies within the existing Core Strategy e.g. any changes on climate change and design will need to be addressed in the updated strategy.
- 1.4** The Council supports the Government's aim to secure mixed and balanced communities. Where there is an assessed need for affordable housing, the Government enables local authorities to deliver affordable homes by requiring landowners and developers to provide them within new housing schemes.

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<sup>1</sup> Approved by Full Council 14<sup>th</sup> Feb 2020

<sup>2</sup> Cabinet report 26<sup>th</sup> November 2020 Options for the Delivery of Council owned affordable housing

## Scope and status of this Supplementary Planning Document (SPD)

- 1.5 The current Planning Obligations Supplementary Planning Document (SPD) was adopted in 2008. There is now a need to revise the aspect of Affordable Housing through an SPD in the light of the 2019 National Planning Policy Framework (NPPF) and local evidence. If the draft SPD is adopted it would supersede the Affordable Housing section of the existing Planning Obligations SPD.
- 1.6 This draft SPD provides detailed guidance on how policies SS2, H1, H2 and H3 in the Core Strategy should be interpreted and implemented in order to support proposed development and help deliver sustainable communities.
- 1.7 The draft SPD will be subject to consultation, review of feedback and then formal adoption by the council. Once adopted it will be a material consideration in the determination of planning applications. It should be taken into account in the preparation of planning proposals for residential and mixed use development from the pre-application stage on, and while negotiating and undertaking development feasibility. Whilst the NPPF is referred to below, it is important to note that the latest national policy and guidance will be applicable once that is made available.

## National Planning Policy Context

- 1.8 Government guidance on affordable housing is provided in the National Planning Policy Framework 2019 (NPPF). The NPPF sets out the Government's planning policies for England and how these should be applied and in particular, section 5, delivering a sufficient supply of homes, (paragraphs 59-79).
- 1.9 Annex 2 of the NPPF defines affordable housing as 'Housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers)'. The definition goes on to state that there are 4 major categories of affordable housing as set out below:
- Affordable housing for rent
  - Starter homes
  - Discounted market sales housing
  - Other affordable routes to home ownership
- 1.10 The Planning Practice Guidance (PPG) section relevant to affordable housing policy comes under the section - *Housing needs of different groups*<sup>3</sup>. The section entitled 'Affordable housing' cross references to

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<sup>3</sup> [NPPF Guidance on Housing needs of different groups](#)

Annex 2 of the NPPF, which sets out what affordable housing is. The section also goes on to explain how affordable housing needs are calculated. The approach to identifying the overall supply and need is also set out here.

- 1.11** In addition, the PPG has a section on 'Planning obligations' setting out how and when affordable housing is negotiated via this route. This is subject to regular updates and is therefore subject to change.

#### **Local policy context**

- 1.12** The Herefordshire Local Plan Core Strategy 2011-2031 was adopted in 2015. The document sets out the vision and objectives that will underpin all the Council's planning policies. The Core Strategy identifies the Council's objective of meeting the needs of all sections of the community (especially those in affordable housing). The provision of an appropriate proportion of affordable housing of the right type and tenure in suitable locations is essential to achieving this.
- 1.13** The Core Strategy is now due to be updated and this work commenced in winter 2019. However until the plan has been completed, current Core Strategy Policies H1, H2 and H3 set out the circumstances in addressing affordable housing (see appendix 1). It should be noted that whilst the policies remain valid in their approach, the actual numbers of dwellings to be provided will shortly be replaced by those set out by the Government's new approach known as the '*standard method*'. This will be further supported by an up to date assessment of "need" as required by NPPF and related guidance and this is referred to below under 'The Evidence'.
- 1.14** Policy H1 Affordable Housing – threshold and targets of the *Core Strategy 2011-2031*, establishes affordable housing targets, Policy H2 refers to rural exception sites in relation to affordable housing in rural areas and Policy H3 ensures there is an appropriate range and mix of housing (see appendix 1). The Core Strategy should be reviewed as a minimum every 5 years and therefore policy may be subject to change due to new evidence.
- 1.15** The SPD will provide more up to date guidance on how to utilise latest evidence on housing need and how this can be applied to sites coming forward. This will enable the council to set out the appropriate affordable housing make up for sites. Its purpose is not to provide further detail on the typical elements looked at in a planning application such as design, materials and space standards etc. Whilst these elements are mentioned within the SPD for context, the intention is not to provide guidance on these aspects.
- 1.16** Policy H4 – 'Traveller Sites; the accommodation needs of Travellers' has been addressed through a Travellers' Site Development Plan Document (DPD) which was adopted by full Council, October 2019. This allocates 13 residential Traveller pitches and 5 temporary stopping places to meet the five year supply of pitches. The DPD identified a requirement for a further 33 pitches based on cultural need for Travellers that do not meet the

definition of Travellers' provided in the Government's Planning Policy for Travellers' Sites 2015. This will be provided for in the Core Strategy Review in addition to a longer term requirement for pitches beyond 2022/23.

- 1.17 There are a significant number of Neighbourhood Development Plans (NDPs) in Herefordshire. These form part of the development plan and many contain local level policies regarding affordable housing. Therefore, it is important that these are considered alongside the policies of the *Core Strategy*. The policies within NDPs can differ from parish to parish. NDPs have the ability to allocate sites specifically for affordable housing.
- 1.18 Supplementary Planning Documents (SPD) provide more detailed planning guidance about policies in the Local Plan and are a material consideration in the determination of planning applications. SPD contents will need to be taken into consideration from the earliest stages of the development process, including in the purchase of sites and the negotiation and preparation of residential schemes. This SPD updates and replaces Part 3, Section 3.2 of Planning Obligations, Supplementary Planning Document, April 2008.
- 1.19 An SPD cannot make changes to policy and should be used where they can help applicants make successful applications or aid infrastructure delivery. They should not be used to add, unnecessarily, to the financial burdens on development.

## 2.0 AFFORDABLE HOUSING NEED IN HEREFORDSHIRE

### The Evidence

- 2.1 Within the county, the need for affordable housing has been investigated through the *Strategic Housing Market Assessment 2008* (SHMA) which introduced the broad housing needs of the county. A *Local Housing Market Assessment* (LHMA) was completed in 2011 and updated in 2013, which draws on and develops the SHMA to provide a local assessment of housing requirements for the seven local housing markets across Herefordshire. The latest Housing Market Area Needs Assessment (HMANA) updates the map relating to the seven local housing markets, (see appendix 2).
- 2.2 In addition to the LHMA, parish level housing needs surveys will need to be undertaken to support the development of affordable housing within policy H2. The need for affordable homes across the county is significantly high, but the viability of delivering affordable homes over the plan period has been recognised in order to provide an achievable target in the Core Strategy.
- 2.3 In Herefordshire, to support this SPD, the council produces a working

document that is updated on an annual basis entitled 'Provision of Affordable Housing Technical Data' (see appendix 3). The technical data is outside of the SPD process. The technical data provides additional guidance and sets out the following:

- local house price affordability;
- assessing affordable house prices;
- affordable housing tenures;
- evidence of need;
- local authority's preferred housing partners.

### **Housing Register**

- 2.4 The Housing Register (Home Point Herefordshire) for the county provides more detail about the level of affordable housing need experienced by households in the county that require rented accommodation. The register shows that there is a high requirement for small affordable dwellings; however, it also shows that there is a need to provide larger dwellings of four and five beds.
- 2.5 Social rented and affordable rented housing in Herefordshire is advertised and allocated through Home Point.
- 2.6 To buy a Shared Ownership property the help to buy agent for the Midlands should be contacted.
- 2.7 Low cost market, discounted market and shared equity is delivered via developers in consultation with the council.

### **Affordability**

- 2.8 The Council will need to be satisfied that rental levels, service charges and low cost home ownership costs will be affordable both initially and in the long term to occupants.
- 2.9 For social rented housing, rents should be in line with the Homes England (HE) calculation for 'target rents', as set out in the HE's latest Capital Funding Guide. Increases should be limited annually according to HE's requirements on annual rent and service charge increases.
- 2.10 Affordable rented housing is not subject to the national rent regime, but requires a rent no greater than 80% of the local market rent. This figure will be inclusive of service charges and based on the Royal Institute of Chartered Surveyors' approved valuation methods.
- 2.11 Outgoings on shared ownership homes should in no case exceed the average market rent for comparable properties. The mortgage element of the outgoings should be assessed on the basis that there is a 25 year repayment mortgage at standard variable rates (i.e. ignoring any

introductory discounts). The initial share of the equity in shared ownership must not be less than 25% and not exceed 75% of the Open Market Value of the affordable dwelling, with the opportunity (but no obligation) for the purchaser to acquire additional equity shares. Any rents payable on shared ownership homes should not exceed 3.00% of the capital value of the unsold equity. However, RPs are encouraged to set rents that average no more than 2.75%. This is to ensure that as much income as possible is available to occupants to pay off mortgage costs.

- 2.12 For discounted market, low cost market and shared equity schemes, the mortgage amount should be between 2.5 times and 4.5 times an applicant's gross annual household income from employment. Between 25% and 45% of a household's net household income should be used to support the purchase of the dwelling but should not exceed 45% household debt to net income ratio to ensure sustainability and ensure sufficient income remain for all other living costs.
- 2.13 For intermediate rented housing, rents should not exceed Local Housing Allowance Rates. In every case, rents must fall within any relevant ceiling set within the Housing Benefit system (e.g. Local Reference Rents or Local Housing Allowance).
- 2.14 Schemes should be designed to ensure that service charges applicable to any affordable housing are kept as low as reasonably possible. In any event, service charges should not exceed the maximum amount an eligible household would be entitled to claim under the housing benefit regulations in force at the time.

## AFFORDABLE HOUSING PLANNING POLICY

- 3.0 The following section explains in more detail how the Affordable Housing Policies in the Core Strategy will be applied.

### Applying the policy

- 3.1 The requirement to provide affordable housing will apply to all proposals for residential development, including:
  - new build, conversions and mixed use schemes; (where the threshold of 10 dwellings will be exceeded unless the proposal is for more than 10 units but below 1000sqm);
  - phased developments (whether the result of one or more than one planning application) where the threshold of 10 dwellings or a floor space of more than 100sqm will be exceeded by cumulative totals;
  - developments by Registered Providers (RPs) and
  - schemes providing housing for people receiving care or support, (age restricted C3 uses only), including supported housing developments
- 3.2 Proposals for, and limited to, purpose built student accommodation,

residential units arising through the conversion of existing buildings within the central shopping and commercial areas of Hereford and market towns, such as units over retail premises, institutional care homes, and nursing homes (C2) will not be subject to affordable housing requirements. The central shopping and commercial areas are defined within the neighbourhood development plans for each of the market towns. Some of market town NDPs will have specific policies for housing within the town center.

- 3.3** When a vacant building is brought back into lawful use, or is demolished to be replaced by a new building, the developer is entitled to a 'credit' equivalent to the existing gross floor space of the relevant vacant building/s (see appendix 4). This is offset against the affordable housing contribution for the development. The Vacant Building Credit (VBC) does not apply where the building has been abandoned. Applicants will need to provide the gross external area (GEA) of any vacant building they wish to claim VBC on, and the GEA of the proposed buildings. Appendix 4 shows an example of the methodology for calculating how affordable housing would be applied to a proposed development.
- 3.4** Policy H1 will also apply where the council reasonably considers that development of a site has been phased, or a site sub-divided or parcelled in order to avoid the application of the affordable housing policy, whether in terms of numbers of units or site size. In these circumstances the whole site will be assessed; or

Where the Council reasonably considers that the development scheme has been specifically designed to fall under the threshold or a sites potential is not being fully realised in accordance with policy SD1- Sustainable design and energy efficiency ; or

If having had a scheme approved, a subsequent proposal for additional housing units brings the cumulative total over the threshold.

- 3.5** All properties will be allocated to people in accordance with Herefordshire's Allocation Scheme and have regard to the local NDP requirements within policy on local connection.

#### **Amount of affordable housing**

- 3.6** Policy H1 sets out the Council's intention to negotiate affordable housing on all new open market housing. Proposals on sites of more than 10 dwellings which have a maximum combined gross floor space of more than 1,000sqm will be expected to contribute towards meeting affordable housing need.
- 3.7** The amount and mix of affordable housing will vary depending on evidence of housing need. An assessment of viability may also be necessary to justify any change in affordability targets. The following indicative targets have been established based on evidence and viability in the county's housing market and housing value areas (see appendix 2) and set out in policy H1:

1. a target of 35% affordable housing provision on sites in the Hereford, Hereford Northern and Southern Hinterlands and Kington and West Herefordshire housing value areas;
  2. a target of 40% affordable housing provision on sites in Ledbury, Ross and Rural hinterlands; and Northern housing values areas which includes Bromyard);
  3. a target of 25% affordable housing provision on sites in the Leominster housing value area.
- 3.8** When calculating the percentage of affordable housing if the figure is not a complete number we will use a rounding up and down as follows;
- if the figure is above 0.5 we will round up to the nearest whole number;
  - if the figure is below 0.5 we will round down to the nearest whole number.
- 3.9** Policy H2 sets out the requirement for Rural Exception sites and Policy H3 ensures an appropriate mix and range of housing.
- 3.10** The properties must be made available to local people in housing need in Herefordshire. In order to have a local connection a person must meet one of the following criteria;
- live in Herefordshire; or
  - work in Herefordshire; or
  - have a family association in Herefordshire; or
  - special circumstances (as agreed with the council).
- 3.11** Any shared ownership units that are delivered with grant from Homes England (HE), or successor organisation will be exempt from the local connection requirement.

### **Distribution and Design**

- 3.12** Affordable housing at least should conform to the design standards normally required by Building Regulations. The Government published the National Design Guide in October 2019<sup>4</sup> and it sets out a more practical approach including ways to fully integrate affordable housing into mixed housing schemes. It forms part of the Government's collection of planning practice guidance and should be read alongside the separate planning practice guidance on design process and tools<sup>5</sup>.
- 3.13** Unlike homes bought on the open market by private purchasers, affordable housing units are usually fully occupied by bed space therefore need to be adequate for the maximum number of occupants. Developers are

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<sup>4</sup> [National Design Guide 2019](#)

<sup>5</sup> [Design: processes and tools](#)

encouraged to engage at an early stage of the development process with the council over any concerns they may have regarding unit sizes.

- 3.14** Innovative design of market and affordable homes and their environment will be encouraged. Development proposals should create safe, sustainable, well integrated environments for all members of the community. In conjunction with this, all development proposals, should incorporate the requirements as outlined in Policy SD1 – ‘Sustainable design and energy efficiency’. In addition to this, Policy H3 – Ensuring and appropriate range and mix of housing required residential development to create a balanced and inclusive community, it should not be possible to ascertain any difference between open market and affordable housing nor between the different tenures in any one scheme. An Environmental Building Standards SPD is currently being drafted to provide more detail on the standards housing should be meeting across the county. This is expected to be adopted later in 2021. The Core Strategy environmental policies LD1-LD4 which are relevant to the historic and natural environment will be applied when assessing a scheme.

#### **Tenure and Dwelling Type, Size and Mix**

- 3.15** The Council will require an appropriate range and mix of affordable housing, which can contribute to the creation of balanced and sustainable communities. The size and type of the affordable housing should meet the needs of all households including the younger, single and elderly population. All sites will consist of a range of house types, which may include terraced, semi-detached, detached, flats, houses and bungalows.
- 3.16** The tenure mix on each site will take into account the tenure requirements of the surrounding area and will be based on the prevailing need for affordable housing units. This need will be evidenced in the LHMA or the most up to date evidence available at the time of application<sup>6</sup>. The mix will be agreed with the Council on a site by site basis. On schemes providing 100% affordable housing there needs to be an appropriate range of affordable tenures and house types to meet the needs of all households e.g. specialist, older person, right sizers and younger single people. This is to ensure the creation of a balanced and inclusive community.
- 3.17** With outline permission, it is appreciated that the full details on units etc. may not be known. The Council will, in these cases, seek to secure the percentage of affordable housing via a S106 agreement with detailed reserved matters negotiations to be secured via a planning condition attached to the outline permission.
- 3.18** The revised National Planning Policy Framework 2019 expects at least 10% of the affordable homes to be available for home ownership. In most cases, it is expected that this proportion will be secured on each development site. In some cases, it may be appropriate to depart from this

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<sup>6</sup> The Herefordshire Market Area Needs Assessment (HMANA) will be available Spring 2021.

depending on the site-specific considerations and relevant evidence of local need. All affordable tenures must meet the definitions set out in Annex 2 of the revised National Planning Policy Framework.

## Viability

- 3.19** Viability assessment is a process of assessing whether a site is financially viable, by looking at whether the value generated by a development is more than the cost of developing it. This includes looking at the key elements of gross development value, costs, land value, landowner premium, and developer return.
- 3.20** The National Planning Guidance sets out the government's recommended approach to viability assessment for planning. The approach supports accountability for communities by enabling them to understand the key inputs to and outcomes of viability assessments.
- 3.21** Any viability assessment should be supported by appropriate available evidence informed by engagement with developers, landowners, and infrastructure and affordable housing providers. Any viability assessment should follow the government's recommended approach to assessing viability as set out in this National Planning Guidance<sup>7</sup> and be proportionate, simple, transparent and publicly available. The viability assessment process is open, transparent, and subject to scrutiny.
- 3.22** Applicants for planning permission are expected to consider the overall cost of the development, including affordable housing and all other requirements of the development plan, prior to negotiating the purchase of land or an option. The Council wishes to avoid situations where developers purchase land without taking the requirement to provide affordable housing into account. Developers should not expect that the requirement will be waived where this has not been accounted for in the land purchase price.
- 3.23** The Council reserves the right to have all viability assessments checked by an independent RICS-qualified surveyor/valuer to ensure the robustness and validity of the assumptions and methods used. In these circumstances, the Council will appoint the surveyor/valuer, but the viability assessment costs incurred by the Council will need to be paid by the applicant. The applicant will also be required to provide a written undertaking to cover the costs before the surveyor/valuer is appointed. Viability reports resulting from this process will be shared and discussed with the applicant.
- 3.24** Applicants should note that an independent assessment could take a number of weeks (6-12 weeks) depending on the complexity and/or the information supplied. It is in the applicants' interest to provide full and complete information for the assessment process.

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<sup>7</sup> [Planning Policy Guidance on Viability](#)

## **Supported and Wheelchair Accessible Housing**

- 3.25** PPG 'Housing and Economic Needs Assessment' and 'Housing for Older and Disabled People', encourages the identification and planning for the housing needs of particular groups of people. A key influence on the housing stock required is the forecast for a substantial increase in older people. Similar to the rest of the UK, Herefordshire is experiencing an increasing ageing population in not just people aged over 65 but an increasing number of people aged 85 and over. When planning for new homes, the council must be able to estimate the likely need arising from an ageing population as this will have consequences for its housing stock.
- 3.26** There will also be a need to ensure there is sufficient supported accommodation for people of all ages with life limiting conditions. Standard accommodation is mostly unable to meet their needs. Supported accommodation includes specific features that enable a better quality of life for the residents.
- 3.27** The supporting text to Policy H3 states that the affordable housing mix should include specialist housing, where there is an evidenced need. Where an evidenced need exists, the Council may therefore seek an element of affordable specialist / supported housing in its negotiations.
- 3.28** The Council's Accessible Housing Register demonstrates that there is also a clear need for affordable housing that is wheelchair accessible. To help meet this need, on qualifying sites, a percentage of the affordable housing threshold should be wheelchair accessible. This percentage will be negotiated on a site by site basis and may reduce the percentage of affordable housing required.
- 3.29** The wheelchair accessible housing will be those sizes and types of dwellings that most effectively meet the greatest need (at the time of full application or reserved matters) of those on the Council's Accessible Housing Register at that time. Wheelchair accessible housing is to be built in accordance with the Building Regulations M3 (2) Accessible and adaptable dwellings or M3 (4) Wheelchair user dwellings or any amended version in force at the time of reserved matters or full application submission (see appendix 5).

## **Section 106 Agreements**

- 3.30** Planning obligations are used to make a development acceptable in planning terms. Legal agreements are the tool to secure planning obligations and are negotiated between local planning authorities and those with an interest in a piece of land (e.g. developers). Planning obligations can be secured either through a Bilateral Section 106 Agreement or through a 'Unilateral Undertaking' from a developer. Unilateral Undertakings are only signed by the land owner(s) and any other parties with an interest in the land, and not by the Council. These unilateral obligations are most frequently used in planning appeal situations, but can also be used in other circumstances.

**3.31** The statutory basis for allowing anyone interested in land in the area of a local planning authority to enter into planning obligations is Section 106 of The Town and Country Planning Act (TCPA) 1990 (as amended).

**3.32** On qualifying sites, the application will need to detail the quantum and type of affordable housing to be delivered. This will be secured through a Section 106 Agreement. The Section 106 agreement will control;

- percentage/number of affordable units;
- tenure;
- local connection;
- allocation and
- delivery process

The planning decision notice will not be signed and issued until the S106 has been engrossed and sealed by the council.

#### **Self and Custom Build**

**3.33** Self-build and custom-build housing: is defined in the NPPF as “Housing built by an individual, a group of individuals, or persons working with or for them, to be occupied by that individual. Such housing can be either market or affordable housing. A legal definition, for the purpose of applying the Self-build and Custom Housebuilding Act 2015 (as amended), is contained in section 1(A1) and (A2) of that Act.”

**3.34** “Self and custom build housing is an important element of the Government’s housing strategy because it can contribute towards housing delivery and economic growth”. The Government therefore wants to see an increase in the number of available plots for self and custom building. The Core Strategy was close to adoption when the Self and Custom Build Housing Act was passed. Therefore, it does not include any policies on this matter although there are textual references to it. It intends to address this matter in the update of the Core Strategy. Nevertheless, the council recognises that self-build housing provides individuals and groups the opportunity to gain lower cost home ownership with it being subsidised. However, there is potential for formal affordable self-build housing to be delivered as community self-build schemes. These involve groups of local people in housing need, building homes for themselves usually as part of a Community Land Trust or Community Led Housing Group. In these cases, the assets remain in the ownership of the local community group as affordable homes.

**3.35** The council encourages the inclusion of a suitable number of self or custom build plots that will contribute to affordable housing supply within housing developments or as stand-alone applications in line with policies in the Core Strategy. These may be delivered in partnership with the council, registered housing providers or a community land trust. In all cases, the Council will need to be satisfied that there is demand for this and that any

proposals for affordable self and custom build housing meets this definition before it grants outline or full permission. The scheme proposal should meet the requirements of this SPD. Any planning permission will then be subject to conditions and/or obligations to ensure it meets this definition and that the plots are made available to those that are eligible for affordable housing. All affordable self and custom self-build plots granted on a rural exception site under Core Strategy Policy H2 "Rural exception sites" will be secured as affordable housing in perpetuity in the same way as other types of affordable housing.

- 3.36** Where affordable self/custom build housing is proposed, the affordable housing model should be submitted to and approved by the LPA prior to the submission of a planning application and it should be detailed in the Affordable Housing Statement accompanying the planning application.
- 3.37** The Council maintains a register of those seeking to self or custom build. A profile of those registered can be viewed as part of the Authority Monitoring Reports.<sup>8</sup>

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<sup>8</sup> [Local Authority Monitoring Reports \(AMRs\)](#)

# APPENDICES

# APPENDIX 1 Core Strategy Housing Policies

## **Policy H1 – Affordable housing – thresholds and targets**

All new open market proposals on sites of more than 10 dwellings which have a maximum combined gross floor space of more than 1000m<sup>2</sup> will be expected to contribute towards meeting affordable housing needs.

The amount and mix of affordable housing including those on strategic housing sites will vary depending on the evidence of housing need as identified through the latest housing market assessment, and, an assessment of the viability of the development. The following indicative targets have been established based on evidence of need and viability in the county's housing market and housing value areas:

1. a target of 35% affordable housing provision on sites in the Hereford, Hereford Northern and Southern Hinterlands, and Kington and West Herefordshire housing value areas;
2. a target of 40% affordable housing provision on sites in the Ledbury, Ross and Rural Hinterlands; and Northern Rural housing value areas (which includes Bromyard)
3. a target of 25% affordable housing provision on sites in the Leominster housing value area.

Any affordable housing provided under the terms of this policy will be expected to be available in perpetuity for those in local housing need.

## **Policy H2 – Rural exception sites**

Proposals for affordable housing schemes in rural areas may be permitted on land which would not normally be released for housing where:

1. the proposal could assist in meeting a proven local need for affordable housing; and
2. the affordable housing provided is made available to, and retained in perpetuity for local people in need of affordable housing; and
3. the site respects the characteristics of its surroundings, demonstrated good design and offers reasonable access to a range of services and facilities normally in a settlement identified in Policy RA2

In order to enable the delivery of affordable housing some market housing may be permitted as part of the development to subsidise a significant proportion of affordable housing provision. However, evidence will be required – by way of a financial appraisal, in order to demonstrate that the proposed scale of market housing is that required for the successful delivery of affordable housing.

## **Policy H3 – Ensuring an appropriate range and mix of housing**

Residential developments should provide a range and mix of housing units which can contribute to the creation of balance and inclusive communities. In particular, on larger sites of more than 50 dwellings developers will be expected to:

1. provide a range of house types and sizes to meet the needs of all households, including younger single people;
2. provide housing capable of meeting the specific needs of the elderly population by:
  - a. providing specialist accommodation for older people in suitable locations
  - b. ensuring that non-specialist new housing is built to take account of the changing needs of an ageing population;
  - c. ensuring that developments contain a range of house types, including where appropriate, bungalow accommodation

The latest Local Housing Market Assessment will provide evidence of the need for an appropriate mix and range of housing types and sizes.

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# Herefordshire Housing Value Areas

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**NORTH**  
NOT TO SCALE

Affordable Housing Targets in the Housing Value Areas:  
Northern Rural: 40%  
Leominster: 25%  
Ledbury Ross & Rural Hinterland: 40%  
Hereford Northern & Southern Hinterland: 35%  
Kington & West Herefordshire: 35%



Source: Core Strategy 2011-2031, Fig 5.1 Housing Value Areas

# **APPENDIX 3**

**April 2021 – March 2022**

**Provision of Affordable Housing**

**Technical data to support the Affordable  
Housing Supplementary Planning Document  
May 2021**

Version 1.0

March 2021

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## 1. Local house price affordability

- 1.1 To assess affordability, both house prices and incomes have been taken into account to ensure that local households have the ability to access the properties being delivered. The figures provided will be updated on an annual basis to ensure that the data remains up to date.
- 1.2 A recognised measure of house price affordability is the ratio of median house price to median earnings<sup>9</sup>. For 2020, the ratio for Herefordshire was 9.0, which was markedly higher than the average for the West Midlands and England as a whole (6.8 and 7.7 respectively). Only Solihull had a worse affordability ratio out of the 14 West Midlands Authorities (unitaries, counties and metropolitan boroughs). With a ratio of 4.4, Stoke-on-Trent had the most affordable homes in the region. Provision of subsidised housing is therefore a priority for Herefordshire that needs to be addressed through partnership working between Herefordshire Council and Registered Providers.
- 1.3 The average (median) price in Herefordshire, across all property types, in the year ending September 2019, was £ 242,500<sup>9</sup>; whereas a house at the bottom end of the market (lower quartile house price) was £ 182,000<sup>9</sup>.
- 1.4 Nationally, the Joseph Rowntree Foundation has warned that the extension of the Stamp Duty Holiday and the 95% mortgage guarantee scheme announced in the 2021 Budget are, in the short term, likely to compound the UK housing crisis by driving up house prices further.<sup>10</sup>

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<sup>9</sup> [Office for national Statistics. March 2021. House price to workplace-based earnings ratio.](#)

<sup>10</sup> [Joseph Rowntree Foundation \(March 2021\). JRF Spring Budget 2021 analysis](#)

## 2. Assessing affordable house prices

2.1 To ensure that local people are able to access the housing market, it was considered appropriate to make assumptions on incomes and the likely occupancy of the various sizes of property.

2.2 Figures on earnings in Herefordshire are given by the Annual Survey of Hours and Earnings (ASHE), sampled annually in April.<sup>11</sup> The average (median) gross annual earnings for a full time worker on adult rates in Herefordshire in 2019 were given as **£27,100**; while earners towards the lower end of the scale (represented by lower quartile earnings) were **£20,700** per year.

2.3 Table 1 shows the house prices a household can afford, based on lower quartile and median earnings for the following scenarios –

- ❑ Single-earner household purchasing a one-bed home with a 10 per cent deposit
- ❑ Dual-earner household purchasing a two-bed home with a 10 per cent deposit.
- ❑ Dual-earner household purchasing either a three-bed or four-bed home with a 20 per cent deposit

It is assumed that for households with two earners, the second earner works part time, earning half the full time amount<sup>12</sup>.

For the purpose of assessing affordable house prices for Herefordshire, a household on the lower end of the earnings scale is considered to be able to afford to purchase a home that costs 3.3<sup>13</sup> times the total gross household earnings. However, mortgage lenders may offer a loan-to-income ratio of 4.5<sup>14</sup> for a small number of residential mortgages, serving as an upper limit to

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<sup>11</sup> [Office for national Statistics. March 2021. House price to workplace-based earnings ratio.](#)

<sup>12</sup> According to the 2001 census, families with dependent children where there are two earners, in nearly three quarters of cases the second earner works part time. Although not directly comparable, figures from the more recent 2011 census show that the relationship between economic activity and household composition had not changed in Herefordshire over the last 10 years. Data from the 2001 & 2011 Censuses is ONS Crown Copyright Reserved

<sup>13</sup> Based on average observed loan to income ratios (LTIs) during the year ending December 2019 – [UK FINANCE: Mortgage Trends Update February 2020.](#)

<sup>14</sup> The Bank of England recommended that mortgages which make up more than 4.5 times a household's income should comprise of no more than 15 per cent of new lending offered by banks and building societies

what a household can afford.

*Table 1. Most likely affordable house prices for single and dual earner first-time buyers, based on Herefordshire's lower quartile earnings.*

Earnings	House price
single earner; with a 90 % mortgage	£75,900
dual earner; with a 90 % mortgage	£113,900
dual earner; with an 80 % mortgage	£128,100

*Based on average observed LTIs during the year ending December 2019: UK Finance: Mortgage Trends Update February 2020*

### 3. Affordable Housing

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

**Affordable housing for social rent and affordable rent:** eligibility is determined with regards to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or the subsidy to be recycled for alternative affordable housing provision.

- **Social rent:** is owned by Local authorities (LA's) and Private Registered Providers (RP'S) (as defined in section 80 of the Housing and Regeneration Act) are providing dwellings available for social rent, these rents are in line with guideline target rents which are determined through the Government's rent policy.
- **Affordable rented housing:** is let by LA's or RP's of social housing to households who are eligible for social rented housing. Affordable rent is subject to rent controls that require

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- [Prudential Regulation Authority, Bank of England. Oct 2014. Implementing the Financial Policy Committee's recommendation on loan to income ratios in mortgage lending](#)

a rent of no more than 80% of the local market rent (including service charges, where applicable).

- **Affordable private rent housing** is housing that is made available for rent at a level which is at least 20% below local market rent. Eligibility is determined with regards to local incomes and local house prices. Provision should be made to ensure that the affordable private rent housing remains available for rent at a discount for future eligible households or for alternative affordable housing provision to be made is the discount is withdrawn. Affordable private rented housing is particularly suited to the provision of affordable housing as part of the Build to Rent Schemes.
- **Intermediate Housing:** is housing that is provided for sale and rent at a cost above social rent, but below market levels. Eligibility is determined with regards to local incomes and local house prices. It should also include provisions to remain at an affordable price for future eligible households or for any receipts to be recycled for alternative affordable housing provision. These include Shared Ownership, Shared Equity, Low Cost Market Discounted Market, Rent to buy and Intermediate Rent.
- **Shared Ownership:** Ownership is under the terms of a lease by which a lessee may acquire a share or shares of the equity from the RP who retains the remainder and may charge a rent.
- **Intermediate Rent:** Is housing that is provided by an RP or private landlord, the housing provided will have the same characteristics as social rented housing except that it is outside the national rent regime, but it is subject to other rent controls that require it to be offered to eligible households at a rent of up to 100% of the Local Housing Allowance (housing benefit for people who rent a home from a private landlord) for

Herefordshire.

- **Discounted Market Sales Housing** is housing that is at least 20% below local market value. Eligibility is determined with regards to local incomes and local house prices. It should include provisions to remain at a discount for future eligible households.
- **Low Cost Market Housing:** is housing that is sold at a discount of at least 20% below local market level. In Herefordshire any discount should be sufficient to meet local housing needs. The discount set is applied using the assumptions in 1 – 2 above using the following method;

Lower quartile earnings (table 1) divided by the average open market property value.

Eligibility is determined with regard to local incomes and local house prices. It should include provisions to remain at a discount for future eligible households.

- **Shared Equity:** is housing that 100% of the title is to be transferred to a Qualifying Purchaser at no more than 80% of Open Market Value subject to a legal charge in favour of the Council for 20% of the units' equity value.
- **Rent to Buy:** is housing provided by RPs that is let at an affordable or intermediate rent for a defined period to a household that wishes to buy but are unable to save for a deposit.
- **Starter Homes:** is housing as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation

or decision making. Where secondary legislation has the effect of limiting a household's eligibility to purchase a starter home to those with a particular maximum level of household income those restrictions should be used.

#### **4. Assess affordability**

- 4.1 We have a duty to assess an applicant's affordability to purchase an affordable property we do this to ensure they are eligible for an affordable property and are unable to purchase on the open market. This assessment is also to ensure they can afford the property.

We do this by providing forms to be completed and asking for documents to evidence the affordability.

We input the details provided into the Homes England calculator to ensure the applicant is eligible.

#### **5. Evidence of Need**

- 5.1 Herefordshire Housing Needs Studies:

- In line with the requirements of the NPPF, local authorities should have a clear understanding of housing need in their area.
- A [Housing Market Area Needs Assessment](#) was published in 2021 and replaces the Local Housing Market Assessment. The Housing Market Area Needs Assessment (HMANA) is intended to provide a robust evidence base regarding the need for housing for each of the 7 identified housing market areas across Herefordshire.
- A [Herefordshire Gypsy and Traveller and Travelling Showperson Accommodation Assessment](#) was published in July 2017 and a needs modelling revision to table 5.1 in July 2018. Based on survey data, a shortfall of 52 pitches (excluding turnover) was identified over the five year period 2018/19 to 2022/23.

- The [Herefordshire Older People's Housing Strategy and Pathway](#), published in March 2015, provides information about the housing and support needs of Older People that can be used for housing, regeneration and planning purposes, and can contribute to supporting investment decisions.

6. Local Authority's preferred Housing Partners with a Development Programme in Herefordshire

Organisation	Name	Job Title	Landline	Mobile	Email Address
<b>Citizen Housing Groups</b>	Jon Wood	Head of New Business	0121 329 0383 ext. 1383	07508 330569	<a href="mailto:Jon.Wood@citizen.co.uk">Jon.Wood@citizen.co.uk</a>
<b>Platform Living</b>	Mike Baggatt	Head of New Business	01684 579443	07813 002405	<a href="mailto:mbaggatt@fortisliving.com">mbaggatt@fortisliving.com</a>
<b>Connexus</b>	Amanda Knowles	Development Manager	0300 7774321 ext. 3445	07817 864862	<a href="mailto:Amanda.Knowles@connexus-group.co.uk">Amanda.Knowles@connexus-group.co.uk</a>
<b>Stonewater</b>	Clare Bray	Development Manager (West)	01202 319119	07775 543572	<a href="mailto:Clare.bray@stonewater.org">Clare.bray@stonewater.org</a>
<b>Sanctuary Housing Group</b>	Sophie Bell	Assistant Development Manager	01905 334547	07436 269041	<a href="mailto:sophie.bell@sanctuary-housing.co.uk">sophie.bell@sanctuary-housing.co.uk</a>
<b>2 Rivers Housing</b>	Sara Walton	Development Manager	01531 829277	07776 661537	<a href="mailto:sara.walton@2rh.org.uk">sara.walton@2rh.org.uk</a>
<b>Bromford Housing</b>	Simon Vick	Head of Development	01454 821165	07800528567	<a href="mailto:simon.vick@bromford.co.uk">simon.vick@bromford.co.uk</a>
<b>Legal &amp; General</b>	Darren Isbell	Head of Development Midlands	0207 031 8608	07597364904	<a href="mailto:Darren.isbell@landgah.com">Darren.isbell@landgah.com</a>

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# APPENDIX 4

## Methodology for calculating vacant building credit

**Step 1:** Establish existing vacant development: existing buildings on site to be demolished: total 865m<sup>2</sup> GEA

**Step 2:** Establish the gross external floor area of the proposed development: scheme of 26 dwellings: 1607.1 m<sup>2</sup> GEA.

**Step 3:** Establish the affordable housing policy requirement: There is a requirement for 40% of units to be affordable housing on site, which equates to 10 affordable dwellings before any adjustment for vacant building credit.

**Step 4:** Calculate the GEA of the vacant buildings to be demolished as a percentage of the GEA of the replacement buildings:

$$865\text{m}^2/1607.1\text{m}^2 \times 100\% = 54\%$$

**Step 5:** The percentage in step 4 to be deducted from the on-site affordable housing provision calculated in steps 1-3:

$$54\% \times 10 \text{ affordable dwellings} = 5 \text{ affordable dwellings}$$

**Step 6:** Deduct the resultant number of affordable units from the policy requirement:

$$10 - 5 = 5 \text{ affordable dwellings}$$

*NB: rounded to the nearest whole dwelling*

**Total contribution required - five affordable dwellings**

# APPENDIX 5

## Building Regulation Standards 2010

### Optional requirement M4 (2): Category 2 – Accessible and adaptable dwellings

Requirement	
<i>Optional requirement</i>	<i>Limits on application</i>
<b>Part M access to and use of buildings</b>	
<b>Category 2 – accessible and adaptable dwellings</b>	
<b>M4(2) optional requirements</b>	Optional requirement M4(2)-
<p>(1) Reasonable provision must be made for people to-</p> <ul style="list-style-type: none"> <li>(a) gain access to; and</li> <li>(b) use, the dwelling and its facilities.</li> </ul> <p>(2) The provision made must be sufficient to-</p> <ul style="list-style-type: none"> <li>(a) meet the needs of occupants with differing need, including some older or disabled people; and</li> <li>(b) to allow adaptation of the dwelling to meet the changing needs of occupants over time</li> </ul>	<ul style="list-style-type: none"> <li>(a) may apply only in relation to a dwelling that is erected;</li> <li>(b) will apply in substitution for requirement M4(1)</li> <li>(c) does not apply where optional requirement M4(3) applies;</li> <li>(d) does not apply to any part of a building that is used solely to enable the building or any service of fitting in the building to be inspected, repaired or maintained</li> </ul>

### Optional requirement M4 (3): Category 3 – Wheelchair user dwellings

Requirement	
<i>Optional requirement</i>	<i>Limits on application</i>
<b>Category 3 – wheelchair user dwellings</b>	
<b>M4(3) optional requirements</b>	Optional requirement M4(2)-
<p>(1) Reasonable provision must be made for people to</p> <ul style="list-style-type: none"> <li>(a) gain access to; and</li> <li>(c) use, the dwelling and its facilities.</li> </ul> <p>(2) The provision made must be sufficient to-</p> <ul style="list-style-type: none"> <li>(a) allow simple adaptation of the dwelling to meet the needs of occupants who use wheelchairs; or</li> <li>(b) meet the needs of occupants who use wheelchairs.</li> </ul>	<ul style="list-style-type: none"> <li>(a) may apply only in relation to a dwelling that is erected;</li> <li>(b) will apply in substitution for requirement M4(1)</li> <li>(c) does not apply where optional requirement M4(3) applies;</li> <li>(d) does not apply to any part of a building that is used solely to enable the building or any service of fitting in the building to be inspected, repaired or maintained</li> </ul>