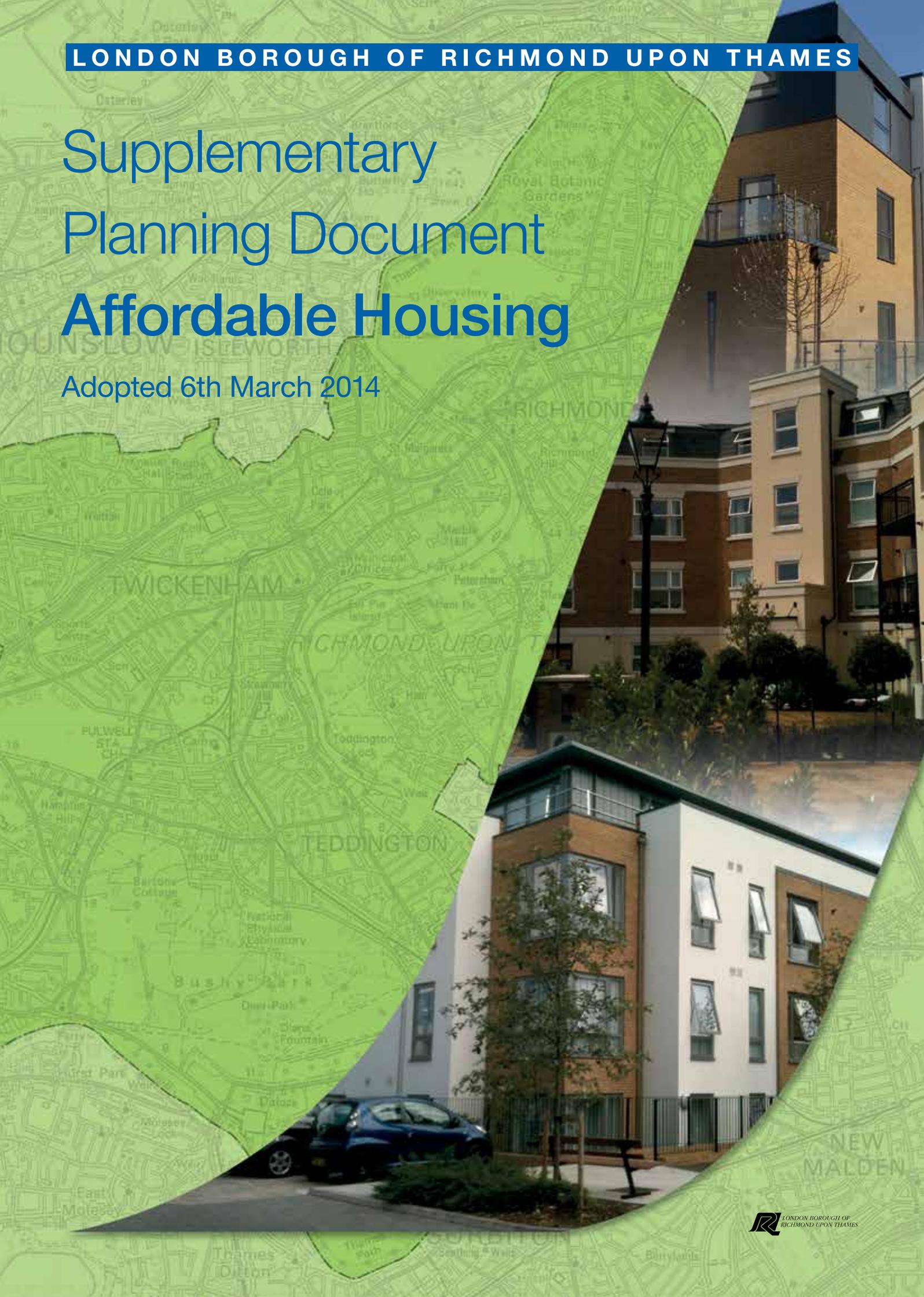


# Supplementary Planning Document **Affordable Housing**

Adopted 6th March 2014





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# I. INTRODUCTION

- 1.0.1** This SPD is primarily for applicants, agents or developers undertaking residential development to set out guidance on requirements to contribute towards affordable housing. It combines advice from the Council's planning and housing services. This will need to be addressed in all new housing developments, changes of use for wholly residential and mixed use sites incorporating residential use, where planning permission is required. Affordable housing can also be provided in other ways, outside of the scope of this SPD.
- 1.0.2** Consultation on the draft of this SPD took place from 27 April to 8 June 2012. The adopted SPD is a material consideration in determining planning applications. The 2003 SPG is superseded.
- 1.0.3** The SPD supplements policies within the Local Plan. [The Core Strategy](#) sets out in Core Policy **CP 15** the overall approach to affordable housing. The [Development Management Plan](#) Policy **DM HO 6** Delivering Affordable Housing provides more guidance on implementation.
- 1.0.4** A number of case studies are also provided as accompanying information to this SPD.
- 1.0.5** The SPD sets out guidance in the current policy context. Much of the guidance is also shaped by other policy documents that may be updated, including that produced by the Council and the Mayor of London. These include the [National Planning Policy Framework \(2012\)](#) and [emerging National Planning Practice Guidance NPPG \(2013\)](#), [London Plan](#) (2011 and Revised Early Minor Alterations October 2013) and the Mayor's accompanying [Housing SPG](#) (November 2012) – particularly Part 4 which deals specifically with affordable housing. Also of relevance is the Council's approach to Planning Obligations and the Community Infrastructure Levy.
- 1.0.6** The SPD is written in a time of continuing change, with limitations to public expenditure, restrictions to the affordable housing funding regime, and changes to housing benefit and tenancies. The Government has also introduced temporary changes to Permitted Development rights that allow limited scope in specific circumstances for change from office to residential use without the need for planning permission, and therefore without the policy requirement to contribute to affordable housing. However there remains a commitment to



maximise affordable housing delivery using a flexible policy approach which emphasises the character and quality of new housing, while acknowledging that the requirements for individual sites can consider financial viability. The webpage will be regularly updated with relevant links to other up to date information sources.

## 1.1 BOROUGH CONTEXT

- 1.1.1** Most boroughs now require affordable housing to be provided as part of new development, with policies in conformity with national and regional planning guidance. [Research](#) for the Local Plan sets out the evidence base on housing needs and viability, along with housing strategies and evidence including the Council's [Housing, and Supporting People and Tenancy strategies](#) and the Mayor's [London Housing Strategy](#) (currently in revision, new [draft](#) published November 2013).
- 1.1.2** The Borough has one of the highest average house prices in the UK, and a continuing need for affordable housing, particularly for family homes. The Council's [Housing Strategy 2013-17](#) is the most up to date publication of the Council's housing priorities, recognising the commitment to ensure the more vulnerable people of the borough are protected. This demonstrates local needs and recognises

the importance of delivering houses for rent in the borough and working within the challenges specific to the borough. Other housing needs are also important priorities for the borough, such as supported housing options, and there are other complementary workstreams, for example to address under-occupation within housing association properties, in order to make the best use of housing stock.

**1.1.3** The Council does not directly provide housing, but has a legal duty to provide housing to residents falling within certain defined ‘priority need’ categories (such as families with children) who are homeless or at risk of becoming homeless through no fault of their own. In addition, the Council has an obligation to ensure that vulnerable people and households are housed in accommodation that will provide a safe and secure environment. The Council’s Housing Service, in partnership with local housing associations, maintains the [Richmond Housing Register](#), which contains the names of households who are in housing need and require re-housing, based on a points scheme to decide priorities for housing. The Council’s [Tenancy Strategy](#) sets out information and guidance as to how these priorities can be met in partnership with those providing affordable housing.

**1.1.4** Affordable housing is defined in the [National Planning Policy Framework \(NPPF\)](#) as that provided to eligible households whose needs are not met by the market. It states

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

Homes that do not meet this definition, such as low cost market housing, may not be considered as affordable housing for planning purposes.

**1.1.5** The NPPF states local planning authorities should address the need for all types of housing, including affordable housing. It states (paragraph 50) that where local authorities have identified that affordable housing is needed, they should set policies for meeting this need on site. It recognises (paragraph 173) that to ensure viability, the costs of any requirements likely to be applied to development, including requirements for affordable housing, should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and

willing developer to enable the development to be deliverable. The Council considers that this SPD is consistent with the overall NPPF guidance.

**1.1.6** The NPPF and the CIL Regulations sets out the tests under which planning obligations should be sought, as previously set out in the Government Circular 2005/05: 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. The Council considers that the acute need for affordable housing in the borough has been established, as described above and set out in the Council’s strategic housing objectives, and is so significant that all sites need to contribute. The mechanism for assessing the contributions from individual sites is set out in this SPD, for each proposal to make an adequate contribution towards affordable housing which is directly, fairly and reasonably related in scale and kind to the development proposed. It is considered necessary to make it acceptable in planning terms, and the absence of an obligation may be considered to undermine the Council’s housing strategy and harm the provision of affordable housing in the area. Therefore the Council considers this approach meets the tests set out in the NPPF, given the advice set out in section 2.7 with regard to financial viability.

**1.1.7** Affordable housing includes social rented, affordable rented and intermediate housing. Affordable rented housing was introduced in 2011, where rents can be up to a maximum of 80% of the gross market rent (which will include the service charge for that property, where applicable). The Council position on affordable rent is set out in the current [Tenancy Strategy](#) adopted by Cabinet in January 2013 and further explained in section 2.2.

**1.1.8** The Council works in partnership with [Registered Providers](#) (RPs, also known as Housing Associations or referred to as RSLs), housing developers and the [Greater London Authority](#) (GLA) (incorporating the [Homes & Communities Agency](#) (HCA) in London) to develop new affordable housing within Richmond upon Thames. It co-ordinates the development activity of RPs to ensure that properties built are in line with identified local needs and will be offered in accordance with the borough’s Tenancy Strategy. The Council is committed to maximise resources for schemes that are of a high quality of design and meet the needs of the most vulnerable.

**1.1.9** A [glossary](#) of housing terms is available in the Council’s Housing Section of the website.



## 2. KEY POLICY REQUIREMENTS

### 2.1 OVERVIEW

- 2.1.1** All proposals for new housing development or changes of use for wholly residential and mixed use sites incorporating residential use must address affordable housing requirements.
- 2.1.2** Different policy requirements apply depending on the capability of the site (in terms of number of units), and whether or not it is a change of use from employment or produces new housing through the conversion of existing non-employment floorspace. Note that, for all sites, other Local Plan policies applying to the loss of the existing use would need to be addressed first and are not detailed in this SPD.
- 2.1.3** Where sites are capable of 10 units or more, affordable housing must be provided on-site. This assessment of capacity will consider, amongst other things, the proposed density and mix of units.
- 2.1.4** The Council resists the loss of employment land to potentially higher value residential uses and would seek to prioritise the replacement of

employment floorspace in mixed use schemes. In exceptional circumstances where the Council agrees redevelopment or change of use through a planning application<sup>1</sup>, there is a requirement to increase affordable housing above normal policy requirements, including fully exploring on-site provision.

<sup>1</sup> The Council has published Article 4 Directions to remove permitted development rights to change from B1(a) offices to C3 residential in parts of the borough [http://www.richmond.gov.uk/article\\_4\\_directions\\_offices\\_to\\_residential.htm](http://www.richmond.gov.uk/article_4_directions_offices_to_residential.htm)

- 2.1.5** With the adoption of the Development Management Plan, all sites are required to contribute to affordable housing, wherever a new unit is created, to ensure more equity in sites below and above the threshold for on-site provision. The following flowchart shows the policy requirements according to the former use and size of the site.
- 2.1.6** The Council will seek the maximum reasonable amount of affordable housing when negotiating on individual private residential and mixed-use schemes, having regard to the strategic borough-wide target set out in the Core Strategy and the individual circumstances of the site, including the financial capacity to contribute towards affordable housing.

**2.1.7** In considering the maximum amount that can be achieved on site, the Council will have regard to Core Strategy Policy CP15, the suitability of the site for different forms of provision and the economics of site development. Particularly in the current uncertain economic climate, an assessment of economic viability which is sensitive to location and the nature of the existing use is important. The Council will nonetheless expect developers to have taken into consideration any abnormal costs in developing a site before negotiating or acquiring land or an option. Policy requirements and associated costs should be factored into negotiations on land values in the borough, addressing affordable housing in addition to other required planning obligations.

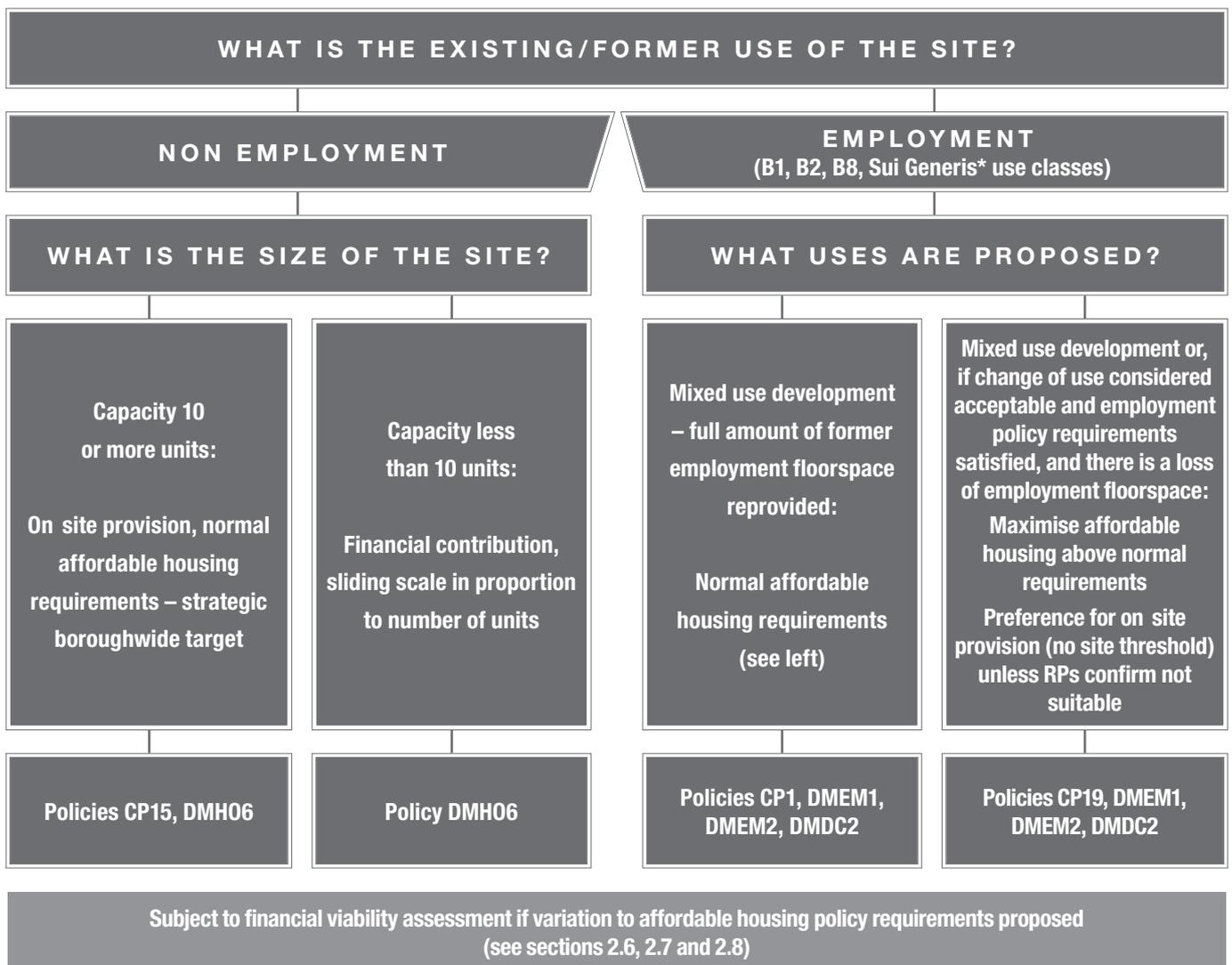
**2.1.8** In addition the Council will expect all developers to ensure that they identify and get the Council’s approval of a Registered Provider to support the delivery of affordable housing on site. In this way negotiations on viability will include the resources

available to the Registered Provider to be taken into account early in the planning process. It is expected that viability appraisals will need to demonstrate how affordable housing is being maximised with Registered Providers optimising their use of all resources including borrowing and grant as and when it is available.

**2.1.9** The Council is sometimes in a position to offer additional resources to support affordable housing delivery and developers, working with Registered Providers, should ensure that there has been early consultation with the Council’s Housing Development Manager on potential resources to support a scheme, see paragraph 2.6.4.

**Flow chart of policy requirements for affordable housing contributions**

Note that, for all sites, other Local Plan policies applying to the loss of the existing use would need to be addressed first.



\* Sites with potential significant employment generating floorspace which are in Sui Generis use class would also be considered as a former employment site.

### 2.1.10 Calculating the level of affordable housing:

Generally the percentage of affordable housing is calculated on the number of units. Paragraph 5.1.39 of the Development Management Plan states that where affordable housing involves dwellings with larger numbers of habitable rooms per dwelling, or different sizes of habitable rooms with different tenures, it may be more appropriate for the calculation of the affordable housing proportion to be in terms of habitable rooms or floorspace. The affordable housing provision (on-site or off-site) or any financial contribution should be calculated in relation to gross rather than net development i.e. it should be based on the total number of units proposed in the final development. Calculations, including determining the level of financial contributions in lieu of affordable housing units, should always relate to the specific scheme which is the subject of the planning application and not a hypothetical alternative scheme.

**2.1.11** The tenure mix set out in Policy CP15 for affordable housing provided in the borough is 40% housing for social rent and 10% intermediate housing. This differs from the London Plan in requiring more rented accommodation, but was found to be a sound approach at the Council's Core Strategy Examination as it accords with the Council priorities and evidence base, and the Mayor's [Housing SPG](#) explicitly allows for such local targets.

**2.1.12** The current priority is for larger rented family units, and smaller one and two bedroom homes for intermediate housing. Applicants/agents/developers are advised to seek the views of the Council's Housing Development Manager to understand current requirements – with regard to tenure, unit size and the potential for any financial support from the Council's own resources.

**2.1.13** Since the preparation of the Core Strategy and Development Management Plan, an Affordable Rent funding model has been introduced, where rents can be up to a maximum of 80% of the gross market rent (including the service charge for that property, where applicable). This is now included within the definition of affordable housing in the NPPF and the London Plan. The Council's [Tenancy Strategy](#) (or any successor strategy) sets out the Council's position on Affordable Rent. See section 2.2 on Type of affordable housing for more details on Affordable Rent.

**2.1.14** Housing and planning policy officers should be involved in assessing on a site by site basis the

affordable housing mix on a site to ensure an appropriate mix will be delivered, including a suitable balance of intermediate housing to meet different levels of affordability, and having explored different funding sources prior to an application being submitted. It is proposed to consider rental levels for affordable units on a scheme by scheme basis, seeking to ensure affordability is maintained for future tenants and having regard to the impact of welfare reforms, for example the benefit cap. The Council offers formal pre-application advice, as set out in Section 3.0.

**2.1.15** Registered Providers: the Council does not work with any one Registered Provider; there are a number who have development status within the borough, although local management is a priority for the Council. The Council meet regularly with the Registered Providers and can provide contact details of development managers on request (see Further contacts section 4.0). To develop site proposals, particularly on larger schemes, the Council will expect all developers to ensure that they identify and get the Council's approval of a Registered Provider to support the delivery of affordable housing on site.

## 2.2 TYPE OF AFFORDABLE HOUSING

**2.2.1** Affordability is an important issue in the borough and the Council will therefore seek a balance of tenures (as defined in the NPPF and London Plan Revised Early Minor Alteration) to enhance choice:

**Social Rent:** owned by local authorities or private Registered Providers, for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the Council or with the GLA. The Council's priority is larger family homes for rent.

**Affordable Rent:** let by local authorities or private Registered Providers of social housing 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 (including service charges). The Council's priority is larger family homes for rent, see further details below with regard to the Council's position on Affordable Rent particularly on larger family homes.

**Intermediate:** homes available for sale or rent at a cost above social rent, but below market levels. These can include shared equity (shared ownership and equity

loans), other low cost homes for sale and intermediate rent, but not affordable rent. The Council's priority is for the majority to be smaller one and two bedroom homes for intermediate home ownership, although larger shared ownership homes may also be suitable on specific sites.

Housing provided on a shared ownership basis must be affordable to households on a low to moderate income. The current [Intermediate Housing Policy Statement](#) sets out the Council's position with regard to the prioritisation of applicants for intermediate housing and the income eligibility range for applicants to intermediate housing schemes in the borough. In response to the rising cost of intermediate housing in the borough, an upper cap of £64,000 household income will be permitted (£74,000 for families requiring 3 or more bedroom properties). Regard will be had to the periodic review of figures set out by the GLA. The Council would however expect that 2/3rds of scheme applicants have incomes under £42,000 and these households should be prioritised, and Registered Providers are expected to ensure that some units are affordable to those on lower incomes within this range at lower percentage shares (lower incomes considered at £19,000 upwards for working households). These limits will be reviewed and may be updated in any future Council policy statements on income levels and local priorities for intermediate housing. The Owner may also seek to the Council to adjust the income gap in respect of any specific disposal. The Council may review these caps in the light



of prevailing open market values. The Council will be developing a policy statement on marketing of shared ownership for Registered Providers during 2014/15, to help prioritise sale to local people and monitor the take up of units by local residents.

**2.2.2** All costs are taken into account when assessing the level of affordability. Affordability to tenants should not be compromised by potentially high service charges. It is therefore expected that service charges should be limited and in total housing related costs do not exceed 35% of net household income (i.e. after deductions).

**2.2.3** Homes that do not meet the above definition of affordable housing such as "low cost market housing, may not be considered as affordable housing for planning purposes.

**2.2.4** The Council has concerns over affordability, with an expensive private rented sector in many parts of the borough, that need to be addressed to support Affordable Rent, as set out in the current [Tenancy Strategy](#) and the supporting research. In many parts of the borough rent levels at 80% of market rent are not affordable to those in housing need who are on the Richmond Housing Register. It creates a particularly challenging position for larger three bedroom homes. The Council will consider rental levels on a scheme by scheme basis, paying particular attention to scheme rent levels in high market value areas. This will provide Registered Providers with the flexibility they need to fulfil their GLA housing contracts whilst ensuring that the product they deliver at a local level is affordable and relevant to the housing needs in the borough. The current Tenancy Strategy sets out guideline rents at paragraph 9.7, and Registered Providers complying with this approach are able to explore, with supporting viability evidence, the opportunities of working with the Council as an active partner to request funding from the Council to support new schemes where additionality can be demonstrated (see also paragraph 2.6.4).

**2.2.5** The NPPF and the London Plan set out that affordable housing should include provision for the home to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision. It may be necessary to ensure through a planning obligation or another legally binding document that the homes remain affordable to residents in the Borough or to require any disposal proceeds to be reinvested in-Borough.

## 2.3 SUPPORTED AND OTHER HOUSING PRIORITIES

**2.3.1** The Council is committed to ensuring the more vulnerable people of the borough are protected and other housing needs are also important priorities for the borough, such as supported housing options including for example extra-care housing providing independence and choice to adults with varying care needs. Development Management Plan Policy DMHO5 covers a more specific type of community needs housing and is not related to general affordable housing needs.

### Current housing priorities include:

- remodelling of older peoples sheltered accommodation to provide self contained units;
- extra care housing which in some cases can be created from remodelling existing sheltered accommodation;
- private sheltered and extra care accommodation (but this would be a lower priority than affordable housing);
- supporting increased housing options appropriate for people with learning disabilities;
- improving mental health move-on accommodation to provide greater choice in supported housing options;
- student accommodation to meet needs of institutions within the Borough (but this would be a lower priority than affordable housing).

**2.3.2** Any proposal would need to be considered on its own merits, based on available evidence at that time. In some cases, the specific needs of a particular client group may be prioritised above general needs affordable housing, while other types of accommodation would be a lower priority than affordable housing, in which case Policies CP15 and DMHO5 would be applied where appropriate to secure an appropriate contribution towards affordable housing. Schemes should be discussed at an early stage with housing and planning policy officers to ensure priority housing needs are addressed, in line with the Council's relevant housing strategies and research. If there is no evidential need arising within the Borough for a particular proposal, other priorities should be addressed.

**2.3.3** A key opportunity for the borough is provided by the [Construction Training Initiative \(CTI\)](#) which offers training for young people across London. This seeks to address worklessness, complementing college-based learning with practical site work experience with approved

contractors so trainees can complete a qualification. The programme has a considerable success rate securing employment for trainees and has been established for many years. The Council works closely to ensure that all RP development partners sign up to an annual agreement and work closely with CTI to maximise the potential of this exemplar scheme.

## 2.4 FORMER EMPLOYMENT SITES

**2.4.1** If a site was formerly in employment use then the requirements of Policies CP19 and DMEM2 need to be addressed first, before housing is considered - to support a strong sustainable economy, sufficient well-located employment land should be retained or redeveloped to meet modern business needs. The Council seeks to protect employment floorspace and does not wish to encourage the change of use of employment sites to potentially higher value residential uses. This approach is considered to be in accordance with the London Plan and the NPPF, based on strong economic reasons<sup>2</sup>. Full information will need to be provided for the Council to consider that the retention of a site for employment use is not practicable and proposals for alternative generating uses are also not appropriate following marketing. Annex C to this SPD provides a proforma to demonstrate sufficient and appropriate marketing evidence.

<sup>2</sup>Richmond Employment Site and Premises Report [http://www.richmond.gov.uk/final\\_report\\_march\\_2013.pdf](http://www.richmond.gov.uk/final_report_march_2013.pdf)

**2.4.2** In those exceptional circumstances where the Council agrees a change of use, any residential replacing a loss of employment floorspace is required to increase affordable housing above the normal policy requirements set out in Policy CP15. The lower existing use value of employment land means that it is recognised affordable housing may be viable on these sites, which as a public benefit could compensate for the loss of employment. This approach seeks to obtain the greatest reasonable amount of affordable housing from redevelopment on the site, subject to a formal appraisal of financial viability. It is recognised that what is viable will vary on a site by site basis. Therefore, a financial viability assessment will be required, this must include consideration at an early stage of the resources available from all sources including Registered Providers, see also sections 2.6 and 2.7. The

financial viability will determine the maximum reasonable affordable housing contribution.

**2.4.3** The preference remains for on-site provision. Often these are small sites, and particularly if a conversion is proposed, the Council recognises it can be difficult to meet policy requirements on tenure and mix or constraints in complying with London Housing Design Guide standards. The Council is keen to be involved in discussions, and with Registered Providers, to find the right proposal for a scheme to reflect site constraints and the location. A contribution to off-site affordable housing provision would only be considered acceptable to the Council if there is evidence from a number of Registered Providers with full and proper reasons for the unsuitability of on-site provision, having properly explored alternative options and funding opportunities. See section 2.8 for further details on the approach to calculating an off-site contribution.

## 2.5 DESIGN

**2.5.1** The Council encourages the early involvement of Registered Providers in site discussions when there is still an opportunity to influence the design of a scheme.

**2.5.2** Affordable housing should be designed to the same high quality and sustainability standards as private housing. On mixed tenure schemes, the affordable housing must be of the same style and materials so as to appear visually consistent and

indistinguishable from the private housing. Policy requirements are set out in the Council's Local Plan, including Development Management Plan Policy DMDC1 and the [Residential Development Standards SPD](#). As with private housing, all homes should be to Lifetime Homes Standards and 10% of all new housing should be to wheelchair standards. In some cases, GLA funding requirements may drive towards higher design and sustainability standards. The [London Housing Design Guide](#) also sets out guidance towards improving the quality of all housing and compliance is a current requirement for new affordable housing. For the most effective management of affordable units by Registered Providers, the Council encourages affordable units on larger schemes should be clustered together e.g. specified floors or blocks. For the same reason, it is preferable for shared ownership to be separated from rented units - separate access or even just a door in the corridor would assist. This clustering within a scheme should not be to the detriment of the wider creation of inclusive and mixed communities for example by designing the scheme to prevent access to communal amenity space.

**2.5.3** Any proposal suggesting a differentiation from the Council's car parking standards to reflect anticipated lower car ownership levels in future occupants of affordable homes would need to be accompanied by recent and comparable evidence. The Council may seek the removal of resident permits in CPZ's when they are oversubscribed and membership of car clubs for any new units, see Development Management Plan Policy



DMTP8 for more details on policy requirements related to parking.

## 2.6 FUNDING

**2.6.1** The Council is aware that within the current affordable housing funding regime funding sources are limited, however over time funding regimes may alter. The Council is keen to work with Registered Providers and the GLA to explore funding opportunities and ensure the maximum affordable housing can be delivered. The priority is to work with Registered Providers who are willing to use their available funding to provide affordable housing that meets the Council's stated approach to affordable rent levels and intermediate housing affordability. This SPD is written to reflect the present situation.

**2.6.2** Only in specific limited cases will affordable housing on sites secured through a S106 agreement attract funding from the GLA. Their framework states that they are expecting s106 schemes can be delivered at nil grant input. However, particularly to reflect the London situation, there may be flexibility to negotiate if additional affordable housing can be secured and the Council is keen to prioritise meeting local needs – affordable housing will be more valuable if it is of the right type and in the right location, particularly if sites are providing additional affordable housing and in line with the Council's priorities (as described in section 2.2 - set out in the Council's [Housing Strategy 2013-17](#) and in line with the current [Tenancy Strategy](#)).

**2.6.3** The Mayor's Housing Covenant 2015-18 also wants Registered Providers to provide units for market sale as a means of providing cross subsidy to support delivery of affordable housing. The Council will support bids that use cross subsidy, such as outright private sale but will require justification for any private market units that are required to cross subsidise provision of affordable rented units and/or to reduce affordable rent levels. However, this should not be at the expense of the number of affordable housing units if top up funding is available from the Council's Housing Capital Programme.

**2.6.4** The Council funds a Housing Capital Programme to support the development of affordable housing to meet the needs of Borough residents. Capital resources for this programme come from a variety of sources including Council funding and financial contributions to the Affordable Housing Fund.



Support from this funding may be available to help ensure schemes remain viable, particularly to ensure that larger family rented units remain affordable. In determining which schemes should be funded by the Council, the priorities are to meet key objectives in the Council's plans and strategies, which focus on increasing the supply of new permanent affordable housing and releasing existing under-occupied housing, taking into account value for money, deliverability of individual schemes and the implications of cross-borough working arrangements. The Council's [AMR](#) will include a summary of capital spend each year.

## 2.7 ASSESSING FINANCIAL VIABILITY

**2.7.1** To inform the preparation of the Core Strategy and the Development Management Plan, [research](#) was undertaken on the impact of policy requirements to ensure that they are reasonable in terms of financial viability. The Core Strategy and Development Management Plan set out that where viability is an issue in providing affordable housing, the onus will be on developers to produce a financial assessment showing the maximum amount that could be reasonably achieved. There needs to be full consultation with Registered Providers in this process. In considering proposals or financial contributions, the Council will have regard to:

- economic viability;
- individual site costs; (See Annex B for Schedule of Data Sources)
- the availability of public subsidy; and
- the overall mix of uses and other planning benefits.

**2.7.2** The [GLA's Affordable Housing Development Control Toolkit](#) or a similar model should be used in presenting the viability of a scheme involving affordable housing. For the purposes of consistency and comparison the Council will use the GLA Toolkit in making assessment of all viability submissions. Individual site circumstances might need to take into account additional costs such as land de-contamination or restoring a listed building, but these are expected to be as exceptions not the rule.

**2.7.3** Policy 3.12 of the Revised Early Minor Alterations to the London Plan and the Mayor's Londonwide [Housing supplementary planning guidance](#) (November 2012) on affordable housing require developers to enter into early negotiation with Registered Providers prior to submitting a planning application.

**2.7.4** The current [Planning Obligations Strategy](#) clarifies the Council's approach, policies and procedures in respect of planning obligations. Ensuring new development is supported by adequate infrastructure is an important priority. There is a calculator which can be used to input the relevant information and establish the contributions required. It should be noted that in relation to schemes comprising both private and affordable housing the contribution towards school places is reduced for the affordable housing element because families are already likely to be in education within the Borough. Reflecting viability considerations 100% affordable housing schemes of less than 10 units are exempt from a requirement to make financial contributions, provided they comply with Council policy and provide 100% nomination rights to the Council. In cases where it is demonstrated through a viability study that it will not be possible to meet all contributions requirements the level of contributions towards affordable housing will need to be assessed on a site by site basis taking into account the need for other mitigation measures. The Planning Obligations Strategy will change when a borough CIL is brought into effect, see paragraph 2.7.9.

**2.7.5** Applicants/agents/developers will be required to pay for viability assessments and any cost

of the Council's independent assessment, as set out in paragraph 5.1.44 of the Development Management Plan. Full disclosure of financial information should be expected alongside arrangements to validate assumptions used, if necessary by an independent expert. It is common practice for developers to fund the cost of independent validation. An independent assessment route greatly helps to build confidence for the Council that the stance being taken is reasonable where an exception to policy is being considered, and would assist the developer/applicant to address a key area of potential contention. While such assessments are carried out at the expense of the applicant, the decision of which agencies are appropriate to undertake the work remains with the Council. If the Council has to undertake independent assessment on viability that should have been submitted with an application i.e. calculating off-site contributions from small sites or to review additional information in response to an independent assessment, then additional fees may be charged.

**2.7.6** To take account of economic uncertainties, it may be appropriate to consider whether to put in place provisions for re-appraising the viability of schemes prior to implementation. In respect of schemes presently anticipated to deliver low levels of affordable housing, these provisions would allow for a future review to take account of the market values of the site when completed, which could result in a higher affordable housing contribution. This may be referred to as overage or clawback. As set out in paragraph 2.7.5, applicants/agents/developers will be expected to pay for future reassessments of viability and any cost of independent verification.

**2.7.7** The [Community Infrastructure Levy \(CIL\)](#) is a new levy which once adopted local authorities can choose to charge on new developments in their area. The Government has decided that this tariff-based approach provides the best framework to fund new infrastructure and is fairer, faster and more certain and transparent than the system of planning obligations which causes delay as a result of lengthy negotiations. Levy rates will be set in consultation with local communities and developers and will provide developers with much more certainty 'up front' about how much money they will be expected to contribute. CIL Regulations currently specifically exclude the use of CIL to fund affordable housing.



**2.7.8** The Mayor introduced a [Londonwide CIL](#) to raise funding towards the delivery of Crossrail. The borough is in the highest band which is currently £50 per sq.m. provided its floorspace is larger than 100sq.m. or a new dwelling is created (see [further guidance](#) explaining calculations and process). The Mayoral levy is chargeable on the date that a chargeable development is commenced in accordance with the terms of the relevant planning permission. The level of the charge is subject to regular review by the Mayor. Exemptions from the levy include when the development is to be used for charitable purposes or social housing, and the Mayor has set a nil charge for developments providing educational, medical or health services. It has been payable on CIL liable developments from 1 April 2012. This will need to be taken into account in viability assessments.

**2.7.9** The Council is preparing a CIL at the borough level, currently anticipated to come into effect from 1 September 2014, but until then the [Planning Obligations Strategy](#) continues to apply. From April 2015, Section 106 agreements will only be able to be applied to affordable housing, some “in kind” infrastructure (e.g. transfer of land or buildings) and financial contributions in exceptional cases where there are still site-specific development mitigation requirements

necessary to make a particular development acceptable in planning terms that will not otherwise be funded through CIL. A [draft Planning Obligations Strategy](#) was consulted upon in summer 2013, to clarify and demonstrate how planning obligations will be scaled back and managed in relation to Richmond’s CIL. As the policy requirements for affordable housing contributions have been taken into account in setting the borough CIL, both payments will be expected when CIL is introduced, subject to the viability consideration in relation to individual sites as set out above.

## **2.8 CALCULATING OFF-SITE CONTRIBUTIONS FROM SMALL SITES**

**2.8.1** In the context of Richmond small sites make a significant contribution to housing supply and the cumulative impact of these sites should contribute to affordable housing provision. Policy CP15 states that on sites below the threshold of ‘capable of ten or more units gross’, a financial contribution to the Affordable Housing Fund will be sought on sites involving new housing.

**2.8.2** The Council commissioned a [study](#) into the viability of development proposals on small sites

which was undertaken in 2010, to look in more detail at sub threshold sites. The report found that in normal market conditions, many small sites would be able to deliver an affordable housing commuted payment, although recognised viability is highly sensitive to many factors. It concluded that in many cases, small residential sites in the borough will, from a purely financial perspective, be capable of delivering some level of commuted payment towards the provision of off-site affordable housing. In principle and in the right financial circumstances, it may be possible to justify a fixed commuted payment per unit, but it recognised that standardising a formula for such payments is particularly difficult, not least because individual site circumstances, especially on small sites, often involve exceptional situations. The report recommended a case by case approach to encourage new residential development with affordable housing appropriate to the particular circumstances.

**2.8.3** Development Management Plan Policy DMHO6 sets out that on sites capable of less than 10 units gross, a financial contribution to the Affordable Housing Fund commensurate with the scale of development will be required. For new build development (where there is no loss of former employment floorspace) this is:

No of new build units	% of Affordable Housing	No of AH Homes
9 units	45%	4.05
8 units	40%	3.20
7 units	35%	2.45
6 units	30%	1.8
5 units	25%	1.25
4 units	20%	0.8
3 units	15%	0.45
2 units	10%	0.20
1 unit	5%	0.05

**2.8.4** The Council acknowledges that conversion schemes are different to new build development sites because development costs can be higher. However, conversions of existing housing can provide an important source of new housing. Therefore, given the priority afforded affordable housing provision in Richmond some form of contribution towards affordable housing will be expected from all housing sites, including conversions (whether or not in existing housing

use), as set out in Policy **CP15 B**. Having regard to the difference between new-build and conversion schemes the contribution will be calculated differently.

**2.8.5** The Council will have regard to economic viability, individual site characteristics, the overall mix of uses and other planning benefits. However, as set out in Policy **DM HO6** the Council “will seek the maximum reasonable amount of affordable housing on private residential and mixed use schemes having regard to the strategic borough-wide target”. The Council will adopt a similar approach to assessing the contributions for new-build developments, adjusted to acknowledge the difference between new-build and conversion schemes. This applies to conversions and reversions where there is no loss of former employment floorspace. A financial contribution to the Affordable Housing Fund commensurate with the scale of the development will be required as set out in the following table:

No of converted units	% of Affordable Housing	No of AH Homes
9 units	36%	3.24
8 units	32%	2.56
7 units	28%	1.96
6 units	24%	1.44
5 units	20%	1.00
4 units	16%	0.64
3 units	12%	0.36
2 units	8%	0.16
1 unit	4%	0.04

**2.8.6** Where, in exceptional circumstances, the Council agrees a change of use for former employment sites for residential use, the affordable housing requirement will be increased above the normal policy requirements as set out in Policies **CP19** and **DMEM2**. However, the Council recognised that for small sites where listed buildings (Grade I, Grade II\*, Grade II) are subject to conversion from employment to residential, as an exception the contribution sought will be discounted to the normal % set out above. Otherwise for all other former employment sites, where sites are capable of less than 10 units gross, by conversion or redevelopment, and it has already been agreed by the Council that on-site affordable housing is not suitable as set out in section 2.4, a financial contribution to the

Affordable Housing Fund commensurate with the scale of the development will therefore be required at the level set out in the following table:

No of units replacing employment floorspace	% of Affordable Housing	No of AH Homes
9 units	90%	8.1
8 units	80%	6.4
7 units	70%	4.9
6 units	60%	3.6
5 units	50%	2.5
4 units	40%	1.6
3 units	30%	0.9
2 units	20%	0.4
1 unit	10%	0.1

**2.8.7** Policy DMHO6 set out a methodology to calculate the level of the contribution based on the difference between the gross development value of the whole scheme as a market scheme and the equivalent as an affordable housing scheme. It is recognised that the affordable housing funding



regime has changed considerably since the methodology was originally put forward. In light of anticipated continuing scarcity of GLA funding, the SPD sets out an approach which is based on net development cost to identify the contribution that a developer would have put in to provide the relevant proportion of affordable housing.

**2.8.8** Annex A is a spreadsheet for calculating the affordable housing contribution, accompanied by guidance notes including a description of the inputs to the viability appraisal and typical information sources which confirms what the Council requires from an agent/applicant/developer. Whilst the circumstances of an individual site may vary, these will be used as a starting point or for an initial assessment to inform viability. The scheme that is the subject of the planning application will form the basis for this assessment not other hypothetical schemes. This Annex will be reviewed and updated as necessary. A Step by Step Guide to the Affordable Housing Commuted Sum Calculator has also been produced at Annex E. 5% of the contribution may be added for monitoring as set out in section 2.9.

**2.8.9** The amount reflects local values and takes account of other development costs, the focus is on achieving financial neutrality in terms of on or off-site provision; and contributions will only be spent on affordable housing that would be in addition to affordable housing that would be provided anyway.

**2.8.10** This cost should be factored into negotiations on land values in the borough. The Council will only consider reducing planning obligations if fully justified through a financial appraisal model. This will be the exception rather than the rule. The Council will expect this contribution towards affordable housing in addition to any other requirements set out in the Planning Obligations Strategy and CIL as outlined in section 2.7. If, due to viability, the Council will consider accepting a reduction in contributions, consideration will be on a case by case basis as to whether to prioritise funding for affordable housing or other priorities such as education and transport. As an alternative to financial contributions provision could be made on site.

**2.8.11** The number of units proposed is related to gross rather than net development i.e. the total number of units proposed in the final development.

Conversions are recognised as different because development costs can be higher than with new build. However, this will vary with site specific circumstances. The Council would normally expect conversions to contribute towards affordable housing, and as with any exceptional costs will consider evidence put forward on viability.

**2.8.12** The same methodology can be used for calculating off-site contributions from larger sites, if the Council agrees as an exception that an off-site contribution is appropriate and this is a suitable methodology. In these circumstances there would be no multiplier to reduce the scale of the contribution and on larger former employment sites this would be above the normal policy requirements.

## 2.9 LEGAL AGREEMENTS

**2.9.1** Matters agreed through negotiation, including any specified financial contribution, would normally be secured via conditions or a legal agreement (S106 Agreement or [Unilateral Undertaking](#)). A legal agreement would normally cover the following issues:

- Location of the affordable units on the site
- Number, tenure and size of the affordable housing units
- Details of phasing of provision of affordable housing units, particularly on larger schemes or those with a mix of private and affordable housing, or mixed use schemes, to ensure affordable housing units are completed within a reasonable timeframe
- Any standards which the affordable housing must meet, such as related to sustainability
- Terms covering nomination rights and rent levels
- Affordability thresholds within the definition of affordable housing setting out the appropriate income ranges
- Terms to ensure affordable homes remain affordable or for any disposal proceeds to be reinvested in affordable housing
- Mechanisms to index link contributions (e.g. to the BCIS All-in Tender Price Index (covering all building work)) / provisions for re-appraising the viability of schemes prior to implementation (contingent obligations)

**2.9.2** It may cover any other site specific requirements. In any legal agreement attached to large residential sites there will often be an obligation for the developer to provide a construction and skills training scheme for that particular development.



**2.9.3** Applicants/agents/developers will be expected to be responsible for their own and the Council's legal costs associated with drawing up planning obligations.

**2.9.4** Where obligations require compliance checks, monitoring, project management and implementation through the Council and its service areas, then an appropriate project management cost not exceeding 5% (2% compliance and monitoring; 3% project management and implementation work) may be taken in addition to any standard fees incurred in implementation e.g. legal, design and supervision costs, but no less than an index linked cost of £500 in any case. The project management cost will be reduced or waived if it can be shown that the monitoring and implementation costs are likely to be significantly less.

**2.9.5** Planning obligations can be renegotiated at any point, where the local planning authority and developer wish to do so, according to the NPPG. The national planning process makes provision for reviewing planning obligations based on economic viability, see section 2.7, including the evidence that is required.

# 3. CHECKLIST FOR DEVELOPMENT MANAGEMENT PROCESS

**3.0.1** Discussions with the Council and Registered Providers should occur early in the planning process, based on comprehensive information on proposals, to ensure affordable housing contributions reflect the scale and nature of the scheme proposed and fully address policy requirements. The Council encourages the involvement of Registered Providers with housing stock and a management presence in the Borough, as set out at paragraph 2.1.15. The Housing Development Manager will advise of suitable Registered Providers in each case, see also section 4. Please note these suggestions relate only to the negotiation of affordable housing, and do not reflect all the Council's policy requirements which are set out in other policies and guidance.

## 3.1 PRE-APPLICATION

**3.1.1** Planning policy and housing policy officers may be able to advise on general issues and policy requirements see contact details set out in section 4. The Council encourages the early involvement of housing and planning policy officers, and input from Registered Providers, in site discussions, when there is still an opportunity to influence the design of a scheme and consider funding options to support a development.

**3.1.2** The Council offers a formal process providing [pre-application advice for potential applicants](#), for which a fee is payable. Detailed advice is provided to applicants and their agents on key issues, which can include affordable housing policy requirements. There are categories of development or advice liable for different fees, from large scale developments for the provision of 50 dwellings and above, to concept meetings.

**3.1.3** As full a breakdown of any affordable housing contribution (numbers, tenure split, unit size, location etc) should be provided to outline how policy requirements will be addressed and relevant standards addressed. Where on-site provision is required to be fully explored, an applicant/agent should discuss a potential scheme with Registered Providers and provide evidence of any discussions, including how comments raised have been addressed; funding options explored, and be

able to demonstrate that the proposal is in line with the Council's affordable housing priorities set out in section 2. This will expedite the planning process.

## 3.2 APPLICATION

**3.2.1** An application must demonstrate how affordable housing contributions have been maximised, addressing policy requirements as set out in the Flowchart in section 2.1. As set out in the [validation checklist](#) for local requirements, affordable housing is required to be addressed in all applications for new development or changes of use for wholly residential and mixed use sites incorporating residential use. There is no set format. The absence of the relevant affordable housing and/or viability information with a submitted application may lead to an avoidable refusal.

**3.2.2** On large schemes, it must be clear (either by a schedule and/or on plans) for the proposed breakdown of affordable housing to be identifiable. As set out in paragraph 3.1.3, there should be evidence of discussions with Registered Providers, including how comments raised have been addressed, funding options explored, and how the proposal accords with the Council's affordable housing priorities.

**3.2.3** If the proposal involves land that was formerly in employment use, full information will need to be provided for the Council to consider that the retention of a site for employment use is not practicable and proposals for alternative generating uses are also not appropriate following marketing, and it is advisable that the pro-forma to demonstrate sufficient and appropriate marketing evidence is submitted (Annex C). The requirements to explore on-site provision as set out in paragraph 3.1.3 would need to be evidenced.

**3.2.4** An applicant/agent/developer must be prepared to submit a viability assessment as necessary and, if required, contribute to any cost of appraisal by independent assessor. Annex B contains the viability information required, and the sources of that data.

**3.2.5** For sites of less than 10 units a commuted sum for the off-site provision of Affordable Housing, should be calculated using the pro-forma attached at Annex A. (See Guidance Notes within Annex A and the Step by Step Guide to the Affordable Housing Commuted Sum Calculator at Annex E)

**3.2.6** An applicant/agent/developer should indicate their willingness to enter into a legal agreement.

## 4. FURTHER CONTACTS

### London Borough of Richmond upon Thames: Planning Policy

[http://www.richmond.gov.uk/planning\\_policy.htm](http://www.richmond.gov.uk/planning_policy.htm)  
Joanne Capper, Environmental Policy and Plans  
Co-ordinator

- Telephone: 020 8891 7321
- Email: [joanne.capper@richmond.gov.uk](mailto:joanne.capper@richmond.gov.uk)

### Housing Policy

[http://www.richmond.gov.uk/home/housing/housing\\_policy.htm](http://www.richmond.gov.uk/home/housing/housing_policy.htm)

Paul Bradbury, Housing Development Manager

- Telephone: 020 8891 7446
- Email: [paul.bradbury@richmond.gov.uk](mailto:paul.bradbury@richmond.gov.uk)

### Development Control

<http://www.richmond.gov.uk/planning.htm>

General enquiries (for pre-application or application discussions)

- Telephone: 0845 612 2660
- Email: [planning@richmond.gov.uk](mailto:planning@richmond.gov.uk)

All postal inquiries to Civic Centre, 44 York Street,  
Twickenham, TW1 3BZ.

### Registered Providers:

Those presently developing in the borough which have a strong local management presence are listed in order of stock held in the Borough:

- Richmond Housing Partnership
- Paragon Community Housing Group (Richmond Churches Housing Trust)
- London and Quadrant Housing Trust
- Thames Valley Housing Association
- Notting Hill Housing Trust
- Network Housing Group

Other specialist Registered Providers (e.g. for supported housing) can be provided on request. There is a full list of those presently working in the borough (including some RPs that do not own stock in the borough but manage particular schemes or properties on the behalf of other RPs) on the Council's website: [http://www.richmond.gov.uk/registered\\_social\\_landlords.htm](http://www.richmond.gov.uk/registered_social_landlords.htm)

Contact details for developing RPs, and advice on which may be suited for the type of development proposed, can be provided by the Council contacts set out above.

If you need this document in Braille, large print, audio tape, or another language, please contact us on 020 88917322 or minicom 020 8831 6001

Civic Centre, 44 York Street  
Twickenham TW1 3BZ  
[www.richmond.gov.uk](http://www.richmond.gov.uk)

اگر در فهمیدن این نشریه مشکلی دارید لطفاً به مین پذیرش در آدرس قید شده در زیر مراجعه نمایید تا ترتیب ترجمه تلفنی برایتان فراهم آورده شود:

### Farsi

إذا كانت لديك صعوبة في فهم هذا المنشور، فنرجو زيارة الإستقبال في العنوان المعطى أدناه حيث بإمكاننا أن نرتب لخدمة ترجمة شفوية هاتفية.

### Arabic

ਜੇਕਰ ਤੁਹਾਨੂੰ ਇਸ ਪਰਚੇ ਨੂੰ ਸਮਝਣ ਵਿਚ ਮੁਸ਼ਕਲ ਪੇਸ਼ ਆਉਂਦੀ ਹੈ ਤਾਂ ਹੇਠਾਂ ਦਿੱਤੇ ਗਏ ਪਤੇ ਉੱਪਰ ਰਿਸੈਪਸ਼ਨ 'ਤੇ ਆਓ ਜਿੱਥੇ ਅਸੀਂ ਟੈਲੀਫੋਨ ਤੇ ਗੱਲਬਾਤ ਕਰਨ ਲਈ ਇੰਟਰਪ੍ਰਿਟਰ ਦਾ ਪ੍ਰਬੰਧ ਕਰ ਸਕਦੇ ਹਾਂ।

### Punjabi

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