

London Borough of Richmond upon Thames  
Unitary Development Plan First Review

Supplementary Planning Guidance  
**Affordable Housing**

Approved by Cabinet 25<sup>th</sup> February 2003  
following public consultation

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## **Supplementary Planning Guidance: Affordable Housing**

### **1 Introduction**

1.1 Supplementary Planning Guidance is non-statutory guidance which supplements a particular aspect of policy in a Unitary Development Plan (UDP). It sets out how the Council expects the provisions of that Plan to be implemented. It is recognised in government guidance, PPG 12 Development Plans and Regional Planning Guidance, as a means of providing information and clarity for those preparing planning proposals and provides a lead in negotiations. While it does not have the status of UDP policies, it is a material consideration to be taken into account in determining planning applications. PPG 12 states that the weight accorded to supplementary planning guidance will increase if it has been prepared in consultation with the public and has been the subject of Council resolution. While the provisions of a UDP are designed for the long term, their detailed implementation is better set out in supplementary planning guidance, which is more readily altered, and is therefore able to respond more quickly to changes in regional guidance and in government guidance and fiscal arrangements.

### **2 Supplementary planning guidance on affordable housing**

2.1 This guidance concerns affordable housing, and is being prepared alongside further modifications to the London Borough of Richmond upon Thames Unitary Development Plan (UDP) First Review. It should be read in conjunction with the following documents, all of which are available from the Council:

- UDP First Review, which has been through public inquiry, and, together with a set of proposed modifications, was approved by Full Council for development control purposes in November 2001. On 30 September 2002 a revised approach to affordable housing policies was approved by Full Council for development control purposes. Further modifications to the UDP Review are currently going through the Plan process. Of particular relevance are Policies STG1, STG6, HSG6, EMP4, CCE3, CCE5 and CCE15.
- the Council's Housing Strategy for 2002 - 2006 approved by Full Council on 30 September 2002, and any successor documents
- assessments of Housing Needs, found in:
  - a) Housing Needs Survey Report by Fordham Research, March 2000, and
  - b) the supplement to the Council's Core Proof on affordable housing prepared for the UDP First Review public inquiry in May 2000, updated by
  - c) the Council's current Housing Strategy and Housing Investment Programme (HIP) submission to central government.

### **3 National and Regional policy**

- 3.1 National planning policy on affordable housing is largely set out in Circ 6/98 Planning and Affordable Housing, and Planning Policy Guidance Note 3: Housing (PPG 3), revised in March 2000. These make clear that 'a community's need for affordable housing is a material consideration which may properly be taken into account in formulating development plan policies and deciding planning applications.' (Circ 6/98 para 1, re-iterated in PPG 3 para 14). Both documents also state that 'where a local planning authority has decided, ... that an element of affordable housing should be provided in development of a site, there is a presumption that such housing should be provided as part of the proposed development of the site. Failure to apply this policy could justify the refusal of planning permission.' (PPG 3 para 17 and Circ 6/98 para 22). The more detailed guidance is contained in the Circular.
- 3.2 Other elements of government policy are linked. In PPG 1 General Policy and Principles, Feb 1997 a key policy objective for housing is 'to provide a mixture and range of types of housing to meet the increasingly varied types of housing requirements, including the need for affordable housing.' In 'Quality and Choice: a decent home for all - Housing Policy in England' (Dec. 2000), the government states its intentions to ensure that local authorities link housing and planning policies, and mix tenures to create sustainable communities. This reinforces the statements in Circ 6/98 and PPG 3 concerning social exclusion and the need for mixed and balanced communities.
- 3.3 Affordable housing policy is also covered by RPG 9 Regional Planning Guidance for the South-East, and RPG 3 Regional Planning Guidance for London, May 1996. The latter will be superseded by The London Plan, which the Mayor of London published in draft form for public consultation in June 2002. It is time-tabled for adoption by the end of 2003. The draft London Plan emphasises the need for affordable housing and proposes that 50% of new dwellings be affordable, with a split between 35% social rented housing and 15% 'intermediate housing'. The Plan does not set site thresholds for affordable housing provision.

### **4 Definition of affordable housing**

- 4.1 According to the broad definition used for the purposes of the nation-wide Circ 6/98, affordable housing 'encompasses both low-cost market and subsidised housing that will be available to people who cannot afford to rent or buy houses generally available on the open market.' (para. 4). RPG 3 Strategic Planning Guidance for London May 1996 stated that boroughs should assess their need for affordable housing within that definition, and recognised that affordable housing might only realistically be achieved through subsidised housing (para 4.19). The more recent guidance contained in revised PPG3 states that 'local plan policies should define what the authority considers to be affordable in the local plan area in terms of the relationship between local income levels and house prices or rents for different types of households.' (para 15). In the draft London Plan affordable housing comprises social housing, intermediate housing and, in some areas, low cost market housing.
- 4.2 The broad definition in the UDP is 'Housing which meets, and will continue to meet, the needs of people who are otherwise unable to enter the housing market.' This definition is expanded upon in the UDP First Review para 8.30 and set out in greater detail in section 6 on 'Priorities' below.

## **5 Need for affordable housing in the Borough**

- 5.1 Two assessments of need were submitted to the public inquiry into the UDP First Review. The assessment by Fordham Research was based on the findings of a survey conducted in Feb/March 2000. It found that a) the level of need for affordable housing was so great that it exceeded the amount to be built to meet the strategic dwelling requirement, and b) few of those in housing need could afford shared ownership.
- 5.2 The other assessment of need was a desk study by the Council's Housing Department based on a variety of data sources, such as the Richmond Housing Register, HIP statistics, local house price information. Amongst other things, this assessment showed that in 1998/9 the number of households accepted as homeless exceeded the number of lettings available. Homelessness is only one element of need. In the year ending 31<sup>st</sup> March 2002, the Council accepted 399 households as statutorily homeless and 464 such households were in temporary accommodation at the end of that year. In addition, there were 3763 households registered on the Richmond Common Register as at that time. However the number of lettings and nominations to permanent affordable housing made by the Council for that year was 330, a continuing fall of 34% on the previous year. This is in keeping with London-wide trends of very low turnover in the social housing stock.
- 5.3 The conclusion from both these assessments is that the amount of affordable housing needed is so great that it not only outstrips the opportunities provided by the existing stock of affordable housing, but it also exceeds the Borough's estimated total capacity for additional housing provision to 2016. Circular 6/98 Planning and Affordable Housing recognises that this situation will arise in some areas of the country (para 13). The Inspector into the UDP First Review Inquiry accepted that the level of need justified the policies for affordable housing proposed in that Plan.

## **6 Priorities**

- 6.1 Given that the need for affordable housing cannot realistically be met during the Plan period, it is important to establish priorities. To qualify for affordable housing in the Borough, a household must be accepted onto the Richmond Housing Register, for which there are eligibility criteria. The Register includes homeless households and households already in social housing who need to move. Households interested solely in shared ownership accommodation must also apply for inclusion on the Register. The Register is held commonly to the Council and their RSL partners. Households on the Register have their needs prioritised according to a points system, and can, if they wish, be considered for the tenure of accommodation they can afford - rented or shared ownership.
- 6.2 On the supply side, the stock available for affordable housing in the Borough is in the hands of Registered Social Landlords (RSLs), since the Local Authority's housing stock was transferred in July 2000. As a result of three factors - the nature of the housing stock available, the priorities identified through the Richmond Housing Register, and the amount available to households on the Register to spend on housing - the major priority is family housing for rent. These factors, and the resultant priority for family housing for rent, are common to most, if not all, London authorities. There is also increasing concern to provide for key workers in London.

- 6.3 Section 9 below sets out how these needs priorities should be translated into development priorities. Low Cost Home Ownership schemes, (i.e. low cost market housing built without public subsidy) which are feasible alternatives in some areas of the country, have never been affordable in this Borough, nor are they affordable in the long-term.

## **7 Sites on which affordable housing will be sought**

- 7.1 While affordable housing is encouraged on any site suitable for residential development, it is expected:

- on sites which comply with the threshold in UDP First Review Policy HSG 6
- on proposal sites as specified in the UDP First Review
- on sites where a change of use to housing is permitted as an exception to policy, following a 'sequential test' for alternative uses. In such cases, the housing would generally take the form of permanently affordable housing

- 7.2 In assessing whether a site complies with the threshold, the Council will take into account the provisions of Policy HSG 11 regarding density and the mix of unit sizes, and in particular HSG 11 (B), which promotes the provision of 1-bed units in private sector housing. The policy anticipates that the proportion of 1-bed units will be at least a quarter, rising to 'the majority' in town centre and other suitable locations. (It should be noted that 1-bed units are not generally sought for affordable housing for rent, where the emphasis is on family accommodation).

- 7.3 Attention is drawn to the text of Policy HSG 6 which guards against attempts to circumvent the threshold, through, say, the accumulation of sites, or the addition of units through supplementary planning applications, or a subsequent application on an adjoining site or through a mixed use scheme.

- 7.4 The Council encourages sheltered housing for older people with on-site warden assistance in the private sector. Such schemes invariably exceed 10 units and would thus be affected by the affordable housing policy. However, additional sheltered housing units are not a priority for affordable housing, and the provision of affordable housing in relation to such schemes would not be in the form of sheltered units. (See proposed modifications to Policy HSG 6 text and supplementary planning guidance Section 16 on On/off site provision below). Care homes and schemes involving a range or mix of care provision will be assessed on their merits.

- 7.5 The Council does not wish to encourage the change of use of employment sites to potentially higher value residential uses. In exceptional circumstances, where affordable housing is permitted as an exception under such policies as EMP4 or CCE5 or CCE15, the type and mix of the affordable housing will be the subject to this supplementary planning guidance.

## **8 The amount of affordable housing to be provided**

- 8.1 Some sites will involve 100% affordable housing; for example, a site brought forward by a RSL, or sites where the principle of a change of use from another land use has been established as an exception to policy.

- 8.2 On other sites, the amount to be provided will have been specified, for example on a UDP proposal site or in a site brief.

- 8.3 In the UDP First Review, as recommended to be modified by the Inspector, Policy HSG 6 states that 40% affordable housing should be provided over the Plan period. Given the relatively small number of sites owned by the Local Authority or RSLs, or otherwise available as an exception to other policies, the implication is that 40% is the minimum which should be provided on sites exceeding the threshold.
- 8.4 In line with the Policy, the primary measure of the amount of affordable housing will be a proportion of units. However, this proportion should be reflected in the floorspace provided. In relation to specific sites, it is expected that 40% of floorspace will be affordable housing of a type and mix considered appropriate by the Council.

## **9 Type and mix of affordable units**

- 9.1 Affordable housing should meet the Council's priorities set out in Policy HSG 6 of the UDP First Review and in the Housing Strategy. Applicants are encouraged to discuss with Council officers the detailed mix and type of affordable housing appropriate to a site before plans are drawn up, as these matters will almost invariably affect the design and detail of schemes.
- 9.2 While social rented housing remains the only option for the great majority of households needing affordable housing, there is a concern to provide for those whose needs may be met through key worker and shared ownership housing. Such accommodation should be genuinely affordable to those needing it. The Council considers that 40% affordable housing should be sub-divided between 30% social rented housing for families and 10% for key workers and shared ownership. Expressed another way, this means that of the 40% affordable housing, 75% would be social rented housing and 25% key worker and shared ownership housing.
- 9.3 Affordable housing for rent should be predominantly in the form of 2-bed 4-person rented housing. On certain sites, it may be permissible to provide a few 1-bed units for rent suitable for older people moving under the sponsored moves scheme, thereby freeing up family housing for re-letting. On some sites, a few larger 3-bed and 4-bed family units may be appropriate. Since affordable rented housing is expected to be occupied by families, priority will be given to houses rather than flats. On sites with too few affordable housing units to allow for a mix of unit sizes, priority will be given to two-bed units for rent. (It should be noted that these priorities for affordable rented housing are in contrast to the priority in private sector housing, which is for 1-bed units to accommodate the expected increase in 1-person households. (UDP Policy HSG 11 B refers)).
- 9.4 Affordable housing for shared ownership should take the form of 1-bed units, with the over-riding emphasis on affordability (see Section 10 below).
- 9.5 In some circumstances the Council may consider whether the site is suitable for the provision of supported housing. Affordable sheltered housing is not a priority, however.
- 9.6 The layout and design of affordable housing should comply with UDP design policies and the Borough's scheme-work design standards and Housing Corporation requirements, and involve the partner RSL at an early stage. On mixed tenure sites, the affordable housing should be visually integrated with the

rest of the site. Attention is drawn to the Council's UDP First Review policy for wheelchair housing (HSG8) whereby on developments of 10 or more units, 10% of all housing units should be designed for, or capable of easy adaptation to, wheelchair housing. This is applicable to housing units of all tenures, and is separate from the requirements of Part M of the Building Regulations.

## **10 Affordability**

10.1 The Local Authority needs to ensure that affordable housing, whether for rent or for shared ownership, is affordable in local terms, and meets the Authority's own priorities. Affordability will need to be demonstrated and clarified in the Sec 106 Agreement. To be affordable by those on low incomes, the rent should not exceed Housing Corporation requirements for rented accommodation. Expenditure on housing for households in shared ownership homes should not be greater than 30% of income after deductions and should be affordable to households with low to moderate incomes of up to £35,000 p.a. gross. All costs are taken into account when assessing the level of affordability. Affordability to tenants should not be compromised by potentially high service charges. Service charges should be limited to £250 per unit p.a. as at February 2002 prices, with any increases implemented in February and limited to the year-on-year percentage increase in RPIX for February of the relevant year.

## **11 Permanent affordable housing**

11.1 The principle of 'affordable housing in perpetuity' has long been recognised in government guidance (for example in Circ 6/98 para 16), but has to some extent been superseded by the principle of 'permanent affordable housing', the phrase used in UDP policy. This was largely because the inclusion of 'in perpetuity' clauses in legal agreements created problems for RSLs seeking funding. While the concept does not preclude the rights of eligible tenants under the Right to Acquire, it does put the focus on the provision of housing that remains affordable in the long term.

11.2 The right of occupants of shared ownership housing to staircase to full ownership means that the bricks and mortar of shared ownership housing is not affordable in perpetuity. The profits to a RSL from any eventual sale of shared ownership housing is normally put into the Recycled Capital Grants Fund for future use on affordable housing, though this is insufficient to provide a one-for-one replacement. Indeed, the financial allocation for shared ownership schemes is better spent, in value for money terms, on projects such as Do It Yourself Shared Ownership (DIYSO) or Homebuy.

11.3 Measures which assist housing to remain permanently affordable are:

- involvement of a RSL in the development and management of a scheme
- nominations agreement between the local authority and RSL
- Sec 106 Agreement, signed when planning permission is granted
- planning conditions (UDP policy allows for conditions which would restrict occupants to certain groups of people)
- the provision of rented accommodation, rather than shared ownership

- the lack of public subsidy in the initial housing provision, which may avoid the Right to Acquire.

## **12 Key worker housing**

12.1 'Key worker housing' was re-introduced with the Government's Starter Homes Initiative, although the government has not proposed a detailed definition of key workers. It is subject to a separate government allocation, both in terms of units and in terms of funding.

12.2 In the London Borough of Richmond-upon-Thames, key workers are regarded as those on low to moderate incomes who provide key services to the public, whether in the public or the private sector. They would include health service workers, postal workers, social workers, teachers, bus and coach drivers. (See also Glossary). Many key workers can only afford social rented accommodation in the Borough, while shared ownership housing will assist others, provided it is affordable. The Council's Key Worker Housing Strategy forms part of the corporate Housing Strategy.

## **13 Location of affordable housing on a site**

13.1 Government guidance promotes the development of 'mixed and balanced communities' (Circ 6/98 para 1 and PPG 3 para 10). There is no reason in principle why tenures should not be mixed on a site, especially since the proportion of affordable housing is to be reflected in floorspace as well as the number of units. However, 'pepper-potting' is not always possible, and may not be practicable. For example, it is sometimes easier to manage housing that is grouped together. Furthermore, some housing can entail high and open-ended service charges which a RSL may not be able to commit to. As all costs are taken into account when assessing the level of affordability, these housing schemes are either to be discouraged, or designed to reduce the potential for high service charges in the affordable housing on the site. That said, there should not be a marked differentiation between the affordable and market housing units on a site. For example, it would be inequitable to provide a lift to the private sector units in a block of flats, and not to the affordable housing units. Lifts are in any case essential in any building of more than three storeys of average ceiling height, and should be provided in any accommodation likely to be occupied by an older person, e.g. 1-bed units for sponsored moves.

## **14 The negotiation process**

14.1 One of the main purposes of this supplementary planning guidance is to clarify how the Council expects affordable housing policy to be implemented in detail, in order to assist with negotiations.

14.2 Pre-application discussions are encouraged, to enable the Council's Housing Service to be involved at an early stage, and in advance of detailed plans being drawn up. To facilitate schemes, a RSL meeting the Council's criteria for RSL partnership will need to be involved. This 'preferred partner' approach is in line with Government and Housing Corporation thinking, and is promoted in the Council's Housing Strategy. The Council's criteria for RSL partnership are set out in Appendix 1. The Council intends to review its preferred partners, based on Housing Corporation recommendations in time for the bidding round expected in 2003.

- 14.3 Since the transfer of the Local Authority's own stock to a RSL in 2000, the Local Authority's role is one of enabler and co-ordinator of development and management through RSLs, in association with funding agencies. Allocations to affordable housing are largely made from the Richmond Housing Register, which is common to the Council and RSLs.
- 14.4 Matters agreed as an outcome of negotiations will normally be embodied in a Sec. 106 Agreement (see section 18 and Appendix 2).

## **15 Resources**

- 15.1 Land or buildings provided under the affordable housing policy will normally be transferred to a RSL at a price which minimises the requirement for social housing grant or other public subsidy. Costs paid by a RSL to a developer can only be recouped through the rental income from tenants, which in turn affects the amount payable by the RSL. The overall affordability to tenants should not be affected by service charges, for example.
- 15.2 On most sites, affordable housing is funded from more than one source. Possible sources are: a private sector loan taken out by the RSL, Housing Corporation funding, the RSL's own resources, a subsidy by the developer, the Local Authority's Social Housing Grant, a special government fund or allocation. RSLs are expected to use Recycled Capital Grants Fund and their capital receipts to provide affordable housing in the Borough. According to Housing Corporation guidance, the objective of developer contributions is to provide *additional* affordable housing. Thus, a Local Authority's Affordable Housing Fund should not be used for affordable housing on private sector sites which has been negotiated through the planning process, unless it is in addition to planning policy requirements (e.g. the provision of 100% affordable housing where a lower proportion might have been expected). Where social housing grants are available, they will vary according to the location and type of development but typically would average 60% of approved costs.
- 15.3 Some of these sources are limited to a particular time, such as a financial year, and/or to a particular site, and are expected to be earmarked in advance, for example through the Housing Corporation allocations process. The Housing Corporation recognises in its Capital Funding Guide that public subsidy is not necessary for the provision of affordable housing. Prices may be set, or sources of funding may be available which mean that no SHG is required.
- 15.4 The Borough's own allocation of public subsidy is lower than that for most Local Authorities. Until 2002/3, the Borough fell within the Housing Corporation's TCI Band A, generally reserved for Inner London boroughs, in recognition of the high costs of housing in the area. In 2002/3 the Borough fell within the new TCI Band A4. Total scheme costs are not expected to exceed 100% TCI unless the circumstances are exceptional.
- 15.5 Public subsidy may not be available at the preferred time. Research commissioned by the Greater London Authority (GLA) from the Three Dragons on 'Affordable Housing in London' in July 2001 concluded that in a Borough such as Richmond-upon-Thames, the extra profits coming to developers were sufficient to cover the costs of 50% on-site affordable housing provision without recourse to public subsidy at all. The GLA has commissioned further research to assess how these findings should be implemented in detail, but it is likely that

developers will be expected to do more in the future to ensure the financial viability of affordable housing proposals.

## **16 On- or off- site provision**

16.1 In line with Circ 6/98 and PPG3, the Council's policy has a strong presumption in favour of on-site provision of affordable housing. In exceptional circumstances, the following alternatives may be considered:

- 1) a linked-site proposal, with private sector housing provided on one site and affordable housing on another, provided that:
  - a) both sites are available for development at an appropriate timescale, and
  - b) the ratio of affordable housing: private housing is the same on both sites as it would have been on a single site, given the greater number of units and floorspace involved in two sites, and
  - c) there is a legal agreement to ensure that the affordable housing is provided.
  
- 2) where a private development of sheltered housing is proposed (see para 7.4 above) affordable housing would not be required in the form of sheltered units. The affordable housing could be provided either
  - a) through development on linked sites, as in 1) above, or
  - b) on the same site as the sheltered housing, but separate from it, or
  - c) through a financial contribution to the Council's Affordable Housing Fund, as in 3) below
  
- 3) a financial contribution to the Council's Affordable Housing Fund. This Fund, established in 1993, is ring-fenced to the provision of affordable housing in the Borough. It is used on schemes agreed between the Department of Social Services and Housing, the Department of Environmental Protection and Customer Services, and the Department of Environment, Planning and Review, in accordance with Housing Corporation guidance. The level of contribution is calculated according to the method described in section 17 below.

## **17 Calculation of financial contributions**

17.1 Where, in exceptional circumstances, a financial contribution is acceptable as an alternative to on-site provision, a standard method is used.

17.2 The UDP adopted in 1996 set out the formula for calculating financial contributions as 'the market value of the property less 75% TCI'. In most cases where financial contributions have been accepted, 100% TCI has in practice been found appropriate. The formula was not carried forward into the UDP First Review, partly because of on-going discussions about the adoption of a London-wide formula, and partly because it was considered that a formula is better set out in supplementary planning guidance, which is more responsive to changing circumstances than a long-term plan.

17.3 The formula to be applied now is:

'the value (unencumbered) on the open market of units of the same size and in the same location, less any Social Housing Grant granted to that scheme.'

17.4 The formula is applied in such a way that a similar ratio of market:affordable units would be achieved as if they were provided on-site. Thus on a scheme of

10 units involving 40% on-site affordable housing there would be 6 private and 4 affordable housing units; but if the affordable housing were provided elsewhere, there would be 10 units on-site and 6.4 affordable units elsewhere. The formula would therefore be applied to 6.4 units.

## **18 Sec 106 Agreements and Planning Conditions**

18.1 Matters agreed through negotiation would normally be embodied in a Sec. 106 Agreement. All relevant matters, including arrangements on service charging, should be resolved between the Council, the developer and the partner RSL(s) before a Sec 106 Agreement is signed. The guidance contained in Circulars 1/97 and 6/98 will be taken into account in drafting such an Agreement. The Heads of Agreement which should be included are appended to this guidance. The Council will encourage the involvement of RSL partners in the drafting of Sec 106 Agreements as recommended in the report on Delivering Affordable Housing through Planning Policy, published February 2002.

18.2 Where appropriate, planning conditions may be sought to maintain the affordable nature of the housing in the long-term, and/or to restrict the occupation of the property to particular categories of need, as set out in UDP First Review para 8.30 (and adopted UDP para 5.32).

## **19 Council Contacts**

19.1 When considering proposals which might be affected by the Council's affordable housing policies, applicants are advised to discuss details with the development control case officer at an early stage. The case officer consults other Council officers, including Housing Officers, as appropriate; leads negotiations and co-ordinates the Council's response to planning proposals. Cases are allocated according to the location of the site. The telephone number for development control inquiries is 020 – 8891 – 7300. The development control planning areas are currently:

East – broadly covering Kew, East Sheen, Mortlake, Barnes, Ham, Petersham. The Team leader is Graham Green.

Central – broadly covering Richmond, Twickenham, St Margarets, South Twickenham. The Team leader is Robert Angus.

West – broadly covering Whitton, Heathfield, West Twickenham, Hampton, Fulwell, Hampton Hill, Teddington, Hampton Wick. The team leader is Derek Tanner.

## Glossary

**Affordable housing** - see section 4 above

**Affordable Housing Fund** - a fund ring-fenced to the provision of affordable housing in the Borough. It is the repository for financial contributions for affordable housing paid following a Section 106 Agreement with a developer.

**DIYSO** - Do It Yourself Shared Ownership - a scheme for low cost home ownership where purchasers find their own properties and apply to a RSL for part rental/part purchase arrangements.

**Homebuy** - a scheme for low cost home ownership where purchasers find their own properties and are assisted by a RSL, which retains an interest in the value of the properties.

**Housing Corporation** - the registration, regulatory and main funding body for Registered Social Landlords

**Housing Strategy** - key corporate strategy required under the Housing Act 1986, produced by the Council's Housing Services Department, which feeds into the Community Plan and forms part of the Council's submission to government.

**Key workers** - not defined in government policy. Taken to refer to people employed in essential or semi-essential occupations on incomes which would render them unable to find housing on the open market within a reasonable distance of their workplace. Examples often given are nurses, transport operatives, teachers, cleaning staff.

**Local Authority Social Housing Grant (LASHG)** - subsidy from the Local Housing Authority to RSLs to enable the purchase of housing.

**Low cost home ownership** - homes sold at below market price and built without public subsidy.

**Pepper-potting** - the dispersal of affordable housing units within residential developments to promote mixed communities and minimise social exclusion.

**Registered Social Landlord (RSL)** - a landlord registered under the Housing Act 1996.

**Richmond Housing Register** - the register held by Richmond upon Thames Council and partner RSLs comprising those accepted as being in need of affordable housing. Applicants for shared ownership housing must be on the register.

**Right to Acquire** - the equivalent of 'Right to Buy' for RSLs and their tenants. In a Borough with no Council-owned stock, such as Richmond upon Thames, the Right to Acquire operates, subject to the provisions of the Housing Act 1996, in addition to the preserved Right to Buy enjoyed by tenants of properties transferred from Council ownership. It enables a tenant to purchase the home they occupy from the RSL under certain circumstances and conditions. For example, the Right to Acquire can be applied to all the Local Authority stock transferred to the Richmond Housing Partnership in July 2000, as well as most properties which received confirmation of Social Housing Grant funding from the Housing Corporation or Local Authority from 1 April 1997.

**Sec 106 Agreement** - a legal contract under Sec 106 of the Town and Country Planning Act 1990 between the local authority and named parties stating agreements reached in relation to a planning application. Planning permission is not granted until the Sec 106 Agreement has been signed.

**Shared ownership** - a form of tenure introduced to help households on the margins of home ownership to get a foot on the market housing ladder. It enables the occupant to part-rent and part-purchase a dwelling unit from a RSL, with an option (in urban areas) to increase the part-purchase element through 'staircasing' up to outright ownership.

**Social Housing Grant (SHG)** - subsidy from the Housing Corporation and/or the Local Housing Authority to RSLs to enable the purchase of housing.

**Sponsored move scheme** - scheme of grants from the Local Housing Authority to assist social housing tenants (normally older people) to move to smaller properties, releasing larger properties for family occupation.

**Total Cost Indicator (TCI)** - the yardstick used by the Housing Corporation to assess whether proposals represent value-for-money. It includes land and build costs. TCIs are set annually by the Housing Corporation for the following financial year.

**Unitary Development Plan (UDP)** - the statutory planning document for certain local authorities, including all London boroughs. A UDP for the London Borough of Richmond upon Thames was adopted in 1996. The UDP First Review is in the final stages leading towards adoption. The Deposit Draft, together with a set of proposed modifications, was approved by Full Council for development control purposes in November 2001. Further modifications are currently being proposed, and all modifications are subject to public consultation before final amendments are made, leading to full adoption of the Plan. Some modifications will be the subject of a Public Inquiry in July 2003. In September 2002 a revised approach to affordable housing policies was approved by Full Council for development control purposes and was taken into account in drafting the further modifications.

## **Appendix 1**

### **Council's criteria for RSL partnership**

RSLs operating in the Borough are Housing Associations.

A partner RSL:

- will have experience of providing and managing affordable housing in the LB of Richmond upon Thames, or a proven track record elsewhere, and the ability to meet all other requirements, such as the Borough's schemework design standards, and Housing Corporation standards and policies
- will have locally-based management, maintenance and support services
- will share a common interest in the Richmond Housing Register with the Council's Housing Department
- will be a recognised partner in furthering the Council's Housing Strategy
- will have well-established nomination agreements with the Borough
- will have a successful track record in design, development and the capacity to deliver a particular scheme successfully
- will be able to provide appropriate specialist support if it wishes to be considered for supported housing
- will have the Borough's endorsement for the development

RSLs meeting these criteria will be in a better position to be supported in any funding bids.

## **Appendix 2**

### **Sec. 106 Agreements - Heads of Agreement**

It is important to bind affordable housing schemes with a Section 106 agreement, even if a RSL is involved. However, certain clauses in Section 106 agreements make it difficult, if not impossible, for a RSL to attract essential private sector funding. The Principal Officer - Development in Housing Services and/or the RSL should be consulted early in the drafting stages, so that the financial viability of a scheme can be assured. It is not possible to draft a model Section 106 to be used in all cases, as both developers and RSLs will have their own preferences in terms of phraseology, timescales, etc., but the following should be taken into account:

1. Any money accruing to the Council as a result of the Agreement will be allocated to the local authority's Affordable Housing Fund and used for its function as a local housing authority under the provisions of the Housing Act 1985.
2. Developer agrees to complete development within two years of commencement of its implementation.
3. N. units will be transferred to the RSL on completion. The RSL will pay an agreed proportion of TCI for the relevant financial year.
4. If no RSL is able to contract this with the developer within X months of an agreed date (e.g. date of Agreement, or commencement of construction, or within a month of completion of units), then the obligation on the developer to transfer N units to the RSL shall cease, but instead, the developer will pay to the Council a sum equivalent to the financial contribution normally expected for off-site development (see supplementary planning guidance section 17) plus any additional subsidy.
5. Mortgagee and possession clauses are preferred by RSLs to any reference to affordable housing 'in perpetuity', which may give rise to problems obtaining private sector finance.
6. Nomination agreements between the local housing authority and the RSL will be separate from the Section 106 Agreement, but reference should be made to the nomination agreement in the Section 106.
7. Inclusion of a land price figure is useful, provided that it has been agreed by all the parties, including the RSL. If the Section 106 has a clause as per 3. above, reference to a land price figure is not important. The clause under 3. should be included if possible: if this is not possible, then a land price figure should be included.
8. On larger sites, the affordable housing element should be phased into an earlier, rather than a later, stage of development.
9. Affordable housing should be itemised as it has been agreed to be provided on site, with reference to the number and size of units, and whether the units will be for rent or shared ownership.
10. Expected levels of affordability, especially of shared ownership housing, should be clarified.