

**Affordable housing supplementary planning document
(2019): draft for consultation**



**This document supplements *Joint core strategy* policy 4 and
Norwich local plan policy DM33**

Cover photograph

Goldsmith Street development by Norwich City Council: 93 units of social housing for completion in 2019.

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EXECUTIVE SUMMARY

The purpose of this draft supplementary planning document (SPD) is to increase the delivery of affordable housing in Norwich.

There is currently a lack of affordable housing to meet needs in Norwich. Evidence in the 2017 Central Norfolk Strategic Housing Market Assessment (SHMA) shows that 38% of households in Norwich are in need of affordable housing over the period to 2036. The predominant need is for affordable rented accommodation.

The lack of affordable housing forces those in need of housing to rely on the private rented sector. This is often expensive and inadequate in terms of housing conditions and there is evidence that more vulnerable people are prone to exploitation by some landlords.

However delivery of affordable housing through the application of planning policies is only part of the solution. The city council is taking a proactive approach to delivery of affordable housing to meet local needs by working with Registered Providers, working with Norwich Regeneration Limited on a range of sites, and by direct delivery on its own land.

Since the 2015 SPD was adopted the government has published a new National Planning Policy Framework ('NPPF' 2018) and local evidence on housing need has been updated in the 2017 SHMA. The SPD has therefore been reviewed to ensure that it complies with relevant national planning policy and guidance and adopted local plan policy. The revised SPD will replace the previous adopted SPD (2015) and supplements Joint Core Strategy policy 4 and Norwich Local Plan policy DM33.

Key aspects of the revised draft SPD include the following:

- A local definition of affordable housing is proposed to meet the identified needs in Norwich.
- Affordable housing will be required on sites of 10 or more residential units.
- Affordable housing will be sought for development proposals for care homes and purpose built student accommodation on residential or residential-led local plan allocations via a commuted sum.
- The SPD provides guidance on on-site provision, and when it is appropriate to seek commuted sums for off-site provision.
- Development viability is a material consideration. The SPD provides guidance on viability assessment and publication of viability information in order to better inform developers of the council's expectations and ease the planning application process.
- The SPD includes measures, including an affordable viability review clause, to incentivise development and promote housing delivery.

A period of consultation on the draft SPD will take place between 17 January and 13 February 2019. The document provides details about how you can comment on the consultation draft SPD. It is anticipated that the final SPD will be adopted by the council in March 2019.

1. INTRODUCTION

Background

- 1.1 The current Affordable Housing Supplementary Planning Document (SPD) was published in 2015 following the adoption of Norwich's Development Management Policies Plan and Site Allocations and Site Specific Policies Plan in December 2014. There is now a need to revise the SPD in the light of the 2018 National Planning Policy Framework (NPPF) and local evidence.
- 1.2 Access to affordable housing is increasingly an issue of concern, both nationally and locally. Recent evidence (the Central Norfolk Strategic Housing Market Assessment 2017 – the 'SHMA') identifies a shortfall in the supply of affordable housing to meet objectively assessed needs, with the greatest need being for affordable rented homes (84%) and to a lesser extent (16%) for intermediate tenures. It identifies that 278 units of affordable housing are required to be delivered annually to meet needs in Norwich (or 5,828 units in total) over the period to 2036.
- 1.3 Delivery of both affordable and market housing in Norwich has fluctuated since the start of the local plan period (2008) as shown in the table below. The housing market was more buoyant in the early part of the plan period but in recent years there has been a reduction in the level of affordable housing provided.

Table 1: Delivery of market and affordable housing since 2008¹.

Year	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Affordable Housing Completions	235	92	112	171	145	32	50	25	44
Total Housing Completions	527	399	377	280	377	210	249	365 (482)	445 (650)
Percentage	45%	23%	30%	61%	38%	15%	20%	7% (5%)	10% (7%)

¹ Source: Annual Monitoring Report for Broadland, Norwich and South Norfolk 2016-17 (latest published figures). Figures in brackets include the allowance for student and other communal accommodation which can now be counted towards housing delivery.

- 1.4 Analysis of the latter part of this period (2011/12 to 2016/17) shows that an annual average of 78 units of affordable housing was delivered, representing 24% of total housing delivery.
- 1.5 The lower rates of affordable housing in recent years can be attributed to a number of factors including wider economic conditions and impacts on development viability.
- 1.6 However throughout the whole of the plan period Norwich City Council has proactively contributed to the delivery of affordable housing through releasing land to registered providers and more recently through direct delivery. Less than 30% of affordable housing completions delivered between 2011/12 and 2016/17 were on private development sites through S106 agreements, with the remaining approximately 70% either delivered on council land, by the council itself or in partnership with a Registered Provider (RP), or by RPs.
- 1.7 In the coming years it is anticipated that council involvement in the delivery of affordable housing will have a significant part to play. In 2018/19 it is anticipated that approximately 175 affordable dwellings will be delivered either through direct delivery or by a Registered Provider on council land (including the delivery of 93 dwellings for social rent on Goldsmith Street), and delivery of approximately 100 units of affordable housing is anticipated in 2019/20.
- 1.8 Although this delivery is predominantly on council land, the figures are likely to be added to by affordable housing from private sector development, potentially including Anglia Square. In addition, the Government recently lifted the cap on Housing Revenue Account (HRA) borrowing which should help boost delivery of affordable housing.

Scope and status of this supplementary planning document (SPD)

- 1.9 This draft SPD provides detailed guidance on how policy 4 of the Greater Norwich Joint Core Strategy (JCS) and policy DM33 of Norwich's Development Management Policies Plan should be interpreted and implemented in order to support proposed development and help deliver sustainable communities.
- 1.10 The draft SPD will be subject to consultation, review of feedback and then formal adoption by the council. Once adopted it will be a material consideration in the determination of planning applications. It should be taken into account in the preparation of planning proposals for residential, mixed use, C2, C4 and residential sui generis development from the pre-application stage on, and while negotiating and undertaking development feasibility.
- 1.11 This SPD will also apply to housing proposals within the Broads Authority Executive Area of Norwich. The Broads Authority does not have a strategic housing function; this is undertaken by Norwich City Council for the part of the Broads Authority in Norwich. Policy DM34 of the adopted Broads Authority

Local Plan for the Broads states that the Broads Authority applies the policies of its constituent district councils (in both Norfolk and Suffolk) regarding affordable housing.

Legislative and policy context

1.12 The Government published the revised National Planning Policy Framework (NPPF) and accompanying Planning Practice Guidance (PPG) in July 2018. This requires local authorities to 'deliver a sufficient number and range of homes to meet the needs of present and future generations. Relevant sections of the 2018 NPPF relating to affordable housing provision include the following:

- Plans should set out the contributions expected from new development, including setting out the levels and types of affordable housing provision required. Such policies should not undermine the viability of the plan. (NPPF paragraph 34)
- Local planning authorities have a key role to play in encouraging other parties to take maximum advantage of the pre-application stage. The more issues that can be resolved at pre-application stage, including the need to deliver improvements in infrastructure or affordable housing, the greater the benefits. (NPPF paragraphs 40-41)
- Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. The weight to be given to a viability assessment is a matter for the decision maker having regard to all circumstances in the case including whether the plan and evidence underpinning it is up to date, and any change in site circumstances since the plan was adopted. (NPPF paragraph 57)
- All viability assessments should reflect the recommended approach set out in national planning guidance, include standardised inputs (such as land value and developer profit), and should be made publicly available. (NPPF paragraph 57)
- The size, type and tenure of homes required for different groups in the community (including but not limited to, those who require affordable housing) should be assessed and reflected in planning policies. (NPPF paragraph 61)
- Where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, and expect it to be met on-site, unless:

- off-site provision or an appropriate financial contribution of broadly equivalent value can be robustly justified (for example, to improve or make more effective use of the existing housing stock) and
 - the agreed approach contributes to the objective of creating mixed and balanced communities. (NPPF paragraph 62)
 - Provision of affordable housing should not be sought for residential developments that are not major² developments. (NPPF paragraph 63)
 - To support the re-use of brownfield land, where vacant buildings are being re-used or redeveloped, any affordable housing contribution should be reduced by a proportionate amount. (NPPF paragraph 63 and Planning Practice Guidance)
 - Where major housing development is proposed, planning policies and decisions should expect at least 10% of homes to be available for affordable home ownership, subject to some exemptions, or where this would significantly prejudice the ability to meet identified affordable housing needs of specific groups. (NPPF paragraph 64)
 - A revised, broader, definition of affordable housing now includes affordable home ownership, including starter homes. (NPPF glossary)
 - The creation of high quality buildings and places is fundamental to what the planning and development process should achieve. This is a key aspect of sustainable development, and helps make development acceptable to communities. (NPPF paragraph 124)
- 1.13 The NPPF’s legal status has been clarified in a recent Supreme Court decision (10 May 2017). This states that the NPPF is a guidance document only, and should not be treated “as if it were a statute”. Its purpose is to “express general principles on which decision-makers are to proceed in pursuit of sustainable development “. As a guidance document its weight constitutes a material consideration and “it cannot, and does not, purport to displace the primacy given by the statute and policy to the statutory development plan”.

Local policy context

- 1.14 The local plan for Norwich consists of the Joint Core Strategy for Broadland, Norwich and South Norfolk (JCS), the Site allocations and site specific policies local plan (the Site allocations plan), the Development management policies local plan (the DM policies plan) and the Policies Map. Work is underway on the Greater Norwich Local Plan (GNLP) which will provide strategic planning policies and make site specific allocations. It is supported by a range of

² Defined in the NPPF 2018 as sites where 10+ units are proposed, or sites of 0.5 hectares or more.

evidence documents including a Strategic Housing Market Assessment (SHMA), most recently updated in 2017.

- 1.15 Policy 4 of the JCS (see Appendix 1) seeks to achieve the following proportion of affordable housing on sites of 5 or more dwellings:
 - on sites of 5-9 dwellings (or 0.2-0.4ha), 20% with tenure to be agreed on a site by site basis (numbers rounded upwards from 0.5) (please refer to paragraph 5 & 44 of this document);
 - on sites for 10-15 dwellings (or 0.4-0.6ha), 30% with tenure to be agreed on a site by site basis (numbers rounded upwards from 0.5), and;
 - on sites of 16 dwellings or more (or over 0.6ha) 33% with approximate 85% social rented and 15% intermediate tenures (numbers rounded upwards from 0.5).
- 1.16 The policy also states that the proportion of affordable housing may be reduced, and the balance of tenures amended, where it can be demonstrated that the site is unviable in prevailing market conditions.
- 1.17 The appropriate mix of tenures is also set out in JCS policy 4. For sites of 10-15 dwellings, tenure is to be agreed on a site by site basis. On sites of 16 or more dwellings a split of 85% social rented and 15% intermediate tenures is advocated. However, in accordance with JCS policy 4, this can be negotiated in exceptional circumstances and/or where certain tenures are not appropriate in specific areas of the city. This will also be informed by the latest Strategic Housing Market Assessment (currently the 2017 SHMA update).
- 1.18 The requirement for affordable housing provision applies to all C3 dwellings, C4 dwellings and sui generis dwellings (eg HMOs), irrespective of tenure or ownership model. Affordable housing will also be sought for development proposals for care homes and purpose built student accommodation on residential or residential-led local plan allocations via a commuted sum.
- 1.19 Provision of affordable housing on-site is the city council's preferred approach, and is also the preference set out in government guidance. This promotes social inclusion and the design of individual sites should take account of this objective. Details are set out in subsequent sections of this document of the circumstances where the city council would accept a contribution in lieu of on-site provision.
- 1.20 Other relevant local plan policies include:
 - DM33 (planning obligations – see Appendix 2) sets out principles for delivery of essential infrastructure which will be secured via a site specific planning obligation, including delivery of affordable housing. In cases where it can be demonstrated that the impact of the Community Infrastructure Levy (CIL), planning obligations and abnormal

development costs make a development scheme unviable, the policy allows for negotiation of specific policy requirements to be reduced to make the scheme viable and deliverable.

- Policies DM2 (amenity) and DM3 (design) apply to all proposed developments.
- DM12 sets out principles for all residential development) and supplements the general design principles set out in policy DM3. It applies to all forms of housing development including market and affordable housing, houses in multiple occupation (HMOs), residential institutions, and student accommodation.

2. DELIVERING AFFORDABLE HOUSING

- 2.1 Providing the amount and type of housing that meets the needs of all sectors of the community is a key objective of the Joint core strategy and the Norwich local plan documents. This section of the SPD provides guidance on a number of issues including the definition of what constitutes affordable housing, the appropriate tenure mix, the type of development for which affordable housing will be sought, affordable housing design, and planning application requirements.

Definition of affordable housing

- 2.2 The definition of affordable housing in the 2018 NPPF places much greater emphasis on affordable home ownership rather than affordable housing for rent, as compared with the definition in the 2012 NPPF. The 2018 NPPF requirement for 10% of units on major sites to be affordable home ownership would, if applied to Norwich, reduce the level of affordable rented housing that could be achieved on development schemes, and would not meet local need as defined in both the JCS policy 4 and SHMA (referred to in section 1). As referred to in paragraph 1.13, adopted policy has primacy over the NPPF and informs the definition of what is considered 'affordable housing' in Norwich.
- 2.3 The council proposes to adopt the following definition of affordable housing with the intention of meeting local needs in Norwich as defined in the SHMA. The definition focuses on housing provided for sale, rent or shared equity / ownership, at prices secured in perpetuity below the current market rate, which people in housing need are able to afford.

Table 2: Definition of affordable housing

Affordable Housing Definition

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

Definition of Affordable Housing Types in Norwich

Rented housing

- a) **Social rented housing:** Social rented housing is housing owned and managed by local authorities and registered providers, for which target rents are determined through the Government's rent policy for Social Rent. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with Homes England as a condition of grant. Typically social rented housing costs 50-60% of market

rented housing.

- b) **Affordable Rent housing** – let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent housing must meet all of the following conditions:
- i. The rent must be no more than 80% of the local market rent (including service charges, where applicable) and not exceed the level of the Local Housing Allowance for the size of property, whichever is the lower;
 - ii. the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and for Build to Rent schemes, Affordable Private Rent housing is expected to be the normal form of affordable housing provision.

Intermediate housing

Homes for sale and rent provided at a cost above social rent but below market sale and rent levels. It includes a range of low cost home ownership products for households who are not able to access home ownership through the market:

a) Shared Ownership

The purchaser buys a proportion of the value of the home, e.g. 50%, and the remaining share is kept by the freeholder which is usually a registered provider. A subsidised rent is paid on the remainder of the equity. The proportion offered for sale by the registered provider should not be fixed in advance, but tailored to the individual circumstances of the individual household. The initial equity share must be between 25% and 75% and the council expects that at least 50% of each type and size of shared ownership units on each scheme should initially be sold at shares of 35% or below in order to help ensure affordability. When they can afford to, purchasers have the opportunity to 'staircase', i.e. to buy further equity shares until they own 100% of the property. The council requires that all shared ownership properties are affordable to people on the Help to Buy register (or equivalent) for Norwich.

b) Shared Equity

The purchaser acquires the whole of the property but effectively only pays a proportion of the value, e.g. 75%. The remaining 25% is secured by an equity loan without any rental obligation. The council requires that all shared equity properties are affordable to people on the Help to Buy register (or equivalent) for Norwich.

c) Discounted market sale housing

Discount Market Sale is a low cost home ownership product where a new build property is purchased at a discounted price, usually around 20% of the market value, and aims to help low and middle earners get onto the property ladder.

d) Rent to buy

Rent to Buy is a government scheme to help first time buyers, or those returning to the

market following relationship breakdown. Households are able to rent a home at 80% of the market value, providing an opportunity to build up a deposit. If after the initial five years of letting the landlord wishes to sell the property, the existing tenant should have the right of first refusal to buy it. Similarly, if after the first five years the tenant submits a request to buy their home, it is expected that the landlord would agree.

- 2.4 Affordable housing will be expected to be provided and maintained in perpetuity in accordance with JCS policy 4 or, if these restrictions are lifted for certain tenures of low cost home ownership, for the subsidy to be recycled for alternative affordable housing provision. For example, the definition does not include products such as Starter Homes (included in the NPPF definition) which are not secured in perpetuity. The NPPF requirement in paragraph 64 requiring at least 10% of housing on major development sites for affordable home ownership is considered incompatible with the identified housing need in the SHMA 2017.
- 2.5 The proportion of Affordable Rent units and discount offered on them may be varied across a development, over time. It may also be possible to explore a trade-off between the level of affordable housing secured and the tenure of that housing, with the proviso being that these should accord with the headline affordable housing contribution agreed with Norwich City Council through the planning permission. The details of such negotiations will need to be set out in a section 106 agreement.
- 2.6 It is current practice to accept Affordable Rent dwellings only where a developer can provide evidence that social rent is unviable or where evidence is provided that registered providers (RPs) will not accept social rented dwellings. It is considered preferable to accept Affordable Rent dwellings on-site, rather than a commuted sum as this helps build sustainable mixed communities.
- 2.7 However, if agreement is reached between a developer and Norwich City Council, this requirement can be met by other routes, such as a commuted payment and/or other forms of affordable housing as defined in the National Planning Policy Framework glossary. The details of this must be agreed and set out in a section 106 agreement
- 2.8 **Build to Rent** is referred above to under the definition of Affordable Rented Housing. This refers to purpose built housing that is typically 100% rented out. It can form part of a wider multi-tenure development scheme comprising either flats or houses, but should be on the same site and/or contiguous with the main development. Schemes will usually offer longer tenancy agreements of three years or more, and will typically be professionally managed stock in single ownership and management control. The NPPF states that “20% is generally a suitable benchmark for the level of Affordable Private Rent homes to be provided (and maintained in perpetuity) in any Build to Rent scheme”. The guidance makes clear that Affordable Private Rent should be at least 20%

cheaper than the rest of the scheme in line with the Affordable Rent product (see Table 2, (b) above).

- 2.9 Affordable units within Build to Rent developments are not expected to be managed by a Registered Provider, but should be under common management control by the private operator managing the whole site/block. Affordable units should be distributed throughout the development, being physically indistinguishable from the market rent homes within the development in terms of quality and size. The following matters should be agreed and secured under a Section 106 agreement for Build to Rent applications:
- Management arrangements for the affordable private rent units including the parameters of the lettings agreement, the rent levels, apportionment of the homes across the development, a management and service agreement, and a marketing agreement setting out how their availability is to be publicised.
 - Operators of 'build to rent' schemes shall be required to produce an annual statement to be submitted to Norwich City Council. The statement shall provide confirmation of the approach to letting the affordable units, their ongoing status, and clear identification of how the scheme is meeting the overall affordable housing level required in the permission.
 - Clauses relating to sale of the development either in whole or in part at a later date should be dealt with in the section 106 agreement to ensure that there is no loss of affordable housing provision in accordance with paragraph 60-007 of Planning Practice Guidance. A 'clawback' arrangement should be introduced in accordance with paragraph 60-008 of the Planning Practice Guidance.
- 2.10 Market rent assessments should be carried out by Build to rent Developers using the definition of the International Valuation Standard Committee as adopted by the Royal Institute of Chartered Surveyors. Norwich City Council will continue to review this benchmark rate against evidence emerging from the local housing need assessment, and if necessary use this evidence to justify an amendment to the rate required. There is also provision for developers, in exception, to make a case seeking to differ from the benchmark.
- 2.11 **Discounted market sales housing** and **Rent to Buy** are referred to in the definition at Table 2. At present, Norwich City Council does not have any such schemes but is open to proposals to work in partnership with developers to deliver such forms of affordable housing in the future, subject to meeting the requirement in Table 2 to ensure that any affordable housing should remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.

When is affordable housing required?

- 2.12 Although JCS policy 4 requires affordable housing to be provided on housing sites of 5+ units, the new NPPG requires affordable housing to be triggered on sites of 10 or more units. This policy approach was introduced by the Government via a ministerial statement in 2014, with a view to reducing policy burdens on small developers and encouraging greater delivery of small-scale housing sites and brownfield land.
- 2.13 Evidence of delivery on small housing sites in Norwich prior to 2014 suggests that seeking affordable housing on sites of 5-9 units is unlikely to deliver significant affordable housing on viability grounds.
- 2.14 Although the requirement in the 2014 ministerial statement was subject to legal challenge, it was subsequently upheld on appeal. The threshold of 10+ units was included in the 2015 SPD and is now carried forward into this updated SPD. This will apply to all proposals for residential and mixed use development from the pre-application stage on. It will also apply to proposals on residential or housing led local plan allocations as set out below (paragraphs 2.16 – 2.21).
- 2.15 Affordable housing requirements apply to the net increase of dwellings only (where planning permission is required). For example, if an application is submitted to demolish 10 open market dwellings and replace them with 20 dwellings then the net increase is 10 dwellings; the policy should then be applied to the 10 new dwellings.

Seeking affordable housing on residential allocations

- 2.16 Both the JCS and Norwich local plan acknowledge the importance of new residential development that contributes to a balance of housing types and tenures, which in turn contribute to mixed and balanced communities. New student accommodation in particular is often proposed on sites that could otherwise be developed for general purpose housing which would include affordable homes as part of a wider tenure mix.
- 2.17 The growing number of students living in Norwich has an impact on the availability of general market housing. Students who live outside purpose-built accommodation tend to house-share in the private rented sector which can affect the availability and costs of houses in the general market.
- 2.18 There is currently no policy basis for seeking affordable housing on all proposals for purpose built student accommodation, although this may change with the development of the Greater Norwich Local Plan; it is anticipated that the Regulation 18 draft plan will be consulted upon in late 2019 and the final version of the plan adopted in late 2021.

- 2.19 There are a number of sites currently allocated in the current Site Specific Policies and Site Allocations Plan (2014) for either housing development or housing-led mixed use development, which have not yet been developed. Proposals for care homes (C2 use class) and residential sui generis development on such sites should provide policy compliant affordable housing. For applications for purpose built student accommodation, this would be calculated on the basis of 2.5 units of student accommodation equating to 1 unit of general market housing³. For example, where a proposal to develop 250 units of PBSA on a site allocated for housing or housing-led development would equate to 100 units of general market housing, leading to a requirement for 33 units of affordable housing (or contribution based on this figure) to be provided. For residential care homes the calculation would be based on a ratio of 8:1.
- 2.20 Seeking affordable housing for care homes and purpose built student accommodation on sites allocated for either housing or housing-led development is justified on the basis that these are forms of housing, albeit not in the same use class as general market housing, and their delivery will reduce pressure on the private rented sector; furthermore these sites, if developed for housing in whole or in part, would have contributed affordable housing in accordance with JCS policy 4.
- 2.21 It would be acceptable for this requirement to be achieved via provision of a commuted sum rather than on site provision, given that incorporating affordable housing in a PBSA or residential institution scheme is likely to be difficult to achieve in a satisfactory manner.

Affordable housing design

- 2.22 The policies of the DM policies local plan relating to amenity (DM2), design (DM3), and principles for residential development (DM12) along with Section 12 'Achieving well-designed places' of the NPPF should all be adhered to when applying for planning permission for any development of residential dwellings. These standards should be applied to all forms of housing development, including affordable units.
- 2.23 It is critical that the design process recognises at an early stage the need to accommodate a mix of affordable tenures, and has the ability to incorporate affordable housing which meets the needs of, and is attractive to, RPs including the council. Applicants should undertake early discussions with RPs, considering alternative designs where necessary in order to accommodate on site affordable housing in the first instance. In accordance with NPPF paragraph 39, applicants should also progress active engagement through pre-application advice/discussions with Norwich City Council Planning Department.

³ To be consistent with the Government guidance on student accommodation in the Housing Delivery Test Rulebook, 2018.

- 2.24 This document outlines the threshold for an affordable housing requirement (10 units+) and the corresponding required percentage of affordable housing to be provided on site. In order to achieve the mixed and balanced communities advocated in JCS policy 4, as a minimum, the following design criteria should be met:
- there should be no distinction between affordable units and market units, (i.e. development should be ‘tenure-blind’);
 - the same levels of car parking provision should be made for the affordable units as for market units (i.e. if 80% of the market housing has a parking space, then 80% of the affordable units should have a parking space), and;
 - affordable units should be distributed evenly throughout the development where practicable to promote social inclusion and mixed communities.
- 2.25 Affordable units should be built in accordance with technical standards level 2 as set out in Approved Document M of the Building Regulations. Affordable units should be built to provide suitable levels of internal space as set out in the nationally described space standard (<https://www.gov.uk/government/publications/technical-housing-standards-nationally-described-space-standard>); in accordance with the PPG this should not compromise the viability of providing affordable housing on site.
- 2.26 Where a flatted development is proposed, the affordable housing units should meet the requirements of the Registered Providers (RPs) taking on the units upon completion of the development.

Application requirements

- 2.27 Full planning applications should confirm the amount of development proposed, including the amount of affordable housing to be provided, the dwelling mix in terms of tenure and unit size and the location of the affordable homes. If, subject to the criteria outlined in this SPD, the affordable dwellings are not to be provided on site, applicants should use the tables in Appendix 3 of this document to calculate the amount of commuted sum required to be paid in lieu of on-site provision.
- 2.28 Unless matters of design, layout, scale and external appearance are included within the outline submission, viability assessments of outline schemes will be afforded little weight in the decision making process. Outline planning applications without this level of detail should as a minimum secure the full affordable housing provision in accordance with JCS policy 4. If necessary, subsequent reserved matters applications may review the affordable housing provision and tenure mix in line with guidance on viability set out in section 3 of this document. Submissions should comply with the requirements for a full planning application outlined above.

- 2.29 Although the NPPF states that it is the responsibility of the applicant to justify the need for review of viability at decision making stage subject to agreement with the determining officer, it also clarifies that the weight given to viability assessment is for the decision maker to determine. Current practice is that the city council gives equal weight to viability assessments irrespective of the applicant and their ability to deliver. This approach can lead to scenarios where a landowner achieves planning consent on a site, then sells it on to a developer at an inflated price, which tends to impact on ability to deliver such sites. The city council therefore proposes to encourage delivery of housing, including affordable housing, by giving limited weight to viability assessments where the applicant is not proposing to deliver the scheme, for example where the applicant is a landowner rather than a developer.
- 2.30 Sites which are proposed to be developed partly under permitted development rights as outlined in The Town and Country Planning (General Permitted Development) (England) Order 2015 (as amended), and partly requiring planning permission will be considered on a case by case basis regarding viability and resulting planning obligations. In accordance with 'Planning Obligations' Planning Practice Guidance paragraph 005 (Reference ID: 23b-005-20140306), only any area over and above permitted development is accountable for affordable housing, to be provided on the same basis as any other site. This can be worked out using the same method as the vacant building credit calculation (see below).

Artificial sub-division of sites

- 2.31 Where a site is, or has been, in a single ownership, artificial sub-division to avoid provision of affordable housing will not be permitted. The intention behind this statement is to distinguish between those schemes which are prepared with the intention of circumventing JCS policy 4, and those schemes which have been drawn up addressing legitimate planning considerations, and therefore may not be able to provide affordable housing in accordance with the core strategy policy. Paragraph 68 of the NPPF 2018 favours small parcels of land for improved opportunities for deliverability, and promotes working with developers to encourage sub-division of large sites where this could help to speed up the delivery of homes.
- 2.32 In circumstances where a large site has been divided into smaller parcels to assist delivery, or where a site is owned by more than 1 party, an outline planning application will be expected for the entirety of the site, with 'parcels' or 'phases' numbers, distribution and timescales agreed for affordable housing upfront.

Vacant building credit

- 2.33 The government introduced a new measure in 2014 through a ministerial statement (which also raised the threshold for delivery of affordable housing –

see paragraph 2.2 above) - the 'vacant building credit'. This measure is now confirmed in the 2018 NPPF: "To support the re-use of brownfield land, where vacant buildings are being reused or redeveloped, any affordable housing contribution due should be reduced by a proportionate amount". Planning practice guidance provides further detail and notes that, in considering how the vacant building credit should apply to a particular development, local authorities should have regard to the intention of national policy to incentivise brownfield development.

- 2.34 This applies where existing vacant buildings are proposed to be brought back into lawful use or demolished and redeveloped. The government's intention in introducing the vacant building credit is to incentivise development on brownfield sites. It is not intended to incentivise the eviction of existing businesses or neglect of premises which are currently in use.
- 2.35 Therefore the vacant building credit will not apply where:
- The building is in use at the time the application is submitted;
 - The building is covered by an extant or recently expired permission for the same or substantially the same development;
 - The site is allocated for an alternative land use;
 - It appears that the building has been made vacant for the sole purpose of redevelopment; or
 - The building has been abandoned.
- 2.36 In line with the CIL regulation requirements, a building can be regarded as vacant if it has not been in use for a continuous period of at least six months within the past thirty six months. By using a corresponding definition, it will not be possible to claim both CIL exemption and Vacant Building Credit consecutively on a single development in Norwich.
- 2.37 Further to this, the Council will require the applicant to demonstrate a high standard of evidence to show the circumstances of the building becoming vacant. An application for vacant building credit must be supported by detailed evidence of how the site has been actively marketed on realistic terms based on the current lawful use or any potential permitted use for a minimum period of 12 months prior to the submission of a planning application. Evidence such as Council Tax, Business Rates or Electoral Register records may be required to determine whether or not a building is vacant.
- 2.38 Where the 'vacant building credit' is applicable, it will be calculated in the following way:

- The existing affordable housing requirement is outlined in bullet points 2 and 3 of JCS policy 4, i.e. for proposals of 10-15 dwellings 30% affordable housing will be required, for developments of 16 plus dwellings 33% affordable housing will be required.
- The net affordable housing requirement should be recalculated to take into account the two gross floor areas (the original building floorspace to be demolished or brought back into lawful use, and the proposed replacement building) to arrive at the net maximum affordable housing target for that site. The following formulae will be applied:

$$A / P \times \text{JCS policy requirement (0.30 or 0.33)} = R$$

Where:

P = Proposed floorspace

E = Existing floorspace

A = net Additional floorspace (P-E)

R = Net affordable housing Requirement

2.39 Once the affordable housing requirement has been calculated, all other parts of this SPD should then be applied to the affordable housing contribution.

2.40 For clarity, a worked example for a scheme of 26 dwellings is shown below (the GIA schedule on the following page has been supplied with the application):

- P = 1607.1
- E = 865
- A = 742.1
- R = 742.1 / 1607.1 x 0.33
- The net affordable housing requirement is 15%

Proposed housing			Existing vacant retail floorspace	
Plot	Beds	GIA Sqm	Unit No	GIA Sqm
1	1	46.2	Unit 1	565
2	1	46.2	Unit 2	300
3	2	70.2	Total GIA	865
4	2	64.2		
5	2	64.2		
6	2	64.2		
7	2	64.2		
8	1	45.2		
9	1	46.2		
10	1	46.2		
11	2	70.2		
12	2	64.2		
13	2	64.2		
14	2	64.2		
15	2	64.2		
16	1	45.2		
17	1	46.1		
18	3	83.2		
19	2	70.2		
20	2	64.2		
21	2	64.2		
22	2	64.2		
23	2	64.2		
24	1	45.2		
25	3	84.3		
26	3	92.3		
Total GIA		1607.1		
Average GIA		61.8		

2.41 If, after such a calculation has been made, development of the site is still not viable, section 3 of this SPD will apply.

3. ESTABLISHING DEVELOPMENT VIABILITY

- 3.1 Planning law requires that applications for planning permission must be determined in accordance with the development plan unless material considerations indicate otherwise⁴. The issue of viability can be a material consideration. The NPPF / PPG clarifies that the weight to be given to the viability assessment is a matter for the decision maker.
- 3.2 The fundamental issue in considering development viability is whether an otherwise viable development is made unviable by the extent of planning obligations or other policy requirements. Figure 1 below illustrates this point, looking at 2 examples: 'Development 1' and 'Development 2'.

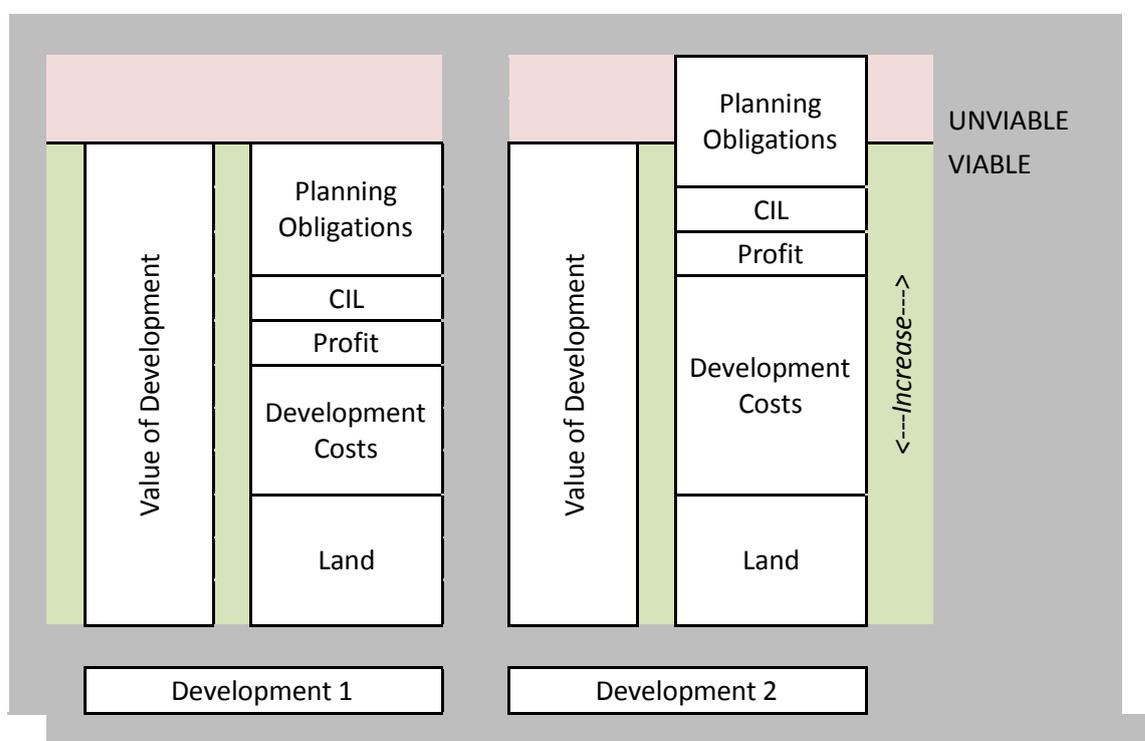


Figure 1: Adapted from RICS 'Financial Viability In Planning' (2012)

- 3.3 In 'Development 1' the value of the development can be met whilst meeting all planning obligations and costs and maintaining a reasonable return for the land owner.
- 3.4 In 'Development 2' the costs have increased and as a result the development becomes unviable. In such a case a viability assessment would be expected to be provided by the developer.

⁴ Section 38(6) of the Planning and Compulsory purchase Act 1004 and Section 70(2) of the Town and Country Planning Act 1990.

- 3.5 This section of the SPD sets out the council's requirements for viability assessments. Upon receipt of an assessment, the council will seek verification (where necessary) of the developer's viability assessment to determine the accuracy of the projected development cost, land values and the level of return, and to ascertain those planning obligations that could be negotiated, and to what level, to render the site viable whilst still retaining a reasonable return for the land owner. The council will expect the developer to pay for such an assessment and the costs of this can be added to the viability assessment.

Viability assessment

- 3.6 NPPF paragraph 67 states that planning policies and site allocations should identify a sufficient supply and mix of sites. This should enable provision of appropriate levels of affordable housing without undermining the deliverability of the plan, as required in paragraph 34. The economic viability of sites should be accounted for through production of viability assessments at plan making stage and through further updates of the local plan.
- 3.7 The NPPF considers that viability assessment should not generally be necessary at decision making stage, as proposals for development should accord with the relevant policies in an up-to-date development plan. The planning practice guidance states that “[p]olicy requirements, particularly for affordable housing, should be set at a level that takes account of affordable housing and infrastructure needs and allows for the planned types of sites and development to be deliverable, without the need for further viability assessment at the decision making stage” (Ref. ID. 10-002-20180724). Paragraph 57 and practice guidance paragraph 10-007 set out circumstances where a decision stage viability assessment may be appropriate and places the emphasis on the applicant to demonstrate whether particular circumstances justify the need for a decision stage viability assessment.
- 3.8 The Joint Core Strategy was adopted prior to the publication of the NPPF 2018 and supports site-specific viability appraisal at decision making stage. JCS Policy 4 sets target proportions of affordable housing (depending on site size) across the Greater Norwich area. The evidence sitting behind the policy is summarised at Appendix 1 and concluded that a significant proportion of schemes would not be viable at the target level of affordable housing. Therefore on the basis of this evidence the policy supports adjustments to the policy requirement where it can be demonstrated that affordable housing requirements along with site characteristics and infrastructure requirements would render the site unviable in prevailing market conditions.
- 3.9 Viability assessments shall be required at decision making stage in a variety of circumstances. This includes applications submitted that are not fully policy compliant with the local plan; applications for development on un-allocated land or applications which are not in accordance with the allocation; if the situation is

considered to have changed since the plan was issued. In accordance with paragraph 58 of the draft NPPF 2018: “Where proposals for development accord with all the relevant policies in an up-to-date development plan, no viability assessment should be required to accompany the application.

What should a viability assessment cover?

- 3.10 Where an application does not meet policy requirements for affordable housing, a viability assessment must be submitted in a standardised and accessible format with full supporting evidence to substantiate the inputs used, prior to an application being validated.
- 3.11 Current [Planning Practice Guidance \(PPG\)](#) sets out the requirements and expectations appropriate to production of viability assessments in relation to deliverability of affordable housing, including:
- Land value definition
 - Benchmark land value
 - Existing Use Value (EUV) of land
 - Premium to the landowner
 - Alternative use Value
- 3.12 Viability assessments must follow the approach set out in the PPG however the council proposes to adopt alternative approaches in relation to land value uplift and reasonable profit as set out below.

Land Value

- 3.13 In quantifying viability, it is necessary to establish a benchmark land value; this consists of the existing use value (EUV) of the land, plus a premium for the landowner. Whilst the PPG provides guidance on calculating EUV, it does not specify what is deemed to be an appropriate/acceptable premium for the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The PPG advises: “The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing sufficient contribution to comply with policy requirements. This approach is often called ‘existing use value plus’ (EUV+).
- 3.14 The uplift above EUV will be considered on a case by case basis, however the Drivers Jonas Deloitte Study which provided the evidence base for JCS policy 4 advocated a 15% uplift on brownfield sites which will be taken as the starting point for consideration.
- 3.15 PPG clarifies that “...under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan.” This position is supported by recent case law ‘Parkhurst Road Ltd. v Secretary of

Reasonable profit

- 3.16 Reasonable profit for the developer is a key input into the calculation of the viability of a proposed development. Paragraph 018 reference ID:10-018-20180724 of the PPG suggests for viability at plan making stage “an assumption of 15-20% of gross development value (GDV) may be considered a suitable return to developers in order to establish the viability of plan policies. Plan makers may choose to apply alternative figures where there is evidence to support this according to the type, scale and risk profile of planned development. A lower figure may be more appropriate in consideration of delivery of affordable housing in circumstances where this guarantees an end sale at a known value and reduces risk. Alternative figures may also be appropriate for different development types.” For information reasonable profit typically covers the risk to the developer of no sales or lower value sales, which is different to contingency costs which cover the risk to the developer of higher build costs and unknown build costs.
- 3.17 Given the significant need for affordable housing in Norwich, the council will require reasonable profit for the developer to be at the lower end of the range set out in the PPG (ie at around 15%) but will consider enabling this to rise to 17.5% only if it is demonstrated by the applicant that this is justified on grounds of risk and could impact on delivery of the scheme. However there may be exceptions to this approach, for example, as referenced in the PPG, a lower rate of profit may be more appropriate for affordable housing schemes where the risk to the developer is significantly reduced. Also the level of profit on more complex mixed use developments may need to be a blend of profits relative to risk of the mixture of uses proposed.
- 3.18 In addition the council will expect that industry standard contingency costs should apply (typically 5% but exceptionally rising up to 10% depending on the risks of the scheme), in order to avoid developers reducing profit but raising contingency assumptions.

Public availability of viability assessments

- 3.19 Where a viability assessment is required, or is submitted by an applicant to accompany an application at decision making stage, this should be prepared with professional integrity by a suitably qualified practitioner and presented in accordance with current national planning guidance and this SPD.
- 3.20 In accordance with PPG, any viability assessment should be prepared on the basis that it will be made publically available (including published online) for scrutiny, other than in exceptional circumstances. Even in exceptional circumstances, an appropriate executive summary must be produced which

can be made publicly available. The government is in the process of developing a template for an 'executive summary'. This is expected to be completed and submitted with any viability assessment submitted to accompany a planning application.

- 3.21 If, in exceptional circumstances, a submitted viability assessment is considered by the applicant to contain commercially sensitive information that would justify this information not being made public. The exceptional circumstances must be identified by the applicant at pre-application stage as well as at the time of submitting the application, with clear justification of why this is considered to be the case.
- 3.22 Where an exemption from publication is sought, Norwich City Council must be satisfied that the information to be excluded is commercially sensitive. Information held by the council is subject to the Freedom of Information Act 2000. Section 43 of the Act exempts information if it constitutes a trade secret, or is likely to prejudice the commercial interests of any person (including the public authority holding it). Where the council judges that information should be deemed commercially sensitive, it will be necessary for two versions of the viability assessment to be provided; one 'high-level' version with potentially commercially sensitive information (i.e. build costs) presented as a total figure, this version should be suitable for publishing in the public domain. A second version containing the full breakdown of quantities, which may be commercially sensitive, should be submitted for scrutiny by Norwich City Council.
- 3.23 This approach supports transparency in the viability assessment process so that it is clear what policy requirements will inform planning decisions; including the developer contributions that will be expected with regard to the levels and types of affordable housing.

Review of viability as development progresses

- 3.24 A viability assessment represents a snapshot of development viability at a particular moment in time, and is based upon the best available up to date information at that point. As a result, the assumptions within the viability assessment could change.
- 3.25 Where reduced on-site provision or off-site provision is accepted by means of a commuted sum it will be necessary to revisit the viability assessment for the development scheme if the scheme has not been commenced. This will ensure that the values associated with the development are still valid should the development be implemented sometime after the viability appraisal was originally undertaken.
- 3.26 Any Section 106 agreement relating to a development where reduced on-site provision or a commuted sum has been accepted as necessary due to development viability considerations will include an 'affordable housing viability

review clause'. Such a clause will come into effect upon either of the following criteria being met:

- if there has been no commencement of the permission within 12 months of the date of the decision being issued, or;
- if commencement has occurred within 12 months of the decision being issued but where there has been no occupation within a further agreed period of time (defined on a case by case basis) from commencement. For sites with schemes of significant size or complexity, this may need to be staggered, subject to agreement.

3.27 The review will reassess the total affordable housing provision. Such a review may result in additional affordable housing provision either on site or via a commuted sum.

3.28 In accordance with PPG 'Viability' paragraph 009 "As the potential risk to developers is already accounted for in the assumptions for developer return in viability assessment, realisation of risk does not in itself necessitate further viability assessment or trigger a review mechanism. Review mechanisms are not a tool to protect a return to the developer, but to strengthen local authorities' ability to seek compliance with relevant policies over the lifetime of the project".

3.29 Large multi-phase schemes determined with an agreed level of provision of affordable housing/commuted-sum at outline application stage will be expected to review the viability as part of any following Reserved Matters application submissions for each phase.

4. PLANNING OBLIGATIONS

- 4.1 In June 2013 the city council adopted the Community Infrastructure Levy (CIL). CIL is a planning charge, introduced by the Planning Act 2008, as a tool for local authorities in England and Wales to help deliver infrastructure to support the development in their area. It came into force through the Community Infrastructure Levy Regulations 2010.
- 4.2 Despite the introduction of CIL planning obligations are still relevant in certain circumstances and are required in order to secure acceptable development. Policy DM33 (see Appendix 2) of the local plan outlines when such obligations will be required. The remaining obligations include (positioning in the list below is not an indication of priority):
- the delivery of affordable housing;
 - the delivery of on-site open space and play space required directly to serve the development, and;
 - pedestrian and highway safety improvements necessary to secure satisfactory access to the development via a range of modes of transport.
- 4.3 In the event that a developer can demonstrate that a development is not viable with the full range of planning obligations being met, the council will undertake an assessment of the priority of those obligations required from the development. Prioritisation of planning obligations will be made on a case by case basis, taking into consideration site specific circumstances and other material considerations.
- 4.4 The NPPF and CIL regulations set out the tests against which planning obligations should be considered. They should be:
- 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.
- 4.5 Where affordable housing provision on site is considered to be a priority, JCS policy 4 and the principles of this SPD should apply, and dwelling numbers and tenures negotiated as appropriate.
- 4.6 Where affordable housing provision on-site is considered to be of a lesser priority to other site specific planning obligations, or where development remains unviable even when all planning obligations are removed, then the following sections of this SPD will apply.

5. REDUCED ON-SITE AFFORDABLE HOUSING PROVISION

- 5.1 The council's preferred approach to delivering affordable housing is that it should be provided on-site.
- 5.2 However if non-viability of development with a policy compliant level of affordable housing can be demonstrated via an open book viability assessment carried out in accordance with the PPG and this SPD, then reduced provision on-site will be considered in the first instance.
- 5.3 In such cases, the design considerations outlined in this SPD should be applied and dwelling numbers and tenures negotiated as appropriate.
- 5.4 In addition, Section 3 of this SPD regarding review of viability where non-commencement of development occurs, will also apply.

6. OFF SITE AFFORDABLE HOUSING PROVISION VIA A COMMUTED SUM

- 6.1 The following sections of this SPD outline the circumstances in which provision for affordable housing to be made off-site via a commuted sum may be considered acceptable whilst not undermining the NPPF objective to create mixed and balanced communities, and whilst still providing a contribution towards provision of affordable homes.
- 6.2 In accordance with government policy to secure balanced communities, the provision of affordable housing on-site in accordance with JCS policy 4 is favoured and will remain the starting point in all cases. However, in recognition of local evidence, and in the light of government statements about the need for flexibility in the planning system and to stimulate the development economy to increase the rate of provision of homes and jobs, it is considered that in certain circumstances it is pragmatic to accept the provision of off-site affordable housing via a commuted sum to ensure sites are not stalled and much needed housing can be delivered.
- 6.3 For example on-site provision can create certain practical difficulties and tensions with other policy objectives such as the minimum density requirement. This may lead to single units being required, or flatted forms of development with high service charges which may be unattractive to RPs.
- 6.4 It is also recognised that the viability of providing affordable housing on site for some developments may be difficult on occasions. RP capacity to take on affordable dwellings on private developments has been limited in recent years but is recovering in a generally more buoyant market. Developers should undertake early discussions with RPs, considering alternative designs where necessary in order to accommodate on-site affordable housing in the first instance.
- 6.5 This approach of accepting a commuted sum in lieu of on-site provision delivers a valuable funding stream to providing affordable dwellings off-site. This SPD proposes to continue seeking commuted sums for off-site provision, where appropriate, to ensure that potential funding sources are not lost and to ensure affordable housing is provided. The council considers that this approach takes account of the need for flexibility advocated by government in prevailing market conditions which are a material consideration when determining planning applications.
- 6.6 Examples of situations where it may be acceptable to seek off-site provision of affordable housing via a commuted sum include the following (these are not exhaustive):
- Example1**
- 6.7 On any site where after an open-book viability appraisal has been conducted and accepted by the council after independent assessment where necessary

(based on a residual method) it can be demonstrated that the site is not sufficiently viable to enable the provision of a single affordable dwelling on site.

Example 2

- 6.8 On relatively small sites proposed for flatted developments (typically developments of 15 or fewer units on sites of 0.2ha or less) where it can be demonstrated that RPs are reluctant to take on the management of affordable units.
- 6.9 In these cases developers will be expected to provide written evidence that no RP is willing to take on the unit(s) and that their preferred scheme design has difficulty accommodating affordable housing on site and that they have considered alternative arrangements which would be more attractive to RPs. The housing development team will contact the relevant RPs on behalf of the developer if requested.

Example 3

- 6.10 On any site with exceptional site specific factors which would not be attractive to RPs (evidence of which will be required), such as inappropriate floor areas or high service charges.
- 6.11 It will be up to the developer to demonstrate that the constraints associated with development of the site make it impractical for development to be brought forward in a form which may be more attractive to RPs and that RPs are not prepared to manage units as proposed. Each application will be considered on its own merits.
- 6.12 Where it is demonstrated that a development is unviable if a fully policy compliant scheme is sought, or where reduced on-site provision cannot be provided, then a commuted sum for provision of off-site affordable housing will be accepted.
- 6.13 A schedule of the level of payments that will be used in calculating such a commuted sum in lieu of provision of on-site affordable housing is set out in Appendix 3. These are set at a level that will enable the city council to typically deliver a unit equivalent in type to the those being provided on the site proposed for development i.e. a site providing for 10 one bedroom units and not able to provide three affordable units on site will be expected to make a contribution sufficient to provide for three one bedroom units as part of another development elsewhere in the city. Figures presented in Appendix 3 are accurate at the time of writing however all sums should be index linking using 'BCIS All-in tender price index' back to the date of the SPD.

How will commuted sums be spent?

- 6.14 Commuted sums collected by the council in lieu of on-site provision of affordable housing will be spent on delivery of affordable housing schemes across the city.
- 6.15 A clause in the Section 106 agreement will impose a time limit of 10 years on the council within which they must spend the commuted sum received from the development. Such a time limit will start from the date of receipt of the commuted sum.
- 6.16 Monitoring of planning obligations through section 106 agreements will be recorded using the standard open data monitoring tool as advised by PPG paragraph 024.

7. DETAILS OF PUBLIC CONSULTATION

- 7.1 A 4-week period of consultation on this draft SPD will commence at 9am on Thursday 17 January and end at 5pm on Wednesday 13 February 2019.
- 7.2 Copies of the consultation document will be available in City Hall and in the Forum.
- 7.3 Please submit comments on the consultation by 13 February in one of the following ways:
- In writing to: Norwich City Council Planning Service, City Hall, St Peter's Street, Norwich NR2 1NH; or
 - By email to: LDF@norwich.gov.uk
- 7.4 Representations cannot be made anonymously. Please provide your name, company name (if applicable) and your client's name / company (if applicable). Please note that your representations will be made publicly available along with your name.
- 7.5 All consultation comments will be assessed and taken into consideration in a revised version of the SPD to be considered by Cabinet. It is anticipated that the final SPD will be adopted in March 2019.

APPENDICES

1. Joint Core Strategy policy 4
2. Policy DM33 of Norwich's Development Management Policies Plan
3. Methodology for calculation of payments for off-site affordable housing provision
4. Glossary

Appendix 1: Joint core strategy policy 4: housing delivery

Policy 4: Housing delivery

Allocations will be made to ensure at least 36,820 new homes can be delivered between 2008 and 2026, of which approximately 33,000 will be within the Norwich Policy Area (NPA – defined in Appendix 4), distributed in accordance with the Policies for places.



Housing mix

Proposals for housing will be required to contribute to the mix of housing required to provide balanced communities and meet the needs of the area, as set out in the most up to date study of housing need and/or Housing Market Assessment.

Affordable Housing

A proportion of affordable housing, including an appropriate tenure mix, will be sought on all sites for 5 or more dwellings (or 0.2 hectares or more). The proportion of affordable housing, and mix of tenure sought will be based on the most up to date needs assessment for the plan area. At the adoption of this strategy the target proportion to meet the demonstrated housing need is:

- on sites for 5-9 dwellings (or 0.2 – 0.4 ha), 20% with tenure to be agreed on a site by site basis (numbers rounded, upwards from 0.5)
- on sites for 10-15 dwellings (or 0.4 – 0.6 ha), 30% with tenure to be agreed on a site by site basis (numbers rounded, upwards from 0.5)
- on sites for 16 dwellings or more (or over 0.6 ha) 33% with approximate 85% social rented and 15% intermediate tenures (numbers rounded, upwards from 0.5)

The proportion of affordable housing sought may be reduced and the balance of tenures amended where it can be demonstrated that site characteristics, including infrastructure provision, together with the requirement for affordable housing would render the site unviable in prevailing market conditions, taking account of the availability of public subsidy to support affordable housing.

At appropriate settlements, sites that would not normally be released for housing will be considered for schemes that specifically meet an identified local need for affordable homes. Such schemes must ensure that the properties are made available in perpetuity for this purpose.

Housing with care

Mixed tenure housing with care will be required as part of overall provision in highly accessible locations. In particular provision will be required in Norwich, and the major growth locations of Old Catton, Sprowston, Rackheath and Thorpe St Andrew growth triangle, Cringleford, Hethersett, Wymondham and Long Stratton, and at Aylsham, Acle and Wroxham.

Gypsies and Travellers

Provision will be made for a minimum of 58 permanent residential pitches for Gypsies and Travellers between 2006 and 2011 to ensure full conformity with Regional Spatial Strategy Policy H3. These will be provided on the following basis: Broadland 15, Norwich 15, and South Norfolk 28.

Between 2012 and 2026, an additional minimum 78 permanent residential pitches will be provided to ensure full conformity with Regional Spatial Strategy Policy H3. These will be distributed on the following basis: Broadland 20, Norwich 20, and South Norfolk 38.

These will be provided on a number of sites. Generally sites will not have more than 10 to 12 pitches, but may be varied to suit the circumstances of a particular site. The sites will be provided in locations which have good access to services and in locations where local research demonstrates they would meet the needs of the Gypsy and Traveller communities. Some of the allowance to be provided after 2011 is

expected to be provided in association with large-scale strategic housing growth.

In addition, 17 transit pitches will be provided, with the expectation that these will be provided by 2011. These will generally be in locations providing good access to the main routes used by Gypsies and Travellers, such as the A11, A47, A140 and A 143/A1066. Again, sites would not normally be expected to accommodate more than 10 to 12 pitches.

Research also shows the need for additional plots for Travelling Show People. The expectation is that 15 additional plots will be provided by 2011 and a further 12 between 2012 and 2026. These will be located on sites within the Norwich urban area, or if sites within the urban area cannot be identified, with easy access to it.

The Government has signalled its intention to revoke the Regional Spatial Strategy. When this is enacted new targets for permanent residential and transit pitches for the period after 2011 will be set, based on local evidence.

Contributes to spatial planning objective 2

Note on evidence relating to affordable housing viability

The evidence base for the Joint Core Strategy Policy 4 is presented in the 'Affordable Housing Viability Study July 2010' produced by Drivers Jonas Deloitte (DJD study), commissioned by Greater Norwich Development Partnership.

The DJD study tested the financial viability of delivering affordable housing under a range of cost and revenue assumptions and compared the results to a range of benchmark land values. The methodology adopted was a residual land value appraisal using a 1 hectare site and applying various different assumptions to run over 25,000 assessments. The DJD study did not outline certain typologies, grouping sites of shared characteristics or even assess specific strategic sites as suggested by revised practice guidance paragraphs 10-004 and 10-005. It did however test a number of greenfield and brownfield scenarios using a range of assumptions and using standardised inputs which were broadly consistent with those listed in the practice guidance. The key variables tested were:

- a) Affordable housing targets of 20%, 30% and 40%;
- b) Density ranges between 30-100dph;
- c) Market values – ranges tested to reflect current and potential future trends;
- d) Tenure splits between 85:15 and 60:40 (social rent/intermediate);
- e) The effect of social housing grant;
- f) Construction costs – ranges tested to reflect current and potential future trends;
- g) Unit mix – differing mixes for each of the three Council areas;
- h) Market conditions – weak to strong;
- i) S106 and CIL costs – CIL was not introduced at the time but the impact of its introduction was tested using assumptions;
- j) The impact of different levels of Code for Sustainable Homes compliance;
- k) Developer profit ranging from 17.5% to 25%.

The DJD study assumed a number of fixed costs as follows:

- a) professional fees at 12% of costs;
- b) contingency at 5% of costs;
- c) planning costs at £300 per unit;
- d) finance at 6.5%;
- e) sales and marketing costs at 3.5% of value.

The appraisals were assessed against six different benchmark land values, three for greenfield and three for brownfield. The three brownfield rates assume a former industrial use noting that other values could be seen for other uses (and which were not tested). Brownfield EUV rates between £0.5m-£1.5m per hectare were tested with an uplift of 15% based on relevant case law at the time. Separate studies were also undertaken for small sites of between 5-14 dwellings.

The DJD study used 40% affordable housing as the baseline but did test viability at 30% and 20%. Their recommendations state that *“in our opinion a strategic policy wide target of 40% affordable housing is appropriate. There are however several scenarios where this will not be viable and we would suggest that the policy is worded to allow an applicant to demonstrate that a proposed scheme is not viable”*. The DJD study identified that at 40% affordable housing around 30% of scenarios were viable, 10% were marginal and 60% were unviable. If a refined value range is used excluding lower values the results improved to show that 47% of scenarios would be viable, 15% marginal and 36% unviable. Using the un-refined value range, even at 20% affordable housing 45% of scenarios were unviable. Therefore, given that a good proportion of scenarios remained unviable the report and subsequently the policy supported site-specific viability appraisal.

The DJD Study was commissioned following concerns over soundness of JCS policy 4 during the examination. This led to focused changes proposed by the three Councils promoting a target of 40% affordable housing provision but with a commitment to reducing the proportion on the basis of viability assessment.

The affordable housing target was amended following the inspectors report from 40% to 33% and this was based on evidence within the 2006 Strategy Housing Market Assessment (SHMA) on the need for housing.

The DJD study and JCS policy 4 support viability assessment at the decision making stage to establish the level and nature of affordable housing to support where requirements would render the site unviable in prevailing market conditions.

Appendix 2: Policy DM33 of the *Development management policies local plan*

Policy DM33 - Planning obligations

General principles

Delivery of essential infrastructure on or adjoining a site which:

- a) is only necessary as a direct consequence of the development proposed; and
- b) cannot be secured via condition; and
- c) is not identified as infrastructure to be delivered through the Community Infrastructure Levy (infrastructure identified on the “Regulation 123 list”) will be secured by a site specific planning obligation.

Planning obligations will be required to secure infrastructure which is necessary to ensure:

- a) the delivery of sustainable development (through compliance with the policies of this plan, other development plan documents and relevant neighbourhood plans);
- b) the delivery of affordable housing;
- c) the delivery of on-site open space and playspace required directly to serve the development
- d) pedestrian and highway safety improvements necessary to secure satisfactory access to the development via a range of modes of transport.

Viability considerations

In cases where it is demonstrated by independent viability assessment that:

- a) the impact of CIL contributions, planning obligations and abnormal development costs either individually or in combination, would result in a proposed development becoming economically unviable; and
- b) a viable scheme cannot be achieved by amendments to the proposals which are consistent with the other policies within this plan,

specific policy requirements which would clearly and demonstrably compromise scheme viability may be negotiated, and planning obligation requirements covering specific matters may be reduced, by agreement. Negotiation on planning obligation requirements should be in accordance with the council’s approved Planning Obligations Prioritisation Framework (or successor document) or consideration may be given to specific infrastructure which would normally be delivered through a planning obligation being added to the “Regulation 123 list” and delivered instead via CIL.

Appendix 3: Methodology for calculating payments for off-site affordable housing provision in circumstances where provision off-site is considered acceptable.

SOCIAL RENT								
Property type	Land costs	Build costs	On costs	Total scheme costs	RP/LA Borrowing Against rent	Shortfall	Typical floorspace* (m²)	Shortfall per m² (d/e)
	(a)	(b)			(c)	(d)	(e)	(f)
Studio	£20,000	£50,700	£3,802.50	£74,502.50	£12,282.59	£62,219.91	39	£1,595.38
1B 2P	£20,000	£65,000	£4,875.00	£89,875.00	£27,117.00	£62,758.00	50	£1,255.16
2B 3P	£20,000	£79,300	£5,947.50	£105,247.50	£32,820.18	£72,427.32	61	£1,187.33
2B 4P	£20,000	£102,700	£7,702.50	£130,402.50	£34,326.68	£96,075.82	79	£1,216.15
3B 5P	£20,000	£120,900	£9,067.50	£149,967.50	£39,445.71	£110,521.79	93	£1,188.41
4B 6P	£20,000	£137,800	£10,335.00	£168,135.00	£70,897.74	£97,237.26	106	£917.33
Average	£20,000	£92,733.33	£6,955.00	£119,688.33	£36,140.63	£83,547.70	71.33	£1,171.23

SHARED OWNERSHIP –50% equity sold									
Property type	Land Cost	Build cost	On costs	Total scheme cost	RP/LA Borrowing against rent	Capital receipt for 50% equity	Shortfall	Typical floor space*(m ²)	Cost per m ² (d/e)
	(a)	(b)			(c)	(d)	(e)	(f)	(g)
Studio	£20,000	£50,700	£3,802.50	£74,502.50	£10,191.94	£44,967.00	£19,343.56	39	£495.99
1B 2P	£20,000	£65,000	£4,875.00	£89,875.00	£15,495.43	£57,650.00	£16,729.57	50	£334.59
2B 3P	£20,000	£79,300	£5,947.50	£105,247.50	£20,798.93	£70,333.00	£14,115.57	61	£231.40
2B 4P	£20,000	£102,700	£7,702.50	£130,402.50	£29,484.36	£91,087.00	£9,831.14	79	£124.44
3B 5P	£20,000	£120,900	£9,067.50	£149,967.50	£36,248.24	£107,229.00	£6,490.26	93	£69.79
4B 6P	£20,000	£137,800	£10,335.00	£168,135.00	£42,520.20	£122,218.00	£3,396.80	106	£32.05
Average	£20,000	£92,733.33	£6,955.00	£119,688.33	£25,788.52	£82,247.33	£11,652.48	71.33	£163.35

*Net internal

Average cost of affordable provision per m² floorspace is therefore calculated to be (£1171.23 x 0.85) + (£163.35 x 0.15) = £1020.05.

Total contribution due therefore equals net internal floorspace of development proposed x 0.30 (if 10-15 dwellings), or 0.33 (if 16 plus dwellings) AAm² (affordable housing foregone) Contribution needed to provide this level of provision elsewhere = £1020.05 x AA + flat fee (estimated at £1000 to cover legal costs associated with the land transfer etc.) Figures correct at Sept 2018. Figures should be index linked using BCIS All-in tender.

Appendix 4: Glossary

Term	Definition
Affordability	A measure of whether housing may be afforded by certain groups of households.
Affordable housing (AH)	<p>This can be summarised as housing provided for sale, rent, or shared equity at prices in perpetuity below the current market rate, which people in housing need can afford.</p> <p>Please see full proposed definition at Table 2</p>
Alternative Use value (AUV)	For the purpose of viability assessment alternative use value (AUV) refers to the value of land for uses other than its current permitted use, and other than other potential development that requires planning consent, technical consent or unrealistic permitted development with different associated values. AUV of the land may be informative in establishing benchmark land value. If applying alternative uses when establishing benchmark land value these should be limited to those uses which have an existing implementable permission for that use. (PPG paragraph 017, revision date 24.07.2018)
Bedspaces	The maximum number of full size beds which can be accommodated in the sleeping area of a house.
Benchmark	A comparator for either outputs or inputs into the appraisal, ie Site Value or developers return, etc.
Build to Rent	Purpose built housing typically 100% rented out. It can form part of a wider multi-tenure development comprising either flats or houses, but should be on the same site and/or contiguous with the main development. Schemes will usually offer longer tenancy agreements of three years or more, and will typically be professionally managed stock in single ownership and management control.
CIL	Community Infrastructure Levy. A levy allowing local authorities to raise funds from owners or developers of land undertaking new building projects in their area. CIL is levied on a wider range of developments and in accordance with a published tariff or charging schedule. This spreads the cost of funding infrastructure and provides certainty to developer of how much they will have to pay. In addition, the charging authority must produce a regulation 123 list of the infrastructure projects CIL monies will be spent on.

Commencement	Commencement of development is taken to be initiated if any material operation or change of use is carried out: Any work of construction in the course of erection of a building; Any work of demolition of the building; The digging of a trench which is to contain the foundations, or part of the foundations of any building; The laying of any underground main pipe to the foundations or part of the foundations of a building, or to any such trench mentioned in bullet point 3 above; Any operation in the course of laying out or constructing a road or part of a road; Any change in the use of the land which constitutes material development.
Commuted payment	Payment made by a developer to the local planning authority (usually secured by means of a Planning Obligation) to fund provision of a facility needed to serve a development, but to be built or provided elsewhere or in some way other than by the developer.
Core strategy	The spatial planning strategy that sets out long term objectives for planning across the authority area.
Current Use Value (CUV)	Market value for the continuing existing use of the site or property assuming all hope value is excluded, including value arising from any planning permission or alternative use. This also differs from the Existing Use Value. It is hypothetical in a market context as property generally does not transact on a CUV basis.
Current Use Value (Plus a premium) (CUV+premium)	Used by some practitioners for establishing Site Value. The basis is as with CUV but then adds a premium (usually 10% to 40%) as an incentive for the landowners to sell. However, it does not reflect the market and is both arbitrary and inconsistent in practical application.
Deliverable	To be considered deliverable, sites for housing should be available now, offer a suitable location for development now, and be achievable with a realistic prospect that housing will be delivered on the site within five years. Sites that are not major development, and sites with detailed planning permission, should be considered deliverable until permission expires, unless there is clear evidence that homes will not be delivered within five years (e.g. they are no longer viable, there is no longer a demand for the type of units or sites have long term phasing plans). Sites with outline planning permission, permission in principle, allocated in the development plan or identified on a brownfield register should only be considered deliverable where there is clear evidence that housing completions will begin on site within five years.

Density (housing development)	A measure of the average concentration of housing within a given area (normally expressed as number of dwellings per hectare). Net density is a more refined measure of the actual area developed for housing purposes and excludes open space, major distributor roads, landscaped strips and primary school sites from the calculation of the developed area.
Development	Defined in planning law as ‘the carrying out of building, engineering, mining or other operations in, on, over, or under land, or the making of a material change of use of any building or land’.
Discounted market sales housing	Discounted market sales housing is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.
Entry-level exception site	A site that provides entry-level homes suitable for first time buyers (or equivalent, for those looking to rent), in line with paragraph 71 of the NPPF 2018.
Essential local workers	Public sector employees who provide frontline services in areas including health, education and community safety – such as NHS staff, teachers, police, firefighters and military personnel, social care and childcare workers.
Existing Use Value	Existing use value (EUV) is the value of the land in its existing use together with the right to implement any development for which there are policy compliant extant planning consents, including realistic deemed consents, but without regard to alternative uses. EUV is not the price paid and should disregard hope value. Existing use values will vary depending on the type of site and development types. EUV can be established in collaboration between plan makers, developers and landowners by assessing the value of the specific site or type of site using published sources of information such as agricultural or industrial land values, or if appropriate capitalised rental levels at an appropriate yield. Sources of data can include (but are not limited to): land registry records of transactions; real estate licensed software packages; real estate market reports; real estate research; estate agent websites; property auction results; valuation office agency data; public sector estate/property teams’ locally held evidence. (PPG paragraph 015, revision date 24.07.2018)

Existing Use Value (plus a premium) (EUV+)	Planning Practice Guidance states that the premium should provide a reasonable incentive for a landowner to bring forward land for development while allowing a sufficient contribution to comply with policy requirements. The PPG does not specify the amount of uplift but states that this will be an iterative process informed by professional judgement and must be based upon best available evidence informed by cross sector collaboration. (PPG paragraph 016, revised 24.07.2018)
Gross development value (GDV)	The total value achieved on sale of the completed development. It is shown before the deduction of any costs or allowances and is simply the total of funds realised on the sale of the completed development.
Housing Delivery Test	Measures net additional dwellings provided in local authority area against the homes required, using national statistics and local authority data. The Secretary of State will publish the Housing Delivery Test results for each local authority in England every November.
Implementation	Implementation of development is taken to be initiated when, in the case of a change of use, the new use is begun, or, in the case of residential development, upon the development being capable of being occupied.
Intermediate affordable housing	Housing at prices and rents above those of Social Rented, but below market price or rents, and which meet the criteria set out above. These can include shared equity (eg Home Buy), other low cost homes for sale and Intermediate Rent but does not include Affordable Rented housing.
Local plan	The plan for the future development of the local area, drawn up by the local planning authority in consultation with the community. In law this is described as the development plan documents adopted under the Planning and Compulsory Purchase Act 2004. Current core strategies or other planning policies, which under the regulations would be considered to be development plan documents, form part of the Local Plan. The term includes old policies which have been saved under the 2004 Act. Previously referred to as the Local Development Framework.
Major development	For housing, development where 10 or more homes will be provided, or the site has an area of 0.5 hectares or more. For non-residential development it means additional floorspace of 1,000m ² or more, or a site of 1 hectare or more, or as otherwise provided in the Town and Country Planning (Development Management Procedure) (England) Order 2015. (NPPF 2018 – Annex 2: Glossary)
Market housing	Housing for those households who can afford to pay the full market price to buy or rent their home, i.e. occupied on the basis of price

Market value (MV)	The estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.
Material considerations	Factors which will be taken into account when reaching a decision on a planning application or appeal. Under Section 38 of the Planning and Compulsory Purchase Act 2004, decisions on planning applications 'must be made in accordance with the [development] plan unless other material considerations indicate otherwise'. Material considerations include issues regarding traffic, wildlife, economic impacts and the historical interest of the area (this list is not exhaustive). Issues such as the loss of a view or the impact on property values are not material to planning decisions.
Mixed use developments	Development comprising two or more uses as part of the same scheme (eg shops on the ground floor and residential flats above). This could apply at a variety of scales from individual buildings, to a street, to a new neighbourhood or urban extension.
<i>National Planning Policy Framework (NPPF or The Framework)</i>	This document sets out national planning policies for England and the Government's requirements for the Planning System. The policies in the NPPF must be taken into account when preparing Local Plans. The latest NPPF was published in July 2018.
Permitted development	Certain types of minor changes to houses or businesses can be made without needing to apply for planning permission. These changes can be made under " permitted development rights ". They derive from a general planning permission granted not by the local authority but by Parliament. The permitted development rights which apply to many common projects for houses do not apply to flats, maisonettes or other buildings.
Planning condition	A condition imposed on a grant of planning permission (in accordance with the Town and Country Planning Act 1990 (as amended)) or a condition included in a Local Development Order or Neighbourhood Development Order.
Registered provider (RP)	Registered providers (RP) are landlords who provide affordable accommodation for rent and/or sale. The way they operate is governed by a government body called Homes England (Previously the Homes and Communities Agency).

Residual land value (RLV)	Land value and referred to as a residual because it is the amount remaining after a calculation that deducts from the GDV (as above) the various costs of development (eg usually comprising of costs including build costs and contingencies, professional fees, site purchase costs, finance costs, developer’s profit, marketing and sales expenses). The amount left over (hence ‘residual’) indicates the land price that can be justified by the calculation and the assumptions used within it.
Section 106 (S106) (Planning obligations)	Legal agreements entered into under Section 106 of the Town and Country Planning Act 1990 (as amended) between a planning authority and a developer, or undertakings offered unilaterally by a developer to ensure that specific works are carried out, payments made or other actions undertaken which would otherwise be outside the scope of the planning permission. Also referred to as Planning Obligations. Section 106 agreements differ to CIL in that whilst they secure monies to be paid to fund infrastructure to support new developments, the agreements are negotiable and not all new development is subject to such agreements.
Self-build and custom-build housing	Housing built by an individual, a group of individuals, or persons working with or for them, to be occupied by that individual. Such housing can be either market or affordable housing.
Shared ownership	A form of intermediate tenure low cost home ownership housing. Homes in which the occupier owns a share of the equity and pays rent on the remaining share.
Site Value (SV) (for financial viability assessments for scheme specific planning applications)	Market Value (MV) subject to the following assumption: that the value has regard to development plan policies and all other material planning considerations and disregards that which is contrary to the development plan.

<p>Strategic housing market assessment (SHMA)</p>	<p>Evidence study providing a detailed analysis of housing need in a specified area, to inform how local authorities should plan for new housing development. Typically, a SHMA will define housing market areas and provide analysis of housing need, demand and supply both in the market areas and in individual local authority areas or other geographic areas used for planning purposes. It shows how housing need and demand will be translated into requirements for a specific number of homes and for different sizes, types and tenures of homes in each area in future years. SHMAs also identify the key drivers of need and demand for both market and affordable housing, including the affordability of accommodation, the impact of welfare reform, economic growth and the potential effects of other current and emerging policies. The Central Norfolk SHMA (ORS 2015, updated in 2017) covers the wider Norwich housing market area including Norwich city, Broadland and South Norfolk districts and extending into North Norfolk and Breckland.</p>
<p>Social housing</p>	<p>Housing let at lower than market rents to people in housing need. It includes social rent, affordable rent and intermediate housing tenures and is usually provided by not-for profit organisations including housing associations and councils.</p>
<p>Social rented</p>	<p>Social rented housing is housing owned and managed by local authorities and registered providers, for which target rents are determined through the national rent regime. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with Homes England (Previously the Homes and Communities Agency) as a condition of grant.</p>

<p>Starter homes</p>	<p>As specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections: “starter home” means a building or part of a building that:</p> <ul style="list-style-type: none"> (a) is a new dwelling, (b) is available for purchase by qualifying first-time buyers only, (c) is to be sold at a discount of at least 20% of the market value, (d) is to be sold for less than the price cap, and (e) is subject to any restrictions on sale or letting specified in regulations made by the Secretary of State. <p>A “Qualifying first-time buyer” means an individual who is a first-time buyer, is at least 23 years old, but has not yet reached the age of 40 and meets any other criteria specified in regulations made by the Secretary of State.</p> <p>The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household’s eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.</p>
<p>Supplementary planning document (SPD)</p>	<p>Guidance published by the local planning authorities to provide further detailed information on how local plan policies are to be applied or interpreted in order to bring forward sustainable development. SPD may be prepared jointly, particularly where a consistent policy approach is required over an area covered by more than one local planning authority.</p>
<p>Viability assessment</p>	<p>An objective financial viability test of the ability of a development project to meet its costs including the cost of planning obligations/CIL, while ensuring an appropriate site value for the landowner and a market risk adjusted return to the developer in delivering that project.</p>

