

# **Affordable Housing Interim Planning Guidance**

## **2014 Update**

Regeneration and Development Services  
Sheffield City Council

Affordable Housing  
Interim Planning Guidance  
2014

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## **PART 1: BACKGROUND INFORMATION**

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### **1. Why is an Update to the 2009 Interim Planning Guidance Needed?**

- 1.1 This Interim Planning Guidance covers the period between adoption of the Local Plan Core Strategy and adoption of Community Infrastructure Levy (CIL) and associated Planning Obligations Supplementary Planning Document (SPD). It is an amendment to the previous Interim Planning Guidance (IPG) on affordable housing, which was published in 2009. The Guidance should be read alongside Policy CS40 in the Core Strategy.
- 1.2 The National Planning Policy Framework (NPPF) states that SPDs 'should be used where they can help applicants make successful applications or aid infrastructure delivery' (paragraph 153). National Planning Practice Guidance adds that they should build upon policies in the Local Plan, but should not be used to introduce new policy or amend existing policy. Also, they should not add financial burden to a development.<sup>1</sup>
- 1.3 The Interim Planning Guidance performs a similar role, but does not have the same status as an SPD. However, the public were consulted on a draft of the Guidance and following consideration of representations, the Council's Cabinet approved the document for development management purposes. In this sense it follows the same preparation process as SPD.
- 1.4 There has been no further consultation on this updated version of the Interim Planning Guidance, as the document is only materially changed in relation to the adopted Core Strategy which has itself been the subject of rigorous public consultation and examination by a Planning Inspector.

### **2. Why More Guidance is Needed**

- 2.1 The Local Plan (formerly Sheffield Development Framework) Core Strategy contains a policy on Affordable Housing (CS40) which sets out that developers of new housing developments will be required to contribute towards the provision of affordable housing where

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<sup>1</sup> <http://planningguidance.planningportal.gov.uk/blog/guidance/local-plans/adoption-monitoring-and-supplementary-planning-documents/>

practicable and financially viable. This Interim Planning Guidance is crucial in providing detail for implementation of the Core Strategy policy.

2.2 Affordable Housing Supplementary Planning Guidance (SPG) was first published in 1998, with a significantly altered IPG published in 2006, and a further revision in 2009. During that time there was a radical transformation within the housing market, both nationally and locally. This was demonstrated by the 2004 Sheffield Housing Needs Survey and a further significant increase in the need for affordable housing continues to be demonstrated in the 2013 Strategic Housing Market Assessment<sup>2</sup>.

2.3 The aim of this guidance is to provide a consistent, clear approach to the delivery of affordable housing across the whole city. It provides more guidance on:

- What is meant by the term 'affordable housing'
- The need for affordable housing in Sheffield
- How many affordable dwellings will be required on sites of different sizes
- Ways of providing affordable housing
- Design of affordable housing
- Who should occupy the dwellings
- How to ensure continued affordability

### **3. Definition of 'Affordable Housing'**

3.1 The Government's national planning guidance<sup>3</sup> defines Affordable Housing as:

*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 should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.*

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

3.2 In deciding whether housing is affordable, the City Council will use the above definition.

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<sup>2</sup> Sheffield Strategic Housing Market Assessment, University of Sheffield (RESS) / Sheffield Hallam University (CRESR), 2013

<sup>3</sup> National Planning Policy Framework (2012) Annex 2: Glossary

## **4. The Need for Affordable Housing in Sheffield**

- 4.1 Where there is an identified need for affordable housing, Government planning guidance allows local planning authorities to negotiate affordable housing as a proportion of new housing developments. The Strategic Housing Market Assessment (2013) identified a need for 725 additional affordable housing units in Sheffield per year. This figure is in addition to units projected to be delivered by Registered Providers through the Government's Affordable Homes Programme (funded by the Homes and Communities Agency).
- 4.2 The Strategic Housing Market Assessment contains evidence regarding the need for affordable housing, and is available on the Council's website at <https://www.sheffield.gov.uk/in-your-area/housing-services/housing-strategies/housing-market-assessment.html>.

## **5. Strategic Affordable Housing Objectives**

- 5.1 The principle aim behind the revised Interim Planning Guidance is to improve the performance in terms of securing the new affordable housing that the city requires, whilst taking into account its impact on the economic viability of housing development. The vision of the 2013-23 Housing Strategy is to provide more homes and for housing to be at the heart of high quality, safe and distinctive places to enable Sheffield's communities to thrive. This sets out three key objectives:
1. Increase the supply of new homes in the city.
  2. Make best use of the city's existing housing stock.
  3. Help younger, older and vulnerable people to live independently.

## PART 2: GUIDELINES

### G1 Types of Site Where Affordable Housing will be Sought

**A contribution to affordable housing will be negotiated on new housing developments which exceed the following size threshold:**

**Sites with capacity for 15 or more dwellings (or 60 or more student bed spaces<sup>4</sup> in purpose built student housing schemes)**

**This guideline applies to all developments above the size threshold that require planning permission, except those only requiring approval of reserved matters.**

**For any vacant buildings brought back into any lawful use or demolished for re-development, a financial credit equivalent to the existing gross floorspace should be deducted from the calculation of any affordable housing contributions. This does not apply to vacant buildings which have been abandoned.**

**The guidelines also apply to developments below the minimum size thresholds, which would exceed the threshold when combined with an adjoining development site(s).**

#### **Definitions**

**'Housing developments'** – includes all types of housing, including independent<sup>5</sup> homes for older people, and purpose built student accommodation. It does not cover institutional housing which would be wholly or partly affordable, such as care homes. It covers both new build and conversions.

**'Adjoining development site(s)'** – where one or more adjacent development sites, being developed at the same time and in the same ownership, would provide 15 or more dwellings if developed in conjunction.

<sup>4</sup> 60 student bed spaces would typically equate to 15 cluster flats with an average of 4 bed spaces per flat.

<sup>5</sup> 'Independent'- means a self-contained unit of accommodation. Self-containment is where all the rooms (including kitchen, bathroom and toilet) in a household's accommodation are behind a single door which only that household can use. It may include homes where an element of care is provided.

**This guidance will be put into practice by:**

- Requesting the developer or owner of the land (including the City Council) to produce a scheme for meeting identified needs.
- Negotiating with housing developers for all schemes that meet the site size threshold set out in the guideline, including where this is by combination of dwellings and student bed spaces.
- Attaching appropriate conditions to the planning consent. In the case of outline consent this might be a requirement to submit an affordable housing scheme when reserved matters applications are submitted. A model planning condition is included in Appendix 1.

## **G2 Expected Level of Affordable Housing Provision**

**The expected developer's contribution towards affordable housing provision will be *equivalent* to a specified percentage of the units on the site being transferred at the Transfer Price. The expected levels for each Affordable Housing Market Area are as follows<sup>6</sup>:**

<b>Affordable Housing Market Area</b>	<b>Expected contribution (%)</b>
City Centre Manor / Arbourthorne / Gleadless East North East	0
City Centre West North West South East Stocksbridge & Deepcar Chapelton / Ecclesfield Rural Upper Don Valley	10
South South West	30

**The expected level of provision will only be relaxed where the developer can show that the development would not otherwise be**

<sup>6</sup> The expected developer's contributions for each Affordable Housing Market Area have been determined following analysis of the Strategic Housing Market Assessment (2013), the Strategic Housing Land Availability Assessment (2012/13), the Affordable Housing Viability Study (2009), and the Community Infrastructure Levy (CIL) Viability Study (2013).

**economically viable.**

**The developer contribution will be used to provide units of affordable housing in accordance with Guideline 4.**

***[See Appendix 2 for an example of how the formula will be used to calculate the required developer contribution, and Appendix 5 for a map of the market areas]***

### **Definitions**

**‘Expected’** – the objective will be to achieve the above amounts of affordable housing in each market area.

**‘Transfer Price’** – the price per square metre at which properties will be sold by the developer to a Registered Provider. The Transfer Price is based on the provision of homes for Affordable Rent.

### **This guidance will be put into practice by:**

- Requiring the developer to provide an Affordable Housing Statement including details of estimated market value of units and size of residential units.
- Negotiating an appropriate level of affordable housing on a development in accordance with the methodology set out in Appendix 3 where the expected level cannot be met.
- Including the expected level for on-site provision of affordable housing in planning briefs.
- Advising purchasers of Council land where there is a requirement for affordable housing.
- Requesting the developer or owner of the land (including the City Council) to produce a scheme for meeting identified needs.
- Negotiating with developers to secure house types which would meet local needs for affordable housing.
- Negotiating with developers regarding the arrangements (where appropriate) for disposing of dwellings or land to a Registered Provider and the sale price of dwellings.
- Attaching appropriate conditions to the planning consent. In the case of outline consent, this might be a requirement to submit an affordable housing scheme when reserved matters applications are submitted. A model planning condition

is included in Appendix 1.

- Attaching appropriate conditions to the planning consent, regarding the phasing of affordable housing development in relation to development of on-site market housing.
- Requiring developers to provide a full breakdown of development costs where they are seeking to provide affordable housing below the expected level. This will be appraised by an independent body approved by the Council.

### **G3 On-Site Provision and Use of Commuted Payments**

**Wherever possible and appropriate, affordable housing should be provided on-site. A commuted payment in lieu of on-site provision will only be acceptable where the City Council consider that:**

- a) the affordable housing need would be more effectively met by bringing existing vacant housing back into active use; or**
- b) management of the affordable housing on-site cannot be secured effectively or economically; or**
- c) providing the affordable housing elsewhere in the local area is more likely to widen housing choice and encourage better household mix; or**
- d) it is not physically possible to provide affordable housing of the size or type that is needed in that area; or**
- e) the homes being built are of a type and specification that is not needed for affordable housing in that area; or**
- f) significantly more affordable housing of a high quality could be provided in the local area through off-site provision; or**
- g) there are other exceptional circumstances that would make off-site provision a better option.**

**Where a commuted payment is made, it will be used to finance new affordable housing by new building or the purchase, refurbishment or conversion of existing private housing. This should be within the local area (as defined in a legal agreement) unless this is not possible, in which case a wider area will be agreed.**

**The amount of the commuted payment will be calculated using Guideline 2<sup>7</sup>.**

### **Definitions**

**'Commuted payment'** – a payment by the developer which is made as an alternative to building affordable dwellings on the site. The money can only be used to provide affordable housing off-site within a defined area.

### **This guidance will be put into practice by:**

- Calculating the commuted sum using the process outlined in Appendix 2 below.
- Drawing up a legal agreement whereby the developer makes a financial contribution towards affordable housing provision in the city. This is a voluntary agreement entered into between a developer and the City Council, which allows greater control over the type of development that takes place.
- Using the money to assist Registered Providers to provide affordable housing in the city by means of new build, purchase, refurbishment or conversion, according to strategic priorities.

## **G4 Type and Tenure of Affordable Housing to be Provided**

**Where they are to be provided on-site, the affordable homes will be for Affordable Rent unless the Council has identified a strategic need for an alternative tenure in that location. The exact size, type and tenure will be a matter for negotiation taking into account strategic priorities and the need for particular types of affordable homes in the local area.**

### **This guidance will be put into practice by:**

- Negotiating an appropriate housing mix with the developer to ensure development of house types which would meet local needs for affordable housing.

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<sup>7</sup>For student housing schemes, calculation of the commuted sum will be based on the current market price for a 2-bedroom flat in that part of the city and the transfer value. See Appendix 4 for an example of how this could be calculated.