

## **Appendix C**

# **Monmouthshire County Council Local Development Plan**

# **Draft Affordable Housing Supplementary Planning Guidance**

**February 2016**

**Planning Policy**

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## **1. INTRODUCTION**

1.1 This note is one of a series of Supplementary Planning Guidance (SPG) Notes that have been prepared to provide supporting information and advice on the implementation of the Council's development plan policies. The Notes are intended to offer clear guidance on the main considerations that will be taken into account by the Council when reaching decisions on planning applications and in this case how planning policy on affordable housing will be delivered in practice.

### **1.2 Status**

1.2.1 This SPG is prepared in the context of the Monmouthshire County Council Adopted Local Development Plan (LDP), February 2014.

1.2.2 SPG supplements the Council's development plan, with only the policies contained in the development plan having the special status that Section 38 (6) of the Planning and Compulsory Purchase Act 2004 provides in the determination of planning applications. However, the Welsh Government (WG) advises that SPG may be taken into account as a material consideration in the determination of planning applications and appeals. Substantial weight will be afforded to SPG which derives out of and is consistent with the development plan (*Planning Policy Wales Edition 8*, January 2016, *para. 2.4*).

## **2. THE AFFORDABLE HOUSING ISSUE**

2.1 A significant issue for Monmouthshire is the fact that house prices are high in relation to earnings so that there is a need for additional affordable housing in the County in both urban and rural areas, particularly for those that live and work here.

2.2 Affordability of housing is a concern throughout Wales. In October 2014 the average house price for Wales was £170,900 and the house price to earnings ratio was 6.2:1. For comparison, in Monmouthshire the average house price in October 2014 was £269,700 and the house price to earnings ratio was 7.2:1 (Source: Hometrack 30/10/2014).

2.3 These figures illustrate how difficult it is for local people to purchase their first homes or move into larger homes in the County when their family circumstances change. For those people who live and work in the County it is even more difficult, as local earnings are much lower than the average for Wales. In 2014, the median earnings for Monmouthshire residents were £578.00 per week, compared to the Wales median of £479.00 per week. However, the median earnings by workplace presents a different picture with people working in the County earning only £466.00 per week, much lower than the £473.00 per week figure for Wales as a whole (NOMIS 23/01/15).

2.4 Monmouthshire is a county which is subject to inward migration so there will continue to be strong demand for housing with subsequent pressure on

house prices. With local earnings unlikely to catch up with the Wales average for the foreseeable future, housing will remain at a level way above what local people can afford.

2.5 The planning system is seen as an increasingly important means of improving the supply of affordable housing for local people. Monmouthshire County Council recognises this and is keen to ensure that developers and local people have clear guidance on how its development plan policies and decisions on planning applications will operate and thereby contribute to one of the desired outcomes of the Council's Single Integrated Plan, namely 'We want people to live in homes that are affordable, appropriate and where people want to live'. The importance of providing affordable housing was also recognised by the Council's Strong Communities Select Committee, which produced the report 'A Place to call Home' in June 2011. The recommendations of this report provided the context in which the LDP affordable housing policies were prepared.

2.6 This SPG has been prepared in the context of the most recent WG planning policy on affordable housing contained in *Planning Policy Wales Edition 8*, January 2016 and Technical Advice Note 2 *Planning and Affordable Housing*, June 2006.

2.7 *Planning Policy Wales (PPW) Edition 8, January 2016*

2.7.1 *PPW* provides the overarching national strategic guidance with regards to land use planning matters in Wales. Paragraph 4.4.3 states that Local Planning Authorities should: 'Ensure that all local communities - both urban and rural - have sufficient good quality housing for their needs, including affordable housing for local needs and for special needs where appropriate, in safe neighbourhoods.'

2.7.2 The housing section of *PPW* (paragraph 9.1.2) seeks the promotion of sustainable mixed tenure communities. It states: 'Local Planning Authorities should promote sustainable residential environments, avoid large housing areas of monotonous character and make appropriate provision for affordable housing.'

2.7.3 With regard to need, paragraph 9.2.14 states: 'A community's need for affordable housing is a material planning consideration which must be taken into account in formulating development plan policies.'

2.8 Definitions of Affordable Housing

2.8.1 Affordable housing is defined in paragraph 9.2.14 of *PPW*:

*'Affordable housing for the purposes of the land use planning system is housing where there are secure mechanisms in place to ensure that it is accessible to those who cannot afford market housing, both on first occupation and for subsequent occupiers. ... Affordable housing includes social rented housing owned by local authorities and registered social*

*landlords and intermediate housing where prices or rents are above those of social rent but below market housing prices or rents.'*

- 2.8.2 These definitions of affordable housing contrast with general market housing:

*'All other types of housing are referred to as 'market housing', that is private housing for sale or rent where the price is set in the open market and occupation is not subject to control by the local planning authority.*

## 2.9 Affordability

- 2.9.1 There is a need also to define 'affordability'. WG guidance defines this as:

*'the ability of households or potential households to purchase or rent property that satisfies the needs of the household without subsidy' (WG TAN2, para 4.1).*

The subsidy referred to in the quotation above is a subsidy on the property itself, which helps make it more affordable. There are different levels of subsidy depending on the different types of tenure, therefore creating a wide range of affordable options.

- 2.9.2 This should be determined in each local housing market area in an authority's area and would be based on such factors as ratio of household income to the price of property.

## 3. **AFFORDABLE HOUSING NEED IN MONMOUTHSHIRE**

- 3.1 **Local Housing Market Assessment (LHMA)** - The Council's Housing Services section, with Torfaen and Blaenau Gwent County Borough Councils and Newport City Council, commissioned a LHMA across the four County areas in 2006. This suggested that there was a need for 659 affordable homes in Monmouthshire in the five year period from 2006. This was based on a requirement of 2,720 affordable homes in the study area as a whole and represented 37% of the total planned housing requirement.
- 3.2 Subsequently, an Update to the 2006 LHMA was carried out to provide evidence to support the LDP, using 2010 as its base year. This predicted a 5-year affordable housing need of 2,205 dwellings for the study area from 2010. This represented 32% of the then total planned delivery total for the three authorities of 6,950.
- 3.3 The Update report also disaggregated the study findings for each authority, in accordance with the requirements of TAN2. This projected a five year affordable housing need in the County of 478 dwellings, 29% of the then overall dwelling requirement of 1,636. This gave an annual requirement for affordable housing of 96 dwellings per year, a ten year requirement of 960 dwellings, which is the affordable housing need for 2011-21 that has to be addressed through the LDP.

#### **4. MONMOUTHSHIRE'S PLANNING POLICIES ON AFFORDABLE HOUSING**

- 4.1 Policy S4 of the Adopted Monmouthshire LDP is the primary means of achieving the affordable housing target referred to in the above paragraph. Policy S4 sets out the thresholds at which affordable housing has to be provided and the percentage of affordable housing that will be required in each case, depending on the location of the development site.

##### **Policy S4 – Affordable Housing Provision**

Provision will be made for around 960 affordable homes in the Local Development Plan Period 2011-2021. To meet this target it will be expected that:

- In Main Towns and Rural Secondary Settlements as identified in Policy S1 development sites with a capacity for 5 or more dwellings will make provision (subject to appropriate viability assessment) for 35% of the total number of dwellings on the site to be affordable.
- In the Severnside settlements identified in Policy S1 development sites with a capacity for 5 or more dwellings will make provision (subject to appropriate viability assessment) for 25% of the total number of dwellings on the site to be affordable.
- In the Main Villages identified in Policy S1:
  - Development sites with a capacity for 3 or more dwellings will make provision for at least 60% of the total number of dwellings on the site to be affordable.
- In the Minor Villages identified in Policy S1 where there is compliance with Policy H3:
  - Development sites with a capacity for 4 dwellings will make provision for 3 dwellings to be affordable.
  - Development sites with a capacity for 3 dwellings will make provision for 2 dwellings to be affordable.
- In the open countryside developments involving the conversion of existing buildings or sub-division of existing dwellings to provide 3 or more additional dwellings will make provision (subject to appropriate viability assessment) for 35% of the total number of dwellings to be affordable.
- Development sites with a capacity below the thresholds set out above will make a financial contribution towards the provision of affordable housing in the local planning authority area.

Other than in Main Villages, in determining how many affordable houses should be provided on a development site, the figure resulting from applying the proportion required to the total number of dwellings will be rounded to the nearest whole number (where half rounds up).

The capacity of a development site will be based on an assumed achievable density of 30 dwellings per hectare.

4.2 The settlement hierarchy referred to in Policy S4 is set out in LDP Policy S1, namely:

- **Main Towns:** Abergavenny, Chepstow and Monmouth
- **Severnside Settlements:** Caerwent, Caldicot, Magor, Portskewett, Rogiet, Sudbrook and Undy
- **Rural Secondary Settlements:** Usk, Raglan, Penperlleni and Llanfoist
- **Main Villages:** Cross Ash, Devauden, Dingestow, Grosmont, Little Mill, Llandewi Rhydderch, Llandogo, Llanellen, Llangybi, Llanishen, Llanvair Kilgeddin, Mathern, Penallt, Pwllmeyric, Shirenewton/Mynyddbach, St Arvans, Trellech, Werngifford/Pandy
- **Minor Villages:** Bettws Newydd, Broadstone/Catbrook, Brynygwenin, Coed-y-Paen, Crick, Cuckoo's Row, Great Oak, Gwehelog, Llanarth, Llandegveth, Llandenny, Llangwm, Llanover, Llansoy, Llantilio Crossenny, Llantrisant, Llanvair Discoed, Llanvapley, Mitchel Troy, Penpergwm, The Narth, The Bryn, Tintern, Tredunnoch
- **Open Countryside**

4.3 There are five types of situation that could arise in providing affordable housing under Policy S4 which need further consideration:

- A) Where the affordable housing threshold of 5 or more is applicable, i.e. in Main Towns, Rural Secondary Settlements and Severnside Settlements.
- B) Where the affordable housing threshold is not met and financial contributions are required.
- C) Developments in Main Villages
- D) Developments in Minor Villages.
- E) Developments in the open countryside.

4.4 Specific guidance in these matters is provided on the following information sheets and the checklists in Appendix 6:

**A. WHERE THE AFFORDABLE HOUSING THRESHOLD OF 5 OR MORE IS APPLICABLE, I.E. IN MAIN TOWNS, RURAL SECONDARY SETTLEMENTS AND SEVERNSIDE SETTLEMENTS.**

When an application for residential development is received in these settlements the first step in its assessment will be to:

**A.1 Establish the net site area and calculate the capacity of the site based on an assumed achievable density of 30 dwellings per hectare.**

- i. It is a requirement of LDP Policy DES1 criterion i) that in order to make the most efficient use of land the minimum net density of residential development should be 30 dwellings per hectare. The net developable area is defined as excluding areas taken out for other uses such as employment or which are undevelopable for one reason or another and as including internal access roads and incidental open space between houses, play areas etc. Similar considerations should be taken into account when calculating the site capacity in relation to Policy S4.
- ii. The capacity of a site is calculated as a 'net' figure. The number of any existing dwellings on a site that are to be demolished, therefore, would be taken away from an overall capacity based on an area calculation to give a final capacity figure for the purposes of Policy S4. Similarly, where a subdivision of an existing dwelling(s) is proposed, the net gain is the final number of dwellings proposed minus the number of original dwellings on the site.

**A.2 If the capacity of the site is 5 or more dwellings then the affordable housing requirement to be provided on site is calculated at 35% in Main Towns and Rural Secondary Settlements and 25% in Severnside settlements, subject to a) and b) below.**

A.2.a) Should the development not be achieving 30 dwellings per hectare and it is considered that there is not a material non-compliance with Policy DES1 i) then the affordable housing requirement should be calculated on the **agreed** capacity of the site (rather than the 'theoretical' capacity of 30 dwellings per hectare).

A.2.b) In determining how many affordable houses should be provided on a development site, the figure resulting from applying the proportion required to the total number of dwellings will be rounded to the nearest whole number (where half rounds up.)

**A.3 If the capacity of the development site is below the threshold of 5 dwellings then a financial contribution towards affordable housing in the local planning authority area will be required (see B)**

**A.4** When the threshold for affordable housing is met the following considerations will be taken into account in the implementation of Policy S4:



- i. The mix of house types, sizes and tenure should reflect local needs. (This must be established from the Council's Housing Services section on a site-by-site basis in accordance with the particular needs of the community in which the site is located).
- ii. Provision for affordable housing will be secured through Section 106 Agreements.
- iii. **Affordable housing should generally be provided on-site** (unless there are exceptional circumstances that justify off-site provision, as considered in paragraph 5.6 of this SPG) and should reflect the characteristics of the locality or the rest of the site.
- iv. Householder permitted development rights may be withdrawn so that control may be exercised over the enlargement or alteration of dwellings in ways that would change their affordability for future occupiers.
- v. In seeking to negotiate an element of affordable housing on a site the Council will take into account: site size, suitability, and the economics of provision; whether there will be particular costs associated with development of the site; and whether the provision of affordable housing would prejudice the realisation of other planning objectives that need to be given priority in the development of the site. **(The percentage of affordable housing required is, under the terms of Policy S4, subject to appropriate viability assessment).**
- vi. Where necessary, as part of such negotiations, the Council will undertake viability analysis of residential development sites using the Development Appraisal Toolkit developed by Three Dragons on behalf of South and West Wales local authorities. The Toolkit is a means of assisting all parties in their understanding of the economics of a particular development. The model enables the testing of claims that affordable housing requirements (along with other costs, such as those from additional infrastructure works, for example) would make a site uneconomic. This approach can employ the default data available for general analysis. For more accurate assessments of costs, revenues and constraints, however, an 'open book' approach, where the developer provides information on development costs and selling prices, is advocated.

## **A.6 Layout and Design**

The Council's preference is for '**pepper-potting**' of affordable housing, rather than provision in enclaves. **Properties for affordable housing will normally be in clusters of no more than 6 - 15 units, depending on the overall size of the development.** The design and materials of dwellings built to comply with affordable housing policies should be similar to that of adjoining market housing, including the provision of garages where appropriate. Similarly, it will be expected that affordable housing layouts will comply with the Council's general design guidance and standards for new residential development.

## **B. WHERE THE AFFORDABLE HOUSING THRESHOLD IS NOT MET AND FINANCIAL CONTRIBUTIONS ARE REQUIRED.**

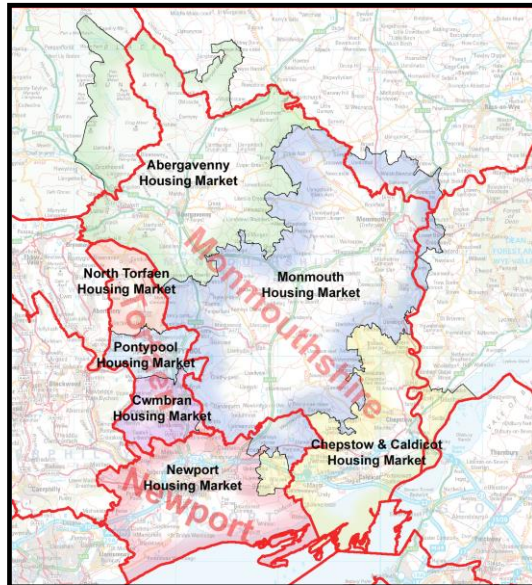
It is a basic principle of Policy S4 that all residential developments (including at the scale of a single dwelling) should make a contribution to the provision of affordable housing in the local planning authority area, irrespective of whether or not the size of the development falls below the threshold for on-site provision.

**B.1 If the capacity of the site falls below the threshold at which affordable housing is required, prior to obtaining planning permission the applicant will need to enter into a S106 agreement to pay a financial contribution towards affordable housing in the housing market in which the site is located.** A standard Section 106 agreement that will be used for this purpose is set out in Appendix 4. An affordable housing contribution will be liable to be paid on completion and prior to occupation of each dwelling to which the payment relates.

- i. The required contribution will be established by using the Affordable Housing Contribution Calculator and can be obtained from the Council's Housing Strategy Officer. The contribution will normally be set at the equivalent of 35% of the agreed capacity of the site (25% in Severnside). Example affordable housing financial contribution sum calculations are given in Appendix 6.
- ii. The contribution is calculated so that the developer and landowner of a scheme is no worse or better off financially, whether they provide the affordable housing on-site or as a contribution. As it is important that there is a consistent and transparent mechanism for calculating the contributions to be collected, the Council commissioned Three Dragons to design an Affordable Housing Contribution Calculator for this purpose.
- iii. The calculator is designed for the specific purpose of calculating a financial contribution and does **not** assess whether or not the scheme can afford the policy compliant amount of affordable housing. **Should there be issues of viability a full Viability Assessment would need to be undertaken (see A.5.vi) above).**
- iv. The contribution made by a developer towards affordable housing is the assessed difference in residual value of a 100% market housing scheme and a scheme with the policy requirement for affordable housing (or a lesser percentage where this is justified by viability considerations). Residual value is the difference between the total scheme revenue (for the market and affordable housing) and the cost of the scheme. The calculator works on the basis that the cost of building the same type of market home (e.g. 3 bedroom terrace) is similar to the cost of the same type of affordable home. However, there are some costs that a developer of a market home has to meet which are additional to that for a typical affordable home. These are marketing costs and the level of return (profit) expected. These differences are taken into account in the calculations. The mix and tenure of units used for the affordable

housing contribution calculation will be the equivalent of what would be required if the affordable housing was provided on-site.

- v. Financial contributions gathered by the Council will be used to deliver affordable housing in the Housing Market Area (HMA) from which they are collected. The map below shows the three HMAs in Monmouthshire.



**B.2** The Council does not wish to hinder the supply of dwellings from self-builders who could be building to meet their own needs. Therefore, **self-builders whose developments fall below the thresholds will not be required to make a financial contribution.** A similar approach is taken in the application of the Community Infrastructure Levy and it is intended, for the purposes of this SPG, to adopt the same definition of ‘self-build’ as set out in the CIL Regulations 54A, 54B, 54C and 54D as inserted by the 2014 Regulations (see the standard Section 106 agreement in Appendix 4).

- i. If a developer wishes to make a claim for an exemption under the self-build provision then a form should be submitted prior to completion of each dwelling to which the payment relates confirming that the dwelling is intended to be occupied by the owner of the land.
- ii. Within 6 months of occupation a further form will need to be submitted evidencing occupation by the owner. The Council will at this point agree to defer the payment for the duration of two-and-a-half years from that notification.
- iii. Any such exemption will be subject to a ‘claw-back’ mechanism so that if the criteria for self-build status are not complied with within a period of three years from the occupation of the dwelling then the requirement for an affordable housing contribution will be reinstated. Should there be compliance with the three year period, the Council will, through a variation of the Section 106 Agreement, confirm that no payment will be required on that specific dwelling.

## C. DEVELOPMENT IN MAIN VILLAGES.

### C.1 Sites allocated in main villages under LDP Policy SAH11 with the specific purpose of providing 60% affordable housing.

There is a specific issue in the County relating to the provision of affordable housing in rural areas due to the limited ability of existing residents in the countryside, particularly young people, to afford housing, which restricts their ability to remain within their existing communities if they are in housing need.

Given the relative unsustainability of the County's rural areas in comparison to its towns it was the Council's view that most villages were not appropriate locations for unrestrained market housing, even with the application of the Council's general requirements that new housing developments should make provision for a proportion of affordable housing. It was considered that the proportion of affordable housing provided in rural communities would need to be higher than elsewhere and that the main justification for new housing development in rural villages should be the need to provide affordable housing to meet local needs.

A number of housing sites have been allocated in Main Villages under LDP Policy SAH11 with the specific aim of providing affordable housing for local people.

These sites are required under Policy S4 to provide a **minimum of 60% affordable housing**:

- i. The mix and tenure of the 60% affordable housing will be based on local housing need and this information can be established from the Council's Housing Strategy Officer on a site-by-site basis in accordance with the particular needs of the community in which the site is located.
- ii. Unlike general housing sites, therefore, **when the figure resulting from applying the proportion of affordable housing required to the total number of dwellings is not a whole number, there is no rounding down, only rounding up.**
- iii. Policy SAH11 sets a maximum size of development at 15 dwellings in order to ensure that any development is of a 'village scale', in keeping with character of the settlements. This amount may be smaller in certain villages, as set out in Policy SAH11, which indicates the scale of development that is considered to be acceptable having regard to the characteristics of the village and the particular site. It is unlikely to be acceptable for these lower site capacities to be exceeded unless it can be clearly demonstrated that there is no adverse impact on village form and character and surrounding landscape.
- iv. The LDP *Affordable Housing Viability Study* confirmed that a requirement for 60% affordable housing on rural sites will enable developer contributions towards the cost of providing affordable

housing as the high market values for housing in rural areas would still provide residual land values far in excess of existing agricultural land values that should be sufficient incentive to bring land forward for development. **It needs to be recognised that the sole purpose for allocating these sites is to provide affordable housing for local people in rural areas. Without the provision of 60% affordable housing there is no justification for releasing these sites and anticipated land values should reflect this accordingly.**

- v. It is intended that this affordable housing will be brought forward using the mechanisms set out in section 5 below. The Council recognises that there may sometimes be abnormal costs that restrict the ability of a development to provide the financial subsidy to achieve affordable housing requirement. Initially, however, there is no intention to use financial subsidy to support 60% affordable housing sites.
- vi. Given the particular circumstances of these 60% affordable housing sites, the Council will not apply its normal policy of requiring 'pepper-potting' of affordable housing throughout a development. It is recognised that the best way of developing these sites and enabling the market housing to achieve its full potential for achieving financial subsidy for the affordable housing element is to allow the market dwellings to be grouped together.
- vii. All affordable housing achieved on LDP sites in Main Villages will give priority to local residents through the Council's Rural Allocations Policy. This is set out in Appendix 3, although it may be subject to revision in the future.

## **C.2 Other Sites in Main Villages**

Development boundaries for Main Villages were set at the same limits as in the previous Unitary Development Plan (UDP). These Village Development Boundaries (VDBs) were only extended where necessary to incorporate the 60% affordable housing sites allocated under LDP Policy SAH11. There is still scope, therefore, for infill development to take place within the VDB, as would have been the case under the previous UDP. LDP Policy S4 requires, however, that all sites in Main Villages provide 60 per cent affordable housing.

- C.2.a)** The first step in such cases should be to establish the net site area and calculate the capacity of the site based on an assumed achievable density of 30 dwellings per hectare.

**If the capacity of the site meets the threshold of 3 or more dwellings then affordable housing should be provided on site at a rate of 60%, but this will be subject to b) and c) below.**

**If the capacity of the site is less than 3 dwellings a financial contribution will be required towards affordable housing in the local planning**

**authority area. This will normally be set at the equivalent of 35% of the agreed capacity of the site.**

**C.2.b)** The Council recognises that in most cases applying this percentage, together with the density requirements of Policy DES1 i), to small infill sites within the fabric of existing villages could result in a density of development that is out of keeping with its surroundings. In such cases, criterion l) of LDP policy DES 1 would need to be considered. This states that development proposals will be required to ensure that existing residential areas characterised by high standards of privacy and spaciousness are protected from over-development and insensitive or inappropriate infilling. In such circumstances, it is considered likely that the requirements of Policy S4 and Policy DES1 i) could be relaxed on infill plots in Main Villages to allow a smaller percentage of affordable homes and a lower density of development than 30 dwellings per hectare.

**On larger sites in Main Villages where it should be feasible to provide affordable housing on site then this would be the preferred option and the number of affordable homes required will normally be set at 35% of the theoretical capacity of the site (at 30 dwellings per hectare), subject to viability considerations and the effect of the development on the character and appearance of the area.**

**C.2.c)** Where the site is too small or restricted to achieve an acceptable standard of design and layout if the affordable housing was provided on site, **a financial contribution towards affordable housing in the housing market area in which the site is located would be required to compensate for allowing a non-compliance with Policy S4.** This will be set at the equivalent of 35% of the agreed capacity of the site. The required financial contribution will be established using the Affordable Housing Financial Contribution Calculator described in Section B.

**C.2.d)** A strict application of Policy S4 would also require conversion of existing buildings or sub-division of existing dwellings to make provision for 60% of the total number of resulting dwellings to be affordable. This would be inequitable, however, when it is considered that if such development was taking place in the open countryside only 35% affordable would be required. It is also recognised that the provision of affordable housing is not always practicable in conversion schemes. The Council, therefore, will adopt a more flexible approach in such situations, although **generally a financial contribution towards affordable housing in the local planning authority area will still be required. This will be set at the equivalent of 35% of the agreed capacity of the site** and utilise the Affordable Housing Financial Contribution Calculator, but careful consideration will be given to the viability and practical implications of conversion and sub-division applications in assessing the level of financial contribution required.

## **D. DEVELOPMENT IN MINOR VILLAGES**

**D.1** Policy S1 identifies Minor Villages where small scale development will be allowed in the circumstances set out in LDP Policy H3. Minor Villages are settlements that (subject to detail) are suitable for minor infill of no more than 1 or 2 dwellings resulting from the filling in of a small gap between existing dwellings.

**Infill developments in Minor Villages, consisting of 1 or 2 dwellings, will make a financial contribution towards affordable housing in the local planning authority area. This will be set at the equivalent of 35% of the number of dwellings proposed in the development.**

**D.2** Policy H3 does contain an exception that allows for planning permission to be granted for up to 4 dwellings on an infill site that demonstrably fits in with village form (including not resulting in the loss of an open space that forms an important gap or open area) and is not prominent in the landscape. As such proposals are 'exceptional' in that they go beyond the normal definition of 'minor infill', it was considered appropriate to seek a higher proportion of affordable housing than would normally be required. Policy S4, therefore, requires that in the Minor Villages identified in Policy S1 where there is compliance with Policy H3:

**D.2.a) Development sites with a capacity for 4 dwellings will make provision for 3 dwellings to be affordable.**

**D.2.b) Development sites with a capacity for 3 dwellings will make provision for 2 dwellings to be affordable.**

i. In such cases, it would be expected that the single open market dwelling will provide cross-subsidy towards the on-site provision of the affordable housing. Each site will be subject to a viability assessment which will determine the amount of cross-subsidy required.

## **E. DEVELOPMENT IN THE OPEN COUNTRYSIDE**

### **E.1 Conversion and sub-divisions**

Policy S4 requires that in the open countryside developments involving the conversion of existing buildings or sub-division of existing dwellings to provide 3 or more additional dwellings will make provision for 35% of the total number of dwellings to be affordable. It is considered that this should always be the aim in dealing with applications of this type. Nevertheless, it is recognised that provision of affordable housing on site is not always practicable in such situations. It is also more difficult to estimate the capacity of a development proposal involving existing buildings in comparison with a simple area calculation.

The Council, therefore, will adopt a more flexible approach in such situations, although generally **a financial contribution towards affordable housing in the local planning authority area will still be required. This will be set at the equivalent of 35% of the agreed capacity of the site** and utilise the Affordable Housing Financial Contribution Calculator but careful consideration will be given to the viability and practical implications of conversion and sub-division applications in assessing the level of financial contribution required.

### **E.2 Departure applications in the open countryside**

Policy S4 contains no requirement for affordable housing on proposals that do not comply with the LDP's spatial strategy, as set out in Policy S1. It would not have been appropriate to have written policy that anticipated an application being allowed that was totally contrary to other LDP policies regarding new build residential development in the open countryside. Nevertheless, it is normal practice in appeal situations to set out planning conditions and/or planning obligations that might be required should an Inspector decide to allow an appeal against the Council's refusal of any such application. It is necessary, therefore, to set out what the Council's position would be in such an appeal situation. In this respect it would be entirely appropriate to require a residential development to provide a proportion of affordable housing, notwithstanding that there is no direct policy justification for this in the LDP. Increasing the supply of affordable housing is a significant objective of national and local planning policies. For instance, paragraph 9.3.5 of Planning Policy Wales states: 'Where development plan policies make clear that an element of affordable housing, or other developer contributions, are required on specific sites, this will be a material consideration in determining relevant applications.'

It is considered, therefore, that **it should be a requirement that departure applications in the open countryside should make provision for 35% of the total number of dwellings in the development to be affordable or a financial contribution will be required towards affordable housing in the housing market area in which the site is located, to be set at the equivalent of 35% of the agreed capacity of the site**, in order to be compatible with Policy S4 in relation to general housing development in high value areas in the County.



### E.3 Rural Exceptions Policy

Policy H7 of the Adopted UDP provides a further planning policy mechanism for the provision of affordable housing in rural areas of Monmouthshire. It makes provision for the siting of small affordable housing sites in or adjoining villages on land that would otherwise not be released for residential development. **In such circumstances affordable housing should be provided on site at a rate of 100%.** Policy H7 is set out below:

#### **Policy H7 – Affordable Housing Rural Exceptions**

**Favourable consideration will be given to the siting of small affordable housing sites in rural areas adjoining the Rural Secondary Settlements, Main Villages and Minor Villages identified in Policy S1 that would not otherwise be released for residential development provided that all the following criteria are met:**

- a) The scheme would meet a genuine local need (evidenced by a properly conducted survey or by reference to alternative housing need data) which could not otherwise be met in the locality (housing needs sub-area);**
  - b) Where a registered social landlord is not involved, there are clear and adequate arrangements to ensure that the benefits of affordable housing will be secured for initial and subsequent occupiers;**
  - c) The proposal would have no significant adverse impact on village form and character and surrounding landscape or create additional traffic or access problems.**
- 
- i. In seeking to identify such sites it needs to be recognised that isolated sites in the open countryside or those within small, sporadic groups of dwellings are unlikely to be acceptable. Policy H7 specifically refers to sites adjoining Rural Secondary Settlements, Main Villages and Minor Villages. Any proposals for locations other than these would be treated as ‘Departure’ applications and will need special justification. Another important consideration is the balance of the pattern of settlements in the community.
  - ii. It will also be necessary to demonstrate that the scheme would meet a genuine local need. This local need would normally relate to the rural parts of the community council area in which the site is located. Evidence of local need can be established by a number of different means, including local surveys, local consultation events, other forms of primary evidence and housing register data. As with the affordable housing sites in Main Villages, the Council’s Rural Allocations Policy will apply.
  - iii. Monmouthshire County Council positively encourages local people to build their own affordable home to meet their own housing needs through the rural exceptions policy. Single plot exception sites are only permitted with restrictions and the ‘Build Your Own Affordable Home’ scheme is explained in Appendix 2.

## 5. OPTIONS FOR THE DELIVERY OF AFFORDABLE HOUSING

5.1 The Council requires that affordable housing is managed by a Registered Social Landlord (RSL) zoned for development in Monmouthshire by the Welsh Government, as procedures are already in place to ensure that dwellings remain affordable in perpetuity.

### 5.2 Types of affordable housing.

The Council will use the following definitions of affordable housing:

- **Social rented housing** is let by RSLs to households taken from the Council's Housing Register who are eligible for social rented housing. Rents will be set at Welsh Government benchmark levels.
- **Intermediate housing** is homes for sale and rent provided at a cost above social rent but below market levels. These can include shared equity, and intermediate rent. All of these will be provided through a Registered Social Landlord (RSL).
- **Neutral Tenure** is where tenure of housing is not predetermined but can vary according to needs, means and preferences of households to whom it is offered. This incorporates the tenures described above. This arrangement gives flexibility in that it allows the tenure type of a property to change between occupiers, or even with the same occupier. So, for example, on first occupation a house might be social rented, but when that occupier vacates the property the next occupier may choose the Homebuy option. In another instance, a property might initially be rented, but if the economic circumstances of the occupier improve, they may choose to convert to Homebuy. **Neutral tenure is the delivery option preferred by Monmouthshire County Council.**
- **Specialist affordable housing** may be sought for people with specific accommodation requirements that may not otherwise be met and where a need has been identified. These can include sheltered retirement housing, adapted housing for households with a physical disability and supported housing, for example for young homeless people or people with learning difficulties.

5.3 The Council's preferred method of achieving affordable housing through Section 106 Agreements is for developers to build houses for transfer to a Registered Social Landlord (RSL). This method will ensure mixed communities where the required pepper-potting of the affordable housing units will achieve a scheme where the affordable units are otherwise indistinguishable from the owner occupied homes.

5.3.1 Prior to submission of a planning application developers will be expected to liaise with the Council to agree the mix of units required to meet housing need.

5.3.2 All affordable housing units, except for those delivered under Policy SAH11, that are built by the developer for transfer to a RSL must be constructed to the Welsh Government's Development Quality Requirements (DQR), which

includes Lifetime Homes, or successor Welsh Government scheme. Developers' DQR Compliant house types will be checked to ensure that they meet the required standards. (See Appendix 1 for guidance)

- 5.3.3 The Council has a long term commissioning partnership with RSLs to secure the strategic provision of all types of housing accommodation. This covers minimum standards of service in management terms, allocation of Social Housing Grant, specialisms of the Housing Associations and the long-term allocation of housing sites. The Council's preference is for developers to work with RSLs zoned by the Welsh Government for developing in Monmouthshire and it will normally allocate each site to its preferred RSL on the basis of the RSL's development capacity, other properties in the area, rental levels and other relevant issues. Should there be a need for specialist/purpose built disabled housing, for example, and an element of social housing grant was required the Council would only be able to allocate grant to a zoned RSL.
- 5.3.4 The financial arrangements for the transfer of completed affordable housing units from the developer to the RSL are to be calculated using the current Acceptable Cost Guidance rates published by the Welsh Government's Housing Directorate. The percentage that the RSL can afford to pay, based on the rental income they would receive for the properties, is 42% of ACG. This leaves the landowner/developer to fund the 58% which in the past would have been covered by Social Housing Grant. The developer will then be expected to sell the properties to the RSL at this percentage rate. (This percentage rate does not apply to units delivered under Policy SAH11).
- 5.4 When negotiating option agreements to acquire land for residential development, developers should take account of affordable housing requirements. The amount of Social Housing Grant (SHG) that is available to the Council is very limited and is not normally made available for the delivery of Section 106 sites. The Council's preferred financial arrangements for the provision of affordable housing, as outlined in paragraph 5.3.4, have been agreed following consultation with the RSLs to ensure a consistent and equitable approach that also provides certainty for developers when they are preparing their proposals.
- 5.5 Affordable housing land or dwellings that are transferred to a RSL will be used to provide affordable housing on a neutral tenure basis to qualifying persons from the Council's Housing Register.
- 5.6 To achieve the aim of developing mixed and balanced communities the Council seeks to provide affordable housing on-site. Only in exceptional circumstances will off-site provision be considered. This might occur, for instance, in situations where the management of the affordable housing cannot be effectively secured (as in sheltered retirement housing schemes). In such cases it may be possible for off-site new build housing or refurbishment/conversion of existing properties to provide a satisfactory alternative that meets the needs of the local community. Such schemes would be subject to the financial arrangements outlined in paragraph 6.3.5 above. In the exceptional circumstances where on-site provision is not considered

appropriate and off-site units cannot be delivered as an alternative site is not available, the Council will consider accepting an affordable housing contribution payment in lieu of on-site affordable housing provision, utilising the Affordable Housing Financial Contribution Calculator referred to in 4.4.B) above.

5.7 It is recognised that some specialist housing schemes such as Sheltered Housing may be challenging to deliver and any affordable housing contribution would be subject to viability. Should it be necessary the Council will commission and independent viability assessment.

5.8 There are a number of people living in the County Council area that have specific housing requirements as a result of learning/physical disabilities and/or medical conditions. In certain circumstances, where particular housing needs cannot be met through use of existing affordable housing stock, new purpose built special needs units may be required. Where there is evidence of need, and it is considered appropriate by the Council, special needs housing may be provided as part of the affordable housing contribution through the involvement of a RSL to ensure that these units remain affordable in perpetuity.

5.9 It is recognised that the development costs of providing specific needs affordable housing may be higher than general needs affordable housing and therefore it may be acceptable for a lower proportion of affordable units to be provided, subject to an assessment of viability.

#### 5.10 Affordable housing delivered under Policy SAH11

5.10.1 Affordable housing delivered under Policy SAH11 will be a mix of social rented units and intermediate housing depending on the local need identified by the Council. All units for social rent will be constructed to Welsh Government Development Quality Requirements, which includes Lifetime Homes. Intermediate housing will be constructed to a standard agreed by the Council and their RSL partners.

5.10.2 Affordable housing delivered under Policy SAH11 will be transferred to the Council's preferred RSL at 38% of Welsh Government ACG for social rented units, 50% of ACG for low cost home ownership units and 60% of ACG for intermediate rent units.

#### 5.11 Service Charge and Ground Rents

5.11.1 Rents or purchase price are usually seen as the main measures of affordability, but the whole cost of occupation could be significantly higher where service charges and/or ground rents are also payable, for example in a block of apartments. Where there are to be service charges and/or ground rent then these should also be set at an affordable level if properties are to be classed as affordable. If at the time of determining a planning application the level of service charge or ground rent is not known, an appropriate condition or section 106 agreement clause will be applied.

5.11.2 Where a developer intends to appoint a management company who will be responsible for the maintenance of open spaces, landscaping and unadopted highways, which will be paid for through a charge collected from residents, this charge will not be payable in relation to any of the affordable housing units (irrespective of affordable tenure), either by the nominated RSL or the subsequent occupants of the affordable homes.

5.12 There are currently three Registered Social Landlords zoned by the Welsh Government to operate within Monmouthshire. These are:

Melin Homes  
Monmouthshire Housing Association  
The Seren Group

It should be noted that whilst these are the current zoned RSL partners in Monmouthshire, changing circumstances might result in the Council fostering different partnership links in the future and seeking approval from Welsh Government.

## **6. THE PLANNING APPLICATION AND SECTION 106 PROCESS**

### **6.1 Type of Planning Application**

6.1.1 Where new or additional housing is to be provided as part of a planning application on sites where the policy threshold has been exceeded affordable housing will be sought in accord with Adopted LDP Policy S4. This would apply to the following types of planning applications:

- All outline, full or change of use applications
- All renewal applications, including where there has been no previous affordable housing obligation

6.1.2 Affordable housing will be required on sites falling below the threshold if the Council considers that there has been a deliberate attempt to subdivide the site or phase the total development in an attempt to avoid the threshold.

### **6.2 Negotiation and Application Process**

6.2.1 The provision of affordable housing is just one of a number of issues that need to be taken into account in applications for residential development. Discussion and detailed negotiations will also need to cover such matters as design, layout, density, landscape, open space and recreation provision, education, access and other financial contributions that may be needed. Developers should refer to other LDP policies and SPG in this respect.

6.2.2 In implementing the affordable housing policies of the adopted development plan, the Council will seek to ensure that there is close consultation between planning, housing and legal officers concerned with the operation of these policies, as well as other external agencies, including developers and RSLs.

In order to ensure that negotiations on affordable housing provision are conducted as effectively as possible, the Council will expect all parties involved to follow the procedures outlined:

**Pre Application Discussions**  
With Planning and Housing Officers to establish the element of affordable housing required. There is a formal pre-application service which is available at a cost and which can include other Council officers from sections such as Highways and Biodiversity, dependent on the level of service required.



**Submission of Planning Application**  
The proposal should contain an element of affordable housing which meets the housing needs identified by Housing Officers, clearly identifying how the affordable housing requirements are proposed to be met, including the appropriate mix, number, type and locations of dwellings.  
*(It is recognised that this information might not be readily available if the application is in outline.)*



**Further Detailed Negotiations where necessary**  
Planning Department in consultation with the Housing Department consider the local need for affordable housing (quantity and type).  
Effective and early partnership between developer, RSL and the Council is critical. The Officer report to Planning Committee will require information on the mechanisms for providing affordable housing. This should include that the developer build and transfer to a RSL, which is the Council's preference. In order to transfer to a RSL detailed plans of dwellings would need to be confirmed as meeting their requirements.



**Consideration by Council's Planning Committee**



**If recommendation to approve is accepted, Planning Committee resolve to grant planning permission subject to planning conditions and the signing of a Section 106 Agreement, including an agreed Affordable Housing Scheme.**  
Council's Solicitor prepares Section 106 Agreement with Developer, in consultation with RSL where necessary. Legal agreement signed by all parties.



**Council issues decision on planning application.**

### 6.3 Section 106 Agreements

The precise form of Section 106 Agreement will depend on the circumstances of individual cases including the ownership of the site and the terms of any obligation or agreement between the owner and a RSL. However, Section 106 legal agreements will normally include clauses setting out requirements with regard to the following issues:

- The mix of affordable housing types, sizes sought as part of the development
- The location and distribution of affordable housing within the development site
- The minimum design standards required for the affordable housing units
- The timing of the construction and occupation of the affordable housing in relation to the development of the whole site, including appropriate restrictions on general market housing occupation
- The price, timing and conditions for the transfer of the land or affordable housing to a RSL
- The arrangements regarding the future affordability, management and ownership of the affordable housing
- With outline applications (where the proposed number of dwellings is not known, but where there is a likelihood that the site threshold will be exceeded) the Agreement will ensure that the appropriate proportion of new housing will be affordable.

It will be necessary for the Section 106 Agreement to include appropriate long-term occupancy arrangements. The Council will require full nomination rights, which will be exercised according to the Council's allocations policy as current at the time. The key requirement is that any housing that is provided as affordable should remain in the affordable housing stock each time there is a change of occupant.

The flowchart set out above is unlikely to be applicable to small scale developments that fall below the affordable housing thresholds set out in Policy S4 and that, therefore, require a financial contribution. A standard Section 106 agreement has been prepared for such circumstances to ensure that there is no undue delay in the determination of the application (Appendix 4). An unilateral undertaking may also be an option if only a monetary contribution is required. This is a simplified version of a planning agreement, which is relatively quick and straightforward to complete, and is entered into by the landowner and any other party with a legal interest in the development site.

## **7. MONITORING AND TARGETS**

- 7.1 As referred to in Section 3 above, the affordable target for the Monmouthshire LDP is 960 affordable dwellings over the plan period 2011-2021. This is based on the findings of a 2010 Update to the LHMA carried out in 2006.



7.2 The LDP estimated that the potential affordable housing provision if all sites achieve their maximum requirement is as follows:

• <b>35% on new sites in Main Towns and Rural Secondary Settlements</b>	<b>446</b>
• <b>25% on new sites in Severnside settlements</b>	<b>242</b>
• <b>60% on rural housing allocations in Main Villages</b>	<b>120</b>
• <b>20% on large site windfalls</b>	<b>68</b>
• <b>20% on current commitments</b>	<b>108</b>
• <b>Completions 2011 – 2013</b>	<b>127</b>
• <b>Small site windfalls</b>	<b>74</b>
<b>Total</b>	<b>1,185</b>

7.3 The period for this estimate had a base date of 1 April 2013. In the period 2013 to 2014 there were 36 affordable housing completions out of an overall total completions of 230 dwellings. In the period 2014 to 2015 there were 17 affordable housing completions out of an overall total completions of 205 dwellings.

7.4 The Council is required to produce an Annual Monitoring Report (AMR) that has to be published in the October following the preceding financial year. The first LDP AMR, therefore, was published in October 2015. The LDP monitoring framework includes a number of indicators relating to affordable housing. This is reproduced as Appendix 5 to this document.

## Contacts

### **Monmouthshire County Council:**

For affordable housing **planning policy** general enquiries please contact:

#### **Planning Policy Section**

Planning Policy Manager, County Hall, Rhadyr, Usk, Monmouthshire,  
NP15 1GA

Tel: 01633 644826.

Email: [planningpolicy@monmouthshire.gov.uk](mailto:planningpolicy@monmouthshire.gov.uk)

#### **Housing & Communities**

Senior Strategy & Policy Officer, Housing & Communities, Ty'r Efail, Lower Mill Field,  
Pontypool NP4 0XJ

Tel: 01633 644474

E Mail: [shirleywiggam@monmouthshire.gov.uk](mailto:shirleywiggam@monmouthshire.gov.uk)

**Potential developers** should contact the Development Management Section:

#### **Development Management Section**

Planning Applications Manager, County Hall, Rhadyr, Usk, Monmouthshire,  
NP15 1GA

Tel: 01633 644800. Email: [planning@monmouthshire.gov.uk](mailto:planning@monmouthshire.gov.uk)

### **Registered Social Landlords:**

#### **Melin Homes**

Ty'r Efail, Lower Mill Field, Pontypool, Torfaen. NP4 0XJ

Tel: 08453 101102.

Email: [peter.davies@melinhomes.co.uk](mailto:peter.davies@melinhomes.co.uk)

#### **Monmouthshire Housing Association**

Nant-Y-Pia House, Mamhilad Technology Park, Mamhilad, Monmouthshire,  
NP4 0JJ

Telephone: 01495 761112

Email: [karen.tarbox@monmouthshirehousing.co.uk](mailto:karen.tarbox@monmouthshirehousing.co.uk)

#### **The Seren Group**

Exchange House, The Old Post Office, High Street, Newport, NP20 1AA

Tel: 01633 679911

Email: [neil.barber@seren-group.co.uk](mailto:neil.barber@seren-group.co.uk)

#### **David James**

##### **Rural Housing Enabler Monmouthshire**

C/o Monmouthshire Housing Association, Nant-Y-Pia House, Mamhilad Technology  
Park, Mamhilad, Monmouthshire, NP4 0JJ

Tel: 07736 098103

Email: [david.james@rhe-monandpowys.co.uk](mailto:david.james@rhe-monandpowys.co.uk)

**APPENDIX 1**

**ACG Floor Areas**

## APPENDIX 1

### ACG Notional Floor Areas

Unit Type	Floor Area (Square Metres)
7 person 4 bed house	114
6 person 4 bed house	110
5 person 3 bed house	94
4 person 3 bed house	88
4 person 2 bed house	83
3 person 2 bed bungalow	58
3 person 2 bed flat (walk up)	65
3 person 3 bed flat (common access)	59
2 person 1 bed flat (walk up)	51
2 person 1 bed flat (common access)	46
5 person 3 bed bungalow (wheelchair)	115
4 person 2 bed bungalow (wheelchair)	98
3 person 2 bed bungalow (wheelchair)	80

1. Notional Floor Areas are provided as guidance on the expected floor areas that would be achieved if Development Quality Requirements (DQR) were implemented in full for each house or flat type listed.
2. NFAs are not a minimum size as the main criterion should be all designs comply with DQR and not merely achieve a notional floor area. House or flat designs with full DQR compliance can be achieved with floor areas below the notional figures and the degree of reduction will depend on the efficiency of the shape. It is not considered that anything less than 3/4 square metres smaller could possibly comply with DQR.

### Calculation of Notational Floor Area (NFA)

1. Notional (or Net) Floor Area is measured to the internal finished surfaces of main containing walls on each floor, including private staircases, internal partitions, flues and ducts; it excludes external dustbin enclosures or stores, any porch open to the air or enclosed.
2. The measurement of floor area of common access flats excludes the area of the communal stairs and circulation space.
3. The measurement of floor areas of individual ground floor external access flats includes the area occupied by the staircase and entrance hall necessary to gain access to the first floor flat. The areas of the ground floor and upper floor flats (walk-up) shall be averaged in order to make comparisons against the notional floor areas shown above.
4. The floor area in rooms where the ceiling height is less than 1.50m is excluded.

**APPENDIX 2**

**Build Your Own Affordable Home**



## **BUILD YOUR OWN AFFORDABLE HOME**

### **Single plot rural exception sites explained**

#### **What are single plot rural exceptions sites?**

Monmouthshire County Council positively encourages local people to build their own affordable home to meet their own housing needs – so long as the site is in a recognisable rural settlement and its future value is controlled so that it remains affordable to other local people in the future. Sites may be permitted in rural areas outside existing settlement limits as an exception to the normal planning policies that restrict housing development in such areas.

#### **Is it only affordable housing which is allowed?**

Yes. We make an exception to normal planning policies only because there is a pressing need in Monmouthshire to help provide local people with affordable housing in rural areas. Open Market housing development continues to be strictly controlled outside existing settlement limits, as set out in the adopted Local Development Plan.

#### **So what is the catch?**

Single plot rural exception sites are only permitted with restrictions. These are:

- The value of the property is based on a standard cost of construction plus a nominal plot value. This typically works out at around 60% of open market value. A legal agreement is used to ensure that future sale of the property is capped at this percentage of market value forever. The value of the affordable property will then rise (or fall) directly in proportion to the housing market.
- The property cannot be larger than 100 square metre gross internal floor area. This includes any integral or attached garage. Normal permitted development rights will be removed so that express permission has to be sought for any future extensions.
- The house must be built to exacting quality and design standards, meeting the Lifetime Homes standards and satisfying the sustainable construction, energy and water efficiency aspects of level 3 of the Code for Sustainable Homes. It

must be sympathetically designed in relation to its setting, particularly as it is being granted permission as an exception to normal planning policies.

## Can anyone apply?

To obtain planning permission, the applicant must satisfy Monmouthshire County Council that:

- The site is in a suitable location.

And

- The initial occupier of the affordable home is in housing need and has a strong local connection.

## How do I apply for planning permission?

The application should be made by the prospective occupier of the proposed affordable dwelling. You need to do some groundwork before you make the planning application, contacting the following in this order:

1. First, you should contact the Senior Strategy and Policy Officer in Housing & Communities. This officer will liaise with the planning department on your behalf to establish whether your site is considered to be in a suitable location. Sites must be in locations that demonstrably form part of a recognisable named settlement. Please note that development in the open countryside, isolated from any recognisable settlement, will not be permitted.
2. If the site appears to have potential, the Senior Strategy and Policy Officer in Housing Services will arrange to interview you to establish whether or not you are in housing need and have a strong local connection. Existing homeowners with particular issues can still be eligible where it can be shown that their existing property is not suitable for their ongoing needs, and they have a strong local connection.
3. You will then be asked to approach your Community Council for confirmation of your local connection. At this stage, the Community Council should limit itself to confirming facts about the applicant's personal connection to the local area. When a planning application is made, the Community Council will be consulted in the normal manner for its comments on the proposed site and design.
4. Once you have obtained a preliminary "green light" from the above and you **are confident that you can fund the project**, you have some assurance that it is worthwhile employing an architect or builder to draw up your building plans. It is sensible to discuss the emerging design with the Planning Officer

before making your planning application, to establish whether it is likely to be found acceptable.

Finally, you are ready to make a planning application.

## The Application Process

### Who can apply?

Because planning permission is granted as an exception to normal policies, the Council must ensure that the affordable homes will genuinely meet local housing need. To do so, the Council will assess the housing need and the local connection of the prospective occupier. Consequently, applicants must normally be the prospective occupiers of the proposed dwelling. This does not prevent the applicant from using an agent to help them to submit the planning application.

Speculative applications from landowners and developers will not be successful, because they cannot identify with certainty the prospective occupants. The eligibility of the occupants is critical to the decision to allow development as an exception to normal planning policies.

### **Step 1: contact the Senior Strategy & Policy Officer at Monmouthshire County Council, Housing & Communities**

**Mrs Shirley Wiggam  
Housing and Communities  
Monmouthshire County Council  
Ty'r Efail  
Lower Mill Field  
Pontypool  
NP4 0XJ**

**Tel: 01633 644474/07769 616662  
Email: [shirleywiggam@monmouthshire.gov.uk](mailto:shirleywiggam@monmouthshire.gov.uk)**

### **Step 2: contact your Community Council**



# **Build Your Own Affordable Home: Single Plot Rural Exception Sites**

It is recognised that in Monmouthshire the price of housing has risen to a level beyond that which many local people can afford. Therefore, the need for affordable housing is one of the Council's more pressing concerns, both in urban and rural areas.

The single plot rural exceptions scheme is a self-help solution that enables families to use their own resources to provide affordable housing that meets their needs within their community. The construction of such affordable housing is funded from householders' own resources, which can include the sale of existing property as well as through a commercial mortgage. Utilising the resources of those families who are able to provide new affordable housing to meet their own needs means that the local community benefits over the long term from an increased stock of local affordable homes.

Monmouthshire County Council is able to allow the development of affordable housing through the use of single plot rural exception sites under policy H7(Affordable Housing Rural Exceptions) of the existing adopted Local Development Plan.

## **Extracts from Monmouthshire County Council's Local Development Plan**

### **Policy S1 – The Spatial Distribution of New Housing Provision**

The villages that are considered most likely to be suitable for single plot rural exception sites are those identified as Main and Minor Villages in Policy S1 of the Local Development Plan. Proposals in villages and hamlets not identified in Policy S1 of the Local Development Plan will not comply with Policy H7. These are minor settlements where new residential development will not normally be allowed because of their small size and sporadic nature and often because of the potential harm that development would cause to their open, rural character and/or sensitive landscape setting. Each proposal will be treated on its merits, however, and you are encouraged to discuss your site with the Senior Strategy and Policy Officer in Housing Services.

### **Policy H7 – Affordable Housing Rural Exceptions**

**H7** Favourable consideration will be given to the siting of small affordable housing sites in rural areas adjoining the Rural Secondary Settlements, Main Villages and Minor Villages identified in Policy S1 that would not otherwise be released for residential development provided that all the following conditions are met:

- (a) The scheme would meet a genuine local need (evidenced by a properly conducted survey or by reference to alternative housing need data) which could not otherwise be met in the locality (housing needs sub-area);
- (b) Where a registered social landlord is not involved, there are clear and adequate arrangements to ensure that the benefits of affordable housing will be secured for initial and subsequent occupiers; and
- (c) The proposal would have no significant adverse impact on village form and character and surrounding landscape or create additional traffic or access problems.

With regard to criterion (a) the local need for single plot rural exceptions sites will be established through the tests set out in this information pack.

### **Suitability of Location**

Whilst wishing to address affordable housing needs in the rural areas, the Council must balance this with the need to promote sustainable patterns of development and to protect the open countryside from widespread development. In this respect, the Council considers that there will be cases where these wider environmental and sustainability interests will take precedence over the economic and social sustainability issues surrounding affordable housing.

### **Design**

Proposals for single plot rural exception sites will need to comply with the current adopted Local Development Plan policies. As these potential sites will usually be outside the areas normally considered suitable for residential development, it is especially important to achieve an appropriate design. In this respect, full applications will be required for single plot rural exception sites and an early dialogue with Planning Officers is therefore essential.

### **Policy DES 1 – General Design Considerations**

**DES1** All development should be of a high quality sustainable design and respect the local character and distinctiveness of Monmouthshire's built, historic and natural environment. Development proposals will be required to:

- (a) Ensure a safe, secure, pleasant, and convenient environment that is accessible to all members of the community, supports the principles of community safety and encourages walking and cycling;
- (b) Contribute towards sense of place whilst ensuring that the amount of development and its intensity is compatible with existing uses.
- (c) Respect the existing form, scale, siting, massing, materials and layout of its setting and any neighbouring quality buildings.

- (d) Maintain reasonable levels of privacy and amenity of occupiers of neighbouring properties where applicable.
- (e) Respect built and natural views and panoramas where they include historical features and/or attractive or distinctive built environment or landscape.
- (f) Use building techniques, decoration, styles and lighting to enhance the appearance of the proposal having regard to texture, colour, pattern, durability and craftsmanship in the use of materials.
- (g) Incorporate existing features that are of historical, visual or nature conservation value, and use the vernacular tradition where appropriate.
- (h) Include landscape proposals for new buildings and land uses in order that they integrate into their surroundings, taking into account the appearance of the existing landscape and its intrinsic character, as defined through the LANDMAP process. Landscaping should take into account, and where appropriate retain, existing trees and hedgerows;
- (i) Make the most efficient use of land compatible with the above criteria, including that the minimum net density of residential development should be 30 dwellings per hectare, subject to criterion (l) below;
- (j) Achieve a climate responsive and resource efficient design. Consideration should be given to location, orientation, density, layout, built form and landscaping and to energy efficiency and the use of renewable energy, including materials and technology;
- (k) Foster inclusive design;
- (l) Ensure that existing residential areas characterised by high standards of privacy and spaciousness are protected from overdevelopment and insensitive or inappropriate infilling.

Where an applicant owns land which could provide a number of possible sites, the Council will seek to utilise the most environmentally sustainable and appropriate site as advised by the Council. Applicants are therefore strongly advised to discuss the alternatives at an early stage, and follow the advice given by the case Planning Officer.

## **Layout**

The dwelling size should not exceed 100 square metre gross internal floor space (i.e. a simple measurement of floor space between internal walls) and overall plot size

must be appropriate in terms of the general pattern of development in the surrounding area, but not normally exceeding 0.1 ha.

Sites which form part of the curtilage of an existing property must provide an appropriately sized plot for the new dwelling. In this respect, it will be important to achieve a ratio of dwelling size to overall plot size which is in keeping with surrounding properties. Such sites must also respect the existing character and setting of the original property, so as not to adversely alter the character or create a cramped form of development.

Materials of construction should be sympathetic to those in use locally.

Attached garages will count against the 100 square metres. It is appreciated, however, that there will generally be a need for garaging and for ancillary buildings to store gardening equipment, garden furniture etc. The size of such outbuildings will be strictly controlled. Detached garages of appropriate dimensions and height may be permitted if they are not intrusive upon the wider locality, reflect the local rural vernacular in both style and materials and remain subordinate to, and do not detract from, the character and appearance of the main dwelling. They should be sited as unobtrusively as possible, to the side or rear of the dwelling. Outbuildings should be modest in size and sensitively located.

Applications for single plot rural exception sites should include details of any proposed garages and outbuildings in order that the overall impact of a scheme can be fully assessed. The Council will need to be satisfied at the time of the original application that adequate ancillary garages and storage space can be achieved for the dwelling in order to avoid pressure for further, possibly harmful, development at some future date. If overlarge outbuildings are required then this could result in a reduction in the size of dwelling that might be allowable if this is necessary to limit the overall impact of the development in the landscape.

## **Housing Need and Strong Local Connection**

Applicants will need to demonstrate that they are unable to afford a suitable home currently available in the locality.

Housing need is demonstrated if the household unit has no home of its own, or is renting from a housing association but would like to become an owner-occupier, or is in unsuitable accommodation. For example:

- the current housing may be too large or too small for the household
- be in a poor state of repair
- be too costly for the household to maintain or sustain.

- be in a location that is a long way from existing employment, schools or support networks and that the cost or availability of transport is prohibitive to the particular household

Strong local connections with the settlement in question will need to be demonstrated by the household (Appendix A). These include working locally, residing locally, or having family members who need support in the local area.

Assessments of whether a household is in housing need or not, has strong local connections and is unable to afford a suitable home in the locality will be made by the Council's Housing Services following completion of a standard form and submission of supporting documentation. Applicants will be expected to be proactive in obtaining confirmation of their local connection from the Community Council.

Purchasers of the property in the future must also meet the local needs criteria in Appendix A. As a requirement of the section 106 legal agreement, the property cannot change hands without the written consent of Monmouthshire County Council. This will only be forthcoming if the Council is satisfied that the new purchaser has a strong local connection as defined in the section 106 legal agreement.

### **Affordable in Perpetuity**

Rural exception sites are permitted in order to benefit the long term sustainability of the community, and as such it is important that the property remains affordable for successive occupiers for the lifetime of the building. To achieve this, the model section 106 legal agreement in Appendix C puts a Restriction on the Title of the property, to the effect that the property cannot change hands without the written consent of Monmouthshire County Council. The Land Registry will effectively enforce this provision, as it will not be possible for a solicitor to register a new ownership with the Land Registry without the appropriate letter from Monmouthshire County Council.

A draft section 106 legal agreement should be submitted with the planning application, with agreed heads of terms in accordance with those attached at Appendix C. The section 106 agreement must be ready for all parties to sign by the time the application is ready for decision by the Council.

The "formula price" of the affordable property will be determined by the cost of construction as set out on page 10 of this pack, plus a nominal plot value of £10,000, expressed as a percentage of open market value. Extraordinary construction costs will only be taken into account at the discretion of the local planning authority, where such costs can be robustly justified as unavoidable.

The future sale of the property will be subject to the fixed percentage of open market value as detailed in the section 106 agreement. There is no scope for it to enter into the open housing market without recycling of proceeds.

In order to ensure that dwellings remain affordable, a dwelling size restriction will be imposed. The size of dwellings will normally be restricted to no more than 100 square metre gross internal floor space, with a curtilage not exceeding 0.1 ha.

Furthermore, permitted development rights to extend properties in the future will be removed by planning condition, in order to ensure that the Council retains control over the future affordability of the property. Future values will, in any event, be based on original floor space and exclude later additions.

### **Standard Conditions for Rural Exception Sites**

In order to provide a consistent and manageable approach to rural exception sites. Monmouthshire County Council proposes to use standard conditions on all rural exception sites that ensure:

- sustainable construction, energy and water efficiency aspects equivalent to level 3 of the Code for Sustainable Homes will apply to **all** schemes
- meeting Lifetime Homes Standards will apply to **all** schemes

### **Standard Conditions for Single Plot Rural Exception Sites**

In addition, standard conditions for single plot rural exception sites will include:

- restrictions on size of the property (to not exceed 100 square metres)
- removal of permitted development rights so that express permission has to be sought for any future extension, including garage and carport extensions

In the majority of cases, 100 square metres is adequate for a family of five persons. Larger properties are, by definition, more expensive and run counter to the primary aim of ensuring affordability.

Permitted development rights of the affordable dwellings will normally be removed to ensure that properties are not extended or altered in any way as to increase values beyond an affordable level. Exceptions will only be made where clearly justified. The normal permitted development rights will not prevent consideration of adaptations or extensions in certain circumstances, for instance, where required by an occupant with disabilities or to accommodate appropriate extensions for family growth.

The Council recognises that some households will need more space, for example to cater for very large families. Where an application is received to amend or remove a

standard condition, the applicant will be expected to demonstrate that the household's needs are genuine. The national definition of overcrowding (Appendix C) will be a factor in assessing what size of property is justified. The needs of disabled residents for physical space (for wheelchairs, etc.) will also be taken into account.

## **Site Suitability Guidelines**

The Local Development Plan (LDP) enables Monmouthshire County Council to allow affordable housing on sites that would not obtain planning permission for open market housing, as an exception to normal planning policies.

The site, however, must be in a location that demonstrably forms part of a recognisable named settlement. Sites that would constitute isolated or sporadic development, or which would adversely affect the landscape or rural character, are not considered acceptable and will be refused planning permission in line with existing LDP policies.



## Calculating the Formula Price

Affordable housing that is granted as an exception to normal planning policies must remain affordable for ever. This is achieved through a section 106 legal agreement, which defines what the “formula price” is for the affordable property.

The price for affordable housing that is built on single plot rural exception sites is calculated from standard construction costs and a nominal plot value. This is expressed as a percentage of market value to create the “formula price”.

The **nominal plot (land) value** applied is **£10,000** per building plot.

The **standard Cost of Construction** that applies is **£1,300** per square metre.

These figures apply regardless of the actual build or land cost. The combined total of these figures is the initial affordable value.

The initial affordable value is then converted into a percentage of the property’s potential Open Market Value (i.e. the property’s value if it were not subject to the affordability restrictions in the section 106 legal agreement). This percentage is the “**formula price**”.

The formula price determines how much the property could be sold for in the future. As it is a percentage of open market value, it will go up or down in line with market prices.

### Worked Example

In this example, the affordable property is a 2 bed house of 70 square metres in size. The value is based on the gross internal floor space (i.e. a simple measurement of the floor space between the internal walls. Each floor of the property is included – in our example, the ground floor is 35 square metres and the first floor is 35 square metres.

One builder has quoted £81,000, another builder has quoted £85,000 and a third builder has quoted £97,000. The actual construction price is irrelevant, because the property’s affordable value is based on a formula price. Instead the affordable value will be calculated as follows. The formula for the initial affordable value is: standard cost of construction x floor space + nominal plot value:

$$\begin{aligned} &= (\mathbf{£1,300 \times 70 \text{ sqm}}) + \mathbf{£10,000} \\ &= \mathbf{£91,000 + £10,000} \\ &= \mathbf{£101,000} \end{aligned}$$

Let us assume that the market value for a 2 bed property in this location is £165,000 (actual value to be based on an independent surveyor’s/estate agent’s valuation of the property).

Formula price equals nominal cost as a proportion of market value:

$$\begin{aligned} &= \mathbf{£101,000/£165,000} \\ &= \mathbf{61.2\%} \end{aligned}$$

The section 106 legal agreement would therefore specify the formula price as 61.2% of open market value. Future sale of the property must be at 61.2% of whatever the open market value is at that point in time. Thus the property will go up or down in value in line with market prices.

## If You Need to Sell in the Future

The value of the property is set in the section 106 legal agreement, as a percentage of open market value.

Resale of the property must be to a marketing plan that has been agreed with the Council, as required by the legal agreement. It must be offered for sale at the formula price for six months. Persons wishing to purchase the property must meet the Council's criteria for being in housing need (see Appendix A).

Over six months, the pool of potential purchasers widens from the local area, then Monmouthshire-wide, then to the Council or one of the Council's nominated partners and finally to anyone else. This is known as the cascade mechanism. The details of which are specified in the section 106 legal agreement for the property.

In the highly unlikely event of an owner being unable to sell at the formula price in this six month period, he/she may apply to have the formula price removed. If the Council agrees to its removal, then half of the difference between the affordable and the open market value will be recouped by the Council and used towards the provision of affordable housing elsewhere.

These requirements have been reached in discussion with mortgage lenders to ensure that they satisfy most mortgage lenders' criteria. They provide a balance between trying to ensure that affordable properties remain affordable in perpetuity, prioritising local people, and minimising the financial risks for lenders.

## Lifetime Homes Standards

All affordable homes must be built to the lifetime homes standard to ensure that they are accessible and can be easily adapted should their occupiers experience mobility difficulties in the future. Homes built to this standard are "future-proofed" not only for the potential needs of their occupiers, but also for the needs of visiting friends and relatives. The Lifetime Homes standard requires the following:

### Access

1. Where car parking is adjacent to the home, it should be capable of enlargement to attain 3.3metres width.
2. The distance from the car parking space to the home should be kept to a minimum and should be level or gently sloping.
3. The approach to all entrances should be level or gently sloping (Gradients for paths should be the same as for public buildings in the Building Regulations).
4. All entrances should be illuminated and have level access over the threshold and the main entrance should be covered.

5. Where homes are reached by a lift, it should be wheelchair accessible.

### **Inside the Home**

6. The width of internal doorways and halls should conform to Part M of the Building Regulations, except where approach is not head on and the hallway is less than 900mm clear width, in which case the door should be 900mm rather than 800mm wide. Entrance level doorways should have a 300mm nib or wall space adjacent to the leading edge of the door.
7. There should be space for the turning of wheelchairs in kitchens, dining areas and sitting rooms and adequate circulation space for wheelchair users elsewhere.
8. The sitting room (or family room) should be at entrance level.
9. In houses of two or more storeys, there should be space on the ground floor that could be used as a convenient bed space.
10. There should be a downstairs toilet which should be wheelchair accessible, with drainage and service provision enabling a shower to be fitted at any time.
11. Walls in bathrooms and toilets should be capable of taking adaptations such as handrails.
12. The design should incorporate provision for a future stair lift and a suitably identified space for potential installation of a through-the-floor lift from the ground to the first floor, for example to a bedroom next to the bathroom.
13. The bath/bedroom ceiling should be strong enough, or capable of being made strong enough, to support a hoist at a later date. Within the bath/bedroom wall provision should be made for a future floor to ceiling door, to connect the two rooms by a hoist.
14. The bathroom layout should be designed to incorporate easy access probably from a side approach, to the bath and WC. The wash basins should also be accessible.

### **Fixtures and Fittings**

15. Living room window glazing should begin at 800mm or lower, and windows should be easy to open/operate.
16. Switches, sockets and service controls should be at a height usable by all (i.e. between 600mm and 1200mm from the floor).

## Do you qualify for affordable housing?

The Council wishes to make it as easy as possible for residents to be able to find out if they qualify for the 'Build Your Own Single Plot' affordable home.

### Applicants must demonstrate:

That they have a suitable plot of land (this is assessed by a planning officer)

That they are in need of a house in the area and would contribute towards community sustainability

That they have strong local connections and need to live in the area where they propose to build

That they are unable to secure a suitable home currently available on the open market

### What are the main housing need, local connection and affordability qualification criteria?

Local Housing Need	Strong Local Connections & Need to Live in the Local Area	Affordability and Availability of Housing in the Area
<ul style="list-style-type: none"> <li>• No home of your own – e.g. living with your parents</li> <li>• Current housing not suitable for current needs</li> <li>• Housing Association tenant but would like to become an owner-occupier</li> </ul>	<ul style="list-style-type: none"> <li>• Parents are permanent residents in the area</li> <li>• Parents were permanently resident in the area at the time of the applicants birth and applicant was a permanent resident of the area for 5 continuous years as a child</li> <li>• Currently living in the area and have been for 5 continuous years</li> <li>• Currently employed in the area</li> <li>• Have an offer of work in the area</li> <li>• Applicant needs to live in the area to care for a relative or receive support/childcare</li> </ul>	<ul style="list-style-type: none"> <li>• If buying your mortgage should not be more than 25% of your gross household income</li> <li>• If renting, your rent should be less than 25% of your income</li> <li>• Your total household income is not large enough to buy a suitable house on the open market</li> <li>• There are no suitable properties in the area</li> </ul>

For more information please contact Shirley Wiggam, Senior Strategy & Policy Officer on 01633 644474

## **APPENDIX 3**

### **Rural Allocations Policy**

**APPENDIX 3**  
**Rural Allocations Policy**



## **Affordable Housing**

# **Rural Allocations Policy**

The purpose of the policy is to ensure that homes developed for local people are allocated as intended. This policy is to be used in addition to both Monmouthshire County Council's Common Allocations Policy and any other or succeeding allocations policy for letting of affordable housing in Monmouthshire.

The Registered Social Landlord requires assurance for its future business security that the local connection policy will not be allowed to cause empty properties. There is flexibility built into this policy to allow a broadening of both occupancy levels and geographical connection in order to allow properties to be tenanted swiftly and therefore ensure that the affordable housing resource is utilised.

The Rural Allocations Policy will be used to allocate the first 10 homes on all new housing sites and on all subsequent lettings of these properties (once identified via the first round of lettings) in rural areas of Monmouthshire other than:

- The main settlements of Abergavenny, Caldicot, Chepstow, Monmouth and Usk (Abergavenny includes the waiting list areas of Mardy and Croesonnen and the settlement of Monmouth includes the waiting list area of Wyesham)

### **Geographical Criteria**

The aim of this policy is to ensure that households with strong links to rural areas are given the opportunity to remain in these communities thus helping to maintain sustainability in the future. The local qualification will be based on villages within the Community Council boundary where the properties are located and then will cascade out to the immediately adjoining communities using community council boundaries.

As there are some rural areas in Monmouthshire where development is unlikely due to land supply and topography, the Council reserves the right to widen qualification to a neighbouring Community Council on occasions where there is a proven local need.

## **Under Occupation**

Priority will be given to applicants who have a local connection and who fully occupy a property in line with local housing allowance size criteria. One spare room will be considered whereupon a tenancy is affordable or there are exceptional circumstances. In the case where there are more applications received that meet the rural housing lettings criteria than there are properties to allocate, these applications will then be assessed to the current allocation policy.

## **Rural Housing Lettings Criteria**

In priority order:

1. Applicants who have lived in the community (defined as the Community Council area) for a continuous period of at least 5 years at the time of application and are owed a reasonable preference as defined by the Housing Act 1996.
2. Applicants who have lived in the community (defined as the Community Council area) for a continuous period of at least 5 years at the time of application and who need to live in the community in order to provide support to a dependent child or adult or to receive support from a principal carer.
3. Applicants who have lived in the community (defined as the Community Council area) for a continuous period of at least 5 years at the time of application and who are principally (> 20 hours per week) employed in the community (defined as the Community Council area).
4. Applicants who have lived in the community (defined as the Community Council area) for a continuous period of at least 5 years at the time of application or those who have lived in the community for a period of five years but have had to move out of the area to access accommodation.
5. Applicants who have previously lived in the community for a period of at least 5 years and who need to move to the community in order to provide support to a dependent child or adult or to receive support from a principal carer.
6. Applicants who have been principally (> 20 hours per week) employed in the community (defined as the Community Council area) for a continuous period of at least 5 years.
7. Applicants who have previously lived in the community for a period of at least 5 years.
8. Applicants with a firm offer of employment in the community and who would otherwise be unable to take up the offer because of a lack of affordable housing.

Applicants will be prioritised using the above criteria, however, if more than one applicant has the same priority, the applicant who has lived (or previously lived) in the Community Council area for the longest will be given priority. Applicants who have the same priority and who will be fully occupying the property will be given priority over those applicants who have the same priority and who will be under-occupying.

In the event there is no suitable [insert Community Council] applicant, these criteria will then be applied in the same order to applicants from immediately adjoining communities as set out above. Should there be no suitable applicant from the Community Council area where the properties are located or from the immediately

adjoining Community Council areas then the properties will be allocated to applicants with a connection to Monmouthshire in line with the Monmouthshire Homesearch Allocations Policy.

**It should be noted however that the Council reserves the right to nominate applicants for rural vacancies, who do not meet the above criteria, where it is considered that the circumstances of the individual case warrant special consideration. Such cases can only be considered for the offer once the decision has been agreed by the Common Housing Register Operational Sub Group and the Head of Housing and Communities.**

### **Evidence of Local Connection**

In all cases, the applicant will be expected to demonstrate their local connection, for example by providing service bills, bank statements, medical registration documents and so forth. Applicants living at home with parents and looking to leave home for the first time would be expected to provide evidence to show that they have local criteria which may include evidence that their parents have achieved the local connection.

Applicants not living in the Community, but who are applying for reasons of employment must provide evidence to show that they are principally employed within the area, including the date of commencement of employment and confirmation from their employer of employment status, and whether this is likely to continue for the foreseeable future.

Applicants will also be asked to consent to the landlord making enquiries of the electoral register and council tax records should it be necessary to confirm local connection.

### **Future Voids**

The properties identified for each site will remain ear marked for all future lettings. Therefore all future lettings for these properties will also be carried out as per this policy.

### **Monitoring**

The Council will ensure that lettings through this policy will not dominate the main allocation scheme. The Rural Allocations Policy will be monitored on an ongoing basis to ensure that overall reasonable preference for allocation in Monmouthshire is given to applicants in the reasonable preference groups.

The policy will also be monitored in order to assess its impact, the outcome of which will be regularly reported.

The policy will also be monitored to ensure that void properties are re-let to qualifying households who satisfy the Rural Allocations Policy.



## **APPENDIX 4**

### **Draft Standard Section 106 Agreement for Affordable Housing Financial Contributions**

**DATED**

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**PLANNING OBLIGATION UNDER SECTION 106 OF THE TOWN AND  
COUNTRY PLANNING ACT 1990 ( AS AMENDED) RELATING TO LAND AT  
[ADDRESS]**

between

**COUNCIL**

and

**OWNER**

and

**[MORTGAGEE]**

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THIS DEED is dated [DATE]

- (1) [NAME OF COUNCIL] of [ADDRESS OF COUNCIL] (**Council**).
- (2) [NAME OF OWNER] of [ADDRESS OF OWNER] (**Owner**).
- (3) [[FULL COMPANY NAME] incorporated and registered in England and Wales with company number [NUMBER] whose registered office is at [REGISTERED OFFICE ADDRESS] (**Mortgagee**).]

## **BACKGROUND**

- (A) The Council is the local planning authority for the purposes of the TCPA 1990 for the area in which the Property is situated.
- (B) The Owner is the freehold owner of the Property [subject to a mortgage in favour of the Mortgagee but otherwise] free from encumbrances.
- (C) The Owner has made the Planning Application and is proposing to carry out the Development.
- (D) [The Mortgagee is the registered proprietor of the charge dated [DATE] referred to in entry number [NUMBER] of the charges register of Title number [NUMBER] and has agreed to enter into this deed to give its consent to the terms of this deed.]
- (E) The Council having regard to the provisions of the [Local Plan **OR** Unitary Development Plan] and to all other material considerations resolved that Planning Permission should be granted for the Development subject to the prior completion of this deed.
- (F) The parties have agreed to enter into this Agreement with the intention that the obligations contained in this Agreement may be enforced by the Council against all Owners, the Developer and their respective successors in title.

## **AGREED TERMS**

### **1. INTERPRETATION**

The following definitions and rules of interpretation apply in this deed:

#### 1.1 Definitions:

**Affordable Housing:** social rented, intermediate rented and low cost home ownership, provided to eligible households, the total cost (including service charges) of which will be available and affordable to persons 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 subsidy to be recycled for alternative affordable housing provision as set out in schedules 2 and 3.

**Base Rate:** the higher of [5%] and the base rate from time to time of Barclays Bank plc.

**Commencement of Development:** the carrying out in relation to the Development of any material operation as defined by section 56(4) of the TCPA 1990 [but disregarding for the purposes of this deed and for no other purpose, the following operations: demolition works; site clearance; ground investigations; site survey works; temporary access construction works; archaeological investigation; and erection of any fences and hoardings around the Property.]

**Completion of Development:** the issuing of a compliance certificate for this development issued under either regulation 17 (completion certificates) of the Building Regulations or section 51 of the Building Act 1984 (final certificates)

**Commence and Commences** shall be construed accordingly.

**Commencement Date:** the date Development Commences.

**Default Interest Rate:** 4% per annum above the Base Rate.

**Development:** the development of the Property authorised by the Planning Permission.

**Development Site:** the land at [DESCRIPTION OR ADDRESS] shown edged red on the Plan and registered at HM Land Registry with absolute title under title number(s) [NUMBER[S]].]

**Form 1:** Self Build Exemption Claim Form to be submitted prior to completion of the Development.

**Form 2:** Self Build Exemption Claim Form to be submitted within 6 months of occupation of the self-build dwelling.

**Index Linked:** increased in accordance with the following formula:

Amount payable = the payment specified in this deed x (A/B) where:

A= the figure for the [Retail Prices Index (All Items)] that applied immediately preceding the date the payment is due.

B= the figure for the [Retail Prices Index (All Items)] that applied when the index was last published prior to the date of this deed.

**Occupation and Occupied:** occupation for the purposes permitted by the Planning Permission.

**Plan:** the plan attached as Annex A.

**Planning Application:** the application for [FULL OR OUTLINE] planning permission registered by the Council on [DATE] under reference number [NUMBER].

**Planning Permission:** the planning permission to be granted by the Council in respect of the Planning Application [in the draft form attached as Annex B].

**Retail Price Index:** the retail price index compiled and published by the Office of National Statistics

**Self Build:** all homes built or commissioned by individuals or groups of individuals for their own use, either by building the home on their own or working with builders.

**TCPA 1990:** Town and Country Planning Act 1990.

**VAT:** value added tax chargeable under the Value Added Tax Act 1994 and any similar replacement tax and any similar additional tax.

**Working Day:** any day which is not a Saturday, a Sunday, a bank holiday or a public holiday in Wales

- 1.2 Clause headings shall not affect the interpretation of this deed.
- 1.3 A **person** includes a natural person, corporate or unincorporated body (whether or not having separate legal personality).
- 1.4 A reference to a **company** shall include any company, corporation or other body corporate, wherever and however incorporated or established.
- 1.5 Unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular.
- 1.6 Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.
- 1.7 A reference to any party shall include that party's personal representatives, successors and permitted assigns and in the case of the Council the successors to its respective statutory functions.
- 1.8 Unless the context otherwise requires, a reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time.
- 1.9 Unless the context otherwise requires, a reference to a statute or statutory provision shall include any subordinate legislation made from time to time under that statute or statutory provision.
- 1.10 A reference to **writing** or **written** [includes fax but not e-mail **OR** excludes faxes and e-mail].
- 1.11 A reference to **this deed** or to any other deed or document referred to in this deed is a reference to this deed or such other deed or document as varied or novated (in each case, other than in breach of the provisions of this deed) from time to time.
- 1.12 References to clauses and Schedules are to the clauses and Schedules of this deed.

- 1.13 An obligation on a party not to do something includes an obligation not to allow that thing to be done.
- 1.14 Any words following the terms **including, include, in particular, for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.15 Where an obligation falls to be performed by more than one person, the obligation can be enforced against every person so bound jointly and against each of them individually.

## **2. STATUTORY PROVISIONS**

- 2.1 This deed constitutes a planning obligation for the purposes of section 106 of the TCPA 1990, section 111 of the Local Government Act 1972, [section 1 of the Localism Act 2011 **OR** section 2 of the Local Government Act 2000] and any other enabling powers.
- 2.2 The covenants, restrictions and obligations contained in this deed are planning obligations for the purposes of section 106 of the TCPA 1990 and are entered into by the Owner with the intention that they bind the interests held by those persons in the Property and their respective successors and assigns.
- 2.3 The covenants, restrictions and obligations contained in this deed are enforceable by the Council in accordance with section 106 of the TCPA 1990.

## **3. CONDITIONALITY**

With the exception of clauses 2, 3, [7],10,11, 13, 16, 17, 19, 20, 21, 22 and 24 [OTHER RELEVANT CLAUSES] (which take effect immediately), this deed is conditional on the grant and issue of the Planning Permission.

## **4. COVENANTS TO THE COUNCIL**

The Owner [and the Mortgagee] covenant[s] with the Council to:

- (a) observe and perform the covenants, restrictions and obligations contained in Schedule 1.
- (b) give at least [NUMBER] Working Days written notice to the Council of the intended Commencement Date.

**5. COVENANTS BY THE COUNCIL**

The Council covenants with the Owner to observe and perform the covenants, restrictions and obligations contained in Schedule 2.

**6. INDEXATION**

6.1 All financial contributions payable to the Council shall be Index Linked.

6.2 Where reference is made to an index and that index ceases to exist or is replaced or rebased then it shall include reference to any index which replaces it or any rebased index (applied in a fair and reasonable manner to the periods before and after rebasing under this deed) or in the event the index is not replaced, to an alternative reasonably comparable basis or index as the Council shall advise the Owner in writing.

**7. [MORTGAGEE'S CONSENT**

7.1 The Mortgagee consents to the completion of this deed and declares that its interest in the Property shall be bound by the terms of this deed as if it had been executed and registered as a land charge prior to the creation of the Mortgagee's interest in the Property.

7.2 The Mortgagee shall not be personally liable for any breach of the obligations in this deed unless committed or continuing at a time when the Mortgagee is in possession of all or any part of the Property.]

**8. RELEASE**

No person shall be liable for any breach of a covenant, restriction or obligation contained in this deed after parting with all of its interest in the Property, except in respect of any breach subsisting prior to parting with such interest.

**9. DETERMINATION OF DEED**

The obligations in this deed (with the exception of clause 11) shall cease to have effect if before the Commencement of Development, the Planning Permission:

- (a) expires;
- (b) is varied or revoked other than at the request of the Owner; or
- (c) is quashed following a successful legal challenge.

**10. LOCAL LAND CHARGE**

This deed is a local land charge and shall be registered as such by the Council.



**11. COUNCIL'S COSTS**

The Owner shall pay to the Council on or before the date of this deed:

- (a) the Council's reasonable and proper legal costs together with all disbursements incurred in connection with the preparation, negotiation, completion and registration of this deed.
- (b) the sum of £[AMOUNT] as a contribution towards the Council's costs of monitoring the implementation of this deed.

**12. INTEREST ON LATE PAYMENT**

If any sum or amount has not been paid to the Council by the date it is due, the Owner shall pay the Council interest on that amount at the Default Interest Rate (both before and after any judgment). Such interest shall accrue on a daily basis for the period from the due date to and including the date of payment.

**13. OWNERSHIP**

13.1 The Owner warrants that no person other than the Owner [and the Mortgagee] has any legal or equitable interest in the Property.

13.2 [Until the covenants, restrictions and obligations in Schedule 1 have been complied with, the Owner will give to the Council within [NUMBER] Working Days, the following details of any conveyance, transfer, lease, assignment, mortgage or other disposition entered into in respect of all or any part of the Property:

- (a) the name and address of the person to whom the disposition was made; and
- (b) the nature and extent of the interest disposed of.]

**14. REASONABLENESS**

Any approval, consent, direction, authority, agreement or action to be given by the Council under this deed shall not be unreasonably withheld or delayed.

**15. CANCELLATION OF ENTRIES**

15.1 On the written request of the Owner at any time after each or all of the obligations have been performed or otherwise discharged (and subject to the payment of the Council's reasonable and proper costs) the Council will issue a written confirmation of such performance or discharge.

15.2 Following the performance and full satisfaction of all the terms of this agreement or if this deed is determined pursuant to clause 9 (and subject to the payment of the Council's reasonable and proper costs and charges) the Council will on the written

request of the Owner cancel all entries made in the local land charges register in respect of this deed.

**16. DISPUTES**

Any dispute, controversy or claim arising out of or relating to this deed, including any question regarding its breach, existence, validity or termination or the legal relationships established by this deed, shall be finally resolved by arbitration in accordance with the Arbitration Act 1996. It is agreed that:

- (a) the tribunal shall consist of [one] arbitrator appointed jointly by the parties;
- (b) in default of the parties' agreement as to the arbitrator, the arbitrator shall be appointed on either party's request by the President for the time being of the Royal Institution of Chartered Surveyors;
- (c) the costs of the arbitration shall be payable by the parties in the proportions determined by the arbitrator (or if the arbitrator makes no direction, then equally); and
- (d) the seat of the arbitration shall be [London].

**17. NO FETTER OF DISCRETION**

Nothing (contained or implied) in this deed shall fetter or restrict the Council's statutory rights, powers, discretions and responsibilities.

**18. WAIVER**

No failure or delay by the Council to exercise any right or remedy provided under this deed or by law shall constitute a waiver of that or any other right or remedy. No single or partial exercise of such right or remedy shall prevent or restrict the further exercise of that or any other right or remedy.

**19. FUTURE PERMISSIONS**

Nothing in this agreement shall prohibit or limit the right to develop any part of the Property in accordance with any planning permission (other than the Planning Permission or modification, variation or amendment thereof) granted after the date of the Planning Permission.

**20. AGREEMENTS AND DECLARATIONS**

The parties agree that:

- (a) nothing in this deed constitutes a planning permission or an obligation to grant planning permission; and

- (b) nothing in this deed grants planning permission or any other approval, consent or permission required from the Council in the exercise of any other statutory function.

**21. NOTICES**

21.1 Any notice [or other communication] to be given under this deed must be in writing and must be:

- (a) delivered by hand; or
- (b) sent by pre-paid first class post or other next working day delivery service.

21.2 Any notice [or other communication] to be given under this deed must be sent to the relevant party as follows:

- (a) to the Council at [ADDRESS] marked for the attention of [NAME/POSITION];
- (b) to the Owner at [ADDRESS] marked for the attention of [NAME/POSITION];
- (c) [to the Mortgagee at [ADDRESS] marked for the attention of [NAME/POSITION]]

or as otherwise specified by the relevant party by notice in writing to each other party.

21.3 Any notice [or other communication] given in accordance with clause 21.1 and clause 21.2 will be deemed to have been received:

- (a) if delivered by hand, on signature of a delivery receipt [or at the time the notice or document is left at the address] provided that if delivery occurs before 9.00 am on a Working Day, the notice will be deemed to have been received at 9.00 am on that day, and if delivery occurs after 5.00 pm on a Working Day, or on a day which is not a Working Day, the notice will be deemed to have been received at 9.00 am on the next Working Day; or
- (b) if sent by pre-paid first class post or other next working day delivery service, at [9.00 am] on the [second] Working Day after posting.

21.4 A notice given under this deed shall not be validly given if sent by fax or e-mail.

21.5 This clause does not apply to the service of any proceedings or other documents in any legal action or, where applicable, any arbitration or other method of dispute resolution.

**22. THIRD PARTY RIGHTS**

A person who is not a party to this deed shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this deed.

**23. VALUE ADDED TAX**

23.1 Each amount stated to be payable by the Council or the Owner to the other under or pursuant to this deed is exclusive of VAT (if any).

23.2 If any VAT is at any time chargeable on any supply made by the Council or the Owner under or pursuant to this deed, the party making the payment shall pay the other an amount equal to that VAT as additional consideration on receipt of a valid VAT invoice.

**24. GOVERNING LAW**

This deed and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales as it applies in Wales.

This document has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

The common seal of  
MONMOUTHSHIRE  
COUNTY COUNCIL  
was affixed to this document in the presence  
of:

Member of Council

Authorised signatory

Signed as a deed by [NAME OF OWNER] in the presence of:

.....  
[SIGNATURE OF WITNESS]  
[NAME, ADDRESS [AND OCCUPATION] OF WITNESS]

.....

[SIGNATURE OF OWNER]

Executed as a deed by [NAME OF MORTGAGEE] acting by [NAME OF FIRST DIRECTOR], a director and [NAME OF SECOND DIRECTOR OR SECRETARY], [a director **OR** its secretary]

.....

[SIGNATURE OF FIRST DIRECTOR]

Director

.....

[SIGNATURE OF SECOND DIRECTOR OR SECRETARY]

[Director **OR** Secretary]

**OR**

Executed as a deed by [NAME OF MORTGAGEE] acting by [NAME OF DIRECTOR], a director, in the presence of:

.....  
[SIGNATURE OF WITNESS]  
[NAME, ADDRESS [AND OCCUPATION] OF WITNESS]

.....

[SIGNATURE OF DIRECTOR]

Director

## **Schedule 1 Owner's Covenants to the Council**

### **1. AFFORDABLE HOUSING CONTRIBUTION**

On or before the date of completion or the date of occupation (whichever is the earliest) to pay to the Council the sum of £[AMOUNT] towards the cost of providing off site affordable housing within Monmouthshire.

The Owner covenants that should they successfully claim exemption (as self-build applicants) through submitting forms 1 and 2 that they will remain liable for this payment if they do not reside at the dwelling for a minimum of 3 years from the date upon which occupation commenced.

## **Schedule 2 Covenants by the Council**

### **1. AFFORDABLE HOUSING CONTRIBUTION**

- 1.1 Not to use any part of the Contribution other than for the purposes for which it was paid (whether by the Council or another party).
- 1.2 In the event that the Contribution has not been spent or committed for expenditure by the Council within 5 years following the date of receipt of the Contribution the Council shall refund to the Owner any part of the Contribution which has not been spent or committed for expenditure, together with any accrued interest.
- 1.3 The Council covenants that upon receipt of Form 1 prior to the completion of the development that the development or part of the development consists of a self-build dwelling for occupation by the Owner that the Council will not request the Affordable Housing Contribution in respect of that dwelling on the due date and payment shall be deferred pending receipt of Form 2 from the Owner.
- 1.4 Form 2 must be submitted within 6 months of occupation of the potentially exempt dwelling with evidence that it is the Owner's primary residence as set out in Form 2. Should Form 2 not be received the Owner will remain liable for the contribution.
- 1.5 If Form 2 is submitted and the Owner occupies the dwelling for a minimum of 3 years the Council shall vary the s106 Agreement to reflect that the identified dwelling will not attract the contribution.

## **Annex A. Plan**



## **Annex B. Draft Planning Permission**

**Annex C. Self-Build Exemption Claim Forms 1 and 2**

# Self Build Exemption Claim Form 1

An exemption for a self build home must be granted prior to the completion of the development. Notice must be received by the Monmouthshire County Council Planning Department prior to the date of completion of the development. The applicant will otherwise be liable for the full charge.

**Form 2** of the self build exemption claim must be submitted to Monmouthshire County Council Planning Department within six months of the occupation of the development. The applicant will otherwise be liable for the full charge.

Please complete the form using block capitals and black ink and send to Monmouthshire County Council Planning Department.

## Section A: Claiming Exemption – General Information

*To be completed by the individual(s) claiming self build exemption.*

### 1. Application Details :

Applicant Name:

Planning Portal Reference (if applicable):

Local authority planning application number (if allocated):

Please provide the full postal address of the application site:

**If postal address/postcode not known, or original relief claim was submitted with reference to grid reference, please provide:**

Easting:  Northing:

Description:

## Section B: Self Build Declaration

I declare that this is a "self build project" as defined below

I declare that I will occupy the premises as my sole or main residence for a period of 3 years from completion of the property

I declare that I will provide the required supporting documentation as set out in '**Self Build Exemption Claim Form 2**' within 6 months of occupation of the property and I understand failure to do this will result in the contribution becoming payable

I declare the amount of de minimis State aid received in the last three years prior to submission of this application for relief is less than 200,000 Euro

*'Self Build' for these purposes is defined as all homes built or commissioned by individuals or groups of individuals for their own use, either by building the home on their own or working with builders.*

*'Completion' for these purposes is defined as the issuing of a compliance certificate for this development issued under either regulation 17 (completion certificates) of the Building Regulations 2010 or section 51 of the Building Act 1984 (final certificates).*

---

**Declaration**

I confirm that the details given are correct.

I understand:

That my claim for exemption will lapse where **Form 2** is not submitted prior to occupation of the chargeable development to which this exemption applies.

Name – Claimant:

Date (DD/MM/YYYY):

*On receipt of this application Monmouthshire County Council Planning Department will make a decision on your claim as soon as practicable and inform the amount of affordable housing contribution relief granted in writing. You **must** then submit **Form 2** to the collecting authority within 6 months of occupation. Failure to do so will result in the affordable housing contribution charge becoming payable in full.*

## Self Build Exemption Claim Form 2

### To be submitted within 6 months of occupation of the self build dwelling

Please note that 'Completion' is defined as the issuing of a compliance certificate for this development issued under either regulation 17 (completion certificates) of the Building Regulations 2010 or section 51 of the Building Act 1984 (final certificates).

This form must be sent to the Monmouthshire County Council Planning Department within 6 months of the occupation of the self build dwelling. The applicant may otherwise be liable for the full affordable housing contribution.

Please complete the form using block capitals and black ink and send to Monmouthshire County Council Planning Department.

---

#### Section A: Claiming Exemption – General Information

To be completed by the individual(s) claiming self build exemption.

##### Application Details

Applicant

Name:

Local authority planning application number (if allocated):

Please provide the full postal address of the application site:

If postal address/postcode not known, or original relief claim was submitted with reference to grid reference, please provide:

Easting:

Northing:

Description:

---

#### Section B: Submission of Evidence

Please confirm below what evidence you are providing to support your claim for self build exemption.

1. Please enclose a copy of **all** of the following items:

(a) A compliance certificate for this development issued under either:

-regulation 17 (completion certificates) of the Building Regulations 2010 **or**

-regulation 51 of the Building Act 1984 (final certificates)

What date was the compliance certificate issued (DD/MM/YYYY)?

(b) Title deeds of the property to which this exemption relates (freehold or leasehold)

(c) Council Tax certificate

## Section B: Submission of Evidence continued

2. Please enclose two further proofs of occupation of the home as sole or main residence

Please enclose a copy of **two** of the following items **showing your name and address of the property:**

Utility Bill

Bank Statement

Local electoral roll registration

3. Please also enclose a copy of **one** of the following:

(a) An approved claim from HM Revenue and Customs under 'VAT431NB: VAT refunds for DIY housebuilders'

(b) Proof of a specialist Self Build or Custom Build Warranty\* for your development

(c) Proof of an approved Self Build or Custom Build Mortgage\*\* from A bank or building society for your development

\*A Self Build or Custom Build Warranty is a warranty and Certificate or Approval issued by a Warranty provider which provides a 'latent defects insurance' policy and which is accompanied by certified Stage Completion Certificates (SCC) issued to the owner/occupier of the home.

\*\*A Self Build or Custom Build Mortgage is an approved mortgage to arrange to purchase land and/or fund the cost of erecting a home where the loan funds are paid to the owner/occupier in stages as the building works progress to completion.

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### Declaration

I/We confirm that the details given are correct.

Name:

Date (DD/MM/YYYY):

## **Annex D. Deed of Variation**

The Deed of Variation will confirm that the identified dwelling on the plan annexed is no longer liable for any affordable housing contribution.

**APPENDIX 5**  
**Extract from LDP Monitoring Framework**



## Affordable Housing

**Strategic Policy:** S4 Affordable Housing

**LDP Objectives Supported:** 1, 3, and 4

**Other LDP Policies:** SAH1-10, SAH11

Monitoring Aim / Outcome	Indicator	Target	Trigger for Further Investigation	Source Data / Monitoring Method
To provide 960 affordable dwelling units over the plan period	The number of additional affordable dwellings built* over the plan period	Deliver 96 affordable dwellings per annum 2011-2021 (total of 960 over the plan period)	Further investigation if 10% less or greater than the LDP strategy build rate for 2 consecutive years	JHLAS / S106 monitoring
	Number of affordable dwellings secured on new housing sites	<ul style="list-style-type: none"> <li>35% of the total number of dwellings to be affordable on sites of 5 or more dwellings in the Main Towns and Rural Secondary Settlements identified in Policy S1</li> <li>25% of the total number of dwellings to be affordable on sites of 5 or more dwellings in the Severnside Settlements as identified in Policy S1</li> <li>60% of the total number of dwellings to be affordable on sites of 3 or more dwellings in the Main Villages identified in Policy S1</li> <li>Minor Villages: sites with capacity for 4 dwellings make provision for 3 to be affordable; and sites with capacity for 3 dwellings make provision for 2 to be affordable.</li> </ul>	Further investigation if the proportion of affordable housing achieved on development sites in each area falls below the requirement set out in Policy S4	JHLAS / planning applications database / S106 monitoring

Monitoring Aim / Outcome	Indicator	Target	Trigger for Further Investigation	Source Data / Monitoring Method
	Number of affordable dwellings permitted / built on Main Village sites as identified in Policy SAH11	Main Village sites to collectively deliver 20 affordable dwellings per annum 2014-2021	Further investigation if 10% less or greater than the target build rate for 2 consecutive years from 2014	JHLAS / planning applications database / S106 monitoring
	Number of affordable dwellings built through rural exception schemes	No target	None	JHLAS/ planning applications database
	Affordable housing percentage target in Policy S4	Target to reflect economic circumstances	Further investigation if average house prices increase by 5% above the base price of 2012 levels sustained over 2 quarters	Home Track / Land Registry

\*Core Indicators

**APPENDIX 6**  
**Examples of Affordable Housing Financial Contribution Calculations**

## APPENDIX 6

### Examples of Affordable Housing Financial Contribution Calculations

i) For a two dwelling scheme in a rural area with a 35% affordable housing requirement, the financial contribution to meet a standard need for a 4 person 2 bed dwelling would be calculated as follows:

Two dwellings at 35% = 0.70

Toolkit calculates a financial contribution of the equivalent of 0.70 of a 4 person 2 bed dwelling for social rent using the assumptions of:

- an open market value for a 4 person 2 bed dwelling of £180,000
- or £138,600 when the developer return (20%) and marketing costs (3%) are taken into account
- an ACG band 5 rate of £175,500
- an RSL contribution to the developer of 42% of ACG (£73,710)
- this would have resulted in a subsidy from the developer if one affordable home was being provided of £64,890 (£138,600 minus £73,710)
- a financial contribution equivalent to 0.70 of the developer subsidy for one affordable home gives an overall financial contribution of £45,423 from the whole development.

ii) For a four dwelling scheme in Severnside with a 25% affordable housing requirement, the financial contribution to meet a standard need for a 4 person 2 bed dwelling would be calculated as follows:

Four dwellings at 25% = 1.00

Toolkit calculates 1.00 of a 4 person 2 bed dwelling for social rent using the assumptions of:

- an open market value for a 4 person 2 bed dwelling of £140,000
- or £107,800 when the developer return (20%) and marketing costs (3%) are taken into account
- an ACG band 4 rate of £161,600
- a RSL contribution to the developer of 42% of ACG (£67,872)
- this would result in a subsidy from the developer if one affordable home was being provided of £39,928 (£107,800 minus £67,872)
- a financial contribution equivalent to 1.0 of the development subsidy for one affordable home gives an overall financial contribution of £39,928 from the whole development

iii) For a 4 dwelling scheme in a Main Town with a 35% affordable housing requirement, the financial contribution to meet a standard need for a 5 person 3 bed dwelling would be calculated as follows:

Four dwellings at 35% = 1.40

Toolkit calculates 1.40 of a 5 person 3 bed dwelling for social rent in ACG Band 5 using the assumptions of:

- an open market value for a 5-person 3-bed dwelling of £190,000

- or £146,300 when the developer return (20%) and marketing costs (3%) are taken into account
- an ACG band 5 rate of £194,200
- an RSL contribution to the developer of 42% of ACG (£81,564)
- this would result in a subsidy from the developer if one affordable home was being provided of £64,736 (£146,300 minus £81,564)
- a financial contribution equivalent to 1.40 of the developer subsidy for one affordable home gives an overall financial contribution of £90,630 from the whole development

**APPENDIX 7**  
**Checklist for Assessing Affordable Housing Requirements**

## A. Policy S4: Checklist for assessing affordable housing requirements in Main Towns, Rural Secondary Settlements and Severnside Settlements

**A1. Establish the net site area and calculate the net capacity of the site based on an assumed achievable density of 30 dwellings per hectare.**



**A2. THE CAPACITY OF THE SITE MEETS THE THRESHOLD OF 5 OR MORE.** Affordable housing should be provided on site at a rate of 35% in Main Towns and Rural Secondary Settlements and 25% in Severnside Settlements, subject to **A.2.a)** and **A.2.b)** below.

**A3. THE CAPACITY OF THE SITE DOES NOT MEET THE THRESHOLD OF 5 OR MORE.** A financial contribution will be required towards affordable housing in the housing market in which the site is located. (See Section B).



**A.2.a) Does the development achieve 30 dwellings per hectare?**

**A.2.b) Does applying the proportion of affordable housing required to the total number of dwellings result in a whole number?**



**YES**  
Percentage of affordable housing required will be based on the number of dwellings proposed in the planning application.

**NO (and there is not a material non-compliance with Policy DES1 i), which generally requires a density of 30 dwellings per hectare).**  
Percentage of affordable housing required will be based on the agreed capacity of the site rather than a theoretical capacity of 30 dwellings per hectare.

**NO**  
The figure will be rounded to the nearest whole number (where half rounds up).

**B. Policy S4: Checklist for providing a financial contribution where the affordable housing threshold is not met.**

**B.1. Does the capacity of the site fall below the threshold at which affordable housing is required?**

i.e. 5 or more dwellings in Main Towns, Rural Secondary Settlements and Severnside Settlements.

3 or more dwellings in Main or Minor Villages, or, Conversion schemes in the Open Countryside.

**YES**

Prior to obtaining planning permission the applicant will need to enter into a S106 agreement (see Appendix 4 for standard agreement) to pay a financial contribution towards affordable housing in the housing market in which the site is located (**subject to B.2. below**). The required contribution will be established by using the Affordable Housing Contribution Calculator and can be obtained from the Council's Housing Strategy Officer. The contribution will normally be set at the equivalent of 35% of the agreed capacity of the site (25% in Severnside). The affordable housing contribution will be liable to be paid on completion and prior to occupation of each dwelling to which the payment relates.

**NO**

**Go to Section A.**

**B.2. Is the development to be carried out by a 'self-builder'?**

See definition in Appendix 4.

**YES**

The developer will need to apply prior to the completion and occupation of the dwelling to which the payment relates for the S106 agreement to be amended to give an exemption from the affordable housing contribution.

**NO**

The affordable housing contribution will be liable to be paid on completion and prior to occupation of each dwelling to which the payment relates.



## C. Policy S4: Checklist for assessing affordable housing requirements in Main Villages

**C.1. Is the site allocated under LDP Policy SAH11 with the specific purposes of providing affordable housing?**

**YES.** A minimum of 60% affordable housing must be provided on site.

**NO. C.2. Other sites in Main Villages.**

**C.2.a) Establish the area of the site and calculate its capacity based on an assumed achievable net density of 30 dwellings per hectare.**

**THE CAPACITY OF THE SITE MEETS THE THRESHOLD OF 3 OR MORE.**

Affordable housing should be provided on site at a rate of 60% subject to **C.2.b)** and **C.2.c)** below.

**THE CAPACITY OF THE SITE IS LESS THAN 3 DWELLINGS.**

A financial contribution will be required towards affordable housing in the housing market in which the site is located to be set at the equivalent of 35% of the agreed capacity of the site. (See Section B).

**C.2.b) Would the provision of affordable housing at a rate of 60% together with achieving an overall density of 30 dwellings per hectare result in a density of development that is out of keeping with its surroundings and non-compliance with Policy DES1 I)?**

**YES** The **number** of affordable houses required will be based at 35% of the theoretical capacity of the site at 30 dwellings per hectare, subject to **C.2.c)** below and subject to viability considerations and the effect of the development on the character and appearance of the area.

**NO** Affordable housing should be provided on site at a rate of 60%

**C. Policy S4: Checklist for assessing affordable housing requirements in Main Villages (Continued)**



**C.2.c) Is the site too small or restricted to achieve an acceptable standard of design and layout if the affordable housing was provided on site?**



**YES**

A financial contribution will required towards affordable housing in the housing market area in which the site is located, to be set at the equivalent of 35% of the agreed capacity of the site.

**NO**

Affordable housing should be provided on site at a rate of 35% of the theoretical capacity of the site at 30 dwellings per hectare.



**C.2.d) If the proposal relates to the conversion of existing buildings or sub-division of existing dwellings is it impracticable to provide affordable housing within the scheme?**



**YES**

A financial contribution will required towards affordable housing in the housing market area in which the site is located, to be set at the equivalent of 35% of the agreed capacity of the site.

**NO**

Affordable housing should be provided on site at a rate of 35% of the agreed capacity of the site.

## D. Checklist for assessing affordable housing requirements in Minor Villages

How does the proposal comply with LDP Policy H3?

### D.1. Minor infill of 1 or 2 dwellings.

A financial contribution will be required towards affordable housing in the housing market in which the site is located to be set at the equivalent of 35% of the agreed capacity of the site. (See Section B).

### D.2. An 'exceptional' infill site of 3 or 4 dwellings.

Affordable housing should be provided on site.

D.2.a) Development sites with a capacity for 4 dwellings will make provision for 3 dwellings to be affordable.

D.2.b) Development sites with a capacity for 3 dwellings will make provision for 2 dwellings to be affordable.

## E. Checklist for assessing affordable housing requirements in the Open Countryside

**E.1. If the proposal relates to the conversion of existing buildings or sub-division of existing dwellings is it impracticable to provide affordable housing within the scheme?**



**YES**

A financial contribution will be required towards affordable housing in the housing market area in which the site is located, to be set at the equivalent of 35% of the agreed capacity of the site.



**NO**

Affordable housing should be provided on site at a rate of 35% of the agreed capacity of the site

**E.2. Is the proposal in the open countryside but considered to be an acceptable 'Departure' application?**



**YES**

Affordable housing should be provided on site at a rate of 35% or a financial contribution will be required towards affordable housing in the housing market area in which the site is located, to be set at the equivalent of 35% of the agreed capacity of the site.

**E.3. Is the proposal for a development that complies with Rural Exceptions Policy H7, i.e. in a location outside a recognised settlement where residential would not normally be allowed.**



**YES**

Affordable housing should be provided on site at a rate of 100%.