

Southampton City Council

**Southampton Infrastructure  
Delivery Plan**

**Southampton Planning Obligations  
Supplementary Planning Document**

21217

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This report takes into account the particular instructions and requirements of our client.

It is not intended for and should not be relied upon by any third party and no responsibility is undertaken to any third party.

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# 1 Introduction

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## 1.1 Background

New development plays an important role in any prosperous locality. Whether it is the provision of new homes, employment or recreational facilities, development is essential to provide for our current and future needs. However, development comes with its pressures on the environment and community - the impact on our roads, schools and general amenity. Conversely, development can improve our environment, whether it is the use of renewable energy, improved landscaping or more functional use of our urban environment.

This Supplementary Planning Document seeks to add further definition to the adopted Core Strategy for Southampton (October 2010), identifying how the Council will use its powers as the Local Planning Authority to ensure new development contributes to a safer, healthier and more prosperous Southampton. On adoption, the document will supersede the Supplementary Planning Guidance on Planning Obligations (2006).

In general, the Council will seek to achieve this goal by ensuring development;

- Incorporates high quality design;
- Mitigates any adverse impact it may cause; and
- Contributes to needs of the local community.

## 1.2 Policy framework

As per the Government's Planning Policy Statement 12, Core Strategy policies are strategic in nature, and alone do not provide enough definition on which to effectively base planning decisions. Southampton City Council has, and continues, to develop additional policy and guidance to provide further clarity on how it seeks to implement the priorities of the council and local communities.

The main purpose of this document is to provide further guidance on Core Strategy Policy CS25 (The Delivery of Infrastructure and Developer Contributions), which states;

### **CS 25 - The Delivery of Infrastructure and Developer Contributions**

Development will only be permitted if the necessary infrastructure, services, facilities and amenities to meet the needs of the development are available or will be provided at the appropriate time.

The Council will continue to work with infrastructure providers to further review the needs for infrastructure within the city for the next 20 years. Proposals for physical infrastructure that help meet the needs generated by new development and by existing communities within Southampton will be permitted, subject to meeting other relevant LDF policies. The Council will seek developer contributions towards directly related measures to deliver a high quality development.

The supporting narrative to CS25 goes on to state that the “*Council will seek contributions or measures in line with Government guidance in Circular 05/2005. The Planning Act 2008 includes provision for the introduction of a Community Infrastructure Levy, a tariff on development to finance necessary infrastructure. The details of this levy, including how it relates to negotiated Section 106 contributions, will be contained in new regulations. A Supplementary Planning Document will be prepared by the Council once the Government has published their final guidance in order to apply any changes specifically to Southampton.*”

This document alongside the companion charging schedule represents the Council’s response to this issue.

## 2 New Development and Infrastructure Provision

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### 2.1 Mechanisms available

There are three main mechanisms available to the Council to ensure that development addresses any adverse impacts as well as contribute to the environment. This may range from an improved on-site design issue (such as contributing to sustainable drainage or renewable energy projects) through to the provision of a strategic transport improvement (such as an improved railway station).

### 2.2 Award of planning permission and conditions

Where a development proposal does not meet the standards required of local planning policy, securing planning permission may prove difficult.

Developers are therefore encouraged to engage in pre-application discussions to determine what aspects of a proposal may need to be improved to secure planning permission. Further information on this process is available on the Council's website.

The Council may in many circumstances award planning permission subject to conditions. In most cases the conditions are to ensure that the proposal will be implemented in a manner consistent with the approved planning application. However, planning conditions are also used as a mechanism for provision of essential on-site design requirements. They will relate solely to the development and site proposed.

### 2.3 Planning obligations

Planning obligations are an extension of planning conditions but will enter the developer into a legal commitment (Section 106 Agreement) to undertake specific works, provision of land / facilities, or provision of a financial contribution towards the delivery of a service or piece of infrastructure.

Planning obligations are set out in Section 106 of the Town and Country Planning Act 1990, with Government Circular 05/2005 providing the framework for appropriate use. Such Section 106 Agreements are intended to secure the necessary site specific requirements to make an individual proposal 'acceptable' in planning terms.

Following implementation of CIL, the use of Section 106 will be scaled back to site specific elements and affordable housing. The 'five tests' outlined in Government Circular Guidance 05/2005 have been condensed to three, and legally restricted for use on the following basis (any obligations will, by their very nature, need to be enforceable):

*“A planning obligation may only constitute a reason for granting planning permission for the development if the obligation is—*

- *necessary to make the development acceptable in planning terms;*
- *directly related to the development; and*
- *fairly and reasonably related in scale and kind to the development.”*

## 2.4 Community Infrastructure Levy

As part of the changes introduced under the Planning Act 2008, the new mechanism called the Community Infrastructure Levy was introduced to provide greater consistency in the charging of planning obligations.

The main concept behind CIL is to provide a standard charge (or set of charges) that can be levied on all new development. The levy is charged on the basis of ‘£ per square metre’ for new floor space. It can be spent on (or contribute towards) new or improved infrastructure deemed necessary to deliver the Local Development Framework.

In general, the move towards CIL will mean that all new development will contribute on a consistent basis, regardless of the site specific characteristic of the proposal. In an area like Southampton this is quite important, as development will mostly be from smaller sites which cumulatively lead to an ‘area-wide’ need to improve infrastructure.

Southampton City Council is consulting on their Draft Charging Schedule, and hope to adopt CIL in autumn 2012. Further information on the Southampton CIL can be found on the Council's website.

## 2.5 Site Specific Viability Considerations

As a matter of principle, the Council expects all projects to meet their own direct mitigation costs whether site specific through planning conditions or planning obligations,.

Planning Obligations are a necessary cost of development and developers should factor them into proposals from the earliest stage and take them into account when purchasing land.

In the event of anticipated viability issues, the developer is advised to contact the Local Planning Authority at an early stage to discuss ways of addressing the requirements for planning obligations. The Council would at first seek to test the development viability by seeking other viability enhancements via various means of cash-flow improvements e.g. deferring or phasing contribution payments.

If following an investigation of the alternative options, there is still a viability concern; the Council will expect the submission of a Viability Appraisal (VA). The VA is an ‘open book’ assessment which should include the following information:

- Existing use values;
- Proposed use values (sales and rental);
- Demolition and construction costs;

- Finance and marketing costs;
- Assumed yield;
- Site abnormalities and;
- Development phasing/timetable.

The Council will arrange for the independent appraisal of the VA and the costs of this appraisal should be covered by the developer. The Council will provide a quote for the works and payment will be required before the independent appraisal can begin. Please note that due to Freedom of Information requirements and requests, it cannot be guaranteed that the VA will remain and be treated as confidential.

The Council's decision as to whether the conclusions of the VA are accepted will be based upon the outcome of the independent appraisal of the document. The Council will also have regard to whether it would be in the interest of the local community to refuse the application until adequate mitigation can be secured for the site in the future.

A key consideration for the Council in deciding to waive obligations will be the continuation of development during difficult market conditions. The usual three year time limited planning permission would not necessarily achieve this since the eventual implementation of the planning permission may occur in a very different economic climate which no longer reflects the situation when the VA was produced. As such, it is likely that the Council will require the implementation and completion of the development to an agreed standard within a shorter timeframe.

In the event of developers not being able to deliver the development within this shorter timeframe, the Council will rely on a clause in the Section 106 Agreement requiring a further VA to assess the viability situation of the development at that time, which again will be appraised at the developers cost.

For further information concerning viability or any other Section 106/CIL issues, please contact the Planning Agreements Officer.

## **3 Section 106 Requirements**

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### **3.1 Broad principles**

Section 106 agreements will be used to provide a legal mechanism to ensure that site specific infrastructure requirements are delivered. In particular, such agreements will be used where:

- A development proposes either a net gain of 5 residential units or an increase of commercial floorspace of more than 200sqm,.
- Delivery requires the provision of site specific infrastructure within the immediate vicinity of the development site, to mitigate the identified direct effects of the development;
- Delivery requires the involvement of a third party e.g. adjoining land owners;

- Further details need to be supplied (e.g. management of development, production of surveys, monitoring);
- The proposal requires specific restrictions on use, or continuous provision of a service for a set period or in perpetuity; and
- There is a requirement for affordable housing.

The latest government guidance helps to clarify how S106 is to be redrawn around the CIL charging schedule in relation to the collection of planning obligations, ensuring that “double charging” through CIL and S106 is avoided..

### **3.2 Use of pooled contributions**

Under limited cases where direct mitigation involves off site contributions e.g. a junction improvement that opens up multiple sites then the Council may expect a partial contribution towards a piece of infrastructure from more than one development. This, as outlined in section 123 of the CIL regulations, will only apply to a specific piece of infrastructure related to a site or collection of sites, and where delivery of the infrastructure is secured from no more than five separate Section 106 agreements.

### **3.3 Infrastructure related site specific mitigation**

The site specific component of planning obligations can include the following:

- Site Specific Transport Requirements
- On Site Open Space
- Historic Environment
- Site Specific Flood Risk
- Public Art
- Community Safety Facilities
- Sustainability Measures.

There may also be obligations which are not covered by the above list as well as obligations which are not necessarily triggered by the thresholds outlined in the following sections. The Council can advise at these at the pre-application stage, but these could include on-site open space, the historic environment, tree replacement (at a ratio of two replacements for each removed tree) and drainage.

All financial contributions, paid to the Council in lieu of infrastructure works provided by the Council, identified within the Section 106 Agreement will normally be triggered for payment prior to implementation of the planning consent, whereas all infrastructure works to be provided by the Developer (via Section 278 or other such agreement or licence) shall be completed prior to the first occupation or first use of the development, in accordance with a scheme of works to be submitted for Council approval.

Furthermore, a relevant index will be applied to all financial contributions, to maintain the value of the contribution, either from the date that the specific works were identified/costed or from the date of the Section106 Agreement, up until the date of payment.

### 3.3.1 Site Specific Transport requirements

#### Threshold

All residential developments involving a net increase of 5 or more dwelling units.

Non-residential developments with a net increase of over 200 sq.m gross floor area.

Smaller developments can also trigger the need for site specific transport works, and early engagement with the Council can identify these requirements.

#### Core Strategy Reference

Policy CS 18 Transport: Reduce – Manage – Invest

One of the main aims of the site specific transport obligation is to promote sustainable and active travel including walking, cycling and public transport. The site specific highway obligations could therefore relate to the following types of infrastructure:

- Footway improvements
- Cycleway improvements
- Access to public transport
- Highway improvements
- Parking controls

### 3.3.2 Site Specific Flood Risk

#### Threshold

New developments within Flood Zone 2 and 3 depending on the site specific issues of the case

#### Core Strategy References

Policy CS 1 – City Centre Approach

Policy CS 23 – Flood Risk

Policy CS 25 - The Delivery of Infrastructure and Developers Contributions

Planning Policy Statement 25: *Planning and Flood Risk* requires that development demonstrates that it will be “flood safe” both now and for the lifetime of the development, taking into account climate change. For residential uses this is interpreted as for the next 100 years, for commercial development this is 60 years. Where new development is, exceptionally, necessary in high flood risk areas, the policy aims to make it safe, without increasing flood risk elsewhere, and, where possible, reducing flood risk overall.

Site specific measures can include the use of land raising, raised floor levels, restrictions on ground floor uses and flood evacuation plans. On larger sites,

sustainable urban drainage techniques can be employed to manage water effectively. It should be noted that Sustainable urban drainage systems (SUDS) are likely to become a statutory requirement for new development once the relevant sections of the Flood and Water Management Act have been implemented.

SUDS can include the following:-

- Source control measures including rainwater recycling and drainage.
- Infiltration devices to allow water to soak into the ground, which can include individual soakaways and communal facilities.
- Filter strips and swales.
- Filter drains and porous pavements.
- Basins and ponds to hold excess water after rain and to allow controlled discharge to avoid flooding, where possible in an urban environment.

Where the surface water system is provided solely to serve any particular development, the construction and ongoing maintenance costs should be fully funded by the developer. Where a sustainable urban drainage project contributes to more than one development, maintenance contributions may be sought towards an adopted solution. A Planning Obligation may be appropriate to secure this.

### 3.3.3 Public Art

#### Local Plan Reference

SDP8 – Urban Form and Public Space

#### Threshold

100 or more residential dwelling units

10,000 sqm of commercial floorspace

Provision of public art is considered integral to the achievement of the highest quality urban design. Policies CS 12 and CS 13 support improvements to the public realm of the city centre. Policy justification states that: *“public realm must be legible, comfortable and stimulating, with safe streets and public spaces across the city. High quality street furniture and public art should be used to enhance the quality of the urban environment incorporating signs and maps which aid legibility”*.

The Public Art Strategy approved by the City Council is delivered through:

- Using the planning and development management process to negotiate the integration of public art, architecture and urban design in all key developments.
- Devising and implementing quality programmes of community participation and education as part of public art commissions.
- Using Percent for Art and Section 106 contributions to secure new funds to support the Public Art Strategy.

Public art will be sought on identified key developments. Where the provision of public art is to be secured through planning obligation, the Council will seek to work with the developer to ensure the successful integration of commissioned public art works within the development, including associated quality programmes of community participation and education.

### 3.3.4 Site Specific Sustainability Measures

#### Threshold

Dependent on the site specific issues of the case

#### Core Strategy Reference

Policy CS 20 – Tackling and Adapting to Climate Change. 1 c) Contributing to the Carbon Offset Fund.

The Government believes that climate change is the greatest long-term challenge facing the world today. Addressing climate change is therefore the principal concern for sustainable development, and it is widely recognised that there is no one solution. Alleviating the problems of climate change and adapting to the challenges it will bring requires new development to adopt cross cutting action spanning a broad range of design topics, and at a range of spatial scales. Many of these actions focus on the need to reduce carbon emissions.

Policy CS20 sets out to support national policies aimed at reducing carbon emissions from new buildings by establishing a requirement to meet Code for Sustainable Homes standards and BREAM standards by reduce on site emissions to levels commensurate with the government’s “*Building a Greener Future*” policy targets by encouraging improvement in the energy efficiency of new buildings, and supporting the use of renewable energy technology to enable by setting standards for onsite CO<sup>2</sup> reduction.

Site specific Sustainability measures can include either the connection of the development to the City Centre District Energy Scheme, or the inclusion of a sustainable energy system within the development itself.

## 3.4 Section 106 Development Management

Section 106 will also be used to ensure the delivery of those Core Strategy policies related to the ongoing management of the new development, which can include the following:

- Employment & Skills
- Waste Management
- Highway Condition Surveys
- Travel Plans
- Construction Traffic Management
- Servicing Management

- Tree Replacement
- Woodland Management
- Nature Conservation
- Waterfront Access

The Council will be able to advise at pre-application stage if any of the above plans may be required. The most frequently used management plans are detailed in the following paragraphs.

### 3.4.1 Employment and Skills

#### Threshold

Major planning applications on a case-by-case basis

#### Core Strategy Reference

Policy C24 – Access to Jobs

In appropriate circumstances, and particularly in respect of major developments consistent with Policy CS24, the Council will take account of the following additional matters:

- the aim of the Core Strategy to secure the economic, social and environmental well-being of citizens;
- the concerns and commitments included in the Southampton Partnership's Community Strategy, in particular the need to address low economic activity rates and low skill levels amongst some City populations.

To address these issues and avoid an unnecessary increase in commuting to employment sites in the City, the Council will assess on a site-by-site basis the need for a developer commitment to targeted recruitment and training for City residents which should take the form of an Employment & Skills Plan. This plan should include targets for work experience and training, as well as measures to improve access to jobs for local people. The Employment & Skills Plan relates to both construction and occupation phases (where relevant) of development and could include the following:

- Consultations with the Council on appropriate actions, and then production of an acceptable Targeted Recruitment and Training Method Statement (by an agreed date) setting out targets for recruitment of residents experiencing disadvantage, a programme of actions that will achieve these, and verifiable monitoring information that will be provided;
- The provision of recruitment and/or training facilities;
- A financial contribution that can be used to support targeted recruitment;
- Training linked to the development site; and
- Other measures to support access to jobs.

Development may contribute positively to the promotion of economic competitiveness and social inclusion, helping people who experience difficulties

entering or re-entering the labour market to get a job. The Council will seek to work in partnership with developers to ensure that an acceptable Employment & Skills Plan is submitted, setting out steps they will take to expand the local labour market and the supply of appropriate skills in the local labour market, and how this will be resourced.

### 3.4.2 Community safety facilities

#### Thresholds

New food, drink and late night entertainment and leisure uses open after 22:00 within the City Centre

Applications to extend opening hours for food, drink and late night entertainment and leisure uses until after 22:00

#### Core Strategy Reference

Policy CS 13 – Fundamentals of Design

#### Local Plan Reference

SDP10 - Crime and Safety

Policy CLT14 – City Centre Night Time Zones and Hubs

Policy – CLT15 – Night Time Uses in Town, District and Local Centres

Planning policy guidance recognises the role of planning in designing safe environments and crime reduction. Policy CS 13 of the Core Strategy requires the design and layout of new development to address these issues.

Planning Obligations will centre around a Night Time Community Safety Plan which will require the submission for Council approval a plan providing a package of community safety measures identified as necessary in connection with the development or proposed use. Such measures could include signage, lighting, financial contributions towards late night bus services or other transportation measures, or CCTV.

Any development proposals for entertainment venues in the city centre will be expected to contribute to CCTV coverage. Current estimated costs for providing CCTV coverage are included below:

	City Wide	City Centre
Camera and fittings	£11,400	£14,400
Control room equipment (per camera)	£6,700	£6,700

### 3.5 **S106 Monitoring Costs**

**The Council employs a Planning Agreements Officer whose role it is to coordinate and monitor the Section 106 Agreement process, acting as the central point of contact for all parties to the Section 106 Agreement.**

The Developer will be expected to pay a Section 106 Monitoring Charge based on the number of Heads of Terms within the Section 106 Agreement, which along with the Council's legal fees outlined below, become payable prior to the completion of the Section 106 Agreement.

The Developer will also be expected to pay the Council's legal costs and will be expected to provide a solicitors undertaking for these fees, along with evidence of title for the development site.

## 4 Affordable Housing

### 4.1 Background

Government guidance (May 2011) clearly establishes the continued role of S.106 in delivering affordable housing.

The Core Strategy provides the policy context for affordable housing across the City. The Policy below sets out the requirement for affordable housing:

#### **Policy CS 15 Affordable Housing**

On housing sites where 15 or more net dwellings are proposed, or which exceed 0.5 hectares in size (irrespective of the number of dwellings), the Council will seek provision, through negotiation, of 35% affordable housing.

On sites where 5 – 14 net dwellings are proposed the Council will seek provision, through negotiation, of 20% affordable housing. The proportion of affordable housing to be provided by a particular site will take into account:-

1. The costs relating to the development; in particular the financial viability of developing the site (using an approved viability model)
2. The need to contribute towards the sub-regional target whereby the total provision of affordable housing is made up of 65% social rented and 35% intermediate affordable housing
3. The proximity of local services and the accessibility of the site to public transport
4. Constraints on the development of the site imposed by other planning objectives
5. The need to achieve a successful housing development in terms of the location and mix of affordable homes. The affordable housing requirement will be applied to the net number of new housing units which are being proposed on site.

The delivery of affordable housing will be provided in accordance with the following hierarchy of provision:-

1. On-site as part of the development and distributed across the development as much as is reasonable and practical to create a sustainable, balanced community.
2. On an alternative site, where provision would result in a more effective use of available resources or would meet an identified housing need, such as providing a better social mix and wider housing choice.
3. Commuted financial payment to be utilised in providing affordable housing on an alternative site.

Planning conditions and /or obligations will be used to ensure that the affordable housing will remain at an affordable price for future eligible households, or for the subsidy to be recycled to alternative affordable housing provision.

The council's affordable housing policy seeks to ensure the development of good quality affordable housing for local people in housing need, in balanced and integrated communities. This guidance provides clear advice to landowners, developers, residents and their advisors about how the Council will deal with the negotiation of affordable housing in Southampton.

### 4.2 Housing Strategy

The Council's Housing Strategy 2011 'Homes for Growth', identifies plans which will support continued economic growth and prosperity for the city. The right mix

of housing is important for a prosperous economy both to meet local needs in the city and to keep wealthier residents in the city; this in turn will have socio-benefits such as improving school performance and contributing to making Southampton a more prosperous, safer, greener, healthier place to live. The vision is for Housing *to work towards attracting more jobs for local people, securing more investment in the City and delivering high quality, low cost services that meet customer needs*. The three key priorities are:

- (i) Maximising homes for the city;
- (ii) Improving homes- transforming neighbourhoods and;
- (iii) Extra support for those who need it.

This document works towards the first priority of maximising homes.

### 4.3 Housing Need

In Southampton there are issues of affordability (i.e. the cost of property in the city for people on low incomes, particularly for first time buyers), levels of income and access to finance both for the rental and home ownership market.

Within the city, the 2010 Housing Needs and Housing Market Study Update (DCA) provides robust local evidence which demonstrates the need for affordable housing. The survey found the average cost of a home in the city has risen by 140% since 1999. The lower quartile price for a 1-bedroom home was around £95,000 which requires a single person to have an income of £26,200 and those with a joint income, £31,600 in order to afford to buy. For a 2-bedroom property in the lower quartile (which is approximately £124,950), a single person would need to earn £33,800 and a couple would need a joint income of £40,800.

Furthermore, the availability of mortgage products, including the level of deposits (often 25%) required to secure a mortgage remains an issue for many first time buyers. With many excluded from home ownership the demand for affordable housing has increased over recent years.

In the private rented sector, whilst prices vary across the city, on average an entry level 1-bedroom flat is approximately £480pcm and £650pcm for a 2-bedroom flat. Based on national affordability models of 25% of gross income, or 30% net, £24,700 is needed to rent a 1-bedroom flat and £32,200 needed to rent a 2-bedroom flat. Of concealed households, 85% cannot afford the cheapest entry level 1 bed flat, and 93% cannot afford the cheapest entry level 2-bedroom flat.

Southampton has been successful in providing new affordable housing, with 472 new homes delivered in 2010/11 and 248 in 2009/10 for rent and shared ownership. A large proportion of the city's population are unable to meet their own housing needs within the private market and therefore require affordable housing options. Demand continues to outstrip supply, particularly in a market with reduced mortgage products and borrowing for first time buyers being

difficult to access. As at 1<sup>st</sup> April 2011 there were 14,608 households waiting for accommodation. The Council accepts around 200 households a year as homeless.

The city's Housing Need and Market Study Update concluded that there is an overall shortfall of 1,471 affordable homes over a 5 year basis. This evidence supports affordable housing planning policies and also identifies the need to provide a range of sizes of home to meet the ongoing need for family homes as well as smaller homes.

#### 4.4 **Thresholds**

Any residential development providing 5 or more units (net) will be expected to provide affordable housing in compliance with CS 15.

Residential development of 5 or more dwellings, but less than 15, will be expected to provide 20% affordable units. Sites involving 15 or more dwellings or involving a development site of over 0.5 ha in size (regardless of the number of dwellings) will be required to provide 35% affordable housing.

The Council will not accept the deliberate sub-division of sites to provide individual parcels of development land to avoid the affordable housing threshold. This would be contrary to Government policy set out in PPS1 and PPS3 to create socially inclusive communities, including suitable mixes of housing.

Institutional residential accommodation such as residential homes for the elderly or student halls of residence would not be expected to provide affordable housing provision. In this instance, the Council would seek to control the tenure of the development by Section 106 Agreement.

The affordable housing threshold will apply to the total number of housing units which are being proposed on site. This will be based on the net figure taking into account units that may be lost if redevelopment takes place.

The proportion of affordable housing to be provided by a particular site will take into account:-

1. The costs relating to the development; in particular the financial viability of developing the site (using an approved viability model);
2. The need to contribute towards the sub-regional target whereby the total provision of affordable housing is made up of 65% social rented and 35% intermediate affordable housing;
3. The proximity of local services and the accessibility of the site to public transport;
4. Constraints on the development of the site imposed by other planning objectives and;
5. The need to achieve a successful housing development in terms of the location and mix of affordable homes. The affordable housing requirement will be applied to the net number of new housing units which are being proposed on site.

#### 4.5 **Housing Mix and Tenures Balance**

The 2010 Housing Needs and Market Study update recommended seeking a tenure mix of 65% social/ Affordable Rent and 35% intermediate tenures. The

tenure definitions are provided in table 1 below. The study further recommended the following size mix.

Tenure/size	1 bed	2 bed	3 bed	4 bed
Social/ Affordable rented	30%	30%	20%	20%
intermediate	25%	50%	25%	0

Table 1: Affordable housing definitions

The exact tenure and size mix will be agreed through negotiation with the council and may vary on a site by site basis depending on need and demand. Usually the size and mix will be representative of the scheme as a whole, however this will be subject to negotiation based on housing need.

There is an ongoing need to meet the affordable housing requirements of people using wheelchairs. The council will seek, where ever possible to include wheelchair suitable homes (above part M) on sites.

## 4.6 Affordable Housing tenures

There are a number of different affordable housing tenures, listed below which fall within the definition of affordable housing:

### 4.6.1 Affordable housing for rent

The greatest need for affordable housing in the city is for affordable homes for rent. Since 2011, these rented homes will usually be the new Affordable Rent tenure, with rents set at up to 80% of market rent levels. Exceptionally, some rented homes may still be provided under the traditional social rent tenure

The Council will therefore seek a proportion of affordable housing for rent as a part of all new residential developments with an affordable housing requirement to meet this need.

The Council's preference is for affordable housing for rent to be provided through a Registered Provider (RP) who is a member of the Council's Affordable Housing Partnership (or successor).. This ensures new affordable homes for rent are developed and managed to the Council's required standards, and are available in perpetuity to people from the Councils Housing Register at affordable levels.

#### 4.6.2 Intermediate Affordable Housing

The intermediate affordable housing requirement will usually be met through **Low Cost Home Ownership** schemes which allow local people who are unable to access the housing market to acquire a share in a property, with the remaining share being retained by a Registered Provider (RP) or developer. In some models the purchaser pays rent to the RP/ developer for their share of the property and in other models, there is no rent to pay on the remaining share. Low Cost Home Ownership schemes are suitable for people who can raise a mortgage to purchase a proportion of the value of a property but not enough to purchase a property outright.

Intermediate housing has a role to play in meeting housing need but will usually only be supported as a proportion of the overall affordable housing requirement, where the remaining proportion is Affordable Rented accommodation.

For Low Cost Home Ownership schemes, the council's preference is for the new homes to be owned and managed by a partner RP.

#### 4.6.3 Types of housing not considered to meet the requirement

Low Cost Sale housing is housing provided at sub-market sale values but above normal affordable levels. This type of provision will not normally be accepted as affordable housing provision because it would not meet the Council requirement set out in Policy CS15 for affordable housing and does not meet national and Homes and Community Agency definitions of affordable housing as set out in Planning Policy Statement 3: Housing.

#### 4.7 Delivery preference

The delivery of affordable housing will be provided in accordance with the following hierarchy of provision:

##### **On site**

On-site as part of the development and distributed across the development as much as is reasonable and practical to create a sustainable, balanced community. The proposed affordable housing should be dispersed amongst, and indistinguishable from, the market element of the scheme. The affordable housing should be transferred to a Registered Provider (RP) on the following basis:

Serviced land (to the site boundary) should be transferred to an RP at nil value to enable the RP to build the affordable housing.

OR

Completed affordable housing should be sold to the RP at a price less the value of the serviced land i.e. nil land value and reasonable build costs only.

##### **Off site**

On an alternative site, where provision would result in a more effective use of available resources or would meet an identified housing need, such as providing a better social mix and wider housing choice. In this regard, two scenarios may apply:

Affordable housing may be provided as part provision 'on-site' (as above) and part provision 'off-site' on an alternative site, to be agreed by the City Council as being a suitable alternative for total on-site provision. The affordable housing should be sold to a Registered Provider at nil serviced land value either as a land only deal or the purchase of completed affordable housing units.

OR

Alternatively, total provision 'off-site' on an alternative site may be agreed by the Council as being a suitable alternative for affordable housing provision.

In the event that any element of affordable housing is to be provided off-site on an alternative site, the affordable housing provision should incorporate the required percentage of units off-set from the main development plus the percentage required from the alternative site.

### **Financial contribution**

Commuted financial payment may in limited circumstances be utilised in providing affordable housing on an alternative site.

The financial contribution will be equal to the cost of providing affordable housing on-site or off-site i.e. the value of the serviced land for the affordable housing units had they been provided.

The Commuted Sums Payment Table set out in Appendix B indicates the sums that should be payable per plot, dependent on the type of dwelling that would have been provided within the development. Dwelling sizes are quoted on the basis of Gross Internal Floor Area; these are provided in order to ensure that, for example a 3 bedroom unit does not purport to comprise a 2 bedroom unit, by the specification of, for example the bedroom in another form of use, such as a study or breakfast room.

The table is broken down by ward area in accordance with the 16 electoral wards within the City.

The commuted sum payment relates to the cost of providing the dwelling plot within the locality of the development and not elsewhere in the City. Otherwise, a situation may evolve where affordable housing is not provided in particular wards, or developers may assume they can always provide a commuted sum based on acquiring a dwelling within the area of the lowest plot value.

The Commuted Sums table below will be reviewed as required, with reference to an appropriate property index and other market information.

The commuted sum should normally be paid upon implementation of the development secured through the section 106 agreement or phased payment may be negotiated in the case of larger and more complex developments

## **4.8 Design and layout**

Policy CS15 provides guidance on the Council's expectations concerning the delivery of "Affordable Housing". Criterion 1 states that affordable housing should be secured on site "as part of the development and distributed across the development as much as is reasonable and practical to create a sustainable,

balanced community”. The Council requires affordable housing to meet Homes and Community Agency (HCA) standards

On-site provision should be evenly distributed throughout a well designed scheme and be indistinguishable within a development from the private housing, to result in a sustainable balanced community/successful mixed development.

All affordable homes must meet any council or Homes and Community Agency standards around sustainability as a minimum.

#### **4.9 Public subsidy**

Implementation of affordable housing policy CS 15 of the Core Strategy places no obligation on Southampton City Council to provide subsidy to support the provision of affordable housing.

Developers should assume that no public subsidy either in the form of a grant from the Homes and Communities Agency or a Registered Provider’s own funds will be available. The Homes and Community Agency clear guidance is that all affordable housing secured through the planning process should be provided at nil grant, and nil land value and reasonable build cost. The Council supports this position.

#### **4.10 Perpetuity**

The Council wishes to ensure that affordable housing provision remains affordable in perpetuity. This is normally taken to be 125 years.

Initial rents, service charges and any sale prices should be subject to agreement by the city council and be demonstrably affordable throughout.

#### **4.11 The role of Registered Providers**

The council strongly believes that the development and management of affordable homes using a Registered Provider (RP) better serves the needs of the city’s residents. The council works closely with a number of RPs as partners. These are RPs with strong local knowledge and experience who wish to work with developers to bring forward affordable housing. Contact details for the Council’s partner RPs can be provided by the Council on request.

#### **4.12 The role of the council**

Developers are encouraged to enter into discussion with the council at the earliest stage to ensure the affordable housing requirements for a site are well planned and meet local need.