

Nottingham Local Plan  
Supplementary Planning Guidance

# Affordable Housing Policy and Developers Contributions

Nottingham City Council City  
Development  
Revised August 2006

Please also see

Please also see updated Affordable Housing  
contributions costs provided at  
[www.nottinghamcity.gov.uk/s106-costs](http://www.nottinghamcity.gov.uk/s106-costs)



Nottingham  
City Council

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# 1 Background

1.1 This Supplementary Planning Guidance (SPG) has been produced by the City Council to provide clarity and advice regarding the implementation of Government guidance on the provision of affordable housing. It sets out the City Council's criteria for the provision of affordable housing. The national policy framework, which is set out below, amplifies and updates Policy H7 of the adopted Nottingham Local Plan 1997/ and supports Policy H5 of the Nottingham Local Plan Review.

## 2 Nottingham Local Plan 1997, Policy Framework

2.1 **Local Plan policy H6** seeks to secure 20% of four sites allocated for residential development as affordable housing.

### 2.2 Local Plan Policy H7

**Planning permission for residential development on windfall sites of 1.5 hectares or more not identified in Policy H6 will be granted subject to negotiation to seek to secure a proportion of the site being reserved for affordable housing.**

2.3 The policies relating to the provision of affordable housing contained in the Nottingham Local Plan 1997 were drawn up before the publication of Circular 6/98/ Planning and Affordable Housing, which included a requirement from Central Government for affordable housing to be provided as part of larger housing developments. This SPG will allow the processing and consideration of applications for residential development to take place within a clear framework.

## 3 Affordable Housing Policy

3.1 The site threshold set out in Circular 6/98/ of 25 dwellings or 1 hectare irrespective of the number of dwellings, has now been adopted as the policy of the City Council. On unallocated residential sites above this threshold, the City Council will seek to provide a minimum of 20% affordable dwellings, either on site or by financial contribution.

3.2 This equates to the proportion required on sites currently allocated in the Local Plan. The details of this provision would be the subject of negotiation and agreement between developers and the City Council in each case.

3.3 Provision will be assessed having regard to:

- the proximity of local services and facilities and access to public transport;
- whether there will be particular costs associated with development of the site (such as abnormal site preparation costs); and
- whether the provision of affordable housing would prejudice other planning objectives that need to be given priority in the development of the site, such as achieving bal-

anced and sustainable communities, or a particular mix of uses on the site.

This is in line with Circular 6/98, which recommends sites incorporate a mix of affordable housing types wherever possible, including family housing as well as homes for smaller households.

### **Financial contribution in the form of commuted sums for off-site provision.**

- 3.4 In many cases the provision of affordable housing within the development will be the preferred option, to meet the policy objectives set out in Circular 6/98. However, there may be instances where the City Council and the developer agree that, although an element of affordable housing would be appropriate in principle, provision on the site itself would not be the best solution. As an alternative, the City Council may accept in these circumstances that the obligation to provide an element of affordable housing could take the form of a financial contribution (commuted sum), to be made towards the provision of that element of affordable housing elsewhere in the City.
- 3.5 The financial arrangements to achieve this would be the subject of detailed negotiation in each case, and authority for such negotiations are delegated to the Director of Development and Environmental Services. If it is agreed that the commuted sum would be paid at a future date, then interest payments will be negotiated. These arrangements will be the subject of an agreement under Section 106 of the Town and Country Planning Act 1990.
- 3.6 In these cases, a contribution per dwelling unit would be calculated. Currently, the Social Housing Grant provided by the Housing Corporation for the provision of new Registered Social landlord housing in the City falls within the range of £12,000 to £34,000 per dwelling, depending on site and dwelling type. It would be appropriate for the contribution to fall within this range.
- 3.7 However, factors relating to local need for affordable housing must be taken into account. The South Nottinghamshire Affordable Housing Study (Appendix 1) established the level of need across Greater Nottingham, and this level is close to the requirement of the existing local Plan for 20% of new housing on allocated sites to be in the affordable category.
- 3.8 local housing market conditions are also relevant. The average price of dwellings in Nottingham City is published quarterly in the Land Registry Residential Price Report. For the year to December 2005, the price of a semi-detached house, averaged across the four quarters' figures by price and the numbers sold, was £117,248.
- 3.9 **Taking the above factors into account, a contribution representing 25% of this figure, ~~£29,312~~\* for each affordable dwelling, will provide the basis for negotiation. This figure will be revised annually when information is available, in February of each year.**

**\* Please also see updated Affordable Housing contributions costs provided at [www.nottinghamcity.gov.uk/s106-costs](http://www.nottinghamcity.gov.uk/s106-costs)**

3.10 This figure represents the contribution per dwelling unit. It is calculated on publicly available information, which reflects changes in the market value of property locally, allowing an annual adjustment to the calculated figure. The resulting contribution is in line with practice in several other comparable authorities.

## **Regeneration objectives**

3.11 Any commuted sums paid under these arrangements will be used in support of the City Council's Housing Strategy, and help to bring about the regeneration of areas of the City where investment in the provision of affordable homes is needed. This will be facilitated through the establishment of a fund to provide additional affordable housing in the City, and may include for example:

- rehabilitation of vacant student housing to family housing;
- the conversion of vacant or non-residential uses above shops to flats, particularly in the District Centres;
- rehabilitation of vacant or derelict residential or other property in the private sector;
- new build on infill and brownfield sites.

3.12 In most cases the commuted sum will be made available to housing associations / registered social landlords, as they are able to secure private finance to supplement the subsidy and therefore provide more homes. However, there may be instances when commuted sums will be used directly by the City Council to implement housing objectives agreed through the Housing Investment Programme. It is intended to establish a Housing Regeneration Company in the City, as recommended by the Urban Task Force. Once established this will provide another method of implementing the proposals.

## **Securing suitable occupancy of affordable housing**

3.13 Either conditions imposed on planning permissions, or planning obligations, may be used to ensure that dwellings provided as affordable housing are occupied, initially and in the future, by people falling within agreed categories of need for affordable housing. Where a registered social landlord is involved, occupancy controls would be guaranteed by means of nomination arrangements by the Housing Department.

# **4 Government Guidance Relating to Supplementary Planning Guidance on Affordable Housing**

4.1 **Planning Policy Guidance PPG 1, General Policy and Principles**, was produced in 1997. Paragraph 42 states that 'Supplementary Planning Guidance may be a more appropriate means of covering detailed issues to supplement the policies in plans. Such guidance should be consistent with the policies to which it relates. Supplementary Planning Guidance does not have the same status as an adopted development plan policy and should only be referred to in the reasoned justification for a policy. However, it may be a material consideration in determining planning applications.'

4.2 **PPG12, Development Plans, published in December 1999**, states that the SPG must be consistent with national and regional planning guidance, as well as the policies set out in the adopted development plan. It should be clearly cross-referenced to the relevant plan policy which it supplements. It should be issued separately from the plan and made publicly available; consultation should be undertaken and the status of the SPG should be made clear. The Secretary of State will give substantial weight in making decisions on matters that come before him to SPG which derives out of and is consistent with the development plan and has been prepared in the proper manner.

#### 4.3 **Circular 6/98, Planning and Affordable Housing**

Government Guidance set out in Circular 6/98 States that a community's need for affordable housing is a material planning consideration which may properly be taken into account in formulating development plan policies and deciding planning applications. Local planning authorities should cater for a range of housing needs and encourage the development of mixed and balanced communities in order to avoid areas of social exclusion. The Circular states that where the City Council considers that, having regard to the policy in the Circular, a site is 'suitable' for inclusion of an element of affordable housing and an applicant does not make such provision as part of the proposed development, such a failure could justify the refusal of planning permission.

4.4 The term 'affordable' housing is used to encompass both low-cost market housing and subsidised housing, irrespective of tenure, ownership (whether exclusive or shared) or financial arrangements, that will be available to people who cannot afford to buy or rent housing generally available on the open market.

4.5 The Circular states that, for urban areas such as Nottingham, a threshold of 25 or more dwellings, or 1 hectare or more irrespective of the number of dwellings, should be set for eligible schemes. The Circular also allows for the provision of the affordable housing element on a different site in the local authority area or a financial contribution if this is the preferred option by the local planning authority and the developer. Such provision could be either by new build or conversion schemes.

4.6 PPG3: Housing - published in March 2000, indicates the latest Government thinking on housing policy; it states that it is important to help create mixed and inclusive communities, which offer a choice of housing and lifestyle, including recognising the need for affordable housing. Although Government policy on Planning and Affordable Housing in Circular 6/98 is not changed by the Guidance, there is a presumption that affordable housing should be provided as part of the proposed development.

### **Planning for the Communities of the Future**

4.7 The City Council's response to the Government statement 'Planning for Communities of the Future' recognised that developing balanced communities is an important objective in achieving a vibrant, diverse and inclusive City. Provision for a wide range of households can make an important contribution to this objective. Provision of affordable housing could also contribute to regeneration efforts in the City.

#### 4.8 **Circular 1/97**

Government Policy relating to developer contributions was revised in 1997 in the form of Circular 1/97 'Planning Obligations'. It sets out five key tests of what a Planning Obligation should be:

- 1) necessary;
- 2) relevant to planning;
- 3) directly related to the proposed development;
- 4) fairly and reasonably related in scale and kind to the proposed development;
- 5) reasonable in all other aspects.

# Appendix 1

## South Nottinghamshire Affordable Housing Study

A study entitled 'The Need for Affordable Housing in South Nottinghamshire 1996-2011' was carried out jointly by the local authorities for Nottingham City, Broxtowe, Gedling, Rushcliffe and the Hucknall part of Ashfield in 1998. It has been updated in 2000 and 2002.

The Study defines affordable housing as 'Dwellings developed specifically for those whose incomes generally deny them the opportunity to purchase or rent houses on the open market'.

The methodology for assessing the need for affordable housing relies on identifying two main components: (i) the base need, representing the existing situation, and (ii) the estimate of future need that will arise by the year 2011.

- (i) The base need was calculated from those in mortgage arrears, concealed households (generally living as part of another household), and homeless households living in temporary accommodation.
- (ii) Future need was determined by taking the number of new households to be formed in South Nottinghamshire between 1996 and 2011, according to the Structure Plan household projections. An estimate was made of the average home ownership costs of a first-time buyer, and the number of new households who cannot afford these costs (assuming that the ratio of income to house prices stays the same).

The figure of households then arrived at is reduced by subtracting the amount of social housing (local authority and housing association) and private rented housing which is expected to be re-let in the period to 2011. The residual figure represents the number of households which cannot be accommodated, and will therefore need new affordable housing by 2011. A separate estimate is to be determined for housing for the elderly.

The Study calculated that, across South Nottinghamshire, 24% of new dwellings in the Structure Plan period to 2011 would need to be in the affordable category.

However, the Study did not determine how much of that need would be met within the City Council area. The City Council considers it appropriate to accept the figure of 24% for South Nottinghamshire and to aim for this level as a target in the City. Allowing for the fact that some sites will be wholly developed by housing associations and other providers of affordable housing, 20% is the percentage set for other development of a significant size (ie 25 or more dwellings or 1 hectare or more).



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