**Policy CS7 Housing Mix and Affordability**

1. Proposals for new housing will be expected to deliver a mix of dwelling sizes, type and tenure taking into account an up-to-date Strategic Housing Market Assessment for the entire housing market area and the needs of the market, in order to meet the present and future needs of all members of the community.
2. The Council will seek the provision of affordable housing on all housing development according to the targets set out below, subject to this being consistent with the economic viability of the development:

i.   Sites of 15 dwellings or more or developments with a gross site area of 0.5 hectares or more; 25% affordable homes on site

ii.  Sites of less than 15 dwellings or developments with a gross site area of less than 0.5 hectares; 25% affordable homes on site or a commuted sum of £10,000 per dwelling to contribute towards provision off site. Any agreed commuted sums would be subject to the provision of a payment scheme agreed between the Council and the applicant.

Where it can be demonstrated that these targets would prevent the delivery of a viable scheme, the precise level of provision will be negotiated, based on a viability assessment. Any viability assessment shall be carried out at the expense of the applicant, according to the principles set out below:

The applicant will raise any viability issues with the Council during the pre-application stage. If a third-party appraisal is required the applicant, the Council and the third-party consultant will meet to scope the details of the appraisal.

An “open book” approach is required, whereby development finances and their underlying assumptions are subject to appraisal in order to support a claim.

At the very least the applicant will need to provide evidence for the following items:

• Projected Gross Development Value (GDV) (e.g. rents, prices, yields; discounted values)

• Construction costs and programme (e.g. £/m², unit size (m²), build period)

• Finance, fees and all other associated costs (e.g. rate of interest, fee rates, lump sums)

• Gross Profit margins (e.g. % on costs; % of GDV)

• Residual Land Value (i.e. the budget to buy the land) or Land Price (if already purchased)

New self-build homes will be exempt from the requirement to provide affordable housing. This exemption will apply to homes built or commissioned by individuals, families or groups of individuals for their own use and that will be owner-occupied.

1. Where the need for affordable housing has been identified in local service centres and Green Belt villages, which cannot be met on infill sites or in nearby larger settlements small scale rural exception sites will be supported either within the village or as small extensions to the village, as a means of providing affordable housing.

The Council will seek every opportunity to work positively with developers and other partners to deliver affordable housing and a mix of housing types to meet local needs through use of its own land, all available funding opportunities, innovative development models and other available means. Detailed implementation guidance will be laid out in an Affordable Housing Supplementary Planning Document.

When considering the mix of house types to be included in any proposal, regard shall be given to the identified needs of people with special requirements including disabled people, older people and people from minority ethnic backgrounds.

## **Explanation**

**5.3.15** We want to make sure that new housing development contributes to creating sustainable communities meeting the diverse needs of present and future residents of the borough. This means that we must ensure that new development creates a wide choice of high-quality homes, both affordable and market housing; new development has to be of the right mix of housing types to address the needs of the whole community over the longer term as well as the requirements of the market at the time of the application. Housing choice also has a part to play in ensuring that the borough is attractive to those wishing to re-locate to Rotherham which in turn can contribute to inward investment.

**5.3.16** Communities require a variety of housing, particularly in terms of tenure and price to meet the needs of a mix of different households such as families with children, single person households and older people. New housing must be of the right type and size to meet people’s needs and, where possible, address current imbalances in the proportions of different house types in current housing stock.

**5.3.17** Many households in Rotherham cannot afford suitable accommodation, either to buy or rent, and the Council seeks to provide affordable housing for eligible households. One of the ways that new affordable housing can be secured is by requiring new housing developments to contribute; usually by including a proportion of affordable homes as part of any new development.

**5.3.18** There also needs to be enough housing of the right type for people with special requirements, for example vulnerable young people and adults, and people with disabilities, and for households from minority ethnic backgrounds, including members of the Gypsy and Traveller and Travelling Show-people communities.

**5.3.19** Government Policy seeks to achieve a wide choice of high-quality homes, both affordable and market housing and requires Local Planning authorities’ levels of affordable housing need. Rotherham's Strategic Housing Market Assessment (SHMA) provides the main body of evidence in relation to the required mix of housing and affordable housing need. The Strategic Housing Market Assessment of Rotherham’s housing markets was published in October 2007, and updated in respect of affordable housing need and housing mix in 2010 Overall it was calculated that the total (net) annual affordable housing need estimate is 1,155 at this time. This is higher than the figure of 411 recorded in the original SHMA report. This is a snapshot of the current position and is much larger than can viably be met through developer contributions. However, the update examines how best to improve market balance in the long-term, through its Balancing Housing Markets model and suggests that a target of 35% still seems appropriate in the borough.

**5.3.20** The 2010 SHMA update suggests that 35-40% of all new housing in the plan period needs to be affordable. We can realistically expect 25% of new homes developed by the open market to be affordable, provided either on-site or off site depending on the size of the development, as set out in policy CS7. There is therefore an accumulating shortfall of 10-15% of the total annual housing requirement that should be affordable but is unlikely to be met by open market housing, Section 106 agreements and Community Infrastructure Levy. Alternative delivery mechanisms for this need will be sought.

**5.3.21** The Council's Housing Viability Study 2011 examined the impact of various levels of affordable housing on the viability of housing development, including the 35% suggested by the 2010 SHMA update, across the borough and demonstrated that 25% would be a realistic level for larger sites and that commuted sums of £10,000 to £20,000 per dwelling could be achieved on smaller sites. For larger sites the Council requires provision of affordable units on site. The Council does however acknowledge that, with smaller sites, it can be impractical to provide units on site and will allow either units on site or a commuted sum in lieu of this.

**5.3.22** Local Planning Authorities should ensure that the proposed mix of housing on large strategic sites reflects the proportions of households that require housing and achieves a mix of households, tenure and price. Policies in a Supplementary Planning Document will give detailed guidance on what is expected across the borough, in terms of the mix of house types required, including how the needs of minority ethnic communities and people with special needs are to be met and the actual level of the commuted sum required on smaller sites.

**5.3.23** The Council acknowledges that, in certain circumstances, a development may not be able to address all of the required planning obligations without the overall scheme becoming unviable. If an applicant considers that this is the case, then an assessment of development viability can be conducted but at their own cost.

**5.3.24** If the applicant and the Council agree that a development appraisal will be a basis for discussions, a model and its inputs will be made known to both parties. When an applicant provides their own model or a third-party model, it should be in a format that enables the Council to interrogate its underlying structure and assumptions.

**5.3.25** Abnormal costs should be reflected in the price paid for the site. Demolition of existing structures, site clearance and decontamination costs should be reflected in the land value. In the event that the Council has further questions, the applicant will provide supporting evidence. This could include Building Cost Information Service [BCIS], SPON’s Architects’ and Builders’ Price Book or Valuation Office Agency [VOA] data and local market transactions.

**5.3.26** The starting point for any discussion should be based on a model that illustrates a development’s viability in the light of the Council’s existing policies with regard to affordable housing and the Council’s planning obligation requirements. Further satisfactory evidence may be required.

**5.3.27** In the event that the initial appraisal finds the site unviable, the next step is for the applicant and the Council to use the appraisal model to discuss solutions for delivering a viable scheme such as phased payments. A cash flow model may help in assessing this.

**5.3.28** Under Section “C” of the policy sites can be released for proposals either solely for affordable housing or for the mainly affordable housing with a small percentage of market housing allowed as enabling development, even in areas of policy restraint such as the Green Belt. The means for determining the level of market housing allowed will be defined in the Sites and Policies document. Smaller rural settlements often do not have land remaining within the village, making it difficult to provide affordable housing. A rural exceptions policy allows land to be released for affordable housing where there is identified local need that cannot be met within the village or in a nearby larger settlement. In the case of local services centres this would mean an extension beyond the existing boundary. For villages washed over by the Green Belt this policy could apply to land either within or on the edge of the existing settlement.

## **Delivery**

**5.3.29** Delivery will be through informing the site selection process in production of the Sites and Policies document and the consideration of planning applications in the development management process.