

Item 8- Appendix 2

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1. Introduction

1.1 What is a Supplementary Planning Document (SPD) and why it is needed

1.1.1 This SPD is supplementary to the adopted Melton Local Plan, 2011-2036. It provides further detail and guidance on the interpretation of Local Plan policies C2 – Housing Mix, C4 – Affordable Housing Provision and C5 – Rural Housing through Rural Exception Sites, but not new policy. It will be of use to all those with an interest in housing development in Melton Borough.

1.1.2 A SPD does not have development plan status but can be a material consideration in planning decisions (NPPF 2019 Glossary).

1.1.3 SPDs were introduced by Part 2 of the Planning and Compulsory Purchase Act 2004 (“the Act”); the form, content and the process of preparation is set out in Part 5 of the Town and Country Planning (Local Planning) (England) Regulations 2012.

1.2 The National Planning Policy Framework and Local Policy Context

1.2.1 The National Planning Policy Framework (NPPF, 2019) provides the overarching national requirements for planning policy, which local planning documents must be in conformity with.

1.2.2 Government policy on planning for affordable housing and housing mix is set out in paragraphs 61 –64 of the National Planning Policy Framework (NPPF, 2019). The Melton Local Plan 2011-2036 addresses each of the points set out in these paragraphs of the NPPF.

1.2.3 There are prominent references to housing mix and affordable housing in the Melton Local Plan’s vision, objectives and priorities for the Borough. For example, Strategic Issue no. 2 – amount and type of new housing, to address shortages of numbers and types of new housing suitable for first time buyers, young families and other households on lower incomes. One of the Strategic Objectives of the Local Plan is to “help provide a stock of housing accommodation that meets the needs of the community, including the need for affordable housing”.

1.2.4 Preparation of this SPD reflects the priority that the Council has given to achieving its housing objectives.

1.3 What housing mix is

1.3.1 The new NPPF (2019) states (in para. 61) that the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes).

1.3.2 Local Plan Policy C2, the housing mix policy, aims to manage the delivery of a mix of house types and sizes to balance the current housing offer, having regard to market conditions, housing needs and economic viability, taking account of site specific circumstances and housing mix information.

1.4 What affordable housing is

1.4.1 The definition for affordable housing is in the glossary of the new NPPF (2019). This new definition states that affordable housing is: housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the definitions (set out in the NPPF glossary) for the following four main types of housing:

- Affordable housing for rent
- Starter homes
- Discounted market sales housing
- Other affordable routes to home ownership

1.4.2 Local Plan Policy C4, the affordable housing provision policy, aims to manage the delivery of around 1300 new affordable homes between 2011 and 2036 in order to balance the housing stock and meet the community's housing needs. Policy levels of affordable housing need to be met as a minimum unless viability evidence supports a deviation from policy.

1.5 Neighbourhood Development Plans and how they relate to the Local Plan and this SPD

1.5.1 Our aim is to complement and not contradict what is set out in made Neighbourhood Development Plans. The neighbourhood plans that are made or are in preparation in Melton Borough can be found at meltonplan.co.uk/neighbourhood-plans.

1.5.2 The policies of made neighbourhood plans take precedence over existing non-strategic policies in a local plan covering the neighbourhood area, where they are in conflict, unless they are superseded by strategic or non-strategic policies that are adopted subsequently (para. 30, NPPF, 2019).

1.5.3 In Melton's case, the policies elaborated on in this SPD are strategic policies. As the local plan was adopted after five neighbourhood plans were made, the provisions of the local plan prevail, and any neighbourhood plans in preparation should support the delivery of local plan policies C2, C4 and C5.

1.6 Thresholds for affordable housing provision and our preferred housing mix

1.6.1 Residential developments of 11 units or more and/or where the floor space exceeds 1000m² meet the threshold for affordable housing provision.

1.6.2 The minimum affordable housing requirement varies according to different value areas across the Borough. The value areas are set out in Figure 6 of the Local Plan, and reflect the evidence contained in the whole plan viability assessment (MBC/WP5, Revised Local Plan and CIL Viability Study, May 2017).

1.6.3 Because the whole plan viability only assessed generic site types and sizes and used cautious assumptions throughout, there will be some sites across the Borough which can support the provision of more than the minimum requirement, and the Council will seek to achieve this

wherever possible. Examples would be some regular shaped sites, some easier to develop greenfield sites and sites with no abnormal costs. Further guidance can be found in tables 6.1 – 6.6 of the Revised Local Plan and Community Infrastructure Levy viability Study (or subsequent revisions to the whole plan viability assessment) and the SHLAA evidence for the Local Plan (or any subsequent revisions).

- 1.6.4 Residential proposals for developments for 10 or more dwellings should seek to provide an appropriate mix and size of dwellings, which could include extra care and accessible housing.
- 1.6.5 The optimum housing size mix is set out in Table 8 of the Local Plan (2011-2036) for both market and affordable housing. The 2016 Melton Borough Council Housing Needs Study (HNS) provides the evidence for this. The housing mix requirements will be based on Table 8 having regard to market conditions, housing needs and economic viability, taking account of site specific circumstances, in accordance with policy C2. We also seek to manage a mix of types of housing, and so residential developments, which include bungalows, will be particularly supported.
- 1.6.6 The Leicester and Leicestershire Housing and Economic Development Needs Assessment (HEDNA), Jan 2017 provides evidence on the tenure split of affordable housing needed across the whole Borough. It states that in Melton Borough, 80% affordable housing for rent and 20% affordable home ownership (formerly intermediate housing in the 2012 NPPF) is needed. Other evidence such as rural housing need surveys; housing register, letting and stock data will also be used to establish affordable housing requirements on a site by site basis.

2. Affordable Housing Need

2.1 Affordable housing need in the Borough of Melton

- 2.1.1 The Leicester and Leicestershire Housing and Economic Development Needs Assessment (HEDNA), Jan 2017 has identified the affordable housing need across the Borough of Melton as being 70dpa and a total of 1750 dwellings over the total Local Plan period (2011-2036).
- 2.1.2 The affordable housing need varies across the Borough. The greatest need is in the urban area of Melton Mowbray. Need exceeds the levels of affordable housing that can be secured by applying minimum affordable housing requirements in the value areas of Melton Mowbray and the Melton North and Melton South sustainable neighbourhoods (SNs). This is because due to infrastructure costs and other planning obligations, developments are unlikely to be viable if the affordable housing requirement was higher. However, some easy to develop greenfield sites will be able to make a higher contribution and for this reason the value area requirements across the whole Borough have been set as a minimum. Therefore, the level of affordable housing provision will be dealt with on a site by site basis. The value areas are in figure 6 of the Local Plan.
- 2.1.3 Evidence used to determine need will include the Melton Borough Council Housing Needs Survey, 2016, rural housing needs surveys, housing register data, re-let data, housing stock data, current sales and rents data. This evidence will be updated regularly, as required, to keep it relevant.

- 2.1.4 Evidence that will need to be supplied to justify any deviation from meeting the amount of affordable housing required and housing mix, identified by the Council, must be in an economic viability assessment (EVA). If an independent review of the viability evidence needs to be made, then the applicant will be charged for this. The level of detail expected in an EVA will be proportionate to the deviation from policy (as in 3.3.2.2) and that consideration will be given to the alteration of schemes etc (as in 3.1.6).

3. Planning & Negotiation

3.1 Summary of the Council's approach to negotiation

3.1.1 The Council's approach to the negotiation of affordable housing and housing mix is intended to:

- Enable a positive and flexible approach to facilitating sustainable development;
- Maximise the quantum and quality of affordable housing delivered;
- Ensure residential developments create mixed and balanced communities; and
- Ensure reasonable returns for developers.

3.1.2 The Council's starting point is to seek:

- Local Plan policy quantities of affordable homes and housing mix;
- On-site provision of affordable housing; and
- A tenure target of 80% affordable housing for rent and 20% affordable home ownership.

3.1.3 However, the Council is mindful of economic conditions and the impact that affordable housing requirements can have on development viability. This SPD therefore sets out the type of mitigations which the Local Planning Authority can apply to policy requirements in order to promote delivery and flexibility.

3.1.4 The Council will give due consideration to economic viability and adopt a positive approach to negotiation. However, in creating mixed and balanced communities by developing a good mix of housing and having housing which is affordable for all, the Council will expect robust and comprehensive viability submissions to evidence any deviations from policy. The Council may consider less affordable housing if the housing mix is policy compliant or vice versa (will expect an increase of affordable housing if the housing mix is not policy compliant).

3.1.5 Detailed guidance on viability assessments (set out in section 3.3 and the checklist, which is in appendix 2) is provided to enable applicants to make good quality submissions and enable positive negotiations. Should a prospective developer consider that the total cost of meeting planning requirements, including affordable housing, would make the proposed development unviable, then the onus is on the applicant to provide sufficient information and evidence to satisfy the Local Planning Authority that this is the case. The applicant needs to make clear which of all the planning requirements (not just affordable housing) can be met and the scale of any shortfall. Further discussions will need to take place with the

Local Planning Authority and the County Council if this is the case, as it may be that requirements/costs other than affordable housing or housing mix can be reduced to enable more of the affordable housing and housing mix to be achieved.

3.1.6 Where a scheme is demonstrated to be unviable with the policy level of affordable housing, alternative options to maximise the amount of affordable housing, whilst ensuring viable returns, will be considered. These will vary depending on site specific circumstances and constraints but could include:

- Alteration of schemes;
- The use of public subsidy;
- Revised tenure mixes;
- Consideration of alternative provision, for example off-site financial contributions or serviced plots;
- Mechanisms to reappraise schemes at commencement or some other point during its build out; and
- Further consideration of non housing costs/requirements.

3.2 Talking to the Council and Registered Providers about Affordable Housing

3.2.1 It is essential that applicants clearly demonstrate early in the pre-application process how affordable housing will be integrated into a scheme and how their negotiations with land owners or site promoters (if different to the applicant) have factored in fully policy compliant affordable housing to the agreed land price or option. Developers should engage in early discussions with the Council's Planning Officers and Housing Policy Officer before a planning application is submitted - see [Melton Borough Council Pre-Application Advice and Form weblink](#)

3.2.2 Developers are also urged to meet with a Registered Provider (RP) at the earliest possible opportunity. The Council's Housing Policy Officer, along with the relevant RP will advise the applicant on what is considered to be the appropriate amount, tenure, type, size; design and location of the affordable units.

3.2.3 The Council require evidence of detailed offers from RPs for the units they are intending to have and a copy of the contract with the chosen RP. We require this before construction commences. If occupancy conditions apply, RPs will be expected to sign a local lettings policy with the Council. Examples of the conditions which could be included in a Local Lettings Policy are in Appendix 3.

3.3 Economic Viability

3.3.1 Our approach to economic viability assessments

3.3.1.1 In circumstances where an applicant considers the scheme unviable and the affordable housing requirements cannot be met, applicants need to:

- Submit a full Economic Viability Appraisal (EVA);
- Use the guidance in this section of the SPD and accompanying checklist (appendix 2) to submit all the information needed;
- Be mindful they are seeking to make a reduced contribution in negotiation with the Council and that the EVA is the applicant's evidence base for this negotiation;
- Applicants are encouraged to:
 - Carefully consider viability at an early stage in the development process;
 - Consider scenario testing different development options and altering schemes, including elements other than affordable housing and housing mix, which might improve viability; and
 - Consider working collaboratively with the Council early in the process, to ensure that where the Council is satisfied by the viability evidence, the relaxation of planning requirements relates to elements agreed with the Council.

3.3.1.2 Where this guidance is adhered to, the Council will:

- Assess viability on a case by case basis;
- Scrutinise appraisals in order to ensure applicants do not circumvent their responsibilities to contribute fairly to meeting Melton's affordable housing needs;
- Consider whether a lower level of affordable housing might be necessary in order to ensure viability and a reasonable return. Where the Council agree that it is, seek to work positively and collaboratively with applicants to negotiate a mutually agreeable solution;
- Consider whether any non housing costs and requirements can be reduced or phased later in the development; where we agree that they can, the Council will work positively and collaboratively with applicants to negotiate a mutually agreeable overall planning solution for the site; and
- Strike a balance between maximising planning gain and adhering to the objectives of the Local Plan, whilst not rendering developments unviable and preventing housing delivery.

3.3.2 Economic Viability Assessment (EVA) guidance

3.3.2.1 Poor quality EVAs greatly increase the time and resources needed to assess viability and negotiate, for both parties. The requirements set out below and in the EVA checklist in Appendix 2 should therefore be used to ensure the right level of information is provided to expedite the process. Viability assessments will be published (in accordance with NPPG).

3.3.2.2 An EVA must:

- Be proportionate to the deviation from policy requirements (i.e. the further the proposed contribution deviates from the policy requirements, the greater the degree of evidence and justification that will be needed);
- Start appraisals at the policy target affordable housing requirement and work backwards from this (i.e. evidence why the Local Plan policy requirements cannot be viably achieved with a reasonable return);

- Provide adequate and evidence-based information to enable the Council to accurately assess the viability of the proposal;
- Provide information by suitably qualified professionals where necessary;
- Provide information and data on a transparent basis; and
- Provide full and robust justification where figures deviate significantly from what are considered reasonable or benchmark figures.

3.3.2.3 Where the guidance for EVAs set out above is followed, the Council will, where possible, work positively with applicants to negotiate the maximum level of affordable housing provision possible, whilst ensuring the delivery of an economically viable good quality development.

3.3.2.4 In order for a proposal with reduced provision to be supported, it must be possible to adequately demonstrate clearly and transparently, including if relevant, to the community and Councillors, that the reduced affordable housing provision negotiated is absolutely necessary, in order to make the development financially viable and deliverable.

3.3.2.5 The onus is on the applicant to demonstrate this and where it cannot be demonstrated satisfactorily the proposal may not be supported, as set out below:

- Where an EVA fails to demonstrate that a reduced contribution is necessary to make the development viable, where the submitted evidence:
 - Is considered inadequate or inaccurate; or
 - Not in accordance with the guidance provided in this SPD; or
 - Reasonable requests to submit the required level of evidence are not met; or
 - The poor quality submitted evidence does not allow positive determination of the planning application within the necessary timeframe.
- Where the proposal has not demonstrated sufficient flexibility to alter the scheme or test alternatives, where the Council considers such alternatives reasonably exist and could improve viability and increase affordable provision.
- Where an EVA demonstrates that viability will greatly reduce or there will be zero affordable housing provision, applications may not be supported on the grounds of:
 - A failure to demonstrate deliverability; and/or
 - A failure to contribute to the key sustainable development and Local Plan objective of delivering affordable housing; and/or
 - A lack of overall positive planning and sustainability outcomes to justify the development.
- Where the case made in the EVA causes the Council to consider that alternative more viable site(s) exist within the town, parish or adjoining parish which can contribute more to sustainable development or are more deliverable. This is particularly the case in rural areas where the quantum of development required and development land are both finite.

3.3.3 Circumstances where proposals will not be supported on the grounds of economic viability

3.3.3.1 In trying to justify a non compliant policy position on the affordable housing provision, the EVA should not be prepared with inbuilt bias to produce a finding of non viability of policy compliant development. Throughout the NPPF, it is clear in that development proposals must be sustainable and deliverable. A fundamental part of sustainable development is by ensuring that a sufficient number and range of homes can be provided to meet the needs of present and future generations.

3.3.3.2 Some viability evidence can indicate that a proposal has marginal viability, even without making a satisfactory contribution to affordable housing. Such proposals may not be supported where the Council considers the objectives of sustainable development and the Local Plan are not being met; and/or that the proposal is not deliverable.

3.3.4 EVAs at Outline Stage

3.3.4.1 Accurately assessing viability at outline stage is difficult when the details of a development and therefore, associated costs and values are still to be determined. Consequently, caution should be applied to a deviation from policy in any related outline planning permission.

3.3.4.2 However, the Council is open to negotiation to enable development. It is also sometimes in the interests of both parties to agree the affordable housing provision at outline stage.

3.3.4.3 The typical circumstances where the Council will negotiate at outline stage are:

- Where there are significant known and unavoidable costs, for example infrastructure costs;
- Where the overall package of s106 obligations proposed is considered to represent sustainable development, for example known highways, education or open space improvements and associated costs and any grant funding for these costs can be considered in the round;
- Where the Council is satisfied that sufficient certainty exists to be able to assess viability at outline stage and that a significantly enhanced affordable housing contribution could not be obtained at a later stage; and
- Where the Council does not consider that the work and resources necessary to re-assess viability at a later stage(s) would be proportionate to the planning gain which may be achieved and that it is more appropriate to fix the percentage at outline stage.

3.3.5 Viability Reviews (clawback) and deferred payments

3.3.5.1 There are circumstances where the Council may, at the time of determining the application, accept phased on-site provision or a reduced financial contribution to enable development to come forward. This may occur when, for example, the land value benchmark is too high or residual value too low, or a combination of both. If the applicant has adequately demonstrated that a scheme cannot be delivered in current market circumstances, the Council may, in exceptional circumstances, agree to defer the policy requirements until better market conditions apply. This would be through 'clawback' or 'deferred payments'. Therefore, the position will be reviewed when actual costs are known as opposed to estimated costs. If the actuals show greater scope for provision this can be achieved by, for

example, a subsequent financial contribution. This approach is sometimes applied where the estimates indicate a significant shortfall in policy compliant provision. Triggers for the phasing of affordable housing may be dealt with flexibly where there is an evidenced viability issue.

3.3.5.2 If this is the case, an additional viability appraisal may be needed before 60% of sales completions have occurred (or on large developments, 60% sales completions for each phase). The Council recognises that some properties can be purchased 'off plan' and no payments will be sought prior to completion of the units to which that payment relates.

3.3.5.3 The Council recognises that on particularly large schemes, site wide infrastructure may be required, which benefits the whole development but is very costly to provide entirely at the start of the development. This may impact on the profitability of early phases or make later phases appear very profitable and so in such instances the Council will seek reappraisal of the 'whole scheme' on completion of each phase, with historic phases based on actual revenues and actual costs.

3.3.6 Cost Recovery

3.3.6.1 Appraising the viability of schemes can be resource intensive. In addition, independent professional advice is generally required. The cost of the assessment will need to be recovered in instances when the Council's appraisal of the EVA needs to be referred externally, e.g. to the District Valuation Service (DVS). The Consultant instructed should be agreed and made jointly between the Council and Applicant.

3.4 Residential uses required to contribute to affordable housing

3.4.1 The residential uses which are required to contribute to affordable housing on schemes of 11 dwellings or more are:

- All self-contained dwellings, i.e. all uses that fall within class C3 of the Use Class Order (derived from the Town and Country Planning (Use Classes) Order 1987 (as amended), including C3 residential elements of mixed use schemes and conversions to C3 residential use;
- Self-contained units for people of pensionable age (e.g. 'retirement' apartments);
- Open market sheltered housing or extra care developments.

3.5 Net development units and affordable housing rounding

3.5.1 Affordable housing percentage targets apply to the net number of qualifying residential units proposed. Where the affordable housing policy requirement results in a number which is not a whole number (a fraction of a dwelling), the Council will:

- Round down to the next whole number where the fraction is 0.49 of a unit or below
- Round up to the next whole number where the fraction is 0.5 of a unit or above.

3.6 Rural cross-subsidy proposals

3.6.1 The Local Plan allows, in some circumstances, an element of market housing on rural exception sites, to cross subsidise the affordable housing. The purpose of rural exception sites is to provide affordable housing to households with an identified housing need and local connection.

3.6.2 In accordance with the definition of rural exception sites in the glossary of the NPPF 2019, the proportion of market homes that may be allowed on the site is at the local planning authority's discretion. The amount or percentage will be determined through site by site viability evidence. The amount allowed will be on the basis of where it is essential to enable the delivery of affordable units without grant funding.

3.6.3 Therefore, proposals for cross-subsidy schemes will normally be expected to submit an Economic Viability Assessment (EVA) with a planning application to provide justification for the ratio of market and affordable housing proposed. In exceptional circumstances, this may not be necessary on schemes which are clearly affordable-led (for example, a scheme with around 80% affordable housing).

3.6.4 Applicants proposing a rural exception scheme are encouraged to gain local community support for it. Therefore, applicants are encouraged to:

- Take full advantage of the pre-application stage and the opportunity this affords to undertake formal or informal consultation with local people and consider issues and solutions early on in the process;
- Inform and communicate with those directly affected by their proposals and (if necessary) amend proposals accordingly;
- Communicate with the parish council and attend a parish meeting to discuss their proposal.

3.6.5 Where rural exception sites are proposed, they should take account of the provisions of any Conservation Area Appraisals/ Management Plans, Village Design Statements, Parish Plans or Neighbourhood Development Plans (see section 1.5 above).

3.6.6 Where affordable housing provision is not possible as part of a rural exception site, because the cost of the land would not make the scheme viable, or where the affordable housing requirement threshold is not met, Local Plan policy SS3 might be applied in these cases, if a site had a mix of market housing and affordable housing which was supported by evidenced proven local need.

3.7 Occupancy conditions & local connection criteria

3.7.1. Occupancy conditions will apply to affordable housing for rent and affordable home ownership in the rural areas of the Borough. Each affordable housing scheme in a rural area will have individual local connection criteria secured by way of a s.106 agreement. Where a Neighbourhood Development Plan has been made and contains local connection criteria, these will be used. An example of a local connection cascade is set out in Appendix 4.

3.7.2 Some sites may have occupancy conditions such as working households only or households with no children. These conditions will be set out in a local lettings policy and will need to be agreed between the Council and the registered provider.

3.8 Sub-division of sites

3.8.1 Proposals which seek to circumvent the affordable housing thresholds of the Local Plan by developing at too low a density or subdividing land are not acceptable. They would be contrary to para. 123 (c) of the NPPF which says, local planning authorities should refuse applications which they consider fail to make efficient use of land, taking into account the policies in this Framework.

3.8.2 Consequently, the Council will be alert to, and not permit any benefit to be gained from, the artificial or contrived subdivision of land (for example by a phased / piecemeal development of a site over time, the subdivision / redrawing of a boundary of a larger site, or by proposing an artificially low number of units) to circumvent the affordable housing thresholds set out in Policy C4 of the Local Plan Policy. This includes applications from a different company or person.

3.8.3 The Council reserves the right to scrutinise site/ownership boundaries, density and unit mix, and the reasonable expectation of adjoining land coming forward for housing development in the future; to ensure that land is not used inefficiently to produce schemes below the housing mix or affordable housing thresholds.

3.9 S.106 agreements

3.9.1 Planning for the provision of Council approved affordable housing and a housing mix will be secured via conditions of a s.106 agreement. Where thresholds are met for the requirement to provide affordable housing and a housing mix on residential developments, an applicant will need to submit their proposed housing mix and an affordable housing scheme to the Council for approval.

3.9.2 An Affordable Housing Scheme means a scheme for the provision of affordable housing units within the development which:

- (a) determines the percentage of any dwellings forming part of the development as affordable housing units;
- (b) identifies the location, size and housing types of the affordable housing units;
- (c) identifies the tenure mix of the units which may include a mix of Affordable Rented Units; Intermediate Units including shared equity; and other low cost homes for sale including Starter Home Units, or such other mix of tenures as may be agreed in writing with the Council;
- (d) Identifies any occupancy conditions (where relevant).

3.9.3 The s.106 agreement will include provisions for the allocation of the affordable housing. Allocations will be made in accordance with the Leicestershire Choice Based Lettings Scheme (or any subsequent revision).

3.9.4 An example of a s.106 agreement is set out in appendix 8.

3.10 Vacant Building Credit

3.10.1 Vacant building credit (VBC) is an incentive for brownfield sites, containing vacant buildings, to be developed. The incentive is that where vacant buildings are being reused or redeveloped, any affordable housing contribution due, can be reduced by a proportionate amount. Reference should be made to para.63 of the NPPF (2019) and para. 26 – 28 of the planning obligations PPG to assist in determining if VBC can be applied. These paragraphs set out what it is; what the process is for determining VBC; and circumstances that should be considered in determining if the building is abandoned for the purpose of whether or not VBC should be applied.

3.10.2 In addition to this guidance, the following should also be taken into account:

- “vacant” needs to be interpreted as being opposite to the “in use” building test set out in the CIL Regulations.
- the entire building has to be vacant, not just part of it;
- the building, for which VBC is being sought, has to have been actively marketed and the method and details of marketing to be provided;
- details of the existing Gross Internal Area (GIA) floorspace needs to be provided when a planning application is submitted.

4. Delivery

4.1 On site provision

4.1.1 Tenure

4.1.1.1 The Leicester and Leicestershire Housing and Economic Development Needs Assessment (Jan, 2017) shows that, of the total affordable housing across the Borough, there is a need for 80% to be affordable housing for rent and 20% to be affordable home ownership (formally intermediate housing in the 2012 NPPF). The affordable housing definitions in the 2019 NPPF will be used with starter homes; discounted market sales housing and other affordable routes to home ownership constituting 'affordable home ownership'. Further detail is in Appendix 1. The discount to apply for starter homes; discounted market sales housing and low cost homes for sale varies across the Borough (further details are in Appendix 7).

4.1.1.2 The NPPF (2019) states (in para. 64) "where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership (as part of the overall affordable housing contribution from the site), unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups".

4.1.1.3 This NPPF paragraph will be dealt with across the Borough by ensuring that where affordable rented property is most needed (Melton Mowbray and the Sustainable Neighbourhoods), the exception to NPPF paragraph 64 (... "significantly prejudice the ability to meet the identified affordable housing needs of specific groups") will be used. The exception will not be used on the rural sites across the Borough and so this will allow for an increase in affordable home ownership on some of these sites.

4.1.2 Dwelling mix (types and sizes)

4.1.2.1 A balanced range of dwelling sizes and types will be required on a residential development of market housing, affordable housing or where both are present. This is to create balanced, mixed and sustainable communities. The characteristics of each site will be taken into consideration but the objective is to ensure a broad range in terms of type and size on all developments wherever possible.

4.1.2.2 Applicants are encouraged to work collaboratively with a Registered Provider and the Council's Development Management team and Housing Policy Officer to design the affordable housing mix and layout, preferably at pre-application stage.

4.1.3 Layout and clustering

4.1.3.1 Affordable homes should be integrated with, and not readily distinguishable from, open market dwellings. However, the Council accepts that grouping together a number of affordable homes is practical, from a construction and management perspective. Clustering

arrangements will vary on a site by site basis, but the following guidance sets out our general expectations.

Sites with a mix of market and affordable houses:

- Affordable homes, particularly of the same tenure or size, should be in small groupings (approximately 6 dwellings) spread evenly across a development;
- Clustering should be proportionate to the size of the development and the ratio of affordable homes;

100% affordable developments:

- Avoid unbalanced, large numbers of a particular size and type of unit in one area (eg. rented 1 bed flats).

4.1.4 Design and space standards

4.1.4.1 Affordable housing must be built to a high standard of design, in accordance with Policy D1 of the adopted local plan. Where mixed tenure schemes are delivered, designs should be 'tenure blind', i.e. affordable and open market homes should not be readily identified by their design, quality and location within the site.

4.1.4.2 Residential developments with affordable housing schemes using the Housing Quality Indicators will be supported. Further guidance in relation to the housing quality indicators is provided in Appendix 5.

4.1.4.3 In the transfer of land, the developer must be able to demonstrate that the land is sufficient in size to accommodate the required unit mix.

4.1.4.4 Semi, link detached and terraced houses should normally be of the same tenure. Coach houses are only acceptable if the garage below is part of the property and allocated to the same household.

4.1.5 Timing of provision and phasing

4.1.5.1 Affordable housing units must be provided expeditiously. This includes any off-site provision that has been agreed. As a guide, the affordable housing units should be completed proportionately with the market housing.

4.1.5.2 The delivery of affordable housing must keep pace with that of market housing. On larger schemes, the Council will control phasing to ensure that affordable housing is delivered in phases in parallel with the development of market housing by way of a section 106 planning agreement.

4.1.5.3 This is particularly important on larger schemes where poor timing can result in isolated pockets of development and cause problems with infrastructure delivery, leading to a poor living environment for new residents in the short term.

4.1.5.4 If a clawback agreement has been negotiated, the affordable housing delivery during the first phase of development will be set out in the agreement, and affordable housing delivery may be increased during later phases of the scheme.

4.1.5.5 The Council will consider the timing of affordable housing delivery and phasing on a case by case basis. Deviations from the delivery programme principles outlined above will require robust justification via an EVA and is likely to need a longer period for consideration by the Council.

4.1.6 Management Arrangements

4.1.6.1 Affordable housing will in many cases be transferred to a RP and managed as affordable housing in accordance with the Homes England standards.

4.1.6.2 RPs provide the main source of new affordable housing. Developers will be required to enter into obligations securing the future appropriate management of schemes preferably in partnership with the Council or a RP. A list of local Registered Providers and the Council's contact details are included at Appendix 9.

4.1.7 Perpetuity

4.1.7.1 A section 106 agreement will normally secure affordable homes for qualifying persons in perpetuity. The agreement will contain provisions to control initial and future rent levels and sales values. For example, discounted homes for sale are available to buy at a discount from open market value. The discount must remain on future re-sales in perpetuity.

4.2 Off site provision

4.2.1 When off site provision will be considered

4.2.1.1 There will be a strong presumption in favour of on-site provision of affordable housing, in accordance with para. 62 of the NPPF, 2019. However, there may be some circumstances in which the Council, at its discretion, may be willing to accept an off-site contribution. These include:

- Where the Council does not consider that there is a location specific need for affordable housing but a wider need in the adjacent parish or locality;
- Where the Council is satisfied that the provision of any affordable housing on-site would not be financially viable (see section 3.3 and appendix 2);
- Where the number of affordable units that would result, is below the threshold of what would be commercially attractive to an affordable housing provider;
- Where the Council considers that on-site provision would not be deliverable, practical or best suited to local needs;
- Where the Council is satisfied that a proposal cannot be altered to enable on site provision;
- Where affordable housing outcomes can be optimised by delivery on a different site.

4.2.2 Alternative options

4.2.2.1 The alternative options to on site provision include

- Provision of affordable units on an alternative site preferably within the same settlement; adjacent parish or locality;
- Purchase of land for a RP or the Council within the same settlement ;
- Purchase of existing housing units within the Borough;
- Purchase of land for a RP or the Council elsewhere in the Borough;
- Commuted sum for Affordable Housing;
- Any mix of the above.

4.2.3 Calculating the financial commuted sum contribution

4.2.3.1. How to calculate a financial commuted sum is set out in Appendix 6. The underlying principle of this calculation is that the financial value should be equivalent or better than the financial value of providing affordable housing on site.

4.2.4 Enabling fee

4.2.4.1 An enabling fee will need to be paid with all commuted sum payments. The enabling fee is to reflect the Council's resources required in enabling an affordable home to be built on an alternative site. Finding sites for affordable homes is not straightforward and involves Council staff contributing a lot of time and effort in finding suitable sites and working up development proposals. Such activity is known as enabling activity. The fee amount will be determined on a site by site basis.

4.2.5 How the commuted sum will be paid (phased payments)

4.2.5.1 The timing of payments is negotiable but will typically be expected in the following tranches:

- 50% at commencement;
- 50% before the occupation of the penultimate dwelling or 100% prior to occupation where this is one in the same;
- For all developments - 100% of the enabling fee shall be paid at commencement.

4.2.6 How the money will be spent

4.2.6.1 When financial contributions are received, these will be spent on the provision of affordable housing through a range of mechanisms, including:

- the Council's own programme for building affordable homes;
- any development company that may be formed by the Council;
- acquisition of land for affordable housing;
- to offset the cost of any land being provided by the Council which might otherwise be sold on the open market;
- purchase of second hand units for use as affordable housing;
- grant aid to RPs to help them provide affordable housing in the Borough.

4.2.6.2 Through the Authority Monitoring Report, the Council will report annually on the monies that it has received, what has been spent and on what things

4.3 Serviced plots

4.3.1 The Council's overarching preference is for the delivery of affordable housing as completed dwellings as part of the wider development of a site. However, in some circumstances the Council reserves the right to require the affordable housing obligations to be satisfied on-site through the transfer of a number of serviced plots of land.

4.3.2 Where this option is proposed this may assist or resolve viability issues on the site. This would need to be fully evidenced and negotiated. The applicant would be required to identify the plots or provide areas of land sufficient to accommodate the Council's preferred housing mix.

4.3.3 For full or reserved matters applications, developers will be expected to provide details of the specific location of the serviced plots within the site. The Council will usually expect the plots to be in small clusters and the proposed locations for affordable housing will be determined as acceptable or not by the Council as part of the planning process.

4.3.4 Serviced land is defined as freehold, cleared and remediated with all services (e.g. gas, electricity, water, sewerage, surface water drainage, lighting etc.), connecting media (eg. telephone and broadband) and infrastructure (e.g. roads to an adoptable standard, footpaths, boundary walls etc.) necessary for development right up to the edge of the land.

4.3.5 There must be no legal, physical or financial barriers to the servicing of the land by the developer constructing the affordable housing or ongoing commuted payments for the off-site maintenance of infrastructure.

4.4. Older Persons, specialist, extra care and supported housing

4.4.1 As well as general needs affordable housing; the Council is also required to meet the needs of some groups who require specialist forms of housing. Examples include fully adapted accommodation for wheelchair users, housing for older people and supported housing for people with learning disabilities.

4.4.2 Housing needs and demographic data indicate an increasing requirement for housing suitable for older people, including those with physical disabilities. To meet the varying needs of older people across the Borough; housing across all tenures needs to be developed. Many older people wish to remain in their own home, rather than moving to residential care homes, nursing homes and other institutional residential settings.

4.4.3 Housing for older people

4.4.3.1 Schemes which provide self-contained housing for older people with an age restriction, for example retirement apartments, will be required to contribute towards affordable housing, as are other forms of C3 residential dwellings.

4.4.3.2 The Council reserves the right to seek on-site provision in the first instance. However, such developments may not be best suited or viable for on-site affordable homes owing to such factors as high service charges, management arrangements, communal facilities, and the age specific nature of the accommodation. Proposals can also be less viable than standard open market dwellings due to higher costs associated with the provision of communal facilities.

4.4.3.3 The Council, at its discretion, will negotiate off-site contributions from retirement schemes to put towards affordable housing provision elsewhere. For example, to upgrade the existing affordable older persons housing stock. The commuted sums calculation will be used (see Appendix 6).

4.4.4 Specialist housing

4.4.4.1 Specialist housing may be in the form of housing schemes where dwellings are provided together with additional communal space and facilities or self-contained general needs dwellings provided to 'lifetime homes' or full wheelchair accessibility standards. The form and level of provision will vary through negotiation.

4.4.4.2 Proposals for types of specialist and age-targeted housing, for example sheltered or extra care type accommodation, will typically be subject to affordable housing requirements, where they fall within C3 use class (rather than C2 use class) and characterised by the following:

- Individual self-contained units of accommodation
- Individual occupancy rights as a tenant or leaseholder
- Provision of housing management services to all residents
- Communal facilities within the development
- Access to 24 hour care and support services available to meet the needs of the individual resident.

4.4.5 Extra care and supported housing

4.4.5.1 The terms 'extra care housing' or 'supported housing' have become widely used and adopted as the generic term for purpose designed, self-contained, housing for older and disabled people with integrated on-site care and support. The Council supports the development of extra care schemes and supported housing for specific needs or age groups.

4.4.5.2 Where justified by need, the Council may seek an element of affordable housing provision in the form of supported housing (where dwellings may be provided together with additional communal space and facilities) or homes provided to lifetime homes or full wheelchair accessibility standards.

4.4.5.3 However, the high revenue costs of funding care and support can make the financial viability and delivery of such proposals challenging. In the case of affordable housing, the views of Leicestershire County Council Adult Social Care Service will be sought. This will typically require the applicant to demonstrate how the care element will be provided and sustained.

- 4.4.5.4 Where affordable housing provision is required for Older People, Specialist, Extra Care and Supported Housing, the Local Plan target percentages will be the starting point for the amount of affordable housing to be provided. Each proposal will be determined on a case by case basis, taking viability into consideration, the level of care proposed, the model of supported housing involved and affordability. The mix of affordable tenures will vary through negotiation on the basis of local need. To ascertain up to date housing need specifically for these types of accommodation, the Melton Borough Housing Needs Study, 2016 (or any subsequent revisions to this) will be used and liaison with Leicester County Council on housing need.
- 4.4.5.5 Design and layout should ensure that facilities and amenities within any development are accessible to all the occupants. The Council will encourage all proposals to adhere to Housing our Ageing Population: Panel for Innovation (HAPPI) design principles.

5. SPD Monitoring and Review

- 5.1 The Local Plan and this SPD were informed by the Leicester and Leicestershire Housing and Economic Development Needs Assessment (HEDNA), Jan 2017 and the Revised Local Plan Community Infrastructure Levy Viability Study, May 2017. These two pieces of evidence cannot predict the future of the housing market and were based on the latest prices and costs for the analysis, and data around housing needs.
- 5.2 It will therefore be necessary for this SPD to be reviewed over time to take account of any significant changes in identified needs and the viability of affordable housing delivery. The Council recognises that it will need to monitor changes in values and costs as they affect viability and use the information to assess if the SPD needs to be reviewed. The SPD will be reviewed if there is a significant change to viability (evidenced through, for example, viability assessments; an updated HEDNA or similar report is prepared) relating to the following 3 key indicators:
- House prices – data which includes second hand as well as new properties and provides a robust indicator of price trends.
 - Build costs – benchmark build costs and relevant Building Cost Information Service (BCIS) index.
 - Affordable rents – Local Housing Allowance (LHA) data.