

## **Housing Mix and Affordable Housing SPD Appendices**

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## **Appendix 1 - Affordable Housing Definitions**

### Affordable housing for rent

“Affordable housing for rent meets all of the following conditions: (a) the rent is set in accordance with the Government’s rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent)”.

For those households on the lowest incomes and those to whom the Council owes a re-housing duty, the Council requires an element of affordable housing to be provided as social rented or affordable rented housing. The Council accepts both social rent and affordable rented homes owned and managed either by the Council or registered providers also known as housing associations as meeting this need.

Social Rented Housing is rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. It may also include rented housing owned and managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority.

Affordable Rented Housing is housing let by the Council or registered providers to households who are eligible for social rented housing. Affordable rent is subject to rent controls that require a rent of no more than 80% of the local market rent inclusive of service charges (Annexe 2, NPPF, 2018).

Affordable rents charged should not exceed the Local Housing Allowance (LHA) for the relevant property type in the relevant location. The valuations office agency (VOA) is responsible for calculating the LHA. They apply a list of rents that are paid for private sector tenancies across the broad rental market area for each property category.

All affordable rented housing provided should be in accordance with the above definition. The Council has additional requirements for the delivery of rented housing by a Registered Provider. The Council will expect to approve a registered provider against the criteria below:

- They must be a registered provider with the Homes England (or its successor);
- Be eligible to bid for and receive housing subsidy;
- Have experience of managing the relevant tenure type;
- Have an existing local management presence or can demonstrate how an effective local housing management and maintenance service will be provided; and
- Be willing to enter into nomination arrangements or let their homes in accordance with the Leicestershire Choice Based Lettings Scheme to ensure homes are provided for the benefit of the local community.

### Starter Homes

“Starter Homes are as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household’s eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used”.

“Starter home” means a building or part of a building that—

- (a) is a new dwelling,
- (b) is available for purchase by qualifying first-time buyers only,
- (c) is to be sold at a discount of at least 20% of the market value,
- (d) is to be sold for less than the price cap, and
- (e) is subject to any restrictions on sale or letting specified in regulations made by the Secretary of State

“New dwelling” means a building or part of a building that—

- (a) has been constructed for use as a single dwelling and has not previously been occupied, or
- (b) has been adapted for use as a single dwelling and has not been occupied since its adaptation.

“Qualifying first-time buyer” means an individual who—

- (a) is a first-time buyer,
- (b) is at least 23 years old but has not yet reached the age of 40, and
- (c) meets any other criteria specified in regulations made by the Secretary of State (for example, relating to nationality).

“First-time buyer” has the meaning given by section 57AA(2) of the Finance Act 2003.

“Purchase”: the reference to a building or part of a building being available for purchase is to a freehold or a leasehold interest in the building or part being available for purchase.

The “price cap” for outside of London is £250,000

The Secretary of State may, by regulations, amend any of these criteria.

### Discounted Market Sales Housing

“Discounted market sales housing is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households”.

Summary:

- Sold at a set discount from open market values;
- Must be genuinely affordable, based on incomes and house prices;
- Discounts are based on the lower quartile (lowest 25%) house prices and lower quartile incomes of workers in the Borough;
- Sales price will be based on a discount percentage

Discounted Market Sales Housing and Low Cost Homes For Sale are distinct from low cost market housing (in that a percentage discount is applied rather than simply being smaller homes) and are acceptable under the NPPF affordable housing definitions; provided that there is a mechanism in place to ensure that the properties remain affordable for future occupiers.

Affordability calculations based on local incomes and house price data have been used to draw up an affordability calculator methodology and guideline discount percentages (see appendix 7). House prices vary across the Borough of Melton and have been classified into the ward areas.

The mortgage multiplier used is the standard multiples of 4x single and 3x joint for all the calculations, these are based on industry standard multipliers. A 10% deposit is used as this is based on industry standard mortgages available for affordable properties.

Lenders require discounted sale products to be expressed as a percentage discount from open market value rather than as a fixed price. The Council has therefore calculated the percentage discount which would be required to bring an open market purchase within the reach of a household with two full-time workers. This results in guideline levels of discount which vary across the Borough of Melton depending upon the ward area.

The Council will use the discount percentages set out in Appendix 7 as a general guideline when calculating the required discount from open market value.

### Other affordable routes to homeownership

“Other affordable routes to home ownership is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable

housing provision, or refunded to Government or the relevant authority specified in the funding agreement”.

#### *Shared ownership*

Shared ownership enables the occupant to purchase an equity share in their home usually through a conventional mortgage. Rent can then be charged upon the unsold equity. Purchasers are able to acquire additional shares from 25% to 100% of the equity (in protected rural areas, this can either be limited to 80% or extended to 100% provided the Registered Provider covenants to repurchase the home).

The Council reserves the right to make nominations for the sale and occupation of the homes.

Given the typical income levels of prospective purchasers in the Borough of Melton and the high open market values for shared ownership properties, especially in rural areas, the Council will seek the following additional provisions to be secured through the planning obligation:

- The combined cost of a conventional mortgage and the annual rent charged will be varied through negotiation to ensure that the monthly housing costs are broadly equivalent to other policy compliant low cost products.
- The annual rent charged on the retained equity element of the dwelling should not exceed 2.5% of the value.
- Unless alternative arrangements are negotiated, each development should enable occupants to purchase the minimum equity share of 25%.
- For any rural leasehold dwelling 100% staircasing will only be permitted if the freeholder is willing to enter into a planning obligation to guarantee the repurchase the property on any resale, regardless of whether the settlement is identified by regulation as being in a protected rural area.

#### *Equity loans*

An equity loan is normally provided by the developer or the Government. It enables the home to be sold at a significant discount from market value with the value of the discount held by a third party. Instead of the discount being controlled via a section 106 agreement, it is controlled by a legal charge on the property which can be held by the owner / a third party and second ranks behind the retail lender.

This charge can be used either to recoup the loan for re-investment as and when the property is sold or to require the purchaser to pass on the home at the same level of discount. Nomination rights can be contained in a lease rather than the section 106 agreement.

The Council may consider alternative delivery proposals which make low cost homes for sale subject to equity loan arrangements. In practice this means that the owner (or the Council) uses a legal charge on the property to control the sale price and disposal arrangements, rather than relying on restrictions within the section 106 obligation. The advantage of these proposals is that they assist purchasers who cannot raise large deposits or have limited access to mortgage finance.

Applicants would need to enter into a section 106 obligation which provided for a legal charge either to be granted to the Council or to commit to the proceeds from any future repayment to be paid to the Council to contribute towards the delivery of affordable housing.

Properties would be subject to the same level of discount percentage on initial and future re-sales as for low cost housing for sale.

The Council will support proposals for the use of equity loans on schemes, subject to the following criteria:

- i) The applicant is willing to sell the home for the same level of discount from open market as for a conventional discounted home for sale;
- ii) The applicant enters into a section 106 planning obligation whereby they undertake to take an equity percentage mortgage for the level of the discount and then convey the benefit to the Council for a nominal sum;
- iii) The Council will retain nomination rights for the dwellings;
- iv) The owner will need to have the appropriate registration to enter into an equity share arrangement;
- v) The proposal must include a level of cross subsidy which enables the home to be sold at the appropriate level of discount.

The Council expects the affordable housing products delivered, to be compliant with the definitions of affordable housing in the National Planning Policy Framework (NPPF), 2018. Where alternative models or delivery structures are proposed, price and eligibility criteria must be consistent with those set out for other products within this SPD.

#### *Low cost homes for sale*

Low cost homes for sale are to be dealt with in a similar way to discounted market sales housing. For the relevant discount to apply, reference should be made to Appendix 7.

#### *Rent to buy*

Rent to Buy is a scheme which allows working households to rent a home at Intermediate Rent providing them the opportunity to save for a deposit to then go on and purchase their first home.

These schemes will enable Registered Providers to build housing that will be let at Intermediate Rent for a minimum of five years with the ultimate aim to sell the home to the tenant after they have been able to save for the deposit required.

Unless otherwise stated the policies, requirements and procedures of the Shared Ownership and Affordable Homes Programme (SOAHP) 2016 to 2021 should be applied to the provision of Rent to Buy homes. Registered Providers delivering Rent to Buy will be expected to let the homes to working households who are looking to buy a home but are unable to save for a deposit.

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After the initial letting period the provider may continue offering the property as Rent to Buy, they may sell the home (the tenant should be given the right of first refusal) or convert the home to market or another form of affordable rent. Where appropriate, the normal grant recovery obligations will apply.

Rent to Buy homes are not subject to local authority nominations although landlords may choose to work with the local authority to identify potential tenants. Rent to Buy tenants must be working households and intending to buy their own home in the future at time of letting. To be eligible for Rent to Buy, tenants must be first time buyers or those returning to the market following a relationship breakdown.

Landlords are expected to let the properties on assured short-hold tenancies at an Intermediate Rent for a fixed term of less than two years. If, after the initial five years of letting, the landlord wishes to sell the property, the existing tenant should have the right of first refusal. If at any point after the initial five years of letting the tenants submit a request to buy their home, it is expected that the landlord would agree to sell except in the most exceptional circumstances.

Intermediate Rents are offered at a value above social rent but below market levels. Intermediate Rents must not exceed 80% of the current market rent (inclusive of service charges). In order to provide protection and certainty for tenants, providers and funders, the maximum annual rent increase will be the Consumer Price Index plus 1%.

Local Rent Officers, Rent Assessment Committees or the Valuation Office Agency may be able to provide details of local market rents for particular types of property, which may assist providers in determining local market rents.

Providers should comply with the Regulator of Social Housing's Regulatory Standards.

Rent to Buy homes will be sold at market value and tenants wishing to purchase their home will need to obtain a conventional mortgage to do so. There is no additional affordability assessment, over that of the mortgage lender, required for Rent to Buy purchases.

Voluntary Right to Buy is not applicable on homes built under Rent to Buy.

## **Appendix 2 - Economic Viability Assessment (EVA) Checklist**

The following section details the Council's expectations for EVAs and provides guidance on how the information submitted will be assessed. A simple checklist is provided for applicants to assess their EVA against.

Providing full, clearly presented and fully justified details on development viability, on an open book basis, will streamline the planning application process and allow a collaborative approach.

The Council will expect to see the calculations set out in enough detail for viability to be properly assessed and tested. Any 'assumptions' must be clearly explained and justified. This evidence will be assessed on whether the figures prove that the scheme would be unviable if it were to meet all affordable housing and other planning obligation requirements.

The Council, or an approved independent professional, will undertake a full review of the total development costs and projected development income in order to determine the level of provision that may be sought from a development. This will involve close scrutiny of all figures.

All costs must be justified, with clear references to supporting evidence, and will be critically scrutinised by the Council to ensure each element is robust.

All assessments of development viability will only consider the viability of the particular development site in question. Assessments will not take into account the specific financial circumstances of any given applicant.

Applicants will be expected to show evidence that they have taken known development costs into account in agreeing realistic land values, and only costs that were unforeseeable at the time of acquisition and taking into account appropriate levels of due diligence will be considered abnormal for the purposes of affordable housing negotiations.

General requirements:

- Use the policy compliant position as the starting point for appraisal.
- The level of supporting evidence (i.e. valuations, costs etc.) will depend upon how far the viability inputs deviate from acceptable parameters.

Information to be submitted:

- Open market sale income
- Affordable housing for rent income
- Shared ownership income
- Other affordable home ownership income
- Any other potential revenues to the scheme, such as grant/subsidy; ground rents; income from a commercial element

Development costs:

- Cost estimates should be provided by a Quantity Surveyor or other suitably qualified professional.

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- Build costs should be provided as £ per m<sup>2</sup> of Gross Internal Area (GIA)
- External works and infrastructure
- Other development cost data.

#### Site value:

- An estimate of site value should be provided. Where necessary full justification for this valuation should be provided.
- Where a site has an evidenced existing use, the value of the site should be based on the Existing Use Value (EUV), and not a theoretical value based on obtaining consent for residential use. The EUV is what the site is worth in its current use and condition and evidence in the form of a valuation will be required.
- The site valuation should reflect relevant planning policies and associated planning obligations.
- The site valuation should not be inflated by the specific needs of land owners to maximise the amount they are paid for land to facilitate, for example, the relocation of a service to an alternative location.

#### Developer margin/profit:

- Developer margin on open market units should be shown as a percentage of the Gross Development Value (GDV).
- Developer margin on affordable units should be shown as a percentage of costs.
- The level of developer profit will reflect the degree of risk to the developer. The required profit margin should be fully justified.
- For affordable units the level of profit should be significantly less than for open market units, to reflect the lower risk profile.

#### Phasing:

- The anticipated build period should be stated. With this information should be provided an estimate of projected selling prices and projected development costs for the period of the build.
- The applicant should state whether the affordable housing or other Section 106 contributions have been front loaded in their appraisal.

#### Development process:

- The applicant should state how the development will be procured e.g. is the scheme being developed by a company that has its own building arm, or will the scheme be developed on a Design and Build basis?

### **Appendix 3 – Local Lettings Policies**

The aim of a local lettings policy is to:

- Increase stability by reducing tenancy turnover;
- Achieve a mix of age groups and household types;
- Improve community sustainability by assisting new tenants to establish and maintain their tenancies;
- Increase demand for the area and for specific property types;
- Reduce the fear of crime; and
- Reduce incidents of anti-social behaviour.

#### **Example conditions:**

- Working households only
- Prospective tenants to be in education or training
- Households with children of a certain age (e.g. over 5 years olds only)
- Older people only eg. over 60 year olds
- Prospective tenants to be making a positive contribution to the community (e.g. voluntary work or unpaid care and support)
- Prospective tenants to have good tenancy conduct for at least two years

#### **Appendix 4 – Example local connection cascade**

- 1.1 Each criteria is to be taken in the order of priority as set out below with i) being of highest priority and vii) the lowest.
- i. Has, immediately prior to occupation, been ordinarily and legally resident within the Parish of Broughton and Old Dalby for at least a 12 month period; or 3 out of the last 5 years;
  - ii. Has formed any strong connection (as outlined in 1.2 below) with the Parish of Broughton and Old Dalby or;
  - iii. Has, immediately prior to occupation, been ordinarily resident within the Parish of Ab Kettleby; Grimston; or Clawson, Hose and Harby for at least a 12 month period or 3 out of the last 5 years; or
  - iv. Has formed any strong connection (as outlined in 1.3 below) with the Parishes of Ab Kettleby; Grimston; or Clawson, Hose and Harby
  - v. Is a person who resides in the Borough of Melton but outside Melton Mowbray; or
  - vi. Is a person who resides in Melton Mowbray and is in housing need;
  - vii. Is a person who has a local connection to the Borough of Melton through either:
    - a family connection (immediate family associations, limited to parent, sibling or adult child, living in the Borough of Melton) and/or;
    - an employment connection (permanent employment; temporary employment lasting for at least the last 12 months; or an offer of permanent employment within the Borough of Melton) and/or;
    - at least one member of the household needs to move within, or to the Borough of Melton, to be close to relatives or other persons, to provide or receive significant amounts of care and support
- 1.2 A strong connection for the purpose of this s.106 agreement must give regard to:
- Immediate family associations, limited to parent, sibling or adult child, within the Parish of Broughton and Old Dalby;
  - Permanent employment; temporary employment lasting for at least the last 12 months; or an offer of permanent employment in the Parish of Broughton and Old Dalby;
  - At least one member of the household needs to move within or close to the Parish of Broughton and Old Dalby to be close to relatives or other persons to provide or receive significant amounts of care and support.
- 1.3 A strong connection for the purpose of this s.106 agreement must give regard to:
- Immediate family associations, limited to parent, sibling or adult child, within the Parishes of Ab Kettleby; Grimston; or Clawson, Hose and Harby;
  - Permanent employment; temporary employment lasting for at least the last 12 months; or an offer of permanent employment in the Parishes of Ab Kettleby; Grimston; or Clawson, Hose and Harby;
  - At least one member of the household needs to move within or close to the Parishes of Ab Kettleby; Grimston; or Clawson, Hose and Harby to be close to relatives or other persons to provide or receive significant amounts of care and support.

- 1.4 The local authority will advertise the property, in accordance with the Leicestershire Choice Based Lettings Scheme, giving preference to people with a local connection to the parish of Broughton and Old Dalby. After the first bidding cycle, successful applicants who meet the qualifying criteria will be considered and nominated where they are eligible. If there are no qualifying applicants identified in the first bidding cycle the Local Authority will advertise the property again. In total, the Local Authority will advertise through 2 lettings cycles to find a suitable applicant with a qualifying local connection.
- 1.5 Where no-one with a local connection to the Broughton and Old Dalby parish can be found, applicants who bid on the first and second bidding cycles who qualify for the neighbouring parishes of Ab Kettleby; Grimston; or Clawson, Hose and Harby will be considered.
- 1.6 In the event that no qualifying applicants can be found, applicants with a borough connection who bid on the first letting cycle will be considered and nominated where they are eligible. If a suitable applicant can still not be found, the Local Authority will advertise the property again always giving preference to local parish connection first, neighbouring parishes second and borough connection third until the relevant period has expired (normally 28 or 56 days).
- 1.7 If no nominations can be made after the relevant period, the property will then be handed back to the Registered Provider to let from their own housing register, where applicable.

**Appendix 5 – Housing Quality Indicators**

The housing quality indicator (HQI) system is a measurement and assessment tool to evaluate housing schemes on the basis of quality rather than just cost. One of the indicators is based on size.

**Level 1 Space Standard - Table A1: Overall Internal Floor Areas**

Minimum Gross Internal Floor Areas in Square meters.

**Flats Or Other Dwellings On One Floor**

LEVEL	1	LEVEL	1
<b>studio</b>	<b>38</b>	1b1p	1 bed space 38
<b>1 bedroom</b>	<b>47</b>	1b2p	2 bed spaces 47
<b>2 bedrooms</b>	<b>60</b>	2b3p	3 bed spaces 60
<b>3 bedrooms</b>	<b>73</b>	2b4p	4 bed spaces 69
		3b4p	4 bed spaces 73
		3b5p	5 bed spaces 84
		3b6p	6 bed spaces 93
		4b5p	5 bed spaces 88
<b>4 bedrooms</b>	<b>88</b>	4b6p	6 bed spaces 97
		4b7p	7 bed spaces 106
		4b8p	8 bed spaces 115
		5b6p	6 bed spaces 101
<b>5 bedrooms</b>	<b>101</b>	5b7p	7 bed spaces 110
		5b8p	8 bed spaces 119

Table A2: Overall Internal Floor Areas

**2 Storey Houses Or Other Dwellings On Two Floors**

LEVEL	1	LEVEL	1
<b>2 bedrooms</b>	<b>68</b>	2b3p	3 bed spaces 68
<b>3 bedrooms</b>	<b>81</b>	2b4p	4 bed spaces 77
		3b4p	4 bed spaces 81
		3b5p	5 bed spaces 90
		3b6p	6 bed spaces 99
		4b5p	5 bed spaces 94
<b>4 bedrooms</b>	<b>94</b>	4b6p	6 bed spaces 103
		4b7p	7 bed spaces 112
		4b8p	8 bed spaces 121
		5b6p	6 bed spaces 107
<b>5 bedrooms</b>	<b>107</b>	5b7p	7 bed spaces 121
		5b8p	8 bed spaces 125
		6b7p	7 bed spaces 120
<b>6 bedrooms</b>	<b>120</b>	6b8p	8 bed spaces 129

**Table A3: Overall Internal Floor Areas**

<b>3 Storey Houses Or Other Dwellings On Three Floors</b>			
<b>LEVEL</b>	<b>1</b>	<b>LEVEL</b>	<b>1</b>
<b>3 bedrooms</b>	<b>86</b>	3b4p	4 bed spaces 86
<b>4 bedrooms</b>	<b>99</b>	3b5p	5 bed spaces 95
		3b6p	6 bed spaces 104
		4b5p	5 bed spaces 99
		4b6p	6 bed spaces 108
<b>5 bedrooms</b>	<b>112</b>	4b7p	7 bed spaces 117
		4b8p	8 bed spaces 126
		5b6p	6 bed spaces 112
<b>6 bedrooms</b>	<b>125</b>	5b7p	7 bed spaces 121
		5b8p	8 bed spaces 130
		6b7p	7 bed spaces 125
		6b8p	8 bed spaces 134

## Appendix 6 - Commuted Sums Calculation

Commuted sums per unit and by square metre by value area:

Dwelling Types	Unit Size	Value Area 1		Value Area 2		Value Area 3		Value Area 4		Melton Mowbray		SNs	
		Per Unit	Per Sq M	Per Unit	Per Sq M	Per Unit	Per Sq M						
1 Bed Flats	45	£36,000	£800	£29,000	£644	£23,000	£511	£12,000	£267	£29,000	£644	£29,000	£644
2 Bed Flats	64	£51,000	£797	£42,000	£656	£33,000	£516	£16,000	£250	£42,000	£656	£42,000	£656
3 Bed Flats	76	£60,000	£789	£50,000	£658	£39,000	£513	£19,000	£250	£50,000	£658	£50,000	£658
2 Bed Terraces	68	£59,000	£868	£44,000	£647	£35,000	£515	£17,000	£250	£44,000	£647	£44,000	£647
3 Bed Terraces	78	£62,000	£795	£51,000	£654	£40,000	£513	£20,000	£256	£51,000	£654	£51,000	£654
4 Bed Terraces	106	£84,000	£792	£69,000	£651	£54,000	£509	£27,000	£255	£69,000	£651	£69,000	£651
3 Bed Semis	78	£62,000	£795	£51,000	£654	£40,000	£513	£20,000	£256	£51,000	£654	£51,000	£654
4 Bed Semis	110	£87,000	£791	£72,000	£655	£56,000	£509	£28,000	£255	£72,000	£655	£72,000	£655
3 Bed Detached	96	£76,000	£792	£63,000	£656	£49,000	£510	£25,000	£260	£63,000	£656	£63,000	£656
4 Bed Detached	114	£91,000	£798	£75,000	£658	£58,000	£509	£29,000	£254	£75,000	£658	£75,000	£658
5 Bed Detached	125	£99,000	£792	£82,000	£656	£64,000	£512	£32,000	£256	£82,000	£656	£82,000	£656

Example scenarios:

Value Area 1	Value Area 2	Value Area 3	Value Area 4	MM UA	SNs (North and South)
40% minimum AH requirement	32% minimum AH requirement	25% minimum AH requirement	15% minimum AH requirement	10% minimum AH requirement	15% minimum AH requirement
Total units – 12	Total units – 25	Total units – 50	Total units – 20	Total units – 40	Total units - 100
40% of 12 units = 4.8	32% of 25 units = 8	25% of 50 units = 12.5	15% of 20 units = 3	10% of 40 units = 4	15% of 100 units = 15
Round up to 5	N/A	Round up to 12	N/A	N/A	N/A
1 bed flats x 1 £36,000 x 1 = £ 36,000	2 bed flats x 2 £42,000 x 2 = £84,000	1 bed flats x 1 £23,000 x 1 = £23,000	2 bed terraces x 1 £17,000 x 1 = £17,000	2 bed terraces x 2 £44,000 x 2 = £88,000	1 bed flats x 2 £29,000 x 2 = £58,000
2 bed terraces x 2 £59,000 x 2 = £118,000	2 bed terraces x 2 £44,000 x 2 = £88,000	2 bed terraces x 6 £35,000 x 6 = £210,000	3 bed semis x 2 £20,000 x 2 = £40,000	3 bed semis x 2 £51,000 x 2 = £102,000	2 bed terraces x 7 £44,000 x 7 = £308,000
3 bed semis x 2 £62,000 x 2 = £124,000	3 bed semis x 2 £51,000 x 2 = £102,000	3 bed terraces x 3 £40,000 x 3 = £120,000			3 bed semis x 3 £51,000 x 3 =£153,000
	4 bed semis x 2 £75,000 x 2 = £150,000	4 bed detached x 2 £58,000 x 2 = £116,000			4 bed detached x 3 £75,000 x 3 = £225,000
Total = £278,000	Total = £424,000	Total = £469,000	Total = £57,000	Total = £190,000	Total = £744,000

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### **Calculation:**

Step 1 - Look at the map in figure 6 of the Local Plan to establish which value area the site is in and the minimum % of affordable housing required.

Step 2 – Calculate the number of affordable units required from the total number of units.

Step 3 – Use the housing mix in table 8 of the Local Plan to establish the required mix of types and sizes of units.

Step 4 – Use the amounts in the commuted sums table to calculate the costs for each type and size of unit.

Step 5 – Calculate the total cost.

## Appendix 7 – Minimum discount % based on lower quartile house prices and incomes by ward (using figure 4.6 from MBC HNS, 2016)

Ward	LQ property price	LQ income	Individual LQ income x 4	Household LQ income x 3	Deposit - 10% of LQ property price	Mortgage required	Deficit (mortgage required minus mortgage can obtain)	Minimum discount % required	Property to be sold at maximum % OMV	Property to be sold at maximum % OMV (rounded down)
Asfordby	£119,004	£14,657	£58,628	£87,942	£11,900	£107,104	£19,162	16	84	80
Bottesford	£164,724	£18,496	£73,984	£110,976	£16,472	£148,252	£37,276	23	77	75
Croxtton Kerrial	£177,824	£17,869	£71,476	£107,214	£17,782	£160,042	£52,828	30	70	70
Frisby-on-the-Wreake	£195,622	£21,069	£84,276	£126,414	£19,562	£176,060	£49,646	25	75	75
Gaddesby	£258,750	£18,855	£75,420	£113,130	£25,875	£232,875	£119,745	46	54	50
Long Clawson and Stathern	£162,556	£19,123	£76,492	£114,738	£16,256	£146,300	£31,562	19	81	80
Melton Craven	£125,327	£13,727	£54,908	£82,362	£12,533	£112,794	£30,432	24	76	75
Melton Dorian	£123,003	£14,641	£58,564	£87,846	£12,300	£110,703	£22,857	19	81	80
Melton Egerton	£120,562	£12,884	£51,536	£77,304	£12,056	£108,506	£31,202	26	74	70
Melton Newport	£123,934	£15,526	£62,104	£93,156	£12,393	£111,541	£18,385	15	85	80
Melton Sysonby	£148,388	£17,467	£69,868	£104,802	£14,839	£133,549	£28,747	19	81	80
Melton Warwick	£125,475	£15,287	£61,148	£91,722	£12,548	£112,928	£21,206	17	83	80
Old Dalby	£161,750	£17,710	£70,840	£106,260	£16,175	£145,575	£39,315	24	76	75
Somerby	£198,462	£18,246	£72,984	£109,476	£19,846	£178,616	£69,140	35	65	65
Waltham-on-the-Wolds	£162,895	£21,287	£85,148	£127,722	£16,290	£146,606	£18,884	12	88	80
Wymondham	£168,779	£17,334	£69,336	£104,004	£16,878	£151,901	£47,897	28	72	70
MELTON	£136,044	£16,352	£65,408	£98,112	£13,604	£122,440	£24,328	18	82	80
Urban	£127,687	£14,986	£59,944	£89,916	£12,769	£114,918	£25,002	20	80	80
Rural	£156,233	£18,134	£72,536	£108,804	£15,623	£140,610	£31,806	20	80	80

**Appendix 8 - S.106 agreements example template**

**DATED \_\_\_\_\_ 2018**

**(1) MELTON BOROUGH COUNCIL**

**AND**

**(2)  
AND**

**(3)**

**DEED  
Relating to XXX  
In the Borough of Melton**

**Planning Reference:**

**Ref:  
Date:**

**Address:**

**Telephone:  
Fax:  
DX:**

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<b>“Application”</b>	the application for outline planning permission dated 04 March 2017 submitted to the Council for the Development and allocated reference number XX
<b>“Bus Pass”</b>	means an adult bus pass entitling the holder to travel free of charge on bus services local to the Site over a period of six months from issue of the Bus Pass and Bus Passes shall be construed accordingly
<b>“Bus Pass Contribution”</b>	means the sum of XX per Dwelling (Index Linked) payable by the Owners to the County Council towards the provision of a maximum of two Bus Passes per Dwelling in accordance with Part 3 of Schedule 1
<b>“Chargee”</b>	any mortgagee or charge of the Affordable Housing Provider or any receiver or manager (including an administrative receiver) or any other person appointed under any security documentation to enable such mortgagee or chargee to realise its security or any administrator (howsoever appointed) including a housing administrator) of the whole or any part of the Affordable Dwellings
<b>“Commencement of Development”</b>	means the carrying out in relation to the Development of any material operation as defined by section 56(4) of the TCPA 1990 but disregarding for the purposes of this Deed and for no other purpose,

the following operations:

- I. demolition works;
- II. site clearance;
- III. ground investigations;
- IV. site survey works;
- V. temporary access construction works; archaeological investigation;
- VI. and erection of any fences and hoardings around the Development Site;

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

**“County Council’s Monitoring Costs”**

means the sum of Three Hundred Pounds (£300.00)(subject to Indexation) per individual obligation or 0.5% of each individual obligation (subject to Indexation) whichever is the greater towards the County Council’s costs of monitoring compliance with the Owner’s obligations contained in this Agreement in accordance with Part 4 of Schedule 1 the Development of the Site authorised by the Planning Permission.

**“Development”**

**“Dwelling” and “Dwellings”**

any dwelling constructed pursuant to the Planning Permission

**“Education Contribution”**

the sum XX per Dwelling(subject to Indexation) (up to XX for XX Dwellings) in accordance with Part 1 of Schedule 1

**“Index”**

means the consumer prices index issued by the Office of National Statistics but if the Index ceases to exist or is replaced or rebased then it shall include

reference to any index which replaces it or any rebased index (applied in a fair and reasonable manner to the periods before and after rebasing under this Deed) or in the event the index is not replaced, to an alternative reasonably comparable basis or index as the District Council or County Council shall advise the Owner in writing

increased in accordance with the following formula:

$$A \times B/C = D$$

Where:

- A = the sum specified in this Deed in pounds sterling;
- B = the figures shown in the Consumer Prices Index for the period immediately prior to the date up to which the sum concerned is to be indexed under the provisions of this Agreement;
- C = the figure shown in the Consumer Prices Index for the period immediately prior to the date of this Deed;
- D = the recalculated sum in pounds sterling applying under this Deed; and
- B/C shall be equal to or greater than 1

**“Interest”**

Interest at the base lending rate of the Bank of England from time to time

<b>“Market Dwellings”</b>	means any Dwelling for sale lease or other disposal on the open market constructed as part of the Development which is not an Affordable Dwelling
<b>“Occupation” and “Occupied”</b>	occupation for the purposes permitted by the Planning Permission but not including occupation by personnel engaged in construction, fitting out or decoration or occupation for marketing or display or occupation in relation to security operations
<b>“Planning Permission”</b>	means the planning permission granted pursuant to the Application, a draft of which is attached as Schedule Five
<b>“the Site”</b>	the land against which this Deed may be enforced as shown edged red on the Plan in Part Two of Schedule Four
<b>“Travel Pack” or “Travel packs”</b>	information packs to be provided to the first occupants of each Dwelling outlining the sustainable travel choices in the local area.
<b>“Travel Pack Contribution”</b>	the sum of XX)(subject to Indexation) per Travel Pack , subject to a maximum of XX for the XX Dwellings in accordance with Part 2 of Schedule 1

**Construction of this Deed**

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- 2.1 Where in this Deed reference is made to any clause, paragraph or schedule or recital such reference (unless the context otherwise requires) is a reference to a clause, paragraph or schedule or recital in this Deed
- 2.2 Words importing the singular meaning where the context so admits include the plural meaning and vice versa
- 2.3 Words of the masculine gender include the feminine and neuter genders and words denoting actual persons include companies, corporations and firms and all such words shall be construed interchangeable in that manner
- 2.4 Wherever there is a person or persons as a party to this Deed and where they undertake to perform or observe an obligation all their obligations can be enforced against all of them jointly and against each individually unless there is an express provision otherwise
- 2.5 A reference to any party shall include that party's personal representatives, successors or permitted assigns and in the case of the Council the successors to its respective statutory functions
- 2.6 Any reference to an Act of Parliament shall include any modification, extension, re-enactment of that Act for the time being in force and shall include all instruments, orders, plans, regulations, permissions and directions for the time being made, issued or given under that Act or deriving validity from it
- 2.7 References to any party to this Deed shall include the successors in title to that party and to any deriving title through or under that party and in the case of the Council or the County Council the successors to their respective statutory functions
- 2.8 A reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time provided that, as between the parties, no such amendment, extension or re-enactment shall apply to this Deed to the extent that it would impose any new or extended obligation, liability or restriction, on, or otherwise adversely affect the rights of, any party

### **Statutory Authority**

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This Deed constitutes a planning obligation for the purposes of section 106 of the Act, section 111 of the Local Government Act 1972, section 1 of the Localism Act 2011 and any other enabling powers.

The covenants, restrictions obligations and requirements imposed upon the Owner under this Deed create planning obligations pursuant to Section 106 of the Act and are enforceable by the Council and County Council (where appropriate) as local planning authority against the Owner

### **Conditionality**

---

This Deed is conditional upon the grant of Planning Permission save for the provisions of clauses 3 (statutory Authority), 4 (conditionality), 7 (Council's and County Council's Costs), 9 (Council's and County Council's discretion), 10 (waiver) and 19 (Delivery) which shall come into effect immediately upon completion of this Deed

### **Covenants to the Council**

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The Owner covenants with the Council and County Council to observe and perform the covenants, restrictions and obligations contained in this Deed, including Schedule One and Three

### **Covenants by the County Council**

---

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

### **Council's and County Council's Costs**

---

The Owner shall pay to the Council and the County Council on or before the date of this Deed the Council's and the County Council's reasonable and proper legal costs respectively together with all disbursements incurred in connection with the preparation, negotiation, completion and registration of this Deed

### **Miscellaneous**

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Unless expressly stated no provisions of this Deed confer any rights in favour of any person under the Contracts (Rights of Third Parties) Act 1999

This Deed shall be registrable as a local land charge by the Council

Where the agreement, approval, consent or expression of satisfaction is required by the parties hereto under the terms of this Deed such agreement, approval, consent or expression of satisfaction shall not be unreasonably withheld or delayed and any such agreement, consent, approval or expression of satisfaction required to

be given on behalf of the Council shall be in writing by the Head of Development Control

Following the performance and satisfaction of all the obligations contained in this Deed the Council shall forthwith effect the cancellation of all entries made in the Register of Local Land Charges in respect of this Deed

This Deed shall cease to have effect (insofar only as it has not already been complied with) if the Planning Permission shall be quashed, revoked or otherwise withdrawn or (without the consent of the Owner) it is modified by any statutory procedure or expires prior to the Commencement of Development

No person shall be liable for any breach of any of the planning obligations or other provisions of this Deed after it shall have parted with its entire interest in the Site but without prejudice to liability for any subsisting breach arising prior to parting with such interest

This Deed shall not be enforceable against:

8.7.1 owner-occupiers or tenants of Dwellings constructed pursuant to the Planning Permission nor against those deriving title from them;

8.7.2 any Protected Tenant or any mortgagee or chargee of the Protected Tenant or any person deriving title from the Protected Tenant and their mortgagees and chargees;

8.7.3 anyone whose only interest in the Site or any part of it is in the nature of the benefit of an easement or covenant or as the owner of the sub soil of any highway within the Site;

8.7.4 any statutory body acquiring any part of the Development to be held for public purposes, any owner of any electricity sub-station and/or gas governor site and/or pumping station to other supply installation nor those deriving title from them;

8.7.5 any Affordable Housing Provider that acquires any of the Affordable Dwellings and any Chargee save that such Affordable Housing Provider shall be bound by the provisions in Schedule Three subject to the exemptions contained therein

Nothing in this Deed shall prohibit or limit the right to Develop any part of the Site in accordance with a planning permission (other than the Planning Permission) granted (whether or not on appeal) after the date of this Deed

In the event that both:

8.9.1 the Council and the County Council shall at any time hereafter grant a planning permission pursuant to an application made under section 73 or 73A of the Act in respect of the conditions in the Planning Permission; and

8.9.2 the Council, the County Council and the Owner shall agree in writing by exchange of correspondence

references in this Deed to the Planning Application and the Planning Permission shall be deemed to include any such subsequent planning applications and planning permission granted as aforesaid and this Deed shall henceforth take effect and be read and construed accordingly

### **Council's and County Council's Discretion**

---

For the avoidance of doubt nothing herein contained shall prejudice or affect the Council's or the County Council's rights, powers, duties and obligations in the exercise of their respective functions as a local authority and all such rights, powers, duties and obligations under all public or private statute, bye-laws, orders, regulations and otherwise may be as fully and effectually exercised in relation to the proposed Development of the Site and any other subject matter of this Deed as if this Deed had not been executed by the Council or the County Council

### **Waiver**

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No waiver (whether express or implied) by the Council or the County Council of any breach or default by the Owner in performing or observing any of the covenants, restrictions or obligations of this Deed shall constitute a continuing waiver and no such waiver shall prevent the Council or the County Council (as appropriate) from enforcing any of the relevant terms or conditions contained in this Deed or acting on any subsequent breach or default of this Deed

### **Change in Ownership**

---

The Owner agrees with the Council to give the Council and copied to the County Council written notice within 28 days of any change in ownership of any of its interests in the Site occurring before or all the obligations under this Deed has been discharged such notice to give details of the transferee's full name and registered office (if a company or usual address if not) together with the area of the Site or unit of occupation purchased by reference to a plan

Any notice, consent or approval required to be given under this Deed shall be in writing and shall be delivered personally or sent by pre-paid recorded delivery post

The address for service of any such notice, consent or approval as aforesaid shall be, in the case of service upon the Council addressed to Council Offices, Burton Street, Melton Mowbray LE13 1GH or such other address for service as shall have been previously notified by the Council to the Owner; in the case of the County Council addressed to the Head of Planning and the Historic and Natural Environment at Leicestershire County Council, County Hall Glenfield Leicester LE3 8RA or such other address for service as shall have been previously notified by the County Council to the Owner and in the case of the Owner to the XX or such other address for service as shall have been previously notified by the Owner to the Council

A notice, consent or approval required or authorised to be given under this Deed shall be deemed to be served as follows:

- (i) if personally served at the time of delivery and if posted at the time when it would be received in the ordinary course of business
- (ii) to prove such service it shall be sufficient to prove that personal delivery was made or that the envelope containing such notice, consent or approval was properly addressed and delivered into the custody of the postal authority in a pre-paid first class recorded delivery envelope

### **Dispute Resolution**

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Subject always to the above clauses in the event of any dispute or difference arising between the parties to this Deed touching or concerning any matter or thing arising out of this Deed (other than a dispute or difference touching or concerning the meaning or construction of this Deed) such dispute or difference shall be referred to some independent and fit person holding appropriate professional qualifications to be appointed (in the absence of agreement) by the President (or equivalent person) for the time being of the professional body chiefly relevant in England to such qualifications and such person shall act as an expert and shall receive representations from the parties in dispute and his decision shall be final and binding on the parties to the dispute or difference and his costs shall be payable by the parties to the dispute in such proportion as he shall determine and failing such determination shall be borne by the parties to the dispute or difference in equal shares

### **Indexation**

---

Any sum referred to in the Schedules One shall be increased by an amount equivalent to the increase in the Index from the date hereof until the date on which such sum is payable

### **Interest**

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Where any sum or amount has not been paid to the County Council by the date on which it is due, the Owner shall pay the County Council the Interest on that amount for the period from the due date to and including the date of payment.

### **Third Party Rights**

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No person other than a party to this Deed and their respective successors and permitted assigns shall have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed

### **Severance**

---

- 2.1 If any court or competent authority finds that any provision of this Deed (or part of any provision) is invalid, illegal or unenforceable, that provision or part-provision shall, to the extent required, be deemed to be deleted, and the validity and enforceability of the other provisions of this Deed shall not be affected.
- 2.2 If any invalid, unenforceable or illegal provision of this Deed would be valid, enforceable and legal if some part of it were deleted, the provision shall apply with the minimum modification necessary to make it legal, valid and enforceable

### **Value Added Tax**

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- 14.1 If at any time VAT is or becomes chargeable in respect of any supply made in accordance with the terms of this Deed then to the extent that VAT has not been previously charged in respect of that supply the party making the supply shall have the right to issue a VAT invoice to the party to whom the supply was made and the VAT shall be paid accordingly.
- 14.2 All consideration given in accordance with the terms of this Deed shall be exclusive of any VAT properly paid

### **Jurisdiction**

---

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

**Delivery**

---

The provisions of this Deed (other than this clause which shall be of immediate effect) shall be of no effect until this Deed has been dated

## **Schedule One: The Owners' Covenants to the County Council**

### **Part 1 The Education Contribution**

1. The Owner covenants with the County Council:
  - 1.1 Not to Commence Development until the Owner has paid to the County Council the sum of 10% of the Education Contribution adjusted in accordance with the Index to provide additional/improved facilities a schools within the locality of the Development
  - 1.2 Not to permit the first Occupation of more than 50% of the Dwellings to be constructed on the Site until the Owner has paid to the County Council the sum of 45% of the total Education Contribution adjusted in accordance with the Index
  - 1.3 Not to permit the first Occupation of more than 75% of the Dwellings to be constructed on the Site until the Owner has paid to the County Council the sum of the remaining 45% of the total Education Contribution adjusted in accordance with the Index

### **Part 2 Travel Packs and The Travel Pack Contribution**

The Owner covenants with the County Council not to permit the first Occupation of any Dwellings on the Site until:

- 1.1 The Owner has paid the Travel Pack Contribution to the County Council adjusted in accordance with the Index; or
- 1.2 The Owner has satisfied the County Council that it has produced an adequate Travel Pack which is evidenced by the written consent of the County Council and has agreed to place one Travel Pack in each Dwelling and the Owner shall thereafter supply one approved Travel Pack to each Dwelling upon first Occupation of that Dwelling
- 1.3 The Owner shall supply to the County Council at 6 monthly intervals details of the Travel Packs supplied (if supplied by the Owner) to the Occupiers within the preceding 6 months period until all the Dwellings have been first Occupied

### **Part 3 Bus Passes and The Bus Pass Contribution**

1. Prior to the Commencement of Development the Owner will elect either to pay the Bus Pass Contribution to the County Council or to provide the Bus Passes directly to the Occupants of each Dwelling and the Owner will serve written notice of its decision on the County Council.
2. Where pursuant to paragraph 1 above if the Owner elects to provide the Bus Passes at their own cost they will provide two Bus Passes per Dwelling to the Occupants within 21 days of receipt of a Bus Pass application form from that Dwelling
3. Where pursuant to paragraph 1 above if the Owner elects to pay the Bus Pass Contribution they shall not permit the first Occupation of any Dwelling until the Owner has paid 25% of the Bus Pass Contribution (adjusted in accordance with the Index) to the County Council
4. Where Pursuant to paragraph 1 above if the Owner elects to pay the Bus Pass Contribution they shall not permit the first Occupation of 25% of the Dwellings until the Owner has paid the remaining 75% of the Bus Pass Contribution (adjusted in accordance with the Index) to the County Council EXCEPT THAT the County Council and the Owner may by agreement defer the payment to a later date
5. The Owner shall supply to the County Council at 6 monthly intervals details of the Bus Passes supplied (if supplied by the Owner) to the Occupiers within the preceding 6 months period until all the Dwellings have been first Occupied

FOR THE AVOIDANCE OF DOUBT the Owner covenants that the Bus Passes and Travel Packs will be either provided directly or paid for by way of the relevant contribution

### **Part 4 County Council's Monitoring Costs Contribution**

1. The Owner covenants with the County Council not to Commence Development until the Owner has paid to the County Council the County Council's Monitoring Costs Contribution adjusted in accordance with the Index

## Schedule Two: The County Council's Covenants to the Owner

### Part 1

1. The County Council covenants with the Owner to:
  - 1.1 Assess any of the Travel Packs provided by the Owner against its criteria and respond in a reasonable time to the Owner and;
  - 1.2 Where a written request is made for a detailed specification of the Travel Pack in order for the Owner to produce their own Travel Pack this shall not be unreasonably withheld by the County Council,
  - 1.3 In the event that a Travel Pack provided by the Owner is refused by the County Council the County Council shall provide detailed reasons for their refusal and offer recommendations as to amendments of the Travel Pack provided by the Owner
  - 1.4 to apply payments made pursuant to this Deed to the purposes stated herein and if any of the amounts referred to in this Deed have not been expended by the County Council for the purposes set out in this Deed within 5 years from the date of payment of the final instalment of each obligation by the payer the payee shall repay to the payer such unexpended balance with interest accrued.

### Schedule Three: Affordable Housing

In this Schedule the following words and phrases shall have the following meanings:

**“Affordable Housing”** has the meaning given to it in Annex 2 of the “National Planning Policy Framework July 2018” or any successor document or guidance thereto published by the Department For Communities and Local Government which shall be provided to eligible households whose needs are not met by the market unless otherwise agreed in writing with the Council;

**“Affordable Housing Provider (AHP)”** means either:

- a registered social landlord within the meaning of Section 80 of the Housing and Regeneration Act 2008; or
- another body whose object is or contains the provision and/or operation of Affordable Housing and which has been approved by the Council for the provision and/or operation of Affordable Housing within the Administrative area of Leicestershire;

**“Affordable Housing Scheme”** means a scheme for the provision of Affordable Housing Units within the Development which:

- (a) provides XX% (XX per cent) 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 provided that no less than XX% of the Affordable Housing will comprise Affordable Rented Units;

**"Affordable Rented Units"**

rented housing let to households that are eligible for affordable rented housing and such rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80% of the local market rent (or at any other level of rent as accords with guidelines from Homes England) as the basis for setting the rent for the Affordable Rented Units

**"Choice Based Lettings  
Allocation Scheme"**

means the Council's scheme for the letting and allocation of Affordable Housing Units in force at the date on which the Affordable Housing Units to be provided on the Site first become available for Occupation;

**"Discounted Open  
Market Dwellings"**

means the Affordable Housing Units which are disposed by way of freehold transfer to a Qualifying Person whereby 100% of the revisionary title is transferred to a purchaser at no more than XX% of the Open Market Value of the relevant Dwelling and a financial loan equal to the value of the remaining XX% share is secured by way of legal charge in favour of either the Council, the Owner or a Registered Provider under which the Qualifying Person agrees to repay such financial loan to the Council, the Owner or a Registered Provider either on the sale of the unit or at such other time on application by the Qualifying Person in order to discharge the legal charge;

**"Intermediate Units"**

means a Dwelling sold under a shared ownership lease (part rent, part buy) by an Affordable Housing Provider where such lease is in accordance with a

form of a model lease approved or published by the Regulator of Social Housing for the purposes of Part 2 of the Housing and Regeneration Act 2008 or in default of such approval or publication in accordance with a form of a lease approved by the Council or such other form of intermediate tenure as may be agreed in writing with the Council;

**“Protected Tenant”**

means any tenant who:

(a) has exercised the right to acquire pursuant to the Housing Act 1996 or any statutory provision for the time being in force (or any equivalent contractual right) in respect of a particular Affordable Dwelling;

(b) has exercised any statutory right to buy (or any equivalent contractual right) in respect of a particular Affordable Dwelling; or

(c) has been granted a shared ownership lease by an Affordable Housing Provider (or similar arrangement where a share of the Affordable Dwelling is owned by the tenant and a share is owned by the Affordable Housing Provider) in respect of a particular Affordable Dwelling and the tenant has subsequently purchased from the Affordable Housing Provider all the remaining shares so that the tenant owns the entire Affordable Dwelling

**“Qualifying Person”**

means those persons who meet the following criteria to be taken in the order of priority as set out below with i) being of highest priority and vii) the lowest.

i. Has, immediately prior to occupation, been ordinarily and legally resident within the Parish of XX for at least a 12 month period; or 3 out of the last 5 years; or

- ii. Has formed a Strong Connection with the Parish of XX; or
- iii. Has, immediately prior to occupation, been ordinarily and legally resident within the neighbouring Parishes of XX; XX; or XX for at least a 12 month period or 3 out of the last 5 years; or
- iv. Has formed any Strong Connection with the Parishes of XX; XX; or XX; or
- v. Is a person who resides in the Borough of Melton but outside Melton Mowbray; or
- vi. Is a person who resides in Melton Mowbray and in housing need;
- vii. Is a person who has a Strong Connection to the Borough of Melton through either:
  - o a family connection (immediate family associations, limited to parent, sibling or adult child, living in the Borough of Melton) and/or;
  - o an employment connection (permanent employment; temporary employment lasting for at least the last 12 months; or an offer of permanent employment within the Borough of Melton) and/or;
  - o at least one member of the household needs to move within, or to the Borough of Melton, to be close to relatives or other persons, to provide or receive significant amounts of care and support.

"Open Market Value"

the best price that would be achieved in respect of (as the case may be) an unconditional sale of the fee simple of any Affordable Housing Unit assuming on the date of valuation (i) a willing buyer (ii) a willing seller (iii) and that any restrictions imposed on an Affordable Housing Unit by this Deed or the Affordable Housing Scheme as defined for the purposes hereof are disregarded;

<b>"Nomination Agreement"</b>	means an agreement to be entered into between the Council and an Affordable Housing Provider for the letting and allocation of the Affordable Housing Units on the Site;
<b>"Regulator of Social Housing"</b>	Means the body established under Section 81 of the Housing and Regeneration Action 2008;
<b>"Strong Connection"</b>	Immediate family associations, limited to parent, sibling or adult child, within the relevant Parish and <ul style="list-style-type: none"><li>• Permanent employment or temporary employment lasting for at least the last 12 months; or an offer of permanent employment in the relevant Parish and</li><li>• At least one member of the household needs to move within or close to the relevant Parish to be close to relatives or other persons to provide or receive significant amounts of care and support; or</li><li>• Immediate family associations, limited to parent, sibling or adult child, within the relevant Parish and</li><li>• Permanent employment or temporary employment lasting for at least the last 12 months or an offer of permanent employment in the relevant Parish or Parishes; and</li><li>• At least one member of the household needs to move within or close to the relevant Parish or Parishes to be close to relatives or other persons to provide or receive significant amounts of care and support.</li></ul>

1. The Owner covenants with the Council as follows:-
2. Unless otherwise agreed by the Council the Affordable Dwellings shall comprise XX% of the Dwellings in the Development

3. To submit an Affordable Housing Scheme to the Council for written approval and to secure the Council's approval of the Affordable Housing Scheme prior to the Commencement of Development.
4. To construct or procure the construction of the Affordable Dwellings in accordance with the Affordable Housing Scheme or any variations thereto approved in writing by the Council.
5. Prior to Occupation of 50% of the Market Dwellings to transfer the freehold of the Affordable Dwellings to an Affordable Housing Provider along with sufficient rights and services to enable Occupation.
6. The affordable housing provisions in this Schedule Three shall not be binding upon a Chargee of the whole or any part of the Affordable Dwellings or any persons or bodies deriving title through such Chargee PROVIDED THAT:
  - 6.1 Such Chargee shall first give written notice to the Council of its intention to dispose of the Affordable Dwellings and shall have used reasonable endeavours over a period of three months from the date of the written notice to complete a disposal of the Affordable Dwellings to another Registered Provider or to the Council for a consideration not less than the amount due and outstanding under the terms of the relevant security documentation including all principal monies, interest, costs and expenses; and
  - 6.2 If such disposal has not completed within the three month period, the Chargee shall be entitled to dispose of the Affordable Dwellings free from the affordable housing provisions in this Schedule Three which provisions shall determine absolutely

#### **NOMINATION AGREEMENT AND FORM OF TRANSFER**

7. The Owner shall procure that prior to the disposal of the freehold or leasehold interest in any Affordable Housing Units to an Affordable Housing Provider the Affordable Housing Provider shall enter into a Nomination Agreement with the Council in respect of the nomination and allocation of the Affordable Housing Units to Occupiers and purchasers which shall accord with the Council's Choice Based Lettings Allocation Scheme.

8. The Owner covenants that any transfer to an Affordable Housing Provider shall contain the following provisions:-

8.2.1 the grant by the Owner of all rights of access and passage of services and other rights reasonably necessary for the beneficial enjoyment of the Affordable Housing Units to be constructed on the Site;

8.2.2 a reservation of all rights of access and passage of services and rights of entry reasonably necessary for the benefit of the remainder of the Dwellings on the Site; and

8.2.3 the imposition of such covenants as the Owner shall reasonably require as are consistent with the sale of the Market Housing Units

#### RESTRICTIONS AND OCCUPATION

9. The Owner covenants with the Council (to the intent that following completion of a disposal of the Affordable Housing Units to an Affordable Housing Provider the obligations in this paragraph shall be binding on the Affordable Housing Provider to whom the Affordable Housing Units are transferred and all future successors in title) that:-

9.1.1 the Affordable Rented Units shall not be let other than to those applicants waiting for rented housing and who are either on the Council's housing waiting list or at the Council's nomination a person on a neighbouring authority's housing waiting list and where so required have been nominated in accordance with a nomination agreement;

9.1.2 the Intermediate Housing Units shall not be Occupied other than as intermediate housing which satisfies the definition of Affordable Housing; and

9.1.3 the Affordable Housing Units shall only be Occupied by tenants as a "single use family unit".

10. The Owner Covenants with the Council that no Affordable Housing Units shall be occupied other than by a Qualifying Person.

11. The Council will advertise the Affordable Rented Units, in accordance with the Choice Based Lettings Scheme, giving preference to Qualifying Persons with a Strong

Connection to the parish of XX. After the first bidding cycle, successful applicants who meet the qualifying criteria will be considered and nominated where they are eligible. If there are no Qualifying Persons identified in the first bidding cycle the Council will advertise the Affordable Rented Unit again. In total, the Council will advertise the Affordable Rented Unit through two lettings cycles to find a Qualifying Person.

12. Where no Qualifying Person with a Strong Connection to XX parish can be found, applicants who bid on the first and second bidding cycles who qualify for the neighbouring parishes of XX; XX or XX will be considered, then applicants with a Melton Borough connection and then applicants with a Melton Mowbray connection with a housing need.

13. If a suitable applicant can still not be found, the Local Authority will advertise the property again always giving preference to local parish connection first, neighbouring parishes second; Melton Borough connection third and Melton Mowbray connection with a housing need fourth until the relevant period has expired (normally 28 or 56 days).

14. If no nominations can be made after the relevant period, the property will then be handed back to the Registered Provider to let from their own housing register, where applicable.

**Appendix 9 - List of local Registered Providers**

All of the following registered providers either have stock, or are developing housing, in our Borough.

This list may change over time. For their up to date contact details, an internet web search is necessary.

Advanced Housing

De Montford Housing Association

Derwent Living

East Midlands Housing Group

English Rural Housing Association

Housing 21

Longhurst

Muir Group Housing Association

Nottingham Community Housing Association

PA Housing

Riverside Housing

Rural Housing Trust

Stonewater

Waterloo Housing Group

## **Appendix 10 – Glossary**

**Affordable Housing** – as per the definitions in Appendix 1

**Commuted Sums** – is a financial payment made in lieu of affordable housing provision on the same site as open market housing.

**Choice Based Lettings Scheme** – is a scheme for the allocation of social housing and allows people to choose where they would like to live, within the area that the scheme covers.

**Existing Use Value** – is what the site is worth in its current use and condition and not a theoretical value.

**Gross Development Value** – is the overall value of the development.

**Local Connection Cascade** – is a mechanism by which properties are allocated to households based on their local connection (eg. through residence, employment or family connection).

**Local Housing Allowance** - the valuations office agency (VOA) applies a list of rents that are paid for private sector tenancies across 'a broad rental market area' for each property category. The Local Housing Allowance is the maximum that is paid by welfare benefits for housing.

**Local Lettings Policies** – this is used to allocate social housing properties based on the contents of the Local Lettings Policy and not the Allocations Policy and will include specific conditions on for example, properties to only be let to working households.

**Registered Provider** – is a provider of social housing registered with Homes England (or a successor)

**s.106 agreement** – are agreements between local authorities and developers (based on s.106 of the Town and Country Planning Act, 1990) and are attached to a planning permission to make development acceptable with conditions for matters such as affordable housing; housing mix; highways; education; open space etc.