

Supporting Documentation to  
Outline Planning Application

This document forms part of a suite of  
documents which comprise the  
Lodge Hill Outline Planning Application

**LODGE HILL:  
AFFORDABLE HOUSING STRATEGY**

By Levvel Ltd

On behalf of

Defence Infrastructure Organisation

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## **1.0 Introduction**

### **1.1 Instruction**

1.1.1 Levvel has been instructed on behalf of Defence Infrastructure Organisation (The Secretary of State for Defence), "the applicant", to provide information focusing on Housing Market and Affordability, in support of the outline planning application for the Lodge Hill proposed development.

1.1.2 In June 2008 Land Securities was appointed by the Defence Infrastructure Organisation (DIO) as Land Sale Delivery Partner for the Lodge Hill site. Land Securities' responsibilities, acting on behalf of DIO, are to: evolve a masterplan for the site in consultation with the community and stakeholders; to obtain Outline Planning Approval; to invest in infrastructure; and to promote the sale of land to residential and commercial developers over the duration of the development

### **1.2 Affordable Housing Strategy Document**

1.2.1 This Affordable Housing Strategy should be read in conjunction with the comprehensive suite of specific technical reports prepared on behalf of Defence Infrastructure Organisation, together with the strategic overarching Planning Statement provided by CB Richard Ellis. This document has been prepared to identify the strategy for Affordable Housing as part of the proposals for the Lodge Hill site.

1.2.2 The proposed development includes provision of up to 5,000 dwellings which is the figure that has been used for the purposes of this Report.

1.2.3 The purpose of this report is to identify the strategy for the provision of affordable and specialist housing, in the context of the whole housing market continuum, as part of the proposed development at Lodge Hill, predicated on:

- a. the need to create a balanced and sustainable community;
- b. approximating the likely percentage and tenure split between affordable rented and other forms of affordable housing;
- c. the relevant planning policy context;
- d. Site-specific considerations.

1.2.4 In doing so, the strategy seeks to:



- a. Summarise the policy position of planning documents;
- b. Examine and respond to the implications of relevant national, regional and sub-regional affordable housing policies;
- c. Outline the relevant local and sub-regional housing need evidence;
- d. Examine income data and affordability of the housing proposed;
- e. Consider the elements of a functioning housing market and necessary interventions to meet need based on affordability;
- f. Review different mechanisms to ensure delivery of affordable housing whilst maintaining flexibility to deal with changing circumstances.

1.2.5 Percentage or quantum of affordable housing is often the issue of overriding concern in determining planning applications, particularly for smaller sites which are within or abut existing places. The proposed development at Lodge Hill is an opportunity to create a new place and for Medway Council to realise ambitions for a new centre for employment growth, expand the choice of housing within Medway and enhance the range of services available locally on the Hoo Peninsula. It is for these reasons that a bottom-up approach has been agreed in principle with the planning authority as the most appropriate methodology to determine the need for affordable housing within the development proposals, and to balance the long term need for affordable housing and sustainability of the proposed development.



## 2.0 National Guidance

### 2.1 PPS3

- 2.1.1 Published in June 2011 (replacing previous versions) and to be read in conjunction with the policy document 'Delivering Affordable Housing', PPS3 provides a national planning framework for housing.
- 2.1.2 Paragraph 3 makes reference to improving the affordability and supply of housing in all communities. Paragraph 7 highlights that Local Planning Authorities need, "to identify and maintain a rolling five-year supply of deliverable land for housing."<sup>1</sup> Paragraph 53, PPS3 also highlights the importance for Local Authorities to plan for continuous delivery of housing over a period of at least 15 years from adoption of LDD.
- 2.1.3 Paragraphs 10 and 11 of PPS3 highlight how the planning system should deliver an appropriate quantity, range and mix of both market and affordable housing, taking into account sustainability issues and a "robust, shared evidence base, in particular of housing need and demand through a Strategic Housing Market Assessment and...Strategic Housing Land Availability Assessment."<sup>2</sup>
- 2.1.4 Paragraphs 20 to 22 of PPS3 identify the requirement for Local Planning Authorities (LPAs) to set out in local development documents (LDDs) their plan for achieving the mix of housing required in their area having regard to the diverse range of needs, including setting proportions of affordable and market housing. This is within the context of an overarching strategic housing policy objective stated in PPS3 Paragraph 9 which affirms that the Government is seeking:

*"To achieve a wide choice of high quality homes, both affordable and market housing, to address the requirements of the community.*

*To widen opportunities for home ownership and ensure high quality housing for those who cannot afford market housing, in particular those who are vulnerable or in need.*

*To improve affordability across the housing market, including by increasing the supply of housing.*

*To create sustainable, inclusive, mixed communities in all areas, both urban and rural."*

- 2.1.5 It is implied in this strategic aim that in order to meet the housing needs of households seeking "a decent home, which they can afford" that such demand is satisfied both by providing affordable housing for those households unable to afford market housing (as the definitions within PPS3: Annex B) but also by improving affordability generally through increasing the supply of all housing.
- 2.1.6 PPS3 Paragraph 24 states "In planning at site level, LPAs should ensure that the proposed mix of housing on large strategic sites reflects the proportions of

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<sup>1</sup> PPS3, Communities and Local Government, June 2011, Paragraph 7

<sup>2</sup> PPS3, Communities and Local Government, June 2011, Paragraph 11



*households that require market or affordable housing and achieves a mix of households as well as a mix of tenure and price."*

- 2.1.7 Paragraphs 27 to 29 relate to the provision of affordable housing. The definition of affordable housing includes intermediate, affordable rented and social rented units and is expanded upon in Annex B. The PPS defines affordable housing as follows:

*'Affordable housing includes social rented, affordable rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:*

*Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices.*

*Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision'.*

- 2.1.8 Annex B also contains a definition for the new Affordable Rent tenure. This is confirmed as being:

*"Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable 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 per cent of the local market rent."*

- 2.1.9 Intermediate housing is defined thus:

*'Housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria set out above. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale and intermediate rent.'*

- 2.1.10 The PPS advises that local authorities should have regard to relevant regional strategies when dealing with affordable housing provision. An overall target should be set for affordable housing having regard to evidence of *"the level of developer contribution that can reasonably be secured"* and separate targets should be set for social rented and intermediate housing and the size and type of affordable housing which *"will include considering the findings of the Strategic Housing Market Assessment..."*<sup>3</sup>

- 2.1.11 The PPS outlines strategic housing policy objectives sought by the Government in paragraph 9, including critically the objective to,

*'create sustainable, inclusive, mixed communities in all areas, both urban and rural.'*<sup>4</sup>

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<sup>3</sup> PPS3, Communities and Local Government, June 2011, Paragraph 29

<sup>4</sup> PPS3, Communities and Local Government, June 2011, Paragraph 9



## 2.2 Delivering Affordable Housing

- 2.2.1 Produced in November 2006, "Delivering Affordable Housing" aims to assist local authorities in delivering more high quality affordable housing in conjunction with PPS3. Paragraph 10 of this document calls for more effective use of planning obligations to deliver affordable housing requirements.
- 2.2.2 The definition of affordable housing in Paragraph 30 of the document is now replaced by the updated PPS3 (June 2011) definition including the tenure of affordable rent.
- 2.2.3 Sources of funding for affordable housing schemes are outlined such as Housing Corporation grants. Other sources include on-site contributions and commuted sums.
- 2.2.4 Paragraphs 93 through 95 note the considerations which must be balanced in dealing with changing circumstances to ensure and maintain delivery of both housing and affordable housing. This includes at Paragraph 93 commentary that the viability of a site and the amount of affordable housing provided is influenced by the availability of public subsidy. Furthermore, Paragraph 94 states that in the absence of grants, providers and local authorities should consider other options to ensure delivery of affordable housing.
- 2.2.5 This may include requiring alternative tenures from development contributions, or reducing the overall number of affordable homes required. This is known as the 'cascade mechanism'. Alternative options must remain economically viable taking account of housing need and mix of tenure on the site. Paragraph 95 identifies, "the level of developer contribution must at least be maintained, but it should not be assumed that the developer can meet the whole cost of the shortfall."<sup>5</sup>

## 2.3 Circular 05/05

- 2.3.1 The principles outlined in ODPM (now CLG) Circular 05/2005 confirm that "planning obligations created run with the land"<sup>6</sup> and obligations should be "fairly and reasonably related in scale and kind to the proposed development, as well as being reasonable in other respects."<sup>7</sup> The circular considers planning obligations may be used, amongst other examples, "to secure the inclusion of an element of affordable housing in a residential or mixed use development where there is a residential component."<sup>8</sup> However it is also stated that "planning obligations should never be used as a means of securing for the local community a share in the profits of development i.e. as a means of securing a betterment levy."<sup>9</sup>
- 2.3.2 Paragraph B14 of Circular 05/2005 establishes the presumption that affordable housing is provided "in kind and on site", however "there may be certain circumstances ... where provision on another site or a financial contribution may represent a more appropriate option".
- 2.3.3 Paragraph B10 notes, "it may not always be feasible for a proposed development... to meet all the requirements set out in local, regional and national planning policies

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<sup>5</sup> Communities and Local Government, November 2005, Paragraph 95

<sup>6</sup> Circular 05/05 Planning Obligations paragraph A3

<sup>7</sup> Circular 05/05 Planning Obligations paragraph B5iv

<sup>8</sup> Circular 05/05 Planning Obligations paragraph B12

<sup>9</sup> Circular 05/05 Planning Obligations paragraph B7



and still be economically viable.” It is highlighted that , “decisions on the level of contributions should be based on negotiation with developers over the level of contribution that can be demonstrated as reasonable to be made whilst still allowing development to take place.”<sup>10</sup>

- 2.3.4 It is therefore clear that the whole burden of delivering affordable housing may not fall on the developer. Rather, the provision of affordable housing through planning obligations, as the planning framework in PPS3 and “Delivering Affordable Housing” sets out, is a consequence of the interplay between public subsidy and reasonable levels of developer subsidy, quantum and tenure.

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<sup>10</sup> Circular 05/05 Planning Obligations paragraph B10



## **3.0 Development Plan**

### **3.1 Adopted South East Plan**

- 3.1.1 Under the new Coalition Government, Eric Pickles was appointed as Secretary of State (SoS) for Communities and Local Government (CLG) in May 2010. Pickles' letter of the same month<sup>11</sup> confirmed the Government's intention to 'rapidly abolish' Regional Spatial Strategies (RSSs). In July 2010, a letter was issued by CLG confirming the SoS's revocation of RSSs with immediate effect.
- 3.1.2 A number of legal challenges were made to the SoS's July 2010 decision to revoke RSSs, including a challenge brought by CALA Homes, who have continued to legally challenge subsequent statements issued by the Government in respect of the status of RSSs. The most recent decision by the Courts confirmed that, at present, the Government's intention to abolish RSSs may only be worthy of being given weight in "very few" cases, at least until Parliament has accepted the principle of abolition and until Strategic Environmental Assessment has been undertaken.
- 3.1.3 On this basis, the policies within the South East Plan currently remain part of the adopted Development Plan that covers the Lodge Hill site and "weight" should therefore be attributed to them. Commentary on the Plan is included below as development plan policy relating to affordable housing and Lodge Hill.
- 3.1.4 The final version of the South East Plan was adopted on 6 May 2009. Policy H3 seeks to ensure that, across the region, 25% of all new housing provision takes the form of social rented accommodation along with a further 10% intermediate housing. H3ii confirms that, whilst this is an overarching target, indicative targets for sub-regions will take precedence where they are set.
- 3.1.5 It should be borne in mind that, although changes to the RSS were published when the final version of the plan was adopted in May 2009, the evidence upon which those amendments were based goes back further and much of it pre-dates the onset of the current financial situation. The amendments to policy therefore may not fully allow for the impact of the current recession.
- 3.1.6 However the task of setting the percentage of affordable housing to be sought from individual sites in their Districts remains with the Local Planning Authorities. Policy H3 also stresses that:
- a. affordable housing targets should be supported by evidence of financial viability and consideration of the role of public subsidy in light of guidance from the regional planning body and the regional housing board; and
  - b. policy and funding decisions should be made on the basis of a sound evidence base, gathered through the Strategic Housing Market Assessment process.
- 3.1.7 Policy H4 deals with type and size of new housing and highlights that Local Authorities should identify the likely profile of households requiring market housing and the size and type of affordable housing required and allocate a mix of sites to encourage a range of housing types to be provided. This includes provision of specialist housing for certain groups such as families with children and older and

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<sup>11</sup> Letter to Chief Planning Officers: Abolition of Regional Strategies, 27 May 2010 Communities and Local Government



disabled people. In addition to Policy H4, Policy H3, Affordable Housing Provision, also supports this aim.

- 3.1.8 Turning now to the sub-regional context, the Thames Gateway is confirmed as a national and regional priority area for regeneration and growth. The sub-region incorporates major urban areas of Gravesham, Dartford, Medway and Swale north of the A2/M2. The particular challenges faced include expanding the economic base to create flourishing local economies and delivering homes to meet the needs of the future population.
- 3.1.9 Policy KTG4 of the South East Plan identifies an “indicative target for affordable housing of 30% of all new dwellings” to apply in the Kent Thames Gateway, supporting text acknowledges the challenges to delivery and requiring local districts to set out their own policies having regard to available evidence.

### **3.2 Adopted Local Plan**

- 3.2.1 The Medway Local Plan, adopted on 14 May 2003, sets out the local planning policy for the area. Saved Policy H3 details affordable housing and highlights that agreements to permanently retain affordable housing are sought. The policy highlights the following matters that need to be taken into account when affordable housing is negotiated:-
- a. the suitability of the site for affordable housing development;
  - b. the economics of provision;
  - c. the proximity of local services and facilities and access to public transport;
  - d. the realisation of other planning objectives as priorities on a site;
  - e. the need to achieve a successful housing development taking into account the appropriate mix of affordable housing types and the proportion of affordable housing and its subsequent management.
- 3.2.2 The bulleted points above reflected the requirements of Circular 6/98 which was the prevailing guidance on affordable housing provision before PPS3.



## **4.0 Material Considerations**

### **4.1 Medway Council Developer Contributions SPD**

- 4.1.1 Medway Council's Guide to Developer Contributions SPD was adopted in April 2008 and sets out what obligations and contributions will be required for future developments, supporting Saved Policy H3 of the Local Plan in terms of the requirements for affordable housing.
- 4.1.2 The SPD details that the Council will seek to achieve a 25% affordable housing target at a preferred tenure split of 60% social rented and 40% shared ownership however it is noted that this is to be regarded as a guide and that discussion and negotiation should take place with relevant Council staff. Further guidance is given detailing that the level of developer contribution is to be based upon the provision of affordable housing land, fully serviced to the site boundary, for free.
- 4.1.3 In relation to housing type the Council has identified it is seeking to provide the following mix of property types to meet general need for affordable housing in the area:
- a. 10% four-five bed;
  - b. 20% three bed;
  - c. 30% two bed;
  - d. 40% one bed.
- 4.1.4 The SPD goes on to identify that if the developer is building the affordable homes rather than transferring the land for free, that planning gain is based upon the cost the developer charges for the built units, reflecting build costs not the value of the dwellings, minus the value of the clean serviced land.
- 4.1.5 The Council highlight that by easing the affordability pressures and raising the standards of new developments, there is an opportunity to provide an alternative to living in substandard and temporary accommodation thereby ensuring that there is a choice of accommodation for those in most need, which often includes vulnerable and disadvantaged groups in society.

### **4.2 Emerging Core Strategy**

- 4.2.1 Medway Council published its Publication Draft Core Strategy for consultation on 30<sup>th</sup> August 2011. The consultation period ends in October 2011. This is the final consultation period prior to the document's Examination in Public. If the document is found by the Planning Inspectorate to be 'sound', adoption of the Core Strategy in its final form is expected in late 2012. Once adopted, the Core Strategy will form part of the Statutory Development Plan, and will set out the Council's spatial vision for Medway for the period April 2006 to March 2028. As a document which is on its third period of public consultation, its draft policies are considered to be a material consideration in the determination of the planning application.



- 4.2.2 This document, based on the evidence base of housing need through the SHMA and also the viability study, proposes in Policy CS14 a variable target of between 25% and 30% affordable housing determined by geographic area but also considering site suitability, viability and the need to balance provision with the achievement of other planning objectives. Policy CS33 details the specifics of the Lodge Hill site allocation and states that 30% affordable housing will be sought, in line with the provisions of Policy CS14.



### **4.3 Consultation Draft National Planning Policy Framework**

- 4.3.1 Issued in July 2011 for consultation, the National Planning Policy Framework indicates the Coalition Government's direction of travel in condensing various documents forming planning policy into one cohesive document. In doing so the document sets out what is considered to be relevant, proportionate and necessary which is open to local interpretation to meet local aspirations within the framework set.
- 4.3.2 In relation to housing and affordable housing, the government's objective of increasing the supply of all housing is restated, together with an aim to improve choice, widen opportunity for home ownership and create sustainable, inclusive and mixed communities.
- 4.3.3 It is also incumbent on planning authorities to ensure that their Local Plan is founded on an evidence base which is adequate, up to date and relevant, which includes documents such as the SHMA and assessments of development viability.



## 5.0 Core Strategy Evidence Base

5.1.1 Principally the evidence base in support of affordable housing policies in Medway is comprised of the North Kent Strategic Housing Market Assessment (SHMA) of February 2010 and the Medway Council Affordable Housing Viability Study of October 2009.

### 5.2 North Kent Strategic Housing Market Assessment (SHMA)

5.2.1 The SHMA study is carried out at a district level; Paragraph 8.39 confirms that the assessment "is unable to estimate affordable housing requirements other than at the district level." The SHMA sets out differing assessments of the requirement for market housing and affordable housing on the basis of a number of scenarios for housing market change. These scenarios suggest that affordable housing proportions could be between 20.9% and 39.7% based on the growth assumptions for house prices. It is noted that affordable rent as a product is not tested, as the study predates the introduction of this tenure. However, PPS3: Annex B confirms that it achieves the same objectives as social rent in meeting housing need and therefore it is accepted that affordable rent can be substituted for social rent in the needs analysis.

5.2.2 Figure 56 of the SHMA shows broad comparisons in the proportion of housing stock that is social rented housing against other local authorities in the South East. The comparison shows that Medway has approximately 14% social rented housing and is broadly comparable with the South East as a whole, but lower than the English average.

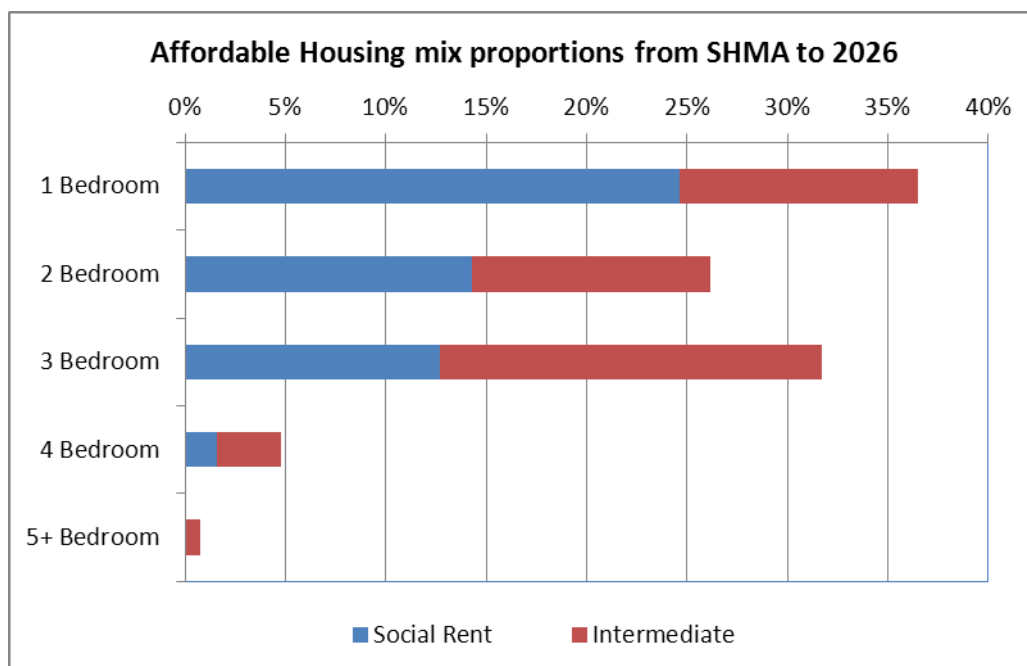
5.2.3 In terms of home ownership the SHMA confirms at Paragraph 6.55 that whilst households earning between £20,000 and £24,999 have a sufficient supply of market rented housing available to them, their choice for home ownership is very limited. It is also noted that a significant quantity of reported demand for social rented homes is for single adult, couples and pensioner households (Figure 63).

5.2.4 The SHMA also sets out the expected affordable housing mix requirements based on the "worst" case of need arising from the housing growth scenarios modelled in the study. Extracts of Figure 123 are highlighted below:

	Social Rent (now affordable rent)		Affordable Intermediate		Total Mix requirements	
	households	% of total	households	% of total	households	% of total
1 Bedroom	1,550	25%	750	12%	2,300	37%
2 Bedroom	900	14%	750	12%	1,650	26%
3 Bedroom	800	13%	1,200	19%	2,000	32%
4 Bedroom	100	2%	200	3%	300	5%
5+ Bedroom		0%	50	1%	50	1%
	3,350	53%	2,950	47%	6,300	100%



5.2.5 This data is represented in the Figure 1:



**Figure 1**

5.2.6 The SHMA also sets out requirements for older people, acknowledging as it does so that this is a complex area of policy with many overlapping facets. The main driver behind the policy recommendations is that, whilst there are fewer people aged over 50 in Medway when compared with the South East as a whole, the population is generally ageing and if housing for older people is to be successfully dealt with then choice needs to be presented to those households that need it.

5.2.7 Such housing choices could be made in mainstream housing in the provision of alternatives in home ownership, ranging through sheltered housing for rent and sale, to being able to cater for more dependent people in extra-care sheltered housing and residential care institutions. It is noted that "the requirement for specialist and extra care housing should be considered part of the overall housing requirement."<sup>12</sup>

### 5.3 Medway Council Affordable Housing Viability Study

5.3.1 It is within the Medway Council Affordable Housing Viability Study that distinctions are made as to the deliverability of different targets for affordable housing based on the value area in which the housing is to be located. At Paragraph 6.19 the author's conclusions are that 30% affordable housing is viable within Medway Rural market area, within which the Lodge Hill site just sits, abutting the Strood market value area where 25% is found to be viable.

<sup>12</sup> North Kent Strategic Housing Market Assessment 2009, page 171



- 5.3.2 However it is fair to say that the viability testing has not clearly tested the impact of the change from social rent to affordable rent which will have a positive benefit for residual values, together with an agreed approach to tenure of seeking up to 50% of affordable housing at Lodge Hill to be affordable rent.
- 5.3.3 The assumption is used within the Medway Council Affordable Housing Viability Study that all housing is delivered to Code for Sustainable Homes (CfSH) Level 3 and makes a contribution to infrastructure and Section 106 costs of £11,000 per unit. For Medway Rural the report concludes that 30% affordable housing may be viable on the basis of the assumptions used.
- 5.3.4 Commentaries on the evidence base suggest that there is a basis for departing from these assumptions, though judgement needs to be exercised in setting the exact level of affordable housing when weighing all pertinent factors.

#### **5.4 Summary**

- 5.4.1 The Council's evidence base for housing and affordable housing demonstrates that there is need for affordable housing, the level of which may vary dependent on house price growth scenarios, though that need should be moderated as in the evidence contained within the viability report. The viability study sets out three different recommendations for policy options: either maintain 25% affordable housing as set out in current policy which remains viable; introduce split targets, setting 25% in lower value areas and 30% target in higher value areas which are viable from the assumptions tested; or, set an additional 35% target in High Value Medway. Clearly, from the evidence put forward by Medway 25% affordable housing is supportable in certain circumstances using a set of assumptions for testing viability in policy determination.
- 5.4.2 Indeed, Defence Infrastructure Organisation and Land Securities envisage some flexibility within the structure of the S106 to enable the development to respond to changing affordable housing needs over time, within the parameters set within the framework which would be established through this planning application.



## 6.0 Defining the Approach for Lodge Hill

### 6.1 The principle of affordability analysis

Objectives for residential development at Lodge Hill

- 6.1.1 A key element to housing markets being able to function correctly is to enable choices to be made when seeking housing, regardless of income and financial circumstances. The housing offer of a community is one element to ensure that a diversity of households have their housing needs met. This principle is supported by Paragraph 24 of PPS3. These choices are best represented through a continuum, depicted in Figure 2 below:

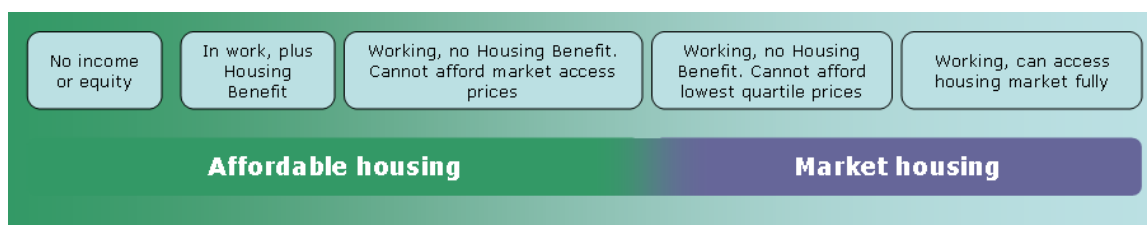


Figure 2

- 6.1.2 In the housing continuum housing need ranges from households to the right who have no need for intervention to satisfy their need for housing, to the households on the left who require the maximum level of intervention.
- 6.1.3 Traditionally the needs of those households unable to access the housing market have been met through social rented housing. However, the affordability of social rented housing is determined through a formulaic approach set by government and has meant that an increasing gap has emerged between it and the incomes required to afford to enter the open housing market. Social rented housing is therefore described as being non-market housing with the gap being filled by near-market, or intermediate, housing, represented in Figure 3:

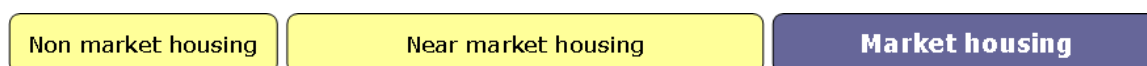


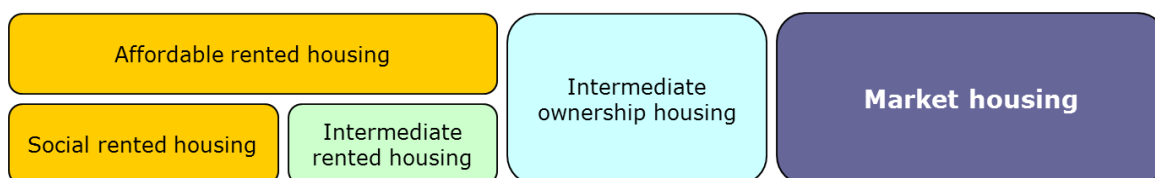
Figure 3

- 6.1.4 In the face of need for affordable housing, solely increasing rented forms of affordable housing provision is not considered to be the answer in satisfying the needs of those excluded from the housing market and is expected to result in



increased polarisation between those renting and those who are already home owners, trapping those who are unable to afford to purchase. Provision of only rented accommodation through planning policy would merely increase this level of disparity, without offering further choice to those households who may already be in affordable housing, yet be able to afford other housing products were the choice to be available.

- 6.1.5 Indeed in offering this choice to those households locked into their tenure through the inequality between housing costs and incomes, particularly purchase prices, it is anticipated that units could be freed up for households in greater need. It is only through considering the needs of the whole housing market in this way that the necessary stocks and flows can be generated to allow the market to function efficiently and most significantly offering people choice in their housing solutions. If existing households in rented accommodation can be facilitated to realise their aspirations and move into new affordable housing the Council benefits from the opportunity to re-let a social rented unit and a new intermediate unit. This approach would both meet an identified need and increase the net affordable housing benefit for Medway.

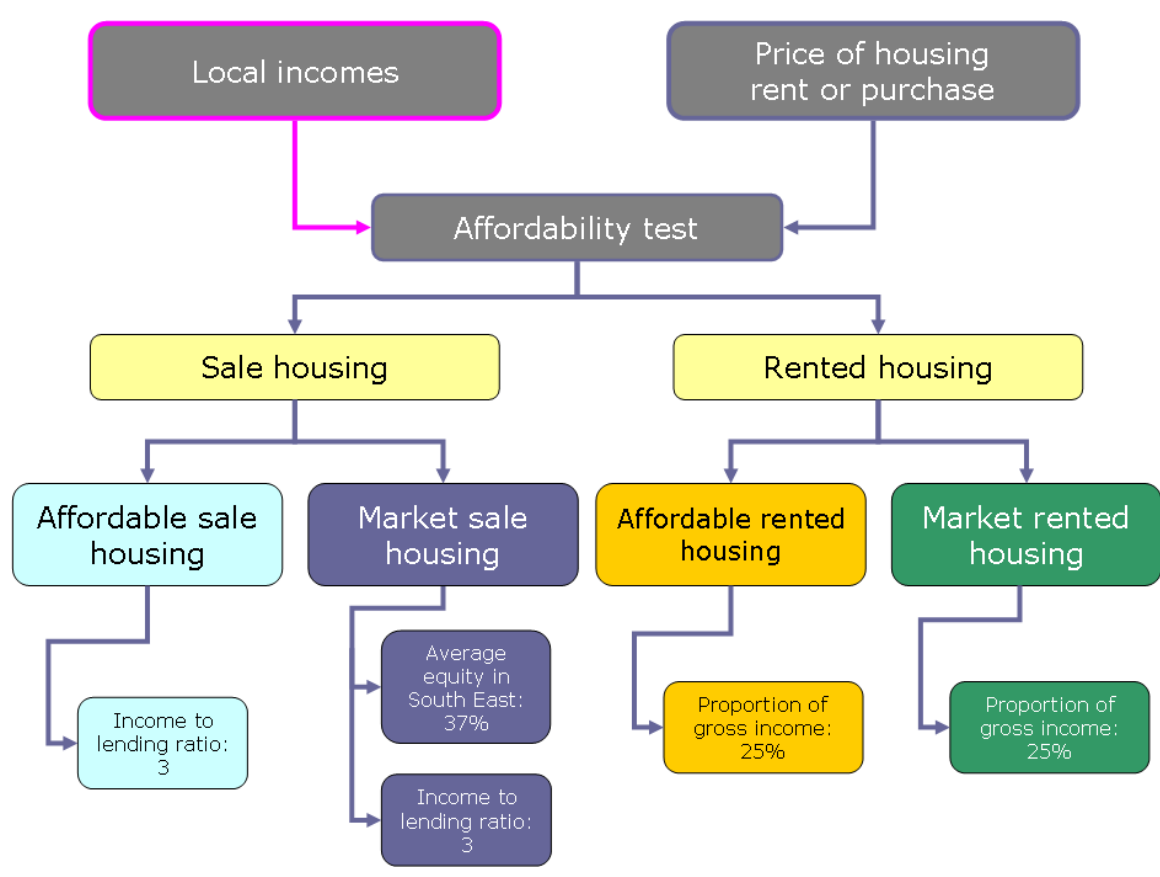


**Figure 4**

- 6.1.6 PPS 3 requires that the relationship between local incomes and local house prices is examined to determine the level of affordable housing needed.<sup>13</sup>
- 6.1.7 In order to gain further understanding of the potential role for affordable housing, affordability modelling using indicative rent levels, sales values and incomes has been carried out based on the likely demography of the proposed development at Lodge Hill.
- 6.1.8 In line with practice guidance<sup>14</sup>, a maximum percentage of 25% of gross income was used to determine affordability of rented housing. A mortgage multiplier of 3.0 was assumed together with average equity levels from across the South East. At this stage, our analysis is solely concerned with determining the housing need gap which affordable housing will be expected to fill in the Lodge Hill proposed development.
- 6.1.9 A model for affordability testing is shown in Figure 5 below:

<sup>13</sup> Annex B: Definitions "Affordable Housing", PPS3, CLG November 2006, page 25

<sup>14</sup> Strategic Housing Market Assessments: Practice Guidance Version 2, CLG August 2007, page 42



**Figure 5**

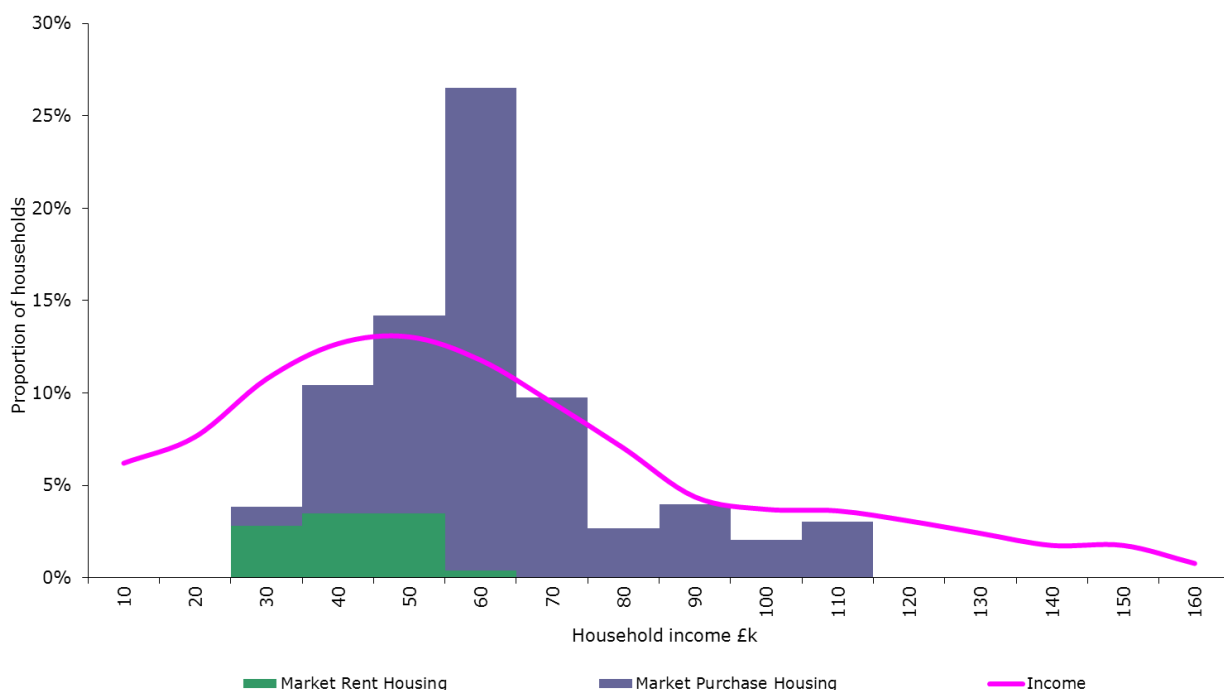
6.1.10 The affordability analysis and profile methodology outlined above is carried out for the proposed development and reported on in the following paragraphs.



### Profiling affordability and housing market at Lodge Hill

- 6.1.11 The principle of the mechanism used to generate the distribution within the Site Specific Information (SSI) report, July 2011, submitted as evidence for the emerging Core Strategy, is used here as being an appropriate methodology. This has been accepted in principle by the Council for Core Strategy purposes as an appropriate methodology for a bottom up approach to determining an appropriate level of affordable housing for the proposed development.
- 6.1.12 Using the affordability testing and assumptions as outlined within the Site Specific Information (SSI) report, July 2011, both market housing for purchase and rent can be expressed by its affordability to different income bands. The following graph in Figure 6 shows the indicative quantity of housing (supply) available at various income bands and the earnings profile of households depicted by the pink line (demand).

Lodge Hill: indicative household income distribution and affordability with average equity



**Figure 6**

- 6.1.13 The quantum of affordable housing measured using this affordability mapping approach is 23%, consistent with previous assessments.

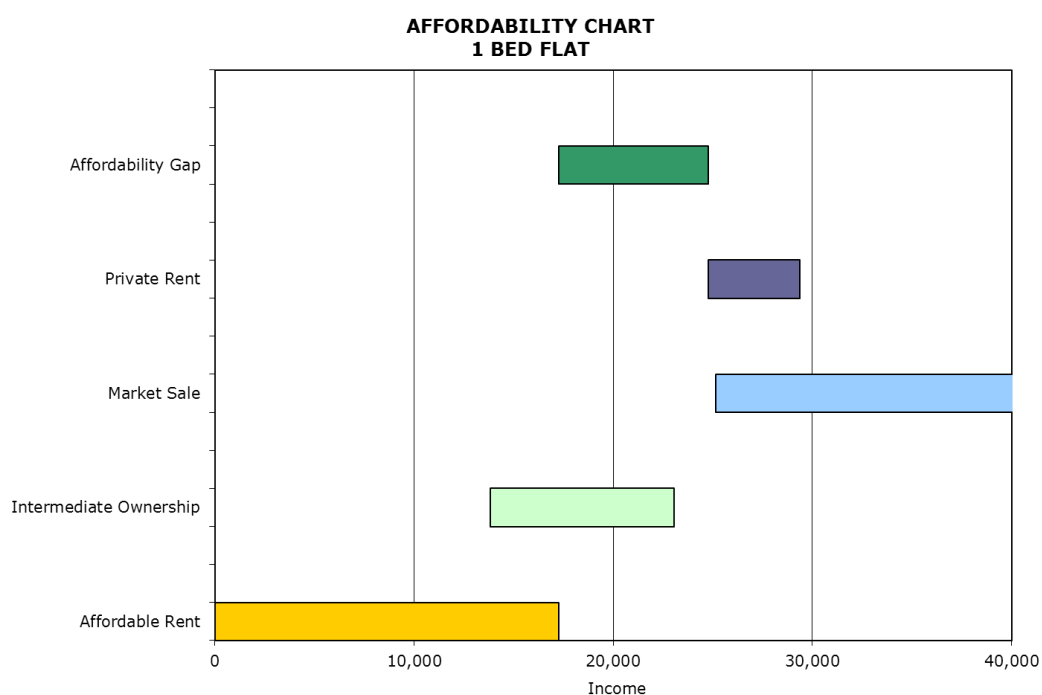
#### Indicative affordability gaps at unit type level

- 6.1.14 Affordability gaps were also plotted at unit type level to aid in mapping affordable housing products to affordability and need. A sample of these graphs is remapped



to show the impact of the new affordable rent tenure and its relationship with other parts of the housing market continuum.

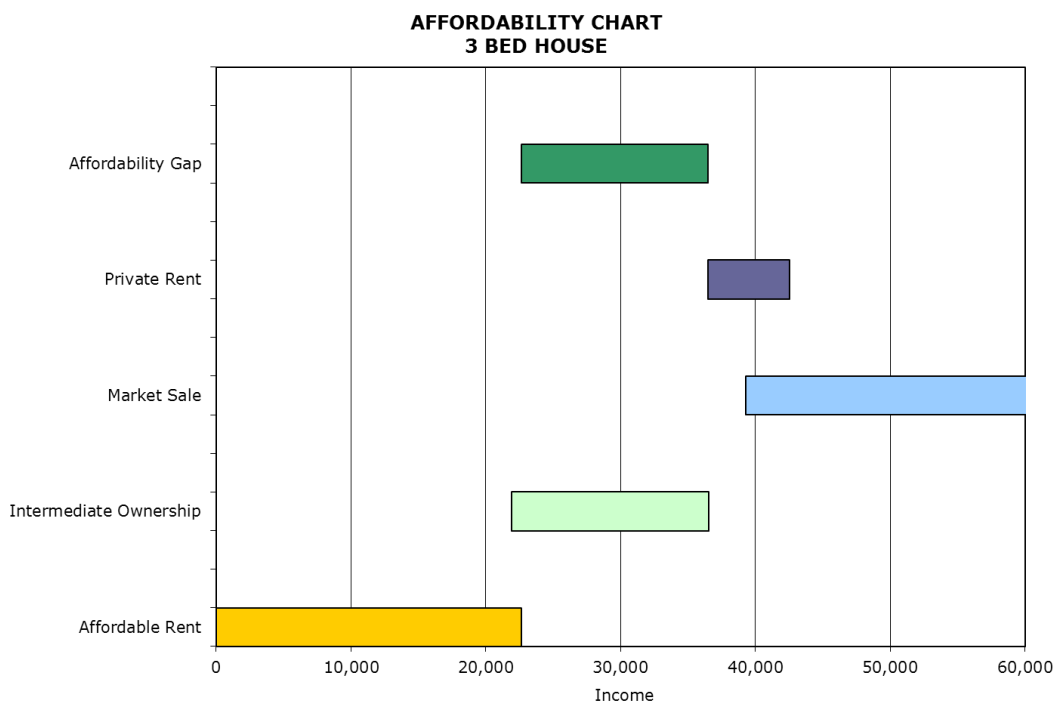
- 6.1.15 Affordability of one bedroom units is plotted on the graph below (Figure 7). A household income of just over £25,000 is required to access both market rented and market sale housing. Affordable rented housing provision would provide satisfactory accommodation to households earning up to £17,000 where supported by housing benefit. Intermediate housing for rent or sale would provide stepping stones for households earning above £14,000 to market level for whom home ownership is a realistic proposition.



**Figure 7**



6.1.16 Consideration of the affordability of three bedroom homes is depicted in Figure 8:



**Figure 8**

- 6.1.17 Access to market rented housing occurs at approximately £38,000 household income and to market sale housing at slightly under £40,000.
- 6.1.18 Affordable rented housing would provide for households for whom home ownership is not a realistic proposition, typically those earning below £22,000 per annum and supported by housing benefit. However it is important in determining the tenure mix to take into account the government's aspirations, voiced in PPS3, for people to own their own home.
- 6.1.19 Balancing these requirements has led to the recommendation that the tenure mix for the affordable housing at Lodge Hill should comprise up to 50% affordable rented homes with the balance being intermediate housing, primarily for ownership as shared ownership and shared equity at varying affordability levels.



## **7.0 Approach to Affordable Housing at Lodge Hill**

### **7.1 Planning Framework**

- 7.1.1 The proposed affordable housing package meets the requirements of the development plan in terms of the regional and local planning framework and takes into account material considerations such as the Medway Council Developer Obligations SPD. It has also had regard to higher level guidance in respect of PPS3 and Delivering Affordable Housing within the planning framework outlined in earlier sections of this report.
- 7.1.2 The proposals made for Lodge Hill have also had regard to the emerging Core Strategy and its evidence base as noted.

### **7.2 Rationale**

- 7.2.1 The creation of a sustainable community implies a range of households with different backgrounds and economic circumstances living in close proximity to one another. Neither large concentrations of private housing nor very high concentrations of social housing serve this goal.
- 7.2.2 It should also be said that the provision of just under 25% affordable housing on this major development site will give this proposed development a different tenure profile from that of Medway's existing housing, where affordable housing makes up only 14.3% of the total stock. Since people's housing choices are closely connected with their economic circumstances, this could give this proposed development a substantially different economic profile from that of the district as a whole.
- 7.2.3 As in any large development of this type, it is likely there could be significant challenges in establishing and managing the new proposed community. The role of the intermediate housing market will be crucial in providing choice for a mix of households and a broad cross-section of the local population.
- 7.2.4 A 2005 report by Sovereign, Croudace, Guinness Trust and Lovell, funded by the Housing Corporation, examined the experience of residents and development partners in the development of mixed tenure communities. It found that in respect of management, "On major new developments 30% [affordable housing] might be an appropriate maximum."
- 7.2.5 There are few large scale developments which are wholly complete on which to base useful comparisons. In broad terms affordable housing percentages being delivered in these developments range from approximately 20% to 30%, though it is noted that some places are targeting higher levels. However it is also fair to say that these developments were planned at a time when housing grant for Section 106 development was available and the reform of grant funding support from the HCA will no doubt impact on the deliverability of those developments with higher levels of affordable housing. It is not yet clear what outcome this will have in other areas.
- 7.2.6 What does also appear to be a common thread is that, whilst up to 30% affordable housing seems common; the more important part to creating a successful place is the way in which it is delivered in tandem with the other significant investment required in community and social infrastructure to support residents of the new



community. This is rightly part of the development control process in resolving timing matters alongside other Section 106 obligations.

- 7.2.7 Further matters were set out in the Site Specific Information report "Lodge Hill: Housing Market and Affordability" of December 2009 and updated in July 2011 which also sought to map the community's need for affordable housing within the Lodge Hill development. The conclusions of these reports were that affordable housing of just under 25% is required to sustain the housing market and community at Lodge Hill. Recent modelling of updated housing mix information, submitted to the Council in August 2011, supports this view and confirms that the level of provision at Lodge Hill should be 23% (this information is shown in Figure 6).
- 7.2.8 The proposed development at Lodge Hill will be comprised of households with a diversity of backgrounds and different age groups with a variety of skills, specialities, needs and abilities. It is not possible to successfully engineer this diversity, but the type and tenure of properties built can make Lodge Hill more or less attractive to different people. It is therefore of great significance that the housing offer within the proposed development provides choice to a range of households with a variety of different circumstances.
- 7.2.9 Affordable housing plays an important role in this and having 23% of housing stock available to households unable to participate in the housing market will satisfy that need, taking into account other proposals within the housing mix for accommodation for older persons and also developing lower density family dwellings which is identified in the SHMA as a part of the housing type mix which Medway has less of in comparison with its neighbours.

### **7.3 Overall Proposals**

- 7.3.1 The proposals for the Lodge Hill development have been led by a comprehensive master planning process from the outset. This process has taken in wide ranging consultation with stakeholders and interested parties over a significant period of time. The proposed development at Lodge Hill is for a mixed use scheme incorporating housing and employment uses, together with other necessary community functions, which will be delivered in a phased way around distinctive centres. Each centre will be formed of its own typology, whilst contributing to Medway's desire, shared by Defence Infrastructure Organisation and Land Securities, to increase housing choice for households including the availability of larger family homes for ownership.
- 7.3.2 Percentage, tenure split, affordable housing price and cascade are all interlinked, as each will affect the amount of developer subsidy that would be required to provide affordable housing in any particular phase. It is anticipated that the level of developer subsidy, once set, should remain constant and be equivalent to the provision of free serviced land for affordable housing. In essence this means that the price paid for affordable housing units should be equivalent to the cost associated with design, construction and servicing from the edge of the affordable housing parcel boundary.
- 7.3.3 The aim is to create a single, cohesive community. Affordable housing will therefore be distributed across the development rather than concentrated in any single area. Affordable housing parcels will be identifiable plots of land indicated in detail at reserved matters stages at the appropriate time which will accommodate no more than 30 units of mixed tenure affordable housing. Where flats are provided consideration should be given to a relaxation to this limit subject to the agreement of the Council in order to achieve appropriate economies for ease of management.



This latter point is particularly important where provision for older people is being considered.

- 7.3.4 The S106 must clearly allow the developer subsidy to be assessed from the outset of the scheme. The cascade mechanism should provide a flexible mechanism to allow each individual phase of affordable housing to be designed and negotiated quickly.

#### **7.4 Quantum and timing of affordable housing**

- 7.4.1 Affordability mapping reported on in preceding paragraphs indicates an affordable housing need for households unable to sustain participation in the open housing market at 23%. This level of provision is proposed to be made on site.
- 7.4.2 In view of the adopted Local Plan and the evidence underpinning the emerging Core Strategy, Defence Infrastructure Organisation acknowledges the need to reach beyond the "red line" boundary of the application. Therefore, the equivalent of 2% affordable housing is proposed to be provided by way of a commuted sum set at a level of broad equivalence to on site provision. This commuted sum may be utilised for the provision of new stock, firstly across the Hoo Peninsula, or improvement to existing affordable housing stock off site.
- 7.4.3 This proposal is considered by Defence Infrastructure Organisation and Land Securities to represent an appropriate balance in the context of the approach set out in paragraphs 20-22 of PPS3 and the principle that viability isn't the only matter to consider in defining the quantum of affordable housing. It is also considered to be best practice and desirable that affordable housing should not overwhelm a particular area in the interests of creating a balanced community.
- 7.4.4 However the need to continue to engage with Medway Council to determine the precise quantum of affordable housing is fully acknowledged by DIO and Land Securities, particularly in relation to off-site provision, and further negotiations are welcomed.
- 7.4.5 Turning to the matter of timing of affordable housing provision, it is agreed in principle with the planning authority that, broadly, the pace of delivery of affordable housing should be similar to the pace of occupation of market housing. However, it is also acknowledged that in the very early years there will be limited scope for the provision of community infrastructure necessary to support occupants of affordable housing. It is therefore proposed for a slow start to delivery of affordable rented housing, a speed up phase in delivery over the middle years of site delivery and a tapering delivery at the end.
- 7.4.6 Affordable units shall be provided in parallel with the private units. Unless otherwise agreed with the Council, no more than 80% of the private residential units in any phase shall be occupied until the affordable housing in that phase has been completed and transferred to the Affordable Housing Provider.

#### **7.5 Level of developer subsidy**

- 7.5.1 The developer contribution at Lodge Hill will be equivalent to the provision of free serviced land, serviced to the boundary of the land parcel for affordable housing.
- 7.5.2 The developer provision of affordable housing on site could be in terms of physical land, or by way of a construction agreement with the selected affordable housing



provider, the value of which should reflect the cost of construction and design of the affordable housing dwellings to an appropriate standard but not including a land value. Completed units of Affordable Housing passed to a housing provider should achieve a minimum price equivalent to the construction cost of the unit based on a per metre square rate uplifted by RICS BCIS All in Tender Price Index. Alternatively serviced affordable housing land parcels could be passed direct to providers. A cascade arrangement will be agreed which seeks delivery of affordable housing in either alternative tenure mixes or quantum in the event that the affordable housing price is not achieved.

- 7.5.3 If the affordable housing price is not achieved for any phase or sub-phase, either the Council can ask for a commuted sum to be paid in lieu of on-site provision, or an alternative percentage or tenure mix is provided for that phase using market housing to top up the affordable housing offer price, ensuring that the overall affordable housing price is maintained.
- 7.5.4 The developer provision of affordable housing off site shall be commuted sum set at a level of broad equivalence to on site provision.

## **7.6 Code for Sustainable Homes**

- 7.6.1 Sustainability is considered as a theme throughout the proposals. Residents of all tenures will benefit from being able to make sustainable choices as it is proposed that all housing at Lodge Hill is built to at least Code for Sustainable Homes Level 4 as a minimum, or alternative legislated future standard.

## **7.7 Housing type mix**

- 7.7.1 The evidence in support of the housing type mix is informed by both the Medway Council Developer Obligations SPD and also the 2010 SHMA which considers affordable housing needs in the area through to 2026, taking into account demographics and other matters.
- 7.7.2 The indicative mix for affordable housing of all tenures is shown in the table below. This mix has been used for master planning purposes and will be refined at appropriate points during the delivery phases of the overall Lodge Hill development.

<b>Unit Type</b>	<b>Indicative Gross Unit Size</b>	<b>Affordable Housing Mix Proportions<sup>15</sup></b>
1B2P flat	51m <sup>2</sup>	31%
2B4P flat	74m <sup>2</sup>	38.7%
2B4P house		
3B5P house	85m <sup>2</sup>	20.9%
4B6P house	110m <sup>2</sup>	4.6%
5B7P house	110m <sup>2</sup>	4.8%

## **7.8 Affordable housing tenure mix**

- 7.8.1 Based on affordability mapping as completed above, the indicative tenure mix which takes into account a general aspiration within policy for promoting home ownership is for 50% of affordable housing to be rented and 50% to be for

<sup>15</sup> From schedule CL-PR-XXX-XX-SH-MP-616-0018 REV C dated 30 August 2011



intermediate purchase at varying levels of household affordability to ensure choice for households and diversity.

## **7.9 Mortgagee in Possession**

- 7.9.1 The provisions relating to affordable housing will not apply to a mortgagee in possession, a person who has acquired 100% of the equity in a shared ownership unit, or any person who has exercised their right to buy or right to acquire their home. Consideration should also be given to whether a mortgagee protection clause is required.

## **7.10 Affordable Housing (intermediate) tenures**

- 7.10.1 It is widely acknowledged that there are currently problems in the intermediate housing market caused, at least in part by the scarcity of credit, but there is no reason to suppose that the underlying demand has gone away and that the intermediate sector will not continue to do well as the current problems in the financial sector begin to settle down. This is because of its ability to meet the needs of an important section of the population who are currently priced out of the housing market and because of its role in fostering a successful community where people with a variety of backgrounds live alongside one another.
- 7.10.2 In the past, the overwhelming majority of intermediate housing has taken the form of Shared Ownership (Sometimes referred to as New build Homebuy) but, in view of the recent difficulties, the Homes and Communities Agency had moved to acknowledge the role played by other forms of intermediate housing and, in particular, intermediate rent.
- 7.10.3 The government has also responded to the economic uncertainty with the Treasury document "The Plan for Growth" published in March 2011 which sets out the positive benefits of housebuilding and ownership, together with the Comprehensive Spending Review of 2010 and the Budget 2011 which sought to reform the way in which social housing is provided through the introduction of a new tenure model, affordable rent. The new affordable rent tenure, defined in PPS3:Annex B, confirms that rent will be set at up to 80% of market rent, eligible for housing benefit and available to households in need.
- 7.10.4 Because of the uncertainty surrounding the intermediate market at present, there would be little to be gained from specifying the specific tenures of affordable housing to be provided at Lodge Hill at this stage. It should be noted that as the details of proposed development are advanced at the Reserved Matters stage, the precise mix, type and tenure of affordable housing for the relevant phase or sub-phase of the development will be confirmed.
- 7.10.5 It is anticipated that the proposed development will provide a range of intermediate housing that meets the definition of affordability as set out in PPS 3. The following list of affordable housing products is not intended to be exhaustive, merely to illustrate the range of possibilities; all are capable of meeting the affordability criterion:
- a. Shared Ownership – a property is sold on a leasehold basis with the purchaser choosing to purchase a share in the property usually ranging from 25%-75%. The purchaser raises a mortgage on the share that is purchased and pays rent for the remainder, calculated as a percentage of the equity in the property that has not been sold. Rents are calculated in order that the property remains affordable to the occupier. As the occupier becomes able to afford it, additional shares in the property



can be purchased until it is owned outright, this is termed 'staircasing' Should the owner wish to sell the property they can sell the share they own to another occupier nominated by the landlord or if it is owned outright, on the open market. In most cases where the property is owned outright by the occupier the initial landlord retains the first option to purchase back the property in order to offer it to other households on a shared ownership basis;

- b. Intermediate Rent - whereby tenants rent properties at a rent which has a fixed discount to the market rent for the property. Currently, the rent cannot exceed 80% of the open market rent. Rent increases are capped at RPI +0.5% and must never take the overall rent to more than 80% of the market rent. It is noted that intermediate rent is effectively replaced by the affordable rent tenure although tenancies in intermediate rent can be for shorter durations than is anticipated in affordable rent;
- c. Rent to Buy – a hybrid product in which tenants would take up a tenancy at an intermediate rent with the option to buy a share of the equity in the property at a later date when their finances or the mortgage market permit. This is a new product, developed in response to the current difficulties in the housing market. Like any new product, the details of how it is delivered may change in response to the early experience of providers and occupants;
- d. Shared Equity – whereby households buy a defined share of the equity in their home and the remainder is held by an affordable housing provider but no rent is charged on the retained equity. It has the obvious advantage that households seeking to gain a foothold on the housing ladder can acquire a larger share of equity for the same outgoings as they would have paid for shared ownership, and also that the lease is simpler. However, it has not played a major role in the intermediate market up until this point perhaps because of the difficulties experienced in obtaining mortgages and, of course, greater exposure to rising markets when prices are rising can easily convert to greater exposure to falling markets in downturns along with the possibility of negative equity for those with smaller deposits.

## **7.11 Delivery of Affordable Housing and Estate management**

- 7.11.1 In order to ensure satisfactory delivery and management of the development a framework will be put in place which will enable the selection of one or more RSL partners (or others) with a significant local presence and track record. The framework will look first to the Council's preferred delivery partners and seek to work with them throughout the planning and delivery phases of the development. The aim will be to achieve a successful development which maximises the delivery of affordable housing within the parameters set by the agreed Section 106 mechanism and of the need to create a successful, deliverable, well-managed place where people choose to live.

### Clustering

- 7.11.2 In the context of promoting the development of mixed communities, the Council's desire to avoid large concentrations of affordable housing is acknowledged. Affordable housing will therefore be widely distributed across the whole site rather than being concentrated in particular areas.
- 7.11.3 Nonetheless, it can be difficult for RSLs to provide good and cost effective management of individual properties or of very small groups of dwellings. It has



therefore become common to talk of “pepperpotting” clusters of affordable housing across developments. It is common that such clusters should not exceed 20 units.

- 7.11.4 Anecdotal evidence suggests that, in one or two cases, developments where clusters of this size have been proposed have encountered financial difficulties and slowed down. This has the potential to result in an awkward situation where clusters of affordable housing, which are able to go ahead because of their secure funding arrangements, may be separated from one another by vacant areas where the private development has not been able to proceed.
- 7.11.5 In light of this, it is suggested that larger clusters may be acceptable, perhaps up to 30 units, provided that there is a variety of tenures within the affordable housing – both for rent and purchase.
- 7.11.6 However, this highlights an important consideration when determining the phasing of the scheme that clusters of affordable housing should feature a degree of self-containment in order to ensure that affordable housing is not developed ahead of the services and infrastructure that will be required in order to support their residents.
- 7.11.7 If the delivery of the required proportion of affordable housing would conflict with wider objectives for the evolution of the masterplan or the local community on a particular phase of the development, subject to agreement with the Council, it is considered that it would not be in the interest of creating a balanced community to “claw back” the deficit on subsequent phases, and that it might be more appropriate to meet this need in other ways.

#### Management

- 7.11.8 Good management is crucial to the long term success of any development and it will therefore be important to agree the structure of management arrangements for the affordable housing units as early as possible. To this end Defence Infrastructure Organisation and the Lead Developer will enable the framework through which initial contact with potential RSL development partners could be made in order to seek their views.
- 7.11.9 Service charges will be fair and proportionate and their levels will depend upon the services used. In view of the importance of service charge levels to the overall affordability of housing, all reasonable efforts will be made to keep charges to a minimum but they will necessarily reflect the cost of maintaining high standards in the development’s public realm and its extensive open space.
- 7.11.10 It would certainly not be acceptable and could be illegitimate for one group of residents to be expected to cross-subsidise their neighbours simply on the basis of tenure. On other developments it has been suggested by several RSL partners that they would wish to minimise the service charge on their tenants by careful definition of the spaces for which the RSL is responsible. Whilst we will give consideration to this approach, it is important to recognise that this can make it far more difficult to maintain the aspiration of a tenure blind development, where it is impossible to tell the different tenures apart.
- 7.11.11 We are also aware of the fact that one of the most common sources of dispute between owner occupiers and affordable housing occupants is the use by tenants of facilities maintained exclusively through the owner occupiers’ service charges.



- 7.11.12 The general principle is therefore that service charges are determined by the level of service and access to facilities. As we aspire to provide the same high standard of service and would wish all facilities to be accessible to all residents, the presumption is that service charges will be levied at the same rate irrespective of tenure.

#### Nominations

- 7.11.13 The advent of Choice Based Lettings is welcomed, since the very act of exercising a choice gives tenants an increased stake in the place in which they have chosen to live. This is a very positive step. However, it has been argued that the move towards Choice Based Lettings makes the concept of a lettings plan obsolete because the Local Authority and its partners have less control over the nominations process.
- 7.11.14 Eligibility criteria should address such matters as the ratio of households coming from the waiting list, the transfer list and the homeless register, the ratio of households from the immediate area, the district and the wider area. The criteria may need to be drawn more tightly on both initial occupation and on early phases (requiring transfer applicants to have an up to date rent account for example) but could be relaxed as time went on and the new community began to put down roots.
- 7.11.15 We would expect that one of the eligibility criteria for prospective tenants wishing to bid for a property at Lodge Hill would be an acceptance of the terms of the lease.
- 7.11.16 Several RSLs also use introductory tenancies for the first 12 months as a useful tool in the management of lettings to a new development.

#### Lettings Strategy

- 7.11.17 A strategy for organising lettings will be set out and agreed with the housing and planning authority and outlined within an agreed Section 106 mechanism.

### **7.12 Housing for Older People**

- 7.12.1 It is necessary, as outlined within the SHMA, to consider the housing needs of older people also. It is for this reason that the proposed development incorporates C2 residential institutional uses together with other areas for more general sheltered housing.



## **8.0 Summary of Lodge Hill Affordable Housing Package**

- 8.1.1 The proposals for Affordable Housing at Lodge Hill have been founded on a bottom up approach advocated in policy and agreed in principle with Council officers. The creation of a sustainable community implies a range of households with different backgrounds and economic circumstances living in close proximity to one another. Neither large concentrations of private housing nor very high concentrations of social housing serve this goal.
- 8.1.2 Community affordability mapping suggests that there is a requirement for 23% affordable housing within the development itself to support its sustainability. In addition, it is recognised that there is a need to reach beyond the “red line” boundary and thus a contribution of 2% affordable housing to be provided as a commuted sum of broadly equivalent value to on site provision is proposed. This is considered by DIO and Land Securities to represent an appropriate balance in the context of the approach advocated in paragraphs 20-22 of PPS3 and the principle that viability is not the only determinant of affordable housing quantum.
- 8.1.3 It is also recognised by DIO and Land Securities that there is a need to continue to engage with Medway Council through the formal OPA process to determine the precise quantum of affordable housing, particularly in terms of off-site provision. This may result in an affordable housing proposal that may be different to the proposed package equating to 25% outlined here.
- 8.1.4 Thus the drafting of the S106 should reflect the following, subject to negotiation (see 8.1.3 above) and the Council’s due consideration through the formal planning application process:
- a. The overall equivalent of 25% affordable housing to be provided;
  - b. 23% affordable housing provided on-site through the free serviced land mechanism advocated in the Medway Developer Contributions SPD, with the remaining 2% provided as a commuted sum of broadly equivalent value to on site provision;
  - c. The 23% affordable housing units provided on-site will comprise of a tenure mix target of up to 50% Affordable Rented housing, with the balance to be Intermediate housing;
  - d. Special Housing, (frail elderly, care homes, student etc) will be exempt from affordable housing provision;
  - e. The 2% commuted sum can be used by the Council or Registered Provider to provide affordable housing elsewhere in the district, either as a top up grant to achieve better affordability or on dedicated schemes principally for the provision of affordable housing on the Hoo Peninsula with an area based cascade radiating out from Lodge Hill.
- 8.1.5 The developer will work with an approved shortlist of Registered Providers to include, but not limited to, the Council’s preferred partner RPs. One or more providers will be selected by the developer from the shortlist in order to deliver the affordable housing. A range and mix of affordable housing units will be provided, taking account of identified need, the requirements of a sustainable community and



management considerations. The precise mix and range will be determined at the reserved matters stage but will include both apartments and houses.

- 8.1.6 All the affordable homes will achieve an acceptable HQI score, which will ensure that all units are of an appropriate size.
- 8.1.7 The standards associated with the relevant Code for Sustainable Homes level will be met at the time the development is commenced and when the associated building control regulations approval has been achieved.