

To: Council

Date: 2nd February 2015

Report of: Head of City Development

Title of Report: Affordable Housing contributions in light of the amended national Planning Practice Guidance

Summary and Recommendations

Purpose of report: To agree how affordable housing contributions will now be sought in the light of the amended national Planning Practice Guidance

Report Approved by: David Edwards, Executive Director of City Regeneration

Finance: David Watt

Legal: Michael Morgan

Policy Framework: Relating specifically to Policy HP3 and HP4 of the adopted Sites and Housing Plan

Recommendation(s): That Council:

- 1) Endorses the recommended approach set out in the report and Appendix 4;
- 2) Agrees that it is not revoking or modifying Policies HP3 and HP4, that they retain the status of up-to-date adopted development plan policies under s38(6) of the Planning and Compulsory Purchase Act 2004 but the Council is acknowledging the likely effect of the amended national Planning Practice Guidance.

Appendix 1: Extract from the Planning Practice Guidance

Appendix 2: Brandon Lewis Ministerial Statement - 28th November 2014

Appendix 3: Policies HP3 and HP4 of the Sites and Housing Plan

Appendix 4: Table of planning application scenarios and recommended approach

Background

1. On 28th November, the Government made some amendment to the Planning Practice Guidance (PPG) (**Appendix 1**). There are two changes which are particularly relevant to the Council. The first is that “*contributions for affordable housing...should not be sought from developments of 10-units or less, and which have a maximum combined gross floorspace of no more than 1000sqm*” (PPG, Planning Obligations, Paragraph 012).
2. The second change creates a ‘vacant building credit’. The PPG now states: “*Where there is an overall increase in floorspace in the proposed development, the local planning authority should calculate the amount of affordable housing contributions required from the development as set out in their Local Plan. A ‘credit’ should then be applied which is the equivalent of the gross floorspace of any relevant vacant buildings being brought back into use or demolished as part of the scheme and deducted from the overall affordable housing contribution calculation*” (PPG, Planning Obligations, Paragraph 022).
3. These revisions to the Guidance alongside the accompanying Ministerial Statement (**Appendix 2**) were justified by the Government on the basis that it will reduce the burden on small-scale housing developers, increase housing supply and promote the redevelopment of brownfield sites. The Council strongly objected to the consultation on changes to the PPG in March 2014 because approximately 50% of housing developments in Oxford would likely fall under the threshold and not be required to contribute towards affordable housing.
4. The purpose of this report is to explain what this now means for the implementation of the relevant policies in our Sites and Housing Plan and recommend an approach that the Council should now take when determining planning applications.
5. These amendments to the PPG do not affect the Council’s ability to apply its Community Infrastructure Levy on any site.

Main matters

The PPG exclusion of developments of 10 units or fewer from making affordable housing contributions

6. This change to the PPG conflicts with the Council’s adopted Policy HP4 (**Appendix 3**) of the Sites and Housing Plan where we seek contributions towards affordable housing from developments of between 4-9 dwellings.
7. Whilst the PPG is only guidance and not policy, this removal of contributions from smaller sites is a clear intention of the Government and is likely to be reflected in appeal decisions. If the Council now refused a planning application for 4-9 dwellings with the only reason being the lack of a financial contribution towards affordable housing (Policy HP4), it is very likely that the appeal would be allowed and costs awarded against the Council.

8. It is therefore recommended that, reluctantly, the Council will now not be seeking financial contributions towards affordable housing from housing developments on small sites (<0.25ha) with a gross capacity of 10 or fewer dwellings.
9. The Council consider this to be a hiatus from the requirement for these financial contributions and should the Government's position change again, or other material changes take place, then the City Council may review this approach and revert back to applying HP4 in its entirety. The City Council is lobbying the Government on this matter and may at any point reverse this decision.
10. The Council is not revoking or modifying Policies HP3 and HP4, they retain the status of up-to-date adopted development plan policies under S38(6) of the Planning and Compulsory Purchase Act 2004 but the Council is acknowledging that the Secretary of State Inspectors appointed by him can be expected to treat the new policy as carrying greater weight.
11. Policy HP4 would continue to be applied where a development's maximum combined floorspace exceeded 1,000sqm. This approach would accord with the amended PPG. It is expected that the 1,000 sqm measurement would be Gross Internal Area (GIA) similar to the approach for the Community Infrastructure Levy however this has not yet been confirmed by the Government. The Council would consider this further when guidance emerges.
12. For all proposals, the Council would continue to ensure that developments make efficient use of land (Policy HP9) and that sites are not artificially subdivided (Policy HP3) to avoid on-site provision of affordable housing.

The PPG's 'Vacant Building Credit'

13. This change conflicts with the Council's approach of consistently calculating the required affordable housing contribution based on the gross number of units in the development. The Council's approach has been to not allow existing dwellings on the development site to be netted off the final affordable housing requirement whether it be a financial contribution under HP4 or an 'in kind' (on site provision) contribution under HP3 (see Appendix 3 for these policies).
14. The PPG is clear that any relevant building being brought back into use or demolished as part of the new housing development can class as a credit against the affordable housing contribution required.
15. As with the issue of threshold above, this change is a clear intention of the Government and is likely to be reflected in appeal decisions. If the Council now refused a planning application with the only reason being that it does not provide enough of an affordable housing contribution (financial or in kind) to reflect the gross development, it is very likely that the appeal would be allowed and costs awarded against the Council. It is therefore recommended that the Council will now consider any existing buildings as 'vacant building credit' and that contributions will be calculated on the net additional development not gross.

16. It should be noted that the vacant credit rule is invoked only at the stage of calculating the final contribution/provision, not the initial determination of whether or not a development exceeds a threshold.

Scenarios and how the PPG changes should be applied to planning applications

17. There are a wide variety of permutations of development proposals so it is not possible to set out a scenario for each one but **Appendix 4** summarises the likely main scenarios and a recommendation as to the Council should now deal with them.

Conclusion

18. These changes to the PPG have been brought in by the Government. As the new approach to contributions is a clear intention of Government, it is considered that the Council would lose appeal decisions if it sought to go against the PPG.

19. It should be noted that Reading Borough Council and West Berkshire Council are legally challenging the Government on the changes to the PPG. The City Council is likely to provide a witness statement in support of their legal challenge to demonstrate the likely impact on affordable housing delivery in Oxford.

Legal issues

20. The PPG does not alter the core approach to determining planning applications in accordance with the Development Plan unless material considerations indicate otherwise (under s38(6) of the Planning and Compulsory Purchase Act 2004).

Financial Issues

21. Endorsing this approach is likely to result in a significant reduction in financial contributions towards affordable housing. Since the adoption of Policy HP4 in the Sites and Housing Plan in 2013, the Council has secured an average of about £550,000 towards affordable housing per year for the past two years. However, this is a relative new source of income and not one that the Council had been relying upon prior to 2013.

22. This approach would reduce the likelihood of costs awarded against the Council at appeal and of costs being incurred in unsuccessfully defending appeals.

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Appendix 1: Extract from the Planning Practice Guidance as updated on 28th November 2014

Paragraph: 012 Reference ID: 23b-012-20141128

Are there any circumstances where infrastructure contributions through planning obligations should not be sought from developers?

There are specific circumstances where contributions for affordable housing and tariff style planning obligations (section 106 planning obligations) should not be sought from small scale and self-build development.

- contributions should not be sought from developments of 10-units or less, and which have a maximum combined gross floorspace of no more than 1000sqm
- in designated rural areas, local planning authorities may choose to apply a lower threshold of 5-units or less. No affordable housing or tariff-style contributions should then be sought from these developments. In addition, in a rural area where the lower 5-unit or less threshold is applied, affordable housing and tariff style contributions should be sought from developments of between 6 and 10-units in the form of cash payments which are commuted until after completion of units within the development. This applies to rural areas described under section 157(1) of the Housing Act 1985, which includes National Parks and Areas of Outstanding Natural Beauty
- affordable housing and tariff-style contributions should not be sought from any development consisting only of the construction of a residential annex or extension to an existing home

Revision date: 28 11 2014

Paragraph: 013 Reference ID: 23b-013-20141128

Do the restrictions on seeking planning obligations apply to Rural Exception Sites?

The restrictions on seeking planning obligations contributions do not apply to development on Rural Exception Sites – although affordable housing and tariff-style contributions should not be sought from any development consisting only of the construction of a residential annex or extension within the curtilage of the buildings comprising an existing home.

Revision date: 28 11 2014

Paragraph: 014 Reference ID: 23b-014-20141128

What are tariff-style contributions?

Some authorities seek planning obligations contributions to pooled funding 'pots' intended to provide common types of infrastructure for the wider area.

Planning obligations mitigate the impact of development which benefits local communities and supports the provision of local infrastructure. In applying the planning obligations local planning authorities must ensure that these meet the three tests that are set out as statutory tests in the Community Infrastructure Levy Regulations 2010, and as policy tests in the National Planning Policy Framework. These are: that they are necessary to make the development acceptable in planning terms, directly related to the development, and fairly and reasonably related in scale and kind. For sites where the threshold applies, planning obligations should not be sought to contribute to pooled funding 'pots' intended to fund the provision of general infrastructure in the wider area.

Revision date: 28 11 2014

Paragraph: 015 Reference ID: 23b-015-20141128

Can planning obligations be pooled where the threshold does apply?

For sites where the threshold applies, planning obligations should not be sought to contribute to pooled funding 'pots' intended to fund the provision of general infrastructure in the wider area.

Revision date: 28 11 2014

Paragraph: 016 Reference ID: 23b-016-20141128

How does the 10-unit threshold relate to the statutory definition of major development?

For the purposes of section 106 planning obligations only the definition of 10-units or less applies. This is distinct from the definition of major development in article 2 of the Town and Country Planning (Development Management Procedure) (England) Order 2010.

Revision date: 28 11 2014

Paragraph: 017 Reference ID: 2a-017-20141128

Are there any exceptions to the 10-unit threshold?

Local planning authorities may choose to apply a lower threshold of 5-units or less to development in designated rural areas being areas as described under section 157 of the Housing Act 1985, which includes National Parks and Areas of Outstanding Natural Beauty. No affordable housing or tariff-style contributions should then be sought from these developments.

Where this lower threshold is applied, local planning authorities should only seek affordable housing contributions from developments of between 6 to 10-units as financial contributions and not affordable housing units on site. Any payments made (whether as an affordable housing contribution or contribution to a pooled funding pot for general infrastructure provision) should also be commuted until after completion of units within the development.

Revision date: 28 11 2014 [See revisions](#)

Paragraph: 019 Reference ID: 23b-019-20141128

What is the procedure for claiming a commuted contribution under a planning obligation?

The terms of commuted contributions should form part of the discussions between a developer and a local planning authority and be reflected in any planning obligations agreement. Agreements should include clauses stating when the local planning authority should be notified of the completion of units within the development and when the funds should be paid. Both parties may wish to use the issue of a building regulations compliance certificate (called a completion certificate when given by a local authority and a final certificate when given by an approved inspector) as a trigger for payment.

Revision date: 28 11 2014

Paragraph: 020 Reference ID: 23b-020-20141128

Does this mean that no planning obligations can be sought for development under these 5 or 10-unit thresholds?

Some planning obligations may still be required to make a development acceptable in planning terms. For sites where a threshold applies, planning obligations should not be sought to contribute to affordable housing or to pooled funding 'pots' intended to fund the provision of general infrastructure in the wider

area. Authorities can still seek obligations for site specific infrastructure – such as improving road access and the provision of adequate street lighting – where this is appropriate, to make a site acceptable in planning terms. They may also seek contributions to fund measures with the purpose of facilitating development that would otherwise be unable to proceed because of regulatory or EU Directive requirements.

Revision date: 28 11 2014

Paragraph: 021 Reference ID: 23b-021-20141128

What is the vacant building credit?

Where a vacant building is brought back into any lawful use, or is demolished to be replaced by a new building, the developer should be offered a financial credit equivalent to the existing gross floorspace of relevant vacant buildings when the local planning authority calculates any affordable housing contribution which will be sought. Affordable housing contributions would be required for any increase in floorspace.

Revision date: 28 11 2014

Paragraph: 022 Reference ID: 23b-022-20141128

What is the process for determining the vacant building credit?

Where there is an overall increase in floorspace in the proposed development, the local planning authority should calculate the amount of affordable housing contributions required from the development as set out in their Local Plan. A 'credit' should then be applied which is the equivalent of the gross floorspace of any relevant vacant buildings being brought back into use or demolished as part of the scheme and deducted from the overall affordable housing contribution calculation.

Revision date: 28 11 2014

Paragraph: 023 Reference ID: 23b-023-20141128

Does the vacant building credit apply to any vacant building being brought back into use?

The vacant building credit applies where the building has not been abandoned.

Revision date: 28 11 2014

Source: <http://planningguidance.planningportal.gov.uk/blog/guidance/planning-obligations/planning-obligations-guidance/>

Appendix 2: Copy of Ministerial Statement 28th November 2014

COMMUNITIES AND LOCAL GOVERNMENT

Small-scale Developers

The Minister of State, Department for Communities and Local Government

(Brandon Lewis): *I would like to update hon. Members on the action that the Coalition Government have taken to free up the planning system and the further new measures we are now implementing to support small-scale developers and help hard-working people get the home they want by reducing disproportionate burdens on developer contributions.*

Section 106 obligations imposed on small-scale developers, custom and self-builders

We consulted in March this year on a series of measures intended to tackle the disproportionate burden of developer contributions on small-scale developers, custom and self-builders. These included introducing into national policy a threshold beneath which affordable housing contributions should not be sought. The suggested threshold was for developments of ten-units or less (and which have a maximum combined gross floor space of no more than 1,000 square metres).

We also proposed a similar policy for affordable housing contributions be applied to all residential extensions and annexes. Rural exception sites would be exempted from any threshold introduced following consultation. Our consultation asked whether the threshold should be extended to include the tariff style contributions that some authorities seek in order to provide general funding pots for infrastructure. We also consulted on restricting the application of affordable housing contributions to vacant buildings being brought back into use (other than for any increase in floor space). This latter proposal was to boost development on brownfield land and provide consistency with exemptions from the community infrastructure levy.

We received over 300 consultation responses many of which contained detailed submissions and local data. After careful consideration of these responses, the Government are making the following changes to national policy with regard to Section 106 planning obligations:

28 Nov 2014 : Column 55WS

Due to the disproportionate burden of developer contributions on small-scale developers, for sites of 10-units or less, and which have a maximum combined gross floor space of 1,000 square metres, affordable housing and tariff style contributions should not be sought. This will also apply to all residential annexes and extensions.

For designated rural areas under Section 157 of the Housing Act 1985, which includes national parks and areas of outstanding natural beauty, authorities may choose to implement a lower threshold of 5-units or less, beneath which affordable housing and tariff style contributions should not be sought. This will also apply to all residential annexes and extensions. Within these designated areas, if the 5-unit threshold is implemented then payment of affordable housing and tariff style contributions on developments of between six to ten units should also be sought as a cash payment only and be commuted until after completion of units within the development.

These changes in national planning policy will not apply to rural exception sites which, subject to the local area demonstrating sufficient need, remain available to support the delivery of affordable homes for local people. However, affordable housing and tariff style contributions should not be sought in relation to residential annexes and extensions.

A financial credit, equivalent to the existing gross floor space of any vacant buildings brought back into any lawful use or demolished for re-development, should be deducted from the calculation of any affordable housing contributions sought from relevant development schemes. This will not however apply to vacant buildings which have been abandoned.

We will publish revised planning guidance to assist authorities in implementing these changes shortly.

By lowering the construction cost of small-scale new build housing and home improvements, these reforms will help increase housing supply. In particular, they will encourage development on smaller brownfield sites and help to diversify the house building sector by providing a much-needed boost to small and medium-sized developers, which have been disproportionately affected by the Labour Government's 2008 housing crash. The number of small-scale builders has fallen to less than 3,000—down from over 6,000 in 1997.

We estimate that the policy will save, on average, £15,000 in Section 106 housing contributions per new dwelling in England—some councils are charging up to £145,000 on single dwellings. Further savings will be made from tariffs, which may add additional charges of more than £15,000 per dwelling, over and above any housing contributions. Taken together, these changes will deliver six-figure savings for small-scale developers in some parts of the country.

The Home Builders Federation confirmed that these changes will provide a boost to small and medium builders, stating:

"This exemption would offer small and medium-sized developers a shot in the arm. The time and expense of negotiating Section 106 affordable housing contributions on small sites, and the subsequent payments, can threaten the viability of small developments and act as another barrier to the entry and growth of smaller firms"

Similarly, the Federation of Master Builders said:

28 Nov 2014 : Column 56WS

"The new ten unit threshold for affordable housing contributions is a sensible and proportionate approach to help alleviate the pressure on SME house builders who have been squeezed out of the housing market in recent years. This is important because without a viable SME house building sector we won't be able to build the number of new homes that are needed to address the housing crisis"

Promoting custom and self-build housing

These changes to Section 106 policy complement the Coalition Government's wider programme of reforms to get Britain building, including measures to actively support the custom and self-build sector that will help people design and build their own home.

Specifically, we have exempted custom and self-builders from paying the Community Infrastructure Levy. The £30 million investment fund for custom build homes has so far approved or is currently considering loan funding of £13 million. We have launched a new £150 million investment fund to help provide up to 10,000 serviced building plots. The first bidding round closed in September and applications received are currently being assessed by the Homes and Communities Agency.

In addition we continue to work in partnership with industry to provide better support and information to custom and self-builders and we are helping community-led custom projects by enabling them to apply for £65 million under the affordable housing guarantee programme and £14 million of project support funding.

We are also providing £525 million through the Builders' Finance Fund (2015-16 to 2016-17) to provide development finance to unlock stalled small housing sites. A shortlist of 165 small housing schemes was announced on 8 September. We are also opening up the Builders Finance Fund to support small building firms schemes, from five units in size upwards.

We also published a consultation on the Right To Build in October. The idea is simple: prospective custom builders will have a right to purchase a plot of land from their local Council to build their own home. To underpin the consultation we are working with a network of 11 Right to Build vanguards to test how the Right can work in practice and we are supporting the hon. Member for South Norfolk (Richard Bacon) Self-Build and Custom Housebuilding Private Members' Bill which has now passed its Second Reading in this House.

Getting empty and redundant land and property back into use

We have introduced a range of measures to help communities get empty and surplus land and property back into productive use.

We have reformed permitted development rights to cut through complexity, free up the planning system and encourage the conversion of existing buildings. The changes help support town centres, the rural economy and provide much-needed homes.

Changes to Community Infrastructure Levy rules now provide an increased incentive for brownfield development, through exempting empty buildings being brought back into use. To assist extensions and home improvements, we have also exempted them from Community Infrastructure Levy, stopped plans for a so-called 'conservatory tax', stopped any council tax revaluation which would have taxed home improvements, and introduced a new national council tax discount for family annexes.

28 Nov 2014 : Column 57WS

Conclusion

We expect implementation of these measures to have a significant positive impact on housing numbers by unlocking small-scale development and boosting the attractiveness of brownfield sites. This will provide real incentive for small builders and to people looking to build their own home. They will increase house building and help reduce the cost of such housing.

These latest policy changes illustrate how this Government continue to deliver the reform to our planning system which will enable more houses to be built, giving more power to local communities, helping people move on to and up the housing ladder.

Source:

<http://www.publications.parliament.uk/pa/cm201415/cmhansrd/cm141128/wmstext/141128m0001.htm#14112842000008>

Appendix 3: Extract from the Council's adopted Sites and Housing Plan (Policies HP3 and HP4)

Affordable homes

- A2.16 Meeting housing need is a key priority of the City Council. New affordable housing has a vital role in delivering sustainable, inclusive and mixed communities, both within a site, and across Oxford as a whole.
- A2.17 Core Strategy Policy CS24 – Affordable Housing states that generally a minimum of 50% of residential developments must be provided as affordable housing. The City Council generally expects affordable housing to be provided as part of the same development ('on-site'), to ensure a balanced community on the site.
- A2.18 Policies HP3 and HP4 set out the detail of how residential developments should contribute to affordable housing. The policy applies to all types of self-contained dwelling. This includes retirement homes, sheltered housing, Extra Care Housing, key worker housing, and all parts of any development that fall within Use Class C3. The policy does not apply to residential institutions such as care homes, nursing homes or hospitals, or to secure residential institutions, but will apply to any self-contained staff accommodation within these developments.

Provision of affordable housing on-site (10 or more homes)

- A2.19 Most sites in Oxford that have capacity for 10 or more homes can provide 50% affordable housing whilst remaining viable. Where a developer considers that meeting the 50% target will make a site unviable, they must provide robust evidence of this in the form of an independent viability appraisal. The City Council will expect the developer to negotiate on an "open book" basis which relates to the particular site circumstances that have resulted in the development's nonviability. The City Council will always expect developers to have considered the financial implications of affordable housing policy requirements, and local market indicators, when purchasing the land for development.
- A2.20 If the City Council is satisfied that the site would be unviable, a cascade approach will be used to determine an appropriate contribution. Policy HP3 builds on Core Strategy Policy CS24 by setting out how this cascade approach will operate.
- A2.21 Affordable housing must be truly affordable to those that need it. The City Council will require at least 80% of affordable housing provided on-site to be social rented. Due to exceptionally high private rents in Oxford, the alternative 'affordable rented' tenure will not be accepted as a substitute for social rented homes. Up to 20% of the affordable homes provided on-site may be provided as affordable rented or as other types of intermediate housing.
- A2.22 The City Council maintains the Housing Register for Oxford, and also monitors and manages allocations. The Council will use this and other available evidence to advise on the strategic mix of dwelling sizes required on new housing developments, including for key workers, to meet Housing Strategy objectives. The strategic mix currently set out in the Affordable Housing SPD (July 2006) will be updated in a future planning document. Affordable dwellings of 2 or more bedrooms should provide enough space within at least two bedrooms for at least two people to comfortably share. This allows for children to share bedrooms, and ensures that there is some extra space for expanding family households.

Policy HP3

Affordable Homes From Large Housing Sites

Planning permission will only be granted for residential development on sites with capacity for 10 or more dwellings, or which have an area of 0.25 hectares or greater, if generally a minimum 50% of dwellings on the site are provided as affordable homes.

*A minimum 80% of the affordable homes must be provided as social rented, with remaining affordable homes provided as intermediate housing.**

Exceptions will be made only if it can be robustly demonstrated that this level of provision makes a site unviable, in which case developers and the City Council will work through a cascade approach in the following order until a scheme is made viable:

- firstly, reduce the percentage of affordable housing provided (to a minimum of 40% of all homes) by reducing the intermediate housing element only;*
- secondly, at 40% affordable housing, reintroduce an element of intermediate housing incrementally up to a maximum 8% of all homes;*
- thirdly, make a financial contribution in lieu of on-site provision, to be calculated using the approach set out in Appendix 2.*

The applicant must demonstrate that the mix of dwelling sizes meets the City Council's preferred strategic mix for affordable housing.

Developers may not circumvent this policy by artificially subdividing sites.

* See Glossary for definitions

Provision of affordable housing through financial contributions (4–9 homes)

- A2.23 Much of Oxford's supply of new housing comes from small sites of less than 10 homes, or less than 0.25 hectares. It is important that these sites contribute to achieving a balanced community in Oxford. It is often not possible for these sites to provide 50% of homes as affordable without becoming unviable. It is difficult for a Registered Provider to efficiently manage individual households in dispersed locations.
- A2.24 The Affordable Housing Viability Study showed that most small sites of less than 10 homes can however make a financial contribution towards achieving a more balanced tenure mix across Oxford. This will be required on sites of 4 to 9 dwellings, and will specifically be used to deliver affordable housing elsewhere in Oxford. If it can be robustly demonstrated to the City Council that the full contribution would make the development unviable, the Council will expect any alternative sum to be negotiated on an "open book" basis, using the same principles as for on-site affordable housing.
- A2.25 In appropriate circumstances, provision may be made as on-site affordable housing. The City Council and the applicant must agree that on-site provision is inappropriate. On-site provision would be expected to make up generally a minimum of 50% of dwellings on the site, unless viability evidence demonstrates a need to reduce this.
- A2.26 Where homes are proposed as part of a mixed-use scheme, together with student accommodation and/or commercial development, account will be taken of the overall floorspace of all development on the site. Even if different uses each fall under the threshold for applying the relevant policy, the development as a whole may still trigger a requirement to contribute to affordable housing.

- A2.27 Sites that have capacity to provide only 3 homes or less (gross) will be exempt from the requirement, so that conversions of large homes to smaller dwellings are able to come forward, whilst meeting other important requirements such as Lifetime Homes.

Policy HP4

Affordable Homes From Small Housing Sites

Planning permission will only be granted for residential development on sites with capacity for 4 to 9 dwellings, if a financial contribution is secured towards delivering affordable housing elsewhere in Oxford. The contribution required will be 15% of the total sale value of the development, and will be calculated using the formula set out in Appendix 2.

Where both the City Council and the applicant agree that on-site affordable housing is appropriate, planning permission will be granted if generally a minimum 50% of dwellings on the site are provided as affordable homes.

If it can be demonstrated to the City Council that the full contribution would make the development unviable, the City Council will accept a lower contribution, in accordance with Appendix 2 (paragraph 6).

Developers may not circumvent this policy by artificially subdividing sites. For mixed-use residential developments that include student accommodation and/or commercial floorspace, the overall development floorspace will be used to determine the contribution required.

Appendix 4: Table of planning application scenarios and recommended approach

Scenario	Recommended approach
Proposal for 4-9 dwellings where the gross floor space is less than 1,000m ²	No financial contribution sought for affordable housing. Particular attention should be paid to whether the proposal makes efficient use of land (Policy HP9, CS24), considers the Balance of Dwellings SPD and whether the site is an artificial subdivision (Policy HP3, CS24) to potentially avoid on-site provision of affordable housing.
Proposal for 4-9 dwellings where the gross floor space exceeds 1,000m ²	Financial contribution towards affordable housing sought. Provision calculated in line with Policy HP4 (unless 'Vacant Building Credit' applies).
Proposal for 10 dwellings where the gross floor space is less than 1,000m ²	No financial contribution or on-site provision sought for affordable housing. Particular attention should be paid to whether the proposal makes efficient use of land (Policy HP9, CS24), considers the Balance of Dwellings SPD and whether the site is an artificial subdivision (Policy HP3, CS24) to potentially avoid on-site provision of affordable housing.
Proposal for 10 dwellings where the gross floor space is greater than 1,000m ²	50% on-site provision of affordable housing sought (Policy HP3). Provision calculated in line with Policy HP3 (unless 'Vacant Building Credit' applies).
Proposal for housing development on a site of 0.25ha or greater regardless of the number of dwellings	50% on-site provision of affordable housing sought(Policy HP3) because it is expected that a site of 0.25ha is capable of accommodating at least 10 dwellings. Provision calculated in line with Policy HP3 (unless 'Vacant Building Credit' applies).
Proposal for housing development of 11 or more dwellings	50% on-site provision of affordable housing sought (Policy HP3). Provision calculated in line with Policy HP3 (unless 'Vacant Building Credit' applies).
Vacant (but not abandoned) buildings on the development site are to be demolished or reused. e.g. 12 new dwellings are proposed on a site where 4 vacant dwellings are to be demolished.	Invoke the 'Vacant Building Credit'. In this example, as the development is for 12 dwellings it exceeds the Council's threshold for on-site affordable housing provision (Policy HP3). The affordable housing will therefore be expected to be provided on-site. With the change to PPG, the 4 dwellings to be demolished would be netted off the development. The PPG indicates that it is the floorspace rather than the number of dwellings that should be netted off. The precise mechanism for this would need to be worked through but potentially this example would result in the netting off of about 4 dwellings resulting in a net increase of 8 dwellings. By then applying the Council's policy of 50% affordable housing provision, the development would be expected to provide 4 dwellings on site (50% of 8 rather than 50% of 12 dwellings as

	would have been the case prior to the PPG change).
Commercial development	<p>The Ministerial Statement is clear that the purpose of the changes to the PPG are to help small-scale house builders and self-builders. The PPG changes do not relate to contributions from commercial development.</p> <p>Continue to apply Core Strategy Policy CS24 and the Affordable Housing and Planning Obligations SPD in relation to contributions from commercial development</p>
Student accommodation	<p>The Ministerial Statement is clear that the purpose of the changes to the PPG are to help small-scale house builders and self-builders. The PPG changes do not relate to contributions from student accommodation.</p> <p>Continue to apply Sites and Housing Plan Policy HP6.</p>
Should the Government's position change again, or other material changes take place e.g. through appeal decisions or legal challenges	The Council may review the approach set out in this report and revert back to applying HP4 in its entirety.

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