

Oxford North

Proposed Affordable Housing Review Mechanism

1. An affordable housing review will take place at 3 points:
 - a. if the development has not been substantially commenced within 24 months of the grant of consent. A material level of works beyond any grant or CIL funded works will be required (early stage review);
 - b. a mid stage review prior to the earlier of:
 - i. the beginning of Phase 3; or
 - ii. the submission of any reserved matter for Phase 4;
 - c. when 50% of the residential units in Phase 4 have been completed (late stage review);
2. If there is an alteration to the phasing plan then the timing of the review mechanism will be changed, if necessary, to ensure that it continues to secure the same protections for monitoring the viability of development and additional affordable housing to be provided if possible.
3. All three reviews will take place using the GLA model for review (varied as necessary). In broad terms this will look at the difference in the actual/estimated value of the proposals at the review date compared to the estimated value at the date of planning permission to determine whether there is more value being achieved or likely to be achieved. This will look at all sources of revenue from the proposals.
4. If there is a gross surplus then the review will look at whether there is an increase or decrease in costs comparing the then actual/estimated costs against those at the date of planning permission. The costs will be specified and will include an allowance for profit on any increase in costs. Any increase/decrease in costs will be deducted from the gross surplus to give a net surplus to be used for affordable housing.
5. A copy of the formula used by the GLA is set out below. It will need to be modified to reflect the Oxford North proposals, to refer to profit on cost levels and in the late stage review to refer to the payment of a cash sum.

X = Surplus profit available for additional on-site affordable housing

X = (A - B) - (C - D) - P

A = Estimated GDV of development as determined at the time of review (£)

B = Estimated GDV of development as determined at the grant of planning permission (£)

C = Estimated build costs as determined at the time of review (£)

D = Estimated build costs as determined at grant of planning permission (£)

P = (A - B) * Y; Developer profit on change in GDV (£)

Y = Developer profit as a percentage of GDV as determined at the application stage (%)

Notes:

(A - B) = Change in GDV from the date of planning permission to the date of review (£)

(C - D) = Change in build costs from the date of planning permission to the date of review (£)

6. If the early stage review identifies a net surplus then that sum shall be used to provide additional affordable housing. The conversion rate will be set in the planning agreement and will set the level of surplus that is required for each additional affordable housing unit of a specified size and tenure to be provided.
7. If there is a net surplus at the mid stage review then 60% of the sum will be used to convert market housing in Phase 4 into further affordable housing. The conversion rate will be set in the planning agreement and will set the level of surplus that is required for each additional affordable housing unit of a specified size and tenure to be provided.
8. The late stage review will use the same mechanism, appropriately adjusted to take account of the outcome of the mid stage review. The 60% share will be paid as a cash payment before 75% of the homes in Phase 4 are completed.
9. The level of affordable housing provided, either in units or cash equivalent, shall not exceed 50% across the site as a whole including affordable housing already provided.
10. There will be a planning obligation binding the Phase 4 land that will require the provision of the level of housing derived from the early and mid stage reviews to be provided regardless of any future change in ownership or new planning application.

11. There will be a planning obligation binding the Phase 4 land that will require the payment of the late stage review figure regardless of any future change in ownership or new planning application.
12. TWO will report annually providing an evidenced summary of:
 - a. costs including infrastructure;
 - b. residential values being achieved;
 - c. commercial rental values being achieved;
13. The effect of any change in the level of grant shall not be subject to the 40/60% split in the mid and late review mechanisms so that any increase in grant is reflected £ for £ in increased affordable housing.
14. Any change in the level of CIL shall be included in the calculation of the costs in the review mechanism.

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