

Lewes District Council

New Affordable Housing Technical Note: Supplementary Planning Document

Contents

1. Introduction
2. Definitions
3. Policy Guidance
4. Policy Obligations
5. Commuted Sums
6. Expected Standards
7. Planning Application Process for Residential Developments
8. Delivery Organisations
9. Monitoring

Appendices

- A. Map of High and Low Value Market Areas
- B. Commuted Sum Methodology
- C. Commuted Sums: Indicative Values
- D. Considerations for Residential Development Financial Viability Appraisals
- E. Other Key Policies, Documents and Sources of Information

1. Introduction

Background

- 1.1 Historically, the District of Lewes has experienced relatively high property prices. This persists to the present day, even when considering the District's location within the South East region. These circumstances are acknowledged in Spatial Policy 1 of the Lewes District Local Plan Part 1 – Joint Core Strategy (2016)¹ (the Core Strategy), which sets a housing delivery target of 345 net additional dwellings per annum. This equates to a minimum of 6,900 new homes to be developed over a 20 year period from 2010 to 2030. The Core Strategy² also recognises the need for more affordable homes, stating: 'Improving the amount and availability of affordable housing, both rented and shared ownership, is a priority due to relatively high house prices, below average wages, and continued in-migration.'
- 1.2 A number of continuing as well as newly arising circumstances will affect the Lewes District:
- Median household incomes are slightly higher than the England and Wales average, and the East Sussex average³;
 - Median and mean incomes are slightly lower than the Southeast average;
 - The percentage of households with income below 60 per cent of the national median income is higher than the Southeast average⁴;
 - There is variation between wards concerning the number of households considered as in poverty due to having income below 60 per cent of the national median⁵; and
 - From April 2017, a number of changes to benefits have taken effect placing extra strain on residents and services provided by Lewes District Council.
- 1.3 Lewes District Council is attempting to improve the provision of affordable homes following the adoption of Core Policies 1 and 2 of the Core Strategy. These Core Policies seek to address the key issues of delivering the homes and accommodation needed within the District, and ensuring the housing growth requirements are accommodated in the most sustainable way. To address these issues, in reference to the Planning Practice Guidance⁶, the Council will implement Core Policy 1 with a target of 40 per cent affordable housing on the site of new developments of 11 or more residential units. In designated rural areas (i.e. the National Park part of Lewes District), affordable housing, or financial contributions towards the provision of future affordable housing in the form of a commuted sum, will be sought on developments of 6 or more residential units. These requirements extend to the provision of affordable housing across the District regardless of localised property values.
- 1.4 Core Policy 1 explains that the affordable housing requirement may exceptionally be determined on a site by site basis where justified by market and/or site conditions. Where this is the case, and where replacement affordable units are not being provided by the

¹ LDC. (May 2016). Lewes District Local Plan Part 1 - Joint Core Strategy. (P.48).

http://www.lewes.gov.uk/Files/plan_Adopted_JCS_with_front_cover.pdf

² Ibid. (P.29).

³ LDC. (January 2014). Affordable Housing Needs Assessment 2013 – 2018. (P.12).

http://www.lewes.gov.uk/Files/plan_Affordable_Housing_Needs_Assessment.pdf

⁴ Ibid.

⁵ Ibid.

⁶ DCLG. (Revision date: 19 May 2016). Planning obligations. (Paragraph: 031, Reference ID: 23b-031-20161116). <https://www.gov.uk/guidance/planning-obligations>. Last accessed on 17/07/17.

developer on another site agreed with the Council, it will be necessary to secure the due affordable contribution in the form of a commuted payment.⁷

- 1.5 The Council is committed to the fundamental principle of planning obligations. Such obligations should not be used to 'buy' a planning permission nor should they be used as a method to tax a developer. Therefore, any development which is unsuitable in planning terms cannot be made acceptable by applying developer contributions to the scheme. Planning obligations cannot be sought or used to mitigate an existing problem in the area. They can only be sought against a future need that would be created by the proposed development.

Purpose of this document

- 1.6 A Supplementary Planning Document (SPD) is a planning policy document that builds upon and provides more detailed advice or guidance on the policies in a Local Plan. SPDs are material planning considerations in the determination of planning applications.
- 1.7 The purpose of this Supplementary Planning Document (SPD) is to provide an explanation of how the Council's affordable housing policy, as set out in the Core Strategy, is to be implemented. This includes advice concerning the standards required of the range of residential sites in order to deliver the affordable housing necessary to meet local needs.
- 1.8 The policy guidance relates to the Lewes District. It specifically refers to the areas within the Lewes District Council Planning Authority boundary, including the Low Weald to the north of the South Downs National Park and the coastal area to the south, and the Lewes District Council Housing Authority area covering the whole District. The areas covered correspond to the South Downs National Park boundary and are displayed in Appendix A of this technical note.
- 1.9 The document should be read in conjunction with Core Policy 1 and Core Policy 2 of the Core Strategy, and other relevant documents including the [National Planning Policy Framework](#) and the [Planning Practice Guidance](#), when considering making a planning application within the District. This document should be used as a guidance tool from the earliest stages of the development process of any site, including during purchase negotiations and the preparation of development schemes.
- 1.10 This technical note is intended to instruct the Local Planning Authority, developers, agents, landowners and other stakeholders in relation to:
- Policy requirements concerning delivery of affordable housing on all residential development sites;
 - Type and standard of affordable housing that is likely to be sought;
 - Calculations of any commuted sum payments;
 - The planning process, including assessment of financial viability of the development;
 - Delivery agencies for the affordable housing.

⁷ LDC and SDNPA (December 2011). Affordable Housing and CIL Viability Study. (P.xi).
http://www.lewes.gov.uk/Files/plan_AH_CIL_viability_study.pdf

- 1.11 The document has been developed to be sufficiently flexible enough to accommodate changes to national and local policy. The document will be reviewed regularly and in reference to changes to national policy, local policy and local evidence.

Status of this Supplementary Planning Document

- 1.12 This draft Affordable Housing SPD has been prepared for consultation with the local community and other stakeholders.
- 1.13 Once adopted, the Affordable Housing SPD will be a material consideration in the determination of planning applications.

Consultation

- 1.14 The Draft Affordable Housing SPD will be subject to consultation with key stakeholders including local developers, affordable housing providers, the local community and other interested parties between **late November 2017 and late January 2018.**
- 1.15 The SPD can be viewed and commented on via the Council's online consultation webpage, which can be accessed via the Lewes District Council website [Have Your Say](#). Representations can also be submitted by email or via post.

Email: ldf@lewes.gov.uk

Planning Policy
Southover House
Southover Road
Lewes
BN7 1AB

- 1.16 Following the 8 week consultation period, the Council will consider and summarise the representations received. These will be an important source of information which will be used to refine the SPD in preparing the final version. This will be formally adopted by the Council and used to assist in the evaluation of planning applications.

2. Definitions

2.1 If any of the definitions set out below are updated within the National Planning Policy Framework, or if any of the definitions not included in the National Planning Policy Framework are updated by the relevant organisation, the updated definitions will supersede those set out in this New Affordable Housing Technical Note.

2.2 The National Planning Policy Framework⁸ defines the following as:

Affordable housing

Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.

Social rented housing

Owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency (HCA).

Affordable rented housing

Let by local authorities or private registered providers of social housing to households who are eligible for social rented housing.

Affordable Rent

Subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).

Intermediate housing

Homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing. Homes that do not meet the above definition of affordable housing, such as 'low cost market' housing, may not be considered as affordable housing for planning purposes.

Starter homes

The Housing and Planning Act 2016⁹ defines a Starter Home as a new dwelling which is available for purchase by qualifying first-time buyers at least 23 years old and under the age of 40, and is to be sold at a discount of at least 20 per cent of the market value. Starter Homes are to be sold for less than the price cap of £250,000 outside of Greater London and £450,000 inside Greater London.

⁸ DCLG. (March 2012). National Planning Policy Framework. (P.50).

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6077/2116950.pdf

⁹ Housing and Planning Act 2016. (2016). Part 1: New Homes in England; Chapter 2: Starter Homes.
<http://www.legislation.gov.uk/ukpga/2016/22/enacted>

Serviced Plots

The Homes and Communities Agency¹⁰ defines Serviced Plots as “shovel ready” sites with planning permission, where plots or parcels are laid out and the land is ready for construction. Access is provided and each plot or parcel has utilities/services provided to the plot/parcel boundary.’

- 2.3 Reference is often made to ‘low cost housing’ when the term affordable housing is used. It is important to note that such housing may not fall within the above definitions, and therefore would not qualify towards the policy target of affordable homes.
- 2.4 The expectation is that affordable rents will be restricted to no more than the Local Housing Allowance rate due to affordability, although some specialist accommodation may justifiably be higher.

¹⁰ HCA. (June 2015). Custom Build Serviced Plots Loan fund Prospectus – Continuous Market Engagement. (P.3).https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/437275/CBSP_Prospectus_-_CME_full.pdf

3. Policy Guidance

- 3.1 Lewes District Council expects all developments, including those contributing affordable housing, to be delivered in line with national and local policies. The relevant policies include:

The National Planning Policy Framework and Planning Practice Guidance

- 3.2 Since the revocation of the South East Plan, the scale of future housing growth needs to have due regard to the policies set out in the National Planning Policy Framework and the Planning Practice Guidance. The key policy reference of the National Planning Policy Framework¹¹ is paragraph 47, which states that Local Plans should meet the full objectively assessed need for market and affordable housing as far as is consistent with other policies of the Framework. In light of this, Lewes District Council and the South Downs National Park Authority (SDNPA) worked in partnership with other authorities from the Sussex Coast Housing Market Area to produce a Duty to Co-operate Housing Study. For Lewes District, this study identifies a need to deliver between 9,200 – 10,400 net additional dwellings over the plan period (equivalent to 460 – 520 dwellings per annum).¹²

The Community Infrastructure Levy

- 3.3 The regulations regarding the Community Infrastructure Levy give full relief from paying the levy on the portions of the chargeable development intended for affordable housing. The District has no affordable housing requirement on developments of 5 (net) or less dwellings within the National Park (Designated Rural Area), and 10 (net) or less dwelling units which have a maximum combined gross floorspace of no more than 1,000 sq m, elsewhere in the District. This reflects the national policy position on this matter and also the Council's own evidence that demonstrates on schemes of 1 or 2 net additional dwellings the ability to bear both the cost of CIL and a commuted payment towards affordable housing could impact upon the viability of the scheme.

Vacant Building Credit¹³

- 3.4 Where a vacant building is brought back into any lawful use or is demolished to be replaced by a new building, and where this results in an overall increase in floorspace in the proposed development, the developer can 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 may be required for any increase in floorspace. This will apply in calculating either the number of affordable housing units to be provided within the development or where an equivalent financial contribution is being provided. Further information is available from the [Planning Practice Guidance - Planning obligations](#) webpage.

¹¹ DCLG. (March 2012). National Planning Policy Framework. (Pp.12-13).
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6077/2116950.pdf

¹² LDC. (May 2016). Lewes District Local Plan Part 1 - Joint Core Strategy. (Pp.44-45).
http://www.lewes.gov.uk/Files/plan_Adopted_JCS_with_front_cover.pdf

¹³ DCLG. (19 May 2016). Planning Practice Guidance: Planning obligations.
<https://www.gov.uk/guidance/planning-obligations>

Local policy

3.5 For the avoidance of doubt, in the event of any future change in Government policy that requires alternative thresholds, levels of types of affordable housing to be provided by development, the resulting national policy position will supersede the relevant part(s) of Core Policy 1 below, where necessary.

Box A: Core Policy 1 - Affordable Housing^{14, 15}

Key Strategic Objective:

- To deliver the homes and accommodation for the needs of the district and ensure the housing growth requirements are accommodated in the most sustainable way.
1. A district wide target of 40% affordable housing, including affordable rented and intermediate housing, will be sought for developments of 11 or more dwelling units. For developments in designated rural areas affordable housing, or financial contributions towards, will be sought on developments of 6 or more according to the stepped target and threshold below:

**Table 1: Affordable Housing Targets/Thresholds
(in designated rural areas)**

Affordable Housing Target/Threshold	
Scheme Size (Units)	Affordable Housing
6 - 8	2*
9 - 10	3*
11+	40%

***Commuted sum financial payment**

2. The affordable housing requirement may exceptionally be determined on a site by site basis where justified by market and/or site conditions. The target levels will be expected to be provided by all developments of 11 or more and 6 or more in designated rural areas (net) dwelling units (including conversions and subdivisions) unless the local planning authority is satisfied by robust financial viability evidence that development would not be financially viable at the relevant target level. Such evidence will be required to be submitted with the planning application to justify any reduced levels of affordable housing provision proposed for assessment using an open-book approach and may be subject to independent assessment (e.g. by the Valuation Office Agency or equivalent).

¹⁴ LDC. (May 2016). Lewes District Local Plan Part 1 - Joint Core Strategy. (Pp.81-86).

http://www.lewes.gov.uk/Files/plan_Adopted_JCS_with_front_cover.pdf

¹⁵ LDC. (May 2016). Latest on Core Policy 1 Affordable Housing. <http://www.lewes.gov.uk/corestrategy/>

3. The guideline affordable housing tenure split will be 75% affordable rented and 25% intermediate (shared ownership). The local planning authority will negotiate the appropriate tenure split on a site by site basis based upon the latest evidence of needs in the site locality.
4. Affordable housing units will be integrated throughout the development site, be indistinguishable in design and materials from the market housing on the site and remain affordable in perpetuity.

The strong presumption is that affordable housing will be provided on the development site. In exceptional circumstances, the local planning authority may, at its discretion, consider accepting in lieu an off-site contribution on another suitable serviced site provided by the developer in the first instance or a financial contribution of broadly equivalent value. In such circumstances the local planning authority will have particular regard to the need to develop mixed and balanced communities and will need to be persuaded that the affordable housing cannot satisfactorily be provided on the development site itself. In the National Park the focus will be on the provision of affordable housing to ensure that the needs of local communities in the National Park are met.

Where sites are allocated in a Development Plan Document a different affordable housing requirement may be specified (either higher or lower), taking into consideration any site specific factors that may affect financial viability and/or the wider planning benefits of the development of that site.

The local planning authority will monitor the delivery of affordable housing through the Authority Monitoring Report. In the event of persistent under delivery against this policy target and the Housing Strategy annual target the Council will review the targets and thresholds of this policy. In the event of a fall of 10% or more in East Sussex average house prices (Land Registry House Price Index June 2011 baseline) the local planning authority will review the thresholds and targets of this policy.

Due to the largely rural nature of the district, Rural Exception Sites for local needs affordable housing outside the planning boundary of rural settlements will continue to be considered according to the requirements of Policy RES10 carried forward from the Lewes District Local Plan 2003.

- 3.6 At the time of adoption, South Downs National Park Authority was developing new policy in relation to affordable housing thresholds and percentages required for the SDNPA area. As and when this policy is consulted on and adopted by SDNPA, any variation in policy from the Core Strategy will supersede the text set out in Box A: *Core Policy 1 - Affordable Housing* above, with reference to the SDNPA area.

Box B: Core Policy 2 – Housing Type, Mix and Density¹⁶

Key Strategic Objectives:

- To deliver the homes and accommodation for the needs of the district and ensure the housing growth requirements are accommodated in the most sustainable way.
- To conserve and enhance the high quality and character of the district's towns, villages, and rural environment by ensuring that all forms of new development are designed to a high standard and maintain and enhance the local vernacular and 'sense of place' of individual settlements.
- To maximise opportunities for re-using suitable previously developed land in urban areas and to plan for new development in the highly sustainable locations without adversely affecting the character of the area.

In order to deliver sustainable, mixed and balanced communities, the local planning authority will expect housing developments (both market and affordable) to:

1. Provide a range of dwelling types and sizes to meet the identified local need, based on the best available evidence. This need will generally include 1 and 2 bedroom homes for single person households and couples with no dependents. Account will also need to be given to the existing character and housing mix of the vicinity and, where appropriate, the setting of the National Park and its Purposes and Duty.
2. Provide flexible, socially inclusive and adaptable accommodation to help meet the diverse needs of the community and the changing needs of occupants over time. This need will include accommodation appropriate for the ageing population and disabled residents.
3. Reflect the site context including the character of the surrounding area, site accessibility, and the size and type of dwellings needed in the locality, to achieve densities in the region of 47 to 57 dwellings per hectare for the towns and 20 to 30 dwellings per hectare for the villages. Higher or lower densities may be justified by the specific character and context of a site. Densities to be achieved on strategic sites are indicated in the capacity and development principles of each strategic allocation in the Core Strategy. Densities to be achieved on non-strategic allocated sites will be similarly identified in the development principles that accompany each site allocation in the relevant subsequent DPD.
4. Where appropriate, the local planning authority will identify sites and local requirements for special needs housing (such as for nursing homes, retirement homes, people with special needs including physical and learning disabilities, specific requirements of minority groups etc) in a Site Allocations and Development Management Policies DPD and/or the SDNPA Local Plan.

¹⁶ LDC. (May 2016). Lewes District Local Plan Part 1 - Joint Core Strategy. (Pp.86-89).
http://www.lewes.gov.uk/Files/plan_Adopted_JCS_with_front_cover.pdf

Development Site Standards and Characteristics

- 3.7 A particular site's characteristics and the development as a whole should be reflected in the affordable housing mix of dwelling tenure, type and size. The Council's planning team will advise on the exact tenure, type and size split on each site through pre-application discussions.
- 3.8 It is expected that affordable housing provided onsite will be subject to the same standards and be indistinguishable from the open market housing. The provision of onsite affordable housing should be integrated into the layout of the development through 'pepper-potting' within market housing, in order to fully reflect the distribution of property types and sizes in the overall development. The Council recognises that pepper-potting may not be possible on development sites consisting of 25 dwellings or less. For developments consisting of more than 25 dwellings, discussions are required between the Council and the applicant/developer on a site-by site basis. It is expected that the nationally described space standards, as set out in Section 6 of this Affordable Housing Technical Note, will also be adhered to.
- 3.9 Within flatted developments it is accepted that management and other requirements could mean floors, wings or whole blocks will generally be designated for affordable or market housing, or that on larger developments affordable housing is likely to be provided in small clusters around the development. Any such management issues will be taken into consideration in order to arrive at a consensus which is beneficial to the provision of affordable housing.
- 3.10 The housing should comply with all relevant design and quality codes and standards as set out by the Homes and Communities Agency or other associated national bodies, as well as any corresponding local guidance and specifications.

Delivery of Affordable Housing Provision

- 3.11 Information gathered from the Council's Housing Register provides an indication of the need for each dwelling type. With reference to this, the Council will expect the affordable housing units within each development to be provided in line with the following dwelling mix:
- 1 bedroom: 50 per cent;
 - 2 bedrooms: 30 per cent;
 - 3 bedrooms: 15 per cent; and
 - 4+ bedrooms: 5 per cent.
- 3.12 Housing proposals will be expected to make efficient use of land in accordance with Core Policy 2 of the Core Strategy. Any proposal that appears to have an artificially low density as a possible measure to avoid the required thresholds for affordable housing will be scrutinised and may be refused planning permission, where it fails to make efficient use of land and provide appropriate levels of affordable housing.
- 3.13 Affordable housing should be delivered by one of the housing providers which have a strong stake within the area. The choice of housing provider should be agreed upon by the developer with the Council.

- 3.14 It is expected that the majority of new affordable housing delivered in line with this SPD will be delivered without the aid of a grant. The price to be paid by the housing provider or other private sector body to the developer will therefore need to be an amount that delivers the housing as affordable housing without the input of social housing grant.
- 3.15 The provision of affordable housing will be subject to a Nominations Agreement between the Council and the housing provider. A copy of the template of a Nominations Agreement will be attached as part of the Section 106 Agreement template. This will be made available at the moment the planning application is made.

Timeline

- 3.16 The Council expects delivery of affordable housing to be considered by the developer as a priority contribution, after the provision of essential development prerequisites, such as highways requirements and flood storage provision, for example.
- 3.17 The Council expects 50 per cent of affordable housing dwellings to be completed by the time no more than 25 per cent of the open market dwellings are occupied, and 100 per cent of affordable housing dwellings to be completed by the time no more than 50 per cent of the open market dwellings are occupied. The Council is willing to negotiate the timeline to agree upon a phasing plan.

4. Policy Obligations

Application of Policy

- 4.1 The requirement for affordable housing applies to all developments that would result in net additional residential units being provided within the C3 Planning Use Class.
- 4.2 The criteria for determining whether the use of particular premises should be classified within the C3 Use Class include both the manner of the use and the physical condition of the premises. Premises can properly be regarded as being used as a single dwelling house where they are:
- A single, self-contained unit of occupation which can be regarded as being a separate 'planning unit' distinct from any other part of the building containing them;
 - Designed or adapted for residential purposes – containing the normal facilities for cooking, eating and sleeping associated with use as a dwelling house.¹⁷
- 4.3 For clarity, the affordable housing policy applies to sheltered, extra care and assisted living residential development in the same way as it does to general dwelling houses, where each residential unit is designated within the C3 Planning Use Class. It also applies to conversions and subdivisions where there is a net residential gain of 11 or more dwelling units and 6 or more in designated rural areas. The affordable housing requirements do not apply to developments designated within the C2 Planning Use Class.

Prioritisation of Affordable Homes

- 4.4 The strong presumption is that the policy of affordable housing will be delivered on all developments of 11 or more dwelling units and 6 or more in designated rural areas (i.e. the National Park part of Lewes District). Therefore, there is a firm expectation that affordable housing will be provided on the development site, where provision could reasonably be made under the terms of the policy without making the development non-viable. The policy is not intended to operate in a way that renders development non-viable and thereby reduces development coming forward. Section 7 of this Affordable Housing Technical Note explains how viability issues will be considered, so that where it is demonstrated that development would not be viable with the contribution required under the policy, the level of contribution can be reduced or waived to ensure that development remains viable.
- 4.5 The priority for Lewes District Council is to increase the number of affordable homes within the District, and ideally developers will build the correct number and mix of affordable dwellings in accordance with Core Policies 1 and 2. However, where this is not possible the Council will work to a four tier system of general principles, weighted towards the independently assessed financial viability of each of the following options. The Council recognises there will be variation in circumstances, and will assess each development on a site-by-site basis. The four tiers are:
- I. The Council's onsite preferred mix;
 - II. An onsite alternative mix to be agreed upon by the Council and the relevant developer(s);
 - III. A level of affordable housing onsite which is less than the specified threshold;

¹⁷ DCLG. (November 2012). Changes to Planning Regulations for Dwellinghouses and Houses in Multiple Occupation. (Pp.2-6).
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5678/1759707.pdf

IV. A commuted sum.

- 4.6 In some circumstances the Council may be willing to negotiate with the applicant/developer the acceptance of a serviced plot as payment in kind with a commuted sum of relatively lower value. This will be commensurate to the value of the commuted sum which would otherwise be calculated and paid to the Council in the absence of acceptance of the serviced plot. The value of serviced plots for each dwelling type will be based on those displayed in *Table 2: Affordable Housing Commuted Sum Payment Table* of this document.

Payment and Allocation of Commuted Sums

- 4.7 If, following negotiations between Lewes District Council and the applicant, the outcome is that a commuted sum is to be paid to the Council, the commuted sum will be based on the size of the dwellings as agreed between the Council and the applicant during the planning application stage. The sum to be paid will be calculated based on the size of the internal floor area of the proposed dwellings, on a per square metre (sq m) basis. The methodology used to calculate the contribution per square metre is set out in Appendix B.
- 4.8 The Council is aware that during pre-application discussions, applicants/developers may assert that affordable housing would be undeliverable on a development site, before submitting a formal planning application. In some circumstances it will be agreed between the Council and the applicant/developer that a commuted sum will be paid to the Council, in lieu of the affordable housing which would have been built. The commuted sum to be paid will be based on the dwelling type and size of the affordable housing which the Council deems would be most suited to the current housing needs on that particular development site, following discussions with the applicant/developer.
- 4.9 The commuted sum to be paid and the payment schedule will be reflected in the Section 106 Agreement. For developments within the District which are not in designated rural areas, the expectation is that the commuted sum will be paid prior to the commencement of the development and this will also be reflected in the Section 106 Agreement. However, Lewes District Council recognises the potential for economic conditions to change. With reference to this, the Council may agree to an alternative payment schedule. More information regarding [Section 106 Agreements](#) is available from the Council website.
- 4.10 The Planning Practice Guidance¹⁸ states that in designated rural areas affordable housing and tariff style contributions may 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. Decisions concerning the payment of commuted sums for developments in designated rural areas will be based on national policy and local evidence, in consultation with the Planning Authority. The payment schedule will be outlined in the Section 106 Agreement.
- 4.11 The Planning Practice Guidance¹⁹ states that contributions should not be sought from developments of 10 units or less, and which have a maximum combined gross floorspace of no more than 1,000 square metres (sq m). If the number of dwellings to be

¹⁸ DCLG. (Revision date: 19 May 2016). Planning obligations. (Paragraph: 031, Reference ID: 23b-031-20161116). <https://www.gov.uk/guidance/planning-obligations>. Last accessed on 17/07/17.

¹⁹ Ibid.

built on a development site is below the threshold regarding the number of units required to contribute affordable housing, but has a combined gross floorspace of more than 1,000 sq m, the Council expects that either affordable housing units will be built on the development site, or a commuted sum will be paid to the Council. The number of affordable units to be built on the development site or the commuted sum to be paid, will apply to the total development site in line with the thresholds as stated in Core Policy 1 of the Core Strategy, i.e. 40 per cent affordable housing or the equivalent commuted sum will be sought from the applicant/developer.

- 4.12 In circumstances where a development consists of 10 units or less, but it is determined that a commuted sum is to be paid to the Council due to the development exceeding a combined gross floorspace of 1,000 sq m, the commuted sum to be paid will be calculated based on the size of the gross internal floor area of the proposed dwellings on a per sq m basis, as specified by the Royal Institution of Chartered Surveyors at September 2015²⁰. The calculation includes integral garages, and excludes ancillary uses such as sheds, greenhouses and adjacent garages.
- 4.13 The Council will have a maximum of 10 years from the date of payment to spend the commuted sum. After this time any unspent money will be refunded. The details of which will be stipulated in the Section 106 Agreement. Where a financial contribution is secured via a Section 106 Agreement, the contribution will be 'ring-fenced' and used to meet the Council's affordable housing objectives.
- 4.14 In order to maximise the benefits derived from deployment of any commuted sums in addressing the affordable housing needs of the District, the Council will prioritise expenditure on a one-for-one basis. Where this is not possible, the Council will look to maximise the number of units to be built.
- 4.15 The intention will be to spend any commuted sums within the close geographical proximity to where the commuted sum was generated, but may be spent anywhere in the District. In some circumstances, commuted sums may be pooled and used to enable the provision of affordable housing, as determined by the Council.
- 4.16 The Council will maintain a record of all commuted sums received and will monitor how the sums are spent.

Planning Obligations - Section 106 Agreements

- 4.17 A planning obligation (Section 106 Agreement) is a legal agreement or undertaking between the Council and an applicant/developer, executed as a deed, to restrict the use of the land or to do any of the things listed in section 106(1) of the Town and Country Planning Act 1990. The Council will require the Section 106 Agreement to be executed by all those with an interest in the land and the obligations will generally be binding against all those party to the agreement and their successors in title. An obligation requires the applicant/developer to provide either a financial contribution, physical infrastructure or a management plan in relation to their development proposal, and otherwise restricts what can be done with land following the granting of planning permission. Planning obligations

²⁰ Royal Institution of Chartered Surveyors. (18 September 2015). Gross Internal Floor Area (GIFA) and International Property Measurement Standard (IPMS) for Offices.
<http://www.rics.org/uk/knowledge/bcis/about-bcis/forms-and-documents/gross-internal-floor-area-gifa-and-ipms-for-offices/>

are now mainly used to deliver site-specific mitigations that may be required to make the development acceptable in planning terms.

4.18 A Section 106 Agreement will be drawn up by the Council, which forms the legal framework in order that the applicant/developer delivers affordable housing onsite, offsite, or contributes financially through a commuted sum payment or serviced plots. The purpose of a Section 106 Agreement is to secure affordable housing in perpetuity for local people most in need, and at prices and rents which remain affordable.

4.19 For all planning applications that require affordable housing, the affordable housing will be secured through the signing of a Section 106 Agreement. This relates to all sites above the stated thresholds. Guidance notes on the submission of [Heads of Terms](#) for Section 106 Agreements are available from the Council website.

Mortgagee in Possession Clauses

4.20 In consultation with the applicant/developer the Council will look to support Mortgagee in Possession Clauses which have a time period of three months or less.

5. **Commuted Sums**

- 5.1 In accordance with Core Policy 1, and in reference to the Planning Practice Guidance²¹, an affordable housing contribution is sought from residential developments of 11 or more and 6 or more in designated rural areas (i.e. the National Park part of Lewes District) which involve a net gain in the number of units onsite. The Council recognises that occasionally it may be difficult to provide affordable homes within the smallest developments, and therefore on such sites a commuted sum based on the associated threshold of affordable housing may be accepted towards improving the provision of affordable housing offsite.
- 5.2 A commuted sum will only be applicable to developments where delivery onsite is assessed as unviable and is agreed by the Council, or where a financial contribution in lieu of a percentage of a unit is required (i.e. less than 1 whole unit). The Council will use the *Affordable Housing Commuted Sum Payment Table* below to calculate the commuted sum payments.
- 5.3 The size of any affordable housing will be agreed between the Council and the applicant/developer during the application stage. If, following the submission of a planning application, the applicant/developer subsequently asserts that the affordable housing component of the development is unviable, a commuted sum may be sought. The commuted sum will be based on the size of the affordable housing which it was originally agreed would be built. However, if no agreement in terms of size can be reached, the commuted sum to be paid will be based upon the average (mean) internal dwelling size of all dwellings across the development site.

Commuted Sum Calculation

- 5.4 The Council's approach to calculating the offsite financial contribution, the commuted sum, is to base the calculation on the cost of providing affordable housing on another site without subsidy. The financial contribution is based on the development cost within an equivalent development to construct affordable housing.
- 5.5 The basis for calculating the cost to the developer of onsite provision will be the Affordable Housing Commuted Sum Payment Table, which is arranged by market value area, housing type and the Council's expected space standards for affordable housing sizes. Where the policy results in a percentage of a unit to be provided, this percentage can be calculated in monetary terms using the Payment Table.
- 5.6 The method calculates the commuted sum by assessing the average market sales value of housing. The serviced plot value is then subtracted. Of the remaining development costs forty per cent of this is calculated, and then divided by the Council's expected dwelling size (internal floor area by square metre), to arrive at the contribution per square metre (sq m). Appendix B of this Affordable Housing Technical Note provides further explanation of the methodology used to construct the Affordable Housing Commuted Sum Payment Table.
- 5.7 In using the Payment Table, the commuted sum for each unit will be calculated based on the internal floor area (sq m) of the development. This will be multiplied by the 'contribution per

²¹ DCLG. (Revision date: 19 May 2016). Planning obligations. (Paragraph: 031, Reference ID: 23b-031-20161116). <https://www.gov.uk/guidance/planning-obligations>. Last accessed on 17/07/17.

sq m' cell in the Payment Table. If the calculation required relates to a percentage of a unit, then a percentage of this sum will be calculated.

5.8 For the purposes of affordable housing provision and based on an independent assessment, Lewes District Council has chosen to divide the District into two value market areas. These areas reflect the dwelling prices across the District, which affect the residual site values and the financial viability of delivering affordable housing on sites within these market value areas. Appendix A contains a map displaying the High and Low Value Market Areas. Developments located within either the High Value Market Area or the Low Value Market Area are required to deliver the associated targets for affordable housing. The commuted sums for dwellings of various sizes and located in both of these market areas are summarised in Table 2: Affordable Housing Commuted Sum Payment Table.

Table 2: Affordable Housing Commuted Sum Payment Table * **

Lewes District - High Value Market Area

Commuted Sum Values	Studio Flat	1 Bed Flat	2 Bed Flat	2 Bed House	3 Bed House
Unit Size - m ²	39	50	61	79	93
MV completed unit (MV)	£120,000	£170,000	£220,000	£265,000	£330,000
Serviced Plot Value per unit (SPV)	£11,072	£26,602	£42,131	£64,441	£89,207
MV - SPV = Development Costs	£108,928	£143,399	£177,869	£200,559	£240,793
40% of Development Costs	£43,571	£57,359	£71,147	£80,224	£96,317
Contribution per sq m	£1,117	£1,147	£1,166	£1,015	£1,036

Commuted Sum Values	4 Bed House	5+ Bed House	1 Bed Bungalow	2 Bed Bungalow	3+ Bed Bungalow
Unit Size - m ²	106	119	50	70	86
MV completed unit (MV)	£375,000	£425,000	£250,000	£275,000	£310,000
Serviced Plot Value per unit (SPV)	£101,398	£117,108	£80,815	£61,846	£57,225
MV - SPV = Development Costs	£273,602	£307,892	£169,185	£213,154	£252,775
40% of Development Costs	£109,441	£123,157	£67,674	£85,262	£101,110
Contribution per sq m	£1,032	£1,035	£1,353	£1,218	£1,176

Table 2 continued:

Lewes District - Low Value Market Area

Commuted Sum Values	Studio Flat	1 Bed Flat	2 Bed Flat	2 Bed House	3 Bed House
Unit Size - m ²	39	50	61	79	93
MV completed unit (MV)	£105,000	£150,000	£215,000	£210,000	£230,000
Serviced Plot Value per unit (SPV)	£517	£12,529	£38,613	£25,742	£18,845
MV - SPV = Development Costs	£104,483	£137,471	£176,387	£184,258	£211,155
40% of Development Costs	£41,793	£54,988	£70,555	£73,703	£84,462
Contribution per sq m	£1,072	£1,100	£1,157	£933	£908

Commuted Sum Values	4 Bed House	5+ Bed House	1 Bed Bungalow	2 Bed Bungalow	3+ Bed Bungalow
Unit Size - m ²	106	119	50	70	86
MV completed unit (MV)	£250,000	£280,000	£225,000	£250,000	£275,000
Serviced Plot Value per unit (SPV)	£13,446	£15,083	£63,224	£44,255	£32,598
MV - SPV = Development Costs	£236,554	£264,917	£161,776	£205,745	£242,402
40% of Development Costs	£94,622	£105,967	£64,710	£82,298	£96,961
Contribution per sq m	£893	£890	£1,294	£1,176	£1,127

* Unit sizes taken from Table 1 - Minimum gross internal floor areas and storage (m2) - Technical housing standards – nationally described space standard (DCLG, March 2015; P.5).

** Figures rounded to nearest £.

5.9 The Council will review the Affordable Housing Commuted Sum Payment Table, to reflect any changes in economic viability over the lifetime of the Core Strategy. This will ensure that commuted sums remain financially viable for all relevant development types, and that affordable housing contributions will not compromise residential development in the foreseeable future. Monitoring is explained in section 9. *Monitoring* of this document.

5.10 The following worked examples demonstrate how to calculate the commuted sum for a proposed development, if onsite delivery of the affordable housing is assessed as being unviable, or where a commuted sum for a percentage of a unit is required.

Box C: Worked example for commuted sum payment in lieu of delivery of affordable housing units

Development: Net delivery of 15no 2 bedroom houses within the High Value Market Area, each with an internal floor area of 80 square metres.

Policy requirement of 40 per cent affordable housing: $0.40 \times 15 = 6$ affordable units

Delivery:

- (1) Onsite delivery of 6 affordable units, appropriately arranged on the site; or
- (2) If justified as unviable to deliver 6no 2 bedroom houses onsite, and if tiers I to III as set out in paragraph 4.5 are assessed as undeliverable and it is agreed by the Council, use the Affordable Housing Commuted Sum Payment Table to calculate the sum payment for the full quota of 6no 2 bedroom houses at £1,015 per sq m.

The financial contribution would be calculated as:

$$6 \text{ units} \times 80 \text{ sq m} \times \text{£1,015} = \text{£487,200}$$

Box D: Worked Example for commuted sum payment for a percentage of an affordable unit

Development: Net gain of 12no 2 bedroom flats within the Low Value Market Area, each with an internal floor area of 65 square metres.

Policy requirement of 40 per cent affordable housing: $0.40 \times 12 = 4.8$ affordable units.

Delivery:

- (1) Onsite delivery of 5 affordable units, appropriately arranged on the site; or
- (2) Onsite delivery of 4 affordable units and a commuted sum for 0.8 (80 per cent) of a 2 bedroom flat, calculated from the Affordable Housing Commuted Sum Payment Table at £1,157 per sq m.

The financial contribution would be calculated as:

$$0.8 \text{ units} \times 65 \text{ sq m} \times \text{£1,157} = \text{£60,164}$$

- (3) If justified as unviable to deliver the affordable units on site, use the Affordable Housing Commuted Sum Payment Table to calculate the sum payment for the full quota of 4.8no 2 bedroom flats at £1,157 per sq m.

The financial contribution would be calculated as:

$$4.8 \text{ units} \times 65 \text{ sq m} \times \text{£1,157} = \text{£360,984}$$

Indicative values of commuted sums to be paid are displayed in Appendix C.

Application of Commuted Sums where affordable housing provision is not suitable

5.11 In the following instances it may not be considered appropriate to deliver affordable housing units onsite. In these instances, the Council may alternatively seek either a commuted sum or offsite provision:

- Where the policy requirement results in a percentage of less than one whole unit being provided. A commuted sum will be required for this percentage of a unit. Commuted sum payments will be calculated using the Payment Table which is explained in this SPD. All commuted sums collected by the Council will be used to help deliver new and additional affordable housing;
- Where the development consists of a flatted development, including new build and conversion or refurbishment of existing buildings, where it would not be possible on technical or architectural grounds to provide a separate entrance and access areas for the affordable housing separate from that fitted for housing provided at full market rates. This will be independently assessed and verified;
- Where the development consists of a high value flat or similar development with high service charges, which would affect the overall affordability of housing. The relevant housing provider will assess whether the housing is affordable.

6. Expected Standards

Space Standards

- 6.1 The Council's expected space standards for affordable housing, taken from the DCLG document *Technical housing standards – nationally described space standard*²² are set out in Table 3: Expected gross internal floor areas and storage (m²).
- 6.2 The Gross Internal Area of a dwelling is defined as the total floor space measured between the internal faces of perimeter walls that enclose the dwelling. This includes partitions, structural elements, cupboards, ducts, flights of stairs and voids above stairs. The Gross Internal Area should be measured and denoted in square metres (m²). The Gross Internal Areas in Table 3 will not be adequate for wheelchair housing (Category 3 homes in Part M of the Building Regulations) where additional internal area is required to accommodate increased circulation and functionality to meet the needs of wheelchair households.

Table 3: Expected gross internal floor areas and storage (m ²)					
Number of bedrooms (b)	Number of bed spaces (persons)	1 storey dwellings	2 storey dwellings	3 storey dwellings	Built-in storage
1b	1p	39 (37) ²			1.0
	2p	50	58		1.5
2b	3p	61	70		2.0
	4p	70	79		
3b	4p	74	84	90	2.5
	5p	86	93	99	
	6p	95	102	108	
4b	5p	90	97	103	3.0
	6p	99	106	112	
	7p	108	115	121	
	8p	117	124	130	
5b	6p	103	110	116	3.5
	7p	112	119	125	
	8p	121	128	134	
6b	7p	116	123	129	4.0
	8p	125	132	138	

- 6.3 Where possible, the Council will always seek 2 bedroom flats able to house 4 persons, where viable.

²² DCLG. (March 2015). Technical housing standards – nationally described space standard. (P.5). https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/421515/150324_-_Nationally_Described_Space_Standard_Final_Web_version.pdf

Quality of Design, Materials and Construction

- 6.4 Development schemes should be designed with a view to reducing any ongoing management, maintenance and repair costs. Developments should also make use of good quality materials. This will reduce the risk of properties no longer being kept in good condition, falling into disrepair or blighting the area in the future. Designs which do not accommodate the long-term maintenance requirements, or use of low quality materials will not be acceptable to the Council.
- 6.5 The expectation is that homes will be built to Level 2 of the Accessibility Standard²³ where possible, and will comply with requirement M4(2) of *Approved Document M: access to and use of buildings, volume 1: dwellings*²⁴. Further information regarding building regulations is set out in the Department for Communities and Local Government's [Approved Documents](#).

²³ DCLG. (August 2013). Housing Standards Review: Illustrative Technical Standards Developed by the Working Groups. [https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/230251/2 - Housing Standards Review - Technical Standards Document.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/230251/2_-_Housing_Standards_Review_-_Technical_Standards_Document.pdf)

²⁴ DCLG. (March 2016). Approved Document M: access to and use of buildings, volume 1: dwellings. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/540330/BR_PDF_AD_M1_2015_with_2016_amendments_V3.pdf

7 Planning Application Process for Residential Developments

- 7.1 The key stages involved in processing the affordable housing requirements for residential development schemes are set out below. Further information regarding the planning application process, including pre-application advice and how to make an application is available from the Council's [Planning Application Process](#) webpage.

Step 1 – Pre-application Discussions

- 7.2 The Council encourages all applicants (whether developers, land agents or individuals) to undertake pre-application discussions with the Council's Planning and Housing Officers to discuss any proposed residential developments. In order to deliver the requirements of the housing policy, it will be essential to discuss the financial viability of the scheme at an early stage, and particularly if the prospective applicant believes that viability may be compromised as a result of the Council's affordable housing policy. Appendix D provides advice regarding the information applicants should consider in their financial viability appraisals of development schemes for affordable housing.
- 7.3 The affordable housing policy will be applied in line with *Core Policy 1* and *Core Policy 2* of the *Core Strategy*. This will involve taking into account other planning considerations which may affect the affordable housing to be provided. Regard will be made to:
- The viability of development, considering the need and cost of supporting infrastructure on and off the site and any unavoidable and necessary site remediation to resolve environmental hazards;
 - The location and character of the site;
 - The tenure of affordable housing and type of dwelling units required in relation to the housing needs and the viability of specific developments;
 - The current availability of affordable housing in the local area when measured against demand for such accommodation; and
 - Any updated national policy and/or guidance to be implemented.

Step 2 – Financial Viability Assessment of the Development

- 7.4 When assessing the financial viability of a residential development the applicant should refer to the considerations listed in Appendix D of this Affordable Housing Technical Note, unless there are any justified overriding factors. The Council recommends using an independent viability expert to assist in assessing the viability of the proposed development. Applicants may use their own viability assessment toolkit to assess financial viability, for which their figures should be independently verified by a qualified valuation officer or an organisation that is a full member of the Royal Institute of Chartered Surveyors (RICS), prior to the submission of the application. Should any such viability assessment assert that a development is unviable, the Council will, if necessary, commission an independent viability expert to scrutinise the assessment. The cost of any such assessment will be paid by the applicant.
- 7.5 If an applicant/developer considers that the mandatory requirements of the Council's policy in respect of affordable housing cannot be met on a particular site, then any such representation must be justified in an evidenced and 'open-book' Viability Assessment and supporting statement, including all necessary information to demonstrate and justify residual values. These should be provided by the applicant/developer to the Council during

the pre-application discussions. The Council will therefore need to receive all the required figures for the Viability Assessment, including a Residual Valuation prior to the application being validated for consideration. This will prevent unnecessary delays to applications being decided. If the application is submitted without a satisfactory Viability Assessment, then it is likely that the application will be recommended for refusal.

Step 3 – Open Book Approach with Lewes District Council

- 7.6 The ‘open book’ approach detailed above will allow any reduced or amended affordable housing contribution to be assessed and agreed prior to the submission of a formal planning application. In this way data which the applicant may regard as commercially sensitive will remain outside the public domain. This approach will also assist in the efficient consideration of the planning application.
- 7.7 If the Council is required to seek an opinion from an independent viability expert, then this cost will be borne by the applicant. A liability notice to pay the viability expert fees will be issued by the Council, from which there will be a four week period for the Council to receive payment from the applicant. If this payment is not received the application cannot be progressed. The independent viability expert will consider the financial impact of the cost of the affordable housing on the overall viability of the development. In making this assessment, the viability expert will build in an assumed acceptable developer profit level. If the provision of affordable housing in line with the Council’s policy is proven to affect the overall viability of the development, the viability expert will calculate the total viability shortfall cost: the additional sum required to make the development viable for the developer with onsite affordable housing provided.

Step 4 - Next Steps if the site is assessed as unviable

- 7.8 If it is agreed that the requirements of the Council’s affordable housing policy will render a site unviable, the Council’s Planning and Housing Officers will work with the applicant/developer until overall delivery is considered viable. The Council’s general preferences, in line with the overall provisions of Core Policy 1, are set out in order of priority in paragraph 4.5. Listed below, in sequential order, are options the Council will work through with the applicant/developer on a site-by-site basis to ensure viability. This provides further elaboration of the options discussed in the Core Strategy:

- An amended mix of affordable tenures to deliver in full the required quota of affordable homes on the application site;
- Delivery in full of the required quota of affordable homes on an alternative suitable and serviced site elsewhere within Lewes District, completion of such homes to be achieved within a similar time line to that established for the affordable housing originally proposed for the application site;
- A reduction in the number of affordable homes to be delivered on the application site;
- A commuted sum equivalent in value to the cost to the developer of onsite provision. All commuted sums collected by the Council will be used to help deliver new and additional affordable housing. As stated above, commuted sums will need to be spent by the Council within 10 years from the date of payment;
- Support for an application to the HCA for grant funding to deliver in full the required quota of affordable homes on the application site. It should be noted that HCA policy is not to award grant funding to schemes subject to the provisions of a Section

106 Agreement, other than in the most exceptional of circumstances. The Council reserves the right to reject this option if to do so would adversely impact upon the time taken to determine the application;

- An application to the Council for grant funding to deliver in full the required quota of affordable homes on the application site. It should be noted that the Council does not award grant funding to developments subject to the provisions of a Section 106 Agreement, other than in the most exceptional of circumstances. The Council reserves the right to reject this option if to do so would adversely impact upon the time taken to determine the application;
- To abandon the requirement for affordable housing to be provided or funded as a consequence of the development. This option will not normally be considered unless there is clear, justifiable and independently verified evidence that none of the options detailed above are viable.

7.9 Applicants/developers should be aware that alternatives to onsite provision can only proceed with the agreement of the Council. Offers of alternative arrangements or provision will not automatically be accepted by the Council without working through the options listed in paragraph 7.8 above.

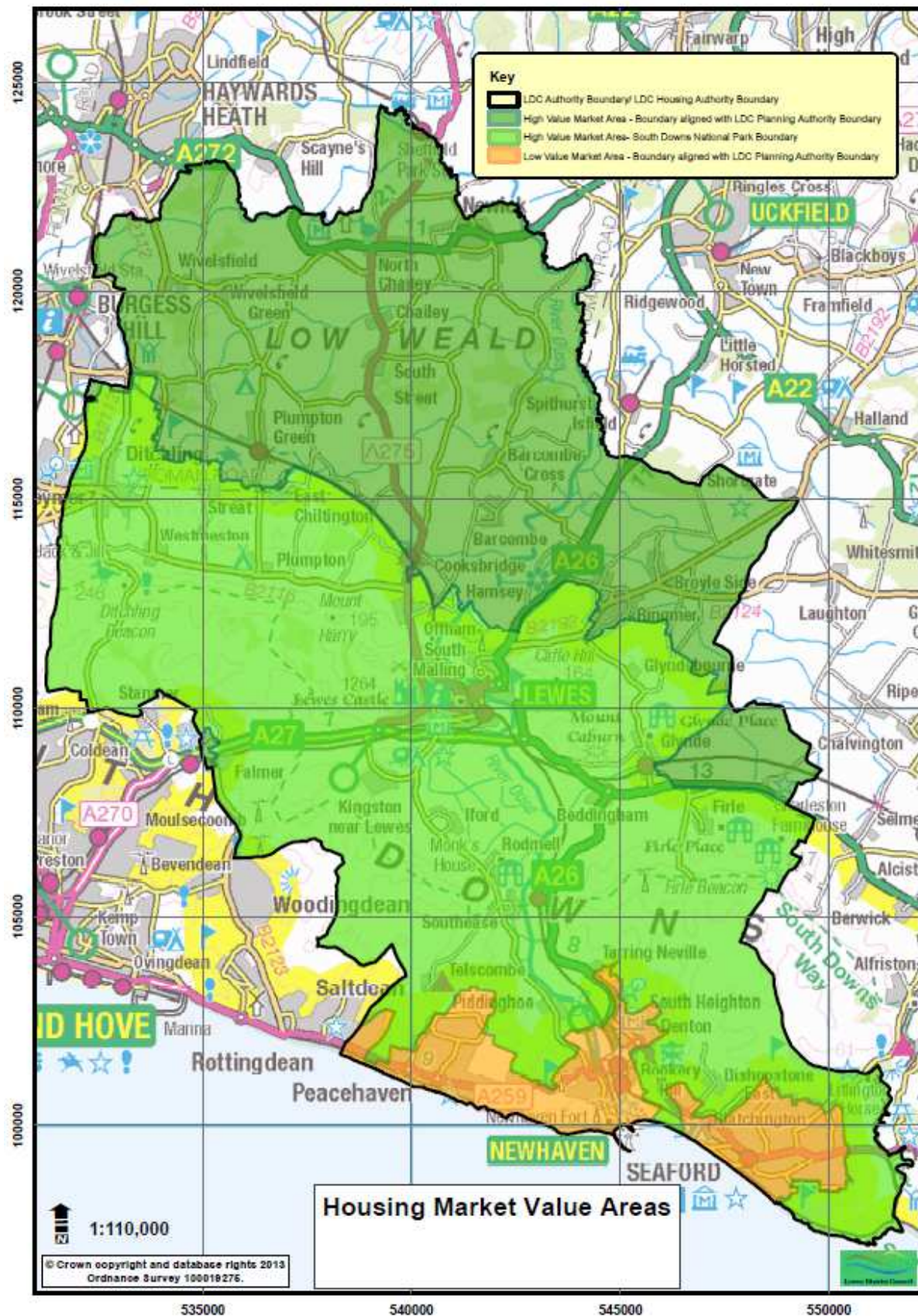
8. Delivery Organisations

- 8.1 The Homes and Communities Agency (HCA) is responsible for registering and regulating providers of social housing. HCA maintain a Statutory Register of Providers of Social Housing (the register), which lists private (both not for profit and for profit) and local authority providers. HCA upload a monthly spreadsheet of current registered providers which lists the names, registration numbers, registered office addresses, type of provider, registration date and legal entity. HCA also publish a list of registrations and de-registrations to the register each month. The Registered Provider information is available from the [Homes and Communities Agency](#) website.
- 8.2 Lewes District Council is willing to work with housing providers which are not registered with HCA as well as those housing providers which are registered with HCA, in order to maximise the opportunities to provide affordable housing in Lewes District.
- 8.3 Whilst Lewes District Council works with some affordable housing providers more frequently than others, the Council does not maintain a formal list of affordable housing preferred partners. However, the Council can provide a list containing a number of partners it has previously worked with which provide and manage homes, if requested. Developers would normally contact providers themselves in order to make the necessary arrangements.
- 8.4 In all instances, the Council will expect to be granted nomination rights to all tenures of affordable housing, to enable the Council to support those people registered on the Housing Register. The Council will make use of such nomination rights in line with its prevailing Allocations Policy. Further information relating to nominations is available from the Council's [Housing Allocations Policy](#) document.

9. Monitoring

- 9.1 As stated in Core Policy 1, the local planning authority will monitor the delivery of affordable housing through the Authority Monitoring Report. In the event of persistent under delivery against this policy target and the Housing Strategy annual target, the Council will review the targets and thresholds of the policy.
- 9.2 In the event of a fall of 10 per cent or more in East Sussex average house prices (Land Registry House Price Index June 2011 baseline) the local planning authority will review the targets and thresholds of this policy guidance.
- 9.3 The delivery of affordable housing will also be monitored and reported in the quarterly monitoring report to Scrutiny and Cabinet which reports progress towards the objectives in the Council Plan 2016 to 2020.

Appendix A: Map of High and Low Value Market Areas



Appendix B: Commuted Sum Methodology

- I. **Unit Size - m²:** These figures are taken from the Department for Communities and Local government document *Technical housing standards – nationally described space standard*, which sets out requirements for the Gross Internal (floor) Area of new dwellings at a defined level of occupancy. The standards require that dwellings provide at least the gross internal floor area and built-in storage area set out in Table 3 of this Affordable Housing Policy Guidance.
- II. **Market Value (MV) completed unit:** The Market Value completed unit was assessed by the District Valuation Service (DVS) in Summer 2016, and is based on the average sales values for open market values in both high value and low value market areas. Each type of dwelling in each of the MV areas has been independently assessed and is based on information including Land Registry data and detailed market sales research across all regions of the District.

The District has been split into two areas as follows:

Low Value Market Area: Peacehaven, Newhaven and Seaford along the coast.

High Value Market Area: The rest of the District north of these three coastal areas.

Research has indicated the following average market values:

Unit Type	Approx. Size – Sq m	High Value £	Low Value £
Studio Flat	39	120,000	105,000
1 bed Flat	50	170,000	150,000
2 Bed Flat	61	220,000	215,000
2 Bed House	79	265,000	210,000
3 Bed House	93	330,000	230,000
4 Bed House	106	375,000	250,000
5+ Bed House	119	425,000	280,000
1 Bed Bungalow	50	250,000	225,000
2 Bed Bungalow	70	275,000	250,000
3+ Bed Bungalow	86	310,000	275,000

- III. **Serviced Plot Value per unit:** The Serviced plot value per unit for each type of dwelling was assessed by the District Valuation Service (DVS) in Summer 2016 and is calculated by taking average sales values for open market values in both low value and high value market areas, and then deducting the developments costs for delivering the units to show the residual land value calculated as a serviced plot value.
- IV. **Development Costs:** The Development Costs used in the Affordable Housing Commuted Sum Payment Table are based on information provided by the District Valuation Service (DVS) in Summer 2016 and are set out in the tables below. The Development Costs used in the calculations of commuted sums are calculated by subtracting the Serviced Plot Value (SPV) from the Market Value (MV) (Development Value).

High Value Market Area: Development Costs Studio Flat (39 sq m)

Development Costs:

Building Costs

Estimated Building Cost	£60,333.00
Site infrastructure & Other Works	£6,033.30
External Works	£3,016.65
Demolition/ Site clearance	-

S106 Cost / unit:	£2,500.00
Contingency	£2,081.49
Planning Fees / unit	£500.00
Land Survey / unit	£500.00

<u>Professional Fees</u>	£5,550.64
--------------------------	-----------

Finance Costs

Bank Base Rate
Funding Facility Interest Rate
Compounding Frequency

Site Acquisition	
Building Costs	£2,623.76
Professional Fees	£194.27

Sale Costs

Legal Fees	£600.00
Sale Fees/Marketing	£2,400.00

<u>Developers Profit (17.5%)</u>	£21,000.00
----------------------------------	------------

<u>Total Development Cost</u>	£107,333.10
--------------------------------------	--------------------

Residual Land Value

Gross	£12,666.90
-------	------------

Development Value:	£120,000.00
---------------------------	--------------------

Acquisition Costs (Net)	£12,445.23
Holding Cost (Land interest)	-£1,373.60

Serviced Plot Value:	£11,071.62
-----------------------------	-------------------

MV - SPV = Development Costs	£108,928.38
-------------------------------------	--------------------

High Value Market Area: Development Costs 1 Bed Flat (50 sq m)

Development Costs:

Building Costs

Estimated Building Cost	£77,350.00
Site infrastructure & Other Works	£7,735.00
External Works	£3,867.50
Demolition/ Site clearance	£0.00

S106 Cost / unit:	£2,500.00
Contingency	£2,668.58
Planning Fees / unit	£500.00
Land Survey / unit	£500.00

<u>Professional Fees</u>	£7,116.20
--------------------------	-----------

Finance Costs

Bank Base Rate
Funding Facility Interest Rate
Compounding Frequency

Site Acquisition	
Building Costs	£3,329.24
Professional Fees	£249.07

Sale Costs

Legal Fees	£600.00
Sale Fees/Marketing	£3,400.00

<u>Developers Profit (17.5%)</u>	£29,750.00
----------------------------------	------------

<u>Total Development Cost</u>	£139,565.58
--------------------------------------	--------------------

Residual Land Value

Gross	£30,434.42
-------	------------

Development Value:	£170,000.00
---------------------------	--------------------

Acquisition Costs (Net)	£29,901.82
Holding Cost (Land interest)	-£3,300.32

Serviced Plot Value:	£26,601.50
-----------------------------	-------------------

MV - SPV = Development Costs	£143,398.50
-------------------------------------	--------------------

High Value Market Area: Development Costs 2 Bed Flat (61 sq m)

Development Costs:

Building Costs

Estimated Building Cost	£94,367.00
Site infrastructure & Other Works	£9,436.70
External Works	£4,718.35
Demolition/ Site clearance	-

S106 Cost / unit:	£2,500.00
Contingency	£3,255.66
Planning Fees / unit	£500.00
Land Survey / unit	£500.00

<u>Professional Fees</u>	£8,681.76
--------------------------	-----------

Finance Costs

Bank Base Rate
Funding Facility Interest Rate
Compounding Frequency

Site Acquisition	
Building Costs	£4,034.72
Professional Fees	£303.86

Sale Costs

Legal Fees	£600.00
Sale Fees/Marketing @	£4,400.00

<u>Developers Profit (17.5%)</u>	£38,500.00
----------------------------------	------------

<u>Total Development Cost</u>	£171,798.06
--------------------------------------	--------------------

Residual Land Value

Gross	£48,201.94
-------	------------

Development Value:	£220,000.00
---------------------------	--------------------

Acquisition Costs (Net)	£47,358.41
Holding Cost (Land interest)	-£5,227.03

Serviced Plot Value:	£42,131.37
-----------------------------	-------------------

MV - SPV = Development Costs	£177,868.63
-------------------------------------	--------------------

High Value Market Area: Development Costs 2 Bed House (79 sq m)

Development Costs:

Building Costs

Estimated Building Cost	£98,197.00
Site infrastructure & Other Works	£14,729.55
External Works	£4,909.85
Demolition/ Site clearance	-

S106 Cost / unit:	£2,500.00
Contingency	£3,535.09
Planning Fees / unit	£500.00
Land Survey / unit	£500.00

<u>Professional Fees</u>	£9,426.91
--------------------------	-----------

Finance Costs

Bank Base Rate
Funding Facility Interest Rate

Compounding Frequency

Site Acquisition	
Building Costs	£4,370.50
Professional Fees	£329.94

Sale Costs

Legal Fees	£600.00
Sale Fees/Marketing	£5,300.00

<u>Developers Profit (17.5%)</u>	£46,375.00
----------------------------------	------------

<u>Total Development Cost</u>	£191,273.85
--------------------------------------	--------------------

Residual Land Value

Gross	£73,726.15
-------	------------

Development Value:	£265,000.00
---------------------------	--------------------

Acquisition Costs (Net)	£72,435.94
Holding Cost (Land interest)	-£7,994.89

Serviced Plot Value:	£64,441.06
-----------------------------	-------------------

MV - SPV = Development Costs	£200,558.94
-------------------------------------	--------------------

High Value Market Area: Development Costs

3 Bed House (93 sq m)

Development Costs:

Building Costs

Estimated Building Cost	£115,599.00
Site infrastructure & Other Works	£17,339.85
External Works	£5,779.95
Demolition/ Site clearance	-

S106 Cost / unit:	£2,500.00
Contingency	£4,161.56
Planning Fees / unit	£500.00
Land Survey / unit	£500.00

<u>Professional Fees</u>	£11,097.50
--------------------------	------------

Finance Costs

Bank Base Rate
Funding Facility Interest Rate
Compounding Frequency

Site Acquisition	
Building Costs	£5,123.31
Professional Fees	£388.41

Sale Costs

Legal Fees	£600.00
Sale Fees/Marketing	£6,600.00

<u>Developers Profit (17.5%)</u>	£57,750.00
----------------------------------	------------

<u>Total Development Cost</u>	£227,939.59
--------------------------------------	--------------------

Residual Land Value

Gross	£102,060.41
-------	-------------

Development Value:	£330,000.00
---------------------------	--------------------

Acquisition Costs (Net)	£100,274.35
Holding Cost (Land interest)	-£11,067.46

Serviced Plot Value:	£89,206.89
-----------------------------	-------------------

MV - SPV = Development Costs	£240,793.11
-------------------------------------	--------------------

High Value Market Area: Development Costs

4 Bed House (106 sq m)

Development Costs:

Building Costs

Estimated Building Cost	£131,758.00
Site infrastructure & Other Works	£19,763.70
External Works	£6,587.90
Demolition/ Site clearance	-

S106 Cost / unit:	£2,500.00
Contingency	£4,743.29
Planning Fees / unit	£500.00
Land Survey / unit	£500.00

<u>Professional Fees</u>	£12,648.77
--------------------------	------------

Finance Costs

Bank Base Rate
Funding Facility Interest Rate
Compounding Frequency

Site Acquisition	
Building Costs	£5,822.35
Professional Fees	£442.71

Sale Costs

Legal Fees	£600.00
Sale Fees/Marketing	£7,500.00

<u>Developers Profit (17.5%)</u>	£65,625.00
----------------------------------	------------

<u>Total Development Cost</u>	£258,991.71
--------------------------------------	--------------------

Residual Land Value

Gross	£116,008.29
-------	-------------

Development Value:	£375,000.00
---------------------------	--------------------

Acquisition Costs (Net)	£113,978.14
Holding Cost (Land interest)	-£12,579.98

Serviced Plot Value:	£101,398.17
-----------------------------	--------------------

MV - SPV = Development Costs	£273,601.83
-------------------------------------	--------------------

High Value Market Area: Development Costs 5 Bed House (119 sq m)

Development Costs:

Building Costs

Estimated Building Cost	£147,917.00
Site infrastructure & Other Works	£22,187.55
External Works	£7,395.85
Demolition/ Site clearance	-

S106 Cost / unit:	£2,500.00
Contingency	£5,325.01
Planning Fees / unit	£500.00
Land Survey / unit	£500.00

<u>Professional Fees</u>	£14,200.03
--------------------------	------------

Finance Costs

Bank Base Rate	
Funding Facility Interest Rate	
Compounding Frequency	
Site Acquisition	
Building Costs	£6,521.39
Professional Fees	£497.00

Sale Costs

Legal Fees	£600.00
Sale Fees/Marketing	£8,500.00

<u>Developers Profit (17.5%)</u>	£74,375.00
----------------------------------	------------

<u>Total Development Cost</u>	£291,018.83
--------------------------------------	--------------------

Residual Land Value

Gross	£133,981.17
-------	-------------

Development Value:	£425,000.00
---------------------------	--------------------

Acquisition Costs (Net)	£131,636.50
-------------------------	-------------

Holding Cost (Land interest)	-£14,528.96
------------------------------	-------------

Serviced Plot Value:	£117,107.54
-----------------------------	--------------------

MV - SPV = Development Costs	£307,892.46
-------------------------------------	--------------------

High Value Market Area: Development Costs

1 Bed Bungalow (50 sq m)

Development Costs:

Building Costs

Estimated Building Cost	£75,850.00
Site infrastructure & Other Works	£11,377.50
External Works	£3,792.50
Demolition/ Site clearance	-

S106 Cost / unit:	£2,500.00
Contingency	£2,730.60
Planning Fees / unit	£500.00
Land Survey / unit	£500.00

<u>Professional Fees</u>	£7,281.60
--------------------------	-----------

Finance Costs

Bank Base Rate
Funding Facility Interest Rate
Compounding Frequency

Site Acquisition	
Building Costs	£3,403.77
Professional Fees	£254.86

Sale Costs

Legal Fees	£600.00
Sale Fees/Marketing	£5,000.00

<u>Developers Profit (17.5%)</u>	£43,750.00
----------------------------------	------------

<u>Total Development Cost</u>	£157,540.83
--------------------------------------	--------------------

Residual Land Value

Gross	£92,459.17
-------	------------

Development Value:	£250,000.00
---------------------------	--------------------

Acquisition Costs (Net)	£90,841.14
Holding Cost (Land interest)	-£10,026.30

Serviced Plot Value:	£80,814.84
-----------------------------	-------------------

MV - SPV = Development Costs	£169,185.16
-------------------------------------	--------------------

High Value Market Area: Development Costs

2 Bed Bungalow (70 sq m)

Development Costs:

Building Costs

Estimated Building Cost	£106,190.00
Site infrastructure & Other Works	£15,928.50
External Works	£5,309.50
Demolition/ Site clearance	-

S106 Cost / unit:	£2,500.00
Contingency	£3,822.84
Planning Fees / unit	£500.00
Land Survey / unit	£500.00

<u>Professional Fees</u>	£10,194.24
--------------------------	------------

Finance Costs

Bank Base Rate
Funding Facility Interest Rate
Compounding Frequency

Site Acquisition	
Building Costs	£4,716.28
Professional Fees	£356.80

Sale Costs

Legal Fees	£600.00
Sale Fees/Marketing	£5,500.00

<u>Developers Profit (17.5%)</u>	£48,125.00
----------------------------------	------------

<u>Total Development Cost</u>	£204,243.16
--------------------------------------	--------------------

Residual Land Value

Gross	£70,756.84
-------	------------

Development Value:	£275,000.00
---------------------------	--------------------

Acquisition Costs (Net)	£69,518.60
Holding Cost (Land interest)	-£7,672.89

Serviced Plot Value:	£61,845.70
-----------------------------	-------------------

MV - SPV = Development Costs	£213,154.30
-------------------------------------	--------------------

High Value Market Area: Development Costs

3 Bed Bungalow (86 sq m)

Development Costs:

Building Costs

Estimated Building Cost	£130,462.00
Site infrastructure & Other Works	£19,569.30
External Works	£6,523.10
Demolition/ Site clearance	-

S106 Cost / unit:	£2,500.00
Contingency	£4,696.63
Planning Fees / unit	£500.00
Land Survey / unit	£500.00

<u>Professional Fees</u>	£12,524.35
--------------------------	------------

Finance Costs

Bank Base Rate
Funding Facility Interest Rate
Compounding Frequency

Site Acquisition	
Building Costs	£5,766.29
Professional Fees	£438.35

Sale Costs

Legal Fees	£600.00
Sale Fees/Marketing	£6,200.00

<u>Developers Profit (17.5%)</u>	£54,250.00
----------------------------------	------------

<u>Total Development Cost</u>	£244,530.02
--------------------------------------	--------------------

Residual Land Value

Gross	£65,469.98
-------	------------

Development Value:	£310,000.00
---------------------------	--------------------

Acquisition Costs (Net)	£64,324.25
Holding Cost (Land interest)	-£7,099.59

Serviced Plot Value:	£57,224.67
-----------------------------	-------------------

MV - SPV = Development Costs	£252,775.33
-------------------------------------	--------------------

Low Value Market Area: Development Costs
Studio Flat (39 sq m)

Development Costs:

Building Costs

Estimated Building Cost	£60,333.00
Site infrastructure & Other Works	£6,033.30
External Works	£3,016.65
Demolition/ Site clearance	-

S106 Cost / unit:	£2,500.00
Contingency	£2,081.49
Planning Fees / unit	£500.00
Land Survey / unit	£500.00

<u>Professional Fees</u>	£5,550.64
--------------------------	-----------

Finance Costs

Bank Base Rate
Funding Facility Interest Rate

Compounding Frequency

Site Acquisition	
Building Costs	£2,623.76
Professional Fees	£194.27

Sale Costs

Legal Fees	£600.00
Sale Fees/Marketing	£2,100.00

<u>Developers Profit (17.5%)</u>	£18,375.00
----------------------------------	------------

<u>Total Development Cost</u>	£104,408.10
--------------------------------------	--------------------

Residual Land Value

Gross	£591.90
-------	---------

Development Value:	£105,000.00
---------------------------	--------------------

Acquisition Costs (Net)	£581.54
Holding Cost (Land interest)	-£64.19

Serviced Plot Value:	£517.35
-----------------------------	----------------

MV - SPV = Development Costs	£104,482.65
-------------------------------------	--------------------

Low Value Market Area: Development Costs
1 Bed Flat (50 sq m)

Development Costs:

Building Costs

Estimated Building Cost	£77,350.00
Site infrastructure & Other Works	£7,735.00
External Works	£3,867.50
Demolition/ Site clearance	-

S106 Cost / unit:	£2,500.00
Contingency	£2,668.58
Planning Fees / unit	£500.00
Land Survey / unit	£500.00

<u>Professional Fees</u>	£7,116.20
--------------------------	-----------

Finance Costs

Bank Base Rate
Funding Facility Interest Rate
Compounding Frequency

Site Acquisition	
Building Costs	£3,329.24
Professional Fees	£249.07

Sale Costs

Legal Fees	£600.00
Sale Fees/Marketing	£3,000.00

<u>Developers Profit (17.5%)</u>	£26,250.00
----------------------------------	------------

<u>Total Development Cost</u>	£135,665.58
--------------------------------------	--------------------

Residual Land Value

Gross	£14,334.42
-------	------------

Development Value:	£150,000.00
---------------------------	--------------------

Acquisition Costs (Net)	£14,083.57
Holding Cost (Land interest)	-£1,554.43

Serviced Plot Value:	£12,529.14
-----------------------------	-------------------

MV - SPV = Development Costs	£137,470.86
-------------------------------------	--------------------

Low Value Market Area: Development Costs
2 Bed Flat (61 sq m)

Development Costs:

Building Costs

Estimated Building Cost	£94,367.00
Site infrastructure & Other Works	£9,436.70
External Works	£4,718.35
Demolition/ Site clearance	-

S106 Cost / unit:	£2,500.00
Contingency	£3,255.66
Planning Fees / unit	£500.00
Land Survey / unit	£500.00

<u>Professional Fees</u>	£8,681.76
--------------------------	-----------

Finance Costs

Bank Base Rate
Funding Facility Interest Rate
Compounding Frequency

Site Acquisition	
Building Costs	£4,034.72
Professional Fees	£303.86

Sale Costs

Legal Fees	£600.00
Sale Fees/Marketing	£4,300.00

<u>Developers Profit (17.5%)</u>	£37,625.00
----------------------------------	------------

<u>Total Development Cost</u>	£170,823.06
--------------------------------------	--------------------

Residual Land Value

Gross	£44,176.94
-------	------------

Development Value:	£215,000.00
---------------------------	--------------------

Acquisition Costs (Net)	£43,403.85
Holding Cost (Land interest)	-£4,790.56

Serviced Plot Value:	£38,613.28
-----------------------------	-------------------

MV - SPV = Development Costs	£176,386.72
-------------------------------------	--------------------

Low Value Market Area: Development Costs
2 Bed House (79 sq m)

Development Costs:

Building Costs

Estimated Building Cost	£98,197.00
Site infrastructure & Other Works	£14,729.55
External Works	£4,909.85
Demolition/ Site clearance	-

S106 Cost / unit:	£2,500.00
Contingency	£3,535.09
Planning Fees / unit	£500.00
Land Survey / unit	£500.00

<u>Professional Fees</u>	£9,426.91
--------------------------	-----------

Finance Costs

Bank Base Rate

Funding Facility Interest Rate

Compounding Frequency

Site Acquisition

Building Costs	£4,370.50
Professional Fees	£329.94

Sale Costs

Legal Fees	£600.00
Sale Fees/Marketing	£4,200.00

<u>Developers Profit (17.5%)</u>	£36,750.00
----------------------------------	------------

<u>Total Development Cost</u>	£180,548.85
--------------------------------------	--------------------

Residual Land Value

Gross	£29,451.15
-------	------------

Development Value:	£210,000.00
---------------------------	--------------------

Acquisition Costs (Net)	£28,935.76
-------------------------	------------

Holding Cost (Land interest)	-£3,193.69
------------------------------	------------

Serviced Plot Value:	£25,742.06
-----------------------------	-------------------

MV - SPV = Development Costs	£184,257.94
-------------------------------------	--------------------

Low Value Market Area: Development Costs
3 Bed House (93 sq m) 93 sq m

Development Costs:

Building Costs

Estimated Building Cost	£115,599.00
Site infrastructure & Other Works	£17,339.85
External Works	£5,779.95
Demolition/ Site clearance	-

S106 Cost / unit:	£2,500.00
Contingency	£4,161.56
Planning Fees / unit	£500.00
Land Survey / unit	£500.00

<u>Professional Fees</u>	£11,097.50
--------------------------	------------

Finance Costs

Bank Base Rate
Funding Facility Interest Rate
Compounding Frequency

Site Acquisition	
Building Costs	£5,123.31
Professional Fees	£388.41

Sale Costs

Legal Fees	£600.00
Sale Fees/Marketing	£4,600.00

<u>Developers Profit (17.5%)</u>	£40,250.00
----------------------------------	------------

<u>Total Development Cost</u>	£208,439.59
--------------------------------------	--------------------

Residual Land Value

Gross	£21,560.41
-------	------------

Development Value:	£230,000.00
---------------------------	--------------------

Acquisition Costs (Net)	£21,183.10
Holding Cost (Land interest)	-£2,338.02

Serviced Plot Value:	£18,845.08
-----------------------------	-------------------

MV - SPV = Development Costs	£211,154.92
-------------------------------------	--------------------

Low Value Market Area: Development Costs
4 Bed House (106 sq m)

Development Costs:

Building Costs

Estimated Building Cost	£131,758.00
Site infrastructure & Other Works	£19,763.70
External Works	£6,587.90
Demolition/ Site clearance	-

S106 Cost / unit:	£2,500.00
Contingency	£4,743.29
Planning Fees / unit	£500.00
Land Survey / unit	£500.00

<u>Professional Fees</u>	£12,648.77
--------------------------	------------

Finance Costs

Bank Base Rate
Funding Facility Interest Rate
Compounding Frequency

Site Acquisition	
Building Costs	£5,822.35
Professional Fees	£442.71

Sale Costs

Legal Fees	£600.00
Sale Fees/Marketing	£5,000.00

<u>Developers Profit (17.5%)</u>	£43,750.00
----------------------------------	------------

<u>Total Development Cost</u>	£234,616.71
--------------------------------------	--------------------

Residual Land Value

Gross	£15,383.29
-------	------------

Development Value:	£250,000.00
---------------------------	--------------------

Acquisition Costs (Net)	£15,114.08
Holding Cost (Land interest)	-£1,668.17

Serviced Plot Value:	£13,445.91
-----------------------------	-------------------

MV - SPV = Development Costs	£236,554.09
-------------------------------------	--------------------

Low Value Market Area: Development Costs
5 Bed House (119 sq m)

Development Costs:

Building Costs

Estimated Building Cost	£147,917.00
Site infrastructure & Other Works	£22,187.55
External Works	£7,395.85
Demolition/ Site clearance	-

S106 Cost / unit:	£2,500.00
Contingency	£5,325.01
Planning Fees / unit	£500.00
Land Survey / unit	£500.00

<u>Professional Fees</u>	£14,200.03
--------------------------	------------

Finance Costs

Bank Base Rate
Funding Facility Interest Rate
Compounding Frequency

Site Acquisition	
Building Costs	£6,521.39
Professional Fees	£497.00

Sale Costs

Legal Fees	£600.00
Sale Fees/Marketing	£5,600.00

<u>Developers Profit (17.5%)</u>	£49,000.00
----------------------------------	------------

<u>Total Development Cost</u>	£262,743.83
--------------------------------------	--------------------

Residual Land Value

Gross	£17,256.17
-------	------------

Development Value:	£280,000.00
---------------------------	--------------------

Acquisition Costs (Net)	£16,954.18
Holding Cost (Land interest)	-£1,871.26

Serviced Plot Value:	£15,082.92
-----------------------------	-------------------

MV - SPV = Development Costs	£264,917.08
-------------------------------------	--------------------

Low Value Market Area: Development Costs
1 Bed Bungalow (50 sq m)

Development Costs:

Building Costs

Estimated Building Cost	£75,850.00
Site infrastructure & Other Works	£11,377.50
External Works	£3,792.50
Demolition/ Site clearance	-

S106 Cost / unit:	£2,500.00
Contingency	£2,730.60
Planning Fees / unit	£500.00
Land Survey / unit	£500.00

<u>Professional Fees</u>	£7,281.60
--------------------------	-----------

Finance Costs

Bank Base Rate
Funding Facility Interest Rate
Compounding Frequency

Site Acquisition	
Building Costs	£3,403.77
Professional Fees	£254.86

Sale Costs

Legal Fees	£600.00
Sale Fees/Marketing	£4,500.00

<u>Developers Profit (17.5%)</u>	£39,375.00
----------------------------------	------------

<u>Total Development Cost</u>	£152,665.83
--------------------------------------	--------------------

Residual Land Value

Gross	£72,334.17
-------	------------

Development Value:	£225,000.00
---------------------------	--------------------

Acquisition Costs (Net)	£71,068.32
Holding Cost (Land interest)	-£7,843.94

Serviced Plot Value:	£63,224.38
-----------------------------	-------------------

MV - SPV = Development Costs	£161,775.62
-------------------------------------	--------------------

Low Value Market Area: Development Costs
2 Bed Bungalow (70 sq m)

Development Costs:

Building Costs

Estimated Building Cost	£106,190.00
Site infrastructure & Other Works	£15,928.50
External Works	£5,309.50
Demolition/ Site clearance	-

S106 Cost / unit:	£2,500.00
Contingency	£3,822.84
Planning Fees / unit	£500.00
Land Survey / unit	£500.00

<u>Professional Fees</u>	£10,194.24
--------------------------	------------

Finance Costs

Bank Base Rate
Funding Facility Interest Rate
Compounding Frequency

Site Acquisition	
Building Costs	£4,716.28
Professional Fees	£356.80

Sale Costs

Legal Fees	£600.00
Sale Fees/Marketing	£5,000.00

<u>Developers Profit (17.5%)</u>	£43,750.00
----------------------------------	------------

<u>Total Development Cost</u>	£199,368.16
--------------------------------------	--------------------

Residual Land Value

Gross	£50,631.84
-------	------------

Development Value:	£250,000.00
---------------------------	--------------------

Acquisition Costs (Net)	£49,745.78
Holding Cost (Land interest)	-£5,490.53

Serviced Plot Value:	£44,255.25
-----------------------------	-------------------

MV - SPV = Development Costs	£205,744.75
-------------------------------------	--------------------

Low Value Market Area: Development Costs

3 Bed Bungalow (86 sq m)

Development Costs:

Building Costs

Estimated Building Cost	£130,462.00
Site infrastructure & Other Works	£19,569.30
External Works	£6,523.10
Demolition/ Site clearance	-

S106 Cost / unit:	£2,500.00
Contingency	£4,696.63
Planning Fees / unit	£500.00
Land Survey / unit	£500.00

<u>Professional Fees</u>	£12,524.35
--------------------------	------------

Finance Costs

Bank Base Rate
Funding Facility Interest Rate

Compounding Frequency

Site Acquisition	
Building Costs	£5,766.29
Professional Fees	£438.35

Sale Costs

Legal Fees	£600.00
Sale Fees/Marketing	£5,500.00

<u>Developers Profit (17.5%)</u>	£48,125.00
----------------------------------	------------

<u>Total Development Cost</u>	£237,705.02
--------------------------------------	--------------------

Residual Land Value

Gross	£37,294.98
-------	------------

Development Value:	£275,000.00
---------------------------	--------------------

Acquisition Costs (Net)	£36,642.32
Holding Cost (Land interest)	-£4,044.28

Serviced Plot Value:	£32,598.04
-----------------------------	-------------------

MV - SPV = Development Costs	£242,401.96
-------------------------------------	--------------------

- V. **40% of Development Costs:** This is calculated by multiplying the Development Costs (MV – SPV) in the Affordable Housing Commuted Sum Payment Table by 0.4 (40 per cent).

The commuted sum calculation is based on 40 per cent of development costs, rather than 100 per cent of development costs, as the likelihood is that the relatively lower level of commuted sum sought by the Council is more appropriate for developers. As a comparison, registered providers expect to pay developers approximately 60 per cent of the market value for dwellings. Consequently, the developer potentially loses out on 40 per cent of the market value in each case. The Council will seek a level of commuted sum that is 40 percent of the development costs. This is less of the market value than the developer would forego by selling the dwelling to a registered provider.

- VI. **Contribution per sq m calculation:** This is calculated by dividing the *40% of Development Costs* for each type of dwelling in the Affordable Housing Commuted Sum Payment Table by the *Unit size m²* of the dwelling displayed in the Payment Table. This provides the contribution per sq m the Council expects to receive for each dwelling type, irrespective of the size of the dwelling. Applicants/developers should multiply the size of the dwelling which was scheduled to be built by the contribution per sq m for that particular dwelling type.

Appendix C: Commuted Sums: Indicative Values

Lewes - High Value Area - 40% Affordable * **

Commuted Sums	Studio Flat	1 Bed Flat	2 Bed Flat	2 Bed House	3 Bed House
Unit Size - m ²	39	50	61	79	93
For 0.5 units	£21,786	£28,680	£35,574	£40,112	£48,159
1 unit	£43,571	£57,359	£71,147	£80,224	£96,317
2 units	£87,143	£114,719	£142,295	£160,447	£192,634
5 units	£217,857	£286,797	£355,737	£401,118	£481,586
10 units	£435,714	£573,594	£711,475	£802,236	£963,172

Commuted Sums	4 Bed House	5+ Bed House	1 Bed Bungalow	2 Bed Bungalow	3+ Bed Bungalow
Unit Size - m ²	106	119	50	70	86
For 0.5 units	£54,720	£61,578	£33,837	£42,631	£50,555
1 unit	£109,441	£123,157	£67,674	£85,262	£101,110
2 units	£218,881	£246,314	£135,348	£170,523	£202,220
5 units	£547,204	£615,785	£338,370	£426,309	£505,551
10 units	£1,094,407	£1,231,570	£676,741	£852,617	£1,011,101

Lewes - Low Value Area - 40% Affordable * **

Commuted Sums	Studio Flat	1 Bed Flat	2 Bed Flat	2 Bed House	3 Bed House
Unit Size - m ²	39	50	61	79	93
For 0.5 units	£20,897	£27,494	£35,277	£36,852	£42,231
1 unit	£41,793	£54,988	£70,555	£73,703	£84,462
2 units	£83,586	£109,977	£141,109	£147,406	£168,924
5 units	£208,965	£274,942	£352,773	£368,516	£422,310
10 units	£417,931	£549,883	£705,547	£737,032	£844,620

Commuted Sums	4 Bed House	5+ Bed House	1 Bed Bungalow	2 Bed Bungalow	3+ Bed Bungalow
Unit Size - m ²	106	119	50	70	86
For 0.5 units	£47,311	£52,983	£32,355	£41,149	£48,480
1 unit	£94,622	£105,967	£64,710	£82,298	£96,961
2 units	£189,243	£211,934	£129,420	£164,596	£193,922
5 units	£473,108	£529,834	£323,551	£411,490	£484,804
10 units	£946,216	£1,059,668	£647,102	£822,979	£969,608

* Commuted Sums based on *Unit Size - m2* provided in this table.

** Figures rounded to nearest £.

Appendix D: Considerations for Residential Development Financial Viability Appraisals

VIABILITY ASSESSMENT TEMPLATE	
This template lists the variables that will be required by the applicant/developer to access in order to undertake a viability assessment of a residential scheme.	
Revenue	
Schedule of units and areas (GIAs)	Schedule of accommodation with the gross internal areas (GIA) of all units to be built expressed in sq metres.
Private Values with evidence	Market Value of all units with supporting evidence.
Affordable Values with evidence	Affordable Values of all units with supporting evidence.
Ground Rent Value if any	Most flats are sold on a long lease with a ground rent payable, the value of which should be included.
Commercial Value with evidence if relevant	Market value of all commercial units with supporting evidence.
Gross Development Value (GDV)	The total Value of all units to be built as part of the scheme.
Development Costs	
Residual Land Value of the scheme; or	The value that the relevant scheme can afford to pay for the site; or
Market Value of the site	The Market Value of the site with supporting evidence.
Stamp Duty Land Tax and fees	All fees etc. paid on site acquisition including Stamp Duty Land Tax, agent and legal fees.
Construction costs including:	
Base Construction Costs	Build costs of all units assessed using BCIS rates, by a Quantity Surveyor or quotes received from a builder.
Externals	All external costs including access roads, landscaping services to the property etc.
Abnormals	Any additional cost including demolition, remediation, additional costs due to poor ground conditions etc.
Other Costs	Any other relevant costs incurred.
Contingency	A percentage uplift to cover any unforeseen build costs.
Professional and planning Fees	All planning fees paid to the local authority, planning consultants and fees paid to architects engineers etc in respect of design etc.
Section 106 Contributions/Community Infrastructure Levy (CIL)	Any section 106 or CIL financial contributions that are required for the scheme by the local authority.
Marketing Fees	Fees paid for marketing the units including brochures, advertising, show homes etc.
Sale Fees	Fees paid to agents and solicitors for the sale of the units.
Finance Costs including arrangement fees	Finance costs charged by a bank etc for borrowing the money in order to undertake the development. The finance should be calculated by means of a cash flow but a scheme programme is to be included to show build and sales periods.
Profit on Private and Affordable Housing	The required profit expressed as a % of the Gross Development Value (GDV) of the scheme to reflect the risk.

Reference should also be made to the Department for Communities and Local Government Viability webpage (March 2014): [Viability - GOV.UK](http://Viability-GOV.UK)

Appendix E: Other Key Policies, Documents and Sources of Information

Approved Documents (building Regulations)

[Approved Documents](#). 2016. Department for Communities and Local Government.

Core Policy 3 (Gypsy and Traveller Accommodation)

Core Policy 3 is located in the Lewes District Local Plan Part 1 - Joint Core Strategy. May 2016. Lewes District Council. Pages 89-92. [Lewes District Local Plan part 1](#)

Housing Allocations Policy

[Housing Allocations Policy](#) (August 2014). Lewes District Council.

National Planning Policy Framework

[National Planning Policy Framework](#) (March 2012). Department for Communities and Local Government.

Planning Portal

Further information regarding planning and building regulations, and planning applications is available from the [Planning Portal](#).

Planning Practice Guidance

The Department for Communities and Local Government have published this web-based resource to bring together planning practice guidance for England. [Planning Practice Guidance](#)

Policy RES10

Information relating to [Policy RES10](#), which was carried forward from the Lewes District Local Plan (2003) is available from the Lewes District Council website.

Section 106 Agreements

Information relating to [Section 106 Agreements](#) can be found on the Lewes District Council website.

Site Allocations and Development Management Policies DPD

Information relating to [Site Allocations and Development Management Policies DPD](#) can be found on the Lewes District Council website.

South Downs National Park Authority Local Plan

Information relating to the [South Downs National Park Authority Local Plan](#) can be found on the South Downs National Park Authority website.

Spatial Policy 1 (Provision of housing & employment land)

Spatial Policy 1 is located in the Lewes District Local Plan Part 1 - Joint Core Strategy. May 2016. Lewes District Council. Pages 48-51. [Lewes District Local Plan part 1](#)

Spatial Policy 2 (Distribution of housing)

Spatial Policy 2 is located in the Lewes District Local Plan Part 1 - Joint Core Strategy. May 2016. Lewes District Council. Pages 51-56. [Lewes District Local Plan part 1](#)

The Building regulations 2010

[The Building Regulations 2010](#). 2010. HM Government.

The Homes and Communities Agency

The [Homes and Communities Agency](#) is responsible for increasing the number of new homes that are built in England including affordable homes and homes for market sale or rent, and for regulating social housing providers.