

Affordable Housing Provision

In respect of:

**Land on the West
side of Cross Road,
Walmer, Deal**

(Dover District Council)

Prepared by:

Pioneer Property Services Ltd

On behalf of:

**Gladman Developments
Limited**

Date:

20th June 2024



- 1.1 Pioneer have been instructed by Gladman Developments Limited to provide a report advising on the affordable housing requirements at land on the West side of Cross Road, Walmer, Deal (“the site”) which is within the Dover District Council (“the Council”) administrative area.
- 1.2 An application for outline planning permission has been submitted (application reference: DOV/21/01822) for the erection of up to 140 dwellings including affordable housing, with public open space, landscaping, and vehicular access (all matters reserved except for access).
- 1.3 A draft Section 106 agreement (“draft S106”) has been issued which specifies that the development shall provide 30% affordable housing assuming a tenure split of 55% Affordable Rented Housing, 20% Shared Ownership Housing and 25% First Homes.
- 1.4 The Affordable Rented Housing shall be let by the local authority or Registered Provider to households who are eligible for Social Rented Housing where the rent level is capped at 80% of the local market (including any service charges, where applicable) and within the local housing allowance (LHA) rates.
- 1.5 The Shared Ownership Housing must be part sold on a form of the Homes England model shared ownership lease and on terms that permit part purchase of the market value of the equity in multiples of 5% up to a maximum of 100% together with rent payable on the unpurchased percentage of the equity up to a value that does not exceed the rent set by Homes England.
- 1.6 The Affordable Rented Housing and Shared Ownership Housing must be disposed of to a Registered Provider who is registered or eligible for registration as an affordable housing provider and who has been approved by the Council.
- 1.7 The First Homes must be disposed of to a First Time Buyer¹ at the Discount Market Price (market value discounted by 30%) which on first disposal does not exceed the Price Cap (currently £250,000).
- 1.8 The draft S106 does not capture specific requirements for the affordable housing provision and an Affordable Housing Scheme must be submitted to and approved by the Council alongside the reserved matters planning application. The Affordable Housing Scheme must include details of the number, size, tenure, mix, location, distribution, design and form of shared ownership lease to be used.

¹ As defined by paragraph 6 of Schedule 6ZA of the Finance Act 2003.

- 1.9 Whilst the draft S106 defines the quantum and tenure split to be provided it does not define the affordable housing dwelling mix. It has therefore been necessary to review the Council’s policy and evidence base in order to establish an appropriate mix.
- 1.10 The extant policy is contained within the Dover District Core Strategy, adopted in February 2010, which states within Policy DM5 – Provision of Affordable Housing that the Council will seek 30% of the total homes as affordable housing, in types that will address prioritised need.
- 1.11 The supporting text to Policy DM5 (at paragraph 1.18) refers to the 2008 Strategic Housing Market Assessment indicating the following priority need (noting that no specific tenure split is included):

Home Type	Social Rented	Intermediate
One and two bed flats	25%	5%
Two bed houses	10%	35%
Three bed houses	55%	60%
Four bed houses	10%	0%

- 1.12 The Council are also working on a new Local Plan and a consultation is currently underway on the Main Modifications to the Regulation 19 Submission Local Plan. The Main Modifications include changes to Strategic Policy 5 – Affordable Housing which now seeks 30% affordable housing provision based on a 55% Affordable Rent / Social Rent, 20% Shared Ownership and 25% First Homes tenure split. This latest position has been determined from the more recent Strategic Housing Market Assessment Part 2 published in December 2019 (“SHMA19”) and the Whole Plan Viability Study November 2020 (“VS20”).
- 1.13 The SHMA19 (at Figure 7.1) also provides information on the requirement for new affordable housing in the district over the plan period as follows:

Tenure	One Bed	Two Bed	Three Bed	Four Bed	Total
Starter Homes	133	127	224	153	638
Shared Ownership	189	250	194	102	735
Affordable Rent	658	227	474	656	2014
Total	980	604	892	911	3387

1.14 Whilst Starter Homes are no longer a promoted affordable housing tenure, when combined with the Shared Ownership need, it provides an insight into the overall level of intermediate housing need, in comparison to that for Affordable Rent:

Tenure	One Bed (No. / %)	Two Bed (No. / %)	Three Bed (No. / %)	Four Bed (No. / %)	Total (No. / %)
Intermediate (Starter Homes & Shared Ownership)	322 (33%)	377 (62%)	418 (47%)	255 (28%)	1373 (41%)
Affordable Rent	658 (67%)	227 (38%)	474 (53%)	656 (72%)	2014 (59%)
Total	980 (29%)	604 (18%)	892 (26%)	911 (27%)	3387 (100%)

1.15 This indicates that a tenure split of 59% Affordable Rent and 41% Intermediate Housing is required, which broadly aligns with the new Local Plan target, and that the greatest need is for one-bedroom, three-bedroom and 4-bedroom properties.

1.16 As the draft S106 does not contain any information regarding dwelling mix and the SHMA19 is already quite aged, the Council’s Housing Enabling Officer was contacted to determine an appropriate affordable dwelling mix for the site.

1.17 The Housing Enabling Officer confirmed that the SHMA19 is the most recent SHMA however the Council recently undertook a District Housing Needs Survey 2023 (“HNS23”) to gather further housing needs data at a more local level. Whilst the level of responses was limited across the whole survey and within the Mill Hill ward, where the site is situated, it indicates the predominant need is for 2-bed and 3-bed houses.

- 1.18 The Housing Enabling Officer also confirmed a need for accessible flats, 2-bed flats for Social/Affordable Rent, 2-bed houses for Shared Ownership, 3-bed houses for Social/Affordable Rent and Shared Ownership and 4-bed houses for Social/Affordable Rent, although no specific quantities for each were specified.
- 1.19 Taking into account the SHMA, the findings of the HNS23 and our recent knowledge of RP preferences in the current market, the following affordable housing mix may be considered suitable for the site (assuming all dwellings meet the minimum Nationally Described Space Standards):

Dwelling Type	Size (sqm)	Size (sqft)	First Homes (No. / %)	Affordable Rent (No. / %)	Shared Ownership (No. / %)	Total (No. / %)
1-Bed Flat	50.0	538	6 (14%)	0	0	6 (14%)
2-Bed Flat	61.0	657	5 (12%)	6 (14%)	0	11 (26%)
2-Bed House	79.0	850	0	4 (10%)	4 (10%)	8 (20%)
3-Bed House	93.1	1002	0	10 (24%)	4 (10%)	14 (34%)
4-Bed House	106.0	1141	0	3 (7%)	0	3 (7%)
Total			11 (26%)	23 (55%)	8 (19%)	42 (100%)

* Percentages are rounded.

- 1.20 Expressions of interest were sought from 14no. Registered Providers (RPs), who own and/or manage stock within the Council's area, in April 2024 for the mix of Affordable Rent and Shared Ownership dwellings specified above (the First Homes will be delivered directly by the relevant house builder) and the following offer has been received:

Offer	Offer (£)	£ per square foot
RP1	£5,012,300	£177.79

1.21 The offer received is subject to the following conditions:

- Turnkey payment structure, with a 10% deposit on exchange and 90% on handover.
- Contract
- Report on title
- Independent RICS Red Book valuation
- Board approval
- Construction specification to be agreed. Finishes specification to include the following:
 - Suitable sized garden sheds with cycle security hoop to rear garden of houses
 - Provision of local authority refuse bins at handover
 - Rotary clothes dryer located in rear gardens with access path
 - No carpet to be fitted in rented units. Carpet fitted throughout Shared Ownership units.
 - Kitchen appliance spaces in rented units. Integrated appliances in Shared Ownership units to include fridge/freezer, oven, hob and washing machine
 - Slip resistant vinyl flooring to all wet areas and communal areas with barrier matting to entrance.
 - Toilet roll holder to bathroom and cloakroom
 - Towel rail to bathroom and cloakroom
 - Mirrors to bathroom and cloakroom
 - Communal TV aerial to flat accommodation.
 - Metering of flat block landlord supplies.
 - Wired doorbell
 - Tradesman's button on timer to flat entry system
 - Letterboxes to be fitted to each internal flat entrance door. No communal mailboxes.
 - All garden areas to be turfed.
 - Gas boilers (where used) to be located in the kitchen.
- 12-year building warranty
- 12-month defect period including emergency out of hours

1.22 In addition, 9no. RP's have declined to offer citing reasons such as having a full development programme or not actively pursuing S106 opportunities at the current time. The remaining 4no. RPs are yet to respond either way despite being chased.

- 1.23 This limited feedback reflects our experience of the current market where there is a general lack of RP interest in S106 opportunities across most areas within England. The primary reasons given by RP's include having a full development programme, focussing on their Homes England grant funding programme (which does not support grant funding within S106 sites unless additionality can be included), concentrating on larger S106 sites (over 50no. affordable units) and pausing development activity to focus spending on other priorities such as damp and mould and fire safety requirements.
- 1.24 Whilst this position is unlikely to change in the short term, the RP market continues to evolve as priorities change so periodic retesting of the RP market is advised to potentially generate further interest.
- 1.25 In addition to the Affordable Rent and Shared Ownership dwellings, to be sold to a Registered Provider, there are also 11no. First Homes to be provided directly by the developer. First Homes must be sold at no more than 70% of the open market value, capped at £250,000 (outside of London). This revenue will be in addition to that secured from the Registered Provider for the Affordable Rent and Shared Ownership dwellings.
- 1.26 Further advice on the affordable housing planning requirements and Registered Provider feedback can be provided by contacting Pioneer Property Services Ltd.
- 1.27 Pioneer would be pleased to provide assistance with agreeing the affordable housing requirements with the Council and the disposal of the affordable housing to a Registered Provider when one is selected. Please contact us to discuss this in more detail.

Jude Connor
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Pioneer Property Services Limited