

Housing



Public consultation

Comments on the draft Housing Supplementary Planning Document should be sent to the Planning Policy Team at Eden District Council:

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All comments should be received by 5pm on 25 October 2019.

Acknowledgements

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The document has also been informed by consultation with Council Members and a variety of stakeholders.

Matt Messenger of Lambert Smith Hampton ('LSH') made significant contributions to Sections 2.3, 2.6 and 2.14, and Appendices 3 and 4.

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1. Introduction

1.1 Purpose of the Housing Supplementary Planning Document (SPD)

- 1.1.1 The Housing Supplementary Planning Document has been produced to provide detailed guidance on the interpretation of policies in the Eden Local Plan 2014 to 2032 (ELP) that relate to housing.
- 1.1.2 The Local Plan sets out a clear planning framework to support the district in achieving its strategic objectives and deliver appropriate development within Eden. The policies set out within the Local Plan guide development and provide the framework to determine planning applications submitted to the council.
- 1.1.3 Local Plan policies are intended to be concise; however, there may be cases where a more detailed explanation of the policy or its justification would assist applicants and decision makers in the practical application of that policy. Supplementary planning documents enable planning authorities to provide more detailed advice or guidance on local plan policies and ensure a consistent interpretation of policy.
- 1.1.4 The Housing SPD will be a material consideration in the determination of planning applications. The Housing SPD adds further detail to the Eden Local Plan 2014-2032; it does not create new policy or allocate further sites for development.
- 1.1.5 The Council offers a pre-application service, which enables anyone wanting to carry out development to obtain informal guidance from the local planning authority in advance of submitting a formal application.

Affordable Housing

What is Affordable Housing?

- 2.1.1 The definition of Affordable Housing used by the Council is set out in Annex 2 of the National Planning Policy Framework (NPPF) (see Appendix 1).
- 2.1.2 Affordable housing is essentially housing for sale or rent or a combination of the two, for those without the means to enter the housing market conventionally. Housing may be provided at a subsidised cost through the allocation of low-cost units on larger development (through planning obligations) or financial contributions such as grant funding. Smaller units sold at market values and other low cost market housing (other than that specifically defined in the NPPF glossary) does not qualify under this definition.
- 2.1.3 Affordable housing can be for social rent, or intermediate rent or sale. Models of intermediate housing include shared ownership, affordable rent and discounted sale.
- 2.1.4 Affordable homes to rent are usually managed by housing associations, known as Registered Providers (RPs) and are either for:
- Social rent: rent is set based on a formula set by government¹, which is calculated based on the value of the property, local income levels and the size of the property; or
 - Affordable rent: set at a maximum of 80% of market rent (including any service charges).
- 2.1.5 In Cumbria, social and affordable rented homes are advertised and allocated through the Cumbria Choice² allocation scheme or any allocation scheme in accordance with part 6 of the Housing Act 1996 which regulates the allocation of social rented housing by local authorities; amended by the Homelessness Act 2002, and, with effect from 18 June 2012, by the Localism Act 2011. The Localism Act gives local authorities greater power to decide which categories of person they will allocate accommodation to.
- 2.1.6 In line with the revised NPPF (2019), properties for affordable and social rents should be owned and managed by a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider). This provision will need to be secured through applicants entering into a Section 106 Legal Agreement with Eden District Council to secure this in perpetuity.

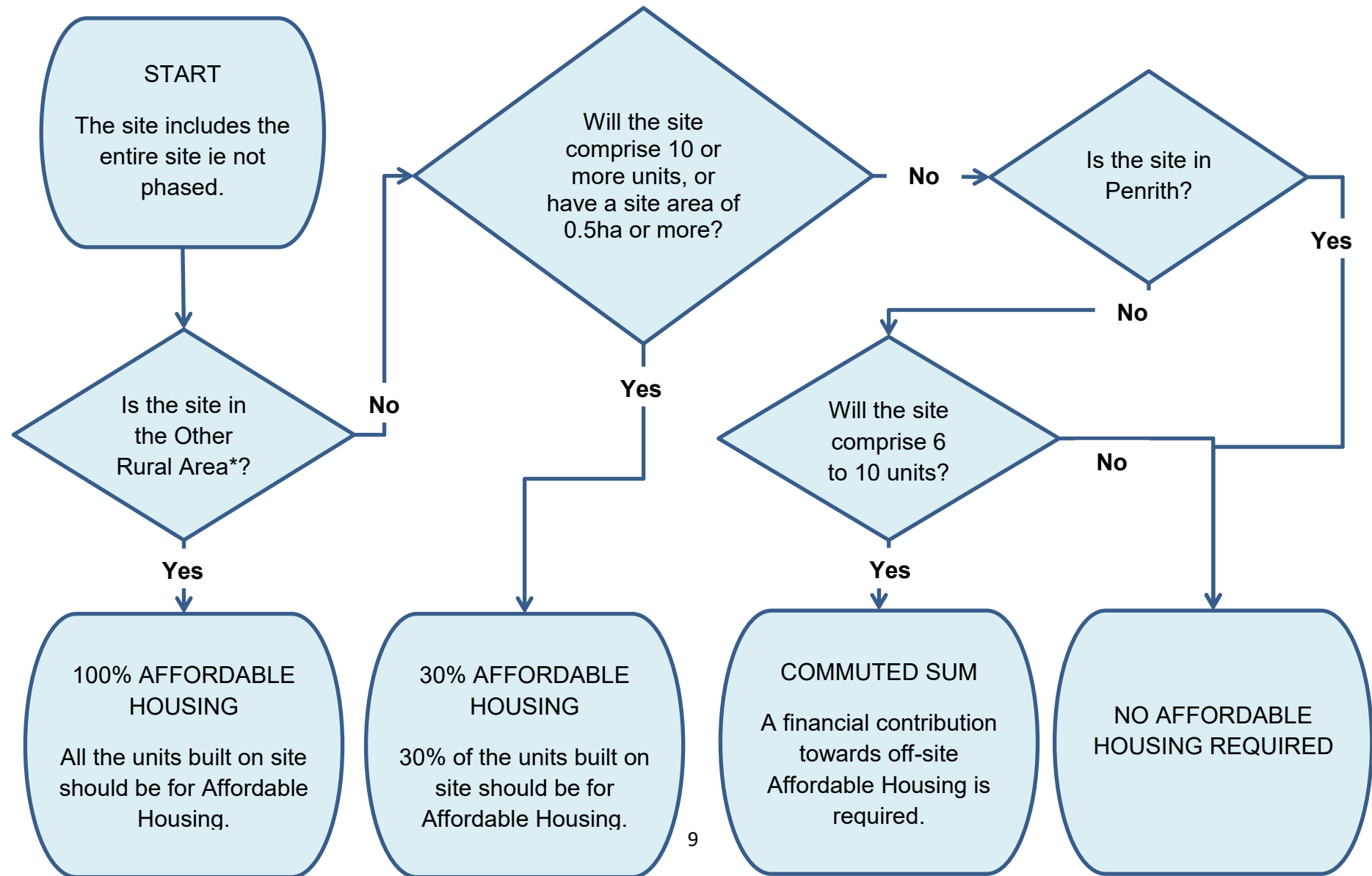
¹ The formula is due to be updated when new policy comes into effect from 1st April 2020
<https://www.gov.uk/government/publications/direction-on-the-rent-standard-from-1-april-2020>

² Cumbria Choice is a housing allocations partnership between Eden District Council, Accent Housing, Derwent and Solway, Eden Housing, Home, Impact Housing, Riverside, Two Castles and South Lakes Housing. All affordable properties for rent that are managed by the above providers are advertised through Cumbria Choice, simplifying the application process.

2.1.7 For those who wish to buy their own affordable home, there are several low cost home ownership initiatives aimed at helping local people on modest incomes to purchase a home, including:

- Discounted sale: properties sold at a fixed percentage discount from market value, enabling the purchaser to buy the whole property at a reduced rate. The percentage discount is then applied upon each successive re-sale. Where affordable housing is provided at discounted market value a discount of 40% will be applied. of the allocation of discounted sale properties is determined through the negotiation of Section 106 planning obligations. The developer then markets these properties to eligible purchasers approved by the Council (through the Homeseekers' Register). In these cases the property will be limited to a discount of final value and subject to an upper cap of 60% of average (mean) property prices for Eden District (currently £137, 595, however this is reviewed annually). Shared Ownership: whereby the purchaser buys a percentage share of a property (usually from an RP) and pays rent on the share that they do not own. Over time, the leaseholder may buy additional shares in the property – a process known as 'staircasing'. In most cases it is possible to staircase up to own 100% of the equity, thus becoming the outright owner. However, there may be restrictions, for example in the rural areas, in order to safeguard the supply of affordable housing. Where the developer wishes to work with a non-registered shared ownership provider, this will be considered on its merits through the determination of the planning application, and should it be approved, the provider will be required to comply with the Council's standard Section 106 shared ownership clause(s).
- Rent to Buy: properties are rented, through a shorthold tenancy, at a reduced rate, approximately 80% of the market rent. The expectation (although not obligation) is that the shorthold period allows the tenant the opportunity to save for a cash deposit towards buying a share of the home.
- Starter Homes: introduced, in principle, through the Housing and Planning Act 2016 and are recognised in the NPPF as a form of affordable housing. The Act states that starter homes are dwellings available to purchase by qualifying first-time buyers at a discount of at least 20% of the market value, up to a cap of £250,000 (outside London). There are restrictions on sale and letting of these homes.

How much Affordable Housing do developers need to provide?



*Outside of the settlements listed in Policy LS1, Eden Local Plan 2014-2032 (see Appendix 2)

2.3 Why does the threshold for providing 30% affordable housing differ to that in the Eden Local Plan 2014-2032?

- 2.3.1 In determining planning applications the Council will afford more weight to the Affordable Housing thresholds specified in the NPPF (February 2019) as the more recently adopted policy.
- 2.3.2 Paragraph 64 of the revised NPPF (February 2019) sets out that policies should expect major development involving the provision of housing to provide at least 10% of homes for affordable home ownership. Major development (definition in the NPPF (February 2019)) includes where 10 or more homes will be provided or the site has an area of 0.5 hectares or more.
- 2.3.3 Evidence undertaken for the Eden Local Plan demonstrated that the need for affordable housing in Eden District was such that the Council will require 30% of housing to be made available for affordable home ownership.

2.4 Viability

- 2.4.1 In accordance with paragraph 62 of the NPPF (February 2019), where the Local Plan policies stipulate that residential developments shall include the provision of affordable housing, this shall be provided on the application site unless:
- Off-site provision or an appropriate financial contribution in lieu can be robustly justified; and
 - The alternative agreed approach contributes to the objective of creating mixed and balanced communities.
- 2.4.2 The Council expects development proposals to adhere to the levels of affordable housing provision as set out in Policy HS1 of the Eden Local Plan 2014-2032.
- 2.4.3 It will not be acceptable to sub-divide sites and submit applications in a piecemeal fashion to avoid making affordable housing contributions. Mechanisms will be put in place to ensure that the full affordable housing contribution required is provided from the overall site.
- 2.4.4 Should an applicant consider they are unable to provide the required proportion of affordable housing or tenure split due to viability issues, they must support their case with a viability appraisal. This should be submitted with the planning application. In the absence of a viability appraisal, any proposal for a lower provision of affordable housing will be refused.
- 2.4.5 A standard economic viability template is included at Appendix 4. Applicants are advised to use this template, which should be completed in conjunction with the economic viability guidance in Appendix 3.
- 2.4.6 Should applicants have concerns over the viability of their proposal, they are advised to enter into pre-application discussions with Development Management to ensure that the proposed scheme is acceptable in principle, prior to undertaking an economic viability assessment.

- 2.4.7 Where a scheme is demonstrated to be unviable with the required policy level of affordable housing, consideration will be given to a range of alternative options in negotiation with applicants. These options will vary depending on site specific circumstances and constraints but include, flexibility on the tenure ratio, the potential transfer of serviced plots, a reduced percentage of affordable housing (where this is considered we will seek to secure quality over quantity, for example, although fewer units may be provided they should be well matched in size, type and tenure to local needs, see section 2.15 Tenure and Size), or off-site contribution.
- 2.4.8 The issue of viability can be complex for historic buildings, many of which need considerable investment in order to ensure their long-term conservation. In addition, the optimum viable use may not necessarily be the most profitable one.
- 2.4.9 Where a proposal involves the conversion a designated heritage asset to a level of housing that would require an affordable housing contribution, the Council will encourage the sensitive conversion of the asset and consider the implications this has on the ability to provide affordable housing. Should an applicant consider that they are unable to meet the affordable housing requirement they must support their case with a viability assessment.

2.5 Affordable Housing statement and viability appraisal

- 2.5.1 Applicants are strongly advised to discuss affordable housing requirements, in advance of submitting a planning application, with the Planning department and/or the Council's Housing Development Officer.
- 2.5.2 Where there is a policy requirement for on-site affordable housing, in accordance with Local Plan policy HS1, the applicant must submit an affordable housing statement with the planning application. If there is no such statement, the application will not be validated and if insufficient detail is provided, the application may be delayed until this issue is resolved.
- 2.5.3 Details of what to include in an affordable housing statement can be found in Appendix 5.

2.6 What is a commuted sum and when is it required?

- 2.6.1 A commuted sum is a financial contribution that is provided to the Council in-lieu of Affordable Housing built on the development site.
- 2.6.2 Developments of between 6 and 10 dwellings outside of Penrith (not including rural exceptions sites) will be expected to make a financial contribution to Affordable Housing. This will be in lieu of providing Affordable Housing on-site as part of the development scheme.
- 2.6.3 In the town of Penrith no financial contribution is required but Affordable Housing should be provided on site on developments of over 10 dwellings.
- 2.6.4 Where affordable housing should be provided on site, financial contributions will not be accepted as an alternative simply because this is the developer's

preference, or the preference of people living near the development site in question.

- 2.6.5 However, if the preference is to provide on-site Affordable Housing rather than a financial contribution this may be acceptable in certain circumstances. In general, this will be dependent on Affordable Housing need in the area and the appropriateness of the site's location. The Council's Housing Department will be consulted on this type of arrangement.

2.7 How is a commuted sum calculated?

- 2.7.1 There are a number of ways that a future commuted sum policy in this context could be developed. For example, requiring payment of a set figure per unit; payment of a set figure for each unit above the fifth unit; or adopting a tailor-made formula. Set figures are, however, problematic due the fact that sites featuring predominantly smaller units could be required to make disproportionately greater contributions (as a percentage of total sales value) than contributions required from sites with larger and higher value units.

- 2.7.2 In order to address this issue, a review was undertaken of the total commuted sum contributions collected from developers over the 2.5 year period since September 2016 when this policy was introduced.

- 2.7.3 The table below shows planning consents that have been granted for residential development on sites of six to ten dwellings in rural areas within the District since September 2016 with respective commuted sum figures for each application:

Planning reference	Location	Type of consent	Commuted sum figure	% of GDV
16/0185	Land adjacent The Laurels, Tebay	Outline	N/A	12%
16/0544	Eden Gate, Warcop	Outline	£122,965	4.37%
16/0658	Land adjacent Pennine View, Skelton	Full	£165,534	6.23%
16/0682	Land behind Tanglewood, Morland	Outline	N/A	12%
17/0465	Land to the rear of Mothercroft, Morland	Outline	N/A	12%

- 2.7.4 Unfortunately during this 2.5 year period there has only been one full planning permission, with the remainder being outline consents. It may well be the case that at reserved matters stage, when more details are known about scheme

costs, an applicant may look to contest the payment of 12% of GDV, based on viability.

2.7.5 In order to test the current viability of commuted sum payments on sites of six to ten units the viability testing of a range of hypothetical sites of between six and ten units was undertaken. From the viability modelling exercise the level of financial contribution that may be reasonably payable as a commuted sum from residential development schemes on such sites was derived.

2.7.6 The site viability modelling exercise has adopted expected generic development assumptions for schemes of this nature within the District as at February 2019. Key assumptions are set out below:

- Two bed house – gross internal floor area of 68m²; sales values of £160,000 (£2,353 per m²; £219 per ft²)
- Three bed house – gross internal floor area of 84m²; sales values of £193,000 (£2,298 per m²; £213 per ft²)
- Four bed house – gross internal floor area of 102m²; sales values of £230,000 (£2,255 per m²; £209 per ft²)
- Site value – based a purchase price of £325,000 per net acre at an assumed density of 12,500 ft² of floorspace per acre

Number of units	Accommodation mix	Site Value	Gross Development Value	Gross Development Costs	Residue (figure available for commuted sum)	Commuted sum as % of GDV
6	2 x 2 bed houses; 2 x 3 bed houses; 2 x 4 bed houses	£142,170	£1,166,000	£906,301	£84,799	7.27%
7	2 x 2 bed houses; 3 x 3 bed houses; 2 x 4 bed houses	£165,678	£1,359,000	£1,056,513	£98,637	7.26%
8	2 x 2 bed houses; 4 x 3 bed houses; 2 x 4 bed houses	£189,186	£1,552,000	£1,206,897	£112,303	7.24%
9	3 x 2 bed houses; 3 x 3 bed houses; 3 x 4 bed houses	£213,254	£1,749,000	£1,360,850	£125,800	7.19%
10	3 x 2 bed houses; 4 x 3 bed houses; 3 x 4 bed houses	£236,763	£1,942,000	£1,511,234	£139,466	7.18%

- Base build cost – for sites of this scale economy of scale savings are limited; based on the BCIS index for estate housing at the mid-point between the current two story lower quartile and median rate for Eden District = £1,112 per m2 (£103 per ft2).
- External works – 10% of base build costs.
- Contingencies – 3% of total construction.
- Professional fees – 7% of total construction.
- Cost of finance – 7% per annum; applied to total site acquisition costs, costs of construction and professional fees; assumes a 12 month build period.
- Cost of disposal – 2% of total sales values ('GDV').
- Developer profit – 15% of GDV; considered to be minimum appropriate risk return to developer for development of this scale and nature; assumptions accords with NPPG on Viability.

The results of the viability testing exercise are set out in the table below:

2.7.8 It can be seen from the above viability testing exercise that a commuted sum payment of 7% of GDV would now appear to be an appropriate headline policy position in respect of residential development on small sites of six to ten units.

2.8 When should a commuted sum be paid?

2.8.1 The payment of financial contributions will be set out through the agreement of a unilateral undertaking ('UU') or a section 106 agreement to be completed prior to granting planning permission.

2.8.2 The Council will require payment of the commuted sum to be made either:

- i) In full upon the occupation of the sixth dwelling, or;
- ii) In stages, relating to the final dwelling houses following the 5th and upon the occupation of each of those dwelling houses. As such, contributions will be paid in equal instalments following the completion of each of the final steps of the development provided that the full balance due is paid within 12 months of the occupation of the sixth dwelling whether or not any further dwellings have been constructed.

2.9 How are commuted sum payments used?

2.9.1 Commuted sum payments will be held in the affordable housing fund. The fund will only be used to meet the Council's affordable housing objectives and will contribute towards:

- Additional affordable housing to be provided by a Housing Association;
- Additional affordable housing to be provided by a private developer;
- Purchasing properties on the open market for affordable housing use;

- Purchasing an equity stake in open market properties, with the outstanding balance paid by a local qualifying person;
- [Supporting Community Land Trust](#) affordable housing schemes;
- Seeking expert professional advice in relation to site viability assessments to ensure the maximum viable amount of affordable housing is provided in accordance with Policy HS1 of the Eden Local Plan.

Recover unpaid affordable housing commuted sum payments (through court action and officer time) where it would generate a net gain in funds.

- 2.9.2 The Council will seek to allocate any affordable housing contributions within the locality of the approved development. However, the Council may use the Affordable Housing Fund to provide affordable housing provision on a district wide basis where supported by housing need evidence or where there is insufficient funding within the locality to meet any tangible affordable housing need.
- 2.9.3 The Council is permitted up to 10 years to allocate its affordable housing contributions. This is to reflect that in some cases only small contributions will be collected from each scheme, resulting in a longer period of time for sufficient funds to accumulate to deliver the affordable housing. If after 10 years the contribution has not been utilised, it shall be returned to the developer, with the option to gift aid to us for the provision of affordable housing if this is preferred.
- 2.9.4 The Community Infrastructure Levy (Amendment) (England) Regulations 2019, which will come into force on 1st September 2019, will require the Council to publish an Infrastructure Funding Statement on an annual basis. This will include the details of developer contributions received for and spent on Affordable Housing in the previous year.

2.10 What is a rural exception site?

2.10.1 The NPPF defines rural exception sites as small sites used for affordable housing in perpetuity where sites would not normally be used for housing.

2.10.2 Paragraph 79 of the NPPF (February 2019) states that the development of isolated homes in the countryside should be avoided. In certain circumstances, sites in rural areas (outside of the Key Hubs and Smaller Villages and Hamlets) that would not be suitable for market-led housing, may be granted permission for affordable housing to meet an identified local need (see section 2.11).

2.10.3 A rural exceptions scheme is expected to deliver 100% affordable housing, but the Council may consider allowing a small element of market housing where a viability assessment demonstrates that a cross subsidy is necessary to make the scheme viable (see section 2.3). As stated in paragraph 77 of the NPPF (February 2019), it is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. The applicant should therefore raise any viability concerns in the affordable housing statement and to submit a completed financial viability assessment template (see Appendix 4) as part of the planning application.

2.11 Where is it acceptable for a rural exception site to be located?

2.11.1 Policy LS1 states that to qualify for rural exceptions housing the site must be in a location considered suitable for the development of affordable housing and that evidence will need to be given as to why the scheme's benefits to the locality are such that it justifies an exception to policy.

Suitability of the location and site

2.11.2 The proposed development must be located in an existing settlement comprised of a coherent group of three or more dwellings and must be of an appropriate scale in relation to the existing settlement.

2.11.3 Additional factors that will be taken into account when determining suitability of location include proximity to the nearest settlement; availability of services in that settlement (including shop, school, GP surgery, pub, village hall, public transport); and footpath provision, street lighting and any other safety implications on the route from the proposed development to the settlement that would impact upon the use of sustainable modes of transport to access local facilities.

Evidence of the scheme's benefits to the locality

2.11.4 The proposal must meet a proven local need which cannot be met on another more suitable site within one of the settlements listed in Local Plan Policy LS1. To this end, the following information must be provided in the affordable housing statement:

- If the application is for self or custom-build, details of the applicant's local connection to the settlement must be provided.

- If the application is not for self or custom-build, a local housing need survey evidencing the need for the type and number of proposed dwellings at the proposed development location should be submitted with the application (see section 2.11 and 2.12).
- Statement of community support (eg from parish council).
- The application must also set out reasons why the affordable housing could not reasonably be provided elsewhere, either on an allocated site or on a site within one of the settlements listed in Local Plan Policy LS1.

2.11.5 If planning permission is granted, this will be on the condition that the affordable housing is available to people with a local connection (as defined in Appendix 5 of the Eden Local Plan) and is retained and maintained as affordable in perpetuity. The expectation is that it will be delivered through a RP, Community Land Trust or other form of community-led housing; or that it will be affordable self or custom-build; or that it will be sold at a discount sale through the Council's Homeseekers' Register (see section 2.1).

2.12 How is Housing Need Assessed?

2.12.1 The Council uses information from a range of sources including the most up to date versions of the following:

- District Housing Need Survey (link to be provided when available).
- Local Housing Need Surveys (these may be local to a settlement, parish or cluster of parishes).
- Strategic Housing Market Assessments.

The above information may be supplemented with data from:

- Cumbria Choice.
- The Council's Homeseekers' Register.
- Registered Providers or Housing Associations (for example, information about property turnover and lettings).

2.12.2 In some circumstances, for example when an application is made for affordable housing on a rural exception site (see section 2.9), or when a proposal is contrary to policy, the applicant will be required to provide their own supporting evidence in justification of the proposal. This could include (but is not limited to) the results of a housing need study (a district-wide study was undertaken in December 2018 by the Council), a housing need survey commissioned by the applicant, and a statement of support from the parish council. Advice on undertaking a housing needs survey can be obtained from the Council's Housing Research Officer.

2.13 What is a housing need survey?

2.13.1 A housing need survey can provide a more detailed analysis of the type of housing need within a smaller area, such as a specific Parish or town.

2.13.2 Parish level housing need surveys are normally the required method for the assessment of local housing needs and will be required to support any exceptions development. In some cases it may be appropriate for an exceptions scheme to serve a cluster of well-related villages and a housing needs survey should reflect this approach. The Council would be happy to discuss the merits of such an approach with prospective providers or local communities.

2.13.3 The Council requires surveys to be up-to-date and applicants should demonstrate that any surveys they refer to are still relevant. The information may be complemented by data from the Council's Homeseekers' Register or other reliable sources of evidence.

2.13.4 The Homeseekers' Register contains a wealth of information including the number of applicants wishing to live in a particular area, the type of accommodation they require and the number of bedrooms.

2.13.5 The Homeseekers' Register can also be used to help inform development sites where there may be no housing survey present.

2.14 Need for bungalows

2.14.1 The Housing Needs Study (December 2018) commissioned by Eden District Council identifies a need for the delivery of bungalows (or level-access accommodation) over the Local Plan period.

2.14.2 It is therefore recommended that applicants provide an element of bungalows, or other property types suitable for older persons, designed to flexible and adaptable standards. Other types of suitable accommodation include:

- Adaptable ground floor apartments;
- Adaptable upper floor apartments, which are serviced by a lift;
- Dormer bungalows, incorporating a ground floor w/c and washing facilities that can easily be converted to a wet room.

It is recognised that on some schemes, such as conversions of existing buildings or town centre apartment schemes, bungalows would not be practical or appropriate.

2.14.3 It is appreciated that bungalows require a larger footprint, which can raise viability issues, especially on smaller sites. The recommended proportion of bungalows (or other suitable adaptable dwellings) in the table below is therefore based on a sliding scale, taking into account economies of scale around the size of the development site.

Number of units	Recommended percentage of bungalows, or other suitable adaptable properties
Fewer than 50	Applicants are encouraged to provide an element of bungalows or other housing suitable for older persons to meet the requirements of Policy HS4.
50-99	5%
100 or more	10%

2.14.4 The provision of bungalows, or other suitable adaptable properties meeting the needs of the ageing population, relates to both market and affordable housing, eg on sites of 50-99 dwellings 5% of affordable houses should be bungalows and 5% of market-led dwellings should be bungalows.

2.14.5 The headline requirement for 30% on-site affordable housing on sites of more than ten units could potentially be reduced, subject to justification through viability testing, where bungalows form part of the affordable housing mix.

2.15 Bungalows and Viability

2.15.1 Whilst bungalows are relatively 'land hungry', requiring a larger plot of land to deliver a similar floor area as a house of two or more storeys, they will also generally achieve greater values with values recently evidenced in the region of 15% to 25% on new developments in Eden compared to houses of similar floor area. It is considered that any marginal negative effect of viability arising from the requirement for bungalows on schemes of 50 or more units will be factored into site value negotiations.

2.15.2 Furthermore, on sites of this size there is scope to 'design out' any potentially negative viability effect, for example through slightly reducing average garden sizes or varying the size and shape of areas of public open space. Therefore it is considered that a requirement to provide 5% of units as bungalows on a 50 units size (equating to three bungalows) and 10% of units as bungalows on 100 unit sites (10 bungalows) is not an unreasonable expectation in viability terms.

2.16 Tenure and size

2.16.1 Where policy requires 30% affordable housing to be delivered on site, the Council will seek for the mix of affordable units to comprise 70% affordable rented units and 30% intermediate units. However, there will be flexibility around this, for instance within the Key Hubs or in cases where the applicant

is proposing bungalows as part of the affordable mix, depending upon housing needs evidence at the time of the application. The Housing Development Officer will advise on a case by case basis.

- 2.16.2 It may be useful for developers to engage in discussions with Registered Providers before submitting an application that includes affordable housing units. Registered Providers will be able to give a clearer picture of the number of affordable rented units required in a specific location.
- 2.16.3 When proposing the development of affordable housing developers will be required to provide a range of dwelling types and sizes. Developers should particularly look to provide house types that are needed, as set out in the most recent District Housing Need Study. The current study (December 2018) emphasises a particular affordable need for 2-bedroom flats, bungalows and 3-bedroom houses.



2.17 How should Affordable Housing be incorporated into the design and layout of a housing site?

- 2.17.1 Affordable housing should not be distinguishable from market housing in terms of location, appearance, materials and build quality, and should be fully integrated throughout the scheme. This must be considered in the early stages of the design process and applicants are strongly advised to discuss requirements with the Planning department and/or the Council's Housing Development Officer.
- 2.17.2 Affordable homes for Discounted Sale will be valued upon completion prior to marketing, in accordance with the Homeseekers' Register Policy. The Council's standard valuation template should be used which will take into account all elements (exterior and interior) of the property so any differences in quality and specification from an open market equivalent are taken into account in the discounted purchase price.
- 2.17.3 Where proposals include an element of affordable housing to rent and/or shared ownership, the applicant must engage in discussions with a housing provider (usually a Registered Provider) at an early stage in order to gauge interest in the potential scheme and to ensure that appropriate affordable dwellings (in terms of size, type, location etc.) are designed into the scheme in the first instance. Registered Providers may have a preference for the affordable housing to be clustered together, for ease of management; whereas discounted sale dwellings can generally be distributed throughout the site in a 'pepper pot' mix.

2.18 Is there a minimum/maximum size for Affordable Housing?

- 2.18.1 The Council expects that affordable homes will be designed to meet comfortable space standards in line with the Nationally Described Space Standards (2015) shown in Table 1. These standards have been included as guidance for applicants to help inform their negotiations with Registered Providers, and are also applicable to low cost home ownership dwellings.
- 2.18.2 Policy DEV5 (Design of New Development) requires applicants to demonstrate that new development 'can be easily accessed and used by all, regardless of age and disability' and providing high quality homes with adequate sized rooms is necessary to achieving this requirement.
- 2.18.3 Where Affordable Housing on a proposed scheme does not meet the standards set out in Table 1, the applicant should demonstrate that there is a realistic prospect that a Registered Provider will sign up to the affordable homes.
- 2.18.4 Applicants should clearly state the gross internal floor area of each unit in the Design and Access Statement submitted alongside the application.

Table 1: Minimum expected size for Affordable Housing

Unit Type	Nationally Described Space Standards (GIA*)	Built-in storage
1 bed 2 person Apartment	50m ²	1.5m ²
2 bed 3 person Apartment	61m ²	2m ²
1 bed 2 person Bungalow	50m ²	1.5m ²
2 bed 3 person Bungalow	61m ²	2m ²
1 bed 2 person House	58m ²	1.5m ²
2 bed 3 person House	70m ²	2m ²
2 bed 4 person House	79m ²	2m ²
3 bed 4 person House	84m ²	2.5m ²
3 bed 5 person House	93m ²	2.5m ²
4 bed 5 person House	97m ²	3m ²
4 bed 6 person House	106m ²	3m ²

*The Gross Internal Area of a dwelling is defined as the total floor space measured between the internal faces of perimeter walls¹ 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).

2.19 What is affordable self-build?

2.19.1 Each affordable home will be subject to the same affordability, eligibility and local connection criteria as would a developer-built affordable home (this will be controlled via a S106 legal obligation setting out any provisions for the future occupancy and affordability of the dwellings), and it will remain affordable in perpetuity. Proposals for affordable self-build homes will be supported provided they meet the following provisions:

- There is clear evidence of housing need. It must be demonstrated that there are sufficient local people in housing need who qualify for affordable housing. It is recommended that applicants ensure they have access to the finance to fund a self-build project to completion;
- In the North Pennines Area of Outstanding Natural Beauty (AONB) and in designated Conservation Areas, regard must be had to the AONB Management Plan, Planning Guidelines and Building Design Guide, and the relevant Conservation Area Appraisal respectively;
- The self or custom build elements should be administered by a Community Land Trust or a Registered Provider or overseen, approved and monitored by Eden District Council through a combination of Development Management, Housing Officers and Building Control;
- The initial and subsequent sale of any self-build affordable home must accord with the discounted rate of final value, or price cap at the time of sale, associated with that applied to affordable housing.

2.19.2 Proposals for an affordable self-build dwelling(s) on a rural exception site (see sections 2.9 and 2.10) will be supported where the house is secured as affordable in perpetuity.

2.20 Does the applicant meet Affordable Housing requirements?

2.20.1 All new affordable housing will be restricted to those who can demonstrate they have a need to live in the locality and are in Affordable Housing Need. Occupancy restrictions will be secured through the use of a legal agreement using Section 106 of the Town and Country Planning Act 1990. This will apply the criteria set out at Appendix 5 in the Eden Local Plan to the dwelling(s) and also define the 'locality'.

2.20.2 Housing Associations will allocate their properties according to the relevant S106 Agreement. However, they are also governed by the provisions of the Housing Act 1996 and their own management priorities. This means that when the Housing Association is deciding to whom they should allocate a vacant property, preference may be given to specific people by virtue of their circumstance. By way of example, priority is given to those that are homeless, have left the Armed Forces, need a house by virtue of medical or welfare grounds, etc. In all cases, the successful applicant will need to demonstrate they meet the criteria in Appendix 6.

2.21 What is Vacant Building Credit?

2.21.1 The Vacant Building Credit is a scheme introduced by the Government to encourage and incentivise the re-use of brownfield land, or land that contains vacant buildings for appropriate re-development.

2.21.2 Where a vacant building is proposed to be brought back into any lawful use, or is to be demolished to be replaced by a new building(s), a developer will be offered a financial credit equivalent to the existing gross floorspace of relevant vacant buildings when Eden District Council calculates any affordable contribution. Affordable housing contributions may still be required in instances where the proposed development results in an increase in floorspace above that of the vacant building.

2.21.3 If the floorspace of the proposed development is less than the floorspace of the existing building, then no Affordable Housing Contribution will be required. Where there is an overall increase in floorspace proposed by a development, Eden District Council will calculate the amount of affordable housing contribution that the developer will need to make, in accordance with the Eden Local Plan and the Housing Supplementary Planning Document. A credit will then be applied to the development, which is the equivalent of the gross floorspace of any relevant vacant buildings being brought back into use or demolished as part of the development, and deducted from the overall affordable housing contribution calculation.

2.21.4 The Vacant Building Credit is a material consideration in the determination of relevant planning applications which would normally require the provision of affordable housing.

2.22 How is Vacant Building Credit calculated?

2.22.1 The existing floorspace of a vacant building will be credited against the floorspace of the proposed new development. For example, where a building with a gross floorspace of 8,000 square metres is to be demolished and replaced by a new development with a total floorspace of 10,000 square metres, an affordable housing contribution would be 20% of what would normally be sought as a contribution.

2.22.2 As an example, a housing development for 100 dwellings would have a requirement for a 30% provision as affordable houses under the requirements of Policy HS1 of the Eden Local Plan. If the existing Gross Internal Floor Area was 1,000 square metres and the proposed Gross Internal Floor Area of the new development was 10,000 square metres then the following calculations would be made:

- 1) Calculate the affordable housing contribution based on the total number of eligible dwellings and the affordable housing percentage (30%) required by Policy HS1:
 - **100 units x 30% = 30 units.**
- 2) Calculate the amount of existing floorspace, if any, as a proportion of the proposed floorspace provided by the development:

- **1,000sqm (existing) / 10,000sqm (proposed) x 100 = 10%**
- 3) Stage 3 – Calculate the Vacant Building Credit:
 - **30 units x 10% = 3 units**
- 4) Deduct the Vacant Building Credit from the affordable housing contribution required under Policy HS1:
 - **30 units – 3 units = 27 affordable units to be delivered on site.**

2.22.3 For outline planning applications it may not always be clear what the actual number of dwellings or the size of those dwellings may be. Therefore, it will often be difficult to quantify what Vacant Building Credit will be applicable to a development. Where Eden District Council considers that the Vacant Building Scheme is applicable, the applicant will be expected to enter into a Section 106 Agreement at the outline stage to enable the final requirement to be calculated at the Reserved Matters stage when the relevant details of the scheme are known.

2.22.4 If viability still remains an issue for the remaining provision, then a viability appraisal would need to be submitted to provide evidence to justify a reduced provision in line with the requirements of Policy HS1 of the Eden Local Plan.

2.23 What information is needed when submitting an application involving Vacant Building Credit?

2.23.1 In order to enable the Vacant Building Credit to be calculated, the following information will need to be provided within a supporting Planning Statement:

- Evidence that the referenced building is 'vacant.' A building will not be considered 'vacant' if it has been in continuous use for any period of six months or longer in the last three years prior to the date of the submission of the planning application:
- The whole building must be vacant in order to qualify for the Vacant Building Credit;
- Evidence that the referenced building is not an abandoned building (an abandoned building no longer has a use and is merely considered previously developed land), or vacated solely for the purpose of the proposed redevelopment. The onus will rest with the applicant to demonstrate that this is the case. The Council take into account the following factors:
 - The physical condition of the building;
 - The length of time that the building has not been used;
 - Whether the building has been used in the three year period for any other purposes and if relevant, what the uses were;
 - The owners/applicants intentions for the building.
- Information on the existing Gross Internal Floor Area and the proposed Gross Internal Floor Area;

- Whether the building is covered by an extant or recently expired planning permission for the same or substantially the same development;

2.23.2 National Planning Policy Guidance explicitly excludes rural exception sites from any restrictions on seeking planning obligations contributions. As such Eden District Council's position is that the Vacant Buildings Credit provisions do not apply to rural exception sites. Further, the NPPF defines exceptions sites as small scale sites where the principle of market housing wouldn't ordinarily be accepted. It therefore follows that a vacant building credit cannot be applied in circumstances where this might result in no affordable housing being provided as this would not meet the NPPF definition of exceptions sites. Officers will therefore assess whether the site meets the NPPF definition of a rural exception site, prior to considering any other eligibility for applying the vacant building credit.

2.23.3 Eden District Council will determine whether a building is 'vacant' or 'abandoned' on a site specific case-by-case basis.

3 Housing in the Smaller Villages and Hamlets

3.1 What is infill development?

- 3.1.1 Large areas of open space within Smaller Villages and Hamlets make an important contribution to their appearance and character. The requirement for 'modest infill' development is to protect settlements from unjustified and inappropriate development eroding their character.
- 3.1.2 To conform to Policy LS1 of the Eden Local Plan infill development should fill a 'modest gap'. See section 3.3 for more information on the definition of 'modest'.
- 3.1.3 This is development that would fill a gap in an otherwise continuous built frontage which will normally but not exclusively be a road frontage. The layout and density of the development should be in keeping with and similar to others in the continuous frontage.
- 3.1.4 Development should not diminish a large gap that is considered important to the setting of the settlement.
- 3.1.5 This approach will consider proposals on a case by case basis, on their individual merits, and against other policies in the Local Plan.

3.2 What is rounding off development?

- 3.2.1 The surrounding, undeveloped countryside around Eden's Smaller Villages and Hamlets makes an important contribution to their pastoral character. The requirement for 'modest rounding off' development is to protect the open countryside from unjustified and inappropriate development eroding the quality of the countryside in Eden.
- 3.2.2 Rounding off development is a modest extension beyond the limit of the settlement to a logical, defensible boundary. It should not visually extend the built-mass into the open countryside and the land should be substantially enclosed and the boundary clearly defined by a physical feature.
- 3.2.3 To be considered as "rounding-off", a site must be predominantly enclosed by a strong defensible boundary. Stone walls, fence lines, or public footpaths/tracks will not be considered as defensible boundaries in most circumstances. Defensible boundaries must be existing features, as described in paragraph 3.2.3. It is not acceptable to propose the creation of new defensible boundaries as part of a development in order to artificially extend the existing limits of a settlement into an open much larger space or field.
- 3.2.4 A defensible boundary is a long standing and enclosing landscape or topographical feature such as, but not limited to, a road, wood, river, railway line or a significant rise or fall in the topography, which would prevent the further extension of development³.

³ Appeal decision (APP/H0928/W/18/3194233)

- 3.2.5 The Council will not support development within Smaller Villages and Hamlets which extend the current, compact, built form of the settlement into the open countryside beyond, due to the likely level of harm that would be caused to both the character of the village and to the character of the surrounding landscape.

3.3 What constitutes a modest development?

- 3.3.1 Development of an appropriate scale will be permitted in the Smaller Villages and Hamlets and is restricted to modest infill and rounding off sites. Proposals should demonstrate that the development is small scale relative to the settlement in which it is located and that consideration has been given to service provision in the settlement. For example, a Smaller Village and Hamlet with a school and some form of public transport may be able to cope with a slightly larger development than a settlement without these services, even if the settlement contains a similar number of existing dwellings.
- 3.3.2 Rather than set out a prescriptive approach to scale, particularly given the diversity of the Smaller Villages and Hamlets within the District, proposals will be considered on a case-by-case basis in order to assess the characteristics of the particular settlement.
- 3.3.3 However, the Council does not wish to see the unfettered development of market housing in the Smaller Villages and Hamlets but housing that will meet local housing aspirations and sustain villages.
- 3.3.4 Policy HS2 aims to encourage people to meet their own housing need locally, particularly through self-build. The occupation of new housing built on greenfield sites in the Smaller Villages and Hamlets will be restricted to those who meet the local occupancy criteria set out in Appendix 6 of the Eden Local Plan.
- 3.3.5 As a consequence, it is anticipated that development proposed in the Smaller Villages and Hamlets will be small scale, providing for local need only. As an indication it will be of a smaller scale than that of development expected in the Key Hubs.
- 3.3.6 Where proposals for a site involve a contrived under development in order to achieve an appropriate housing number, they would not accord with Policy DEV5 of the Eden Local Plan, which requires proposals to reflect the existing street scene through the use of appropriate scale, mass, form, layout and high quality design. Where such under development is evident, this would demonstrate and reflect that a site could not be considered modest in size as required by Policy LS1 of the Eden Local Plan.
- 3.3.7 The scale and form of development will be expected to be proportionate to the scale and form of the site and the settlement within which it is located. This approach will consider proposals on a case by case basis, based on their individual merits and against other policies of relevance within the Local Plan. This is considered preferable to a prescriptive approach particularly given the wide range of diversity evident within the Smaller Villages and Hamlets across the District.

3.4 What constitutes 'Other Rural Areas'?

- 3.4.1 The Local Plan does not mark the boundaries of any settlements in Eden District as it is not the intention of the Local Plan to be overly prescriptive on this matter. However, it is important to understand the circumstances under which developments are considered against the 'Other Rural Areas' policy rather than the Smaller Villages and Hamlets.
- 3.4.2 Development is considered to be in the open countryside when it is beyond a logical, defensible boundary of a Smaller Village and Hamlet and therefore a proposal should be determined under the other Rural Areas policy. As described above, a logical defensible boundary is a landscape feature such as a road, wood, river, railway line or a significant rise or fall in the topography. Accordingly, a Smaller Village and Hamlet could extend beyond the existing end dwelling to include a modest rounding off which is constrained by an identified logical defensible boundary. There could also be an occasion when a logical defensible boundary can be identified at the end of a small village and hamlet, but contains a much larger site. In this instance where a site not be considered 'modest' it's development be considered contrary to policy LS1 of the Eden local plan.
- 3.4.3 If a logical, defensible boundary does not exist at, or within close proximity to, the edge of the existing settlement, then a development beyond the edge of the existing settlement will be considered in the Other Rural Area.

3.5 Will 100% Affordable Housing be considered on a site in a Smaller Village and Hamlet that is not policy compliant?

- 3.5.1 Development on a site within a Smaller Village and Hamlet, that does not meet the criteria for infill and rounding off (see section 3.1 and 3.2) will not normally be considered acceptable for 100% Affordable Housing. Restricting development to modest infill and rounding off in these locations is intended to resist over large development proposals which would have an adverse effect on the character and form of rural settlements in the District.
- 3.5.2 Where there is a proven need for Affordable Housing in a Smaller Village and Hamlet or the locality, a proposal on an otherwise unacceptable site may be supported as a departure to policy. In such circumstances the applicant must demonstrate that the benefits of the proposal outweigh the harm caused by departing from the Local Plan. The applicant must also provide robust and up to date evidence of the need for Affordable Housing in the proposed location (see rural exception sites section) and the proposal must be modest in scale.
- 3.5.3 In order to comply with Policy DEV5 the proposal should include measures to integrate the development into the rural landscape. If the site is on the edge of a settlement, appropriate consideration should be given to the boundary of the development, ensuring that appropriate design and landscaping is incorporated into the scheme providing for adequate visual containment. This is especially important for affordable housing proposals on sites that do not meet the criteria of infill and rounding off.

3.6 Why is there a 150m² limit on dwellings in the Smaller Villages and Hamlets?

- 3.6.1 The purpose of Policy HS2 is to encourage innovative methods of providing housing to meet local needs and help support small villages. It aims to assist those with strong local connections to build their own homes in a location where they may be unable to acquire a property.
- 3.6.2 The restriction on floor area to 150m² seeks to ensure that proposed dwellings are generally smaller and therefore more attainable to a wider range of local people. In such circumstances a condition will be imposed restricting permitted development rights to ensure that the approved dwelling(s) remain within this range.
- 3.6.3 The size restriction still enables the construction of a generous four bedroomed detached property. A brief assessment of the house types provided by housebuilders in the local area showed that typically four bedroom homes range between 120 and 135m² in size, which is well below the proposed limit.
- 3.6.4 Furthermore the nationally described space standards recommends that the minimum gross internal floorspace for a six-bed, 3 storey dwelling (including built-in storage) is 142m².
- 3.6.5 There may be extenuating circumstances where a property over 150m² is appropriate, and these circumstance will need to be demonstrated by the applicant.
- 3.6.6 The third criterion of Policy HS2, which relates to development on greenfield sites, acknowledges that these are potentially the more attractive and more viable sites within a Smaller Village or Hamlet and that these are better suited to providing for those with a local connection. Accordingly, it is necessary to require a condition or legal agreement restricting occupancy to those with a local connection for both the first and subsequent occupiers in perpetuity.
- 3.6.7 Policy HS2 acknowledges that there are additional costs and constraints involved in the development of previously developed land and as a consequence does not seek to restrict occupation to a person meeting the local connection criteria. As a consequence, subjecting the dwelling to a maximum floorspace of 150m² to make it more attainable for local people is unnecessary. These sites provide an opportunity for the provision of unrestricted, market led properties, which form part of the wide range of housing development available to an area.

4. Housing for essential workers in the countryside

4.1 Agricultural Worker's Dwelling

4.1.1 In accordance with Policy HS3, applications for dwellings to support agricultural and rural businesses will only be supported by the Council as an exception to the normal requirements of the Locational Strategy Policy LS1 in the Eden Local Plan. This position is supported by Paragraph 79 of the National Planning Policy Framework which seeks to avoid the development of isolated homes in the countryside unless specific circumstances exist and is seen to respond to changing agricultural practices and circumstances primarily within the rural area.

4.1.2 The need for an agricultural worker's dwelling must be substantiated through the submission of an Agricultural Holding Assessment which will be independently assessed by the Council. The Council's independent review of an Agricultural Assessment will consider the following:

- An assessment on the content of the agricultural assessment and supporting statement to establish whether a justified functional need exists at the farm for a further dwelling;
- Whether the Council concurs with the financial assessment provided as justification;
- Whether any functional need could be fulfilled at any other existing accommodation in the area which is suitable and available for the workers concerned;
- Whether there is a sufficient labour requirement to warrant additional accommodation at the holding;
- Any other case specific queries that are relevant.

4.1.3 The restriction on floor area to 150m² seeks to ensure that proposed dwellings are generally smaller and therefore attainable to a wider range of people. In such circumstances a condition will be imposed restricting permitted development rights to ensure that the approved dwellings remain within this range.

4.1.4 The size restriction still enables the construction of a generous four bedroomed detached property. A brief assessment of the house types provided by housebuilders in the local area showed that typically four bedroom homes range between 120 and 135m² in size, which is below the proposed limit.

4.1.5 In the case of agricultural workers dwellings, the Council may support such proposals in circumstances where:

- i) There is a justified need for an agricultural workers dwelling and this can be satisfactorily demonstrated, based on the existing size and functional needs of the farm holding;
- ii) There is a compelling case for additional farm workers to live on the site;

- iii) Evidence is provided to show that there is no suitable or available accommodation exists in the near vicinity that could reasonably be used;
- 4.1.6 The Council will support proposals where there is an established, existing, functional need; where no existing housing stock in the locality is available or appropriate; where there is a genuine requirement for additional onsite labour and where the business is sustainable and capable of generating sufficient income to support the required worker.
- 4.1.7 The Council will not support planning applications for rural workers dwellings where existing accommodation has recently been sold off from the farm, and may not support a proposal where a need has arisen due to the fragmentation of land ownership or occupation, unless all units created by this fragmentation can be shown to be agriculturally viable.
- 4.1.8 Dwellings for workers in the countryside will be secured by condition to ensure they remain available for agricultural and rural workers in perpetuity. Where there is a change in circumstance and there is no longer a functional need for the agricultural and rural workers dwelling, a planning application will be required to remove the condition.
- 4.1.9 When applying to remove the occupancy condition on an agricultural workers' dwelling the applicant should provide the following information:
 - Evidence that the property has been marketed for at least 12 months at an appropriate price, ie the valuation should take into account the occupancy condition;
 - Evidence that demonstrates that the valuation of the property has been carried out by a competent professional;
 - Evidence and full details of when and where the property has been advertised demonstrating that the property has been publicised in a manner that is likely to bring it to the attention of people who are able to occupy it;
 - Full details of all enquiries and offers made on the property and;
 - Full details of the change in circumstances of the business that has removed the need for the agricultural workers' dwelling.

4.2 Rural Businesses

- 4.2.1 In order to support the sustainable growth and expansion of all types of businesses and enterprises in rural areas, the provision of a dwelling through the conversion of existing buildings and well-designed new buildings may be acceptable.
- 4.2.2 In order to assess whether or not there is an essential need for a dwelling at a rural business, the Council will consider:
 - i) The Existing functional need;
 - ii) The labour requirements of the business;

- iii) The financial viability of the business;
- iv) The availability and suitability of existing dwellings to meet the existing functional need.

4.2.3 The Council will assess an existing business enterprise to establish whether an existing business is financially sound and has a clear prospect of remaining so to an extent that supports a full-time but not for a part-time worker. This will require an applicant to provide business and a financial assessment which will be independently assessed by the Council.

4.3 Size of Dwellings

4.3.1 New agricultural and rural worker's dwellings should be size limited to a maximum floor area of 150m² as required by Policy HS3, which would include garages and outbuildings where they are integral to the main building.

4.3.2 The purpose of the size restriction is to ensure that any approved dwelling is of a size which ensures that the value of the property remains generally attainable for rural workers in perpetuity, and also to preserve the rural character and setting of the locality. Where such a dwelling is approved a condition will be imposed removing permitted development rights both for extensions and the erection of freestanding buildings.

4.3.3 Proposals for larger dwellings will generally not be supported by the Council in the absence of sufficiently robust and overriding justification.

4.3.4 If it can be demonstrated that a dwelling over 150m² is required to support the farm enterprise then this may be supported where the applicant can demonstrate that the proposed house is in proportion with the function of the business. The appropriateness of a dwelling over 150m² will be considered on a case by case basis.

4.4 Location of Dwellings

4.4.1 Proposals for rural workers dwellings should be close to and well-related to the business to which they are associated, to ensure that the residents are readily able to respond to the need that is being justified, eg animal welfare, and that the proposal does not result in a development sprawl which would erode the quality and character of the rural area within which it is located.

4.4.2 The Council will not support proposals for rural workers dwellings which are remote and isolated from the business itself and which detract from the character of the local landscape, in the absence of an overriding justification. The Council will seek to preserve the rural landscape character and reduce the visual prominence of a development and will look to ensure that any development is contained by existing features, appropriate landscaping and screening together with an overall high quality design as required by Policy DEV5.

5 Housing Type and Mix

5.1 What type of homes should developers provide?

- 5.1.1 The Council's Housing Needs Study (December 2018) anticipates the house types that are likely to be needed over the plan period. This provides a general picture for the District as a whole, providing for smaller household sizes and advocating the provision of two and three bedroom properties as a priority over larger properties.
- 5.1.2 The housing type and mix provided on any development will be expected to meet local need. Applicants should demonstrate that they are providing homes that meet this need by referring to up-to-date local housing need surveys in their application (see section 2.11 and 2.12 for further information on evidencing local housing need).

5.2 Can Self-Build and Custom Housebuilding be provided as part of the housing mix?

- 5.2.1 The government has recently sought to promote the delivery of plots for self-build and custom housebuilding by changes in legislation and in national policy and guidance.
- 5.2.2 The NPPF requires Local Authorities to plan for a mix of housing based on the needs of different groups in the community including those who wish to build their own homes. Local Plan policy recognises that self-build and custom housebuilding can make a contribution to meeting local housing need.
- 5.2.3 Large residential schemes are expected to provide a mix of types and sizes of dwellings to ensure that developments meet the range of needs and demands in the District. Accordingly, proposals to include plots for self-build and custom housebuilding within larger housing development sites will be approved, subject to compliance with other requirements of the plan with respect to design, layout, mix and access. Developers of strategic housing sites will be encouraged to devote a proportion of the site to provide serviced plots for self-build and custom housebuilding.
- 5.2.4 Larger development sites provide an opportunity for developers to devote part of the site for self-build and custom housebuilding. Developers could offer certain plots for sale, with servicing, or offer a custom-building service themselves, offering either a bespoke or catalogue product. Although it is recognised that it may be outside the preferred business model of some developers, the policy is intended to provide encouragement to those developers who may see custom building as an opportunity to develop bespoke design-and-build services as part of their product offer and cater to a wider market.
- 5.2.5 On larger development sites, it is also good practice for plot providers to seek to provide a mix of serviced plot sizes to meet the range of demand and affordability. This may include plots suitable for bungalows for people with limited mobility, smaller plots which provide opportunities for households seeking lower cost market housing, and larger plots suitable for semi-

detached properties to cater for extended families wishing to build together. The range of plots provided should be informed by market research or other evidence which may indicate the ability of households to afford plots, such as information from the Help to Buy Agency, the strategic housing needs assessment or information from the Council.

- 5.2.6 Applications to provide serviced plots for self-build and custom housebuilding on smaller sites (of fewer than 10 dwellings) will be supported where the site is located in accordance with Policy LS1, subject to compliance with other policies in the plan. Wherever self-build and custom housebuilding is proposed, they should be well-designed, in accordance with Policy DEV5: Design of New Development and, where appropriate, ENV5: Environmentally Sustainable Design.

5.3 How is self-build defined?

- 5.3.1 Self-build is defined as anybody who organises the design and construction of their own home. This covers a wide range of projects, from a traditional DIY self-build home, to projects where the self-builder employs someone to build their home for them (ie commissions a home from a contractor, house builder or sub-contractor).
- 5.3.2 The Self-build and Custom Housebuilding Act 2015 requires public authorities to keep a register of those who wish to acquire serviced plots in order to bring forward self-build and custom build projects and imposes a “duty as regards registers”, to have regard to the need for plots expressed by the register. Eden District Council maintains a self-build register; further information is available at: <https://www.eden.gov.uk/planning-and-building/planning-policy/self-build-housing/>.

6 Design: security and environmental sustainability

6.1 How should crime prevention measures be incorporated into the design of dwellings?

6.1.1 Providing a safe environment and incorporating appropriate crime prevention measures is an important element of a high quality design. Proposals for new housing and refurbishment of existing buildings to dwellings are expected to comply with Policy DEV5 of the Local Plan “Incorporates appropriate crime prevention measures.” Developers should demonstrate that the following issues have been addressed:

- Designated Public Open Space, communal areas and all access routes shall be directly overlooked from surrounding dwellings and from a variety of directions.
- Dwellings are positioned and orientated to maximise surveillance opportunities, avoiding blank frontages or gables.
- Vehicular, cycle and pedestrian routes shall be generally laid out together and designed to serve the development to reach places where residents wish to go and do not merely provide short-cuts for non-residents nor create excessive permeability.
- Public and private spaces shall be clearly defined, utilising appropriate physical treatments to promote the concept of ownership and ‘defensible space’ and to deter intrusion.
- Landscaping schemes shall be designed so that trees and shrubs do not form hiding places, obstruct views, nor impede the effects of street lighting as they mature.
- Street lighting schemes shall exhibit high uniformity and Colour Rendition Index values to provide confidence and reassurance in the Public Realm. Low intensity schemes may be more appropriate for rural areas.
- Dwellings shall be provided with exterior low-energy ‘white’ light sources (controlled by the householder) to enhance natural surveillance opportunities in private spaces throughout darkness.
- Dwellings shall be protected against forced entry, eg incorporating exterior doors and ground floor windows compliant with PAS 24:2016 and fitted with a pane of laminated glazing, as appropriate.
- Garages (particularly dwelling integral examples) and outbuildings shall be protected against forced entry eg vehicle entry doors compliant with LPS 1175 or STS 202 BR1 - or hasps and padlocks compliant with BS EN 12320 or ‘Sold Secure’ certification.
- Car and communal pedal cycle parking facilities shall be provided where they can be easily supervised. Suitable physical security measures may be necessary, eg ‘Sheffield’ type stands or ground anchors to which cycles and motorcycles can be attached.

- 'Wheelie' bins will be stored securely when not in use to prevent exploitation as a climbing aid or source for arson.
 - Deployment of CCTV may be appropriate in some circumstances, eg within apartment blocks or in other buildings with communal entrances.
- 6.1.2 As the Constabulary may be consulted as part of the planning process, the council encourages developers to consult with the police Crime Prevention Officer for site specific design advice, prior to application stage. Otherwise, developers must be prepared to alter or amend designs where a vulnerability has been identified, which may delay determination of the application.
- 6.1.3 The council welcomes applications that seek to achieve 'Secured by Design' certification.

6.2 Environmentally sustainable design

- 6.2.1 On 11 July 2019 Eden District Council declared a climate change emergency and an ecological emergency. The Council will aim to make Eden District carbon neutral by 2030, among other actions, taking into account both production and consumption emissions. New development must play its part in promoting the efficient use of resources, and responding to the challenges posed by climate change.
- 6.2.2 Applications for major residential development (proposals for 10 or more dwellings or on a site of 0.5 hectares or more) should include a Climate Change Statement to demonstrate their compliance with Policy ENV5 (Environmentally Sustainable Design) and ENV7 (Air Pollution).
- 6.2.3 In accordance with Policy ENV5 applications for major residential development (proposals for 10 or more dwellings or on a site of 0.5 hectares or more) should demonstrate that the following measures have been considered:
- Maximising daylight and passive solar gain through the orientation of buildings.
 - Integrating sustainable urban drainage systems.
 - Designing and positioning buildings to minimise wind funnelling, frost pockets and uncomfortable microclimates.
 - Integrating renewable energy technology into the scheme, and in schemes comprising over fifty dwellings or on sites over 1.5 hectares, exploring the scope for district heating.
 - Minimising construction waste, through for example designing out waste during the design stage, selecting sustainable and efficient building materials and reusing materials where possible.
 - Providing well-designed and visually unobtrusive outdoor waste storage areas to promote recycling.

- Promoting sustainable transport modes, through for example careful layout and road design to ensure it is conducive to walking and cycling and prioritises the pedestrian and cyclist over the car.
- 6.2.4 The Climate Change Statement should clearly show that each criterion has been considered and how it is incorporated into the scheme. Where it is not practical to include such measures this should be justified in the statement.
- 6.2.5 Policy ENV7 requires applications for major development to assess the likely impact of the proposed development on air quality and include mitigation measures to offset the negative impacts. The Climate Change Statement should clearly set out what impact the proposed development will have on air quality and demonstrate how any negative impacts have been mitigated.
- 6.2.6 Mitigation measures could include, but are not limited to:
- Ensuring the development is located within easy reach of established public transport routes.
 - Maximising provision for cycling and pedestrian facilities.
 - Encouraging the use of cleaner transport fuels on site, through the inclusion of electric car charging points.
 - Contributing towards the improvement of the highway network where the development is predicted to result in increased congestion on the highway network.
- 6.2.7 It is likely that the review of the Local Plan will aim to tackle climate change issues in Eden District. During the review of the Local Plan, the ways in which new developments can contribute towards the aim to achieve zero carbon emissions by 2030 will be considered.

7 Accessible and Adaptable Homes

7.1 When should accessible housing be provided and what building regulations should it comply with?

- 7.1.1 Policy HS5: Accessible and Adaptable Homes requires 20% of new housing on sites of 10 or more new homes to meet the optional Building Regulations Requirement M4(2): Category 2 – Accessible and Adaptable Dwellings. However, the Council encourages developers to provide more than 20% of dwellings to meet Building Regulations Requirement M4(2) as this ‘future proofs’ dwellings for the benefit of an ageing or changing population.
- 7.1.2 The requirement for Accessible and Adaptable Homes is applicable to both market and affordable housing eg on sites of 10 or more dwellings, 20% of market-led dwellings should meet the optional Building Regulations Requirement M4(2) and 20% of affordable dwellings should meet the optional Building Regulations Requirement M4(2).
- 7.1.3 Accessible and adaptable homes that meet the M4(2) Building Regulations are designed and built to a standard that meets the needs of occupants with differing needs, including some older or disabled people. They must also allow adaptation to meet the changing needs of occupants over time. These homes are broadly equivalent to, and replace the former Lifetime Homes standards. Homes built to this standard are more flexible and readily adaptable as people’s needs change, for example if they have children and require easy access for pushchairs, if they have a temporary or permanent disability or health issues, or as they gradually age and their mobility decreases.
- 7.1.4 A development may provide less than the required amount of homes compliant with Building Regulations Requirement M4(2) if robust and credible evidence is provided that the following circumstances apply:
- It is not practically achievable given the physical characteristics of the site;
 - It was not financially viable to deliver this policy requirement.
 - Site specific factors mean that step-free access to the dwelling cannot be achieved;
 - The dwellings are located above a non-lift serviced multi-storey development.

8 Community Land Trusts

8.1 How does the Council support Community Led Housing?

- 8.1.1 Community-led developments will be supported, where these are in line with Policy HS6, subject to compliance with all other requirements of the Local Plan.
- 8.1.2 The Council will work with community groups to help them overcome obstacles to development which can be resolved. Any proposed development should be discussed with the Council at an early stage to prevent any unnecessary work.
- 8.1.3 Community Land Trusts are one form of Community Led Housing and are a legally defined concept⁴.
- 8.1.4 However, the Council recognises that Community Led Housing can take a variety of forms and can be led by a range of groups.

8.2 What is Community Led Housing?

- 8.2.1 Community Led Housing schemes share the same common principles, as set out by the National Community Land Trust Network:
 - The community is integrally involved throughout the process in key decisions like what is provided, where it is provided, and for who it is provided. They don't necessarily have to initiate the conversation, or build homes themselves.
 - There is a presumption that the community group will take a long term formal role in the ownership, stewardship or management of the homes.
 - The benefits of the scheme to the local area and/or specified community group are clearly defined and legally protected in perpetuity.
- 8.2.2 Many forms of affordable housing, including low cost homes for sale, intermediate homes for rent or to buy or self-build schemes can be delivered, owned and managed through Community Led Housing schemes.

⁴ Section 79 of the Housing and Regeneration Act 2008

8.3 Forms of Community Led Housing

8.3.1 Community Land Trusts (CLTs) are one of the most common forms of Community Led Housing and are non-profit, community-based organisations run by volunteers that develop housing, workspaces, community facilities or other assets that meet the needs of the community, are owned and controlled by the community and are made available at permanently affordable levels.

8.3.2 However Community Led Housing can be delivered by a range of other types of group, including charities, Community Interest Companies, Co-operative Societies and Town and Parish Councils.

8.3.3 The Council will expect legitimate Community Led Housing groups to demonstrate:

- That they are representative of the local community – this might be evidenced by the number and type of local members of the organisation and by petitions, letters of support etc. Groups should also be able to demonstrate that all members of the local community have been encouraged to become members and/or play an active part in their work.
- That the local community are able to influence the strategic direction of the Community Led Housing project. Where there are professional partner groups involved, it will be important to demonstrate that the local community group has influence over major decisions.
- That they have a clear communication strategy – to ensure effective communication with the community, providing information on the purpose of its work, scheme progress and activities, and clear feedback on decisions that are made.
- That they have clear management policies and procedures in place – particularly to deal with conflicts of interest on decisions around allocation of resources.
- That they avoid any suggestion of financial impropriety.
- That they are not-for-profit – any profits generated by the organisation cannot be paid by way of dividend or otherwise to its members but must be used to further the community's interests.

8.4 How should Community Led schemes prove that they have the support of the community?

8.4.1 Community Led schemes will need to provide clear evidence to the Council that 'meaningful engagement' has been undertaken, and that there is 'general community support'.

8.4.2 A local community in this context is generally considered to be the individuals who live or work, or want to live or work, in a specified area.

8.4.3 Evidence of engagement activities undertaken could include:

- Details of events undertaken, including dates of activities, events and details of attendance, and numbers engaged in the process.
- Copies of any written material, such as questionnaires, exhibition boards, publicity and so on.
- Schedule of comments and feedback.
- Statistical analysis of question replies.
- Summary of main issues raised, along with details of subsequent changes made / actions taken .

9 Live-work units in the Rural Areas

9.1 What is a live-work unit?

- 9.1.1 The live-work unit is idea time-worn practice modernised to meet the needs of entrepreneurs, small businesses and professionals and is a way of encouraging a combination of employment and residential development on appropriate sites in the rural areas.
- 9.1.2 New development will be expected to comply with Policy LS1 (Locational Strategy), however Policy RUR4 (Employment Development and Farm Diversification in Rural Areas) supports employment development, including live-work units, in rural areas to provide diversity in the rural economic base.
- 9.1.3 A live-work unit is defined as a property that is specifically designed for dual use combining both residential and employment space within an overall mixed use development. It is regarded as 'sui generis' (in a class of its own)⁵ but in the planning application process the work element will be regarded as a separate B1 activity and will be conditioned as such. B2 may be considered appropriate where no other residential property is affected by the operation of this use, but B8 will not, given its low employment density relative to its economic benefit to the area.
- 9.1.4 Uses falling within classes A1 or A2 should preferably be sited within urban areas, but where a compelling case is made for a rurally-sited enterprise this would be conditioned appropriately to prevent further change of use under permitted development rights.
- 9.1.5 Live-work units are distinct from conventional 'homeworking' which usually comprises a residential use with ancillary and often temporary or informal home-based office working.
- 9.1.6 The provision of dedicated workspace linked to a new dwelling would normally take the form of a single dwelling related to a single business use operated together, although consideration will be given to a potential for communal provision (incorporating individual workspaces) linked to dwellings collectively.
- 9.1.7 A proposal for a live work unit should be supported and justified by a business plan, which should demonstrate the future viability of the business operation.

9.2 Where is it acceptable to build a live-work unit?

- 9.2.1 New live-work units sited remote from existing developments which erode the rural character of the open countryside are unlikely to be considered acceptable. Proposals for new live-work units should relate well in their form and context to an existing settlement or building group. Such a proposal should not have to depend on additional screening and landscaping to make

⁵ see circular 03/2005: changes of use of buildings and land. Para. 79 states that: 'live work units are often purpose-built premises, or purposely converted into such units. They are clearly a mix of residential and business uses which cannot be classed under a single class within the Use Classes Order and would therefore be *sui generis*.'

the proposal acceptable, but should be seen as complementary to the immediate and existing built and natural environment.

- 9.2.2 A proposal for a live-work unit must be of a scale and type sympathetic to the area within which it is proposed, respecting and reinforcing local landscape character, the historic environment and not cause harm to the natural environment, through the use of good design. A proposal should meet each of the 10 criteria of policy DEV5: Design of New Development.

9.3 Should the employment areas be separate from the living space?

- 9.3.1 Within a live work proposal, the workspace should be designed to be functionally separate from the dwelling to which it relates. An individual workspace within a residential curtilage should, ideally, be located where its position and means of access can be clearly identified and easily used by visitors and would not result in any adverse impact on neighbouring amenity.
- 9.3.2 The workspace will be controlled and treated as a separate B1 use (or other activity), even when located wholly within a residential curtilage. Residential and employment elements within the same building should have separate entrances and there should be no interconnecting door. Toilet/kitchen provision for the workspace should be distinct from residential accommodation. The separation is intended to distinguish and control the two individual uses.
- 9.3.3 Although it is not essential for the workspace to be attached to a dwelling, there are advantages to this arrangement, mainly in terms of allowing a working area to expand into the dwelling without need for planning permission and to contract back again should circumstances dictate. Expansion of living space into the workspace, or cessation of the work element, will not be permitted and will be controlled by condition. Any such justified proposal will only be permitted on a temporary basis and controlled by condition. This will include situations where a business has failed and time is needed to sell the live work unit.
- 9.3.4 The emphasis of the live work unit should always be on the work element and this should be reflected in the percentage of floorspace afforded to that workspace, directed towards a 60% – 40% workspace residential split.
- 9.3.5 The division between employment and residential areas within each combined unit must be shown on submitted floorspace plans (and specified in square metres). Live work proposals submitted without a defined internal configuration are unlikely to be validated.

9.4 Parking and servicing

- 9.4.1 The requirement for the parking of cars and other private and commercial motor vehicle parking, together with vehicle circulation and storage will be considered as part of the overall development. Some live-work units will require deliveries and collections to be made at certain periods during the day and it will be necessary to ensure that these arrangements do not impact upon residential amenity in the vicinity. It will be necessary for the servicing

arrangements to be agreed as part of any development proposal and conditioned accordingly.

9.5 Implementation, monitoring and enforcement

- 9.5.1 Any workspace must be constructed and available for occupation and use before any of the related dwellings are occupied and will be controlled by condition. In the absence of any appropriate justification, the workspace will be conditioned to be used only by the occupier(s) of the dwelling to which the proposal relates.
- 9.5.2 Sub-letting the residential element or the employment element separately will not be permitted. This is to ensure that the original intention of the live-work unit is to operate as a single mixed use, where the residential dwelling provides the accommodation for the workspace area.
- 9.5.3 Although a live-work unit is a home to those who live and work in them, they must be bought and sold on the basis of their dual use. Live-work units which change from a dual to a single residential or employment use without permission will be liable to enforcement action. Applications to change lawfully from dual to single use will be resisted.
- 9.5.4 Where a family business outgrows the property they should look to relocate from the site, thereby freeing the unit for new occupiers to follow on from their lead. Clearly, both the applicant and the local planning authority should consider very seriously the long-term implications and viability of the proposal and potential future use, prior to commencing on this journey.

10 Redevelopment in Alston Moor

10.1.1 Policy AL2 recognises the unique settlement pattern in Alston Moor, with its high number of dispersed and isolated dwellings. Many of these have fallen into disrepair following a significant decrease in population due to the collapse of the mining industry in the 1980s.

10.1.2 The aim of Policy AL2 is to increase the housing supply in Alston Moor whilst also encouraging the redevelopment of redundant and semi derelict dwellings to a scale and form which reflect their original and traditional appearance and enhance the overall landscape of the Alston Moor area.

10.2 What evidence can be used to demonstrate that a former dwelling was once in use?

10.2.1 The applicant will be required to provide evidence to demonstrate that a former dwelling was once in use on a particular site.

10.2.2 There is no prescribed list of documents that should be provided in order to prove that a former dwelling was once in use. Evidence could include: photographs, historical maps, census or taxation data, etc. The evidence should provide conclusive proof that the former dwelling was once in use.

10.3 How much of the former dwelling should be incorporated into the proposed dwelling?

10.3.1 The development ‘...will make use of substantial remains and on site materials’ as part of the proposal. There does not need to be substantial remains in the form of existing internal and external walling or include gables still standing on site but merely that there are quantities of stone and slate available to be used in the redevelopment.

10.3.2 To comply with Policy AL2, there should be enough of the former dwelling remaining to show the footprint of the building, or clear historical evidence of the footprint, in order to demonstrate that the proposal complies with the second criterion:

‘The resultant dwelling does not materially exceed the footprint of the original building...’

10.3.3 Where an applicant is unable to provide evidence of the scale, form and appearance of the original building (for example, through pictures or plans of the building) there should be enough remains of the former dwelling to allow the consideration of these elements.

11 Appendices

11.1 Appendix 1: NPPF Definition of Affordable Housing

Definition of Affordable Housing

The definition of Affordable Housing used by the Council is set out in Annex 2 of the National Planning Policy Framework as follows:

Affordable housing: housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions:

- a) **Affordable housing for rent:** meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).
- b) **Starter homes:** is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household's eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.
- c) **Discounted market sales housing:** is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.
- d) **Other affordable routes to home ownership:** is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision, or refunded to Government or the relevant authority specified in the funding agreement.

11.2 Appendix 2: Eden Local Plan 2014-2032 (Policy LS1)

Policy LS1 – Locational Strategy

New development will be distributed as set out below:

Our Main Town - Penrith: Penrith will benefit from sustained development appropriate to that of a larger town. There will be improved town centre facilities and public realm; development of strategic employment sites around the town; provision of large scale new housing development to the east and north; and an improving strategic road network and public transport system.

Market Towns - Alston, Appleby and Kirkby Stephen: Market towns will be the focus for moderate development appropriate to the scale of the town, including new housing, the provision of new employment and improvements to accessibility.

Key Hubs - Thirteen Key Hubs will be the focus for development to sustain local services appropriate to the scale of the village and its hinterland, including new housing, the provision of employment and improvements to accessibility. Unless proposed in this plan, new housing developments which would increase the size of a village by more than 10% on a single site will not normally be supported. Proposals will only be acceptable where they respect the historic character and form of the village.

The Key Hubs are: Armathwaite, Brough and Church Brough, Culgaith, Greystoke, High and Low Hesket, Kirkby Thore, Langwathby, Lazonby, Nenthead, Plumpton, Shap, Stainton, Tebay.

Smaller Villages and Hamlets: Development of an appropriate scale, which reflects: the existing built form of the settlement, adjoining and neighbouring development to the site, and the service function of the settlement, will be permitted within Smaller Villages and Hamlets, to support the development of diverse and sustainable communities. Development in these locations will be permitted in the following circumstances:

- Where it reuses previously-developed land (PDL) defined in Appendix 2.
- Where it delivers new housing on greenfield sites only, in accordance with the local connection criteria defined in Appendix 6.

The Smaller Villages and Hamlets are: Aiketgate, Ainstable, Blencarn, Blencow, Bolton, Brackenber, Brampton, Brough Sowerby, Brougham, Burrells, Calthwaite, Catterlen, Cliburn, Clifton, Clifton Dykes, Colby, Crackenthorpe, Croglin, Crosby Garrett, Crosby Ravensworth, Dufton, Eamont Bridge, Edenhall, Ellonby, Gaisgill, Gamblesby, Garrigill, Glassonby, Great Asby, Great Musgrave, Great Ormside, Great Salkeld, Great Strickland, Greystoke Gill, Hackthorpe, Hartley, High Bank Hill, Hilton, Hunsonby, Hutton End, Ivegill, Johnby, Kaber, Keld, Kelleth, Kings Meaburn, Kirkoswald Knock, Laithes, Lamonby, Leadgate, Little Asby, Little Musgrave, Little Salkeld, Little Strickland, Long Marton, Longdale, Low Braithwaite, Low Moor, Maulds Meaburn, Melkinthorpe, Melmerby, Milburn, Millhouse, Morland, Motherby, Murton, Nateby, Newbiggin (Ains), Newbiggin (Dacre), Newbiggin (Temple Sowerby), Newbiggin-on-Lune, Newby, Newton Reigny, North Dykes, Old Town (High Hesketh), Orton, Ousby, Outhgill, Pallet Hill, Raisbeck, Ravenstonedale, Reagill, Renwick, Roundthorn, Roundthwaite, Ruckcroft, Sandford, Skelton, Skirwith, Sleagill, Sockbridge and Tirril, Soulby, South Dykes, Southwaite, Temple Sowerby Unthank (Gamblesby), Waitby, Warcop, Winskill, Winton, Yanwath.

All development must be of a high quality design and will be restricted to infill sites, which fill a modest gap between existing buildings within the settlement; rounding off, which provides a modest extension beyond the limit of the settlement to a logical, defensible boundary; and the reuse of traditional rural buildings and structures, subject to the criteria set out in Policy RUR3. Villages have been identified on the basis that they contain a coherent and close knit group of ten or more dwellings, which are well related and in close proximity to each other, or clustered around a central element or feature, as opposed to areas of scattered and poorly related development.

(Although not included at the time of adoption in October 2018 Bowscar meets the criteria to be considered as a Smaller Village and Hamlet, and will be treated as such during the consideration of any subsequent planning applications, together with any other settlements within the 'Other Rural Areas' which change over time to meet the requisite criteria. Any such proposal will be required to be reported to the Planning Committee as they would be considered contrary to the Development Plan, due to their status at the time of adoption of the Local Plan in October 2018. This approach is to reflect changing circumstances rather than await a review of the Local Plan).

Other Rural Areas (outside the Key Hubs and Smaller Villages and Hamlets) - Development will be restricted to the re-use of traditional buildings, the provision of affordable housing as an exception to policy only, or where proposals accord with other policies in the Local Plan. Some market housing may be acceptable in accordance with the criteria in Policy HS1. To qualify as rural exceptions housing the site must be in a location considered suitable for the development of affordable housing.

Evidence will need to be given as to why the scheme's benefits to the locality are such that it justifies an exception to policy.

11.3 Appendix 3: Economic Viability Assessment Guidance

The text below has been supplied by Lambert Smith Hampton ('LSH'). LSH provide planning viability consultancy services to a number of Local Authorities in Cumbria.

The text below is accompanied by a viability appraisal template. This template comprises an updated version of a template previously developed by Cumbria Local Economic Partnership (LEP) Planning and Housing Task Group. It is recommended that this template is used to provide a common basis for decision making within Eden District, where viability is an issue in the determination of a planning application.

What is viability?

'Viability' refers to a situation where:

The value of the site with assumed planning consent for the proposed scheme is sufficiently in excess of existing and alternative non-residential use values (if any) that a landowner, when acting reasonably, would be willing to proceed with the proposed residential development.

Royal Institution of Chartered Surveyors ('RICS') guidance (Financial Viability in Planning - RICS Guidance Note 1st Edition (GN 94/2012) (RICS, August 2012) provides a methodology framework and guiding principles for financial viability in the planning context. It defines 'financial viability for planning purposes' as being:

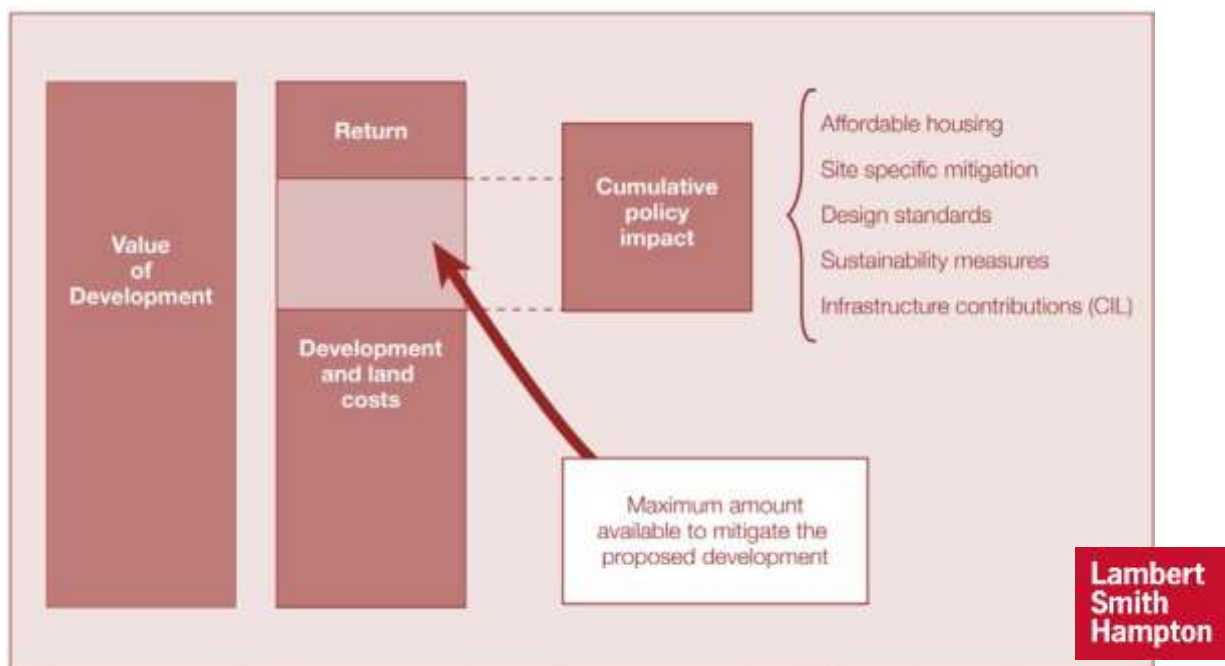
'An objective financial viability test of the ability of a development project to meet its costs including the cost of planning obligations, while ensuring an appropriate Site Value for the landowner and a market risk adjusted return to the Applicant delivering the project.'

Another important source of guidance is Viability Testing in Local Plans – Advice for planning practitioners (LGA/HBF – Sir John Harman, June 2012) (known as the 'Harman Guidance'), which provides practical advice for planning practitioners on developing viable local plans and viability testing states (at page 14) that:

'An individual development can be said to be viable if, after taking account of all costs, including central and local government policy and regulatory costs and the cost and availability of development finance, the scheme provides a competitive return to the developer to ensure that development takes place and generates a land value sufficient to persuade the land owner to sell the land for the development proposed. If these conditions are not met, a scheme will not be delivered.'



The National Planning Policy Framework ('NPPF') (Ministry of Housing, Communities and Local Government, February 2019) says that plans should be **deliverable** and that the sites and scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened, as illustrated by the diagram below:



The previous (March 2012) version of the NPPF (paragraph 173) emphasised the need for deliverability of development schemes and the provision of competitive returns to willing land owners and developers to enable sustainable development to come forward:

'To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost

of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable.’

Why is viability important?

To be financially viable, a development broadly needs to satisfy three main parties:

1. Developer – providing a competitive return to a willing developer in consideration of the risks of development.
2. Landowner – providing a competitive return to a willing landowner to sell their land.
3. Local planning authority – in order to grant planning permission, including CIL and Section 106 requirements (typically in the form of on-site affordable housing contributions).

If one or more parties (landowner, developer or planning authority) are not satisfied, it is unlikely that the development or redevelopment in question will proceed.

In those instances where the Council grants planning consent for appropriate developments an applicant is required to provide a set level of housing to be sold at prices theoretically ‘affordable’ to sections of society unable to afford to purchase at ‘full’ market value. In so doing the objective is that new housing developments will accord with the National Planning Policy Framework’s (‘NPPF’) vision (at paragraph 8b) for the ‘social objective’ of ‘sustainable development’ – ‘to support strong, vibrant and healthy communities, by ensuring that a sufficient number and range of homes can be provided to meet the needs of present and future generations.’

In circumstances where the apparent viability of a potential development site is such that the developer cannot viably provide the Council’s target level of affordable housing then the Council will require ‘detailed evidence’ in the form of a ‘site based’ viability assessment to justify variance from that target level.

Assessment of viability

Planning Practice Guidance (PPG) (Ministry of Housing, Communities and Local Government, July 2018, Viability, paragraph 10) defines the process of viability assessment:

‘Viability assessment is a process of assessing whether a site is financially viable, by looking at whether the value generated by a development is more than the cost of developing it. This includes looking at the key elements of gross development value, costs, land value, landowner premium, and developer return.’

A developer will generally produce a development appraisal in order to assess the residual value (‘RV’) of a potential scheme and compare this to a target value (also known as the ‘residual valuation model’). Residual value will generally relate to either the site value (land price) or the level of developer return (profit). If the RV is above the target value, in the context of a set of reasonable and realistic development assumptions, then the scheme is considered to be viable. If the RV is close to or slightly below the target value then the scheme is likely to be of marginal viability. If the RV is significantly below the target value the scheme will be considered to be

unviable and one or more costs of the scheme (land value, planning contributions development costs or profit) will need to be reduced in order for the scheme to proceed. In such instances the Applicant may decide to submit viability evidence to the LPA in an attempt to justify deviation from the headline planning policy position in respect of the provision of on-site affordable housing and / or other planning contributions.

The 'RICS Guidance' note advocates the use of the development appraisal / residual valuation model in such situations:

In assessing the impact of planning obligations on the viability of the development process, it is accepted practice that a residual valuation model is most often used. This approach uses various inputs to establish a (Gross Development Value) GDV from which (Gross Development Cost) GDC is deducted. GDC can include a Site Value as a fixed figure resulting in the developer's residual profit (return) becoming the output, which is then considered against a benchmark to assess viability. Alternatively, the developer's return (profit) is an adopted input to GDC, leaving a residual land value as the output from which to benchmark viability, ie being greater or less than what would be considered an acceptable Site Value.

The diagrams below show the key elements in a development appraisal / residual valuation model:

Residual Value approach with land value as output:

Gross Development Value

(The combined value of the complete development)

LESS

Gross Development Cost

(Cost of creating the asset, including a profit margin)

(ie Construction + fees + finance charges + profit)

= RESIDUAL LAND VALUE

(which is then compared with acceptable competitive return for willing landowner)

Residual Value approach with developer profit as output:

Gross Development Value

(The combined value of the complete development)

LESS

Gross Development Cost

(Cost of creating the asset, including purchase of land)

(ie Land + Construction + fees + finance charges)

= RESIDUAL PROFIT (RETURN)

(which is then compared with acceptable competitive return for willing developer)

Commentary is provided below on each expected variable element within a development appraisal (Applicant viability submission) in the context of LSH's ongoing experience of the local housing sector.

GDV – Market Units

For viability assessment purposes it is important to realistically model the effective sales value (ie the capital contribution to the scheme) of any market units within a scheme. Applicants should provide realistic market values for proposed units. This should ideally be expressed as market value figures for each unit, with accompanying floor areas and figures being expressed on a £ per m² / ft² basis. Anticipated sales values should be based on the developer's professional knowledge, if necessary with a supporting valuation report from a Chartered Valuation Surveyor. The viability audit process will be assisted by the provision of comparable valuation evidence by Applicants.

LSH have found in recent years that new housing sales of the same property type within the key settlement of Penrith and the surrounding Eden Valley have generally achieved relatively similar prices when analysed on a £ per floor area basis. Some settlements, such as Greystoke and Skelton situated in close proximity to the Lake District National Park (LDNP), are capable of achieving slightly higher values. Conversely values for new houses in the Alston Moor area are typically expected to be around 20% below those for the rest of the District.

Changing levels of market values within the District and neighbouring areas are illustrated by the table below, which looks at sales values achieved for the same Story Homes house types across current and recent schemes:

Within Eden District:

Address	Taunton house type	Warwick house type	Durham house type	Hastings house type
The Fairways, Penrith	£339,950	£314,950	£306,950*	£229,950*
The Oaks, Clifton	£319,950	£309,950	N/A	£209,950
The Meadows, Lazonby	N/A	N/A	N/A	£200,000
Orchard Place, Appleby	N/A	£304,950*	N/A	£191,950

Outside Eden District:

Address	Taunton house type	Warwick house type	Durham house type	Hastings house type
High Wood, Lancaster (Eastern edge of City; 48 miles south of Penrith)	£364,995	£335,995	£304,995	£224,950
The Grange, Dalston (village 5 miles south-west of Carlisle; 17 miles north-west of Penrith)	£349,950	N/A	£287,450	N/A
Edenholme Park, Cumwhinton (village 4 miles south-east of Carlisle; 15 miles north of Penrith)	£339,950	£303,950	N/A	N/A
Eden Gate, Houghton, Carlisle (Eastern edge of City; 21 miles north of Penrith)	£324,950	£310,000	N/A	£201,950
Aspen Grange, Carlisle (Northern edge of City; 23 miles north of Penrith)	N/A	N/A	£287,950*	N/A
St Andrews View, Thursby (village 7 miles south-west of Carlisle; 20 miles north-west of Penrith)	£314,950*	£289,950*	N/A	N/A
The Ridings, Blackwell, Carlisle (Southern edge of City; 20 miles north of Penrith)	£304,950	£274,950	£249,950	£184,950

- Taunton House type – 1,597ft² (148.4m²) – 2 storey, 4 bedroom detached with integral single garage.
- Warwick house type – 1,400ft² (130.1m²) – 2 storey, 4 bedroom detached with integral single garage.
- Durham house type – 1,367ft² (127m²) – 2 storey, 4 bedroom detached with integral garage.
- Hastings house type – circa 87m² – 2 storey, 3 bedroom semi-detached, or terraced with driveway parking.

Note – Sales prices analysed are from period 01/10/2016 to 30/09/2018 and figure referred to is highest price achieved for house type on first sale during this period. Figures marked with an asterisk (*) are highest current asking price for house type in respective development.

The Zoopla website compiles a 'zed-index' which is the average property value in a given area based on current zoopla estimates, which in turn are based on a range of information including sales data, asking prices, regional price trends. Zoopla estimates provide a useful starting point when reviewing the current price differentials between different areas, although any assumptions must be considered

in the context of the respective nature of the generic housing stock of each area (ie a predominance of small terraced houses will reduce average recorded sale prices).

The table below shows current 'zed-index' figures for each postcode sub-area within Eden District Council's area of planning control:

Postcode sub-area	'zed-index' figure	Settlements in area	Value change in 12 months to November 2018
CA4	£274,104	High Hesket, Armathwaite (note this area, which also includes Warwick Bridge, Wetheral, Cumwhinton and Scotby, is predominantly within Carlisle District)	+ 1.74% (152 sales)
CA7	£185,926	Hesket Newmarket and Caldbeck (note this area, which also includes Wigton, Silloth and Aspatria, is predominantly within Allerdale District)	- 0.03% (260 sales)
CA9	£206,554	Alston, Garrigill and Nenthead (note this area also includes a part of Northumberland)	+ 1.28% (21 sales)
CA10	£263,242	Brougham, Clifton, Crosby Ravensworth, Culgaith, Kirkby Thore, Kirkoswald, Langwathby, Lazonby, Morland, Orton, Penrith (Carleton Hall area), Shap, Tebay, Temple Sowerby (note this area also includes Bampton and Pooley Bridge within the LDNPA planning control area, and a small part of South Lakeland District)	- 1.23% (191 sales)

Postcode sub-area	'zed-index' figure	Settlements in area	Value change in 12 months to November 2018
CA11	£249,356	Dacre, Greystoke, Penrith (most of town), Stainton, (note this area also includes also Glenridding, Matterdale, Mungrisedale, Patterdale within the LDNPA planning control area)	+ 0.65% (331 sales)
CA16	£243,788	Appleby-in-Westmorland, Bolton, Great Asby, Long Marton, Warcop	+ 1.28% (82 sales)
CA17	£243,750	Brough, Crosby Garrett, Kirkby Stephen, Mallerstang, Ravenstonedale, Stainmore (note this area also includes the Yorkshire Dales National Park and a small part of South Lakeland District)	+ 1.07% (55 sales)

For reference, set out below is a summary of gross sales values of open market units achieved on eight ongoing and recently completed housing developments within the District for the period from 1 October 2016 to 30 September 2018:

Address	Ave floor area (m ²)	Number of market sales in period	Ave sale price per unit	Ave £ per m ²	Ave £ per ft ²
Beacon Square, Penrith (Atkinson Homes)	144	6	£343,833	£2,385	£222
Carleton Manor Park, Penrith (Cumbrian Homes)	164	24	£390,458	£2,383	£221
Carleton Manor Park, Penrith – 2 storey market units only	183	17	£425,603	£2,324	£216

Address	Ave floor area (m ²)	Number of market sales in period	Ave sale price per unit	Ave £ per m ²	Ave £ per ft ²
<i>Carleton Manor Park, Penrith – Bungalow / Flatted units only</i>	117	7	£305,107	£2,605	£242
Carleton Heights, Penrith (Persimmon / Charles Church Homes)	100	42	£227,805	£2,286	£212
<i>Carleton Heights, Penrith – 2 storey market units only</i>	108	39	£247,636	£2,233	£216
<i>Carleton Heights, Penrith – 3 storey market units only</i>	129	3	£243,328	£1,891	£176
The Fairways, Penrith (Story Homes)	163	8	£369,950	£2,266	£211
Orchard Place, Appleby – All market units (<i>Story Homes</i>)	94	57	£208,060	£2,203	£205
<i>Orchard Place, Appleby – 3 storey market units only</i>	120	10	£209,950	£1,755	£163
<i>Orchard Place, Appleby – 2 storey market units only</i>	99	33	£220,618	£2,233	£208
<i>Orchard Place, Appleby – Bungalow units only</i>	66	14	£177,111	£2,674	£248
The Oaks, Clifton (<i>Story Homes</i>)	136	26	£298,233	£2,193	£204
Pewter Close, Penrith (Atkinson Homes)	84	7	£179,357	£2,124	£197
<i>Pewter Close, Penrith – 2 storey market units only</i>	85	5	£175,100	£2,060	£191
<i>Pewter Close, Penrith – Bungalow units only</i>	83	2	£190,000	£2,289	£213
Tara Hill, Penrith – All sales are 2.5 storey units (<i>RBTL Ltd</i>)	99	7	£182,000	£1,835	£171

Note – Floor areas are stated on a gross internal basis and are net of garage space, if any

GDV – Affordable Units (Intermediate and Affordable / Social Rent Homes)

For viability assessment purposes it is important to realistically model the effective sales value (ie the capital contribution to the scheme) of any elements of affordable housing within a scheme. Where possible any value assumptions should be able to be evidenced by an offer in writing made by a Registered Provider ('RP').

Rental affordable housing tenures (refer to section 2.2 for additional detail) will typically comprise one of the following:

- **Social Rent**

Any such units arising from privately developed residential schemes will generally be purchased from a developer upon completion of construction by an RP. At the time of writing such RP transfers of such properties typically take place at between 40% and 50% of full market value, dependent upon the exact nature and location of the properties concerned.

- **Affordable Rent**

Any such units arising from privately developed residential schemes will again generally be transferred upon completion of construction to an RP. At the time of writing such RP transfers of such properties typically take place at between 40% and 50% of full market value, dependent upon the exact nature and location of the properties concerned. In Eden District there is relatively little difference between social and affordable rents.

'Intermediate' affordable housing tenures (refer to section 2.3 for additional detail) will typically comprise one of the following:

- **Discounted Sale**

Eden District Council's Low Cost Home Ownership Policy requires a 40% discount on new developments (ie these properties are sold to first time and subsequent purchasers at 60% of full market value).

- **Shared ownership / shared equity**

Typically such properties will be purchased from a developer upon completion of construction by a RP (Housing Association). At the time of writing such RP transfers of such properties typically take place at between 50% and 65% of full market value, dependent upon the exact nature and location of the properties concerned.

- **Starter Homes**

A potentially emerging affordable product, on which Government regulations are awaited at the time of writing. It is envisaged that these properties will be sold to first time purchasers at 80% of full market value.

Land Value (Competitive return to a willing landowner)

What can be considered to be a reasonable landowner return will depend upon the specific circumstances of the case, for example whether a site is greenfield or

brownfield in nature, the extent of abnormal costs, current and future uses of the land. Clearly if a landowner does not receive close to what they perceive to be a reasonable return in relation to the sale of their land then it will not be made available for development.

The Threshold Land Value ('TLV') is a viability concept relating to a land value at or above that which it is assumed a landowner would be prepared to sell.

The Residual Land Value ('RLV') is the amount remaining to buy the land once the total cost of a development and an appropriate profit are deducted from the gross development value. The RLV must be above or close to the TLV in order for a scheme to be considered to be potentially viable.

Typically a landowner will have a preconceived notion of the value or worth of their site. In the case of greenfield sites (typically in an existing agricultural use) it is relatively simple to reconcile whether this notion is realistic through the benchmarking of greenfield land values against other relevant transactions. The benchmarking of land value for brownfield sites is much more subjective, depending on such factors as the existing and previous use of the property or site in question, the extent of abnormal or remediation costs required to facilitate an alternative use for the site and lost income from the termination of existing investments on the site and the perceived historic investment in the site or building by the landowner.

The 'RICS Guidance' states that 'site value' as a (landowner) benchmark should:

'equate to the market value subject to the following assumption: that the value has regard to development plan policies and all other material planning considerations and disregards that which is contrary to the development plan.'

The table below details recent transactional evidence for residential development sites and has been obtained from HM Land Registry (and is therefore in the public domain):

Name of site	Purchase date	Price	Apx Net acres	Price per net acre	Comment
Land at Elm Close, High Hesket (McManus Builders)	July 2014	£611,000	1.73	£352,712	24 units (11 affordables). Greenfield scheme in village
Land at Carleton Heights, Penrith (Persimmon Homes)	June 2015	£1,112,000	3.35	£331,940	55 units (Phase 1 of a 560 unit scheme) (29% affordable housing). Greenfield / urban edge

Name of site	Purchase date	Price	Apx Net acres	Price per net acre	Comment
Land at Salkeld Rd ('The Fairways'), Penrith (Story Homes)	March 2017	£2,925,000	9.16	£319,323	98 unit scheme Greenfield / urban edge (23% affordable housing)
Land off Scaur Lane ('The Meadows'), Lazonby (Story Homes)	June 2014	£1,230,000	4.03	£305,211	48 units (29% affordable housing) . Greenfield scheme in village (Average value of 11 market units sold 01/07/15 to 31/07/16 = £203/ft²)
Land to the North of Hackthorpe Hall, Hackthorpe (Esh Homes)	April 2016	£800,000	2.8	£285,714	28 unit scheme Greenfield scheme in village (14% affordable housing and s106 contribution of £67k)
Land at Town End ('The Oaks'), Clifton, Penrith (Story Homes)	Oct 2016	£1,891,236	6.67	£283,544	59 unit scheme Greenfield scheme in village (30% affordable housing)

Note: 1 Acre = 0.404686 hectares

To provide an idea of regional context, the table below sets out a selection of recent transactional evidence of residential land from across Cumbria and North Lancashire, obtained from HM Land Registry:

Name of site	Purchase date	Price	Apx Net acres	Price per net acre	Comment
SOUTH LAKELAND DISTRICT					
Land adj Value View, Pennington, Ulverston (<i>D and E Wood</i>)	Dec 2014	£300,000	0.75	£400,000	5 units (2 affordables). Windfall / rural in-fill

Name of site	Purchase date	Price	Apx Net acres	Price per net acre	Comment
Land off Allithwaite Road ('Oversands View'), Kents Bank, Grange-over-Sands (Russell Armer)	Oct 2014	£1,495,000	3.94	£379,442	42 units (33% affordable housing). Greenfield scheme on edge of village (Ave value of 14 non-bungalow mkt units sold 01/01/16 to 28/02/17 = £263/ft²)
Vicarage Dr, Kendal (Russell Armer)	Oct 2014	£380,000	1.01	£383,800	15 units (5 affordables). Windfall / urban in-fill
Natland Mill Beck Farm, Kendal (Story Homes)	June 2014	£2,180,000 + cost of building farmhouse = say £2,500,000	7.4	£337,800	76 units (26 affordables). Greenfield / urban edge
CARLISLE DISTRICT (£150k to £300k per net acre benchmark for greenfield sites)					
Carleton Clinic, Cumwhinton Rd, Carlisle (Taylor Wimpey)	May 2016	£2,991,451	14.13	£211,643	189 units. Greenfield / urban edge
The Ridings, Durdar Rd, Blackwell (Phases 1 and 2 only) (Story Homes)	Jan 2016 Feb 2015 Mar 2014	£2,178,451	8.85	£246,046	108 units (from a total for overall scheme of 318). Greenfield / urban edge (Average value of 28 mkt units sold 01/01/16 to 31/03/17 = £174/ft²)
The Grange, Townhead Rd, Dalston (Story Homes)	Jan 2016	£1,510,000	10.06	£299,289	121 units Greenfield / village (Average value of 42 market units sold 01/01/16 to 31/03/17 = £197/ft²)
LANCASTER DISTRICT					

Name of site	Purchase date	Price	Apx Net acres	Price per net acre	Comment
The Sheiling, Kirkby Lonsdale Road, Arkholme, LA6 1BA (<i>Russell Armer Homes</i>)	Feb 2016 April 2015	£700,000	1.35	£518,519	13 units (31% affordable). Within village conservation area. 30% of site formally private residence, 70% was agricultural paddock.
Coastal Rd, Bolton-le-Sands (Phase 1) ('The Orchards') – (<i>Oakmere Homes</i>)	Nov 2014	£1,020,000	3.11	£327,974	Urban edge greenfield. 37 units with 30% affordable housing.
BARROW BOROUGH					
Site of Former Bevan House Elderly Persons Home (EPH), Stackwood Ave, Barrow	Mar 2017	£275,000	0.72	£381,944	18 units (12 semi-detached and 6 terraced houses) (0 affordables). Brownfield – demolition of former care home. Replacement by new build dwellings
Site of Former Rock Lea Elderly Persons Home (EPH), Abbey Road, Barrow	Nov 2015	£350,000	1.03	£339,806	10 'executive' units (4 to 6 bed detached houses) (0 affordables). Brownfield – demolition of former care home. Replacement by new build dwellings
Site of Former Park View School, Barrow	2014	£900,000	4.62	£194,805	63 'executive' units (0 affordables). Brownfield – demolition of former school.
Site of Former Thorncliffe School, Barrow	2014	£875,000	3.08	£284,091	40 'executive' units (0 affordables). Brownfield – demolition of former school.

In the context of the above evidence, adopted local and national planning policy and our ongoing local knowledge and experience of Eden District and the wider Cumbrian residential land market LSH take the view that a benchmark greenfield land value of in the range of £300,000 to £350,000/net developable acre is appropriate for sites (without any significant abnormal costs) in and around Penrith (ie Penrith and Eden Valley North and South) at the present time (where sales values

for new houses typically range between £2,100 and £2,500 per m²; £195 to £232/ft²). Some settlements, such as Greystoke and Skelton situated in close proximity to the LDNP, are capable of achieving slightly higher values. Conversely values for new houses in the Alston Moor area are typically expected to be around 20% below those for the rest of the District. LSH would anticipate land values to be similarly reduced within this area.

With respect to site-specific viability audits, where required, the appropriate land value attributable to each case will be considered on its own merits in the context of relevant factors and circumstances.

Development costs

Component costs and typical methods of calculation:

- **Basic build costs**

These are direct costs relating to the creation of each proposed dwelling unit, including preliminaries, cost of creating substructure and superstructure, but excluding abnormal items. They do not include the costs of any external works beyond the footprint of the walls of each dwelling.

A useful starting point for the calculation of basic build costs for new build schemes is RICS's BCIS ('Building Cost Information Service') – the UK property market's leading provider of construction cost and price information. Adopted BCIS costs should be location adjusted to the District and we would generally advocate the use of median data for small sites. BCIS costs are based on Gross Internal Area ('GIA'). For residential schemes BCIS 'Average Prices' data arises from the analysis of sample cost returns from a range of schemes, including a significant proportion of wholly affordable housing schemes (which will typically have greater relative costs than private residential schemes), of varying design and schemes of small to medium scale

Although of some use, BCIS data is features a predominance of small-scale schemes and social housing projects built to higher than average specification. BCIS data should always be 'sense checked' against an applicant's and viability auditor's own internal figures – which are typically built up from actual costs arising from previous local comparable projects and / or costed specifically by quantity surveyors. When preparing or auditing site specific viability assessments LSH's opinion of appropriate build costs will always be considered in the context of data held of recent representative build costs from within the local area. At the time of writing there has been a significant increase in BCIS costs over the past 12 to 18 months. This increase has been greater than the rate of increase seen in representative local build costs. Typically, LSH are now finding that for any scheme of more than ten houses most housebuilders are able to build at below BCIS lower quartile index figures for estate housing. Larger schemes are expected to be capable of being built at well below these rates.

BCIS costs will typically include main contractor profit (circa 10%). With 'main contractors' often being a subsidiary part of an Applicant (developer) company it is debateable whether it is appropriate to assume a main contractor profit in

conjunction with a developer profit (ie in this scenario the total assumed profit could be as high as 30%).

Whilst BCIS figures are also available for conversion schemes the sample data on which these figures are based is typically small and from a diverse range of projects to make the resultant cost data of particular use. LSH would advocate the use of a quantity surveyor / cost consultant for conversion schemes and for particularly complex or high density schemes.

With respect to site-specific viability audits, where required, the appropriate level of build costs for each case will be considered on its own merits in the context of relevant factors and circumstances.

- **Infrastructure and External Costs**

These are the costs of any external works beyond the footprint of the walls of each dwelling. These include the cost of 'non-abnormal' external works within the curtilage of each plot and within the communal areas of the site such as the installation of utilities, drainage, highways infrastructure and site landscaping. Many of these items will depend on individual site circumstances and can only properly be estimated following a detailed assessment of each site. It is however possible to generalise. External costs are typically lower for higher density than for lower density schemes as higher density schemes will have a smaller area of external works, and services can be used more efficiently. Large greenfield sites are more likely to require substantial expenditure on bringing mains services to the site. Typically LSH expect to see external costs comprising from around 10% of basic build costs for smaller sites (up to 0.5 hectares) and increasing to 20% of basic build costs for larger greenfield schemes (of 1.5 hectares and above). Any deviation from this assumed range will need to be specifically evidenced by the Applicant.

- **Site-specific abnormal costs**

Abnormal costs should be those specific to the site, which are over and above costs that can reasonably be expected to be incurred for the development of an allocated, level and well-drained greenfield site with adopted highways and utilities available to the site boundary. When auditing Applicant viability submissions the LPA will require that site-specific abnormal costs are separated from non-site-specific external costs. This is important as significant abnormal costs are likely to have a bearing on land value.

Such costs are typically provided on behalf of an Applicant by a quantity surveyor / cost consultant or engineer. Applicants will need to provide evidence and justification for abnormal costs within viability submissions to the LPA. Examples of typical site-specific abnormal costs are set out below:

- Re-contouring, construction of retaining walls and importation of topsoil to achieve and maintain appropriate levels for development platforms and vehicular access road due to significant sloping and undulating nature of a site.
- The use of more expensive methods of construction (eg piled foundations) as a result of identified ground conditions.

- Demolition of existing structures on a site in order to facilitate development.
- Removal to a licensed landfill site or appropriate treatment of contaminated topsoil or identified alien materials.
- The need to relocate existing services crossing a site.
- The geology of a site necessitating the breaking out of rock for drains and sewers.
- Site-specific flood mitigation measures.

When carrying out audits of Applicant viability submissions LPAs may appoint a specialist to independently cost submitted abnormal cost items in situations where it is felt that such costs could be excessive or unnecessary.

- **Contingency**

A contingency allowance will typically range between 2% and 5% of total build costs for new build schemes. For previously undeveloped and otherwise straightforward sites we would normally allow a contingency of around 2.5% with a higher figure of 5% on more risky types of development and previously developed land.

Contingency figures in the range of 5 to 7.5% may be appropriately adopted for conversions of more challenging buildings – where it is more likely that unexpected costs could be encountered as a scheme progresses on site. Where costs have been more accurately calculated, for example by a quantity surveyor or engineer or in the context of particularly extensive site investigative works, there may be a case to reduce contingency.

Professional Fees

Professional fees for schemes within the local area (including statutory fees) will typically fall into the range of 5% to 10% of construction costs, dependent upon scale and nature of scheme. Sites requiring input from wider range of professionals (eg brownfield, flood-affected and more complicated sites) are likely to be at the higher end of this range.

Some Applicants will utilise the professional services of their own employees, whilst others will utilise external consultants. Costs arising from either scenario should fall into 'professional fees'. Volume housebuilders will be able to reduce professional fees to an extent through the use of a suite of standard house types across a number of schemes, negating the need for the specific re-design of every unit on each scheme.

Developer contributions (s106)

Each scheme should be considered on its own merits, dependent on the specific need for off-site mitigation, as reasonably justified by the LPA. Typical developer cost contributions provided through s106 agreements relate to education, off-site public open and community space provision and off-site highways.

Marketing and disposal costs

Marketing and disposal costs include sales legal fees, sales promotion and agency, marketing budget and sales incentives (where necessary). Typically these cumulative costs are expected to fall within the range of 1.5% and 3% of GDV. Some developers prefer to deal with marketing in-house, whilst others will utilise the services of a local estate agent. Whichever model is adopted the resultant costs will fall under this heading. Larger housing developments are likely to require a staffed show-house. Small schemes may require little promotion beyond a roadside sales board and a presence on an online property sales portal.

In the context of the significant local housing need for affordable discounted sale units we would expect to see the marketing and sales allowance for such units reduced to 1% (comprising legal fees and basic agency only). It is anticipated that affordable and social rent units will be transferred directly to an RP, therefore a lower allowance of 0.5% (comprising legal fees only) should be adopted for such units.

Site acquisition costs

Site acquisition costs will typically be covered within a budget of 1.5% of site value and will incorporate acquisition agents and legal fees. In addition to this allowance SDLT (Stamp Duty Land Tax) should be accounted for at the prevailing rate for the scheme in question. Link to the most recent SLDT rates: <https://www.gov.uk/stamp-duty-land-tax/overview> .

Development Finance Costs

Finance costs within a development appraisal are usually based on the accumulated debt, ideally calculated using a cash flow model in the context of the application of appropriate timescales for the scheme in question. At present most mainstream developers can obtain finance in the range of 5 to 6.5% per annum with a credit facility or up to around 60% loan to value. When the arrangement costs of obtaining finance are taken into account the total cost of finance will typically fall within the range of 6% to 7.5% per annum.

It is appreciated that the business models of some developers will involve investing more of their own funds into schemes, with other developers requiring greater external funding. The 'RICS Guidance' note (detailed below) is very clear on how such matters must be dealt with:

... viability appraisals...should disregard either benefits or disbenefits that are unique to the applicant, whether landowner, developer or both; for example, internal financing arrangements. The aim should be to reflect industry benchmarks as applied to the particular site in question for a planning application Clearly, there must be consistency in viability principles and application across these interrelated planning matters.

Consequently, for consistency, the assumption is advocated that finance will fall within the range of 6% to 7.5% per annum of accumulated debt; assuming a requirement for 100% debt funding. Any scenario that differs from this will need to be specifically justified by an Applicant.

Sales rates and development timescales

Sales rates of between one and three units per month are typical at the present time across Eden District dependent upon the scale, nature and location of scheme and subject to the appropriate initial pricing of units by the developer. By way of local current examples the table below sets out total number of sales achieved within the two years from 1 October 2016 for each of active residential development sites within the District with average number of sales per month (for the duration of the period from first to last recorded sale):

Address	Total number of sales	Ave number of sales per month during active sales period
Pewter Close, Penrith	7	3.5
The Oaks, Clifton	43	3.07
Orchard Place, Appleby	66	2.73
Carleton Heights, Penrith	42	2
The Fairways, Penrith	8	1.6
Carleton Manor Park, Penrith	24	1.09
Beacon Square, Penrith	6	0.38
Tara Hill, Penrith	7	0.3

In general terms each dwelling on a scheme is likely to be built on average over a six month period. Typically a two to three month pre-construction enabling / mobilisation period will follow site purchase and then a six month period will be required from commencement of construction to first sale. Flatted schemes will be assessed on their own merits, as clearly it can be impractical for such units to be sold and occupied until the block they sit within has been completed in full.

Any significant deviation from these starting assumptions will need to be justified by the Applicant.

Developer Return (Profit) (Competitive return to a willing developer)

There has been much debate at appeal and through assessment of Local Authority policy and guidance documents of what might be considered a competitive and appropriate developer return. The following points are useful to refer to in this regard:

- The Planning Advisory Service 'Viability Handbook and Exercises' (para 4.80) (January 2011) advises that:

Where a positive residual land value is achieved...Typical required margins, depending on the developer and the risks of the development, are a 20% margin on cost and 17.5% margin on GDV.

- The accompanying guidance to the HCA's Development Appraisal tool comments as follows on Developer's Return for Risk and Profit (including developer's overheads):

Open Market Housing

The developer 'profit' (before taxation) on the open market housing as a percentage of the value of the open market housing. A typical figure currently may be in the region of 17.5-20% and overheads being deducted, but this is only a guide as it will depend on the state of the market and the size and complexity of the scheme.

Affordable Housing

The developer 'profit' (before taxation) on the affordable housing as a percentage of the value of the affordable housing (excluding SHG). A typical figure may be in the region of 6% (the profit is less than that for the open market element of the scheme, as risks are reduced), but this is only a guide.

- LSH provided expert witness services in relation to a key appeal decision in relation to a large urban edge housing scheme in Kendal in 2013. The following extract, taken from the Appeal Decision, sets out the Inspector's conclusion as to developer return:

The concept of a 'competitive return' is not further defined by the NPPF, and could be the subject of differing interpretations by the parties involved in any particular development. The assessment of a competitive return will involve an element of judgement. Clearly, however, excessively ambitious predictions must be tempered by comparison with industry norms and local circumstances.

In this case, it is common ground that a competitive return for the developer can be taken as a profit of 18-20% of the gross development value ('GDV')...I see no reason to reach a different conclusion.

- The revised version of the National Planning Guidance on Viability was published on 24 July 2018 and contains the following commentary on developer return (Paragraph: 018 Reference ID: 10-018-20180724):-

'For the purpose of plan making an assumption of 15-20% of gross development value (GDV) may be considered a suitable return to developers in order to establish the viability of plan policies. Plan makers may choose to apply alternative figures where there is evidence to support this according to the type, scale and risk profile of planned development. A lower figure may be more appropriate in consideration of delivery of affordable housing in circumstances where this guarantees an end sale at a known value and reduces risk. Alternative figures may also be appropriate for different development types.'

It is important to acknowledge that the returns sought by different developers and how they secure this through the whole development process can vary considerably. Developers will take into account a range of factors relating to the risk profile of the scheme, such as scheme size, time of delivery, location and other market factors, in determining what an acceptable rate of return is. Developer's Return is often the most potentially contentious aspect of any Viability Assessment.

From experience LSH are aware that widely differing profit margins will be expected by different Developers within the Cumbria area. Some smaller developers and builders may be willing to accept profit levels of between 8 and 15% of GDV (net of central overheads) in order to keep their workforce employed. Such smaller developers will generally have low level or no funding requirements and the policies of lenders will have minimal relevance.

Other Developers have greater profit expectations of anything from 15% and 20% of GDV. Developers falling into this bracket will generally utilise bank funding facilities and therefore the current risk-averse cautious policies of lenders will have a greater effect. In general terms ongoing reduced sales rates across the UK and the potential consequences of the Brexit process continue to cause lenders some concern.

In relation to the current situation in Eden District it is anticipated that a minimum assumption of 15% of GDV is appropriate on smaller schemes of up to ten units, increased to 18% for schemes of 20 or more units. It should be noted that these assumed target rates of return are inclusive of central overhead costs.

These expected levels of headline profit take into account a reduced profit expectation of 6% for affordable housing elements of each scheme, if viable. This assumption is justified in the context that affordable units will either be pre-sold to an RP or sold as discounted sale units. The pre-sale / below market value sale of elements of a scheme is clearly of lower risk to the developer than the remainder of the scheme.

Whilst many funders do expect 20% of GDV as a starting point on medium and large schemes, there is typically scope for a developer with a reasonable track record to agree a reduction to 18% of GDV where viability becomes an issue and all three parties to transaction (the landowner, developer, LPA) will each need to potentially compromise expectations, to some extent, in order to broker a mutually acceptable solution.

Appendix 4: Standard economic viability template

Housing Viability Model:				Bespoke pro-forma viability appraisal template															
Brief Description																			
Location		[Site Location]												Date				Work in Progress	
Typology:			40	UNIT development															
		FEATURING	30	OPEN MARKET UNITS														Status: Draft	
			10	AFFORDABLE UNITS		Subject to tenure assumptions, policy requirements and viability for affordable housing												Private and Confidential	
Gross Development Value																			
Plot Number	1	2 Bed	For sale	70	m2	£92,400	Affordable	Source: Discounted Sale Affordable Unit @ 60% of MV						£1,320	per m2				
Plot Number	2	2 Bed	For rent	70	m2	£69,300	Affordable	Source: Recent negotiated contracts for affordable rent units with RPs						£990	per m2				
Plot Number	1	2 Bed	For sale	70	m2	£92,400	Affordable	Source: Discounted Sale Affordable Unit @ 60% of MV						£1,320	per m2				
Plot Number	4	2 Bed	For sale	75	m2	£165,000	Open Market	Source: Applicant Chartered Valuation Surveyor's opinion of market value						£2,200	per m2				
Plot Number	5	2 Bed	For sale	75	m2	£165,000	Open Market	Source: Applicant Chartered Valuation Surveyor's opinion of market value						£2,200	per m2				
Plot Number	6	2 Bed	For sale	75	m2	£165,000	Open Market	Source: Applicant Chartered Valuation Surveyor's opinion of market value						£2,200	per m2				
Plot Number	7	2 Bed	For sale	75	m2	£165,000	Open Market	Source: Applicant Chartered Valuation Surveyor's opinion of market value						£2,200	per m2				
Plot Number	8	2 Bed	For sale	75	m2	£165,000	Open Market	Source: Applicant Chartered Valuation Surveyor's opinion of market value						£2,200	per m2				
Plot Number	9	2 Bed flat	For rent	60	m2	£59,400	Affordable	Source: Recent negotiated contracts for affordable rent units with RPs						£990	per m2				
Plot Number	10	2 Bed flat	For rent	60	m2	£59,400	Affordable	Source: Recent negotiated contracts for affordable rent units with RPs						£990	per m2				
Plot Number	11	2 Bed flat	For rent	60	m2	£59,400	Affordable	Source: Recent negotiated contracts for affordable rent units with RPs						£990	per m2				
Plot Number	12	2 Bed flat	For rent	60	m2	£59,400	Affordable	Source: Recent negotiated contracts for affordable rent units with RPs						£990	per m2				

Housing Viability Model:

[illegible]

Housing Viability Model:				Bespoke pro-forma viability appraisal template											
Average GIA per unit	89	m2	Total GIA of Units	3,555	m2	£7,085,100									

Gross Development Costs																			
Site acquisition costs																			
	Site value								Net site area is 3 acres. Site value should be based on net developable area										
		3.00	Acres @	£300,000	=	900,000	£900,000		Current benchmark site value for Penrith typically £300k to £350k per net acre for unconstrained greenfield sites										
	Stamp duty						£34,500												
	Legal fees			@	0.5%	of Site value	£4,500												
	Agent fees			@	1%	of Site value	£9,000												
	Total Acquisition costs						£948,000												
Costs of construction																			
	Basic Buildcost		@	£969		per m ²	£3,443,910		Source: BCIS Average Prices - Housing mixed developments - New build (Lower quartile figure) - location adjusted to Eden - benchmarked against local evidence										
	External Works (within curtilages and communal)		@	15%		of Basic Build	£429,002		Source: Expected to fall in range of 10% to 20% of basic build cost (depending on nature of development and size of site)										
	Abnormal and Enabling Works																		
		Demolition of existing buildings					£75,000		Source: Advised by applicant and evidenced by two quotations from demolition contractors										
		Asbestos - inc specialist scaffold					£25,000		Source: Advised by applicant and evidenced by two quotations from specialist contractors										
		Off-site surface water drainage inc 3rd party compensation					£75,000		Source: Advised by applicant and evidenced by detailed quantity surveyor schedule of costs										
		Diversion of overhead electricity cables					£50,000	£225,000	Source: Advised by applicant and evidenced by detailed quotation from utility provider										
	Contingency		@	3%		of Total Build	£122,937		Source: Typical rate for a development of this scale and nature										

[illegible]

11.5 Appendix 5: Affordable Housing Statement

The **Affordable Housing Statement** should clearly set out the following:

- Detail how the proposed development complies with national (NPPF and NPPG) and local (especially Local Plan policy HS1 Affordable Housing) planning policies.
- Provide a schedule of the overall number of residential properties proposed, including the mix of market and affordable units, and providing a breakdown of both market and affordable units by property type.
- Estimated open market value for the affordable units (ideally provided by a local RICS qualified surveyor). This is because on some higher value schemes properties for some affordable tenures (eg discounted sale) may not be “affordable” to people on typical local incomes, even with a discount applied. In cases where an economic viability assessment has been provided valuations will also be required for the open market units – see Appendix 3.
- A site layout plan, identifying the location and property types of the affordable units – different affordable housing tenures, such as social rent or discounted sale, should be made explicit on the plan (eg through colour coding). The layout plan, including the key, should be clearly legible when printed in A3. The plan should also detail car parking for each plot including the affordable units.
- Clarification of the gross site area and net developable area.
- The affordable properties should be fully integrated within the development, which should be “tenure blind” as far as possible. It is acceptable to have clusters of social/ affordable rented properties for housing management purposes, although on larger schemes they should not be in just one location; however, low cost home ownership properties should be “pepper-potted” around the site as much as possible.
- Details of the individual unit sizes for each of the affordable units – guidelines on minimum affordable unit sizes (based on gross internal floor space) are set out in Table 1 in Section 2.16 of this document.
- Identification of the development standards for both the scheme and individual units need to be considered. It will be expected that the specification of the affordable units will be equivalent to that of the market units unless otherwise stated.
- If the proposal is that the affordable units are delivered other than transferring any rental units to a Housing Association and selling the low cost home ownership units through the Council’s discounted sale register, details will be required of the arrangements for ensuring the properties remain affordable to successive occupiers.

- The expectation set out in Local Plan policy HS1 is that affordable housing will be delivered on the application site, unless it can be evidenced that this cannot be managed effectively on site or there would be other benefits (eg significantly widening housing choice and encouraging a better social mix) of providing the Affordable Housing on an alternative site or via a financial contribution. If the proposal specifies that the affordable housing will be delivered on an alternative site it should be completed in full and ready for occupation before the development within the application site is completed – in accordance with a scheme of provision to be negotiated and agreed within a Section 106 Agreement. This should be agreed with the Council's Housing or Planning team, prior to submitting the details in the Affordable Housing Statement.
- Details of the preferred Housing Association partner involved in the development. Where this is unknown at the time of submitting the application the named Housing Association will need to be confirmed prior to the commencement on site to ensure the satisfactory delivery of Affordable Housing as part of the overall scheme. This will be achieved through the imposition of a pre-commencement planning condition or a scheme of delivery to be agreed also through the imposition of a pre-commencement planning condition.
- The Council would reserve the right to invalidate the planning application, in cases where no Affordable Housing Statement has been provided, or the Statement contains insufficient supporting information. However, it is acknowledged that not all information may be available at Outline Planning stage (as detailed below).

Outline Planning Applications

It is accepted that not all of this information will always be available for Outline Planning Applications (especially in respect of the above points 2, 3, 4 and 7). In the case of Outline applications, it is recommended that a headline summary of the likely provision should be included, pertaining to these points, with the final detail then provided with the Reserved Matters application. The necessary Section 106 Agreement will be resolved prior to the release of the outline planning permission and will detail the tenure, form, type and proportion of affordable housing to be provided.

Appendix 6: Policy HS1 - Local Connection Criteria - Affordable Housing Only

A person will be considered to meet the local occupancy conditions if immediately before taking up occupation of the affordable dwelling, he/she or a member of his/her household meets one of the following criteria:

- The person lives in the locality and has done so for a continuous period of at least three years.
- The person works permanently in the locality and has done so for a continuous period of at least three years.
- The person is an existing social tenant who needs to move to take up an offer of work in the district, as detailed in the Government's 'Right to Move' statutory guidance (DCLG, March 2015).
- The person has moved away but has strong established and continuous links with the relevant locality by reason of birth or long term immediate family connections.
- The person needs to live in the locality because they need substantial care from a relative who has lived in the locality for at least three years, or needs to provide substantial care to a relative who has lived in the locality at least three years. Substantial care means that identified as required by a medical doctor or relevant statutory support agency.

"Locality" refers to the parish and surrounding parishes*. In terms of marketing an affordable property, if after a reasonable period of active marketing an occupier cannot be found the definition would cascade out to include the County of Cumbria, in accordance with the terms of the Section 106 Agreement.

*Where the new house is in Penrith "locality" refers to Eden District.