

# LDPP

# Ceredigion

## Local Development Plan 2007 - 2022

### Supplementary Planning Guidance Affordable Homes

(Advice for landowners, developers, potential owners and occupiers, landlords, professional advisers and agents)





## Foreword

The County Council is working to deliver Sustainable Communities for Ceredigion by ensuring not only that all its Service Plans and Strategies are based on a clear vision, but that our Services are working together in a practical way to deliver that vision.

Following the adoption of the Local Development Plan It is important not only to offer practical guidance on affordable housing to those using our Planning Services, but also to emphasise that our Housing Services can help provide further practical assistance to developers, landlords and those seeking an affordable home.

The Council is committed to working with both public and private sector partners to improve access to information on affordable housing eligibility and availability both on-line and through the production of supplementary planning guidance notes.

The Council is therefore pleased to present this Supplementary Planning Guidance on Affordable Housing as part of its commitment to improving practical help on planning procedures which should operate alongside improving access to advice and information on the availability and provision of suitable affordable housing for the people of Ceredigion through the Housing Options service.

This Supplementary Planning Guidance (SPG) is one of a series of guidance notes which support the policies of the Local Development Plan (LDP). Although decisions on planning applications will be based on the LDP's policies (as indicated in part 38(6) of the Planning and Compulsory Purchase Act 2004), the content of the SPG is a material planning consideration.

The Guidance does not set out policy independently of the LDP but only provides supplementary guidance. Therefore, in line with the Environmental Assessment of Plans and Programmes (Wales) Regulations 2004, it has not been considered necessary to subject it to separate Strategic Environmental Assessment (SEA). The results of the Sustainability Appraisal/ Strategic Environmental Assessment (SA/SEA) of the policies relevant to this SPG:

- S05 Affordable Housing

May be viewed in Appendix 3 of the Ceredigion Local Development Plan Final Sustainability Appraisal Report (April 2013).

In accordance with Welsh Government Guidance ("Local Development Plans Wales" paragraph 5.3), the Affordable Homes Supplementary Planning Guidance (SPG) has been prepared in partnership with stakeholders and was subject to public consultation between 16th January 2014 and midday 28th February 2014. Annex 1 (available on [www.ceredigion.gov.uk](http://www.ceredigion.gov.uk) only) of this report sets out the responses received to the consultation and a Ceredigion County Council (CCC) response along with any recommended changes to the SPG.

This SPG document was formally adopted by Ceredigion County Council on 25<sup>th</sup> September 2014 (Minute No: 11 a, b & c).

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# At a Glance - Planning and Affordable Homes in Ceredigion

Assisting in the delivery of affordable housing is an integral part of the planning system. In Ceredigion to date (2014) the County Council have secured over 470 planning permissions for affordable homes. This document provides an in-depth view of the Local development Plan affordable housing policy of Ceredigion County Council. It is to be used not only by builders and developers in delivering affordable housing but also all those considering purchasing or looking for rented affordable homes.

There are a number of types of affordable homes provided through the planning system and this document sets out what the key differences are and how to qualify for an affordable home and where to find one. Affordable homes are not just open to first time buyers. They are open to all those who are in housing need and have at least 5 years residency in Ceredigion or the adjacent community councils, or are a key worker, or who have to care for or need care from a qualifying relative. The Ceredigion Housing Options website is a good source of information on affordable homes provided through the planning system [www.ceredigionhousing.co.uk](http://www.ceredigionhousing.co.uk).

There are three main types of affordable home in Ceredigion and these are called:

1. **Discounted for Sale** – these houses are available to purchase at a discounted rate usually 30% or 50% of the open market value.
2. **Intermediate Rent** – these properties are rental homes which are available to rent at below market rent.
3. **Social Rent** – these properties are owned and managed by Registered Social Landlords (RSLs). These properties are allocated from the Common Housing Register. As of 2013 there were nearly 1800 people on the Common Waiting List and approximately 100 new applications are received each month, but only 300 or so RSL properties become available for letting each year.

This document helps those submitting a planning application for housing to understand what level of contribution they will have to make to affordable housing. The level of provision required is reviewed regularly and is presently 10% of open market value of the dwelling or dwellings. On sites for 1 dwelling this is paid to the Council as a commuted sum which is then put towards affordable housing on other schemes. However on estates of 2 properties or more affordable housing are usually built on site.

It is therefore essential that people intending to submit an application for housing make early contact with the Council (Planning Service) to ensure that they have the most up to date information available.

The Council is always striving to find ways to make affordable homes available to the people of Ceredigion. This document has all the information you need about what planning does to help provide affordable homes through the LDP in liaison with the Council's Housing Service, RSLs and Private Developers.

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## How to Use this General Guide

A whole range of individuals are involved in the housing market, whether as home seekers, landowners, housing developers, planning professionals (architects, surveyors, planning consultants etc.) and other professionals (estate agents, solicitors, etc.).

This Supplementary Planning Guidance document is a comprehensive one which should be considered by all users in its entirety for the sake of completeness.

A very brief summary of the content for the general public is provided in the preamble '**At a Glance**' page v.

For anyone with a specific interest in affordable housing, as an introduction, the Local Planning Authority recommends that they all read the **Affordable Homes General Guide**. However, there are more detailed elements of this guidance which will be of more interest or use to some than to others. For ease of use alongside this the full SPG the Local Authority has created a set of user packs which are aimed at different users. The user packs are made up of various combinations of sections taken from the SPG compiled for specific users i.e. those looking for an Affordable home or developers. The user packs are available on the Local Authority Planning website [www.ceredigion.gov.uk/planning](http://www.ceredigion.gov.uk/planning).

## How to Use this Guide

# General Guide

## 1. An Introduction to Affordable Homes in Ceredigion

Ceredigion County Council ('the Council') wants to assist in ensuring that every resident of Ceredigion has access to a home suitable for their needs. The majority of affordable homes in the County are currently provided through Housing Associations – also known as Registered Social Landlords (RSLs). There are not enough affordable homes in number to meet the need for affordable homes, neither is there enough of a diversity in types of affordable homes which currently exist. There are a significant number of residents, including many working households in Ceredigion who cannot afford private market rents. The level of house prices means that home ownership is often beyond the reach of those on even relatively good incomes. National Government advises that one way of helping to combat the lack of affordable homes is to secure the provision of affordable homes through the planning system. This is where developers are required to provide a certain percentage of homes on their overall housing developments to be affordable. In Ceredigion prior to May 2013 many of these properties have been developed as 'discounted for sale' homes which have a sale price reduced by a set amount. However these properties are not the only kind of affordable homes required to help ensure that the needs of Ceredigion residents are met now and in the future

### *Did you know?*

- *In Ceredigion to date (2013) we have secured over 450 permissions for affordable housing.*
- *As at 2013 there were nearly 1800 people on the Common Waiting List and approximately 100 new applications are received each month, but only 300 or so RSL properties become available for letting each year*
- *The Ceredigion 'Housing Options' website is a one-stop shop for everyone looking for an affordable home to rent or to buy*

The range of affordable homes needed includes properties that are available as discounted for sale (DFS) at between 30% to 50% below market value and properties for both intermediate rent (IR) and social rent (SR).

This General Guide sets out some background and basic information on affordable homes for different groups of people who have an interest in affordable homes.

These can include:

- landowners and developers
- professional advisers
- agents
- private landlords
- Registered Social Landlords or 'RSLs', and
- potential occupiers.

More detailed guides are provided in the appendices of this Supplementary Planning Guidance.

**Go to:**  
**Appendix 2: Key Supporting Documents to see the LHNA**

## 2. How Many Affordable Homes are Needed in Ceredigion?

A Local Housing Needs Assessment (LHNA) study by Opinion Research Services in 2004 and updated in 2008 identifies a need for 32% of all future additional homes in the county to be affordable.

This SPG document explains what the planning system can do to help secure affordable homes. It does this through Policy S05 of the Local Development Plan (LDP). Under this policy the plan requires developers of dwellings (either new build or conversions) to make a contribution to affordable homes. In Ceredigion, this has been set at 20% of the units on the site. This takes into account mixed housing types and is equivalent to 10% of the Open Market Value (also known as Gross Development Value or GDV) of the whole development. Provision should always be on site unless the Council accepts that there are exceptional circumstances why this would not be possible or the application is for one unit located in a Service Centre or

in a Linked Settlement. Where the Local Planning Authority (LPA) agree that onsite provision is not possible then a commuted sum, equivalent to 10% overall Open Market Value will be required.

### **Can We Build Enough Homes to Meet the Needs?**

Unfortunately the level of need is such that the local authority (LA) is unable to facilitate it all.

In the LDP period, which runs from 2007 to 2022, the LPA hopes to help facilitate in the region of 1100 additional affordable homes. The aim is that this provision will be made up of a range of discounted for sale properties, intermediate rental properties and social rented properties to meet the different needs which have been identified in the LHNA.

## **3. Types of Affordable Homes in Ceredigion**

In Ceredigion, the following types of affordable homes are expected to be delivered as a result of the LDP policy.

### **Discounted for Sale Homes (DFS)**

These are homes which are discounted for sale from Open Market Value (OMV) usually by either 30% or by 50%. For example if a home was worth £100,000 on the open market then as a Discounted For Sale Affordable Home (DFS AH) it would be for sale for either 30% below, so £70,000 or 50% below, so £50,000. Which percentage it is to be sold at is fixed as part of the original planning permission and the details are set out in the S106 agreement that goes alongside the planning permission. The DFS AH discount must be applied to the OMV each time it is sold or resold, in accordance with the S106 agreement. This allows the possibility of some equity gain for the householder selling in a rising market. Self-build properties also form part of the DFS homes. These are homes where the builder / developer is also the intended occupier of the home. A S106 agreement also applies to these types of properties.

## Homes for Intermediate Rent (IR)

In Ceredigion, this means homes where the rents are set by the LA, normally on an annual basis. In Ceredigion Intermediate Rent levels are set at no greater than 80% of private market rent AND within relevant Local Housing Allowance levels. This type of affordable home is new and is in very limited supply but the Council will seek to increase provision of IR Affordable Homes through the LDP. For more information on IR properties and the acceptable rent levels you can go to the Ceredigion Housing Options website or contact the Affordable Housing Officer at the Council (see contact details at Appendix 3).

Go to:  
Website Help Sheet  
for Appendix 5b  
'Rent Income Bands'

## Social Rent homes (SR)

These are homes which are available to rent at benchmark rents (set by the Welsh Government) through a Registered Social Landlord (RSL). For more information on social rent properties you are advised to contact the housing options team at the Council or the RSL's themselves contact details can be found in Appendix 3.

Go to:  
Appendix 3:  
Contacts

## Standards in Affordable Homes

There are minimum and maximum floor space guidelines for affordable homes constructed under LDP policy. Details are provided at Appendix 4 'Developer Guide'.

## 4. Making a Planning Application

All residential planning consents, including conversions and single dwellings, will involve a contribution to affordable homes. Therefore all applications will need to take this into account. Pre-application discussions are a vital part of the planning process and allow the developer to discuss proposals with the planning department. A planning officer will consider your proposed mix of affordable homes and be able to evaluate whether this meets the needs of the County as

Go to:  
Appendix 4  
Developer Guide

determined by the Local Authority. Matters to be taken into consideration by developers and landowners and their agents when making a planning application are set out in the following section.

A detailed Developer Guide is provided at Appendix 4.

## What Local and National Policies Relate to Affordable homes?

National planning policy on affordable homes is contained in Planning Policy Wales.

(At the time of publication of this SPG this was Edition 6 February 2014 ') It is supplemented by further guidance in Technical Advice Note 2: Planning and Affordable Housing (2006). These documents establish and explain the role of the LDP in providing affordable homes and set out what information and policies are required in the LDP. The

Ceredigion LDP contains Policy S05 on affordable homes;

however a number of other policies in the LDP are relevant to affordable homes.

Policy S04, criterion 2 restricts development in Other Locations to affordable homes.

'Other Locations' are all locations not listed and named within the LDP as being a

Service Centre or a Linked Settlement (see LDP, Volume 1, Appendix 1). The

relevant policy text is provided at Appendix 4 'Developer Guide' of this SPG. You can access the Policies and Reasons for Policy in full on the LDP website

[www.ceredigion.gov.uk/ldp](http://www.ceredigion.gov.uk/ldp)

Go to:

Appendix 4, page 36  
text of policy S05 and  
extract of policy S04

## What Mix of Affordable Homes should be Provided?

In accordance with Policy S05, a planning compliant development is currently required to deliver 20% affordable homes on site. This requirement is based on a viability assessment conducted by the District Valuer Services in 2010-2011. This requirement may be reviewed during the LDP plan period. The mix of affordable homes needed

across the County (as demonstrated in the LHNA) is in a ratio of 41% Intermediate homes (including DFS and Intermediate Rent) and 59% social rented homes. The

Go to:

Appendix 2: Key  
Supporting  
Documents

size/type of affordable properties at a particular location should reflect a scheme of 'equivalent value' to this mix, that is, 10% of the Gross Development Value of the development, based on the needs agreed by the Council for that locality during pre-application discussions.

### **Can a Commuted Sum be Payable in Lieu of Affordable Homes?**

In respect of one residential unit, in 'Other Locations' only affordable dwellings or TAN 6 compliant dwellings can be permitted. A commuted sum is therefore inappropriate and irrelevant in these circumstances.

In respect of one residential unit in a Service Centre or a Linked Settlement, a Commuted Sum of 10% of the sale price of the completed home valued off plan at the time of application will be payable at first sale or transfer of the property (also known as disposal).

As the LDP affordable homes policy (S05) sets out, in some cases a Commuted Sum may be required to be paid where the provision of affordable homes on a site does not equate to an exact number of units. In those situations, for example where the required provision is 3.2 units, a provision of 3 units would be sought on site and the 0.2 units would be provided for to the council through a Commuted Sum. In essence a Commuted Sum in this case is a balancing payment to make up the value of the contribution to the equivalent of 10% of the Gross Development Value (GDV) of the completed development; it is not paid instead of providing affordable homes. The monies paid to the Council as Commuted Sums will be used to assist in the provision of affordable homes. Most of the Commuted Sums collected will be pooled to provide top ups to developers to create full units on other sites depending on the monies available. Therefore where the number of affordable units does not equate to a whole number on a site the Council will firstly look to topping up that difference rather than taking a commuted sum, provided there are monies available in the Commuted Sum fund.

**Go to:**  
**Appendix 1, Glossary**  
**for a definition of**  
**Commuted Sum**



## 100% Affordable Homes Sites and Single Affordable Homes in Other Locations

Because these homes are themselves affordable homes, they are not subject to the affordable homes contribution that applies to open market homes.

TAN 6 homes (agricultural or rural enterprise dwellings) are not subject to an affordable homes contribution, though they may be liable to become affordable homes if the original justification for their development is no longer present.

### Pre-application discussions

Early discussions should help eliminate prolonged negotiation when you submit your planning application. At the pre-application stage the mix of affordable homes can be established with the planning officer in conjunction with the affordable housing officer and any commuted sums calculated and negotiated.

Early contact with RSLs can also have benefits for developers as affordable units may be negotiated and sales agreed from the start. This often helps the developer in securing finance from lenders.

### What is a S106 agreement?

A S106 agreement or S106 obligation is a legal agreement which is used in planning to secure the factors that make a development acceptable by, for example, securing affordable homes or securing infrastructure provision. In respect of Affordable Homes the S106 agreement sets out the number, type and site location of affordable units to be delivered and any occupancy eligibility attached. The obligation will in all cases set out the occupancy eligibility criteria and cascaded relaxation of criteria that apply to each individual affordable home. In the case of the DFS

Basic research and early contact with the LPA is essential to ensure the correct and acceptable balance of affordable housing.

Partnering with RSLs may have cost benefits for developers.

Go to:  
Help Sheet for  
Appendix 4  
'Guide and  
Model S106  
agreements'

properties the Section 106 will set out the discount at which the sale price is to be agreed. Where a Commuted Sum is appropriate, the S106 agreement will set out the amount and timing of the payment. For further guidance on S106 obligations see Welsh Office Circular 11/95.

Go to:

Appendix 5a,  
Seller Guide

## 5. Making Affordable Homes Available

### Selling a DFS Affordable Home

As a developer or as a current owner/occupier, if you wish to sell your DFS affordable home you need to contact the Council to notify them of your intention. You will also need to obtain a letter from the Council prior to marketing the property, agreeing an acceptable fair selling price based on a valuation on the open market, to which the level of discount set out in the s106 planning agreement (**for that property\***) is applied. You can then arrange to advertise for eligible buyers or contact an RSL to determine whether they would be a prospective purchaser. You will need to check the 'Official Certificate of Eligibility (Discount For Sale)' of any potential purchaser (which is issued by the Council). There is no restriction on any financial gain you may make from increased equity from the sale if the market has risen since you initially purchased the property. You will need to notify the Council of the final sale within a fortnight of the completion of the sale.

*More detailed guidance on how to move on from an affordable home is included in Appendix 5a, 'Seller Guide'.*

Eligibility for DFS and IR homes will be decided on:

- Whether you have lived in Ceredigion/surrounding town & community councils for 5 years OR
- You are a key worker OR
- Caring for or by a qualifying relative AND
- Your maximum mortgage offer or household earned income band AND
- The affordable home being your sole residence

## Letting an Intermediate Rent home

Intermediate Rental landlords can be either RSLs or private landlords. As a private landlord you will be required under the Housing Act 2014 to be a member of “Landlord Accreditation Wales” or an affiliated body and adhere to the code of conduct in order to rent out these properties. The rents are agreed and fixed by the Council (reviewed on an annual basis) and will be below market rents and in some instances at approximately the same level as Local Housing Allowance rates. You can advertise your Intermediate Rental home in much the same way as you would advertise market rented homes. Prospective tenants will need to be on the Affordable Housing Register and provide a prospective landlord with a Preliminary Self Assessment Statement of their likely eligibility based on the unverified information they input to the Affordable Housing Register. As a landlord you will need to obtain and retain documentary evidence to confirm the details supplied on the Preliminary Self Assessment Statement and that the occupant does meet the occupancy criteria set out in the S106 before you accept a tenant and to return an ‘Official Certificate of Eligibility (Intermediate Rent)’, to the Planning Policy Team of the Council prior to commencement of the tenancy. You will also need to submit an annual Statutory Declaration to the Council (Planning Policy Team) confirming for each of the Intermediate Rent homes you own that the tenants occupying the homes for the past 12 months have been properly certified as eligible. The LA will undertake periodic spot checks that landlords have collated the relevant information from their tenants.

*More detailed guidance on letting an intermediate rent property is included at Appendix 5b, ‘Letting Guide’*

**Go to:**  
**Appendix 6:**  
**Who can occupy**  
**an Affordable**  
**Home?**

**Go to:**  
**Appendix 5b,**  
**Letting Guide**

## 6. Who Can Occupy an Affordable Home?

Anyone that meets the eligibility criteria can apply for an affordable home. Owner occupants of Discount For Sale (DFS) affordable homes can move, sell, buy a different affordable home or enter the private market as their circumstances change, just as they might in open market homes. These homes are not only available to first

time buyers, but to anyone who qualifies under the Local Authority's Affordable Homes scheme.

The introduction of Intermediate Rent affordable homes will broaden the scope for working or retired households to rent an affordable home.

Social Rent homes are prioritised to applicants meeting the social housing allocations policy of the Council.

*More detailed guidance on how to qualify to occupy an affordable home is included in Appendix 6 and at the Ceredigion Housing Options website.*

**Go to:  
Help Sheet for Appendix  
6, 'Finding an Affordable  
Home'**

## Finding an Affordable Home

### Homes For Sale and for Intermediate Rent

These affordable homes are marketed in much the same way as open market homes; that is, with an Agent's board outside, through Estate Agents, Letting Agents, newspapers and websites. If you are interested in a DFS or IR **affordable home you should register on-line using the Ceredigion Housing Options website**

**Affordable housing is open to all those who are in housing need and have at least 5 years residency in Ceredigion or the adjacent community councils, or are a key worker, or who have to care for or need care from a qualifying relative.**

### Homes for Social Rent

Social Rent homes are allocated via the Common Housing Register. If you are interested in a Social Rent home you should register on-line using the Ceredigion Housing Options website or contact the Council's Housing options section. Because Social Rent homes are allocated taking other factors as well as financial affordability, into account, you will be prompted by the website for the additional information required to determine your eligibility. Alternatively please contact the housing section of the Council for more information on how to apply for Social Rent Homes.

*Step by step guidance on how to find an affordable home is included in Help sheets on the Ceredigion website.*



# **Supplementary Planning Guidance Affordable Homes**

## **Appendices**





**Did You Know?**

These Appendices should be used with the General Guide in a combination to suit your needs, depending on what interest you have in Affordable Housing

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## Appendix 1: Glossary

<b>Affordable Housing / Homes (AH)</b>	<p>The definition of ‘affordable housing’ for the purposes of the land use planning system are homes where there are mechanisms in place to ensure that it is accessible to those who cannot afford market housing, both on first occupation and for subsequent occupiers.</p> <p>Further detail is provided at section 5 of Welsh Government Technical Advice Note (TAN) 2: <a href="http://www.wales.gov.uk">www.wales.gov.uk</a></p>
<b>Affordable Housing Officer</b>	<p>The officer appointed will advise and liaise with planning officers and developers to help in the negotiation process for the provision of affordable housing in line with the Affordable Housing Policy. They will also assist with the development and promotion of the Ceredigion Housing Options website as a ‘one stop shop’ whilst also assisting in the management and delivery of the social housing programme.</p>
<b>Benchmark Rents</b>	<p>Rent levels set by the Welsh Government which are considered affordable as social rents by RSLs and where they have received grant funding for affordable homes.</p>
<b>Common Housing Register and Affordable Housing Register</b>	<p>The Common Housing Register is a Council held register for people who wish to be considered for social rented accommodation owned by Registered Social Landlords (Housing Associations). Social Rent homes are allocated in accordance with the social housing allocations policy of the Council, which is available on: <a href="http://www.ceredigion.gov.uk">www.ceredigion.gov.uk</a></p> <p>The Affordable Housing Register is a Council register for people who wish to be considered for a Discount For Sale or Intermediate Rent affordable home. In relation to DFS these homes are available to those who satisfy local residency and financial criteria. In relation to Intermediate Rent these homes are available to working or retired households who satisfy local residency and financial criteria.</p>

	Application for the Affordable and Social Rent Registers can be made at the Ceredigion Housing Options website.
<b>Commuted Sum</b>	The payment of a capital sum by a developer, to the LA in lieu of on-site provision of affordable housing (where the local planning authority agree this is not possible) or where the construction of whole affordable housing units on site does not meet the developer's full obligation under the LDP affordable housing policy S05. The payment is a contribution to a fund administered by the LA and used to aid the delivery of affordable housing within Ceredigion.
<b>Completion</b>	In the LDP context this means the conclusion of the building process. For LDP affordable housing policy purposes completion is deemed to be on the issue of a completion certificate under the Building Regulations.
<b>Design Quality Requirement (DQR)</b>	Minimum space and technical standards required of all affordable homes constructed with the benefit of Social Housing Grant These standards are set by the Welsh Government.
<b>Discounted For Sale Homes (DFS)</b>	Affordable Housing that is available to qualifying applicants to purchase at a price below what is provided on the open market. Discounted for Sale homes are available to purchase at a price discounted by (usually) 50% or 30% below open market value.
<b>Household</b>	The basic unit of analysis in social, microeconomic and government models. The term refers to all individuals who live in the same dwelling.
<b>Intermediate Rent Homes</b>	Affordable Homes that are available to qualifying applicants to rent at a level set below market rent levels. These may be rented from private landlords or from RSLs.
<b>Intermediate Rent (IR)</b>	Affordable rents set at Local Housing Allowance thresholds set by the LA (reviewed on an annual basis), beyond which the tenant has to pay the additional costs. By setting intermediate rents within the Local Housing Allowance threshold it ensures that rents

	are affordable.
<b>Owner occupier</b>	A person who lives in and owns the same home.
<b>Perpetuity</b>	Affordable homes should remain affordable for the lifetime of the property. To ensure an affordable home is affordable in perpetuity, a legal agreement (S106) will be required, to ensure that it is of benefit not just to initial applicants but to all subsequent occupiers. Occupancy of RSL owned affordable housing (social and intermediate rent housing) is subject to the regulatory Code of Governance which sets out their function and purpose, that is, to provide low cost housing on the basis of need.
<b>Registered Social Landlord (RSL)</b>	Registered Social Landlord (RSL) is the legal term for a landlord registered with the Welsh Government. Most are Housing Associations but they may also be trusts or co-operatives. They are run as not-for-profit businesses. Any surpluses are ploughed back into the organisation to aid the delivery of Affordable Homes. They are run by committees or boards of management made up of volunteers. A typical board might include tenants, local authority members, business / professional people and representatives from voluntary organisations.
<b>Section 106 Agreement (S106)</b>	An agreement made under Section 106 of the Town and Country Planning Act 1990, between a LPA and developers specifying, for instance, that a proportion of a development site be reserved for affordable housing. S106 agreement runs with the land and applies to successive owners. The delivery of affordable housing will normally be through a S106 agreement issued with the Planning approval.
<b>Social Housing Grant</b>	The grant paid by the Welsh Government and managed by the Local Authority to Housing Associations for capital development programmes is called Social Housing Grant (SHG).
<b>Social Rented Homes</b>	Social Rented Homes are homes available to rent at a level related to benchmark rents, set by Welsh Government. Lower

	<p>rents are possible because the Government subsidises Housing Authorities and RSLs (the main providers of social rented housing in Wales). These landlords share a common goal of meeting housing need.</p>
<p><b>Viability</b></p>	<p>A development scheme is considered viable if the overall sales revenue is estimated to be greater than the total development costs. There should be sufficient margin for the developer to make a reasonable profit and the landowner to benefit from an acceptable residual value. The District Valuer was commissioned to undertake a strategic viability study for Ceredigion which determined that a residual sum of 10% of Gross Development Value could reasonably be available for delivery of Affordable Housing after these considerations were taken into account. .</p>

## **Appendix 2: Key Documents Supporting Guidance**

All the documents below are available to view on the Ceredigion Planning website  
[www.ceredigion.gov.uk/planning](http://www.ceredigion.gov.uk/planning)

Ceredigion Local Housing Needs Assessment, ORS, 2004

Ceredigion Local Housing Needs Assessment Update, ORS, 2008

Study concerning the economic viability of providing affordable housing, DVS, 2010  
and update reports





## Appendix 3: Contacts

<p><b>Planning Application Advice</b> from Ceredigion County Council: Planning Office Lifestyle Services Penmorfa Aberaeron SA46 0PA 01545 572135 <a href="mailto:planning@ceredigion.gov.uk">planning@ceredigion.gov.uk</a></p>	<p><b>Planning Policy Advice</b> from Ceredigion County Council: Planning Policy and Research and Analysis Penmorfa Aberaeron SA46 0PA 01545 572123 <a href="mailto:ldp@Ceredigion.gov.uk">ldp@Ceredigion.gov.uk</a></p>
<p><b>Sale and occupancy certificates for DFS, IR</b> Affordable Housing: Administrative Officer Planning Policy Penmorfa Aberaeron SA46 0PA. 01545 572123 <a href="mailto:ldp@ceredigion.gov.uk">ldp@ceredigion.gov.uk</a></p>	<p><b>Residency records:</b> Electoral Services and Civil Registration Legal, HR and Democratic Services Neuadd Cyngor Ceredigion Penmorfa Aberaeron SA46 0PA Tel: (01545) 572033/572277 <a href="mailto:elections@ceredigion.gov.uk">elections@ceredigion.gov.uk</a></p>
<p><b>Affordable Housing Needs Information:</b> Affordable Housing officer Strategic Housing section Penmorfa Aberaeron SA46 0PA 01545 574127 <a href="mailto:affordablehousing@ceredigion.gov.uk">affordablehousing@ceredigion.gov.uk</a></p>	<p><b>Registered Social Landlord:</b> Cantref Llys Cantref Church Lane Newcastle Emlyn SA38 9AB 01239 712000 <a href="mailto:post@cantref.co.uk">post@cantref.co.uk</a></p>
<p><b>Housing Options Team (North)</b> Canolfan Rheidol Rhodfa Padarn Llanbadarn Fawr Aberystwyth SY23 2UE</p> <p><b>Housing Options Team (South)</b> Penmorfa Aberaeron SA46 0PA or Morgan Street, Cardigan SA43 1DF 01545 572105 <a href="mailto:housingoptions@ceredigion.gov.uk">housingoptions@ceredigion.gov.uk</a></p>	<p><b>Registered Social Landlord:</b> Mid Wales Housing Association Tŷ Canol House Ffordd Croesawdy Newtown Powys SY16 1AL Tel: 0300 111 3030 <a href="mailto:info@mid-walesha.co.uk">info@mid-walesha.co.uk</a></p>
<p><b>Housing Register Team</b> Canolfan Rheidol Rhodfa Padarn Llanbadarn Fawr Aberystwyth SY23 2UE</p> <p><b>Housing Register Team (South)</b> Morgan Street, Cardigan SA43 1DF 01545 572105 <a href="mailto:housingregister@ceredigion.gov.uk">housingregister@ceredigion.gov.uk</a></p>	<p><b>Registered Social Landlord:</b> Tai Ceredigion Cyf Unit 4 Pont Steffan Business Park Lampeter SA48 7HH 0345 606 7654 <a href="mailto:post@taiceredigion.org.uk">post@taiceredigion.org.uk</a></p>



# Appendix 4: Affordable Homes - Developer Guide

## (Planning Requirements and Application Process)

### When will Affordable Homes be required?

All residential planning applications, including conversions, self builds and developer led single dwellings, will involve a contribution to affordable homes. All residential development proposals, will need to take this into account by considering the potential mix of housing and the ability to deliver affordable homes. Matters to be taken into consideration by developers and landowners and their agents are summarised below.

### Policy

The Ceredigion Local Development Plan policy on affordable homes is Policy S05: Affordable Housing. The policy sets out the nature of the affordable homes requirement for all development including single units and conversions to residential.

Policy S04, criterion 2a is also relevant in that it makes it clear that outside Service Centres and named Linked Settlements planning consents issued for residential units must be for 'Affordable Homes' only, unless approved under TAN 6 guidance from the Welsh Government in connection with agricultural, rural enterprise dwellings and one planet developments.

### Viability

The target contribution towards Affordable Homes was based on a Viability Assessment undertaken for the Council by the District Valuer Service (DVS) in 2010 which has since been updated and will continue to do so (a copy of the DVS report and updates are available on the Ceredigion website).

Go to:  
Page 13 & LDP  
Policy S05

### **Affordable Homes - Expected Yields**

On the basis of the Viability Assessment, it is not viable for all the County's affordable homes needs to be met from private development. Therefore, the LDP is seeking to provide approximately 70 affordable homes per annum from private sector development activity. This translates into 20% of all housing development, or 10% of the Open Market Value (also referred to as Gross Development Value – GDV) of all housing development. This figure also recognises the different affordable housing types needed.

### **Allocated Sites**

The Allocated Sites Schedules which form part of the LDP (see Volume 2A) set out the expected housing densities and number of affordable units, based on 20% of units being affordable, for each allocated site in the Service Centres (see LDP, Volume 1, Appendix 1 for list of Service Centres). However individual site densities could in fact be higher or lower. The actual number of affordable homes may therefore vary if for example a higher density is applied or the developer is able to demonstrate that the required affordable housing yield is not viable or achievable due to some site specific feature or abnormal costs associated with a specific site.

### **Windfall and or Non-allocated sites**

On Windfall and/or non-allocated sites the expected yield for affordable homes remains at 20% of the total development or 10% of the GDV.

### **Off-site Provision of Affordable Homes**

In most cases we expect developers to construct the affordable homes on the planning application site. Welsh Government Technical Advice Note (TAN) 2: Planning and Affordable Housing advises that affordable homes should normally be provided on site. Off-site provision of affordable homes will only be allowed in exceptional circumstances. The onus will be on the developer to set out the exceptional circumstances as to why provision should not be on site and how the alternative proposal will address the affordable homes need identified by the Local Planning Authority.

## Commuted Sum Payments

Commuted sum payments will be managed by the Council. The monies raised through commuted sums will be used to fund further affordable homes. Wherever possible developers will be required to use “top up” commuted sums (provided by the Council) in order to provide additional units of affordable housing on their sites. A planning officer will consider in conjunction with the Affordable Housing Officer whether this is an option when they conduct pre-application negotiations. The Council will annually assess what kind of developments the commuted sums monies have been utilised for and what future projects may be supported.

Commuted sums will become payable by the Council on sites where the provision of affordable homes cannot equate to full units, so for example in a site of 7 units 20% affordable homes provision equates to 1.4 units. The value sought for affordable homes will equate to 10% of Gross Development Value (GDV) of the development. In this instance, provided funds exist in the LA Commuted Sum Fund, the LPA would fund the value of the residual 0.6 unit needed to make up the number to a whole unit. Thus 2 units would be provided on site.

The payment of a commuted sum in lieu of providing whole units of affordable homes will only be acceptable in 2 cases.

1. Where the development is for one open market unit (including self-builds);  
and
2. Where there are exceptional reasons that on-site or off-site provision cannot be achieved.

In both cases 1 & 2 above, a Commuted Sum will be sought and registered as a charge on the completed property, payable at first sale or transfer (disposal). The amount payable will be fixed at time of issue of planning permission (likely to be expressed as a % of GDV in relation to an outline application, then expressed as a specific sum of money in both full or reserved matters). For the avoidance of doubt, if a single plot is sold with planning permission, the responsibility for payment of the affordable homes Commuted Sum is transferred to the purchaser who builds the

dwelling, payable at the point at which they sell or otherwise transfer ownership of the completed dwelling. The plot purchaser should factor this into the plot price paid.

In relation to single residential units granted planning permission outside Service Centres and named Linked Settlements (\*\*See footnote), that is, in 'Other Locations', these are required by Policy S04, criterion 2a.i, either to be justified as an agricultural or rural enterprise dwelling under TAN 6 or to be an Affordable Home (of a type and size to be determined on the basis of local affordable need) so in these cases ('Other Locations') consideration of a Commuted Sum is not relevant or appropriate.

### **100% Affordable Homes Sites**

It is unlikely that the planning authority will meet all of the affordable housing need, therefore in some circumstances, applications for 100% affordable homes will be considered under Policy S05 in relation to Rural Service Centres and the Linked Settlements. Note that this reference does not apply in relation to 'Other Locations' where development is already required to be either 100% affordable or a TAN 6 unit.

Where such proposals are made by an RSL, the Affordable Homes will be secured without the need for a s106 Affordable Homes agreement.

**Go to:**  
**Housing Options**  
**website – link to**  
**Common**  
**Allocations Policy**

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*\*\*A list of Rural Service Centres and Linked Settlements can be found at Appendix 1 of the LDP.*

## Preparing a Housing Development Proposal

Applicants are issued with a checklist of the documentation required to accompany a planning application in order for the application to be validated and accepted for determination by the Planning Authority. This guide deals specifically with the context and detail of preparation relating to the affordable homes element of a planning application.

### Essential early contacts

Landowners/developers/builders ('the applicants' for the purpose of this guidance) are advised to contact the Council's Planning Service (Development Management) early on in preparing residential planning proposals. Applicants will need to establish in consultation with the Local Authority team assembled by the Development Management Case Officer what configuration of affordable homes could best meet needs on specific sites. This should be in advance of any drawings being commissioned or any decision being taken regarding the mix/type and layout of the scheme.

### Breakdown – All Housing Needs

First, before asking for a pre-application discussion, the applicant should consider Tables 1 and 2 below which outline the type of need that the LPA will seek to provide for in Ceredigion overall.

**Table 1. Ceredigion Annualised Housing Needs (percentages by type)**

Open Market Housing (OM) (68%)			Affordable Housing (AH) (32%)				
			Intermediate AH (41% All AH)			Social Rent AH	Tot AH
OM For Sale	OM For Rent	Tot OM	Discounted for Sale at 70% market value	Discounted for Sale at 50% market value	Intermediate Rent (<80% market rent)		
84%	16%	100%	9%	21%	11%	59%	100%

(Derived from findings in ORS 2004 and 2008. Figs rounded.)

**Table 2. Ceredigion Annualised Percentage Housing Requirement by Property Type & Size**

Housing Requirement	Type of Housing			
	Open Market	Affordable (Intermediate)	Affordable (Social)	All Sectors
<b>1 bedroom</b>	16%	-9%	15%	22%
<b>2 bedrooms</b>	-1%	7%	18%	23%
<b>3 bedrooms</b>	11%	13%	-13%	11%
<b>4 bedrooms</b>	31%	0%	-2%	29%
<b>5+ bedrooms</b>	11%	2%	2%	15%
<b>Total</b>	<b>68%</b>	<b>13%</b>	<b>19%</b>	<b>100%</b>

Percentages based on 5 year needs at 2008. Source: ORS Housing Market Model, Ceredigion Housing Requirements Study Update 2008,

The decision as to the acceptable mix of Open Market and Affordable Homes on site after pre-application discussion lies with the Development Management planners who maintain contact with the Affordable Housing Officer and Planning Policy Officers.

## Preparing the Affordable Homes Element of a Development Proposal

### Single Residential Unit

In the case of applications for single open market dwellings in Service Centres and in named Linked Settlements a Commuted Sum contribution to affordable homes is required.

In the case of applications for a dwelling outside Service Centres and named Linked Settlements which is not justified as TAN 6 dwelling, this should itself be an Affordable Dwelling and therefore a commuted sum will not be relevant.

### Multiple Residential Units

These proposals need careful preparation. In negotiating an appropriate mix of housing at early pre-application stage, the LPA will provisionally negotiate on the basis of the applicant's own estimate of the Open Market Value (also known as Gross Development Value (GDV)) of the whole scheme. **The Council's 10% GDV Affordable housing calculator is available online and can be used to aid these**



**discussions and to help work out the value of the Affordable Homes contribution required. This value will be calculated on the mix proposed and the Affordable Homes types needed in the locality and which best take up that value on site.** The values and the mix are to be confirmed at late pre-application stage/at the time the planning application is submitted, when the applicant will need to submit formal valuations from a suitably qualified person which will be checked by the LA. It is in the applicant's interest to ensure that early valuation estimates are realistic so as to avoid detailed renegotiation of the affordable homes requirement at the time an application is submitted.

In each type of case, the applicant should submit the relevant 'Housing Type Statement' and detailed 'Affordable Housing Statement' accompanied by the supporting documentation identified on the planning application validation checklist.

A Model Statement checklist and details of supporting documentation required are available as Help Sheets on the Council's website.

## **S106 Obligations**

### **When is a S106 agreement required?**

In Ceredigion, S106 agreements are required on all residential developments providing a net gain of residential units, including single units and conversions. The only exception is in respect of social housing developments. These are subject to the Common Housing Allocations policy (if subsidised through Social Housing) (see the Ceredigion Housing Options website), and undertaken by RSLs, and are dealt with under different protocols established between the Council as the Local Housing Authority and the RSLs to ensure the appropriate delivery of social housing in accordance with the Council's housing allocations policies under the Housing Act (2014).

Where the proposal creates one unit in a Service Centre or Linked Settlement a Commuted Sum S106 only will be required.

Where the proposal is for developments of more than one unit, with specific units designated as affordable units, an Affordable Housing S106 (incorporating a Commuted Sum where appropriate) will be required. If a balancing Commuted Sum is also required, the Commuted Sum schedule will be included in the S106.

In respect of S106 agreements signed under LDP policy S05 Affordable Housing, there may be circumstances in which the owner prefers to rent out rather than sell an affordable home or vice versa. The Council will consider such a request which should be made in the form of a letter to the Planning Service (development Management) to vary the S106, for which a fee will be charged.

### **How Much Does a S106 Cost?**

The local authority charges a set fee for a S106 agreement. For the current fee please see the fees guidance on the Council's website [www.ceredigion.gov.uk](http://www.ceredigion.gov.uk). There will also be legal charges incurred from your solicitor.

**Go to:  
Help Sheet for  
Appendix 4**

### **Viability of Individual Sites: Abnormal Costs and Abnormal Markets**

If agreement on the scheme GDV, the required mix and the affordable homes element cannot be reached by negotiation, this may be the point at which the developer highlights any difficulty they may believe exists on the viability of providing a planning compliant scheme.

There may be instances where the applicant believes that they are unable to deliver a planning compliant scheme in line with LDP Policy S05. It will be for the applicant to demonstrate that a financially viable planning compliant scheme cannot be achieved. In any negotiations, the LA will require evidence to be supplied of any abnormal costs or insufficient residual value or developer profit. An argument that too high a price was paid for the land is unlikely to be an acceptable challenge to site viability unless the developer can demonstrate that the purchase was a prudent one and based on calculations for a planning compliant proposal at the time of purchase. A viability checklist is provided as a Help Sheet A viability assessment tool should be

used with open book disclosure if the applicant wishes to demonstrate that their scheme is not viable. There are a number of such tools available online for free or for a set fee. The Local Planning Authority does not recommend a specific tool, however viability challenges can be complex and therefore applicants may need to seek professional advice/assistance.

If the provision of affordable homes at the proposed target figure is proven to negatively affect the overall viability of the scheme the LA may consider alternative options. These may include amending the phasing requirement or the use of Commuted Sums as a top-up to offset the shortfall needed to build the affordable homes on site. Alternatively, the LA may also consider whether Social Housing Grant Subsidy (SHG) or other sources of funding could be made available to improve viability.

If the LPA is minded to approve a proposal with lower percentages of affordable homes than as set in Policy S05, due to extra costs affecting viability, a shorter-term permission may be granted. Any subsequent application (including the variation of time conditions) would be subject to renegotiation of the level of affordable homes and would therefore be a new application. This is to ensure that if development is delayed and in the intervening period the housing market improves or the extra over costs decrease and consequently viability improves, the LPA can re-negotiate the level of affordable homes.

### **Benefits of Partnering Arrangements**

Partnering arrangements with a Registered Social Landlord (RSL) could provide a guarantee of sale for pre-identified affordable units giving early positive cash flow for the developer. An RSL as a management partner could also offer certainty over the maintenance and good management of rental properties to the general benefit of the Community.

### **Handover Where an RSL is Involved**

In some circumstances, responsibility for development may be handed over to the RSL, but this should be by prior agreement with the LPA.

### **Unit Location and Design Considerations to Contribute to Affordability**

Consideration should be given to achieving genuine affordability of units by considering cost-efficient semi-detached and terraced designs whilst not compromising internal dimensions and specifications.

### **Minimum and Maximum Sizes**

LDP Policy S05 and supporting Appendix 4 of the LDP at the paragraph entitled ‘Physical Characteristic Requirements’ draws attention to the need to ensure that affordable homes are not built to unacceptably low standards or to create ‘overly large or substantial housing’. This SPG gives effect to the LDP by applying minimum internal floorspace specifications for affordable homes taken from the Welsh Government’s DQR standard: and a maximum of a 20% increase on the minimum specifications in overall internal floorspace. Affordable homes will generally be expected not to incorporate a garage but may include space for a garage to be constructed at a later date.

### **Variations on Affordable Homes Model**

Where there is a prospect of *applying new* housing stimulus products or other shared equity schemes or delivering varied discounts to meet specific need, such proposals will be examined and considered on individual scheme merit. You will need to contact the Development Management section who will consult with the Affordable Housing Officer and Planning Policy staff to discuss any such proposals.

### **Priority Completion**

Affordable homes units should normally be completed after the disposal of the first open market unit but prior to the disposal of further open market homes, however, the completion schedule may be negotiated differently where this is considered important to ensure housing development proceeds. (Completion is deemed to be on issue of a completion certificate under the Building Regulations).

**Go to:  
Help Sheet for  
Appendix 4  
‘Affordable Housing  
Minimum and  
Maximum sizes’**

**Phased Development**

Where development is phased, the affordable homes element may also be phased but should be completed in accordance with the scheduled phasing arrangements contained within the Section 106 agreement. The general principle being that on a mixed homes development, affordable homes unit(s) should normally be completed early in each phase prior to the disposal of some of the market homes in each phase.

**Finding a Market for the Affordable Homes**

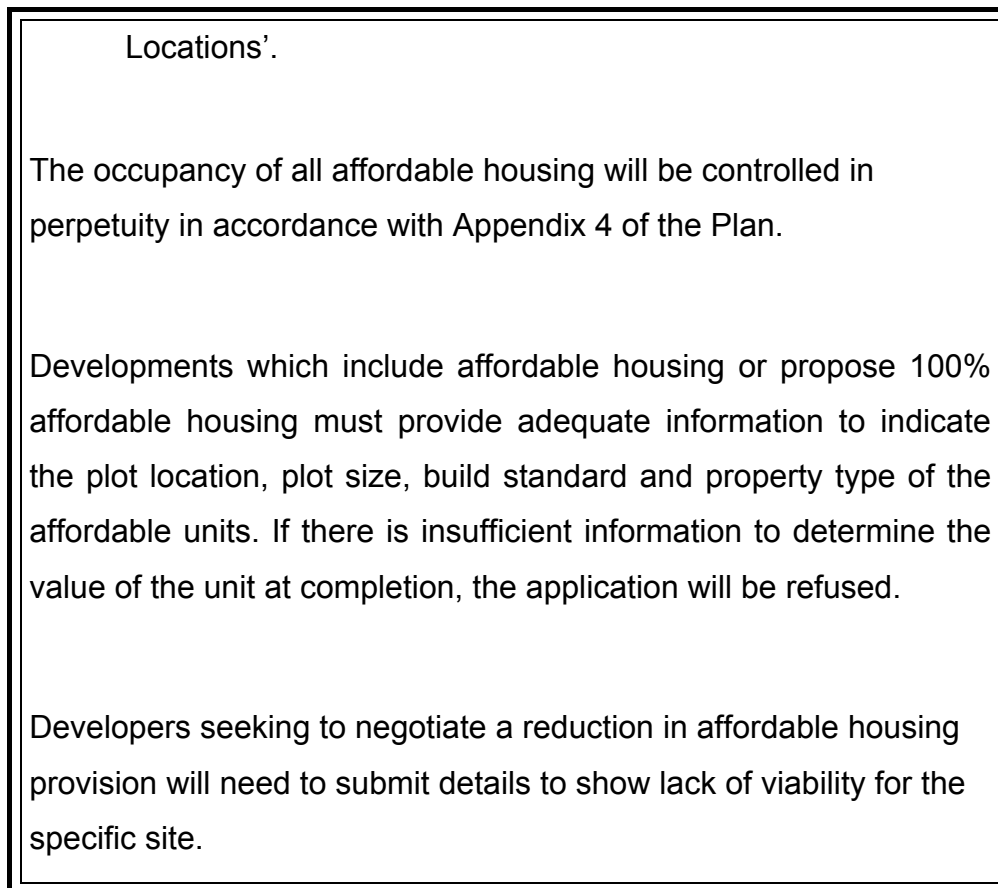
When it comes to releasing the affordable home to the market, following the Seller Guide (Appendix 5a) or Letting guide (Appendix 5b) should help make it easier.

## LDP Affordable Housing Policy S05

### **Policy S05: Affordable Housing**

The LDP policies and allocations aim to secure in the region of 1100 affordable homes by:

1. Seeking to negotiate a proportion of 20% affordable housing on all housing development in accordance with the Local Housing Needs Assessment distribution of need for;
  - i. 9% Discount For Sale @ 70% Market Value: and
  - ii. 32% @ 50% Market Value (both for direct Sale to occupants and to be made available to landlords for letting at Intermediate Rent): and
  - iii. 59% Social Rented @ 35% Market Value; **or**
  - iv. A scheme of equivalent value to Criterion 1(i)-1(iii) to meet a mix of current needs in the locality (as determined at pre-application stage to the satisfaction of the Local Planning Authority in consultation with the Local Housing Authority and Registered Social Landlords on local need and deliverability)
  
2. Requiring that where, as a result of Criterion 1, proposals yield an affordable housing requirement which is not a whole unit or where the mix cannot be provided as whole units then:
  - i. a scheme of equivalent value shall be determined to the satisfaction of the Local Planning Authority in consultation with the Local Housing Authority and Registered Social Landlords on local need and deliverability; or
  - ii. at the discretion of the Local Planning Authority, a commuted sum at the 'equivalent value' of 10% of Open Market Value (OMV) of the development as valued at the time of application.
  
3. Permitting 100% affordable housing sites where justified by evidence of unmet affordable local need provided the location of the development is in line with Policies S02, S03 and S04. Rural housing exception sites will only be permitted in relation to RSCs, 'Linked Settlements' and 'Other



**Fig 1. Extract from Ceredigion LDP Policy: S05 – Affordable Housing**

### **LDP Affordable Housing Policy S04 (Extract)**

2. In the case of housing development:
  - a. General housing provision will only be permitted in the ‘Linked Settlements’. All ‘Other Locations’ are inappropriate for housing development unless justified on the basis that it meets a demonstrated:
    - i. unmet affordable housing need in the locality and accords with Policy S05; or

**Fig 2. Extract from Ceredigion LDP Policy: S04 – Development in Linked Settlements and Other Locations**





# Appendix 5a: Affordable Housing – Seller Guide

This guide applies whether you are a developer who has just built a new affordable home or you are the owner occupier of an affordable home and wish to sell and move house.

## Selling your DFS Affordable Home

If you wish to sell a discounted for sale DFS affordable home, you will need to contact the Local Planning Authority (LPA) to notify them of your intention prior to placing the property on the market.

You need to be sure of the eligible target market for the individual property.

Eligibility criteria for buyers of DFS affordable homes approved under the Ceredigion LDP are set out in Appendix 6.

**Go to:**  
**Appendix 6:**  
**'Who can Occupy an Affordable Home'**

**NB – The eligibility criteria are different for an Affordable Home granted planning permission under the old Ceredigion Unitary Development Plan, 2006 (UDP). A number of those older S106s remain in existence. It is VERY IMPORTANT to make sure you are aware of the criteria set out in the specific S106 legal agreement for the property concerned. The relevant S106 document should always be attached to DFS sales particulars.**

**Some owners may choose to apply to the Council to change to the LDP version of the S106 legal agreement, which is generally more flexible. This would require a request by letter to the LPA Development Management section who would then instruct the Council's Legal Service to issue a new S106 agreement. To undertake this variation there will be a charge. Please apply in writing to the Development Management Service of the Council.**

You will also need to obtain a letter from the LPA agreeing an acceptable selling price based on a valuation on the open market, to which the level of discount is applied as set out in the S106 planning agreement for the property.

You can then advertise for eligible applicants in the same way as for open market homes, that is, with an Agent's board outside, through Estate Agents, newspapers and websites.

If, after advertising for the number of weeks specified in the S106 (please check as this will vary between UDP S106 and LDP S106), an eligible applicant has not been found, then the property may be advertised to applicants who meet only the financial eligibility and sole residence criteria. There is also the option to reduce the asking price as with any market transaction.

You may also choose to contact a Registered Social Landlord to discover whether they would be a prospective purchaser.

**Go to:  
Appendix 3  
Contacts**

When someone makes an offer / enquiry you will also need to check the Council-issued Official Eligibility Certificate of any would-be purchasers. The LPA will send you a letter confirming that they have issued a Certificate of Eligibility to specific applicants/interested buyers.

If you are the current occupant of a DFS affordable home and wish to re-sell it, there is no restriction on any financial gain you may make from increased equity from the discounted re-sale if the market has risen since you purchased the property originally.

Once the sale has gone through a copy of transfer of deeds must be made to the Council in line with the requirements set out in the S106. The onus is on the seller to comply with this requirement.

## Checking the Paperwork

- Read the terms stipulated in the s106 agreement for your property. (For further information on s106s see Help Sheets for Appendix 4)
- Send an open market valuation and statement of the discounted sale price at which you wish to market the property in writing to the LPA. Obtain written confirmation from the LPA that the valuation and discounted sale price is acceptable to the LA. (Disputed valuations will be submitted for a final decision to the District Valuer).(See example, Help Sheet for Appendix 5a)
- Be prepared to show the LPA acceptable valuation letter to prospective purchasers
- Valuations remain valid for 26 weeks and need to be revisited if exchange of contracts has not been achieved within that period.
- Market the property, making sure to supply your agent with a copy of the S106 agreement(s).
- Be sure to operate the eligibility cascade\* if the property remains unsold after the number of weeks specified in your S106
- For Info: [\*Cascaded occupancy qualification will be counted only from when the property is complete together with a Building Regulations completion certificate and has a realistic prospect of being occupied within the time period of the valuation.]
- Ask prospective purchasers for an Official Certificate of Eligibility (provided to them by the Council) to ensure they are able to occupy the property. (See example at Help Sheets for Appendix 5a).
- Proceed with a sale as normal.
- Notify the Legal Service of the Council within 14 days of when the sale is complete. (Usually done by your solicitor)

Go to:  
Help Sheet for  
Appendix 5a

\*Go to:  
Appendix 6

Go to:  
Help Sheet for  
Appendix 5a

Go to:  
Help Sheet for  
Appendix 4



## Appendix 5b: Intermediate Rent Affordable Homes - Letting Guide

Intermediate Rent IR Affordable Homes can be let by Registered Social Landlords or by Private Landlords. Private Landlords are required to be accredited under the Housing Act 2014.

In accordance with the S106 Legal Agreement for the IR Affordable property, you will need to notify the Council's Affordable Housing Officer that you intend to let the property [see sample letter, Help Sheet for Appendix 5a] and agree the rent level fixed by the Council, based on sizing bands. Rents will be below market rents and approximately the same level as the local housing allowance rates. Qualifying income, property size and rent bands will be adjusted from time to time (likely to be annually reviewed) and updated. See the Ceredigion Housing Options website for current rents.

**Go to:  
Help Sheet for  
Appendix 5b**

If you are a landlord of an IR affordable property and your tenant decides to move on, you should start advertising for eligible tenants as soon as possible, making sure to attach a copy of the S106 legal agreement(s) to the particulars. This helps potential tenants understand who can qualify to occupy the home and the proposed rent levels.

See Appendix 6 of this SPG for details of who can occupy an Intermediate Rent affordable dwelling. If you have an interested applicant who has not yet applied to the Affordable Housing Register, you should advise them to do so as soon as possible. Prospective tenants would need to apply to register in order to determine whether they may be eligible for an affordable home. When they apply they should obtain a Preliminary Self Assessment Statement of their likely eligibility to present to a prospective landlord on the basis of the unverified information they have submitted.

**\*Go to:  
Appendix 6 – Affordable  
Housing Register**

It is for the Landlords to then confirm that potential tenants meet the eligibility criteria set out by the LA by checking the documentary evidence from the prospective tenants to back up the information provided in their Preliminary Self Assessment Statement and to ensure that they meet the occupancy requirements specified in the S106. Landlords will need to submit an Official Certificate of Eligibility (Intermediate Rent), to the Planning Policy Service(See Contacts, Appendix 3) in respect of the tenant prior to commencement of the tenancy. If you as a landlord let the property to non qualifying tenant, you are in breach of your S106 agreement and liable to enforcement action.

Go to:  
[Appendix 3](#)

If no tenant is available that meets the residency criteria (as outlined in Appendix 6), once the property has been robustly marketed for 1 month after the property is notified vacant, then potential tenants who do not meet the Ceredigion residency criteria may be considered. However they will still need to comply with all other eligibility criteria, have applied for the Affordable Housing Register and obtained a Preliminary Self Assessment Statement. The landlord will need to validate their eligibility for the cascaded criteria and provide an Official Certificate of Eligibility.

Landlords will also need to submit an annual Statutory Declaration to the Council (Planning Policy Section) confirming for each of the Intermediate Rent homes they own that the tenants occupying the homes for the past 12 months have been properly certified as eligible. In the event that any property has remained vacant for more than 3 months in that year, the dates of vacancy should be listed on the Statutory Declaration.

The Council will undertake annual spot checks of landlord records supporting the Statutory Declarations.

### **Checking the Paperwork**

- Read the terms stipulated in the s106 agreement for your property

- Notify the Affordable Housing Officer (AHO) of your intention to market the Intermediate Rent Property together with your proposed rental per week. (See example, Help Sheet for Appendix 5b)
- Obtain letter from AHO approving Rental Value.
- Market the property, making sure to supply your agent (if you have one) with a copy of the S106 agreement(s).
- Be sure to operate the eligibility cascade\* if the property remains unlet after robust marketing for 1 month following its vacancy
- Ask prospective tenants for a Preliminary Self Assessment Statement for Affordable Housing to ensure they are likely to be able to occupy the property. See example at Help Sheet for Appendix 5b
- Check the eligibility documentation supplied with the Preliminary Self Assessment Statement by the prospective tenant to ensure evidence compliance with S016 requirements – a schedule of documentary requirements is provided at Help Sheet for Appendix 5b to help you with the checking process.
- Prepare and sign an Official Certificate of Eligibility (Intermediate Rent Property) (See sample at Help Sheet for Appendix 5b) for the prospective tenant once the background checks have confirmed the applicant's eligibility for Certification. )
- Send the official certificate of eligibility to the Planning Policy Section at the Council before the tenancy commences.
- Retain documentation for annual monitoring purposes.
- Submit an annual Statutory Declaration (See Help Sheet for Appendix 5b) to the Council (Planning Policy Section) confirming for each of the Intermediate Rent homes you own that the tenants occupying the homes for the past 12 months have been properly certified as eligible OR setting out dates of any vacancy period at the property.

Go to:  
Help Sheet for  
Appendix 5b

\*Go to:  
Appendix 6

Go to:  
Help Sheet for  
Appendix 5b

## Appendix 6: Who can Occupy an Affordable Home?

Anyone officially verified as meeting the eligibility criteria can occupy an affordable home. These homes are not only available to first time buyers, but to anyone who qualifies under the Council's scheme. The introduction of Intermediate Rents (IR) will broaden the scope for both working and retired households to rent an affordable home. Owner occupants of affordable housing can move, sell, buy another affordable home or enter the private market as their circumstances change, just as they might in open market housing.

There are different types of affordable home.

**Eligibility criteria under the Ceredigion LDP\*** for each type of affordable home are set out on in Help Sheet for Appendix 6 so that you can check out the type that interests you.

**\*NB – The eligibility criteria are different for an Affordable Home granted planning permission under the old Ceredigion Unitary Development Plan (UDP). A number of those UDP agreements remain in existence. It is VERY IMPORTANT to make sure you are aware of the criteria set out in the specific S106 legal agreement for the property concerned. This document should always be attached to DFS sales particulars. Some owners may choose to apply to vary the old UDP related S106 to be consistent with LDP criteria, which are generally more flexible. This would require a formal request to the LPA Development Management section who would then instruct the Council's Legal Service to issue a new S106 agreement. To undertake this variation there will be a charge. Please apply in writing to the Development Management Service of the Council.**



**Affordable Homes to Buy -  
(Discounted for Sale – DFS)**

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**Affordable homes for Intermediate Rent (IR)**

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**Affordable homes for Social Rent**

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## Who Can Occupy an Affordable Home to Buy (known as Discounted for Sale – DFS)?

There are three elements to eligibility to occupy these homes. These fall under the headings of residency, finance and ongoing occupancy.

### **Residency Qualification:**

You must at some time in your life have lived in Ceredigion or an adjoining town/community council area (or a combination of the two) for a continuous period of 5 years.

### **OR**

You need to live in Ceredigion to substantially care for or be cared for by a close relative where the relative meets the residency requirements above and the relative's property is incapable (whether as it stands or subject to extension) of meeting the needs of the combined household.

### **OR**

You need to be in Ceredigion for employment purposes as a key worker on a full time (35 hours or equivalent) permanent basis.

A key worker is defined as follows:

- a. A teacher in a school or in a further education establishment or sixth form college;
- b. A nurse or other skilled health worker in the National Health Service
- c. A police officer;
- d. A probation service worker;
- e. A social worker;
- f. An educational psychologist;
- g. An occupational therapist
- h. A fire officer;
- i. Any other person whose employment fulfils an important role in the provision of key services in Ceredigion where recruitment from within the County has proven difficult.

### **Time Period Cascade in Respect of Residency Qualification**

If no buyer can be found who meets the residential qualification as set out above, then after being advertised for a period of a specified number of weeks (see S106 for detail) a property could be offered to a wider market and you may be eligible to purchase and occupy that particular property without meeting the residency qualification, as long as you meet the financial and occupancy requirements of the scheme.

### **Financial Qualification**

You (and any partner wishing to appear on the deeds) must be able to borrow not more than the amount required to purchase the property at its discounted price plus 10% of that price. (This does not commit you to financing the purchase through such borrowing but is how we measure your eligibility. You should satisfy yourself that you have the means to purchase the property). You need to meet the financial qualification only at the time you first occupy the affordable home. No further financial monitoring applies. A checklist of paperwork required is provided in Help Sheet for Appendix 6.

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### **Occupancy as Sole Residence**

You will be expected to occupy the property as your sole residence and will be required to confirm that you do not own other residential property at the time of initial purchase and occupation. You will need to sign a Statutory Declaration to this effect witnessed by a solicitor. A small charge is normally made by a solicitor for this service. A Statutory Declaration to this effect will be required on an annual basis and the LA will send out a reminder when it is overdue. If you tell a lie in a Statutory Declaration, it may be a criminal offence. Exceptionally, if you inherit a property subsequent to qualifying and occupying your affordable home you need to inform the LA. You can retain the inherited property and continue to occupy the affordable home if you choose to do so. Where you are returning to Ceredigion and have unsold property which you previously occupied then a period of grace of not more than 12 months will be extended to allow the sale of

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[Help Sheet for Appendix 6](#)

the property to take place. A sample of the Statutory Declaration form is provided at Help Sheet for Appendix 6.

### **Plots for Affordable Homes**

In respect of plots for self-build affordable homes the 'discounted price' used in assessing an applicant's financial eligibility to occupy the affordable home will be based on an off-plan estimate of the value of the residential unit. In respect of an 'affordable homes' plot with outline planning consent, qualification to occupy the property on completion if you are a self-builder can therefore only be determined if a detailed Reserved Matters planning application is submitted to the Local Planning Authority against which a valuation off plan can be obtained.

If your Residency, Financial and Occupancy eligibility is not determined prior to building, as a self-builder you risk being unable to qualify to occupy the affordable home and would need to dispose of it to a qualifying person.

### **How Do I Find an Affordable Home**

A step-by-step guide to finding an affordable home to buy is provided at Help Sheet for Appendix 6.



## Who Can Occupy an Affordable Home for Intermediate Rent (IR)?

### IR Affordable Homes provided with Private Subsidy Only (Private Landlord)

The elements of your eligibility to occupy intermediate rent homes, where your landlord is a private landlord, fall under the headings of residency, finance and employment/retirement status.

#### Residency Qualification:

You must at some time in your life have lived in Ceredigion or an adjoining town/community council area (or a combination of the two) for a continuous period of 5 years.

#### OR

You need to live in Ceredigion to substantially care for or be cared for by a close relative where the relative meets the residential requirements above and the relative's property is incapable (whether as it stands or subject to extension) of meeting the needs of the combined household.

#### OR

You need to be in Ceredigion for employment purposes as a key worker on a full time (35 hours or equivalent) permanent basis.

A key worker is defined as follows:

- a. A teacher in a school or in a further education establishment or sixth form college;
- b. A nurse or other skilled health worker in the National Health Service
- c. A police officer;
- d. A probation service worker;
- e. A social worker;
- f. An educational psychologist;
- g. An occupational therapist employed by the local authority;
- h. A fire officer;

- i. Any other person whose employment fulfils an important role in the provision of key services in Ceredigion where recruitment from within the County has proven difficult.

### **Time period Cascade in Respect of Residency Qualification**

If no applicant can be found who meets the residency criteria set out above, then after being advertised for a period of 1 month from the end of the outgoing tenancy, the property will become available to a wider class of applicant, and you may be eligible to apply for tenancy without meeting the residency qualification, as long as you meet the financial and occupancy requirements of the scheme. (This allows 2 months for a new occupier to be found bearing in mind that there is usually a requirement for a month's notice from the tenant).

### **Financial Qualification**

You may qualify for Intermediate Rent affordable housing if you are a working or retired household who, because of the shortage of low cost housing in the private or public sector or run by RSLs, may have little option but to choose to spend a higher proportion of your income as rent than is deemed 'affordable' for Ceredigion.

Intermediate Rental properties will be 'banded' by size and applicable Intermediate Rent level. This will be undertaken and set by the LA. The specifics of the criteria will change over time as a function of rent and wage levels in the county. The criteria as to property size / rental value bandings and qualifying incomes from time to time (with a minimum annual review) will be set out on the Housing Options website and subsequent LDP Help Sheets. For the current banding, see Help Sheet for Appendix 6

To determine your financial eligibility to occupy Intermediate Rent affordable housing you therefore need to satisfy the following requirements:

- You are a household in paid full time work (35 hours per week or equivalent) or a retired household.



- Your household will not generally ‘under-occupy’ the property (that is, the needs of your household will be met but not exceeded. For example, single tenants will generally only qualify for one bedroom properties. However a couple may qualify for either a 1 or 2 bed property and families will qualify dependant on the number of bedrooms they need).
- Your household cannot access market rented properties to meet your needs at an appropriate proportion of your gross earned or retired household income.

### **Occupancy as Sole Residence**

You will be expected to occupy the property as your sole residence and will be required to confirm that you do not own other residential property at the time of initial occupation of the affordable property. At the time you apply, your prospective Landlord will need to confirm that this is the case. The Landlord will need to confirm this on an annual basis. You may be asked to sign a Statutory Declaration to this effect witnessed by a solicitor. A small charge is normally made by a solicitor for this service. A Statutory Declaration will be required on an annual basis. If you tell a lie in a Statutory Declaration, it may be a criminal offence. Exceptionally, if you inherit a property subsequent to qualifying and occupying your affordable home you need to inform the LA. You can retain the inherited property and continue to occupy the affordable home if you choose to do so. Where you are returning to Ceredigion and have unsold property which you previously occupied then a period of grace of not more than 12 months will be extended to allow the sale of the property to take place. A sample of a Statutory Declaration form is provided at Help Sheet for Appendix 6.

**Go to:  
Help Sheet for  
Appendix 6**

### **How do I Find an Affordable Home?**

A step-by-step guide to finding an affordable home at Intermediate Rent is provided at Help Sheet for Appendix 6.

### **IR Affordable Home Provided by an RSL with Public Subsidy**

Intermediate Rent properties may be let by RSLs as part of a range of tenures to meet a range of client needs. Where they provide IR homes with public subsidy, these are defined as social housing and eligible applicants are chosen from the Council's Common Housing Register in accordance with the Council's Housing Allocations Policy.

You are advised to contact the RSL's directly for information on their Intermediate Rental Homes. See Appendix 3 for RSL contact details.

## Who Can Occupy an Affordable Home for Social Rent?

Social Rental properties are let by Registered Social Landlords (RSLs). Their rents are based primarily on benchmark rents issued by the Welsh Government. Each RSL then charges a slightly different amount, dependent on their stock and you can obtain a list of current rent levels from RSLs directly. See Appendix 3 – Contact Details

Eligible applicants to occupy Social Rent homes are provided by Ceredigion's Common Housing Register, in accordance with the agreed Common Allocations Policy on the Council's website.

Go to:  
Appendix 3  
'Contacts'

### How Do I Find a Social Rent Home?

A step-by-step guide to finding an affordable home at Social Rent is provided at Help Sheets for Appendix 6