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I Introduction

1.1 This note is an updated addendum to the Affordable Housing Supplementary Planning Document (SPD) (adopted April 2016) and should be read alongside the SPD. It outlines changes to national planning policy and practice guidance with regards to affordable housing and the implications on decision making in relation to planning applications. **This note replaces the addendum dated July 2016.**

East Riding Local Plan: Policy H2

1.2 Policy H2 of the East Riding Local Plan Strategy Document (adopted April 2016) sets out the Council’s policy for providing affordable housing. Part A of Policy H2 requires affordable housing as part of housing developments, including proposals that would form part of a wider site or allocation, where it comprises:

1. 10 housing units or more, or 0.33 hectares of more, in the Major Haltemprice Settlements, Principal Towns and Towns; or

2. 3 housing units or more elsewhere.

1.3 Part B of Policy H2 requires developments that meet these thresholds to achieve the level of affordable housing set out in Figure 8 of the Strategy Document. The adopted SPD provides further guidance on the application of Policy H2 and is a material consideration in the determination of planning applications.

National Planning Policy

Threshold for affordable housing

1.4 Paragraph 63 of the revised National Planning Policy Framework (NPPF) (February 2019) amends the threshold for when affordable housing is required:

“Provision of affordable housing should not be sought for residential developments that are not major developments, other than in designated rural areas (where policies may set out a lower threshold of 5 units or fewer).”

1.5 Development where 10 or more homes will be provided, or the site has an area of 0.5 hectares or more, are defined as “major development” in the NPPF glossary. Only these major developments are expected to provide a contribution to affordable housing.

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2 See page 80 of the Strategy Document (April 2016) and Appendix 6 (page 46) of the SPD (April 2016).

Defining affordable housing

1.6 The NPPF amends the definition of affordable housing set out in the adopted SPD⁴. Affordable housing is now defined by the Government as “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)”. The following types of housing are considered to fall within this definition⁵:

- Affordable housing for rent;
- Starter homes;
- Discounted market sales housing; and
- Other affordable routes to home ownership. This includes shared ownership, relevant equity loans, other low cost homes for sale & rent to buy.

1.7 ‘Build to Rent’ is a type of private rented sector housing. It does not fall within the definition of affordable housing and is defined in the NPPF as:

“Purpose built housing that is typically 100% rented out. It can form part of a wider multi-tenure development comprising either flats or houses, but should be on the same site and/or contiguous with the main development. Schemes will usually offer longer tenancy agreements of three years or more, and will typically be professionally managed stock in single ownership and management control”.

1.8 A Build to Rent scheme of 10 or more homes or an area of 0.5 hectares will be required to provide affordable housing.

1.9 Where affordable housing is required, paragraph 64 of the NPPF expects at least 10% of the homes to be available for affordable home ownership, unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups.

1.10 Exemptions to this 10% requirement can be made where the site or proposed development:

a) provides solely for Build to Rent homes;

b) provides specialist accommodation for a group of people with specific needs (such as purpose-built accommodation for the elderly or students);

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c) is proposed to be developed by people who wish to build or commission their own homes; or

d) is exclusively for affordable housing, an entry-level exception site or a rural exception site.

**Economic Viability of Development Proposals**

1.11 Adopted Policy H2 (Part B1) requires development over the threshold to provide affordable housing unless it can be demonstrated that this would have an unacceptable impact on the economic viability of the proposed scheme. Section 6 and Appendix 7 of the adopted SPD provide further guidance on the information the Council expects developers to submit in support of any claim for a reduction in the affordable housing requirement.

1.12 Appendix 7 of the SPD states viability assessments submitted to the Council will be treated confidentially, will only be made available to planning and development management, and will not be placed on the public file nor made available to a third party. *This has now been replaced by paragraph 57 of the NPPF and national Planning Practice Guidance (PPG)*\(^6\) which confirm all viability assessments should be made publicly available other than in exceptional circumstances and should be prepared on this basis.

1.13 The NPPF confirms all viability assessments should reflect the recommended approach to defining standardised inputs such as developer profit and build costs. Developers should therefore prepare viability assessments having regard to both the standardised inputs in the PPG and the guidance in Appendix 7 of the SPD, the majority of which remains valid guidance to support the planning process.

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\(^6\) The PPG is available from: [https://www.gov.uk/guidance/viability (paragraph 21)](https://www.gov.uk/guidance/viability (paragraph 21)).
2 Implications of national planning policy on decision making

2.1 Section 38(6) of the Planning and Compulsory Purchase Act (2004) states that planning applications should be determined in accordance with the development plan unless material considerations indicate otherwise. Policy H2 of the Strategy Document is part of the adopted development plan covering the East Riding of Yorkshire and remains the starting point for determining planning applications. However, the NPPF is an important material consideration that would need to be taken into account.

2.2 The Council considers the threshold in the NPPF to merit significant weight when determining planning applications. Therefore, relevant proposals will be determined in accordance with the following considerations:

- As there are no ‘designated rural areas’ in the East Riding, the Council will not require affordable housing from developments of 9 units or less or which have a site area of less than 0.5 hectares. In calculating the affordable housing requirement for development proposals, the Council will take into account the existing gross floorspace of any relevant vacant building(s) (see further guidance below on calculating the vacant building credit).

- The national threshold does not apply to Rural Exception sites, which remain available to support the delivery of affordable homes for local people.

- Affordable housing will continue to be required from small sites under the threshold that are part of a wider site in line with paragraph 5.12 of the adopted SPD.

2.3 The change to national planning policy only affects Part A of Policy H2. Part B will continue to be used to determine the level of affordable housing required. This is expressed as a percentage of the overall number of units proposed.

Affordable Housing Tenure Split

2.4 Part D of Policy H2 states:

“The tenure split, size and type of affordable housing will be informed by the latest Strategic Housing Market Assessment, the housing register, housing surveys and the level and type of existing affordable housing need in the locality”.
The 2016 Strategic Housing Market Assessment (SHMA) provides a robust up-to-date evidence base regarding the need for housing in the East Riding over a five year period and beyond. The SHMA recommends an affordable housing tenure split of 82% rented and 18% intermediate housing. This is locally derived evidence on housing needs in the East Riding.

As a material consideration, the NPPF expects that 10% of homes on major developments should be made available as affordable home ownership unless this would exceed the level of affordable housing required in an area, or significantly prejudice the ability to meet the identified affordable housing of specific groups. This level of low cost home ownership exceeds the requirement for intermediate housing identified through the Council’s SHMA. Whilst affordable home ownership is supported by the Council, providing such a high level would restrict the delivery of other tenures and fail to meet locally identified needs.

It is therefore considered that the application of the NPPF policy would significantly prejudice the Council’s ability to meet the needs of specific groups, and in particular, those requiring affordable rented accommodation. This is illustrated in the examples below.

**Table 1: NPPF and SHMA Comparison**

<table>
<thead>
<tr>
<th>Location</th>
<th>Number of houses proposed</th>
<th>Affordable Housing Requirement (%/Units)</th>
<th>Tenure split based on SHMA Evidence Based on requirement</th>
<th>Tenure split based on NPPF Based on number of houses in scheme</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bridlington</td>
<td>50</td>
<td>20% / 10 Units</td>
<td>2 – Intermediate</td>
<td>5 – Low cost home ownership</td>
</tr>
<tr>
<td>Goole</td>
<td>50</td>
<td>20% / 10 Units</td>
<td>2 – Intermediate</td>
<td>5 – Low cost home ownership</td>
</tr>
<tr>
<td>Pocklington</td>
<td>100</td>
<td>25% / 25 Units</td>
<td>5 – Intermediate</td>
<td>10 – Low cost home ownership</td>
</tr>
</tbody>
</table>

The Council’s Housing Strategy and Development Team can advise on the tenure split, size and type of affordable housing required on a site by site basis, based on the available evidence. Applicants should continue to seek early advice on the affordable housing requirements from the Housing Strategy and Development Team, prior to submission of a planning application.

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7 Homes for sale and rent provided at a cost above social rent, but below market levels. This can include shared equity, low cost homes for sale and intermediate rent, but not affordable rented housing.
3 Vacant Building Credit

3.1 Paragraph 63 of the NPPF continues to support a proportionate reduction in any affordable housing contribution where vacant buildings are being reused or redeveloped. This financial credit, known as the ‘vacant building credit’ (VBC) is equivalent to the existing gross floorspace of any vacant buildings (that have not been abandoned) that are either brought back into use (converted), or demolished for redevelopment as part of a proposal. The PPG\(^8\) provides guidance on how the financial VBC should be applied in calculating affordable housing contributions.

3.2 Where there is a vacant building, or buildings, within the application site it will be necessary to consider whether the VBC will apply. Only buildings that are on the site the day that planning permission is granted will be taken into account. The VBC does not apply to abandoned buildings.

3.3 Paragraph 23 of the PPG highlights that the VBC is intended to incentivise brownfield development, including the reuse or redevelopment of empty and redundant buildings. As a result it will be appropriate for the Council to have regard to the intention of national policy and consider:

- Whether the buildings have been made vacant for the sole purpose of development.
- Whether the buildings are covered by an extant or recently expired planning consent for the same or substantially the same development.

3.4 The Council will determine on a case by case basis whether a building is vacant or abandoned. Where vacant buildings have been abandoned, or it is considered that the application of the VBC would not be in accordance with the intention of national policy, the affordable housing requirement will be calculated in the same way as for sites with no vacant buildings. Table 2 describes whether the VBC will be applied in particular circumstances.

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Table 2: Eligibility for the Vacant Building Credit

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Eligible for VBC?</th>
</tr>
</thead>
<tbody>
<tr>
<td>There were previously vacant buildings on the site, but they were cleared before planning permission was granted.</td>
<td>No</td>
</tr>
<tr>
<td>There were vacant buildings on the site but they have been abandoned.</td>
<td>No</td>
</tr>
<tr>
<td>There are vacant buildings on the site, but applying the VBC would not accord with the intention of national policy.</td>
<td>No</td>
</tr>
<tr>
<td>There are vacant buildings on the site and they have not been abandoned. Applying the VBC would accord with the intention of national policy.</td>
<td>Yes</td>
</tr>
</tbody>
</table>

3.5 The VBC will be calculated on the basis of the gross internal floorspace of relevant buildings that will be brought back into use, or demolished and replaced by new buildings, as part of a development. Effectively, this means that the affordable housing requirement is based on only the net increase in floorspace in the proposed development.

3.6 Examples of the affordable housing calculation on sites with VBC are set out in Section 4.
4 Applying national planning policy to development proposals

4.1 In line with the NPPF, affordable housing should be provided where a proposal comprises 10 or more housing units, or has a site area of more than 0.5 hectares. This is illustrated below:

Figure 1: Affordable Housing Requirement

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Will affordable housing be required?</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 unit scheme, with a site area of 0.35 hectares.</td>
<td>Yes</td>
<td>10 or more units are being provided.</td>
</tr>
<tr>
<td>9 unit scheme, with a site area of 0.6 hectares.</td>
<td>Yes</td>
<td>There are not 10 or more units, but the site area is 0.5 hectares or more.</td>
</tr>
<tr>
<td>5 unit scheme, with a site area of 0.2 hectares.</td>
<td>No</td>
<td>There are not 10 or more units, and the site area is not 0.5 hectares or more.</td>
</tr>
<tr>
<td>10 unit scheme involving the demolition of a 600 sqm building which has not been abandoned.</td>
<td>Yes</td>
<td>10 or more units are being provided. A VBC will also be applied equivalent to 600 sqm when the affordable housing contribution is calculated (see example 2 below).</td>
</tr>
</tbody>
</table>

4.2 A number of example scenarios are outlined in the table below:

Table 3: Examples

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Will affordable housing be required?</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
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<td>Yes</td>
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<td>There are not 10 or more units, but the site area is 0.5 hectares or more.</td>
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<td>5 unit scheme, with a site area of 0.2 hectares.</td>
<td>No</td>
<td>There are not 10 or more units, and the site area is not 0.5 hectares or more.</td>
</tr>
<tr>
<td>10 unit scheme involving the demolition of a 600 sqm building which has not been abandoned.</td>
<td>Yes</td>
<td>10 or more units are being provided. A VBC will also be applied equivalent to 600 sqm when the affordable housing contribution is calculated (see example 2 below).</td>
</tr>
</tbody>
</table>

Detailed examples

4.3 On sites with no vacant buildings the proportion of affordable housing required will be applied to the number of units on the site.
Example 1: Affordable Housing Requirement on Sites with no Vacant Buildings

In an area where there is a requirement for 25% affordable housing, a 20 unit development would be required to provide 5 affordable homes.

Total number of units on site (20) x 25% affordable housing requirement (0.25) = affordable units required (5)

Where the affordable housing requirement does not equate to a whole number of units, a financial contribution equivalent to the commuted sum for a partial unit will be required in addition to any whole units being provided on site.

Example 2: Affordable Housing Requirement on Sites with a Vacant Building

Development is proposed on a site which contains a 600 sqm vacant warehouse. The proposal is to demolish the warehouse, and develop 10 units which have a total combined gross floorspace of 1,200 sqm.

In this example the proposed floorspace of the development is greater than the existing floorspace of the vacant warehouse.

VBC is applicable as there is an overall net increase in floorspace in the proposed development, the warehouse is vacant & is not abandoned and the application of VBC would be in accordance with the intention of national policy.

There are 10 or more units meaning an affordable housing contribution is required. A VBC should also be applied.

Policy H2 (Part B) identifies there is a 25% affordable housing requirement in this location.

<table>
<thead>
<tr>
<th>Step</th>
<th>Example</th>
</tr>
</thead>
</table>
| 1. Calculate what the affordable housing requirement would have been, as required by the Council’s planning policy, if there were no vacant buildings on the site. | Affordable housing contribution 25%
25% of 10 units
0.25 x 10 = **2.5 affordable units** |
| 2. Calculate the amount of existing floorspace being reused as part of the new development | E / R x 100 (where E = existing floorspace and R = reused floorspace).
600 / 1,200 x 100 = **50%** |
| 3. Calculate the affordable housing credit | Step 1 affordable units x Step 2 percentage
2.5 x 0.5 = **1.25 units** |
| 4. Deduct the affordable housing credit from the policy compliant affordable housing contribution | Step 1 affordable units – Step 3 credit
2.5 – 1.25 = **1.25 units** |

The affordable housing contribution is reduced by 50% because half of the existing floorspace is being reused through the new development. 1.25 affordable units are required as a result of the VBC.
Example 3: Affordable Housing Requirement on Sites with Vacant Buildings

Development is proposed on a site which contains industrial buildings totalling 2,000 sqm. The proposal is to demolish the buildings and develop 24 units with a total combined gross floorspace of 1,700 sqm.

VBC is applicable as the buildings are vacant, are not abandoned and the application of VBC would be in accordance with the intention of national policy.

However in this case the proposed floorspace of the development is less than the existing floorspace of the vacant buildings. There is no overall net increase in floorspace in the proposed development and no affordable housing is therefore required.
5 Contact details

Forward Planning
- Email: forward.planning@eastriding.gov.uk
- Telephone number: 01482 391738

Housing Strategy and Development
- Email: housing.strategy@eastriding.gov.uk
- Telephone number: 01482 393950
East Riding of Yorkshire Council will, on request provide this document in braille or large print.

If English is not your first language and you would like a translation of this document, please telephone 01482 393939.