



# Coventry City Council

## Affordable Housing

### Supplementary Planning Document (SPD)

March 2022

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## **Executive Summary**

This document is Coventry City Council's Affordable Housing Supplementary Planning Document, or the "Affordable Housing SPD" for short.

The purpose of this SPD is to give more detailed guidance on the Affordable Housing Policy H6 contained within the Coventry Local Plan 2017. The Policy requires that for sites which will develop 25 dwellings or more (or larger than 1 hectare), at least 25% of the total dwellings should be made available as affordable. This includes dwellings that are available for Social / Affordable Rent and also on an Intermediate tenure, with the mix made in accordance with national guidance.

By providing more detail around these policy requirements, it will help develop more affordable homes in the city by giving clear and understandable advice to people who want to build houses in Coventry. It explains what developers need to demonstrate to the Council to ensure it complies with Policy H6 of the Local Plan 2017.

This detail includes a more specific breakdown of affordable housing types on a locational basis, but also takes into account central Government requirements such as the building of affordable homes on an "Intermediate" basis, such as First Homes.

The document cannot establish new planning policy relating to building affordable homes in the city, but the Council wants this document to be used by builders of affordable homes to make it easier for them to be built. This will help increase the number of affordable homes built in the city, so that everyone in Coventry can access homes that are more affordable.

It also explains alternative scenarios where the provision of affordable housing is reduced or cannot be delivered at all as well as building and design requirements. It also attempts to simplify the Section 106 Agreement legal process by providing a wording and a template for developers to use. Through this, it is hoped that this SPD will enable more productive negotiations between the Council and applicants wishing to deliver homes in Coventry. This should help make planning applications faster and easier to decide.

# 1. Introduction

- 1.1 The Coventry Local Plan 2017 establishes the strategic objective to deliver sufficient affordable housing development in the city. It recognises the need to provide housing which is truly affordable for Coventry's residents and delivers on the aspirations and objectives of the Coventry City Council Housing and Homelessness Strategy 2014.
- 1.2 This Supplementary Planning Document (known thereafter as the 'SPD'), provides additional and enhanced detail on the strategic policies of the Coventry Local Plan 2017 which seek to deliver sufficient affordable housing to meet the identified need of the City. Specifically, this SPD will provide further supplementary guidance to Policy H6 Affordable Housing of the adopted Local Plan 2017.
- 1.3 It should be noted that although this SPD does not form part of the Development Plan of the Council, it is a material consideration that will be utilised to determine planning applications where affordable housing is a relevant issue. The Glossary at Annex 2 of the National Planning Policy Framework (2021), defines Supplementary planning documents as follows;

*“**Supplementary planning documents:** Documents which add further detail to the policies in the development plan. They can be used to provide further guidance for development on specific sites, or on particular issues, such as design. Supplementary planning documents are capable of being a material consideration in planning decisions but are not part of the development plan.”*

- 1.4 Therefore, applicants wishing to deliver residential development of any scale, should refer to this SPD to ensure that they meet requirements set out in policy of the Coventry Local Plan 2017.
- 1.5 The Council is conducting a period of consultation to ensure that interest parties, local residents and others may provide representations to the SPD consultation to help inform its preparation.
- 1.6 This consultation has been held under the provisions of the City Council's Statement of Community Involvement.
- 1.7 Delivering sufficient affordable homes over the Plan period to 2031 is a key objective of the Coventry Local Plan 2017 spatial strategy. The aim of this SPD is to facilitate the delivery of affordable homes and meet the needs of the city as recognised in 2015 Joint SHMA and the Affordable Housing Economic Viability Assessment. The additional guidance provided within this document should clarify particular requirement areas and streamline the process in agreeing affordable housing delivery; affordability types and tenures, dwelling design, management structures and Section 106 Agreements.
- 1.8 This SPD is designed to simplify the complex process of delivering affordable homes through the planning system. Whilst multiple parties are required to work together in realising this delivery, it is considered that this SPD will provide a rationalisation of this process and establish clarification of the policy requirements of the City Council. The utilisation of this SPD alongside early negotiations with the Council will speed-up the planning process and result in quicker permissions. This is to the advantage of all parties involved and demonstrates a positive approach to planning.

## 2. Policy Context

- 2.1 The Coventry Local Plan 2017 was prepared under previous iterations of the National Planning Policy Framework, but the provisions relating to affordable housing remain relevant in the context of the adopted Local Plan 2017.
- 2.2 The local planning policy position is established in Section 4 of the Coventry Local Plan 2017. Specifically, Policy H6 asserts the affordable housing delivery considerations and requirements for residential developments in the city.

### National Planning Policy Framework

- 2.3 The National Planning Policy Framework 2021 (known hereafter as the 'NPPF') provides the overarching national planning policy basis for England and includes provisions for how Local Planning Authorities should achieve affordable residential development. Paragraphs 61-64 establish this;
- Ensure local policy reflects the housing needs of different groups within the community, including affordable housing requirements;
  - Identify the affordable housing type needed and delivered on-site, with off-site provision, or financial contribution, if appropriate justification can be demonstrated;
  - Emphasise the need to deliver affordable housing, in most circumstances, on major development sites;
  - Promote the redevelopment and re-use of brownfield land through reducing affordable housing contribution by a commensurate amount where vacant buildings are re-used.
- 2.4 Furthermore, the NPPF provides a definition of affordable housing at Annex 2. For the purposes of this SPD and to ensure consistency between it and national policy, the definition of affordable housing will be as follows as it is established at Annex 2;

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

- a. ***Affordable housing for rent:** meets all of the following conditions: (a) the rent is set in accordance with the Government’s rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for an alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).*
- b. ***Starter homes:** is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections.*

*The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of the plan-preparation of decision-making. Where secondary legislation has the effect of limiting a household's eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.*

- c. **Discounted market sales housing:** *is that sold at a discount rate of at least 20% below local market value. Eligibility is determined in regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.*
  
- d. **Other affordable routes to home ownership:** *is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for an alternative affordable housing provision, or refunded to Government or the relevant authority specified in the funding agreement.”*

### **Non-statutory Regional Policy**

- 2.5 The West Midlands Combined Authority (the 'WMCA') provides additional definitions in regard to affordable housing. Although the Combined Authority does not have statutory planning powers, it plays a significant role in realising funding streams for affordable housing delivery as well as releasing previously undeliverable sites for development.
  
- 2.6 The Combined Authority's definition of affordable housing goes beyond the statutory definition as referenced in the NPPF by stating that to be truly affordable, residents should not pay more than 35% of their income towards their monthly rent or mortgage. This establishes a greater discount of 15% when made against the definition referenced in the NPPF 2021, which asserts that a 20% discount from the prevailing rate as an affordable rate.
  
- 2.7 Whilst this definition (based on different intent and context) cannot be granted any planning weight and is not a material planning consideration, as a full member of the Combined Authority, Coventry City Council encourage applicants to consider provision against this definition. Particularly where the WMCA has facilitated delivery of affordable housing through funding and land-release strategies.

### **Local Planning Policy**

- 2.8 The Coventry Local Plan 2017 provides the strategic housing requirement for the city over the Plan period from 2011 to 2031. This includes the need to deliver affordable housing alongside market development, to foster sustainable communities and that those residents which are eligible, can access good and truly affordable housing. This is in line with the Council's Housing and Homeless Strategy 2014.

### **Policy H6: Affordable Housing**

1. New residential schemes of 25 dwellings or more (excluding student accommodation), or more than 1ha, will be expected to provide 25% of all dwellings as affordable homes.
2. Proposals within areas of existing high concentration (shown on Figure 4.1) should make provisions as follows:
  - a. 10% Social/Affordable Rental provision
  - b. 15% Intermediate Provision
3. Proposals within areas of existing medium concentration (shown on Figure 4.1) should make provisions as follows:
  - a. 12.5% Social/Affordable Rental provision
  - b. 12.5% Intermediate Provision
4. Proposals within areas of low concentration (shown on Figure 4.1) should make provisions as follows:
  - a. 15% Social/Affordable Rental provision
  - b. 10% Intermediate Provision
5. Where the specified level of affordable housing cannot be provided, including for reasons of viability, robust evidence must be presented to justify a reduced or alternative form of contribution.
6. Through appropriate design standards, new affordable housing units must be appropriately integrated within the development and with other affordable homes adjoining the site.
7. Through engagement with the Council, Registered Providers, and having regard to the recommendations of the SHMA, developers should ensure that affordable housing contributions comprise dwellings of the right size, type, affordability and tenure to meet local needs.

- 2.9 Set within the context of the objective housing need of the city in the region of 42,000 homes between 2011 and 2031, the Plan recognises a need to deliver some 12,000 affordable homes over this period. That equates to the delivery of around 600 affordable homes per annum. It should be noted that a proportion of this need will be delivered across the Warwickshire Housing Market Area through cross-boundary delivery and as such, the pro-rata affordable yearly quantum, which takes into account the established city capacity and cross-boundary apportionment, equates to 348 dwellings per year.
- 2.10 At the time of the Plan's adoption in 2017, it was established that during the first 4 years of the Plan period (2011 to April 1<sup>st</sup> 2015), approximately 1,150 affordable homes benefited from planning permission, were being constructed or had been delivered.
- 2.11 These identified numbers, taken alongside the strategic allocations, which will deliver a further 3,300 affordable homes, a shortfall of 1,150 affordable homes was identified.
- 2.12 The accompanying text to the affordable housing policy of the Plan identifies that this shortfall will be resolved through achieving affordable housing delivery from a variety of

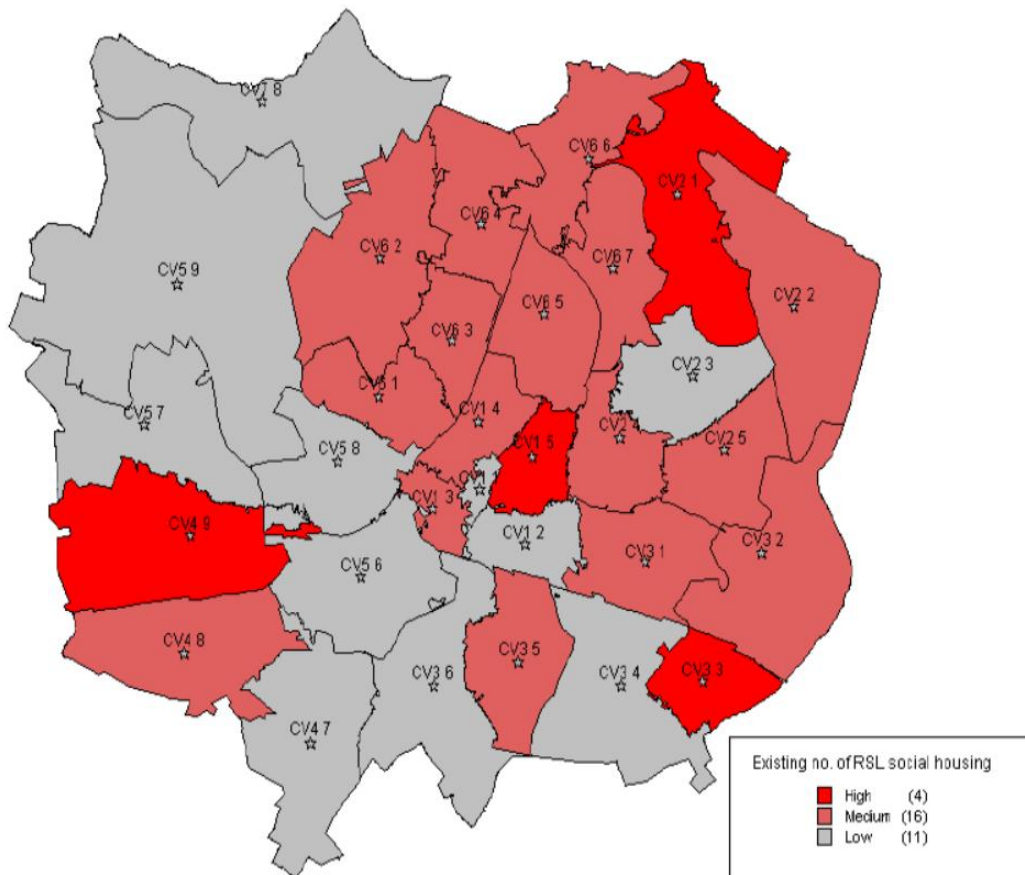
sources. This includes the Private Rented Sector, windfall sites, redevelopment of existing housing stock, Registered Provider (“RP”) site delivery and re-use of empty homes.

- 2.13 It should be noted that a core element of this strategic policy is its spatial element. This is to ensure that different areas of the city can experience the maximum benefit of the policy and to ensure those residents in need of affordable accommodation, wherever their location in Coventry, can be housed in affordable homes. It is considered that this spatial approach will also ensure the development of cohesive and socially representative communities in all parts of the city.
- 2.14 Delivery of affordable housing will be actively monitored by the Council and represented through the publication of yearly Authority Monitoring Reports. This ongoing monitoring will identify levels of affordable housing delivery against the requirement established in the adopted Coventry Local Plan 2017, which is in the region of 348 dwellings per annum.
- 2.15 This SPD will help to facilitate enhanced delivery of affordable housing in the City, thereby contributing towards meeting the identified needs of the Local Plan 2017.



### 3. Affordable Housing – Site Provision

- 3.1 In order for the city to meet its identified affordable housing needs, it is the Council's objective to deliver affordable housing on residential schemes consisting of 25 dwellings or more, or where sites are larger than 1ha. On these sites, it is expected that at least 25% of the gross number of dwellings to be offered on site will be on an affordable basis.
- 3.2 It is the Council's view that the delivery of affordable dwellings on development sites is the most realistic way of achieving development of affordable homes within cohesive and integrated communities.
- 3.3 To ensure the delivery of homes that are affordable for members of every community within Coventry, the city's affordable housing policy also responds to spatial considerations that reflect the existing housing stock in areas of the city. This is to avoid over-concentration of particular tenures of affordable housing to secure diverse communities and also to provide homes in areas of the city where the market cannot.
- 3.4 The diagram below is part of policy H6 in the adopted Local Plan 2017, and demonstrates the concentration of social housing<sup>1</sup> across Coventry.



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- 3.5 The figure demonstrates the concentration of social housing that is managed by a Registered Provider within the CV-postcodes of the city. As the figure shows, stronger

<sup>1</sup> In this context, social housing is defined as affordable housing made available through discounted rate via a Registered Provider as Social or Affordable rent.

shades of red demonstrate higher concentrations of social housing within corresponding CV postcodes.

- 3.6 It is the objective of Policy H6 to promote varying tenure mixes in the city to ensure that residential proposals more appropriately reflect their locations in Coventry. For example, Policy H6 requires an affordable tenure split of 10% Social/Affordable Rent and 15% Intermediate Provision in areas with existing high concentrations of social housing. This is to both ensure that there is no over-concentration of social rent, but also to promote affordable home ownership in areas where there is a shortfall of opportunity to get on the housing ladder.
- 3.7 In areas of medium social housing concentration, the tenure is split evenly to maintain a more equal mix of housing types.
- 3.8 It is considered that those postcode areas of the city with low social housing concentration, housing affordability is of a greater issue given the higher cost of housing. As such, the Policy attempts to resolve this by promoting a greater proportion of Social/Affordable Rent tenure mix of 15% and a 10% Intermediate Provision.
- 3.9 This spatial element of Policy H6 Affordable Housing provides a framework for residential development proposals in the city. Whilst it provides a basis in how developers and applicants should approach on-site affordable housing provision; it is expected that proposals should reflect the requirements and need of the city at the time of the application's submission. This should take into account the strategic obligations as explained in the policy, as well as other material considerations such as evidence base documentation, the National Planning Policy Framework and Planning Policy Guidance.

## 4. Affordable Housing – Tenure Mix

- 4.1 Policy H6 establishes the strategic requirements of the Council for developments to deliver at least 25% affordable housing on sites of 25 dwellings or greater. This includes a tenure split that corresponds with spatial considerations that respond to local circumstances and existing housing mix.
- 4.2 In accordance with the National Planning Policy Framework, Coventry City Council’s policy requires a tenure split between Social/Affordable Rent dwellings and Intermediate Tenure provisions. These are provided on the basis of rental occupation from a Registered Provider, or an Intermediate product which provides an affordable route to home ownership.
- 4.3 A summary of tenure types and how they are to be split depending on locational factors, is provided below.

Social/Affordable Rent Provision		Tenure Mix Requirement
Social Rent/Affordable Rent	<p>Social Rent is affordable housing let out at cost calculated against the relative value of the property against median local income and the size of the property. These are usually provided by Registered Providers or local government and are usually between 50% to 60% below market rents on the basis of the formula calculation against their relative market value.</p> <p>Affordable Rent is no more than 80% of market rent and includes the service charge, if applicable.</p> <p>In both cases, it is expected that is the tenures will be offered in perpetuity to eligible households or the subsidy recycled through an alternative product<sup>2</sup>.</p>	<p>10% - High Concentration Areas</p> <p>12.5% - Medium Concentration Areas</p> <p>15% - Low Concentration Areas</p>
Affordable Private Rent (Built to Rent/PRS)	Affordable rental homes made available at least 20% discount on market rate. Products made available directly by developer, with ongoing management and operations maintained by the developer. Perpetuity secured by legal agreement.	
Intermediate Provision		
General routes to affordable ownership	A variety of products, including Shared Ownership and equity loans. These are offered via Registered Provider regime.	<p>15% - High Concentration Areas</p> <p>12.5% - Medium Concentration Areas</p>
Discounted marketed sales	Product provided by developer directly with discount applied at point of sale. Similar arrangement as to Affordable Private Rent	10% - Low Concentration Areas

<sup>222</sup> MHCLG Policy statement on rents for social housing;  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/781746/Policy\\_Statement.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/781746/Policy_Statement.pdf)

First Homes 30% discount in perpetuity	Discount applied to sales available on the market to eligible first-time purchasers – to a maximum property value of £250,000 and maximum household income of £80,000pa	
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- 4.4 A minimum provision of affordable routes to home ownership are established in the National Planning Policy Framework of at least 10%<sup>3</sup>. This accords with the minimum requirement in Policy H6 of the Local Plan 2017, ie a minimum requirement of 10% intermediate provision on sites in areas with a high concentration of existing socially rented properties.
- 4.5 First Homes is an intermediate affordable product introduced in May 2021 as an additional option for buyers to enter the home ownership market on a more affordable basis. These homes are made available on a 30% discount from the local market rate in perpetuity via a land charge on the title deed secured through a Section 106 Agreement. This also ensures that the discount remains in perpetuity. Guidance stipulates that 25% of all affordable home provision on any given site must be First Homes and that this must either contribute to, or make up, the 10% of all homes on a site that are available on an affordable ownership basis.
- 4.6 Coventry City Council will seek to maintain the affordable rent (social rent) provision as stipulated in Policy H6 and will accept an intermediate mix that establishes 25% of overall affordable provision as First Homes. This should also ensure that other intermediate products remain available so that opportunity of choice is maintained.
- 4.7 Below is a worked example demonstrating the practical numerical split by unit proportion. It utilises a 100-unit example between the areas of high concentrations of existing social housing and low concentration as per Policy H6:

	Low Social Housing Concentration		High Social Housing Concentration	
	Social/Affordable Rent	Intermediate	Social/Affordable Rent	Intermediate
	15%	10%	10%	15%
Units	15	10	10	15

- 4.8 The total of 25 affordable units are achieved in both worked examples. With 25% First Homes requirement applied to the gross figure, 6.25 units can be delivered, allowing some flexibility in the delivery of other intermediate products in either worked example. As per the NPPF and PPG, the First Homes provision can contribute towards the

<sup>3</sup> Paragraph 65 in the National Planning Policy Framework outlines exemptions to this 10% requirement. This is 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);
- 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.

overall 10% requirement for homes available as affordable ownership, or make up this

## 5. Dwelling Design, Typology and Locational Requirements

5.1 Policy H3 (Part 3) of the Coventry Local Plan 2017 asserts the need to achieve sustainable development through appropriate design of housing. This is applicable to both market and affordable housing, which ensures appropriate residential amenity and quality of living, no matter the type or tenure of home.

5.2 This SPD is limited as to the requirements it can place on the development of new affordable housing; however, it is reiterated that the design of affordable housing units must be demonstrably sustainable and exhibit the highest levels of residential amenity. This should include consideration of the following:

- Internal layout and dimensions;
- Access to green and outside space;
- Responsiveness to immediate surroundings;
- Connectivity; and
- Resilience to environmental influences (such as air quality, land contamination and climate change).

5.3 By duly considering these principles, development should achieve affordable housing that provides a high standard of living and residential amenity. This level of consideration should be applied to both market and affordable housing that is delivered in the city ensuring that there is no material difference between dwelling tenure types. This to ensure socially cohesive and sustainably mixed communities.

5.4 Historically, a larger proportion of one- and two-bedroom dwellings has been developed for affordable housing. This reflected the changing demographic of the city, with increasing generation of single-person or smaller-family households.

5.5 The Strategic Housing Market Assessment 2015 is a significant input of Local Plan 2017 Policy H6 Affordable Housing, which indicated the demands for a range of housing sizes, types and tenures in Coventry and its wider housing market area. In the first instance, the assessment established that there was a demand for 2 and 3 bedroomed affordable homes, and this has been the basis for Coventry City Council's objective in seeking the delivery of affordable housing in the city. The breakdown of the housing demand and requirements established in the SHMA is provided below:

### SHMA 2015 Housing Mix Need

Market	1-bed	2-bed	3-bed	4-bed
	5-10%	25-30%	40-45%	20-25%

Affordable	1-bed	2-bed	3-bed	4-bed
	20-25%	30-35%	25-30%	15-20%

5.6 However, as Policies H4 and H6 state, to ensure that the evolving needs of the city can be met, this requirement has some degree of flexibility. The breakdown of needs provided by the SHMA should be the starting point for any discussion with the Council as to the delivery of an appropriate mix of affordable housing.

- 5.7 Information provided by Registered Providers as well as data from Coventry City Council Housing indicates a rising need for family sized housing, which includes 2, 3 and 4-bedroomed homes. This reflects the changing social needs of the city and affordability pressures experienced within Coventry.
- 5.8 It is the objective of the City Council to relieve the affordable housing pressures that the city is experiencing. The significant number of family households on the Housing Register indicates a deficit in the availability of affordable family homes in the city.
- 5.9 It is expected that the delivery of on-site affordable housing will reflect the housing types that are required to meet the affordable housing needs of the city and as such, the Council expects an affordable housing mix in accordance with the figures set out below. These utilise the need identified in the 2015 SHMA, but maximise this mix to meet the demand arising from the increasing numbers of family-sized households on the city's Housing Register.

<b>Affordable</b>	<b>1-bed</b>	<b>2-bed</b>	<b>3-bed</b>	<b>4-bed</b>
	20%	30%	30%	20%

- 5.10 Part 7 of Policy H6 establishes how affordable housing size and typology may be identified through dialogue with various interested parties to achieve the most appropriate and affordable housing type. This may vary spatially, as well as over time and between particular registered providers.
- 5.11 The City Council will actively seek the delivery of affordable housing that meets high of living standards. As such, the Council promotes the use, and reference of, the Nationally Described Space Standards as an initial framework in achieving affordable homes with satisfactory internal living space. Through active dialogue with the Council and registered providers, it is considered that this can be realistically achieved.
- 5.12 The delivery of affordable housing, where units are offered up to a Registered Provider, should take into consideration these standards but also the management regimen that will minimise costs and so, service charges payable.
- 5.13 The provision of high-quality design and space standards should also form part of a wider, holistic approach to affordable residential development. This will include consideration of access to outside, private amenity space as well as carefully considered development layouts.
- 5.14 Part 6 of Policy H6 outlines the general requirements of the Council for the integration of affordable homes within a residential development. It is envisaged that affordable homes, of any tenure, should be provided within residential development in appropriate locations that promote this integration. This will be informed through the evolution of design proposals, with commensurate inputs from the Council and affordable housing providers. Realistic management practices will form part of this process to minimise costs and retain affordability in perpetuity.
- 5.15 Within flatted developments, communal facilities provided as part of any proposal should be accessible by all residents. This ensures that affordable housing residents are not indirectly discriminated against through the final built design of any development

and maintains social integration and cohesiveness.



Example of Affordable Housing at Stretton Avenue, Coventry – Image courtesy of Citizen

### ***Co-living proposals and build to rent***

- 5.16 Coventry City Council recognise the ongoing evolution and diversification of the national housing market which has resulted in the emergence of new housing typologies to cater for demands of innovative forms of housing.
- 5.17 Build to rent properties are developed for the sole purpose of being rented rather than for sale. Typically, build to rent properties are contained within purpose built new-build blocks of apartments, with additional facilities and services often provided within the development. Build to rent is observed to provide more certainty to tenants by providing long-term leases.
- 5.18 Co-living is recognised as a form of housing to bridge the gap between highly managed student accommodation and unregulated house-sharing for younger people and those seeking alternative, niche accommodation types. It is a housing product that is regarded as more affordable, but also offers a lifestyle that is a communal and collaborative that also maintains a strong sense of independence for individual residents.

\*

- 5.19 The City Council is keen to ensure that new housing types such as co-living and build to rent can be realised and delivered in the city which can contribute towards meeting the housing needs of the city, but also the demands of the market arising from various demographic groups of the community
- 5.20 National Planning Policy confirms that affordable housing within build to rent development should be provided in the form of affordable private rent. The affordable private rent and market rent units should be managed in conjunction by a single build to rent landlord. In line with National planning practice guidance, affordable rent provided in build to rent schemes to be made available at least 20% discount on market rent. Planning Practice Guidance states that other routes can be used to meet this affordable housing requirement such as a commuted payment and/or other forms of affordable housing as defined in the National Planning Policy Framework glossary. Such payments can be accepted if an agreement is reached between the developer and Local Authority and would need to include discussions and agreement of the clawback arrangements in the instance of the BtR development being sold on.
- 5.21 It is considered that co-living developments will not be suitable to provide on-site affordable housing units given the high level of management required, the size standards of individual units and the extent of shared and communal facilities. Management of such sites therefore is prohibitive in providing on-site affordable housing.
- 5.22 However, the Council will seek an off-site financial contribution in-lieu of on-site physical provision of affordable housing. This financial payment, in the form of a commuted sum, will be calculated utilising the formula referenced in Part 7 of this Supplementary Planning Document.

### ***Advanced Methods of Construction***

- 5.23 The City Council recognises that advanced methods of construction ('AMC') can provide a cheaper and more efficient means of achieving affordable housing products. This can reduce issues around viability and assist in delivering affordable housing in contexts which may prohibit more traditional methods of construction.
- 5.24 Furthermore, it is considered that advanced methods are also more likely to achieve higher level of energy efficient and so reduce energy costs for residents, whilst also contributing towards a net zero carbon future.
- 5.25 Although examples of AMC affordable housing are limited in Coventry, there are instances where advanced methods of construction have delivered housing of high and sustainable quality. Citizen Housing have delivered modular homes, a form of AMC, in Coventry, an image of which can be seen below.





Modular housing delivered at Littlethorpe, Coventry by Citizen Housing (image courtesy of Citizen)

5.26 Affordable housing products are also being delivered via AMC within the wider West Midlands metropolitan area. Birmingham Municipal Housing Trust have initiated a programme in delivering affordable homes utilising modular methods that achieve a high level of sustainability and cost effectiveness that delivers homes of good quality, quickly.



Modular affordable home delivered in Birmingham – image courtesy of Birmingham Municipal Housing Trust

5.27 Coventry City Council will encourage proposals to deliver affordable homes via Advanced Methods of Construction, particularly in cases where it can overcome viability issues and contribute towards achieving high performing, energy-efficient homes.

## 6. Viability

6.1 The Council recognises that there may be circumstances that the provision of on-site affordable housing line with the requirements of Policy H6 will influence the viability of a development. This may be due to a variety of reasons and the Council stresses the need for applicants/developers to engage with the Council at the earliest opportunity if viability is recognised as a possible issue.

6.2 Policy H6 of the Local Plan 2017 establishes the provisions in regard to approaching viability at Part 5:

*“5. Where the specified level of affordable housing cannot be provided, including for reasons of viability, robust evidence must be presented to justify a reduced or alternative form of contribution.”*

6.3 Any application proposal which fails to meet the requirements of on-site affordable housing as maintained in Policy H6 will need to submit a viability assessment. This assessment should consider the following variables:

- Market evidence
- Comparable pricing
- Housing provider arrangements
- Developmental costing

6.4 The assessment should also consider the adjustment of value assumptions and/or profit margins to demonstrate how a scheme could be made viable, whilst maintaining compliance with the provisions of Policy H6.

6.5 If the submitted viability assessment demonstrates that issues exist, the Council may consider various options in the amending of affordable housing provision, this may include inter alia

- Reconfiguration of tenure mix;
- reduction in intermediate tenure levels (whilst balancing statutory requirements, i.e. First Homes provision);
- Commuted sums.

6.6 However, these will be considered on a case by case basis, dependent on the conclusions of the applicant's viability assessment and the needs of the City at that time.

6.7 The Council will not accept reduced provision of affordable housing on grounds of viability without appropriate demonstration of circumstances and will seek to maximise delivery of affordable housing in all cases. Receipt of alternative contribution may be accepted where other avenues have been exhausted.

6.8 The District Valuer, or an independent assessor engaged at the cost of the applicant, may also be employed to assist in engaging with the viability assessment to maximise the realistic delivery of affordable housing.

6.9 The price paid for land cannot be utilised as a consideration within any viability assessment. The same assessment cannot be used to nullify the requirements of Policy H6 nor determine the delivery of affordable housing on-site, or off-site.

6.10 Matters of viability will be entertained by the Council on the merits of individual applications, on a site by site basis. However, where proposals include the redevelopment of vacant buildings for residential use, the Council will consider reduction in affordable housing provision on the basis outlined in Paragraph 64 of the National Planning Policy Framework (2021);

*“[...] where vacant buildings are being reused or redeveloped, an affordable housing contribution due should be reduced by a proportionate amount<sup>28</sup>.”*

6.11 This reduction of provision on the basis of redevelopment of brownfield land is also known as Vacant Building Credit as initially implemented by Ministerial Statement November 2014<sup>4</sup>. It is intended that by reducing affordable housing provision on vacant brownfield sites, it will encourage re-use of previously developed land over that on greenfield sites, in line with the objectives of both national and local policy.

6.12 Coventry City Council will consider reduced affordable housing provision on redeveloped brownfield sites where developers are able to demonstrate vacancy of more than 12 months. This is not applicable to buildings that have been abandoned. Such matters will be considered on a case by case basis in line with the requirements of the adopted Local Plan and with national planning practice guidance on the application of Vacant Building Credit.

6.13 The calculation in the reduction of affordable housing provision is linked to the existing gross internal floor space of the vacant building to be brought into lawful residential use or demolished to facilitate redevelopment. A value-credit, equivalent to this floorspace quantum, will be applied to the prevailing affordable housing provision required in Policy H6 to calculate the reduction in affordable housing provision provided on the redeveloped site.

6.14 In practice, the formula to calculate this credit would be as follows:

$$(A - B / A) * C = D$$

A = Proposed residential floor space to be delivered

B = Existing floor space of the existing building(s)

C = Affordable Housing Requirement of Policy H6 (25%)

D = The Reduced Delivered Affordable Housing Requirement

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<sup>4</sup> <https://publications.parliament.uk/pa/cm201415/cmhansrd/cm141128/wmstext/141128m0001.htm>

## 7. Alternative Contributions

### ***Alternative Contribution through an Alternative Location***

- 7.1 In the first instance where a reduced on-site provision is not possible to overcome demonstrable viability issues, the Council may consider alternative options as a contribution towards the provision of affordable accommodation in the City.
- 7.2 The Council expects there to be an identification of suitable sites within a reasonable distance of the development site to accommodate affordable housing and is also referred to as “off-site” provision. This off-site delivery via an alternative site however must in a location with the same, or greater need, for affordable housing as the original development site. This is to ensure that delivery of affordable housing can adequately meet the needs of the City’s communities.
- 7.3 Delivery of affordable housing on an alternative site should be of the same number and cost of delivery of affordable housing on the development site. Furthermore, the mix must be in accordance with the requirements of Policy H6, if market housing is to be delivered alongside on the alternative site, to ensure the realisation of healthy and mixed communities.
- 7.4 The alternative site must benefit from the same advantages and access to amenities and services for potential occupants as the original development site. Applicants may be required to demonstrate consideration of other potential alternative sites and that they have broadly similar characteristics and sustainability credentials.
- 7.5 The Council may accept purchase of housing units in the City by the applicant to be made available on an Affordable/Social Rent basis. This should replace any on-site affordable housing provision, where an alternative site is not achievable. The purchase of units as an alternative option should be equal to, in number and cost, as the delivery of on-site affordable housing. This is to ensure that there is no material difference, or loss between on-site delivery and the alternative options considered.
- 7.6 Consideration of alternative locations to provide affordable housing in replacement of on-site delivery, will on a site by site and proposal by proposal basis. It is recognised that a “one size fits all” approach is not appropriate and would not reflect the needs of the City at that particular time. The consideration will be negotiated between representatives of the Council and the applicants.
- 7.7 Furthermore, it is recognised that the delivery of off-site affordable housing provision may result in a material benefit to the developer. This is because the original development site, will deliver a mix of 100% market dwellings. As such, the Council will seek an increased proportion of affordable units on an alternative site as off-site provision, to off-set the resultant increase in market dwellings on the original development site. This will be equal to an additional 25%. A worked example is shown below for clarity:

Worked proposal example of 100 dwellings for on-site and off-site affordable housing provision			
	Market Dwelling	Affordable Housing Requirement	Total Dwellings
1. On-site provision	75 (on-site)	25 (on-site)	100
2. Off-site provision	100 (on-site)	31 (off-site)	131

- 7.8 The examples in the table above demonstrate how the Council will seek an enhanced provision of affordable housing where it has been agreed with the Council that on-site delivery is not viable.
- 7.9 Example 1 in the table establishes a development of 100 dwellings that is compliant with the provisions of Policy H6, a split between 75 market dwellings and 25 affordable units. This reflects the 25% affordable housing requirement of Policy H6.
- 7.10 Example 2 demonstrates the arrangement where no affordable housing is delivered on-site, but rather delivered through an alternative mechanism off-site.
- 7.11 As can be seen, the Council will seek an increased off-site provision to counterbalance the resulting increase of the market housing numbers that would be achieved on-site. This will be through 25% uplift on the original 25% proportion of affordable housing that is required at Policy H6:
- Total market dwellings delivered on-site: 100
  - 25% proportion of total on-site market units as affordable housing requirement: 25
  - Implementing the additional 25% uplift to the affordable housing figure: 6.25
  - Total off-site affordable provision: 31 (rounded to nearest unit)

***Alternative Contribution as a Commuted Sum***

- 7.12 In the case where a suitable, alternative location to deliver affordable housing cannot be identified, the Council will consider alternative contribution by way of a commuted sum paid to the Council. This will be on the basis where alternative delivery opportunities have been clearly and demonstrably exhausted.
- 7.13 Where the Council accepts a submitted viability assessment which demonstrates that reduced on-site provision of affordable housing as an option to achieve a deliverable scheme, and a suitable alternative location cannot be achieved, a commuted sum may be considered.
- 7.14 This alternative contribution in most cases will take the form of a financial payment to Coventry City Council secured via a Section 106 Agreement. This payment will be

equal in amount to the costs of on-site affordable housing provision and will be utilised by the Council to achieve affordable housing through different means in the City.

- 7.15 Similarly, to off-site physical delivery, the receipt of commuted sums should reflect the material benefit to the developer of not providing any on-site affordable. The commuted sum paid to the Council should reflect this difference and, therefore, it should not be just the net worth of the delivery of on-site affordable units, but should reflect the increased proportion of market dwellings delivered as result of the agreed alternative contribution. This will take into account the viability assessment and will be agreed through detailed arrangements within a Section 106 Agreement.
- 7.16 The Council will retain the commuted sums on deposit for a period of up to 5 years and if the sum is not used, the amounts will be repaid to the applicant, inclusive of interest. This is implemented in the same process as all other financial Section 106 planning obligations.
- 7.17 The reason for seeking an alternative contribution is to ensure that any development that would otherwise be required to provide affordable housing under Policy H6 fairly contributes towards the provision of affordable housing in the City, irrespective of viability status. This ensures that the needs of the city can be met and that all citizens of Coventry are able to access truly affordable homes.
- 7.18 It is the objective of the Council that through commuted sums, development coming forward in Coventry, in cases of poor viability, will maintain delivery of affordable housing to meet the needs of the City.
- 7.19 In circumstances where management arrangements cannot be agreed with a Registered Provider for on-site affordable housing, particularly on affordable products managed by providers, a commuted sum may be accepted as an alternative. However, this will only be considered once the Council has also had the opportunity to consider concluding an agreement with the developer for the units themselves. In all instances, the Council will insist on strong and demonstrable evidence that an agreement has not been reached between the applicant and a registered provider. This can be in any form of evidence but should be independently verifiable.
- 7.20 In some cases, alternative disposal of affordable housing may be considered on a case by case basis.
- 7.21 The formula for calculating the commuted sum is;

$$A - B = C$$

Where:

*A* is the Open Market Value of the affordable unit not being delivered on-site. This value must be demonstrated by the developer via relevant, recent local examples supported by an independent valuation from a RICS accredited professional

*B* is the value that a Registered Provider would purchase the unit for, on the basis of it being an affordable unit. The developer should demonstrate this value with written evidence from at least two recognised RPs. If this is not available, the Council will take an average of recent RP transactions of similar units.

C is the commuted sum as it is the difference between A and B, and is considered the cost of developing that affordable unit elsewhere.

It is noted that an alternative calculation is provided within the Local Plan for use in the above scenario, and it remains open for applicants to use either approach. The use of Residual Land Value to determine the commuted sum will require the applicant to robustly demonstrate the accuracy of the RLV calculations, and may be subject to independent analysis, following the same process as a Viability Report, including the reasonable cost of such independent analysis being passed to the applicant.

## **8. Management, Affordability and Perpetuity**

### ***Registered Providers***

- 8.1 Affordable homes available for Social or Affordable Rent and Shared Ownership (as part of an intermediate product) must be offered up to a Registered Provider (previously known as a Registered Social Landlord) to manage and make properties available at a discounted rate. Coventry City Council does not manage or own any affordable homes and, as such, these products must be offered up to a Registered Provider through the legal framework of a Section 106 Agreement.
- 8.2 Coventry City Council have a preferred list of Registered Providers. These Providers are organisations that we are well established in the City and have a strong relationship with the Council in providing affordable homes in the city.
- 8.3 These preferred Registered Providers are as follows:
  - **Citizen Housing**
  - **Midland Heart**
  - **Orbit**
  - **Stonewater**
  - **Optivo**
  - **Clarion**
  - **Platform**
- 8.4 If for any reason an applicant/developer wishes to offer their affordable housing provision to a Provider not referenced on the list above, evidence and details of this provider will need to be made available. It will need to be shown whether the provision of affordable housing is deliverable with an alternative Registered Provider. It is at the Council's discretion to accept an alternative provider and the preference is to work with a listed Provider.

### ***Community-Led Affordable Housing Delivery***

- 8.5 It is recognised that where management constraints exist that prevent Registered Providers from entering into management regime of Affordable/Social Rent on a residential development site, options need to be considered to ensure that on-site provision can be delivered and maintained.
- 8.6 Community-led affordable housing may provide an alternative option in ensuring the delivery of physical affordable homes on a residential site.



8.7 Coventry City Council will work with community groups to deliver 100% affordable housing schemes and as alternative organisations to act as managing bodies for on-site Affordable/Private Rented or shared-ownership properties. Furthermore, the same community-led organisations will be encouraged to offer housing units on an intermediate basis, across a variety of tenure types, including discounted properties at point of sale.

### ***Other Affordable Products***

- 8.8 Availability and management arrangements for other affordable housing types vary according to their tenure.
- 8.9 It is considered that the provision of affordable, private rented accommodation will be retained and managed by the developer (also known as Built to Rent or Private Rented Sector). Agreements are made between tenants and the managing-developer directly on a discounted basis to ensure affordability in perpetuity.
- 8.10 The availability of intermediate products, including shared ownership, equity loans and discounted market sale will be directly via the developer and/or housebuilder. However, it is expected that the basis of this intermediate provision will reflect particular arrangements of the product and the developers.
- 8.11 It is considered that the new developments, which will include affordable housing provision on-site, will also offer an appropriate number of First Homes for those eligible to benefit from discounts provides through the First Homes scheme.
- 8.12 The Council also considers the delivery of self-build homes can assist in addressing the affordable housing needs of the city. There may be instances where such products provide bespoke homes that are available on an affordable basis in perpetuity.

### ***Affordability, Occupancy and Perpetuity***

- 8.13 A legal agreement will maintain rental levels, service costs and shared ownership fees that are truly affordable. The Council requires that prior to the marketing of affordable homes, the housing team should be contacted to agree the market values and so the discount in accordance with national requirements.
- 8.14 Where a Registered Provider is not involved in the perpetual management of an Affordable rented product, a legal agreement will be required to secure that affordable rental levels are maintained for future residents. However, any Social Rented units must be managed in perpetuity by a Registered Provider.
- 8.15 If affordable housing provision is removed, or withdrawn due to redevelopment or other such action, the Council requires replacement provision within the City. If physical replacement provision has been demonstrated as undeliverable, a clawback payment will be required. This will be calculated in line with the provisions of Planning Practice Guidance Paragraph: 008 Reference ID: 60-008-20180913.<sup>5</sup>
- 8.16 Eligibility of occupancy will be based on the Council's own framework of housing need, which informs the housing register for those residents registering need for social housing.

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<sup>5</sup> Planning Practice Guidance <https://www.gov.uk/guidance/build-to-rent>

## **9. Implementation and Section 106**

- 9.1 Coventry City Council recognises the complexity and difficulty that the Section 106 negotiation and agreement process entails. The Section 106 Agreement is the preferred legal mechanism that ensures the lawful transfer of affordable rental properties to a Registered Provider on a perpetually affordable basis.
- 9.2 In cases where exceptional circumstances have been demonstrated, the Council may consider securing affordable housing through planning condition or the submission of a Unilateral Undertaking by an applicant in respect of planning obligations. A Section 106 Agreement remains the preferred delivery mechanism for affordable housing in the City.
- 9.3 This agreement will also establish that rental levels, services charges and other costs associated with shared ownership are, and remain, affordable. These costs should reflect a material discount from the general market rate, of at least 20% as a minimum discounted rate.
- 9.4 To provide some easement to the production of an acceptable Section 106 Agreement, the Council has provided the precedent template at Appendix 2
- 9.5 2. It is considered that this will provide the basis in developing a mutually satisfactory Section 106 Agreement which is able to deliver achievable affordable housing, across a variety of tenures and facilitatory mechanisms. This will also include timings for payments to be made to the Council, where applicable and occupational requirements for affordable units delivered.

## Appendix 1 – Nationally Described Space Standards

Minimum gross internal floor areas and storage (m<sup>2</sup>)

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

### Notes

1. Built-in storage areas are included within the overall GIAs and include an allowance of 0.5m<sup>2</sup> for fixed service or equipment such as hot water cylinder, boiler or heat exchanger.
2. GIAs for one storey dwellings include enough space for one bathroom and one additional WC (or shower room) in dwellings with 5 or more bed spaces. GIAs for two and three storey dwellings include enough space for one bathroom and one additional WC (or shower room). Additional sanitary facilities may be included without increasing the GIA provided that all aspects of the space standard have been met.
3. Where a 1b1p has a shower room instead of a bathroom, the floor area may be reduced from 39m<sup>2</sup> to 37m<sup>2</sup>, as show bracketed.
4. Furnished layouts are not required to demonstrate compliance

## APPENDIX 2

### Schedule

#### Affordable Housing

##### Part 1.

#### 1. Definitions

The following definitions and rules of interpretation apply in this Schedule:

**“Additional First Homes Contribution”**

means in circumstances where a sale of a First Home other than as a First Home has taken place in accordance with paragraphs 6.18, 6.19 or 6.26 of this Schedule, the lower of the following two amounts:

- a) 30% of the proceeds of sale; and
- b) the proceeds of sale less the amount due and outstanding to any Mortgagee of the relevant First Home under relevant security documentation which for this purpose shall include all accrued principal monies, interest and reasonable costs and expenses that are payable by the First Homes Owner to the Mortgagee under the terms of any mortgage but for the avoidance of doubt shall not include other costs or expenses incurred by the First Homes Owner in connection with the sale of the First Home

and which for the avoidance of doubt shall in each case be paid following the deduction of any SDLT payable by the First Homes Owner as a result of the disposal of the First Home other than as a First Home.

**“Affordable Housing”**

means subsidised Social Rented Housing, Affordable Rented Housing, Affordable Private Rented Housing and Intermediate Housing provided to eligible households whose needs are not met by the market where eligibility is determined with regard to local incomes and local house prices. Such housing should include provisions to remain at an affordable price for future eligible households or for the

subsidy to be recycled for alternative Affordable Housing provision in accordance with Homes England requirements;

**“Affordable Housing Commuted Sum”**

means  $A - B = C$

A is the open market value of the Affordable Housing Unit not being delivered on the Site (i.e. as if it were a Market Housing Unit free from the restrictions to provide it as an Affordable Housing Unit). The value must be demonstrated by the Owner by relevant recent local examples supported by an independent valuation from a RICS accredited professional;

B is the value at which a Registered Provider would be prepared to purchase the Affordable Housing Unit(s) on the basis that it is an Affordable Housing Unit subject to the relevant restrictions set out Schedule 2 of this Deed. The Owner should demonstrate this value with written evidence from at least two recognised Registered Providers PROVIDED THAT in the event that it is not reasonably practicable or possible to obtain such written evidence then the value shall be assumed to be 50% of the value of A; and

C is the Affordable Housing Commuted Sum, being the difference between A and B, and considered to be the cost of developing the Affordable Housing Unit elsewhere;

**“Affordable Housing Provider”**

means a provider of Affordable Housing including Registered Providers and any other body which may deliver Affordable Housing within the city;

**“Affordable Housing Scheme”**

means a scheme for the provision of Affordable Housing and First Homes including the location mix size tenure and type of each Affordable Housing Unit;

**“Affordable Housing Scheme Document”**

means a document which sets out details of the Affordable Housing Scheme and which covers matters to be approved by the Council under this Schedule subject to any later variation of such documents as may be agreed in writing between the Council and the Owner from time to time;

**“Affordable Housing SPD”**

means the Supplementary Planning Document – Affordable Housing adopted by the Council’s Planning Committee in [INSERT DATE];

**“Affordable Housing Unit”**

means each and every affordable housing unit to be constructed pursuant to the Development as part of the Affordable Housing Scheme;

<b>“Affordable Private Rented Housing”</b>	means housing let by a landlord who is not a Registered Provider which is subject to a rent of no more than 80% of the local Market Rent (including Service Charges, if any) and is to remain as such in perpetuity;
<b>“Affordable Rented Housing”</b>	means housing let by Registered Providers to households who are otherwise eligible for Social Rented Housing but where the affordable rent is subject to controls that require a rent of no more than 80% of the local Market Rent (including Service Charges, if any). For the purposes of this Deed, Affordable Rented Housing shall not be substituted for Social Rented Housing. Affordable Rented Housing is to remain as such in perpetuity;
<b>“Armed Services Member”</b>	means a member of the Royal Navy, the Royal Marines, the British Army or the Royal Air Force or a former member who was a member within the five (5) years prior to the purchase of the First Home, a divorced or separated spouse or civil partner of a member or a spouse or civil partner of a deceased member or former member whose death was caused wholly or partly by their service;
<b>“Base Rent”</b>	means the annual rent of each individual Affordable Housing Unit divided by the number of weeks over which such rent is collected in each year excluding the Service Charge;
<b>“Choice Based Lettings Schemes”</b>	means a scheme between the Council and Registered Providers who provide Social Rented Housing within the Council’s area comprising arrangements for the priority allocation of such housing;
<b>“Cluster”</b>	shall mean a group of Affordable Housing Units which does not have contiguous boundaries with another group of Affordable Housing Units;
<b>“Compliance Certificate”</b>	means the certificate issued by the Council confirming that a Dwelling is being disposed of as a First Home to a purchaser meeting the Eligibility Criteria (National) and unless paragraph 6.12 applies the Eligibility Criteria (Local) [in the form at Annex [1]]
<b>“Development Standard”</b>	means a standard to fully comply with the following:- <ul style="list-style-type: none"> <li>a) "Technical housing standards – nationally described space standards" published by the Department for Communities and Local Government in March 2015</li> <li>b) all national construction standards and planning policy relating to design which may be published by the Secretary of State or by the Council from time to time</li> </ul>

c) Part 2 of Secured by Design standards published by Police Crime Prevention Initiatives Limited

d) Optional requirement M4(2) of Building Regulations 2010 (Part M) (Accessible and Adaptable Dwellings) [*and*

*e) local requirements as set out in adopted local plan]*

and the same may be amended by written agreement of the Parties in accordance with paragraph 6.10(a)

**“Discount Market Price”**

means a sum which is the Market Value discounted by at least 30%;

**“Disposal”**

means a transfer of the freehold or (in the case of a flat only) the grant or assignment of a leasehold interest in a First Home other than:

a) a letting or sub-letting in accordance with paragraphs 6.23 – 6.25

b) a transfer of the freehold interest in a First Home or land on which a First Home is to be provided before that First Home is made available for occupation except where the transfer is to a First Homes Owner

(c) an Exempt Disposal

and “Disposed” and “Disposing” shall be construed accordingly

**“Discounted Market Sale Housing”**

means each and every Affordable Housing Unit comprising Intermediate Housing as may be included within the Affordable Housing Scheme approved by the Council and designated for sale by the Owner to Local People at a discount from Market Value. Such discount shall be sufficient to enable each of the relevant Affordable Housing Units to meet the criteria of Affordable Housing and in any event shall not be less than 25% of the Market Value as shall be determined at the point of sale of each such Discounted Market Sale Housing unit in perpetuity;

**“Dwelling”**

means any single dwelling unit constructed on the Land as part of the Development intended for occupation by one or more private individuals;

**“Eligibility Criteria (National)”**

means criteria which are met in respect of a purchase of a First Home if:

a) the purchaser is a First Time Buyer (or in the case of a joint purchase each joint purchaser is a First Time Buyer); and

b) the purchaser’s annual gross income (or in the case of a joint purchase, the joint purchasers’ joint

annual gross income) does not exceed the Income Cap (National).

**“Eligibility Criteria (Local)”**

means criteria (if any) published by the Council at the date of the relevant disposal of a First Home which are met in respect of a disposal of a First Home if:

- a) the purchaser’s annual gross income (or in the case of a joint purchase, the joint purchasers’ joint annual gross income) does not exceed the Income Cap (Local) (if any); and
- b) any or all of criteria (i) (ii) and (iii) below are met:
  - (i) the purchaser meets the Local Connection Criteria (or in the case of a joint purchase at least one of the joint purchasers meets the Local Connection Criteria); and/or
  - (ii) the purchaser is (or in the case of a joint purchase at least one of the joint purchasers is) an Armed Services Member and/or
  - (iii) the purchaser is (or in the case of a joint purchase at least one of the joint purchasers is) a Key Worker

[it being acknowledged that at the date of this agreement the Council has not prescribed any Eligibility Criteria (Local) in respect of the disposal of a First Home.]

**“Exempt Disposal”**

means the Disposal of a First Home in one of the following circumstances:

- a) a Disposal to a spouse or civil partner upon the death of the First Homes Owner
- b) a Disposal to a named beneficiary under the terms of a will or under the rules of intestacy following the death of the First Homes Owner
- c) Disposal to a former spouse or former civil partner of a First Homes Owner in accordance with the terms of a court order, divorce settlement or other legal agreement or order upon divorce, annulment or dissolution of the marriage or civil partnership or the making of a nullity, separation or presumption of death order
- d) Disposal to a trustee in bankruptcy prior to sale of the relevant Dwelling (and for the avoidance of doubt paragraph 6.26 shall apply to such sale)



Provided that in each case other than (d) the person to whom the disposal is made complies with the terms of paragraphs 6.23 – 6.25;

**“First Home”**

means a Dwelling which may be disposed of as a freehold or (in the case of flats only) as a leasehold property to a First Time Buyer at the Discount Market Price and which on its first Disposal does not exceed the Price Cap;

**“First Homes Owner”**

means the person or persons having the freehold or leasehold interest (as applicable) in a First Home other than:

- a) the Developer; or
- b) another developer or other entity to which the freehold interest or leasehold interest in a First Home or in the land on which a First Home is to be provided has been transferred before that First Home is made available and is disposed of for occupation as a First Home; or
- c) the freehold a tenant or sub-tenant of a permitted letting under paragraphs 6.23 – 6.25

**“First Time Buyer”**

means a first time buyer as defined by paragraph 6 of Schedule 6ZA of the Finance Act 2003;;

**“Homes England”**

means Homes England as established under the Housing and Regeneration Act 2008;

**“Income Cap (Local)”**

means [X]

or such other local income cap as may be published from time to time by the Council and is in force at the time of the relevant disposal of the First Home [it being acknowledged that at the date of this agreement the Council has not set an Income Cap (Local)]

**“Income Cap (National)”**

means:

- a) in the case of a First Home situated within the administrative area of any London Borough Council (including the City of London), ninety thousand pounds (£90,000); and
- b) in the case of any other First Home, eighty thousand pounds (£80,000)

or such other sum as may be published for this purpose from time to time by the Secretary of State and is in force at the time of the relevant disposal of the First Home;

<b>“Initial Let”</b>	means the first tenancy of each newly constructed and previously unoccupied Affordable Housing Unit to be offered for rent within the Development;
<b>“Independent Valuer”</b>	means a member of the Royal Institution of Chartered Surveyors appointed by the Owner at its own cost but first approved in writing by the Council, and the phrase “Independent Valuers” shall be construed accordingly;
<b>“Intermediate Housing”</b>	means housing for sale or rent (on a Shared Ownership basis) provided at a cost above Social Rented Housing but below Market Value or Market Rent meeting the criteria of Affordable Housing. Such housing may include Shared Equity products (but not shared equity loans under the Homes England Help to Buy Scheme), Shared Ownership, Intermediate Rent, Discounted Market Sale Housing, First Homes or other approved affordable home ownership products (where a discount or subsidy from Market Value applies to provide for affordability) as may be agreed in writing between the Owner, the Registered Provider and the Council to be provided as agreed with the Council prior to the Commencement of Development;
<b>“Intermediate Rent”</b>	means Affordable Housing available for private letting either through the Owner or a Registered Provider at a Base Rent above that for Social Rented Housing but below Market Rent subject to the Base Rent and Service Charge (if any) for an Affordable Housing Unit comprising Intermediate Rent not exceeding 80% of the Market Rent and 80% of the Service Charge (if any);
<b>“Local Help to Buy Agent”</b>	means the organisation approved by Homes England from time to time to administer its affordable home ownership programme;
<b>“Key Worker”</b>	[such categories of employment as may be designated and published by the Council from time to time as the “First Homes Key Worker criteria” and is in operation at the time of the relevant disposal of the First Home and for the avoidance of doubt any such replacement criteria in operation at the time of the relevant disposal of the First Home shall be the “Key Worker” criteria which shall apply to that disposal it being acknowledged that at the date of this agreement the Council has not designated any categories of employment as Key Worker]
<b>“Local Connection Criteria”</b>	[such local connection criteria as may be designated and published by the Council from time to time as its “First Homes Local Connection Criteria” and which is in operation at the time of the relevant disposal of the First Home and for the avoidance of doubt any such criteria or

replacement criteria in operation at the time of the relevant disposal of the First Home shall be the “Local Connection Criteria”. which shall apply to that disposal it being acknowledged that at the date of this agreement the Council has not designated any criteria as Local Connection Criteria.]

**“Local People”**

means persons who:

- a) in the case of Affordable Housing comprising Social Rented Housing or Affordable Rented Housing in Coventry are eligible to obtain such Affordable Housing under the Choice Based Lettings Scheme;
- b) in the case of Intermediate Housing have a total household income at or below the average household income level for Coventry as published by the Council at the point of sale or letting of the Affordable Housing Unit comprising Intermediate Housing and who:
  - i) live within Coventry; or
  - ii) are moving to Coventry to take up employment or to be near to relatives resident within Coventry;

**“Market Housing Unit”**

means each and every Dwelling (other than an Affordable Housing Unit or First Home) to be constructed pursuant to the Development;

**“Market Rent”**

means the market rent of a Dwelling at the point of letting on the assumption that the Dwelling is a Market Housing Unit and not an Affordable Housing Unit;

**“Market Value”**

means the market value of the relevant Affordable Housing Unit or First Home at the point of sale as validated by an accredited independent valuer being a member of a relevant recognised professional body engaged in surveying and/or valuation (“Independent Valuer”) on the assumption that the Dwelling was otherwise a Market Housing Unit and not an Affordable Housing Unit or First Home;

**“Mortgagee”**

means any financial institution or other entity regulated by the Authority and the Financial Conduct Authority to Prudential Regulation provide facilities to a person to enable that person to acquire a First Home including all such regulated entities which provide Shari’ah compliant finance for the purpose of acquiring a First Home

**“Practical Completion”**

means completion of the construction of any Market Housing Unit, First Home or Affordable Housing Unit together with all associated infrastructure works and service connections to such a standard that any such Market Housing Unit, First Home or Affordable Housing

Unit is fit for human habitation, free of patent defects and complies with the Planning Permission to enable beneficial Occupation;

**“Price Cap”**

means the amount for which the First Home is sold after the application of the Discount Market Price which on its first Disposal shall not exceed [Two Hundred and Fifty Thousand Pounds (£250,000) or Four Hundred and Twenty Thousand Pounds (£420,000)] if the First Home is situated within the administrative area of any London Borough Council including the City of London or such other amount as may be published from time to time by the Secretary of State

**“Registered Provider”**

means a provider of Social Housing who is registered with Homes England under Part 2 of the Housing and Regeneration Act 2008 who is either on the Council’s list of preferred Registered Providers as set out at Appendix 2 of this deed or any other provider of Social Housing who is agreed in writing with the Council;

**“Retail Price Index”**

means the Retail Price Index published by the Office for National Statistics (or such other index as may be agreed between the parties);

**“SDLT”**

means Stamp Duty Land Tax as defined by the Finance Act 2003 or any tax replacing it of like effect;

**“Secretary of State”**

means the Secretary of State for Levelling Up, Housing and Communities from time to time appointed and includes any successor in function;

**“Service Charge”**

means the amount chargeable by the Owner, landlord, Affordable Housing provider or Registered Provider as the case may be to the tenant of each Affordable Housing Unit to cover services to be provided by the Owner or Registered Provider having regard to the Landlord and Tenant Acts 1985 and 1987 as amended;

**“Shared Equity”**

means Intermediate Housing where the purchaser acquires an Affordable Housing Unit in part with a conventional mortgage (usually up to 75% of the Dwelling’s Market Value including deposit) from a lender offering mortgages for residential property purchase together with an equity loan provided by the Registered Provider or Owner as applicable for the balance of the Market Value in accordance with a detailed scheme to be agreed with the Council prior to commencement of construction of any Affordable Housing Unit intended for sale on such terms;

**“Shared Ownership”**

means housing provided by a Register Provider or the Owner as applicable which is made available on the basis

of rent and part sale in proportions agreed between the relevant seller and the buyer/tenant;

**“Social Housing”**

means housing for either low cost rental or low cost home ownership as defined in Part 2 of the Housing and Regeneration Act 2008 and which meets the criteria of Affordable Housing set out in the deed;

**“Social Rented Housing”**

means housing owned by local authorities and private Registered Providers which is subject to Homes England guidance target rents regime and which is made available to people who are registered under the Choice Based Lettings Scheme to be provided as agreed with the Council prior to the Commencement of Development.

**"Valuer"**

means a Member or Fellow of the Royal Institution of Chartered Surveyors being a Registered Valuer appointed by the First Homes Owner and acting in an independent capacity.

**Part 2.**

**2. Affordable Housing**

**2.1. The Owner covenants with the Council as follows:**

- 2.1.1. Not less than 4 weeks prior to the Commencement Date, the Owner, after having consulted with the Council in accordance with clause 2.1.2 to this Schedule shall submit to the Council for its formal written approval the Affordable Housing Scheme (to be set out in an Affordable Housing Scheme Document) which provides that 25% of the total number of Dwellings comprised in the Development will be provided as Affordable Housing with [Insert quantum of affordable housing tenures here] (“the Affordable Housing Scheme”) in accordance with Annex 2 to the NPPF, the Affordable Housing SPD and taking into account the requirements set out in the remainder of this Schedule and Appendix 2.
- 2.1.2. Prior to submitting the Affordable Housing Scheme Document to the Council for approval as referred to at clause 2.1.1 of this Schedule the Owner shall consult the Council on the scope of the Affordable Housing Scheme including but not limited to the location, phasing, delivery, programme, arrangements for transfer of the Social Rented Housing to a Registered Provider, arrangement for transfer of the Affordable Private Rented Housing to a Affordable Housing Provider and operation/management of Intermediate Housing, type, mix, tenures and sizes, of the Affordable Housing Units to be provided being representative of the range of Dwelling types to be included in the Development as a whole as provided for by the Planning Permission.
- 2.1.3. Not to Commence Development or allow or permit the Commencement of Development until the Affordable Housing Scheme has been submitted to and approved in writing by the Council under clauses 2.1.1 and 2.1.2 of this Schedule.
- 2.1.4. To provide the Affordable Housing Units in accordance with the Affordable Housing Scheme set out in the Affordable Housing Scheme Document approved in writing by the Council.

2.1.5 No more than 60% of the Market Housing Units shall be occupied until the Affordable Housing Units being provided in accordance with the Affordable Housing Scheme Document approved by the Council have been constructed and transferred to a Registered Provider, an Affordable Housing Provider or the Council, as the case may be (save in respect of any Affordable Housing Units being disposed of direct to eligible Local People or in accordance with the First Homes criteria set out in Part 6) and written notification of such transfer has been given to the Council.

2.1.4. In the event the Owners elect to provide 100% Affordable Housing on the Development the following provisions shall apply:

2.1.4.1. they shall notify the Council in writing of the intention to provide 100% Affordable Housing prior to the first occupation of the first Dwelling;

2.1.4.2. they shall submit an Affordable Housing Scheme (“the Second Affordable Housing Scheme”) to the Council for approval for that Affordable Housing not covered by the First Affordable Housing Scheme within three (3) months of giving the written notice pursuant to clause 2.1.4.1;

2.1.4.3. in the event the election pursuant to clause 2.1.4.1 is to provide 100% Affordable Housing as part of the Development the balance will be provided as [ ] Social Rented Housing and [ ] Intermediate Housing (save as otherwise provided for in this Agreement);

2.1.4.4. they shall provide the Affordable Housing covered by the Second Affordable Housing Scheme in accordance with the Second Affordable Housing Scheme approved by the Council pursuant to clause 2.1.4.2; and

2.2. IT IS HEREBY AGREED THAT THE FOLLOWING PROVISIONS SHALL APPLY TO Affordable Housing Units provided pursuant to the Affordable Housing Scheme:

2.2.1. In respect of the Affordable Housing Units comprising Social Rented Housing and/or Affordable Rented Housing the Owner shall approach at least two Registered Providers or Affordable Housing Providers selected by the Owner to conclude an agreement for the transfer of those Affordable Housing Units to the Registered Provider or Affordable Housing Provider;

2.2.2 If the Owner cannot agree the transfer of those Affordable Housing Units comprising Social Rented Housing and/or Affordable Rented Housing with a Registered Provider or Affordable Housing Provider the Owner will approach the Council to offer the Council the opportunity to conclude an agreement for the transfer of those Affordable Housing Units comprising Social Rented Housing and/or Affordable Rented Housing to the Council;

2.2.3 If the Owner, after having approached at least four Registered Providers or Affordable Housing Providers and the Council is unable to dispose of the Affordable Housing Units the Owner may elect to take the steps set out in clause 2.5, below.

2.2.4 In respect of the Affordable Housing Units comprising Affordable Private Rented Housing the owner shall use all reasonable endeavours to conclude an agreement with an Affordable Housing Provider selected by the Owners for the transfer of those Affordable Housing Units to the Affordable Housing Provider;

2.2.5. In respect of the Affordable Housing Units comprising Intermediate Housing, the Owner may either:

2.2.5.1. transfer those Affordable Housing Units to a Registered Provider for letting or disposal as appropriate to Local People on a Shared Ownership basis; or

- 2.2.5.2. directly dispose of those Affordable Housing Units to eligible Local People on a Shared Equity basis in accordance with the requirements set out in Part 3 to this Schedule; or
  - 2.2.5.3. directly dispose of those Affordable Housing Units to eligible Local People on a Discounted Sale Affordable Housing basis in accordance with the requirements set out in Part 4 to this Schedule; or
  - 2.2.5.4. let those Affordable Housing Units to eligible Local People on an Intermediate Rent basis in accordance with the requirements set out in Part 5 of this Schedule; or
  - 2.2.5.5 directly dispose of those Affordable Housing Units on a First Homes basis in accordance with the requirements set out in Part 6 of this Schedule.
- 2.3. Pursuant to the preceding paragraphs of this Part of this Schedule, should it become necessary for the Owner to seek any alternative Registered Provider or Registered Providers to those specified in the Council's list of preferred Registered Providers set out in Appendix 2 to this deed the Owner shall give written notice to the Council specifying the reasons therefore and supplying appropriate evidence. The Owner shall consult with the Council on the selection of any such alternative Registered Provider and the Council's decision on selection shall be given in writing with both parties acting reasonably in the matter.
- 2.4. Following approval by the Council of an Affordable Housing Scheme under clause 2.1.1 of this Schedule, the Owner and the Registered Provider or the Affordable Housing Provider or the Council, as the case may be, in the case of Affordable Housing Units comprising Social Rented and/or Intermediate Housing (where the Registered Provider, Affordable Housing Provider or the Council is to acquire such Affordable Housing Units) may be permitted to agree alternative dwelling types and plot numbers in respect of such Affordable Housing Units provided they have the prior approval of the Council, in writing.
- 2.5 With the exception of First Homes. if despite using reasonable endeavours pursuant to paragraph 2.2.1 – 2.2.3 the Owner has been unable to dispose of the Social Rented Housing and/or Affordable Rented Housing to a Registered Provider, Affordable Housing Provider or the Council within [X] months of Commencement of Development (or such lesser period as the Council may agree in writing) then the Owner may thereafter elect to either:
- a) continue to try and dispose of the Social Rented Housing and/or Affordable Rented Housing in accordance with this Schedule; or
  - b) pay the Affordable Housing Commuted Sum.
- 2.6. From the date of Practical Completion of an Affordable Housing Unit, with the exception of First Homes, and its availability for Occupation it shall not be used other than for Affordable Housing save that all obligations in this Deed shall not be binding on:
- 2.6.1. a mortgagee or chargee or any receiver or manager (including an administrative receiver) appointed pursuant to the Law of Property Act 1925 of an Affordable Housing Unit or any part thereof exercising a power of sale in respect of a default by the then owner of the relevant Affordable Housing Unit; or
  - 2.6.2. a person acquiring one of the Affordable Housing Units pursuant to any form of statutory right to acquire binding upon the then owner of the relevant Affordable Housing Unit or the mortgagee chargee or receiver of the relevant Affordable Housing Unit following such acquisition; or
  - 2.6.3. a lessee of one of the Affordable Housing Units under a Shared Ownership scheme (if any) who has taken a transfer of the freehold reversion of that lease or who has staircased to 100% of the equity therein or the purchaser from or the mortgagee chargee or receiver of the lessee of that unit; or

2.6.4. or the successors in title to the parties listed in clauses 2.6.1, 2.6.2 and 2.6.3.

### **Part 3.**

#### **3. Shared Equity**

- 3.1. Pursuant to Part 2 clause 2.2.5.2 of this Schedule, in respect of any Affordable Housing Units to be disposed of on a Shared Equity basis, the basis of the Shared Equity scheme is to be agreed with the Council as part of the Affordable Housing Scheme proposals to be submitted by the Owners under clause 2.1.2 of this Schedule.
- 3.2. The Shared Equity scheme under clause 2.2.5.2 of this Schedule shall take into account the following requirements:
  - 3.2.1. The equity loan that the Owner would be required to provide (for the balance of purchase price remaining after a conventional mortgage including deposit have been taken into account) shall be to Local People who are eligible for the purchase of an Intermediate Housing unit on Shared Equity terms;
  - 3.2.2. The equity loan repayment period will be 10 years extendable at the discretion of the Owner with buyers able to make full or partial repayments (minimum of 5% of the Market Value) at any time;
  - 3.2.3. The initial interest or charge free period must not be less than 5 years from the date of purchase;
  - 3.2.4. The interest payable after the initial charge free period shall not exceed 1.75% of the value of the equity loan unless otherwise agreed with the Council at the time the Affordable Housing scheme is agreed under clause 1 of this Schedule and will not increase thereafter by more than 1% above the Retail Price Index annually for the preceding 12 month period;
  - 3.2.5. The minimum proportion of the Market sale that must be made available as a Shared Equity loan shall be 20%;
  - 3.2.6. The Owner to consult with the Local Help to Buy Agent on the identification of suitable eligible Local People to be considered for acquisition on a Shared Equity basis in accordance with the detailed scheme for Shared Equity as agreed by the Council in writing;
  - 3.2.7. Any other relevant provisions required to ensure compliance with Affordable Housing criteria including requirements for Local People to purchase such Affordable Housing.

### **Part 4**

#### **4. Discounted Sale Affordable Housing**

- 4.1 Pursuant to Part 2 paragraph 2.2.5.3 of this Schedule, in respect of any Affordable Housing Units to be disposed of on a Discounted Sale Affordable Housing basis, the following provisions shall apply:
  - a) disposal shall be to eligible Local People at a sum not exceeding 75% of the Market Value (as shall be determined at the point of the relevant transfer of the Affordable Housing Unit designated for Discounted Sale Affordable Housing); and
  - b) the Owner shall submit an application to the Chief Land Registrar of the Land Registry to place the following restriction in the proprietorship register of the title to the relevant Affordable Housing Unit designated for Discounted Sale Affordable Housing (or in such other form as the Chief Land Registrar shall deem appropriate) and on completion of the registration of such restriction will deliver to the Council an official copy of the relevant registered title



"No disposition of the registered estate (other than a charge) by the proprietor of the registered estate, or by the registered proprietor of any registered charge is to be registered without a certificate signed by a conveyancer that the provisions of paragraph 2.2.5.3, 2.5 and Part 4 of Schedule 2 to the Section 106 Agreement dated [xxxxxxx] between (1) The Council of the City of Coventry and (2) [xxxxxxx] Limited have been complied with or that they do not apply"

## **Part 5.**

### **5. Intermediate Rent**

- 5.1. Pursuant to Part 2, paragraph 2.2.5.4 of this Schedule, in respect of any Affordable Housing Units to be proposed to be let as Affordable Housing for Intermediate Rent (either by the Owner or an Affordable Housing Provider) details of the Immediate Rent proposals to be submitted by the Owner as part of the Affordable Housing Scheme and shall include (but not be limited to) the following:
- 5.1.1. procedures for management, maintenance and future major repair of the Affordable Housing Units over the life of the Development to ensure its effective operation in complying with the Affordable Housing obligations contained in this Schedule over the long term;
  - 5.1.2. details of the proposed allocation of the Affordable Housing Units and lettings policies having regard to Local People whose incomes are at or below the average for Coventry at the time of each letting and equal opportunities policies, complaints procedures;
  - 5.1.3. the proposed Base Rent and Service Charge for each relevant Affordable Housing Unit for Intermediate Rent at the time of Initial Let following completion of each Affordable Housing Unit having regard to the requirement for Intermediate Rent Affordable Housing Units to be let at Base Rents and Service Charges not exceeding 80% of the Market Rent and Service Charges Respectively;
  - 5.1.4. the basis for applying future Base Rent and Service Charge increases;
  - 5.1.5. prior to the Initial Let of each such Affordable Housing Unit for Intermediate Rent, submission of a Market Rent valuation for each such Affordable; Housing Unit for the purposes of agreeing the Base Rent and Service Charge at a level not exceeding 80% of those valuations respectively with such valuations being determined by an Independent Valuer;
  - 5.1.6. any other particulars that the Council may reasonably request to enable it to consider approval of any Affordable Housing proposed for Intermediate Rent.

## **Part 6.**

### **6. First Homes**

#### **Obligations**

- 6.1 Unless otherwise agreed in writing by the Council, the Owner for and on behalf of itself and its successors in title to the Land with the intention that the following provisions shall bind the Land and every part of it into whosoever's hands it may come covenants with the Council as below save that:
- a) paragraphs 6.2 - 6.10 shall not apply to a First Homes Owner;

- b) paragraphs 6.11 – 6.25 apply as set out therein but and for the avoidance of doubt where a First Home is owned by a First Homes Owner they shall apply to that First Homes Owner only in respect of the First Home owned by that First Homes Owner; and
- c) Paragraph 6.26 applies as set out therein.

### **Quantum of First Homes**

- 6.2 [ X%] of the total number] OR [X] of the Dwellings on the Site [(rounded up or down to the nearest whole Dwelling – *where percentage only*)] shall be identified reserved and set aside as First Homes in accordance with the [approved] Affordable Housing Scheme and shall be provided and retained as First Homes in perpetuity subject to the terms of this Schedule.
- 6.3 [*Where phased development*] Unless otherwise agreed through the [Site Wide Affordable Housing Scheme] [X%] of the total number of the Dwellings in each residential phase (rounded up or down to the nearest whole Dwelling) OR [X] Dwellings in each residential phase shall be identified reserved and set aside as First Homes and shall be provided and retained as First Homes in perpetuity subject to the terms of this Schedule in accordance with the [approved] Affordable Housing Scheme relevant to that residential phase.

### **Clustering**

- 6.4 The First Homes shall not be visually distinguishable from the Market Housing Units based upon their external appearance;
- 6.5 The internal specification of the First Homes shall not by reason of their being First Homes be inferior to the internal specification of the equivalent Market Housing Units but, subject to that requirement, variations to the internal specifications of the First Homes shall be permitted
- 6.6 Clusters of houses shall not exceed [X] Affordable Housing Units;
- 6.7 Clusters of flats in blocks with [X] or less storeys shall:
  - 6.7.1 not exceed [X] Affordable Housing units;
  - 6.7.2 not have more than 6 flats with shared access; and
  - 6.7.3 be of a single tenure where sharing a communal entrance;
- 6.8 The size of Clusters and shared access arrangements for Affordable Housing Units which are flats in blocks with [X] or more storeys shall be agreed in writing with the Council as part of the Affordable Housing Scheme

### **Type and Distribution**

- 6.9 The mix of First Homes provided within the Site shall be in accordance with the Affordable Housing Scheme

### **Development Standard**

- 6.10 All First Homes shall be constructed to:-
  - a) the Development Standard current at [*the time of the relevant reserved matters approval/the date of this Agreement*]; and
  - b) no less than the standard applied to the Market Housing Units.

### **Delivery Mechanism**

6.11 The First Homes shall be marketed for sale and shall only be sold (whether on a first or any subsequent sale) as First Homes to a person or person(s) meeting:

- a) the Eligibility Criteria (National); and
- b) the Eligibility Criteria (Local) (if any).

6.12 If after a First Home has been actively marketed for 3 months (such period to expire no earlier than three (3) months prior to Practical Completion) it has not been possible to find a willing purchaser who meets the Eligibility Criteria (Local) (if any), paragraph 6.11(b) shall cease to apply.

6.13 Subject to paragraphs 6.16 to 6.20, no First Home shall be Disposed of (whether on a first or any subsequent sale) unless not less than 50% of the purchase price is funded by a first mortgage or other home purchase plan with a Mortgagee .

6.14 No First Home shall be Disposed of (whether on a first or any subsequent sale) unless and until:

6.14.1 The Council has been provided with evidence that:

6.14.1.1 the intended purchaser meets the Eligibility Criteria (National) and unless paragraph 6.12 applies meets the Eligibility Criteria (Local) (if any)

6.14.1.2 the Dwelling is being Disposed of as a First Home at the Discount Market Price and

6.14.1.3 the transfer of the First Home includes:

a) a definition of the "Council" which shall be "means Coventry City Council"

b) a definition of "First Homes Provisions" in the following terms:

"means the provisions set out in clause[s] 6.11 – 6.19 of the [Supplemental] S106 Agreement a copy of which is attached hereto as the Annexure."

c) A definition of "[Supplemental] S106 Agreement" means the [supplemental] agreement made pursuant to Section 106 of the Town and Country Planning Act 1990 dated [ ] made between (1) the Council [and] (2) [and] (3) [ ]

d) a provision that the Property is sold subject to and with the benefit of the First Homes Provisions and the Transferee acknowledges that it may not transfer or otherwise Dispose of the Property or any part of it other than in accordance with the First Homes Provisions

e) a copy of the First Homes Provisions in an Annexure

6.14.2 The Council has issued the Compliance Certificate and the Council hereby covenants that it shall issue the Compliance Certificate within twenty eight (28) days of being provided with evidence sufficient to satisfy it that the requirements of paragraphs 6.13 and 6.14.1 have been met

6.15 On the first Disposal of each and every First Home to apply to the Chief Land Registrar pursuant to Rule 91 of and Schedule 4 to the Land Registration Rules 2003 for the entry on the register of the title of that First Home of the following restriction:

*"No disposition of the registered estate (other than a charge) by the proprietor of the registered estate or by the proprietor of any registered charge, not being a charge registered before the entry of this restriction, is to be registered without a certificate signed by [Local Authority] of [address] or their conveyancer that the provisions of clause XX (the First Homes provision) of the Transfer dated [Date] referred to in the Charges Register have been complied with or that they do not apply to the disposition"*

6.16 The owner of a First Home (which for the purposes of this clause shall include the Developer and any First Homes Owner) may apply to the Council to Dispose of it other than as a First Home on the grounds that either:

6.16.1 the Dwelling has been actively marketed as a First Home for six (6) months in accordance with Clauses 6.11 and 6.12 (and in the case of a first Disposal the six (6) months shall be calculated from a date no earlier than six (6) months prior to Practical Completion) and all reasonable endeavours have been made to Dispose of the Dwelling as a First Home but it has not been possible to Dispose of that Dwelling as a First Home in accordance with paragraphs 6.13 and 6.14.1; or

6.16.2 requiring the First Homes Owner to undertake active marketing for the period specified in paragraph 6.16.1 before being able to Dispose of the Dwelling other than as a First Home would be likely to cause the First Homes Owner undue hardship

6.17 Upon receipt of an application served in accordance with paragraph 6.16 the Council shall have the right (but shall not be required) to direct that the relevant Dwelling is disposed of to it at the Discount Market Price

6.18 If the Council is satisfied that either of the grounds in paragraph 6.16 above have been made out it shall confirm in writing within twenty eight (28) days of receipt of the written request made in accordance with paragraph 6.16 that the relevant Dwelling may be Disposed of:

6.18.1 to the Council at the Discount Market Price; or

6.18.2 (if the Council confirms that it does not wish to acquire the relevant Dwelling) other than as a First Home

and on the issue of that written confirmation the obligations in this Deed which apply to First Homes shall cease to bind and shall no longer affect that Dwelling apart from paragraph 6.20 which shall cease to apply on receipt of payment by the Council where the relevant Dwelling is disposed of other than as a First Home

6.19 If the Council does not wish to acquire the relevant Dwelling itself and is not satisfied that either of the grounds in paragraph 6.16 above have been made out then it shall within twenty eight (28) days of receipt of the written request made in accordance with paragraph 6.16 serve notice on the owner setting out the further steps it requires the owner to take to secure the Disposal of a Dwelling as a First Home and the timescale (which shall be no longer than six (6) months). If at the end of that period the owner has been unable to Dispose of the Dwelling as a First Home he may serve notice on the Council in accordance with paragraph 6.16 following which the Council must within 28 days issue confirmation in writing that the Dwelling may be Disposed of other than as a First Home

6.20 Where a Dwelling is Disposed of other than as a First Home or to the Council at the Discount Market Price in accordance with paragraphs 6.18 or 6.19 above the Owner of the First Home shall pay to the Council forthwith upon receipt of the proceeds of sale the Additional First Homes Contribution

6.21 Upon receipt of the Additional First Homes Contribution the Council shall:

6.21.1 within [ ] working days of such receipt, provide a completed application to enable the removal of the restriction on the title set out in paragraph 6.15 where such restriction has previously been registered against the relevant title

6.21.2 apply all monies received towards the provision of Affordable Housing

6.22 Any person who purchases a First Home free of the restrictions in schedule [ ] of this Deed pursuant to the provisions in paragraphs 6.19 and 6.20 shall not be liable to pay the Additional First Homes Contribution to the Council.

## **Use**

6.23 Each First Home shall be used only as the main residence of the First Homes Owner and shall not be let, sub-let or otherwise Disposed of other than in accordance with the terms of this Deed PROVIDED THAT letting or sub-letting shall be permitted in accordance with paragraphs 6.23.1 – 6.23.4 below.

6.23.1 A First Homes Owner may let or sub-let their First Home for a fixed term of no more than two (2) years, provided that the First Homes Owner notifies the Council in writing before the First Home is Occupied by the prospective tenant or sub-tenant. A First Homes Owner may let or sub-let their First Home pursuant to this paragraph more than once during that First Homes Owner's period of ownership, but the aggregate of such lettings or sub-lettings during a First Homes Owner's period of ownership may not exceed two (2) years.

6.23.2 A First Homes Owner may let or sub-let their First Home for any period provided that the First Homes Owner notifies the Council and the Council consents in writing to the proposed letting or sub-letting. The Council covenants not to unreasonably withhold or delay giving such consent and not to withhold such consent in any of circumstances (a) – (f) below:

- a) the First Homes Owner is required to live in accommodation other than their First Home for the duration of the letting or sub-letting for the purposes of employment;
- b) the First Homes Owner is an active Armed Services Member and is to be deployed elsewhere for the for the duration of the letting or sub-letting;
- c) the First Homes Owner reasonably requires to live elsewhere for the duration of the letting or sub-letting in order to escape a risk of harm;
- d) the First Homes Owner reasonably requires to live elsewhere for the duration of the letting or sub-letting as a result of relationship breakdown;
- e) the First Homes Owner reasonably requires to live elsewhere for the duration of the letting or sub-letting as a result of redundancy; and
- f) the First Homes Owner reasonably requires to live elsewhere for the duration of the letting or sub-letting in order to provide care or assistance to any person.

6.24 A letting or sub-letting permitted pursuant to paragraph 6.23.1 or 6.23.2 must be by way of a written lease or sub-lease (as the case may be) of the whole of the First Home on terms which expressly prohibit any further sub-letting.

6.25 Nothing in these paragraphs 6.23 – 6.25 prevent a First Homes Owner from renting a room within their First Home or from renting their First Home as temporary sleeping accommodation provided that the First Home remains at all times the First Home Owner's main residence.

## **Mortgagee Exclusion**

6.26 The obligations in paragraphs 6.1 – 6.25 of this Deed in relation to First Homes shall not apply to any Mortgagee or any receiver (including an administrative receiver appointed by such Mortgagee or any other person appointed under any security documentation to enable such Mortgagee to realise its security or any administrator (howsoever appointed (each a Receiver)) of any individual First Home or any persons or bodies deriving title through such Mortgagee or Receiver PROVIDED THAT:

6.26.1 such Mortgagee or Receiver shall first give written notice to the Council of its intention to Dispose of the relevant First Home; and

- 6.26.2 once notice of intention to Dispose of the relevant First Home has been given by the Mortgagee or Receiver to the Council the Mortgagee or Receiver shall be free to sell that First Home at its full Market Value and subject only to paragraph 6.26.3
- 6.26.3 following the Disposal of the relevant First Home the Mortgagee or Receiver shall following the deduction of the amount due and outstanding under the relevant security documentation including all accrued principal monies, interest and reasonable costs and expenses pay to the Council the Additional First Homes Contribution.
- 6.26.4 following receipt of notification of the Disposal of the relevant First Home the Council shall:
- 6.26.4.1 forthwith issue a completed application to the purchaser of that Dwelling to enable the removal of the restriction on the title set out in paragraph 6.15; and
- 6.26.4.2 apply all such monies received towards the provision of Affordable Housing

## **Schedule**

### **Build to Rent**

#### **1. Definitions**

The following definitions and rules of interpretation apply in this Schedule:

- |   |  |
|---|--|
| <b>“Build to Rent Housing”</b>          | Means Market Housing Units made available for rent in accordance with the requirements of Part 4 of the Affordable Housing SPD relating to affordable private rent (build to rent/PRS) and as replaced or amended;   |
| <b>“Build to Rent Housing Strategy”</b> | means a strategy that relates to Units available as affordable private rent that are proposed to be Occupied as Build to Rent Housing and which must include: <ul style="list-style-type: none"> <li>(a) Local marketing to be adopted within the city of Coventry for the first 3 months;</li> <li>(b) Measures to demonstrate that a consistent and quality level of housing management will be offered that meets appropriate standards; and</li> <li>(c) The identity of the single provider who shall have the overall day to day management of the Build to Rent Housing, unless otherwise agreed with the Council.</li> </ul> |

## **2. MARKETING STRATEGY**

Where an individual or organisation (with the exception of a Registered Provider) has bought more than two Market Housing Units and intends to let those units to persons other than immediate family members that individual or organisation shall provide the Council with the name, address and contact details of the managing agent and ensure that the said managing agent is registered with the Association of Rental Letting Agents ('ARLA') or the National Association of Estate Agents ('NAEA').

## **3. BUILD TO RENT HOUSING**

Where the Owner proposes to provide any of the Market Housing Units as Build to Rent Housing the Owner shall before those Dwellings are Occupied submit to the Council for approval a Build to Rent Housing Strategy.

Any Market Housing Units that are proposed to be Occupied as Build to Rent Housing shall only be Occupied in accordance with the relevant approved Build to Rent Housing Strategy in perpetuity.

### **Appendix 2 – List of Preferred Registered Providers**

1. The following Registered Providers are those who have Affordable Housing in Coventry and are the Council's preferred Registered Providers for the development and operation of new and additional Affordable Housing in Coventry:

Citizen

Clarion

Midland Heart Limited

Orbit Housing Association

Optivo

Platform

Stonewater

2. Furthermore, Coventry City Council may consider the purchase of affordable housing stock in certain, limited circumstances.

3. In the event that any of the Registered Providers set out in paragraph 1 to this Appendix have ceased to be a preferred Registered Provider at the time the Owner seeks to conclude an agreement for the transfer of Affordable Housing under Schedule 2, the Owner shall have regard to the Council's list of preferred Registered Providers in being at that time.

