

# **Affordable Housing Requirement in East Hampshire (outside the South Downs National Park)**

## **Clarification Note**

**November 2024**



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## 1. Purpose and status of this note

- 1.1 This note clarifies current policy on affordable housing provision in East Hampshire (outside of the South Downs National Park). It is not setting new policy or making any changes to policy. It is based on current policy in the [Joint Core Strategy 2014](#) and [National Planning Policy Framework \(2023\)](#), with reference to the [Infrastructure Funding Statement \(2023\)](#).
- 1.2 This note is for use by the Council and developers considering residential development proposals. It sets out the thresholds for which the Council will seek affordable housing provision, and the calculations used if a commuted sum (financial contribution) is required.
- 1.3 Please note, this note does not apply for developments proposed within the South Downs National Park, which is a separate planning authority. See [the South Downs National Park Affordable Housing SPD](#) for more information.
- 1.4 This note has been published to the Council's website to provide clarity. It will be updated when required. Any queries regarding the content of this note should be directed to [localplan@easthants.gov.uk](mailto:localplan@easthants.gov.uk).

## 2. Which development proposals need to provide affordable housing?

- 2.1 Whilst Joint Core Strategy Policy CP13 Affordable Housing on Residential Development Sites requires provision of affordable housing on sites of 1 or more additional dwellings (net), this threshold has been superseded by the National Planning Policy Framework (2023) which states;

*“Provision of affordable housing should not be sought for residential developments that are not major developments”. (NPPF para 65). Major development for housing is defined as “development where 10 or more homes will be provided, or the site has an area of 0.5 hectares or more” (NPPF glossary p.72).*
- 2.2 As such, **affordable housing should only be sought on developments of 10 or more homes, or a site area of 0.5ha or more.** See Examples in Section 5 which set out various scenarios of how this is applied.
- 2.3 With regards to NPPF para 65, there are no designated rural areas in East Hampshire outside the SDNP where a lower threshold exists. However, note the latest progress of proposals to include parts of East Hampshire within a National Landscape (formerly referred to as an Area of Outstanding Natural Beauty (AONB)) by Natural England which could change this.

- 2.4 Also note the NPPF says “*To support the re-use of brownfield land, where vacant buildings are being reused or redeveloped, any affordable housing contribution due should be reduced by a proportionate amount*”. See footnote 31 of the NPPF.
- 2.5 Proposals for self and custom build homes are not exempt from the provision of affordable housing, and the content of this note applies to such proposals. For example, a proposal for two self-build homes on a site of 0.5ha would trigger a requirement for affordable housing.

### 3. How much affordable housing does a development need to provide?

- 3.1 Joint Core Strategy Policy CP13 Affordable Housing on Residential Development Sites says,

*“The target is for 40% of all new dwellings to be provided as affordable housing. In Whitehill & Bordon the target will be 35% (see Policy CSWB4).”*

*“The target number and tenure split of affordable housing will be negotiated on a site by-site basis, depending on individual site circumstances (e.g. development viability, site surroundings) and affordable housing needs.”*

- 3.2 See policy for full wording. As such, the expectation is **40%** provision of affordable housing, and **35%** in Whitehill & Bordon.
- 3.3 If the calculated provision of affordable housing doesn't create a whole number (e.g. 17.5), a financial contribution (commuted sum) is required to account for the requirement to provide that proportion of affordable housing, or the figure can be rounded up to provide one additional affordable home onsite. Where 0.6 or greater, rounding up and provision on site is encouraged.

### 4. Where should the affordable housing be provided?

- 4.1 Joint Core Strategy Policy CP13 Affordable Housing on Residential Development Sites says, “*Affordable housing will normally be provided on-site*”. Para 64 of the NPPF says that planning policies should state that affordable housing is expected to be provided on site unless;

*“a) off-site provision or an appropriate financial contribution in lieu can be robustly justified; and*

*b) the agreed approach contributes to the objective of creating mixed and balanced communities.”*

- 4.2 It is therefore the expectation that affordable housing is provided on the proposed development site. However, in some cases, with regard to a and b above, it may be

that a commuted sum is required for the whole or part affordable housing contribution. The method of calculating the commuted sum is set out in Section 6.

## 5. Calculations – how much affordable housing is required?

5.1 Table 1 sets out various scenarios to demonstrate how the amount of affordable housing required is calculated.

5.2 The following are key aspects to note:

- Sites of 0.5ha or more require an affordable housing contribution even if the amount of housing proposed is less than 10 homes (as per NPPF 2023 requirement).
- The trigger is gross rather than net, as such even if the net gain were not 10 homes, if 10 homes overall (gross) were proposed, an affordable housing requirement would be triggered.
- The % requirement (40% or 35% depending on location) is of the total amount of new homes (the gross amount), not the increase in the number of new homes (the net amount).

5.3 Table 1 – Examples of how much affordable housing is required

Proposal: 10 new homes on a site with no existing homes Provision: 4 affordable homes and no commuted sum ( $0.4 \times 10 = 4$ )
Proposal: 16 new homes on a site with 3 existing homes (net gain 13 homes) Provision: 6 affordable homes and commuted sum of 0.4 ( $0.4 \times 16 = 6.4$ )
Proposal: 10 new homes on a site with 5 existing homes (net gain 5 homes) Provision: 4 affordable homes ( $0.4 \times 10 = 4$ )
Proposal: 9 new homes, site size 0.5ha, no existing homes Provision: 3 affordable homes and a commuted sum of 0.6 ( $0.4 \times 9 = 3.6$ ) or rounding up and provision of 1 additional affordable home on site.
Proposal: 1 new home, site size 0.5ha, no existing homes Provision: A commuted sum of 0.4 ( $0.4 \times 1 = 0.4$ ).
Proposal: 50 new homes on a site with no existing homes, in Whitehill & Bordon Provision: 17 affordable homes and commuted sum of 0.5 ( $0.35 \times 50 = 17.5$ ).

## 6. Calculations – how is the commuted sum calculated?

### 6.1 Figure 1 - Calculation method of commuted sum



Step 1: Establish the cumulative Gross Internal Area (GIA) of the development proposed. This is the whole development, not just the affordable housing.



Step 2: Multiply the cumulative Gross Internal Area (GIA) by the commuted sum rate detailed in Table 2 that relates to the Parish where the development is located.



Step 3: If some provision is being made on site, so the calculation relates to part off site contribution, the amount established in Step 2 is proportioned accordingly. The same proportioned approach is applied when the figure is not a whole number.

6.2 Gross Internal Area (GIA) is measured in accordance with the RICS Code of Measuring Practice – 6th edition May 2015. See Appendix A for details.

6.3 The [Infrastructure Funding Statement](#) (IFS, 2023) identifies the commuted sum rate, however this has not been index linked. The commuted sum rate was established through evidence in August 2015 and adopted in the Planning Contributions and Community Infrastructure Levy SPD in April 2016. The rates detailed in Table 2 will be subject to the indexation and updated annually alongside the publication of the IFS.

6.4 The Planning Contributions and Community Infrastructure Levy SPD has since been withdrawn (in January 2022), but the commuted sum rates reported in the IFS 2023 are based on the evidence established in 2015. However, to make them appropriate and relevant to today, indexation has been applied in this note (as set out in Table 2). These are the figures that should be used for the calculation in Figure 1.

6.5 Table 2 - Affordable Housing Commuted Sums

	<b>Group 1</b>	<b>Group 2</b>	<b>Group 3</b>	<b>Group 4</b>
<b>Parish</b>	Whitehill and Bordon	Clanfield	Alton	Beech
		Headley	Bramshott and Liphook	Bentley
		Horndean	East Tisted	Bentworth
		Rowlands Castle	Four Marks	Binstead
			Froyle	Chawton
			Grayshott	Farringdon
			Lasham	Kingsley
			Medstead	Selborne
			Ropley	Wield
			Shalden	Worldham
<b>Commuted sum (£) per square metre (GIA) indexed<sup>1</sup></b>	£229.92	£387.99	£510.14	£646.65

- 6.6 For clarification, some worked examples are provided below. Effectively it is a calculation of an amount of money per square metre – and varies depending on the location of the development (some areas require a higher amount than others).
- 6.7 Where a planning application is ‘outline’ and the GIA is not known, it is likely that the legal agreement at outline stage says the affordable housing contribution will be determined at the reserved matters stage and at that point the contributions will be calculated on the detailed information then available.

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<sup>1</sup> Using the BCIS All-in Tender Price Indices for 4Q15 as a base

6.8 Table 3 – Examples of calculations

Example A

Proposal: Development of 61 new homes in Bramshott and Liphook. No affordable houses to be provided on site, so a commuted sum is to be calculated for the full requirement of affordable housing. The cumulative Gross Internal Area (GIA) of the development proposed is 6,895 sqm.

Calculation:

Step 1: Establish the cumulative Gross Internal Area (GIA) of the development proposed. This is 6,895 sqm, which is the GIA of 61 homes.

Step 2: Multiply the cumulative Gross Internal Area (GIA) by the commuted sum rate that relates to the Parish where the development is located.

$$6,895 \text{ sqm} \times \text{£}510.14 = \text{£}3,517,415.30.$$

Step 3: Not required as the full requirement is to be made via a commuted sum rather than on site. The commuted sum required is **£3,517,415.30**.

Example B

Proposal: Development of 76 new homes in Rowlands Castle, following demolition of 1 home (net gain 75). The affordable housing requirement is 30.4 homes. 30 homes are to be provided on site, and a commuted sum is to be calculated for the 0.4 requirement. The cumulative Gross Internal Area (GIA) of the development proposed is 8,645 sqm.

Calculation:

Step 1: Establish Gross Internal Area (GIA) of the development proposed. This is 8,645 sqm, which is the GIA of 76 homes.

Step 2: Multiply the cumulative Gross Internal Area (GIA) by the commuted sum rate that relates to the Parish where the development is located.

$$8,645 \text{ sqm} \times \text{£}387.99 = \text{£}3,354,173.55.$$

Step 3: If some provision is being made on site, the calculation relates to part off site contribution, therefore the amount established in Step 2 is proportioned as follows:

£3,354,173.55 is the commuted sum for 30.4 affordable homes.

As such, the commuted sum for 1 affordable home is £110,334.66 ( $\text{£}3,354,173.55 / 30.4 = \text{£}110,334.66$ ).

A commuted sum for 0.4 of an affordable home is required, as such  $0.4 \text{ of } \text{£}110,334.66 = \text{£}44,133.86$ .

The commuted sum required is **£44,133.86**.



### Example C

Proposal: Development of 150 new homes in Kingsley. Due to specific circumstances, the 60 affordable homes required cannot be fully provided on site; 45 affordable homes are to be provided on site, and a commuted sum is therefore required for 15 affordable homes. The cumulative Gross Internal Area (GIA) of the development proposed is 19,500 sqm.

Calculation:

Step 1: Establish Gross Internal Area (GIA) of the development proposed. This is 19,500 sqm, which is the GIA of 150 homes.

Step 2: Multiply the cumulative Gross Internal Area (GIA) by the commuted sum rate that relates to the Parish where the development is located.

$19,500 \text{ sqm} \times \text{£}646.65 = \text{£}12,609,675.$

Step 3: If some provision is being made on site, the calculation relates to part off site contribution, therefore the amount established in Step 2 is proportioned as follows:

£12,609,675 is the commuted sum for 60 affordable homes.

As such, the commuted sum for 1 affordable home is £210,161.25 ( $\text{£}12,609,675 / 60 = \text{£}210,161.25$ ).

A commuted sum for 15 affordable homes is required, as such  $15 \times \text{£}210,161.25 = \text{£}3,152,418.75.$

The commuted sum required is **£3,152,418.75.**

## 7. Triggers for payment of commuted sums

- 7.1 The triggers for payment of commuted sums are usually negotiated in the S106 agreement, but dependent on the size of the development, the Council would usually seek 25% prior to commencement, 25% prior to first occupation, and 50% at the point of completion.

## 8. Conclusion

- 8.1 This is a clarification note. It will be updated when required. Any queries regarding the content of this note should be directed to [localplan@easthants.gov.uk](mailto:localplan@easthants.gov.uk).

# Appendix 1 Code of Measuring Practice – Gross Internal Area (GIA)

Code of measuring practice

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## Gross Internal Area

<b>2.0 Gross Internal Area (GIA)</b>			
Gross Internal Area is the area of a building measured to the internal face of the perimeter walls at each floor level (see note GIA 4).			
<b>Including</b>		<b>Excluding</b>	
2.1	Areas occupied by internal walls and partitions	2.18	Perimeter wall thicknesses and external projections
2.2	Columns, piers, chimney breasts, stairwells, lift-wells, other internal projections, vertical ducts, and the like	2.19	External open-sided balconies, covered ways and fire escapes
2.3	Atria and entrance halls, with clear height above, measured at base level only	2.20	Canopies
2.4	Internal open-sided balconies, walkways, and the like	2.21	Voids over or under structural, raked or stepped floors
2.5	Structural, raked or stepped floors are to be treated as a level floor measured horizontally	2.22	Greenhouses, garden stores, fuel stores, and the like in residential property
2.6	Horizontal floors, with permanent access, below structural, raked or stepped floors		
2.7	Corridors of a permanent essential nature (e.g. fire corridors, smoke lobbies)		
2.8	Mezzanine floor areas with permanent access		
2.9	Lift rooms, plant rooms, fuel stores, tank rooms which are housed in a covered structure of a permanent nature, whether or not above the main roof level		
2.10	Service accommodation such as toilets, toilet lobbies, bathrooms, showers, changing rooms, cleaners' rooms, and the like		
2.11	Projection rooms		
2.12	Voids over stairwells and lift shafts on upper floors		
2.13	Loading bays		
2.14	Areas with a headroom of less than 1.5m (see APP 6)		
2.15	Pavement vaults		
2.16	Garages		
2.17	Conservatories		