



# Northumberland County Council

## Affordable Housing Requirements Guidelines

January 2025

This guidance note sets out further information about providing affordable housing in line with Policy HOU 6 of the [Northumberland Local Plan](#) (March 2022).

### Calculating affordable housing requirements

1. Policy HOU 6 sets out the minimum amounts of affordable housing that should be provided as part of major residential developments. This means sites of 10 dwellings or more, or 0.5 hectares or more in size. It also applies to developments of 5 dwellings or more within the Northumberland Coast Area of Outstanding Natural Beauty (AONB) (now the Northumberland Coast National Landscape).
2. The affordable housing requirements vary across the county, from 10% to 30%, to reflect the relative viability of delivering housing development in different parts of Northumberland. These viability value areas are shown on our interactive online [Local Plan Policies Map](#). Our priority is to deliver the required levels of affordable housing on the development site itself.

### How do we assess sites crossing more than one viability value area?

3. Where a site falls across more than one viability value area, a proportionate level of affordable housing will be calculated. Where most of the site falls within one value area, the required affordable housing percentage for that value area will prevail. The same applies where most of the housing part of a wider development site falls within one value area.
4. Where there is not a clear majority of a site in one value area, the gross site area falling into each value area will be approximately measured. The respective affordable housing requirement for each value area will then be calculated.

5. For example, a 2 hectare site comprises 1 hectare in a medium value area and 1 hectare in a high value area – so a 50:50 split. A proposal for 60 dwellings is fairly evenly spread across the site (i.e. 30 dwellings in each value area).
- Medium value area: 15% affordable housing requirement  
15% of 30 dwellings = 4.5 dwellings
  - High value area: 25% affordable housing requirement  
25% of 30 dwellings = 7.5 dwellings
  - Total number of affordable homes required = 4.5 + 7.5 = 12 dwellings

#### How do we treat rounding of the numbers?

6. The on-site provision of affordable housing must always meet or exceed the percentage requirements in Policy HOU 6. In particular, developments in low value areas must always meet the minimum 10% affordable housing requirement. This is because the [NPPF](#) requires all major developments to provide at least 10% of the total number of dwellings on any site as affordable housing for affordable home ownership tenures.
7. The requirements will be calculated to one decimal place and rounded up to achieve a full dwelling. Rounding down would mean the development would not meet the policy's percentage requirements.
8. For example, a development of 48 dwellings in a medium value area would need to provide 15% affordable housing. 15% of 48 is 7.2. But rounding down and only providing 7 affordable homes would equate to only 14.6%. That would not meet the 15% policy requirement. So the requirement is rounded up to a full dwelling. Thus 8 affordable homes would be needed to ensure the 15% requirement is met. In this example, it would then equate to a 16.7% provision of affordable housing.
9. Where a financial contribution is agreed to be justified instead of on-site provision, the 'commuted sum' to be paid will always be calculated using the exact percentage required by the policy.

#### Piecemeal development

10. Piecemeal development of land that would effectively constitute and function as a single development site for planning purposes is not supported. Unreasonably

splitting a site into smaller sites in order to avoid triggering the thresholds for requiring affordable housing is not acceptable. Multiple applications sub-dividing a larger single ownership site into two-or-more smaller sites or components should therefore be avoided wherever possible.

11. Where large sites are brought forward in separate phased applications (by a single developer or more than one developer) the overall aggregated size of the site and development will similarly be taken into account. They will be treated as a single comprehensive development site for planning purposes in calculating whether the thresholds for submitting developer contributions are triggered and determining the appropriate level of affordable housing provision.
12. Later applications for part of a site may incrementally trigger a requirement to provide (further) affordable homes. This may be despite later applications not individually triggering an affordable housing requirement. For example, if providing more dwellings on part of a site would push the total number on the overall development above the threshold for requiring affordable housing. Or where an increased number of dwellings would mean more affordable homes would then be needed in order to continue to meet the percentage requirement.
13. Reserved matters and other applications that seek to vary the numbers of dwellings on part(s) of an existing permitted development site will similarly be treated in terms of what would be the overall 'umbrella' requirement for the development as a whole. If an extant outline (or hybrid) permission established the amount of affordable housing to be required across the site, then related subsequent reserved matters and amendment applications will need to abide by that previously-approved requirement.
14. Similarly, where an outline (or hybrid) permission was granted prior to the date of adoption of the NLP but the reserved matters application is determined after the NLP adoption date, the affordable housing percentage agreed at the outline stage will continue to be applicable rather than applying the Policy HOU 6 percentages. This applies equally whether the current policy requirement would be higher or lower than the requirement established in the extant outline (or hybrid) permission.

## Tenure mix

15. Policy HOU 6 also sets guidelines on the indicative affordable tenure split that we will seek. The splits reflect the previous NPPF requirement for at least 10% of the total number of dwellings on a site to be for affordable home ownership tenures:

| Viability Value Area | Policy Minimum Requirement | Breakdown to meet NPPF Requirement (subject to exemptions) | Indicative Tenure Split |
|----------------------|----------------------------|--|-------------------------|
| Low                  | min. 10% affordable        | 0% affordable rent<br>+ 10% affordable home ownership      | 0% : 100%               |
| Medium               | min. 15% affordable        | 5% affordable rent<br>+ 10% affordable home ownership      | 33% : 67%               |
| High                 | min. 25% affordable        | 15% affordable rent<br>+ 10% affordable home ownership     | 60% : 40%               |
| Highest              | min. 30% affordable        | 20% affordable rent<br>+ 10% affordable home ownership     | 67% : 33%               |

16. While the revised [NPPF](#) (December 2024) has now removed that requirement, the guideline splits set out in Policy HOU 6 remain part of the statutory development plan. However, the new NPPF's greater flexibility in the affordable tenure mix and focus more towards affordable and social rented homes are material considerations of note.
17. This tenure split is therefore somewhat negotiable on a case-by-case basis. We want developments to provide the most appropriate affordable housing mix to meet local needs. This will include consideration of the affordability of different tenures. We will seek to agree the affordable tenure mix when assessing a planning proposal. Advice in this regard may be provided through a pre-application enquiry.
18. Policy HOU 6 additionally refers to previous NPPF exemptions for circumstances where major development proposals did not need to provide the minimum 10% proportion of affordable home ownership products. Those provisions also no longer exist.

## Alternative off-site affordable housing provision and financial contributions in lieu

19. In exceptional circumstances, Policy HOU 6 allows for alternative off-site provision or payment of a financial contribution. Developers could provide the required affordable housing on an appropriate different site, or gift suitable developable land 'in kind' to the Council. A financial contribution in lieu of providing all or some of the required proportion of affordable homes must be robustly justified. It is not simply a choice to pay a financial contribution instead of providing on-site affordable housing.
20. Exceptional circumstances must be justified by the applicant or developer based on sound planning and housing reasons. When considering individual planning applications, we will agree the appropriate type of contribution to be made with the applicant or developer. Our considerations will take account of the following:
  - location of the development in relation to the county's affordable housing provision and requirements. The affordable housing component may be better provided elsewhere in the local area. For example, in a more accessible location closer to facilities and services, or where it would be more likely to help widen and encourage social mix.
  - the needs for improvements to existing affordable housing in the locality, compared to the need for new affordable homes.
  - the appropriateness of the site for delivering genuine mixed-tenure development. For example, compared to its suitability for large-scale higher value family and 'executive' housing types.
  - whether the required provision of on-site affordable housing would provide sufficient critical mass of homes for a Registered Provider to manage them efficiently and viably. For example, on small sites in more remote areas.
  - apartment schemes where service charges can be prohibitively expensive.
21. Appendix D of the Local Plan sets out the formula-based method for calculating financial 'commuted sum' contributions. Our online **Affordable Housing S106 Contributions Calculator** enables you to work out the required contribution. An example calculation is set out at Appendix A of this note. Sufficient information

must be submitted with the planning application to allow the Council to verify the calculation.

22. These financial contributions will be secured through a legal Section 106 planning obligation (S106). The agreed payment schedule will be set out in the S106 agreement. It may require one single payment (e.g. due upon the start of development). For larger schemes it may be split into two-or-more instalments. For example, it may be linked to start on site and the completion or occupation of certain numbers of the new homes.

## Vacant Building Credit - reuse and demolition of vacant buildings

23. Government planning policy seeks to incentivise the redevelopment of previously-developed 'brownfield' sites. Where existing vacant buildings are to be brought back into use, or demolished to make way for residential development Government policy requires a 'financial credit' to be discounted from the affordable housing requirement. This is set out in the NPPF and in national Planning Practice Guidance (PPG) on [Planning Obligations](#). An applicant should apply for this 'vacant building credit' at the time of submitting the planning application.
24. The financial credit is equivalent to the existing gross floorspace of any vacant buildings proposed to be brought back into any lawful use or demolished for redevelopment. It should be deducted from the calculation of any (on-site or off-site) affordable housing contributions sought from relevant development schemes. This does not, however, apply to vacant buildings that have been abandoned.
25. Affordable housing contributions for such development sites would then only be required in relation to any net increase in gross (internal) floorspace on the site. They would be calculated based on the net additional new floorspace being built or created, having subtracted the amount of vacant floorspace on the site (at the time of the planning application being assessed and determined) that is to be re-used, converted or demolished.
26. Our online **Vacant Building Credit Calculator** enables you to work out the potential credit and discounted affordable housing requirement. An example

calculation is set out in Appendix B of this note. Sufficient information and plans will need to be submitted with the planning application to enable the case officer to verify the credit and discounted requirement.

## Appendix A: Affordable Housing Financial Contribution Calculation Example

This appendix sets out an example of calculating the financial ‘commuted sum’ contribution in lieu of providing on-site affordable housing. Affordable housing requirements are set out in Policy HOU 6 of the Northumberland Local Plan. The financial contributions formula and guidance are set out in Appendix D of the Local Plan.

| <b>Calculation of Commuted Sums in lieu of on-site Affordable Housing</b> (Local Plan Appendix D)  |   |
|--|---|
| $  \begin{aligned}  & ( \text{Market Value } \text{£/sqm} - \text{Transfer Value } \text{£/sqm} ) \\  & \times ( \text{Policy HOU 6 Affordable Housing Value Area Requirement } \% \times \text{Gross Internal Area sqm} ) \\  & = \text{£ Financial Contribution}  \end{aligned}  $ |   |
| <b>Notes:</b>  |   |
| <b>Market Value (Average)</b>  | The Average Market Value expressed as a rate per square metre (£/sqm). This must be provided by the applicant with supporting independent evidence to justify their market values using credible evidence, which should include information from local estate agents and RICS-approved formal valuation reports. If the Council is not satisfied with the evidence, a second opinion from a suitably qualified independent person will be sought at the full cost to the applicant.   |
| <b>Transfer Value (Average)</b>  | The Average Transfer Value of the affordable dwellings for that particular scheme, taking into account an appropriate affordable housing mix in accordance with the Policy HOU 6 indicative tenure split recommendations, and expressed as a rate per square metre (£/sqm). In arriving at the transfer values, unless more specific tangible information is available, a ‘percentage’ of the market value approach will be adopted as follows: <ul style="list-style-type: none"> <li>Affordable Housing for Rent - 50% of Market Value</li> <li>Starter Homes / Discounted Market Sale (DMV) - 80% of Market Value</li> <li>Other affordable routes to home ownership (including Shared Ownership and Rent to Buy) - 67.5% of Market Value</li> </ul> |
| <b>Gross Internal Area (GIA)</b>   | Gross Internal Area (GIA) of the residential development in square metres.  |

See also our online **Affordable Housing S106 Contributions Calculator**. This also shows the calculation of the different tenure-based contributions. Both calculation routes give the same total contribution requirement.



## Example calculation

A development of 40 dwellings in a medium value area would need to provide 15% affordable housing in line with Policy HOU 6. This would normally mean 6 on-site affordable homes. The indicative tenure mix would be 33% affordable rented and 67% affordable home ownership (e.g. Discounted Market Sales / DMV).

### Step 1: Market Value of the development (average £/sqm)

The total value/yield of the residential development is expected to be £15million

The total GIA of residential floorspace is proposed to be 6,000sqm

$$\text{Market Value} = £15,000,000.00 / 6,000.00\text{sqm} = \text{£2,500.00/sqm}$$

### Step 2: Transfer Value of the affordable dwellings (average £/sqm)

$$\text{Affordable/Social Rented (50\% of market value)} = (£2,500/\text{sqm} \times 50\%) \times 33\% = £412.50/\text{sqm}$$

$$\text{Affordable Home Ownership DMV (80\% of market value)} = (£2,500/\text{sqm} \times 80\%) \times 67\% = £1,340.00/\text{sqm}$$

$$\text{Transfer Value} = £412.50/\text{sqm} + £1,340.00/\text{sqm} = \text{£1,752.50/sqm}$$

### Step 3: Affordable Housing requirement (%)

**Minimum affordable housing requirement** for a Medium value area = **15%**

### Affordable Housing S106 Financial Contribution

(Market Value - Transfer Value) x (Affordable Housing requirement x Gross Internal Area)

$$\begin{aligned} \text{S106 Financial Contribution} &= (£2,500/\text{sqm} - £1,752.50/\text{sqm}) \times (15\% \times 6,000.00\text{sqm}) \\ &= \text{£672,750.00} \end{aligned}$$

This calculation incorporates the following tenure-based contribution requirements:

Affordable/Social Rented (50% of market value)

$$= (£2,500/\text{sqm} - £1,250/\text{sqm}) \times [33\% \times (15\% \times 6,000.00\text{sqm})] = £371,250.00$$

Affordable Home Ownership DMV (80% of market value)

$$= (£2,500/\text{sqm} - £2,000/\text{sqm}) \times [67\% \times (15\% \times 6,000.00\text{sqm})] = £301,500.00$$

$$\text{S106 Financial Contribution} = £371,250.00 + £301,500.00 = \text{£672,750.00}$$

## Appendix B: Vacant Building Credit Calculation Example

See also our online **Vacant Building Credit Calculator**.

|  |   |   |                     |                     |
|--|---|---|---------------------|---------------------|
| Existing Vacant Buildings gross floorspace (sqm)         |   | 10,000sqm                                       |                     |                     |
| Proposed Total Development gross floorspace (sqm)        |   | 15,000sqm                                       |                     |                     |
| Total Net Change in gross floorspace (sqm)               | = | 5,000sqm  |                     |                     |
|  |   |   |                     |                     |
| Total Net Change as a % of the Total Proposed floorspace |   | 5,000 / 15,000                                  | =                   | 33%                 |
|  |   |   |                     |                     |
| Total Number of Dwelling Units Proposed                  |   | 140 dwellings                                   |                     |                     |
|  |   |   |                     |                     |
| Affordable Housing requirement (Policy HOU 6)            |   | 15%   | (medium value area) |                     |
|  | = | 140 x 15%                                       | =                   | 21 affordable units |
|  |   |   |                     |                     |
| Residual Affordable Housing contribution                 | = | 21 affordable units x 33% floorspace difference |                     |                     |
|  | = | 7 affordable units                              |                     |                     |
| .  |   | (or equivalent S106 commuted sum)               |                     |                     |