

SUPPLEMENTARY PLANNING DOCUMENT

Affordable Housing Contributions arising from Purpose Built Student Accommodation



May 2020



Nottingham
City Council

Quick Guide to Affordable Housing Contributions arising from Purpose Built Student Accommodation Supplementary Planning Document (SPD):

This document provides guidance on the requirements for the provision of affordable housing contributions from Purpose Built Student Accommodation. In particular, it supplements Policy 8 of the [Nottingham City Aligned Core Strategy – ACS \(2014\)](#) (Part 1 Local Plan) and Policy HO3 of the [Land and Planning Policies Document - LAPP \(2020\)](#) (Part 2 Local Plan).



Affordable Housing Contributions arising from Purpose Built Student Accommodation SPD

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1. Foreword

- 1.1 The two universities in Nottingham, the University of Nottingham and Nottingham Trent University, are major assets that are vital to the City's economy. They make an important contribution to its positive national and international reputation, attracting substantial investment and supporting growth across a range of employment sectors.
- 1.2 Purpose Built Student Accommodation (PBSA) is an essential element of the housing market helping to provide a viable alternative for a growing student population within the City. Our recently adopted Local Plan Part 2 makes provision for contributions to be negotiated with PBSA providers for helping to meet the wider affordable housing need of the City.
- 1.3 This Supplementary Planning Documents (SPD) sets out in more detail how the City Council intends to agree S106 contributions for affordable housing from PBSA developments.

A handwritten signature in black ink, which appears to read 'Linda Woodings'. The signature is written on a light grey, textured background.

Councillor Linda Woodings
Portfolio Holder for Planning,
Housing and Heritage

2. Purpose and status of the document

- 2.1 Supplementary Planning Documents (SPDs) provide further detail and explanation to support policy in the Nottingham City Local Plan. SPDs are a material consideration in making decisions on planning applications.
- 2.2 This SPD is being prepared to explain the implications of the Local Plan Part 2 ([Nottingham City Land and Planning Policies Development Plan Document](#), LAPP) Policy HO3: Affordable Housing. In particular, it sets out the commuted sum that will be required in lieu of on-site affordable housing provision on sites providing Purpose Built Student Accommodation within Nottingham City.
- 2.3 It is the Council's intention to supplement this SPD either with a revised version of this document or an additional SPD in the future to cover other issues related to PBSA development including;
- need for further PBSA bedspaces
 - demonstrating flexibility of schemes
 - appropriate room sizes, communal space/ facilities and student drop off/collection arrangements
 - adequate management arrangements, and an appropriate level of car and cycle parking; and
 - how PBSA development can help achieve the Council's carbon neutral target by 2028 through sustainable design.

3. Consultation

- 3.1 This draft SPD has been prepared for public consultation, the results of which will help shape the final document. The consultation period runs from **27th May 2020 until 5th August 2020**. This consultation will be carried out online only due to Corona Virus pandemic.

You may comment on the SPD by downloading and completing a copy of the [consultation form](#) and emailing it to localplan@nottinghamcity.gov.uk. Please use this same email address to contact the Planning Policy Team if you have any questions.



4. Introduction

- 4.1 There has recently been a significant growth of privately provided student accommodation across the city, referred to as Purpose Built Student Accommodation (PBSA). Such accommodation provides an alternative to traditional housing.
- 4.2 The term PBSA can also be applied to more traditional University halls of residence, which are generally developed by educational institutions for the students of one specific institution. In recent years, private PBSAs tend to be open for students of any higher or further education establishment. This SPD refers to both types of development and uses the term PBSA irrespective of which type of institution or student the development is provided by and for.
- 4.3 Nottingham is home to two universities with more than 49,000 full time students (2019-20 academic year). According to the 2011 census 15% of the population of the city are students. The need for accommodation is therefore recognised and the social and economic benefits that students provide are fully acknowledged. In addition, the vitality of the universities themselves is underpinned by students being able to live nearby in safe and suitable accommodation.
- 4.4 PBSA also contributes to the general housing needs of the city, as set out in the Local Plan. Between April 2011 (the base date of the Local Plan) and March 2019 some 7,476 new homes (net) were completed in Nottingham City, and of these 3,987 were student dwellings, equating to 53.3% of all new homes. Policy HO3 of the Local Plan includes a 10% affordable housing requirement for all new residential developments of 10-14 dwellings and 20% affordable housing requirement for schemes of 15 or more dwellings (or on sites over 0.5 hectares). With such a large proportion of new housing being completed in the City being PBSA, it is vital that this form of residential development contributes to meeting the City's affordable housing need, otherwise the planned level of affordable housing will not be met, and affordable housing need will not increase.

5. Planning Policy Context

National Legislation, Policy and Guidance

The Community Infrastructure Levy Regulations 2010

5.1 Planning obligations assist in mitigating the impact of unacceptable development to make it acceptable in planning terms. Planning obligations may only constitute a reason for granting planning permission if they meet the tests that they are necessary to make the development acceptable in planning terms. They must be:

- necessary to make the development acceptable in planning terms;
- directly related to the development; and
- fairly and reasonably related in scale and kind to the development.

5.2 These tests are set out as statutory tests in [regulation 122](#) (as amended by the 2011 and 2019 Regulations) and as policy tests in the National Planning Policy Framework. These tests apply whether or not there is a levy charging schedule for the area.

National Planning Policy Framework (NPPF)

5.3 The [NPPF](#) states that to support the Government's objective of significantly boosting the supply of homes, it is important that a sufficient amount and variety of land can come forward where it is needed, that the needs of groups with specific housing requirements are addressed.

5.4 The NPPF states that local plans should set out the levels and types of affordable housing provision required, along with other infrastructure. It goes on to state that where a need for affordable housing is identified, planning policies should specify the type of affordable housing required.

National Planning Practice Guidance (NPPG)

5.5 The [NPPG](#) clarifies that Councils need to account for housing need from students in their local plans. It also allows student housing to count towards housing delivery targets, on the basis that it frees up existing housing elsewhere.

Local Policy Context

Local Plan Part 1 - Nottingham City Aligned Core Strategy (adopted 2014)

- 5.6 The [Core Strategy](#) includes a suite of strategic policies to deliver sustainable development in the City to 2028.
- 5.7 The Spatial Objectives of the Core Strategy include delivery of a mix of high quality new housing in terms of type, size and tenure to the benefit of rebalancing the existing housing mix, most notably in areas where neighbourhoods, such as Lenton for example, are dominated by housing in multiple occupation. Policy 8 reaffirms this spatial objective and places emphasis on providing family housing to meet the Sustainable Community Strategy and Housing Strategy objectives. The document also acknowledges that PBSA is also an important part of the mix, and that further provision is planned. Policy 19: Developer Contributions sets the general context for the Council to secure developer contributions as a result of development.

Local Plan Part 2 - Nottingham City Land and Planning Policies Development Plan Document (LAPP), (adopted 2020)

- 5.8 This SPD seeks to expand on [LAPP](#) Policy HO3: Affordable Housing specifically related to PBSA. The full wording of this policy is provided in [Appendix 1](#). In particular, criterion 4. requires that on sites providing student dwellings, a commuted sum will be required in lieu of on-site affordable housing provision. Para 4.30 goes on to confirm that the approach to commuted sums for student housing will be included in an SPD.
- 5.9 Policy IN4: Developer Contributions is also relevant and sets the context for how, where necessary planning obligations will be negotiated to support amongst other things affordable housing. The full wording of this policy is also provided in [Appendix 2](#).

Nottingham City Council's Affordable Housing Policy and Developers Contributions Supplementary Planning Guidance (2006)

- 5.10 [The Council's Affordable Housing Policy and Developers Contributions Supplementary Planning Guidance \(2006\)](#) sets out the Council's current criteria for the provision of affordable housing for other residential development. It was written prior to the adoption of Policy HO3 and does not therefore seek contributions from Purpose Built Student Accommodation.

Sustainability Appraisal (SA)

- 5.11 Sustainability Appraisal is a statutory process that must be undertaken for every new planning document in accordance with the Planning and Compulsory Purchase Act (2004). The purpose of SA is to assess the economic, social and environmental impacts of projects, strategies or plans, so that the preferred option promotes, rather than inhibits sustainable development.
- 5.12 An SA was carried out as part of the Local Plan Part 2 review including all policies within the document. The appraisals for Policy HO3 and Policy IN4 and further details about the process can be found in [Appendix 3](#).



6. Planning Obligations

- 6.1 It is considered that on site affordable housing provision within new PBSA is not practical. PBSA schemes are by their very nature high density and it is not considered appropriate to promote mixed communities in very close proximity due to the potential for conflict with residents with different housing needs and lifestyles. Management agreements and other restrictions (e.g. car parking) are imposed on PBSA schemes which are also not necessarily appropriate to non-student residents. Contributions towards off-site affordable housing is therefore the Council's preferred approach.
- 6.2 Direct provision of affordable PBSA bedspaces targeted at students considered to be in need of lower cost rent is also not considered appropriate. PBSA is by its nature provided for students who do not live in the City full time, so it would not be meeting the City's affordable housing need. In any event, it is considered that the range of existing rental levels for PBSA encompasses some lower priced options that meet the needs of students with lower incomes.
- 6.3 Although each case will be considered on its own merits, this SPD sets the starting point for negotiations relating to the provision of affordable housing contributions from PBSA established by the Local Plan policies.
- 6.4 The City Council will seek to secure affordable housing contributions either through planning conditions or usually through the negotiation of a legal agreement under Section 106 of the Town and Country Planning Act 1990. Where a S106 agreement is entered into, then it will need to be completed prior to the granting of planning consent.
- 6.5 If an applicant considers there to be issues of viability due to the level of contributions being sought, which render a proposal undeliverable, the applicant will be required to submit robust viability assessments. These will be independently examined before the scale and nature of any reduction is agreed.

Commutated Sums used to Support the City Council's Housing Strategy

6.6 Any commuted sums paid under these arrangements will be used to support the City Council's Housing Strategy. In most cases, commuted sum will usually either:

- a) be made available to housing associations / registered providers of social housing, or
- b) used directly by the City Council or its subsidiary companies to implement Council objectives in relation to affordable housing provision.



7. Calculating the Affordable Housing Contribution from PBSA

Requirements for Affordable Housing Contribution from PBSA

- 7.1 The requirements set out in this SPD apply to all PBSA schemes with 50 or more bedspaces¹ either through new build or conversion from other non residential developments.
- 7.2 Using the Council's [Affordable Housing Contributions - Commuted Sum Update January 2020](#) £40,560 will be taken to be the basis for negotiation for each affordable dwelling unit resulting from PBSA. This figure will be updated on an annual basis until a revised Affordable Housing SPD is adopted.
- 7.3 The figure is revised annually in January/February (or as information is available see www.gov.uk/government/organisations/land-registry). For the calendar year to 30 November 2019, the average price of a semi-detached dwelling in Nottingham City was £162,240.
- 7.4 LAPP Policy HO3 sets out that for non-student residential development there is a target of 10% of the houses to be classed as “affordable” for schemes between 10-14 dwellings and 20% of schemes with 15 or more dwellings. To ensure consistency with Policy HO3, these thresholds will also apply to PBSA calculations and result in the following affordability requirement levels:
- 10% for PBSA schemes between 50 and 74 bedspaces, and
 - 20% for PBSA schemes with 75 or more bedspaces
- 7.5 In both cases, £40,560, for each affordable dwelling unit is to be taken to be the basis for negotiation.
- 7.6 PBSA schemes come in an array of formats including studios (small 1 bed rooms) and clusters flats where students have access to shared living spaces/facilities including kitchens, bathrooms etc. or a combination of studios and cluster flats.

1. For PBSA schemes a calculation of 5 bedspaces is assumed to create 1 dwelling. Therefore 10 dwellings equates to a 50 or more bedspaces PBSA scheme.

- 7.7 To account for all of the different types of scheme format, the S106 contributions that are to be negotiated will be based on the total number of bedspaces and then divided by 5 which is the approximate average size of a student household in Nottingham.
- 7.8 Set out below are some examples of how the S106 contribution is to be calculated and used as the starting point for negotiation.

Scheme	Total Beds	Total number of Units	Affordable housing %	No of Affordable housing units to be negotiated	Total Requirement (£40,560 per unit)
Example 1	50	10	10%	1	£40,560
Example 2	84	16.8	20%	3.36	£136,281.60
Example 3	222	44.4	20%	8.88	£360,172.80
Example 4	310	62	20%	12.4	£502,944.00



8. General Advice

- 8.1 Developers and applicants are advised to consult the Development Management Team at the City Council prior to submitting planning applications for any new PBSA to discuss any likely requirements including affordable housing contributions. You can contact them by emailing planning@nottinghamcity.gov.uk
- 8.2 Once adopted this SPD will be monitored annually and updated as appropriate. Any new government legislation/guidance will supplement the information contained in this SPD.



9. Glossary

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 local workers);

Authority Monitoring Report (AMR)

A report produced by local planning authorities assessing progress with and the effectiveness of the Local Plan.

Purpose Built Student Accommodation (PBSA)

Accommodation that is specifically designed to meet accommodation needs of students. Such schemes can consist of studios (small 1 bedroom apartments) or shared cluster flats for a number of students to share facilities including kitchens and living spaces. The whole scheme is managed and often provide additional facilities including a gym, common room, study areas or a cinema. This term also be applied to more traditional halls of residence, which are generally developed by educational institutions for the students of one specific institution. As a general rule, the use of PBSA is Sui Generis in planning law terms.

Section 106 (s106)

the Town and Country Planning Act 1990 allows a Local Planning Authority to enter into a legally binding agreement or planning obligation with a landowner in association with the grant of planning permission. This agreement is a way of addressing matters that are necessary to make a development acceptable in planning terms and are used to support the provision of services and infrastructure, such as highways, recreational facilities, education, health and affordable housing. Use of S106 agreements would be substantially replaced by the use of a Community Infrastructure Levy, if implemented (see definition above).

Students

Persons enrolled on a full time course of education for at least one academic year at an educational establishment providing further or higher education.

Student Households

Households which can claim student council tax exemption including those within halls of residence / purpose built accommodation.

Supplementary Planning Document (SPD)

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.

Sustainability Appraisal (SA)

A mechanism for appraising policies to ensure they reflect sustainable development objectives. An SA considers environmental, social and economic effects of a plan and appraises them in relation to the aims of sustainable development.

Appendix 1: Copy of Policy HO3: Affordable Housing from the Local Plan Part 2

1. Planning permission for new residential developments including conversions will be granted subject to the following affordable housing targets, where viable:
 - a) For development where between 10 and 14 homes will be provided, at least 10% of the homes will be required to be available for affordable home ownership;
 - b) For development where 15 or more homes will be provided, or the site has an area of 0.5 hectares or more, 20% of the homes will be required to be affordable housing, with at least 10% of homes being available for affordable home ownership, the remainder to be other forms of affordable housing.
2. Affordable housing need should be met on-site. However, where it can be robustly justified, off-site provision or a financial contribution will be sought
3. The type of affordable housing to be provided on site will be negotiated having regard to:
 - a) The Government's policy on Starter Homes and other affordable home ownership product requirements;
 - b) the City-wide need for affordable housing, taking into account all other sources and supply of affordable housing;
 - c) levels of affordability in the area; and
 - d) size, type and tenure of housing in the area.
4. On sites providing student dwellings, a commuted sum will be required in lieu of on-site affordable housing provision.

Appendix 2: Copy of Policy IN4: Developer Contributions from the Local Plan Part 2

1. Development will be expected to meet the reasonable costs of new infrastructure or services required as a consequence of the proposal. Where necessary planning obligations will be negotiated to support the following:
 - a) employment and training in accordance with Policy EE4;
 - b) open space in accordance with Policy EN2 and EN3, relevant site allocations;
 - c) drainage and flood protection in accordance with Policy CC3 relevant site allocations;
 - d) transport in accordance with Policies TR1 and TR2, relevant site allocations;
 - e) community facilities including education in accordance with Policy LS5; and
 - f) affordable housing in accordance with Policy HO3, relevant site allocations.
2. Other planning obligations may be necessary to make developments acceptable in planning terms and may include: heritage enhancement and protection, supporting policing/crime reduction and air quality measures. The scale and nature of direct provision will be identified as a result of the need arising from the development.
3. If an applicant considers there to be issues of viability due to the level of contributions being sought which render a proposal undeliverable, they will be required to submit robust viability assessments. These will be independently examined before the scale and nature of any reduction is agreed.

Appendix 3: Sustainability Appraisal (SA)

Sustainability Appraisal (SA) is a statutory process, which must be undertaken for every new planning document in accordance with the Planning and Compulsory Purchase Act (2004). The purpose of SA is to assess the economic, social and environmental impacts of projects, strategies or plans, so that the preferred option promotes, rather than inhibits sustainable development.

In addition to SA, European Directive 2001/42/EC (commonly referred to as Strategic Environmental Assessment or SEA), requires that Local Authorities undertake an 'environmental assessment' of any plans and programmes they prepare that are likely to have a significant effect upon the environment. The requirements of the SEA have been incorporated into the SA for the LAPP.

An SA was carried out on the recently adopted Local Plan Part 2 as an integral part of the plan making process and performed a key role in providing a sound evidence base for the plan. The process appraised the social, environmental and economic effects of the LAPP from the outset through its various preparation stages. In doing so it helped to ensure that the decisions made have contributed to achieving sustainable development.

Furthermore, the SA recommended some changes to help ensure that the LAPP policies and site allocations are as sustainable as possible. It informed the decision making process by facilitating the evaluation of alternatives and also considered the cumulative, synergistic and secondary impacts of the LAPP policies and sites.

The SA also demonstrated that the plan is the most appropriate when considering reasonable alternatives and, where negative impacts were found, suggested suitable mitigation measures to try and overcome them. Monitoring arrangements have also been put in place to ensure that the impact of the policies can be properly evaluated.

This SPD is supplementary to Policy HO3: Affordable Housing and it is not considered that the guidance contained in the SPD will have any significant effects over and above those of the Policy. Policy HO3 has been subject to SA as part of this LAPP preparation process. Full details of the LAPP SA process, methodology and results can be found at www.nottinghamcity.gov.uk/localplan.

An extract of the appraisals for Policy HO3 is provided on the following pages.

Policy IN4: Developer Contribution has also been subject to the same SA process and a copy of the appraisal for the policy is also provided within this appendix.

Appraisal of Policy HO3: Affordable Housing

																Very major/ important positive
																Major positive
																Moderate to major positive
																Moderate positive
																Minor positive
1. Housing	2. Health	3. Heritage	4. Crime	5. Social	6. Environment, Biodiversity & GI	7. Landscape & Townscape	8. Natural Resources & flooding	9. Waste	10. Energy & Climate Change	11. Transport	12. Employment	13. Innovation	14. Economic Structure	? = unknown impact No fill = negligible impact, not relevant or neutral overall		
																Minor negative
																Moderate negative
																Moderate to major negative
																Major negative
																Very major/ important negative

Affordable Housing Contributions arising from Purpose Built Student Accommodation SPD

SA Objectives	Appraisal of Policy HO3: Affordable Housing	Potential Mitigation Measures
1. Housing	The policy aims to secure a proportion of allocated sites for affordable housing to meet the needs of the City so that the housing need for all social groups is met	
2. Health	Policy aims to secure lower income residents access to housing. There is a recognised correlation between increased housing provision and a positive impact on health	
3. Heritage	Negligible impact	
4. Crime	Negligible impact	
5. Social	On-site affordable housing provision results in mixed and diverse communities, in line with NPPF aims	
6. Environment, Biodiversity & Green Infrastructure	Negligible impact	
7. Landscape & Townscape	Negligible impact	
8. Natural Resources & Flooding	Negligible impact	
9. Waste	The policy seeks to achieve a level of affordable housing across the City but not in itself allocate additional housing. This policy would be considered against other policies in the plan which covers waste considerations. Negligible impact	
10. Energy & Climate Change	The policy seeks to achieve a level of affordable housing across the City but not in itself allocate additional housing. This policy would be considered against other policies in the plan for sustainable design, materials and construction technics. Negligible impact	
11. Transport	The policy seeks to achieve a level of affordable housing across the City but not in itself allocate additional housing. These sites should be sustainable due to the compact nature of the city	
12. Employment	Negligible impact	
13. Innovation	Negligible impact	
14. Economic Structure	Negligible impact	
Summary: A very major positive effect was identified for the Housing objective, alongside a moderate positive impact for the Social objective and a minor positive effect predicted for the Health objective. No negative effects were identified.		

Appraisal of Policy IN4: Developer Contributions

															Very major/ important positive
															Major positive
															Moderate to major positive
															Moderate positive
															Minor positive
1. Housing	2. Health	3. Heritage	4. Crime	5. Social	6. Environment, Biodiversity & GI	7. Landscape & Townscape	8. Natural Resources & flooding	9. Waste	10. Energy & Climate Change	11. Transport	12. Employment	13. Innovation	14. Economic Structure	? = unknown impact No fill = negligible impact, not relevant or neutral overall	
															Minor negative
															Moderate negative
															Moderate to major negative
															Major negative
															Very major/ important negative

Affordable Housing Contributions arising from Purpose Built Student Accommodation SPD

SA Objectives	Appraisal of Policy IN4: Developer Contributions	Potential Mitigation Measures
1. Housing	Policy seeks contributions to deliver affordable housing and directly supports the target for 20% affordable housing on allocated housing sites	
2. Health	Policy may result in increases or improvements to health such as, improvements to open space, health facilities, improved access to and provision of green infrastructure, sustainable travel and measure to improve air quality. There is also a recognised correlation between increased housing provision (affordable housing in this case) and a positive impact on health	
3. Heritage	Policy allows for contributions to be sought for protection and enhancement of heritage assets	
4. Crime	Policy allows for contributions to be sought to support policing and crime reduction measures	
5. Social	Policy allows for contributions to be sought for education, sport facilities, allotments, community facilities and cultural facilities	
6. Environment, Biodiversity & Green Infrastructure	Policy may result in increases or improvements to open space and biodiversity	
7. Landscape & Townscape	Policy may result in increases or improvements to landscape and townscape areas through developer contributions being sought for new or enhanced open space	
8. Natural Resources & Flooding	Policy allows for contributions to be sought for drainage and flood protection	
9. Waste	Negligible impact	
10. Energy & Climate Change	Negligible impact	
11. Transport	Policy seeks contribution towards improvements of sustainable transport	
12. Employment	Policy seeks provision towards employment and training	
13. Innovation	Policy seeks provision towards employment and education	
14. Economic Structure	Negligible impact	
Summary: The Housing objective was considered likely to benefit from a very major positive effect, with a major positive impact also anticipated for the Health objective and a moderate to major positive impact for the Social objective. Further moderate positive impacts were identified for the Heritage, Crime, Environment, Biodiversity & GI, Landscape & Townscape, Natural Resources & Flooding, Transport, Employment and Innovation objectives. No negative impacts were identified.		

