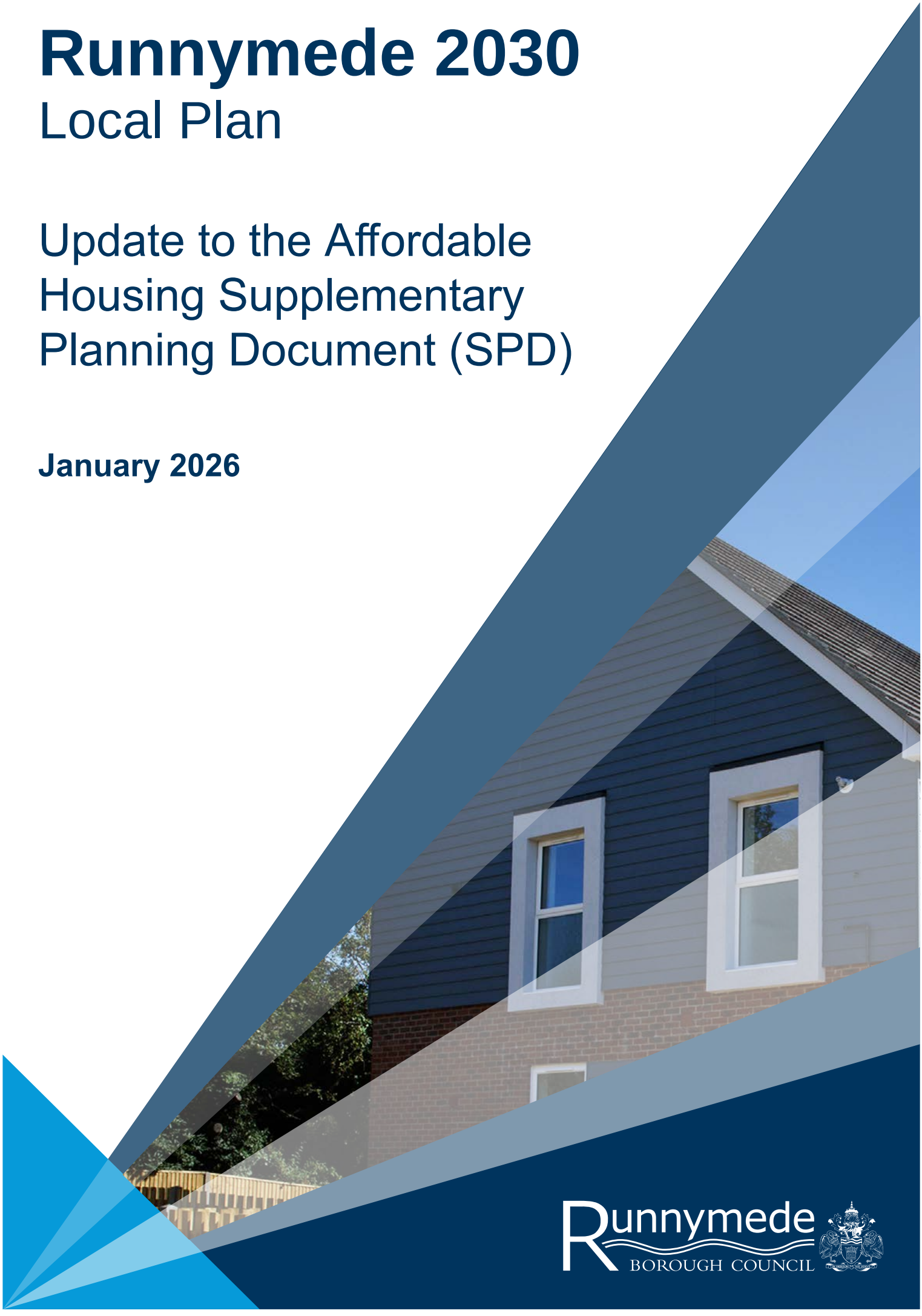
Runnymede 2030
Local Plan

Update to the Affordable Housing Supplementary Planning Document (SPD)

January 2026



Runnymede BOROUGH COUNCIL

Published by Runnymede Borough Council

December 2025

Runnymede Civic Centre

Station Road

Addlestone

Surrey

KT15 2AH

This document can be viewed and downloaded from:

Supplementary Planning documents and other guidance – Runnymede Borough Council

Photo on the front cover is from a housing scheme in Farm Close in Egham.

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1.0 Introduction

1.1 Executive Summary

1.1.1 This supplementary planning document (SPD), which was originally adopted on 13th April 2022 (and implemented on 20th April 2022) was updated during 2025, with an amended version adopted in December 2025 and implemented on 7th January 2026 to take account of a number of changes. This includes the publication of the December 2024 NPPF, to address the difficulties that developers are having in selling their affordable housing units to registered providers and the need to simplify the calculation for off-site provision (also known as 'payments in lieu' or commuted sums) if it is not possible to provide the affordable housing on site. Some additional wording has also been added to the SPD relating to First Homes, to replace the Council's Interim Policy Statement, which it is proposed to be been revoked.

1.1.2 The SPD focuses on affordable housing in Runnymede and helps to implement the Council's Local Plan policies for affordable housing particularly Policy SL20: Affordable Housing and Policy SL19: Housing Mix and Size Requirements. This SPD contains four distinct sections: part one sets out the policy context at both a national and local level; part two provides details as to how affordable housing will be delivered in the Borough; part three considers viability; and part four provides additional information about planning obligations for affordable housing schemes.

1.1.3 Applicants should consider all policies within the adopted Runnymede 2030 Local Plan when making planning applications in the Borough.

1.2 Background

1.2.1 It is paramount that local people in Runnymede have the opportunity to live in decent and affordable homes. Securing homes for all is key to ensuring that people have decent life chances, and it also helps to build strong communities and boost the economy.

1.2.2 The Office for National Statistics publishes information on house price affordability and the latest figures for Runnymede show that the cost of accommodation in the Borough is high. Median house prices in the Borough are over 10 times median gross annual workplace-based earnings[1]. The average price for a property in Runnymede stood at £459,400 in March 2024, according to the ONS[2] . Mortgages were historically expected to be agreed at 3 x gross salary and although this has extended to 4 or 5 x salary with longer payback periods, it is apparent that Runnymede residents within the lower income groups are very unlikely to be able to afford to buy their own homes. Shared ownership models require a smaller deposit and mortgage but as the rent on the unpurchased share is calculated at 2.5 – 3% of the value of the remaining share this can also be prohibitive.

1.2.3 Many residents therefore often need to rent a home and the private rented market is therefore buoyant, with most rents set above the level payable by housing benefit or the housing element of Universal Credit. This results in households, including those in employment, being unable to access good quality rented properties within the Borough. This includes a large proportion of public sector staff and those working in retail, as well as carers, and those working in building trades and other jobs which are essential to provide services for the residents of the Borough.

1.2.4 As a result, there are a high number of households in Runnymede in affordable housing need with 1099 households on the Housing Register, as at February 2025. The SHMA Update (2018) estimates that the annual level of need for affordable housing in the Borough is 471 dwellings per annum (dpa). This is almost equal to the full housing allocation in the adopted Runnymede 2030 Local Plan of 498 housing units each year until 2030. Setting a target in relation to the need for affordable housing in the Local Plan was not considered to be realistic or viable, given that the majority of affordable housing will come forward in market schemes. The SHMA therefore advises that the Council should seek to maximise the delivery of affordable housing where opportunities arise[3].

1.2.5 The Council is therefore committed to increasing the delivery of affordable housing, as set out in the Runnymede Housing Strategy Statement 2021-2026 (February 2021). The Council's aspiration, as set out in the Housing Strategy Statement, is "for sufficient and affordable, good quality housing that is accessible and suitable for local people in Runnymede. We are

[1] Strategic Housing Market Assessment – para. 4.34
[2] Median house prices for administrative geographies: HPSSA dataset 9 - Office for National Statistics
[3] Strategic Housing Market Assessment Update (2018) para. 4.34

responding to the changing demographic and economic needs of our communities to deliver housing that promotes health, wellbeing and financial stability."

1.2.6 This SPD sets out the Council's approach to securing planning obligations in respect of affordable housing from new development across the Borough. It also aims to provide clarity and guidance on implementing the Runnymede 2030 Local Plan affordable housing policy (Policy SL20) by setting out when, how and what affordable housing the Council expects in new developments. The SPD is a material consideration in decision making.

1.2.7 The Council is committed to keeping this SPD under review, as part of the wider monitoring of affordable housing delivery for the Local Plan. If monitoring indicates that the affordable housing targets of the Plan are not being met, the Council may need to take remedial action by reviewing this SPD.

1.3 Policy Context – National level

1.3.1 The National Planning Policy Framework (2024) includes a definition of what is meant by affordable housing. Homes that don't meet this definition are unlikely to be considered affordable housing for the planning process. The NPPF defines affordable housing as:

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

Affordable Housing Definitions (NPPF Annex 2: Glossary)

a. Social rent

meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for Social Rent; (b) the landlord is 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 alternative affordable housing provision.

b. Other affordable housing for rent

meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for 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 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).

c. Discounted market sales housing

is that sold at a discount of at least 20% below local market value. Eligibility is determined with 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 local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision or refunded to government or the relevant authority specified in the funding agreement.

Other relevant Definitions – First Homes

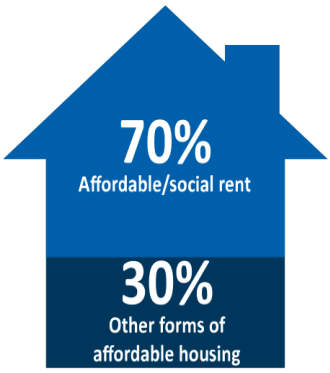
are a form of discounted market sales housing, introduced by the Government on28th on June 2021. They provide homes for first-time buyers at a discount of a minimum of 30% against the market value and the first sale of the home must be at a price no higher than £250k (outside London).

First Homes were initially introduced as a mandatory affordable housing requirement, accounting for at last 25% of all affordable housing units delivered through planning obligations. As a result, Runnymede Borough Council produced an Interim Policy Statement (IPS) on First Homes, which set out how the First Homes policy was to be applied in Runnymede, and this was approved by the Planning Committee on 19th January 2022.

However, on 12th December 2024 the Government published an updated version of the National Planning Policy Framework (NPPF). The new NPPF removed the mandatory provision of First Homes and instead sets out (footnote 31 of the NPPF) that the delivery of First Homes can continue where local planning authorities judge that they meet local need. As a result of this update to the NPPF, the IPS on First Homes for Runnymede is proposed to be revoked and guidance on the provision of First Homes in the Borough included within this updated SPD instead.

1.4 Policy Context – Borough level

1.4.1 The Runnymede 2030 Local Plan was adopted on 16th July 2020. Policy SL20: Affordable Housing of the Plan requires that development proposals of 10 or more



(net) additional units will be expected to provide *35% of dwellings* as affordable units with a tenure split which includes 10% of homes for affordable home ownership.

Policy SL20 applies to all types of residential development falling under Use Class C3 including change of use, conversions and mixed-use sites that incorporate an element of residential development. The only exceptions are for Gypsy and Traveller pitches or Travelling Showpeople plots.

Where sites are sub-divided or not being developed to their full potential, each smaller development must contribute proportionally towards achieving the amount of affordable housing which would have been appropriate on the whole or larger site.

Other Key Local Plan Policies

The policies an application for affordable housing is considered against will depend on the scheme. However, there are several key policies in the Local Plan that may need to be considered:

SL19: Housing Mix and Size Requirements

SD1: Spatial Development Strategy

SD2: Site Allocations

SD7: Sustainable Design

This list is not exhaustive, and applicants should consider all policies within the adopted Plan when making planning applications, particularly those relating to specific site allocations.

2.0 Delivery

2.1 Planning Application Process

Pre-application Stage

2.1.1 All applicants are encouraged to make use of the Council's pre- application advice service before making a planning application. Pre application discussions with a registered provider may also be appropriate.

2.1.2 Pre-application dialogue is particularly important where the proposed development may give rise to an affordable housing requirement. This will allow issues such as local housing need and demand to be considered in addition to the form of any affordable housing contribution.

2.1.3 The discussions with the local planning authority and registered provider will need to include the following, as appropriate:

- Clarify the amount, type, size, and tenure of affordable housing to be provided;
- Discuss the delivery of the affordable housing element of the development including the Council's preferred tenure; and,
- Whether specialist providers will need to be engaged in relation to the proposed development, in order to gain a better understanding of any requirements they might have in relation to the proposed development;

Planning Application Stage

2.1.4 At the application stage, where affordable housing is required, applications will need to be accompanied by draft Heads of Terms, set out within the supporting Planning Statement. The agreement will need to detail the number, type and tenure mix of the affordable housing, including a draft nominations agreement if necessary .If an application for 10 units or more (net), this doesn't include outline planning applications, does not set out how the affordable housing requirement will be provided, the application will not be validated and will be returned to the applicant. Once the affordable housing provision has been agreed and the fees paid, the Council will draft an appropriate Section 106 agreement, the affordable housing element of which will be based on the template set out in Appendix 2 below. Please check with Legal Services to see the latest version of the full s106 agreement.

2.2 Provision of affordable housing

2.2.1 The site threshold at which affordable housing will be sought is set out in Policy SL20: Affordable Housing of the adopted Runnymede 2030 Local Plan (see paragraph 1.4.1 above).

2.2.2 In considering the capacity of sites for development, applicants should make appropriate and efficient use of the land in accordance with Policy EE1: Townscape and Landscape Quality of the adopted Local Plan and the NPPF[4]. If the development does not make optimum use of the site (for example, by providing uncharacteristically large plot sizes, and/or failing to provide smaller dwellings to meet identified housing needs), the Council may conclude that the use of the land is not appropriate, and/ or that not enough affordable housing is being provided.

2.2.3 Policy SL20 specifically states that developers may not circumvent the policy by artificially subdividing sites or by failing to develop a site to its full potential. The development site itself (as identified by the 'red line') should include all existing elements of built development that are being materially modified (e.g. extended, reconfigured or converted). As such, any existing dwelling or building on a plot proposed for development should only be excluded if there is no material alteration to that building proposed. If there are changes to the access, garden or parking, serving an existing dwelling or building, the Council may well conclude that the land and building in question form part of the same development site.

[4] Paragraphs 124 and 125c of the National Planning Policy Framework

2.3 Mix, size and Tenure

2.3.1 Policy SL19: Housing Mix and Size Requirements of the Runnymede 2030 Local Plan aims to ensure that housing development sites deliver a range of (general) housing sizes and types that reflect the needs of the Housing Market Area (HMA) over the plan period taking into account the current housing stock and projected demographic changes.

2.3.2 The affordable **housing mix** shown in the table below is taken from the Council's 2018 Strategic Housing Market Assessment (SHMA). Overall, the SHMA shows that the greatest need for affordable housing, at the time that this work was undertaken, was for 2- and 3-bedroom properties.

Table 1: shows the need for affordable housing in Runnymede Borough

Housing Mix	1 bedroom	2-bedroom	3-bedroom	4-bedroom
Low cost home ownership	15-20%	40-45%	25-30%	10-15%
Rented (social/ affordable rent)	10-15%	40-45%	35-40%	5-10%

Source: Section 6 of the 2018 SHMA Update

2.3.3 Development proposals which depart significantly from the required mix of housing will only be supported where evidence submitted by the applicant demonstrates that such a mix would not be feasible or viable. This issue is considered in more detail below, in part 3 of this document.

2.3.4 In terms of **size considerations for affordable housing developments**, the Council expects high quality homes to be delivered over the period of the Local Plan, which are designed to ensure sufficient space is available for furniture, activity, and movement. The Government has produced **Nationally Prescribed Space Standards.** These standards set out the minimum acceptable gross internal area in square metres for dwellings depending on the number of bedrooms, the number of intended occupiers and the number of storeys.

2.3.5 The Council's evidence which underpinned the Local Plan indicated a need for these national space standards to be applied in the Borough for 1-to-3-bedroom units, and consequently they now form part of Policy SL19 of the adopted Runnymede Local Plan. The purpose of these standards is to ensure that homes in the Borough are designed with sufficient internal space. The minimum gross internal floor areas and storage spaces expected in new developments (sqm) are included as part of Policy SL19 but are reproduced below for convenience.

2.3.6 Applicants are encouraged to seek confirmation of the Council's current requirements for the mix, size and tenure of properties as part of pre-application discussions. This is particularly important for rented properties as housing needs can fluctuate.

Table 2: shows the minimum gross internal floor areas expected for affordable housing units in new developments in Runnymede Borough

Number of bedrooms (b)	Number of bed spaces (persons)	1 storey dwellings	2 storey dwellings	3 storey dwellings	Built in storage
1 b	1p	39 (37) *			1.0
	2p	50	58		1.5
2 b	3p	61	70		2.0
	4p	70	79		
3 b	4p	74	84	90	2.5
	5p	86	93	99	
	6p	95	102	108	

*Where a 1b1p has a shower room instead of a bathroom, the floor area may be reduced from 39sqm to 37sqm, as shown bracketed.

2.3.7 The Council recognises that not all sites will be able to accommodate the full range of housing types and sizes due to location, individual site characteristics or viability. The Council will therefore take into account the nature and location of the scheme, and in particular whether there are any genuine reasons why the mix of types and sizes sought cannot be delivered in practice.

2.3.8 In terms of **tenure**, the overall housing target, as set out in Policy SL20 of the adopted Local Plan, is to provide 70% of the total dwellings as social/affordable rented properties and 30% as other forms of affordable housing. Social rent is the preferred form of tenure.

2.3.9 Where the calculation of the number of affordable units required results in a figure of less than a dwelling, the Council will round up to the nearest number of whole units where the number is 0.5 or above, or down where it is below 0.5 provided that the resulting figure is above the affordable housing threshold. However, if the split of dwellings results in 0.5 of rented, and 0.5 of another type of affordable housing, it is the rented accommodation that needs to be rounded up, as this is the predominant form of affordable housing need in the Borough.

2.3.10 The Council expects applicants to be transparent, as far as practicable, at the application stage about the tenure mix proposed for a particular site. However, it is recognised that this is not always possible, due to funding arrangements. For sites with planning permission that later propose to include additional affordable housing on the site over and above the policy requirement of 35% set out in policy SL20 of the Local Plan (also known as additionality), consideration will be given to the scale, location, tenure mix, local housing need, design,

sustainability (including energy efficiency), impact on infrastructure, and future management of the site.

2.3.11 For the avoidance of doubt, where the Council is minded to grant planning permission for a development proposal, S106 agreements will confirm the amount of affordable housing required to be provided on a site, in line with the application proposal before the Council. If an applicant wishes to amend their planning consent at a later date to propose additional affordable housing, a Deed of Variation will be required to vary the existing S106 agreement.

Affordable Home Ownership and First Homes

2.3.12 The revised NPPF 2024 removed the previous requirement to deliver at least 10% of the total number of homes as affordable home ownership, and instead expects the mix of affordable housing to meet identified local needs.

2.3.13 First Homes are a form of affordable home ownership introduced in 2021. In the 'Definitions Section' (see para. 1.3.1 above) they are included in the "Other relevant Definitions –First Homes" category, although they are in effect a specific form of discounted market sales housing. As set out above, when they were first introduced Councils were required to provide a minimum of 25% of all affordable housing units secured through developer contributions as First Homes, with a number of specified exceptions. The 2024 update to the NPPF removed this requirement and instead sets out that the "Delivery of First Homes can, however, continue where local planning authorities judge that they meet local need".

2.3.14 The publication of the updated NPPF is considered to mean that for planning applications Policy SL20 now takes primacy in determining the tenure of affordable housing in Runnymede. This determination should therefore now be based on the 70% social/affordable rent: 30% other forms of affordable housing split.

2.3.15 The details of the implementation of First Homes in Runnymede is currently set out in an Interim Policy Statement (IPS). The Runnymede IPS on First Homes is proposed to be revoked, alongside the adoption of this SPD. However, as First Homes are still included within the definition of 'affordable housing' for planning purposes, as set out in Annex 2 of the NPPF, they can still come forward as a form of affordable housing in Runnymede as part of the 30% 'other forms of affordable housing'. It is therefore considered important that guidance on the provision of First Homes, and in particular the local eligibility criteria, is retained after the IPS is revoked and consequently it is proposed to include this in the updated Affordable Housing SPD.

Approach to applying First Homes in Runnymede

First Time Buyers

2.3.16 First time buyers wishing to find out more about the scheme should have a look at the government's website

First Homes scheme: first-time buyer's guide: Overview - GOV.UK

2.3.17 If, following this review, buyers wish to purchase a First Home in the Borough they contact the developer of the housing development directly, as the Council does not manage these schemes.

2.3.18 Please note, it is not the role of the Council to complete the information provided with regards to First Homes applications, so if applications do not provide all of the information and documents required, they will be rejected.

Developers

2.3.19 Where First Homes come forward in Runnymede Borough, a discount of at least 30% should be applied to the market value of the property, as there is currently no systemic evidence available to support higher levels of discount than this and consequently in the main the minimum discount will be applied in the Borough.

2.3.20 The income cap for eligibility for First Homes application should be maintained at the amount proposed by the government (£80,000 at the time of writing), as this amount is in line with other existing low-cost home ownership products in the Borough. It is considered that given the high open market house values in Runnymede that it is likely to be counterproductive to apply lower household income caps than this, as that is likely to reduce the number of residents who can afford to buy a First Home and increase the risk that they are sold to applicants with no local connection to Runnymede.

2.3.21 Runnymede Borough Council has set its own local connection criteria for the sale of First Homes. These are the same local connection criteria as those used in the Council's Housing Allocation Scheme.

2.3.22 In line with government guidance, purchasers applying within the first three (3) months of effective marketing must always meet the Local Criteria and the National Criteria. First Homes Applicant(s) applying after the first three (3) months of effective marketing, and where there is less than three (3) months to go before expected practical completion, must meet the National Criteria only. (The period of effective marketing according to local criteria is normally three (3) months. However, in keeping with the Section 106 agreement, the period of marketing according to local criteria cannot expire if there are more than three (3) months to go until expected practical completion. This means that if marketing started more than six (6) months in advance of practical completion, the period of marketing according to local criteria can be correspondingly longer than three (3) months).

2.3.23 As part of the section 106 agreement, a Marketing Strategy must be agreed with the Council, setting out the details of advertising of the properties, particularly with regards to the marketing taking place during the period where the local connection criteria apply.

2.4 Design Requirements

2.4.1 The Council's expectation for new developments is that the affordable homes should be indistinguishable from, and well-integrated within, the market housing on the site. In other words, the design quality of the affordable housing should be as good, if not better, than the private market housing. The Council adopted a **Design Supplementary Planning Document** (SPD) in June 2021 for new build developments in the Borough. The Design SPD sets out guidance for applicants to ensure that design and quality is fully considered for development proposals in the Borough, including those which include affordable housing.

2.4.2 In addition, adopted and emerging neighbourhood plans may also contain design policies, and these may well also need to be taken into consideration, depending on where in the Borough the proposed dwellings are located.

2.4.3 Existing design policies from the adopted Runnymede 2030 Local Plan also need to be considered when designing affordable housing. These include Policy EE1: Townscape and Landscape Quality, which sets out the criteria for achieving good urban design within the context of national advice. Other policies in the Local Plan that deal with design issues which may need to be considered for affordable housing developments include:

- Policy SD4: Highway Design considerations;
- Policy SD7: Sustainable design; and
- Policies SL2 to SL18, SD9 and Policies IE7 to IE11.

2.4.4 The Council would normally expect the affordable homes to be distributed throughout the site, dependent on the scale and design of the development, to promote an inclusive, sustainable community.

2.4.5 The Affordable Housing Units shall be constructed in accordance with the requirements imposed by Homes England's Design and Quality Standards (mandatory items) current at the time of construction.

2.4.6 Parking for affordable housing should meet the Council's current parking standards at the time of the application. The Council expects the same parking provision to be made available for affordable and market housing of the same size. Tenure neutrality is also required in the design of car parking for affordable housing.

2.5 Off Site Provision

2.5.1 Normally affordable housing will be required to be on-site in line with the NPPF (2024: paragraph 64) but in exceptional circumstances where management of the units would be difficult, or where an RP can't be found being two such examples, the Council might allow an appropriate commuted sum to be paid instead of on-site provision It should be noted that a developer's preference for a commuted sum, without clear justification, would not be an acceptable reason for a commuted payment in lieu of on-site provision.

What is a commuted sum?

2.5.2 A commuted sum (or payment in lieu) is an amount of money, paid by a developer to the Council. These are only applied in exceptional circumstances where the size or scale of a development triggers a requirement for affordable housing, but it is not possible to achieve appropriate affordable housing on site or where, after extensive trying, a Registered Provider cannot be found for the site, including through the Homes England clearing service. The Section 106 Affordable Housing Clearing Service - GOV.UK.

2.5.3 Where a commuted sum is proposed, the onus will be placed on the applicant to demonstrate why it is not possible to provide the affordable housing on site. The applicant will also need to show that other options – for example cross-subsidy between rented and shared ownership units/other affordable tenures or providing the affordable housing on another site – have been considered, and why they were not viable.

2.5.4 This route will be followed only where more direct provision of affordable homes has been explored and the Council is satisfied that due to the provision of robust and evidenced reasons, it is not workable given the particular circumstances.

2.5.5 The commuted sum payment will need to take full account of how much it would cost for these affordable dwellings to go elsewhere, including the land costs of the replacement site. The final sum agreed will be at the Council's discretion.

What are the steps in calculating the payment?

2.5.6 Where the Council considers that on site provision would not be **feasible** ~~the most appropriate or viable provision~~, a financial contribution in lieu will be sought. The scale of financial contribution will be calculated using the figures and methodology outlined in Appendix 3, which is designed to be broadly equivalent to the cost of on-site affordable housing provision.

2.5.7 The value of the off-site financial contribution will be specified in the planning obligation, and index linked at the point in time where payment is due. The index figure to be applied will be the most recently published CIL index, which updates according to the BCIS Tender Price Inflation index relating to scheme costs – with the indexing rate now published annually here: RICS Community Infrastructure Levy (CIL) Index (Prepared by BCIS) | BCIS .For clarity, this will apply from the date of implementation of the amended SPD, which is 7th January 2026. In addition, as set out in Appendix 3, the Council will apply a 10% enabling / on-cost to the

indexed sum to cover the costs involved in ensuring that the monies are used to provide much needed affordable homes or fund other projects that assist the delivery of them.

How will the money be used?

2.5.8 The Council will use financial commuted sums in a number of ways and will require the flexibility to do so to be reflected in the Section 106 Agreement or Unilateral Undertaking.

2.5.9 Affordable housing providers can apply to the Council for commuted sum funding for their schemes; these funds can also be spent on Council new build developments.

2.5.10 Commuted sums will be earmarked to enable the provision of affordable housing by a registered provider, including the Council. Decisions on the expenditure of financial contributions will be made in accordance with **Council's Constitution**, details of which are available on the Council's website.

2.6 Vacant Building Credit

2.6.1 The Government's PPG on Planning Obligations states that a vacant building credit will be applied to applicable developments where a vacant building is either converted or demolished. The credit is equivalent to the gross internal floor area (GIFA) of the building to be demolished or brought back into use.

2.6.2 The credit does not apply when a building has been abandoned or where a building has been made vacant for the sole purpose of re-development.

2.6.3 Where it can be satisfactorily demonstrated that the building is eligible for vacant building credit, a vacant building credit will be included for the scheme. Below is a worked example of how the vacant building credit is calculated in Runnymede Borough.

Worked example of a scheme using VBC credit:

If a scheme comes forward for **20 units** with a GIFA of 2,500sqm

The existing building on the site which is proposed to be demolished has an area of 625sqm, has been vacant for over a year and has been advertised

The affordable housing requirement is **7 units** (35% of 20).

Proposed GIFA: **2,500sqm**
Existing GIFA: **625sqm**

Existing divided by proposed x 100

625 / 2,500 x 100 = **25%**

20 units x 25% = **5 units**

3.0 Viability

3.1 Development Viability

3.1.1 Runnymede Borough Council adopted the Runnymede 2030 Local Plan in July 2020. The policies in the Local Plan have been tested through the Whole Plan Viability Study (January 2018) and found to be sound by the Inspector.

3.1.2 This study included the Council's best estimates of the expected contributions for infrastructure (including from CIL), considered necessary for the developments to proceed and the levels and type of affordable housing required.

3.1.3 Delivery of affordable housing is a key priority for the Council. Therefore, if a viability issue arises, consideration is expected to be given to a range of alternative options before a reduction or removal of affordable housing will be considered. This will include prioritising the provision of affordable housing over other less critical infrastructure contributions to ensure viability. The decision to prioritise affordable housing over other infrastructure will need to be made on a case-by-case basis, depending on where the site is and what the infrastructure is like in the vicinity.

3.1.4 In line with revised national planning policy and guidance, it is up to the applicant to demonstrate whether particular circumstances justify the need for a viability appraisal at the planning application stage. It is clear from the PPG that there will be limited circumstances where viability testing at the planning application stage is considered necessary.

3.1.5 Examples of circumstances where a Viability Appraisal will be accepted, set out within the PPG, and relied upon by the Council in its approach include:

- where development is proposed on unallocated sites of a wholly different type to those used in the viability assessment that informed the plan;
- where further information on infrastructure or site costs is required;
- where the applicant is providing a payment in lieu, that is below that set out in the Affordable Housing Financial Contribution (AHFC) calculation;
- where particular types of development are proposed which may significantly vary from standard models of development for sale (for example build to rent or housing for older people); or
- where a recession or similar significant economic changes have occurred since the plan was brought into force.

3.1.6 Planning applications that are accompanied by a viability appraisal should be based upon and refer back to the viability appraisal that informed the Local Plan. The applicant should provide evidence of what has changed since then, in line with national policy advice, to demonstrate the need for a viability appraisal to be undertaken.

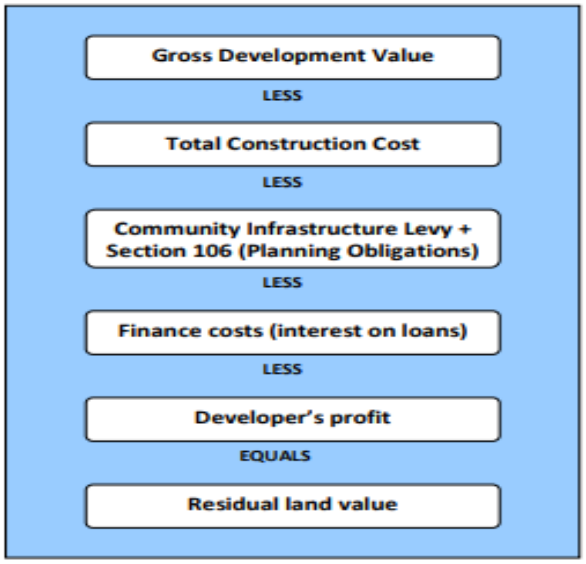
3.1.7 In accordance with guidance, set out in the Planning Practice Guidance and also in the adopted Runnymede 2030 Local Plan (para. 6.36), the price paid for land is not a relevant justification for failing to accord with relevant policies in the Plan.

Basis of the Financial Viability Appraisal

3.1.8 Viability appraisals are sensitive to minor changes in the figures used to calculate viability and also to variations in methodology. Where viability is cited as a barrier to development and is supported by a financial viability appraisal (FVA) (if justified in accordance with paragraph 3.1.4 above), the Council will expect the developer to pay for the independent review of the FVA by the Council's retained viability consultants.

3.1.9 The Council expects an FVA to be undertaken using a residual land value approach. The Residual Land Value is the amount that a developer is able to pay for a site, whilst still being able to deliver the project once all reasonable costs have been met. It is the difference between the value of the completed development on the one hand, and the overall cost of the development on the other. The figure below shows a simplified form of how this calculation works.

3.1.10 To establish whether a scheme is viable, the residual land value is compared with a benchmark land value (BLV). This is defined as the value of the site in its existing use (the existing use value or EUV), plus a premium for the landowner which is the minimum return at which it is considered reasonable that a landowner would sell their land for development.

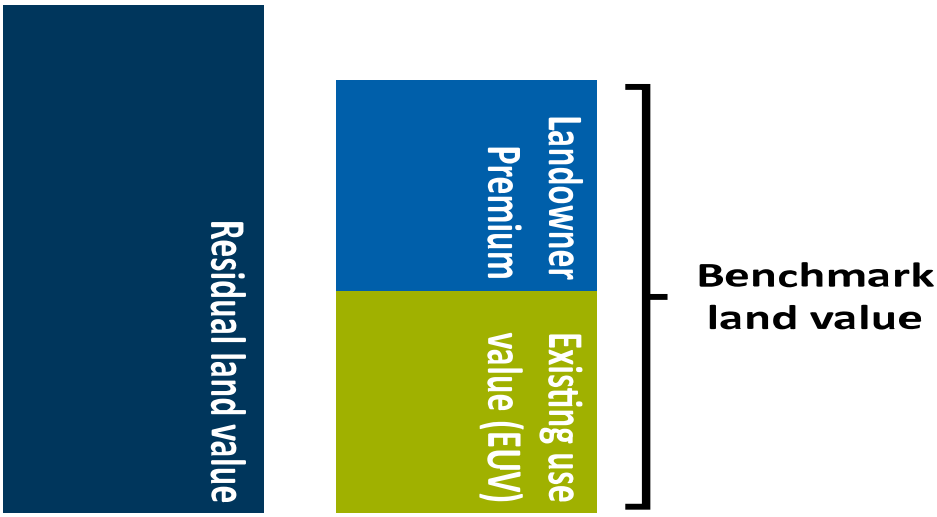


3.1.11 When assessing the viability of a scheme, a number of key inputs are required. The minimum content for an applicant's viability appraisal is set out in Appendix 1. In brief, the viability submission should include as the key elements:

- A summary clearly stating the request to vary the usual affordable housing requirements and setting out (with explanation) the reasons why, in the applicant's view, the development is unviable when policy compliant affordable housing provision is included; and,

- Detailed Financial Viability Appraisal(s) with supporting information, and all sources stated, demonstrating how the applicant's assumptions and reasoning come together to inform in detail the submitted viability view.

3.1.12 The Residual Land Value should be supported by evidence from comparable development land sales (this can provide a sense check). In addition, the Council will expect confirmation of the price paid for the property/land or the price expected to be paid for the property/land on the grant of planning permission together with confirmation of the contractual terms relevant to the determination of the purchase price within any contingent sale agreement or option agreement including minimum price and overage provisions. Price paid is not allowable evidence for the assessment of BLV and cannot be used to justify failing to comply with policy.



In the example above, the residual land value is greater than the benchmark land value, therefore the development is viable.

3.1.13 The Council will assume that the cost of meeting the affordable housing requirements in Policy SL20 of the adopted Local Plan should be reflected in the price paid, or price to be paid for the land, and should be based on the following:

- No public subsidy or grant;
- Payment by the provider of the affordable housing should be based on the provision meeting current Homes England guidance on Design and Quality Standards (mandatory items);
- Any site constraints and the development scope (including as influenced by planning policies) including abnormalities should be reflected in the price paid, or to be paid, for the land; and
- In accordance with the relevant viability guidance, the land value to be used in the calculation or as a land value benchmark should be based on the current existing use land value, not necessarily the amount paid for the land.

3.1.14 Where a developer raises viability concerns in relation to contributions for an application, the Council will, as set out in the adopted Runnymede 2030 Local Plan, expect a full "open-book" viability assessment for the scheme, unless in exceptional circumstances the applicant can clearly demonstrate why parts of the assessment are so commercially sensitive that they must be redacted**.** The applicant must highlight the scope of this prior to submission, in order for the Council to make a judgement as to what information is released for public view. The weight to be given to a viability assessment will take into account the transparency of the applicants' approach.

3.1.15 The Council will ordinarily request an independent review of the viability appraisal and its supporting evidence by their retained viability consultants to ensure the robustness and validity of the assumptions and methods used. This review would be required to be funded by the applicant. The applicant will also be required to provide a written undertaking to cover the costs before the viability consultant is appointed. Viability reports resulting from this process will be shared and discussed with the applicant.

3.1.16 If an applicant wishes to make a viability submission, this should be included as part of the planning application. A draft Unilateral Undertaking may also be included at the applicant's discretion. It should be noted that planning applications without the required information or documentation are unlikely to be validated.

3.1.17 A Financial Viability Appraisal, including the conclusions drawn, and information/sources relied upon is only current at the time it is prepared. Financial viability will vary over time with the changing economic and property markets. On large sites that are expected to build or sell over phased periods of a number of years, and particularly where the planning application is in Outline, viability may need to be assessed at multiple/varying points. It will likely need to be considered at pre-application/initial application stage and updated when the Reserved Matters application is made or prior to the commencement of each phase.

3.1.18 Where, following the above process, conflicts of opinion about scheme viability remain, additional viability work may be necessary. If this is the case, the applicant must first undertake to reimburse the Council in respect of additional costs incurred.

Outcome of the assessment of scheme viability

3.1.19 Where the Council is satisfied that the usual policy requirements for affordable housing cannot be met in full due to viability issues, it will decide on the appropriate level of reduction or other revision to the affordable housing requirement to enable the scheme to remain financially viable.

3.1.20 Where the level of affordable housing provision is reduced due to an accepted viability submission position, clawback or top up by way of an affordable housing financial contribution will be pursued by the Council with the developer prior to the grant of planning permission if it is believed that, should market circumstances materially alter between the granting of permission and delivery, the development of the site may potentially prove to be

significantly more viable on completion than as indicated in the initial viability submission. Where a viability case has been accepted on an outline planning application this should be reviewed at the reserved matters stage. For other non-policy compliant schemes, clawback or a similar alternative arrangement will be considered. Appropriate triggers for reviews at different stages of development or phases may be required in agreements.

Late-stage viability reviews

3.1.21 If the Council decides a clawback or similar arrangement is required, this will be incorporated into an initial Section 106 Agreement with the developer, which will include details of the mechanism for calculating any clawback or top up provision. This will be based on the estimated initial cost plan, values, revenues, etc. of the proposed development from the viability submission made with the application, and the s106 will provide for this to be reviewed subsequently on the completion of the development, if the Council considers this is required. In the event of disagreement between the parties, any further viability assessment that may be necessary will be carried out by an independent RICS-qualified surveyor/valuer. Where a development is to be carried out in phases, the s106 Agreement may provide for further viability assessment and possible clawback or top up payments on, or prior to, the completion of phases.

3.1.22 The method of indexation will be negotiated with the applicant and once agreed, will be specified within s106. The method will generally be based on the published Retail Price Index (RPI) or an appropriate index published by the Build Cost Information Service (BCIS), which is the responsibility of the RICS. If there is a decrease in the relevant agreed index, the financial contribution payable shall not fall below the figure originally set out within the Section 106 agreement.

4.0 Planning Obligations

4.1 Legal agreements

4.1.1 Planning obligations are used to make a development acceptable in planning terms. Legal agreements are the tool to secure planning obligations and are negotiated between local planning authorities and those with an interest in a piece of land (e.g. developers, landowners, agents). Planning obligations can be secured either through a bilateral Section 106 Agreement or through a 'Unilateral Undertaking' from a developer. Unilateral Undertakings are only signed by the landowner(s) and any other parties with an interest in the land, and not by the Council. These unilateral obligations are most frequently used in planning appeal situations but can also be used in other circumstances.

4.1.2 The statutory basis for allowing anyone with an interest in a piece of land in the area of a local planning authority to enter into planning obligations is Section 106 of The Town and Country Planning Act (TCPA) 1990 (as amended).

4.1.3 The Council requires developers to enter into an appropriate Section 106 Agreement covering all aspects of the delivery of affordable housing on the application site. An estimate of the fee payable for this can be obtained from the Council's Legal Team. The fee will depend on the complexity of the agreement.

4.1.4 The Section 106 agreement will include requirements relating to:

- The number of affordable homes
- Definition of affordable housing and affordable tenures
- The bed size, tenure mix and location of affordable housing
- Securing affordable housing for future eligible households
- Expectation to recycle any receipts or grant arising from the disposal of all or part of an affordable dwelling
- Mortgagee in Possession clauses and limitations on the occupation of the affordable housing
- Nomination agreements for allocating affordable housing to eligible occupiers.

4.1.5 A Template of the affordable housing element of the Section 106 Agreement is attached as Appendix 2 to this document.

4.1.6 The full Section 106 Agreement should be finalised and ready for completion prior to the determination of the application (see para. 2.1.5). There may be circumstances, particularly with Outline applications, where the details of affordable housing provision have not been finalised. The Affordable Housing provision would need to be submitted to and approved by the Council prior to the commencement of the development. In the case of Outline applications, it is recommended that provision for affordable housing should be submitted as part of the Reserved Matters application, when known.

4.1.7 The details of the affordable housing provision to be provided are:

a. Total number and percentage of affordable homes

b. Anticipated tenure/ bed size/ type/ gross internal floor areas

c. Site layout showing location of affordable homes

d. Affordable housing provider

e. Draft Nominations agreement

4.1.8 Planning obligations secured by way of a Section 106 agreement or Unilateral Undertaking are binding on the land and are therefore enforceable against all successors in title. They are registered as a local land charge and will remain on the register. They will, therefore, be revealed on local searches until the planning obligation has been fully complied with or the planning permission to which the Section 106 agreement or Unilateral Undertaking relates has expired.

4.1.9 If a planning obligation is not being complied with, the Council may take enforcement action.

Scheduling affordable housing delivery

4.1.10 The Council will normally include triggers in the legal agreement in relation to the delivery of the affordable housing. These may vary from site to site, but a guide would be:

- Not to allow the commencement of development until a Nominations Agreement has been entered into with an Affordable Housing Provider to deliver the affordable housing.

- Not to permit more than 50% of the Open Market Units (or as otherwise agreed in writing between the Borough Council and the Parties) to be in occupation until the date upon which the Parties or their successors in title have transferred the freehold interest in the Affordable Housing Land to the agreed Affordable Housing Provider.

- Not to permit nor enable more than 75% of the Open Market Units to be in occupation until the date upon which the Parties or their successors in title have completed the affordable housing units.

Maintaining accommodation as affordable housing

4.1.11 In order to ensure that the need for affordable housing in Runnymede Borough continues to be met in the future, there should be provisions that either preserve the status of the affordable housing, replace it, or, if it is no longer used for affordable housing, that resources derived from it are recycled to replace the dwelling(s) that have been lost.

4.1.12 The Council will, therefore, require provisions in the Section 106 agreement that:

- Keep the units within the definition of affordable housing;
- Require any purchaser (other than an occupier) to preserve the accommodation as affordable housing in perpetuity, or replace it within the Borough, like for like; and
- Require any purchaser to take on the obligations in the Nomination Agreement or enter into a replacement Nomination Agreement.

Replacing affordable housing that is lost

4.1.13 Affordable dwellings may be lost for a number of reasons. These include when a tenant's statutory acquisition of a rented dwelling occurs, shared ownership staircasing to 100% occurs and when the discharge of the charge on a shared-equity dwelling takes place. In all cases the Council expects the dwelling(s) to be replaced within the Borough, or any monies arising from the disposal of the dwelling(s) to be recycled to provide further affordable housing in the Borough, whenever possible.

Glossary

Benchmark Land Value (BLV): This is defined as the value of the site in its existing use (the existing use value or EUV), plus a premium for the landowner which is the minimum return at which it is considered a reasonable landowner would sell their land for development.

Cost plan: a plan setting out in detail what the actual costs associated with the development are likely to be, as opposed to what has been budgeted for.

Clawback or overage: Planning overage is an **uplift payment due once planning permission has been obtained** because, due to the grant of such planning permission, the land value has increased significantly from the original price paid.

Community Infrastructure Levy (CIL): a planning charge, introduced as a tool for local authorities in England and Wales to help deliver infrastructure to support the development of their area. It allows local authorities to raise funds from developers undertaking new building projects in their area. The money can be used to fund a wide range of infrastructure that is needed as a result of development.

Existing Use Value (EUV): the value of the site in its existing use.

First Homes: this form of discounted market sales housing was introduced on 28th June 2021. They provide homes for first-time buyers at a discount of a minimum of 30% against the market value and the first sale of the home must be at a price no higher than £250k (outside London).

Financial Viability Assessment (FVA): a process of assessing whether a site is financially viable by looking at whether the value generated by a development is more than the cost of developing it.

Gross Internal Floor area (GIFA): is the whole enclosed area of a building within the external walls taking each floor into account and excluding the thickness of the external walls.

Homes England: Homes England is the Government's national housing and regeneration agency for England. It provides investment for new affordable housing and to improve existing social housing, as well as for regenerating land.

Indexation: Indexation can be done to adjust for the effects of inflation, cost of living, or input prices over time, or to adjust for different prices and costs in different geographic areas.

NPPF: National Planning Policy Framework (2024) a document which sets out Government policy in relation to planning in England.

Open market value: The value a property might reasonably fetch if sold on the open market where there is a willing buyer and a willing seller.

Overage: see clawback above.

Planning Obligation: A legal agreement entered into under section 106 of the town and Country Planning Act 1990 to mitigate the impacts of a development proposal.

Planning Practice Guidance (PPG): An online resource that sets out the government's planning guidance on a range of planning issues.

Registered providers (RPs): Defined in section 80 of the Housing and Regeneration Act (2008), registered providers of social housing include local authority landlords and private registered providers (such as not-for-profit housing associations and for-profit organisations.

Residual land value: This is the amount that the developer can afford to pay for the development site, once all reasonable costs have been met.

Section 106 Agreement: *See 'Planning Obligation'*

Shared Equity: The purchaser acquires the whole of the property but effectively only pays a proportion of the value; the remaining value is secured by an equity loan. There have been, and are a variety of schemes available, some with Government support.

Shared Ownership: Shared ownership is a mechanism for purchasing a property for those who cannot afford full home ownership. A percentage of the equity is purchased by means of deposit and mortgage. The retained equity is held by an Affordable Housing Provider (or similar). The owner takes out a lease and pays rent on the retained equity. Owners can usually purchase further shares of the property over time – this is known as "staircasing".

Supplementary Planning Documents (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.

Viability: In planning terms relates to the assessment of a development scheme to establish that favourable conditions regarding the financial aspects will enable development to proceed

Appendix 1- Financial Viability Appraisals (FVAs)

Any Development Viability Appraisal submitted in support of a developer's case for reviewing or reducing planning obligations identified as necessary by the Council, should contain the following information and data as a minimum.

All information and data should be evidenced from an independent RICS-qualified expert or a reliable and reputable source in relation to secondary data.

Figures included within the appraisal should be benchmarked.

1. Methodology used for the appraisal and details of any appraisal software or toolkits used.
2. Land values, both current and at thetime of purchase (if different)
3. Price paid for the land; & costs taken into account when arriving at the price paid for the land (if the land is not owned by the applicant – details of any option agreements or agreements to purchase)
4. Gross and net area of development
5. Number, size and type of units
6. Build costs (per square metre) (and comparison with appropriate with appropriate published RICS data)
7. Abnormal or exceptional costs not reflected in the land value/price (Note:All abnormal and exceptional development costs should be supported by robust and costed specialist reports, including full technical data to support the stated costs)
8. Costs associated with bringing a heritage asset back into beneficial use or enabling development and/or costs of repairs (Note: all such costs should be supported by robust and costed specialist reports, including full technical data to support the stated costs)

9. Other costs (design, legal, consultants, planning etc.)
10. Cost of any other planning obligationsincluding infrastructure requirements and financial contributions
11. Build programme and phasing
12. Interest rates, cap rates, loan costs,cash flows
13. Developer's profit and an explanation of its make up, and any company or financiers requirements
14. Anticipated phasing
15. Marketing and legal costs (and as a % of GDV)
16. Anticipated sales price for each unit type, and current assumed value of each unit type
17. Anticipated phasing of sales
18. Ground rents and services changes payable
19. Attach evidence of engagement with affordable housing providers

20. Anticipated price to be paid by the affordable housing provider, and the assumption on which this is based.
21. Substitution values and revenues for less or no affordable housing on site

Depending on individual site circumstances, further information may be required,including:

22. Developer's Market Analysis Report
23. Details of company overheads
24. Copy of financing offer/letter
25. Copy of cost plan
26. Board Report on scheme
27. Letter from Auditors re: land values and write offs
28. Sensitivity analysis showing differentassumption options (e.g. low,medium & high)
29. For mixed use schemes similar information and data will be required on the non-residential uses.

Appendix 2 - Template Affordable Housing Section 106 Agreement

1. **Definitions**

It is hereby agreed between the parties to this Deed that the following expressions have the following meanings:

"Act"	means the Town and Country Planning Act 1990 (as amended);
"Affordable Housing"	means affordable housing as defined in the NPPF that will be available to persons who cannot afford to rent or buy housing generally available on the open market;
"Affordable Housing Scheme"	means the provision of x units of each of the tenure types of Affordable Housing;
"Affordable Housing Plan"	means the plan with reference [ ] attached to this Deed which shows the location of the Affordable Housing Units on the Site or such other plan agreed with the Council
"Affordable Housing Units"	means [ ] residential units which are to be constructed pursuant to the Planning Permission and which are to be occupied as Affordable Housing in accordance with the Affordable Housing Scheme and "**Affordable Housing Unit**" is any of the Affordable Housing Units capable of separate occupation;
"Affordable Rent"	means rent set at no more than eighty per centum (80%) of Open Market Rent of an equivalent property in the locality (inclusive of service charge) based on a valuation in accordance with a method recognised by RICS which, is to be no higher than the Local Housing Allowance for the area;

"Affordable Rented Housing Units"	[means the Affordable Housing Units provided on Site as Affordable Rent pursuant to the Application and in accordance with the Affordable Housing Scheme];
"Application"	means the application for planning permission for the Development submitted by the Applicant and received by the Council on [DATE] and given reference number RU. [NUMBER];
"Commencement Date"	means the date when the Development or a phase of the Development has been Implemented;
"Commencement Notice"	means the written notice (a copy of which is attached to this Deed at Schedule [ ]) confirming the Commencement Date referred to in clause 5.1 and served in accordance with clause 9;
"Council Contributions"	means [ ] Contributions
"County Council Contributions"	means the [ ] Contributions
"Deed"	means this deed of agreement
"Design SPD"	means the Runnymede Design Supplementary Planning Document adopted by the Council in July 2021 and shall include any amended or updated version as may be adopted by the Council from time to time
"Development"	means the development described in the Second Schedule hereto
"Dwellings"	means any of the residential units constructed on the Site pursuant to the Planning Permission and "**Dwelling**" shall be construed accordingly;

“Homes England”	means the national housing and regeneration agency formed pursuant to the Housing and Regeneration Act 2008 and shall include any statutory successors;
"Implementation"	means the carrying out of a material operation within the meaning of Section 56(4) of the Act in respect of the Development but excluding (for the purpose of this Agreement and for no other purpose):- (1) Site investigation (2) Demolition (3) Site clearance (4) Archaeological investigation and works (5) The assessment of contamination (6) Remedial action in respect of any contamination (7) Ecological mitigation, investigative survey and remedial measures (8) Construction of temporary access roads (9) Service diversions (10) The provision of temporary services or the erection of any hoardings or fences around the Site and "**Implement**” and "**Implemented**" shall be construed accordingly;
"Index-Linked"	means the amount of a respective Council Contribution and/or County Council Contribution payable pursuant to this Deed shall be increased by a percentage equivalent to the increase in the General Index of Retail Prices (all items) as published by the Office for National Statistics or any official publication substituted for them between the substituted for them between the date of this Deed and the date the payment of the relevant contribution is due;

“Interest"	means the rate of interest being Four Per Cent (4%) above the Bank of England base lending rate such interest to be apportioned on a daily basis;
“Local Housing Allowance”	means the flat rate rental allowance providing financial assistance towards the housing costs of low-income households for different rental market areas and property types set out and reviewed by the Valuation Office Agency under a framework introduced by the Department of Works and Pensions or such other similar framework that may replace it;
“Monitoring Fee”	means the sum of [ ] (£) payable to the Council for monitoring compliance with this Deed;
"Nominations Agreement"	means an agreement in a form to be agreed with the Council (a pro forma of which is annexed at the [ ] Schedule) working whenever appropriate with the Registered Provider under which the Council are granted the right to nominate the prospective occupiers for the Affordable Housing Units in accordance with Part VI of the Housing Act 1996 section 159 and such agreement shall provide for the Council to have the right to nominate One Hundred Per Cent (100%) of the first prospective occupiers and One Hundred Per Cent (100%) of subsequent nominations (subject always to the Registered Provider's right to identify other eligible persons in default of the Council making a nomination or the Council's Nominee failing to take up the nomination in accordance with the terms of the Nominations Agreement);
"Nominee"	means a person who is selected by the Council and who is eligible for and in need of Affordable Housing
"Occupation"	means occupation for the purposes permitted by the Planning Permission but not including occupation by personnel engaged in construction, fitting out or decoration or occupation for marketing or display or occupation in relation to

	security operations and "**Occupy**" "**Occupied**" and "**Occupier**" shall be construed accordingly;
"Occupation Date"	means the date of Occupation of the ([ ]th) Dwelling;
"Occupation Notice"	means the written notice (a copy of which is attached to this Deed at the [ ] Schedule) confirming the Occupation Date referred to in clause 5.3 and served in accordance with clause 9
"Open Market Units"	means those Dwellings constructed as part of the Development that are not Affordable Housing Units
"Plan "	which delineates the extent of the Site;
"Planning Permission"	means the planning permission to be granted pursuant to the Application under reference number [RU.]**"**
"Practical Completion"	means the issue of a certificate of practical completion by the Owners' architect(s) or in the event that the Development is constructed by a party other than the Owners the issue of a certificate of practical completion by that other party's architect confirming that the Development or the relevant part or works or phase (as the case may be) are practically complete and **"Practically Complete"** and **"Practically Completed"** shall be construed accordingly
"Protected Occupier"	means a Nominee or other eligible person who: a) has exercised the right to acquire pursuant to the Housing Act 1996 or any statutory provision for the time being in force (or any equivalent contractual right) in respect of a particular Affordable Rented Housing Unit; or

	b) has exercised any statutory right to buy (or any equivalent contractual right) in respect of a particular Affordable Housing Unit; or c) in respect of the Shared Ownership Housing Units, the Nominee or the other eligible person has subsequently purchased from the Registered Provider all the remaining shares so that the Nominee or other eligible person owns the entire Shared Ownership Housing Unit
"Registered Provider"	means a social housing provider registered with the Regulator of Social Housing or its successors
"Site"	means the land described in the First Schedule and edged red on the Plan
"Shared Ownership Housing "	means units let, leased or disposed of to households selected by the Registered Provider where initially between 25% (Twenty Five Per Cent) and 75% (Seventy Five Per Cent) of the equity is made available for sale and where the remaining percentage is retained by a Registered Provider who may charge an annual rent of not more than 2.75% of the value of the unsold equity and who will make the unsold equity available for sale to the occupant at market value if requested by the occupant;
"Shared Ownership Housing Units"	means the Affordable Housing Units to be provided as Shared Ownership Housing as part of the Development in accordance with the Affordable Housing Scheme and "**Shared Ownership Housing Unit**" shall be construed accordingly
"Social Rented Housing Unit"	means the Affordable Housing Units to be provided as Shared Ownership Housing as part of the Development in accordance with the Affordable Housing Scheme and "Shared Ownership Housing Unit" shall be construed accordingly;
"SPA"	means the Thames Basin Heath's Special Protection Area classified under the EU Habitat Directive on the 9th March 2005;

"Strategy"	means the Thames Basin Heaths Special Protection Area Supplementary Planning Document adopted by the Council on the 14th April 2021;
"Working Days"	means Monday to Friday 9 00 to 1700 except bank holidays

COVENANTS WITH THE BOROUGH COUNCIL

Part 2: Affordable Housing

The Owner covenants with the Council:

It will provide the Affordable Housing in accordance with the Affordable Housing Scheme.

The Affordable Housing Dwellings shall be built in accordance with any relevant national standard in place from time to time **PROVIDED ALWAYS** that such requirements are not inconsistent with the Planning Permission or the Council's Design SPD.

In the case of the Affordable Housing for Rent they shall not be Occupied until the Owner has entered into a Nominations Agreement with the Council in respect of each Affordable Housing for Rent.

To Practically Complete and to make available for Occupation the Affordable Housing Dwellings prior to the Occupation of more than Seventy Five Percent (75%) of the Open Market Units.

Subject to paragraphs 2.1(f) and 2.1(g), to ensure the future retention and availability of the Affordable Housing for Rent as Affordable Housing in perpetuity (subject to paragraphs 2.1(h) and 2.1.(i)) and if the Owner intends to dispose of their interest in any of the Affordable Housing Dwellings they will use reasonable endeavours to ensure that the Affordable Housing Dwellings are sold leased or otherwise disposed of to a Registered Provider on the list attached at the [ ] Schedule.

If the Owner is unable to enter into a contract for the disposal of the Affordable Housing Dwellings to one of the Council's preferred partner Registered Providers despite having used all reasonable endeavours so to do within Four (4) months from the Commencement Date the Owner may propose another Registered Provider or Registered Providers to the Council for their approval (such approval not to be unreasonably withheld or delayed) and the Owner shall use reasonable endeavours to enter into a contract for the disposal of the Affordable Housing Dwellings to the Registered Provider's so approved.

If the Owner is unable to enter into a contract for the disposal of the Affordable Housing Dwellings to one of the Registered Providers listed in the [ ] Schedule or the other Registered Provider's approved in accordance with paragraph 2.1(f) despite having used reasonable endeavours so to do within Six (6) months of the Commencement Date then the Owner may enter into a contract for the disposal of the Affordable Housing Dwellings to any Registered Provider of its choosing.

The covenants set out in this Schedule shall not be binding or enforceable against any Protected Occupier or any mortgagee or chargee of the Protected Occupier or any person deriving title from the Protected Occupier

or any receiver appointed by any mortgagee or chargee or any successors in title thereto and their respective mortgagees and chargees SAVE THAT if any successor in title to the Protected Occupier is a Registered Provider or any other provider of affordable housing the provisions of paragraph 2.1(e) shall thereupon once again become enforceable against the said Registered Provider or other provider of affordable housing and their successors in title subject as provided herein.

The covenants set out in this Schedule shall not be binding or enforceable against any mortgagee or chargee of a Registered Provider or any receiver (including an administrative receiver) appointed by any such mortgagee or chargee or any person appointed under any security documentation to enable such mortgagee or chargee to realise its security or any administrator (howsoever appointed) (each a "Receiver") of the whole of any part of the Affordable Housing Dwellings or any persons or bodies deriving title through such mortgagee or chargee or Receiver or any successors in title thereto and their respective mortgagees and charge PROVIDED THAT a mortgagee charge or Receiver acting pursuant to any event of default shall first give written notice to the Council of its intention to dispose of the Affordable Housing Dwelling and shall have used reasonable endeavours over a period of Three (3) months from the date of the written notice to dispose of the Affordable Housing Dwelling to another Registered Provider or to the Council for a consideration not less than the amount due and outstanding to the mortgagee under the terms of the mortgage or charge including all accrued principal monies interest and costs and expenses incurred by the mortgagee in respect of the mortgagee or charge and if such disposal has not been completed with Three (3) month period [as set out above] the mortgagee charge or Receiver shall be entitled to dispose of the Affordable Housing Dwelling free from the restrictions and covenants contained in this paragraph [ ] and Part 2 of the Third Schedule SAVE THAT if any successor in title to the mortgagee or chargee is a Registered Provider or any other provider of affordable housing the provisions of this Schedule shall thereupon once again become enforceable against the said Registered Provider or other provider of affordable housing and their successors in title subject as provided herein.

The transfer of the Affordable Housing for Rent to the Registered Provider pursuant to this Schedule shall contain the following:-

the grant by the Owner to the Registered Provider of all rights of access and passage of other services and other rights reasonably necessary for the beneficial enjoyment of the Affordable Housing Dwellings provided that such rights shall not materially interfere with the construction sale and occupation of the Development and its good estate management;

A reservation of all rights of access and passage of services and rights of entry and rights of support reasonably necessary for the purpose of the Development (including its construction);

A requirement for the Registered Provider to pay a fair and reasonable service charge for the provision of services to the Development which will be enjoyed by the occupiers of the Affordable Housing Dwellings (whether exclusively or in common with others);

And such other terms as the Owner may agree with the Registered Provider.

The mix of Residential Units shall be as stated in the Affordable Housing Scheme or such other mix as may be agreed in writing between the Council and the Owner.

Appendix 3- Methodology for calculating Affordable Housing Financial Contributions (AHFCs)

The Council commissioned consultants, Dixon Searle Partnership (DSP), to undertake a study to inform a review of the method of calculating off-site contributions/payments in lieu of on-site affordable housing provision, known as Affordable Housing Financial Contributions (AFHCs). The aim of the study was to identify a relatively simple means of calculating contributions that met current guidance and best practice, resulting in AFHCs that represent a broadly equivalent level of value / subsidy to the usual on-site Affordable Housing provision.

The DSP Study (March 2025) recommended that the Council applied a £/m2 rate based on the Gross Internal Area (GIA) of the proposed scheme and that it apply a rate of £300/m2 (representing a 35% Affordable Housing Contribution).

Note - All measurements will be taken to mean Gross Internal Area as defined by the RICS in its Code of Measuring Practice. Available at:

May_2015_Code_Of_Measuring_Practice_6th_Edition.pdf

Worked Examples of Affordable Housing Financial Contributions (AHFCs)

Example 1 – Development of 25 dwellings (mix of flats and houses)
Gross Internal Area of all proposed dwellings of 2,070 m2
Policy requirement (Policy SL20) results in a requirement for 9 on site AHs
Payment in lieu of those 9 = £300 x 2,070 = £621,000
This equates to £69,000 per AH unit not being provided on site. (Plus the 10% Council on cost as set out below).

Example 2 - Development of 10 dwellings (all houses)
Gross Internal Area of all proposed dwellings of 990 m²
Policy requirement for 4 affordable homes on site
Payment in lieu of those 4 = £300 x 990 = £297,000
(This equates to £74,250 per AH unit not being provided on site). (Plus the 10% Council on cost as set out below).

Contribution for a single unit/ specific number of units

If for example a contribution in lieu of a specific number of units were to be required rather than the full policy requirement, the equivalent per AH unit rate above could be applied.

To illustrate this using Example 2 above, if it were agreed that 1 unit of affordable housing was to be provided on site but a payment in lieu should be provided for 3 units, then a rate of 3 x £74,250 = £222,750 would apply.

Indexation

In order to maintain the contributions at appropriate levels the rates are proposed to be index-linked from the date of implementation for this amended SPD which is 7th January 2026. The value of the off-site financial contribution will be specified in the planning obligation and will be index linked at the point in time where payment is triggered. The index figure to be applied will be the most recently published CIL index, which updates according to the BCIS Tender Price Inflation index relating to scheme costs – with the indexing rate now published annually here: RICS Community Infrastructure Levy (CIL) Index (Prepared by BCIS) | BCIS

Councils 'on costs'

There will be Council time and costs involved in finding an appropriate site and undertaking necessary feasibility work and site assessments. Therefore, the Council will apply a 10% enabling / on-cost to the indexed sum to cover the costs involved in ensuring that the monies are used to provide much needed affordable homes or fund other projects that assist the delivery of them.

All enquiries about this paper should be directed to:

Planning Policy Team,
Planning Policy and
Economic Development Business Unit.

Runnymede Borough Council
The Civic Centre
Station Road
Addlestone
Surrey KT15 2AH

Tel 01932 838383

Further copies of this publication can be obtained from the above address,
or email: planningpolicy@runnymede.gov.uk

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2026

