

Affordable Housing Statement

233 London Road, Reading – Application Reference 220678

July 2022

Introduction

The Affordable Housing Statement has been prepared for Reading Foods Ltd in support of a planning application for a development at the above site. This includes a ground floor commercial unit (Class E), extensions and alterations to No.233 London Road to create 3 flats; and the provision of a new detached two storey building to the rear containing 3 flats, etc.

The application site measures approximately 0.025 hectares and contains a two-storey end of terrace building located on the corner of London Road and Amity Road. It contains a vacant commercial unit at ground floor and a separate two bed flat above accessed via steps at the rear.

Policy Context

Reading Local Plan Policy H3 Affordable Housing (2019) requires that '...on sites of 5-9 dwellings, a financial contribution will be made that will enable the equivalent of 20% of the housing to be provided as affordable housing elsewhere in the Borough'.

The Affordable Housing Supplementary Planning Document (2021) provides more details on Policy H3 and states that:

The most appropriate way to calculate the contribution is to calculate the Gross Development Value (GDV) of the entire proposed development. The financial contribution will usually be directly proportionate to the GDV of the scheme assuming it is 100% private sales. As the financial contribution required by an RP to fund one unit is 50% of a unit's market value, the financial contribution equates to 50% of the proportion required under policy. Therefore, the following will generally apply:

[...]

For sites of 5-9 dwellings, where the contribution required by policy H3 is 20%, this will equate to 10% of the GDV of the development;

[...]

For the avoidance of doubt, for mixed use developments, where the 'development' is referred to above, this means the new dwellings.

The Pre-Application advice received from the council advised that:

The contribution would be calculated based on the price a Registered Provider e.g. housing association, would pay for the unit. This is assumed to be 50% of the Gross Development Value (GDV). Therefore, if the average GDV of the scheme was £400,000, the affordable housing contribution from the developer would be the remaining 50% of the value of 0.1 units: $0.5 \times 0.1 \times 400,000 = £20,000$. To enable the precise figure for this proposal to be decided, a GDV valuation of the proposed development, based on the current market, would need to be submitted with any

future submission (please submit valuations from more than one suitably qualified valuer).

Any agreed affordable housing obligation would be included within a S106 legal agreement and there would be a legal and monitoring fee required for this. Should the dwellings be proposed as designated Affordable Housing, this would be secured via a S106 agreement instead of a financial contribution.

Paragraph 7.7 of the Affordable Housing SPD advises that:

A typical Affordable Housing Statement for developments of less than 10 dwellings, where an off-site financial contribution is expected, should include the following information:

- the total number of all residential units;
- details of the Gross Development Value (GDV) of the whole development, based on two separate valuations by suitably qualified estate agents of the completed development; and
- the proposed level of financial contribution.

Total Number of Residential Units

Type	Existing Units	Proposed Units	Net Addition
1 Bed	0	4	4
2 Bed	1	2	1
Total	1	6	5

Gross Development Value (GDV)

The existing 2 bed dwelling is valued at £230,000.

Two valuations have been received for the proposed development (see attached).

1. Adams Estates value the 1 bed flats at £160,000 each and 2 bed flats at £230,000 each, giving a total value as £1,100,000:
2. Lansley values the 1 bed flats at £145,000 each and 2 bed flats at £175,000 each, giving a total value as: £930,000

The average gross (mean) GDV is therefore £1,015,000. Deducting the value of the existing 2 bed flat (£230,000) gives a net value of 785,000. The average value per unit would therefore be £130,833.

Financial Contribution

Therefore, using the average GDV of the scheme as £130,833 and the council's SPD calculation the affordable housing contribution per unit would be: $0.5 \times 0.1 \times £130,833 = £6,541$ per unit.

As the proposed scheme is for a net addition of 5 units, the total contribution would be **£32,705**.

The applicant reserves their position to revisit this amount should viability become an issue.

Enc: 2 x estate agent valuations as listed above