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Affordable Housing SPD 2013

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Planning, Development & Regeneration

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January 2013

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## Foreword

“Dacorum is one of the most desirable places to live in the South-East of England, with excellent transport links and several areas of outstanding natural beauty. As a result, homes are in high demand and expensive. In order for people to continue to be given an opportunity to live here, the Council has given very high priority to increasing the supply of affordable homes, backed up by significant resources.”

“The Council has developed this policy to enable sustainable development within the area, with a strong focus on delivering affordable housing, in a Borough where it is in high demand. By working with the private sector and registered providers, the Council aims to ensure that this policy helps the delivery of both market and affordable homes across the borough, and makes Dacorum a viable and desirable place to build and live.”

“We are delighted to welcome this Affordable Housing SPD, which will ensure the delivery of quality affordable homes for the residents of Dacorum.”

*Councillor Margaret Griffiths*  
**Portfolio Holder for Housing**  
**Deputy Leader of the Council**

*Councillor Terry Douris*  
**Portfolio Holder for Planning**

## 1. Executive Summary

- 1.1 Dacorum Borough Council's Sustainable Community Strategy and Core Strategy sets out the Council's priorities and vision for the Borough. The Core Strategy is the key strategic planning document, which forms part of the Local Planning Framework (LPF) alongside supporting Supplementary Planning Documents (SPDs).
- 1.2 This Affordable Housing Supplementary Planning Document supports the Core Strategy policies:
- CS6: Selected Small Villages in the Green Belt
  - CS18: Mix of housing;
  - CS19: Affordable Housing;
  - CS20: Rural sites for Affordable Housing
  - CS22: New Accommodation for Gypsies and Travellers
- 1.3 The purpose of this SPD is to support the application of these policies in respect of residential development by;
- Providing guidance on the affordable housing obligation sought on qualifying sites.
  - Setting out the Council's approach to the distribution, layout and design of affordable housing within developments.
  - Providing the evidence base to support the Council's approach to the tenure and size mix of affordable housing.
  - Detailing the circumstances for off-site contributions
  - Providing the methodology for calculating financial contributions in lieu of affordable housing
  - Explaining the Council's approach to site viability
- 1.4 The Council is in a unique position; being one of the few local authorities in the Country to be granted Development Partner Status under the HCA's Affordable Homes Programme 2011-15 (AHP). The Council is currently implementing its own New Build Programme. Funding from the HCA will enable an additional 45 affordable homes to be built over the programme period.
- 1.5 The Council will facilitate affordable housing delivery by working collaboratively with Registered Providers of Social Housing, Developers and the Homes and Communities Agency (HCA), and other stakeholders to ensure that a choice of quality affordable housing is built at the right time and in the right locations to meet local housing need.
- 1.6 This SPD is supported by recent evidence base of the published Strategic Housing Market Assessment 2010 (SHMA) and the updated Housing Market Needs Assessment 2012

(HMNA) and past Housing Studies commissioned by the Council. Collectively these studies demonstrate there is a substantial need for affordable housing in the Borough.

- 1.7 The Council's view is that Affordable Housing should be accessible to people whose incomes are insufficient to enable them to obtain adequate housing locally on the open market. There should also be a mechanism to ensure the provision of affordable housing remains so in the long term.
- 1.8 This SPD is a material consideration in the determination of planning applications for residential development and it supersedes previous Advice Notes relating to Affordable Housing, the 2005 Eligibility Criteria for the Occupation of Affordable Housing SPD, and those parts of the Planning Obligations SPD (adopted April 2011) which relate to affordable housing.
- 1.9 Appendix B of this SPD contains a "snapshot" summary of the requirements outlined in this Supplementary Planning Document and can be used as a quick reference guide to this Policy.
- 1.10 Dacorum Borough Council's Cabinet formally approved this Affordable Housing SPD on 22<sup>nd</sup> January 2013.

## 2. Introduction and Context

### National Context

- 2.1 The National Planning Policy Framework (NPPF) is a single national planning policy framework which consolidates previous national planning policy statements and guidance. The NPPF introduces changes to previous government housing policy set out in PPS3; including the removal of the national minimum threshold for affordable housing on privately developed sites and the requirement to set separate targets for social-rented and intermediate affordable housing.
- 2.2 Planning Policy Statement 3 (Housing) was updated in June 2011 to include “Affordable Rent” within the definition of Affordable Housing. The introduction of Affordable Rent also forms part of a new funding delivery model proposed under the HCA National Affordable Housing Programme Framework (February 2011). Further information is available at <http://www.homesandcommunities.co.uk/>
- 2.3 The NPPF sets out the Government’s key objectives for Housing, which is to increase significantly the delivery of new homes by:
- Increasing the supply of housing;
  - Delivering a wide choice of high quality homes that people want and need;
  - Widening opportunities for home ownership and;
  - Creating sustainable, inclusive and mixed communities, including through the regeneration and renewal of areas of poor housing.
- 2.4 The delivery of Affordable Housing in Dacorum will contribute to meeting the Government’s objectives, by providing a choice of housing tenures which meets the needs of households on a range of income levels.
- 2.5 Community involvement in the planning of new homes is a key theme within the Localism Act. The Act introduces the policy initiative ‘Community Right to Build’ which is also referenced in the National Housing Strategy ‘Laying the Foundations’. The Community Right to Build enables Communities to initiate development proposals that they wish to see come forward in their locality. Development proposals could include the building of affordable housing, particularly in rural locations where the resources to deliver affordable housing is limited. In response the Council will promote sustainable housing development, which meets the needs of local people. The Council also supports “Self-Build” as defined in the National Housing Strategy.

- 2.6 The Community Infrastructure Levy- introduced by the Planning Act 2008, came into force on 6 April 2010 through the Community Infrastructure Levy Regulations 2010. The Levy is a new planning charge, which allows local authorities in England and Wales to raise funds to pay for infrastructure from developers undertaking new building projects in the area. The Localism Act makes amendments to the CIL Regulations to ensure that a meaningful proportion of the funds raised will be retained locally. Preparatory work to inform the Council's CIL is currently underway, with the levy expected to come into force in 2013/14.

### Regional Context

- 2.7 The Localism Act 2011 empowers the government to revoke the regional tier of planning following the abolition of the regional Government.

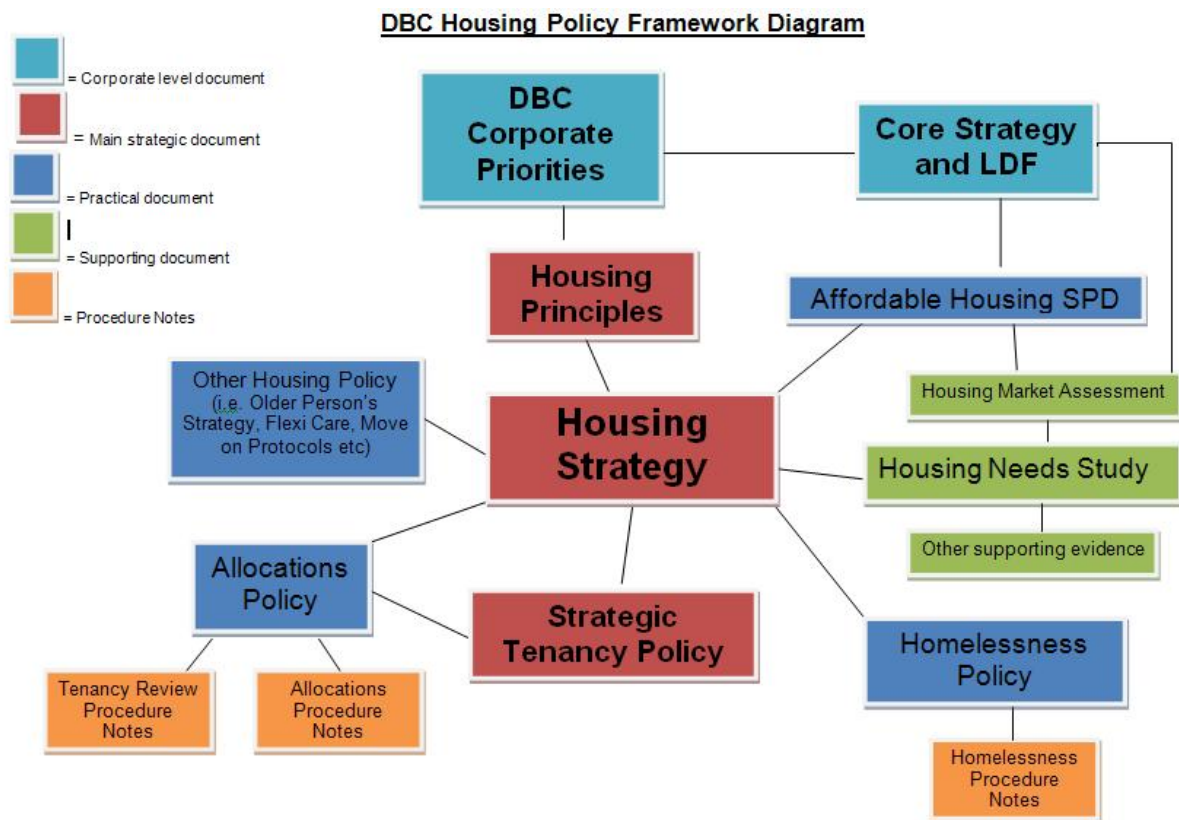
### Local Context

- 2.8 Dacorum Borough Council and 9 other local authorities are located within the London Commuter Belt area, which together forms the 'Hertfordshire Housing Consortium'. The partnership encourages best practice working to maximise the delivery of Affordable Housing in Hertfordshire. Further information is available at [www.hertshousing.org](http://www.hertshousing.org)
- 2.9 In recent years the majority of affordable housing has been delivered through s106 obligations, on private land in conjunction with Registered Social Landlords. The Council is keen to initiate and take an active role in the delivery of new affordable homes. As such, the Council is set to embark on its own New Build Programme under the HCA 2011-15 Affordable Homes Programme. Funding from the HCA will enable the council to build an additional 45 affordable homes during the course of the Programme. These will be owned and managed by the Council in addition to its existing 10,500 affordable homes.
- 2.10 The Council has published a number of documents which set out the background context priorities, objectives and mechanism for the delivery of affordable housing and wider regeneration in Dacorum.

### Published Council documents:

- 2.11 **Corporate Plan 2009-2014**- sets out the council's vision and priorities for the Borough. These priorities are translated into the Council's Housing Strategy and Core Strategy. The Core Strategy is a key strategic planning document which forms part of the Local Development Framework.
- 2.12 **Sustainable Community Strategy**- the Strategy sets out the priorities and long-term vision for the economic, social and environmental wellbeing of the Borough.
- 2.13 **Housing Principles** (2012) – the strategic principles that underpin the policies of the housing function of the Council. These were formally adopted at March 2012 Cabinet. This also approved the Housing Policy Framework which is outlined in 2.14.

2.14 **Housing Policy Framework** (2012) – the suite of documents that make up the housing policy function of the Council. This includes the Housing Principles and this Affordable Housing SPD and is outlined in the diagram below;



2.16 **Local Investment Plan**- articulates the scale of housing growth and regeneration and the level of investment required in Dacorum.

2.17 **Dacorum Development Programme**- this document brings together the Borough's Sustainable Community Strategy and Local Investment Plan and the Local Development Framework. The Dacorum Development Programme is intended to be the delivery mechanism, containing action plans which will facilitate the successful delivery of the identified priorities

2.18 **Planning Obligations Supplementary Planning Document (adopted April 2011)** - this explains Dacorum Borough Council's approach and procedure for seeking planning obligations from residential development. It provides details of the Council's requirements together with the evidence of need to substantiate the levels of contributions sought for certain types of infrastructure.

**The status of this Affordable Housing SPD**



- 2.19 This document provides supplementary information with regards to the delivery of affordable housing in the Borough and should be read alongside the Core Strategy.
- 2.20 This document is a statement of the Council's affordable housing policy and should be treated a material planning consideration.
- 2.21 This SPD supersedes the 'affordable housing' section of the Planning Obligations Supplementary Planning Document and previous Advice Notes regarding affordable housing, and the Supplementary Planning Document, 'Eligibility Criteria For the Occupation of Affordable Housing (2005)'.
- 2.22 The requirements set out in this SPD will be a material consideration in the determination of all planning applications for development comprising residential use classes C2, C3 and C4.
- 2.23 A consultation draft of the SPD was subject to a period of consultation from 20<sup>th</sup> August 2012. The Council received feedback from a wide range of organisations and stakeholders including Parish and Town Councils, Registered Providers, developers, planning consultants and residents.

Relevant changes have been incorporated into the final version of this document. A full consultation paper was compiled and noted by Dacorum Borough Council Cabinet on the 22<sup>nd</sup> January 2013. A full copy of this document is available on request.

### 3. Housing Need

- 3.1 In January 2012 the Council commissioned a consultant to prepare a Housing Needs and Market Assessment (HNMA) Update. The study was undertaken by David Coultie Associates (DCA) and the HNMA study builds on previously commissioned housing needs studies.
- 3.2 The affordable housing need assessment, takes into account the backlog need, new arising affordable housing need as well as the supply of affordable housing. The formula which underpins the housing needs assessment is set out as follows: follows:

$$(B+N)-S=O$$

O= Overall annual net shortfall (or surplus) of affordable housing

B= The Backlog of Existing Housing Need

N= New Arising Need

S=Supply of Affordable Units

The full Housing Needs Assessment Model data, can be found in Appendix D

The latest Housing Market Needs Assessment (2012) identifies an overall net annual shortfall of 750 affordable homes, based on dealing with the backlog over 5 years. To eliminate a proportion of the backlog need over the medium term (10 year period) and the longer term up to 2031 (19 year period) 671 and 633 new affordable homes are needed respectively.

Table 1: **Annual Affordable Need and Supply**

	5 Years		10 Years		19 Years	
Total Net Current Need	795		795		795	
Backlog rate	20%	159	10%	80	5.3%	42
Newly arising Need	1,180		1,180		1,180	
Annual Affordable Need	1,339		1,260		1,222	
Less Annual Supply	589		589		589	
Net annual need	<b>750</b>		<b>671</b>		<b>633</b>	

Source: DCA Dacorum HMNA 2012

Table 2: Total Need before new delivery

	5 Years	10 Years	19 Years
Annual Affordable Need	1,339	1,260	1,222
Less Annual Supply (589 minus 97 units) excluding 97 additional affordable units	492*	492	492
<b>Total Need before new delivery</b>	<b>847</b>	<b>768</b>	<b>730</b>

Source: DCA Dacorum HMNA 2012

\*The annual supply (589) already incorporates the projected average delivery of 97 additional affordable units. If the 97 affordable units were not included, the total net annual need prior to new delivery would be 847, 768 and 730 over the lifetime of the plan.

The Core Strategy housing delivery target is 430 homes per annum, the affordable housing target is 35%. If 35% of the annual delivery is achieved, 150 new affordable units would be delivered. If this target is achieved, the net outstanding affordable shortfall after all supply would be 697 over 5 years, 618 over 10 years and 580 units over 19 years.

### Affordability

- 3.3 The determinant of affordability is the relationship between house prices/rents and earnings. The Council seeks to ensure that all forms of affordable housing are within reach of local household incomes. Department of Communities and Local Government Guidance define affordability in terms of the proportion of households' income which is spent on housing costs. In line with the Guidance, households should spend no more than 25% of their gross household income on rented accommodation.
- 3.4 Affordable Housing should be affordable to households with the lowest income levels, including households in receipt of Local Housing Allowance (or other benefit regime e.g. Universal Credit to be introduced in 2013). The Council takes the view that the rent levels set for affordable rent accommodation should not exceed Local Housing Allowance Rates.
- 3.5 In terms of the affordability of market housing, CLG Guidance states that it is reasonable to assume that a single earner will borrow up to 3.5x his/her gross income, with two income households borrowing no more than 2.9x their joint income. The HNMA Update study reveals the key affordability issue for households wishing to buy is the need for up to 20%

deposit and identifies that 93% of concealed households forming will not be able to afford a deposit for a 1- bed flat without significant parental assistance.

- 3.5 Shared ownership housing offers an intermediary step, between full homeownership and renting. The HMNA suggests that between 25% and 40% of new forming households can afford to purchase shared ownership, subject to the value of the initial share purchased.
- 3.6 The cost of shared ownership housing is dependent on a number of variables, such as the value of the property on the open market, the share to be purchased and the rental and service charges. The Council takes the view, that service charges should not be levied on houses, unless the registered provider can provide evidence to justify there is a service charge requirement. The council expects that Registered Providers charge no more than 2.75 % on the rental element.
- 3.7 The Homes and Communities Agency calculator defines the purchaser's maximum contribution to housing costs, as a ratio of net income to debt. Applicants should not be borrowing amounts deemed to be unsustainable. The HCA Shared Ownership Calculator sets out affordability guidelines. Further information is available at [www.homesandcommunities.co.uk](http://www.homesandcommunities.co.uk)

## 4. Affordable Housing Definition

4.1 The definition of Affordable housing is set out in the previous Government policy statement for Housing (PPS3) and the NPPF and is detailed below:

*Affordable housing* comprises Social rented, Affordable rented and Intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.

- *Social rented* housing is owned by local authorities and private registered providers, for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency.
- *Affordable rented* housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).
- *Intermediate housing* is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.

4.2 For planning purposes "*low cost market*" housing (i.e. discounted market housing at a maximum of 80% open market values) does not meet the definition of affordable housing, unless applicant/affordable housing provider can demonstrate there is a mechanism to retain the discount of the homes in perpetuity for future purchasers.

4.3 In recent years, the provision of intermediate tenures such as shared ownership has played a significant role in meeting the needs of households, who are not eligible for social rent and cannot afford to rent in the private sector or access market housing. Intermediate Housing in Dacorum is advertised and allocated through the local Home Buy Agent, Lea Valley Homes. Further information is on intermediate housing available at [www.leavalleyhomes.co.uk](http://www.leavalleyhomes.co.uk)

4.4 Affordable housing providers should meet the above definition of affordable housing or the most up to date definition as defined by the Government policy at the time of submitting a planning application.

## 5. On-site provision

### The proportion of affordable housing

**In all instances as set out in Policy CS19, the Council will seek on site provision of Affordable Housing.**

- 5.1 The Council commissioned Three Dragons consultants to undertake an Affordable Housing and s106 Viability Assessment (2009). The Study tested the viability of delivering varying proportions of affordable housing across sub market areas within Dacorum. The study revealed that a target of 40% affordable housing would be achievable across the Borough without risking development viability.
- 5.2 In considering the findings of the Study, the Council took the decision to adopt a lower proportional target of 35% affordable housing. This target reflects a reasonable affordable housing level, which avoids risking development viability (particularly on sites where viability is marginal) when taking into account the range of other planning obligations.
- 5.3 In accordance with Policy CS19, this Affordable Housing SPD requires that 35% of new dwellings on qualifying sites should be provided as on-site affordable homes. The affordable housing should be provided as part of the development proposal on the application site. Higher levels will be sought on sites, which have an adopted planning brief that specifies a higher percentage will be required or where specified in a development plan document (i.e. the Core Strategy, Site Allocations or East Hemel Hempstead Area Action Plan), unless it can be demonstrated that it is unviable to provide the specified level or there is no evidence of need. Please see section 12 for rural affordable housing.

### Qualifying sites for affordable housing

- 5.4 This SPD applies in respect of development, comprising residential Use Classes C2 and C3. Further details of the Use Classes to which this SPD will apply are referenced in section 9.
- 5.5 Policy CS19 sets out the affordable housing obligation which is applicable to residential development proposals and applies where there is a net gain of one or more dwellings, including conversions.

The affordable housing obligation should be met in the form of dwellings as part of the proposed development on those sites which have a size threshold of a minimum;

- 0.3ha or greater or providing 10 or more dwellings in Hemel Hempstead; or
- 0.16ha or greater or providing 5 or more dwellings in the rest of the Borough

5.6 A financial contribution in lieu of affordable housing will be applicable to sites which fall below these site thresholds (excluding rural areas and small villages). Table 1 provides a summary of the Council’s affordable housing requirements according to site location and threshold.

Table 3: A Summary of the Affordable Housing Policy requirements by location and site threshold

Location	Site area	Number of dwellings	Council requirements
Hemel Hempstead	0.3 Ha or over	10 or more dwellings	35% affordable housing provision on site
	Under 0.3 Ha	1-9 dwellings	Financial contribution in lieu of affordable housing ( off-site provision)
Elsewhere in the Borough (excluding small villages/rural areas)	0.16Ha or over	5 or more dwellings	35% affordable housing provision on site
	Under 0.16Ha	1-4 dwellings	Financial contribution in lieu of affordable housing (off-site provision)
Chipperfield Flamstead Potten End Wigginton	No site size threshold	1 or more dwellings	Limited infilling in these locations-all new dwellings to be affordable housing for people with a local connection to area.

### Tenure requirements

5.7 The 2012 Housing Needs Study identified a high level of need for rented affordable housing. This corroborates the findings of previous commissioned studies (*SHMA 2010 and the 2003 Housing Needs Study*). As a guide, the Council’s expected tenure split is 75% affordable rent and 25% shared ownership.

### Size Mix

5.8 There should be a mix of housing sizes and type provided on site. As a guide, where development proposals comprise a mix of houses and flats, the housing size mix of the affordable housing should represent the overall mix of dwellings on the site. Therefore a proportionate mix is sought to ensure a fair proportion of family-sized homes are provided.

A worked example: a notional scheme providing 44 homes comprising flats and houses  
29 private units  
15 affordable units

E.g. 35% affordable housing requirement = 15 affordable homes provided on site.  
Unit mix breakdown for example, 35% of the 1-bed units on the site  
= 35 % of 18= 6  
Six 1-bed affordable units should be provided.

Table 4. An example of calculating the proportionate affordable housing mix

Unit mix	Overall mix of units	Private	Affordable
1 bed (flats)	18	12	6
2-bed (flats)	14	9	5
3-bed (houses)	6	4	2
4-bed (houses)	6	4	2
Total number of units	44	29	15

- 5.9 Whilst the HMNA provides Housing Needs evidence, it is recognised that the housing needs will change over time. Therefore the Council will take into consideration the pressures on the existing social housing stock in the Borough (*e.g. increased number homelessness cases or home seekers*) the rates of new build (affordable housing) development and other local circumstances which may impact on the Council's ability to meet housing need. The Council therefore reserves the right to take a view on the housing needs and the affordable housing mix required on a site, prior to submission of an application for determination. Developers are therefore advised to enter into discussions at the pre-application stage with the Strategic Housing team regarding the affordable housing requirements
- 5.10 The Council owns and manages over 10,000 social homes. To assist in meeting housing needs; the Council through the operation of its Housing Allocation policy will seek to optimise the use of its existing housing stock, thereby minimising the total (capital) resources required to meet the defined housing need and thus ensure the right type of affordable homes are built.



## 6. Design and layout of affordable housing

### Design quality

- 6.1 The quality of design is an important aspect of affordable housing delivery. To ensure the affordable housing integrates successfully within the overall development; a tenure-neutral design approach will be encouraged, i.e. the external appearance of the affordable homes should be indistinguishable from the private housing on the site.
- 6.2 HCA funded schemes are required to meet Housing Design Quality Standards. Particular consideration will be given to the size of units. The Council also encourages non-HCA funded schemes to aspire to these Standards. Local authority funding will only be available for schemes which meet the HCA Design Quality standards. Further details are available at the

<http://www.homesandcommunities.co.uk/ourwork/design-and-sustainability-standards>

Developers should also have regard to Policies CS10-13 of the Core Strategy which relates to design, when drawing up their schemes.

### Distribution of Dwellings

- 6.3 The distribution of the affordable housing within a new development can have an impact on the social sustainability of a community; in terms of the quality of life for occupants. Care should therefore be taken to avoid the placement of any particular type of tenure in less desirable parts of the site.
- 6.4 On larger sites, the affordable homes should not be clustered in one particular location within the site. The distribution of affordable homes will be considered on a site-by-site basis. The Council will seek to ensure that new housing regardless of tenure is optimally distributed throughout the site.
- 6.5 The location of the affordable housing within the site or block will have implications for the future management and maintenance by the Registered Providers. Private sector developers are advised to consult with Registered Providers at the earliest opportunity, (i.e. at pre-application stage) regarding the location of the affordable units so as to avoid any unintended negative consequences for the future management and maintenance of the new homes.

### Lifetime Homes & Wheelchair Accessible Housing

- 6.6 The Council expects affordable homes to meet lifetime homes standards, where feasible. The Council will also work with registered providers to ensure a proportion of homes are

fully wheelchair accessible to meet the needs of occupants with disabilities or mobility impairment.

### **Sustainable Homes**

- 6.7 In accordance with the Homes and Communities Agency requirements, it is expected that all new affordable homes, which are to be owned and managed by Registered Providers will be built to a minimum Code for Sustainable Homes Level 3. The Council will encourage exemplar housing schemes which demonstrate higher environmental sustainability standards, e.g. Passiv Haus Standard or zero carbon developments. Applicants must have regard to Core Strategy Policy CS29: Sustainable Design and Construction.

## 7. Viability

- 7.1 The Affordable Housing and Section 106 Viability Study (2009) demonstrates that the provision of 35% affordable housing is economically viable across the Borough. The Council (in partnership with a number of Hertfordshire authorities) has further commissioned Lambert Smith Hampton to undertake a joint district wide CIL Viability Assessment. The outcome of which will inform a charging schedule that will raise funds towards the delivery of infrastructure that is required to support development. Further information regarding the CIL process and timetable for implementation is available from the Strategic Regeneration Team.
- 7.2 The Community Infrastructure Levy (CIL) Regulations (at the time of writing this SPD) rules out the application of the levy for providing affordable housing. However the Regulations do allow for 100% relief from the levy on those parts of a chargeable development which are intended to be used as affordable housing.
- 7.3 Applicants bringing forward housing proposals on qualifying sites are therefore advised to take into account the affordable housing provision and other s106 obligations and/or CIL together with other known requirements and constraints when negotiating the purchase of land. In normal circumstances it is unlikely the Council will accept that the affordable housing provision can be traded off against other s106 obligations or CIL requirements.
- 7.4 The Council takes the view that issues of site viability due to exceptional development costs do not in any way release the developer from the requirement to provide affordable housing under a planning obligation. This view is supported by the Taylor Wimpey VS Welwyn Hatfield Council (2010). The Council expects that land costs should reflect current market values, as set out in an RICS approved Valuation.
- 7.5 The Council considers it is useful to establish a common understanding of the development attributes which constitute 'exceptional or abnormal costs'. Standard development costs that will not be considered as exceptional include: demolition; landscaping; surveys (e.g. archaeological or ecological); or ground conditions, or costs of meeting this SPD (e.g. HQI standards). 'Exceptional or abnormal costs' as examples; may include (but not exhaustive) extensive decontamination and necessary engineering works to create a sustainable platform for development or infrastructure works, (i.e. diversion of utility networks).
- 7.6 In cases where there are genuine unforeseen costs associated with the site (e.g. unexpected contamination) and all other sources of remedial finance have been exhausted, the Council will expect 'open book' negotiations and may consider various approaches either to use in-house expertise or seek independent viability advice on both costs and values. Should the latter approach be taken, the Council will appoint an

independent consultant to review the viability assessment to assist in determining application. The costs of this will be borne by the applicant

7.7 In cases where the applicant considers that the site cannot viably support the Council's affordable housing policy requirements. The Council will require the applicant to submit a financial appraisal and supporting evidence at pre-application stage. This will enable the Council to assess at the earliest opportunity, the optimum affordable housing mix which is economically viable on the site.

7.8 The financial development appraisal will seek to calculate the residual site value using the following key inputs:

*Gross Development Value (GDV)*

- An estimate of the total revenue of the development.

*Development Costs*

- development costs are likely to include (but not limited to): Site acquisition costs
- Construction costs
- Finance costs
- Marketing costs
- Planning Obligation costs

*Professional fees*

- Acquisition costs – stamp duty, agency/legal fees
- Marketing costs
- *Project timescales*
  - a realistic estimate of the construction and sales periods.

*Profit*

- The developer's profit must have regard to current market practice and the specific risk of the development.

7.9 To assist with the analysis of the viability appraisal, the Council may request that the following supporting information be provided.

- Site purchase price ( evidenced) and date
- Sensitivity testing (a second residual valuation ) detailing the level of proposed affordable housing that can be delivered in support of any departure from the affordable housing policy requirement
- Justification of the site abnormal costs supported by a technical assessment and costs

- A Build Cost Report prepared by an RICS certified quantity surveyor report justifying development costs.

7.10 The Council has endorsed the HCA Development Appraisal Toolkit (DAT) which is freely available from the HCA website to any organisation that wishes to use it. Applicants are therefore requested to provide financial data using the HCA toolkit or similar appraisal format. <http://www.homesandcommunities.co.uk/ourwork/development-appraisal-tool>

## 8. Off-Site Contribution

- 8.1 A financial contribution in lieu of affordable housing is applicable on sites which fall below the site thresholds of 0.3ha or 10 dwellings in Hemel Hempstead and 0.16ha or 5 dwellings elsewhere in the Borough. The contribution should be equivalent to providing subsidised/free land for affordable housing. Appendix A sets out the methodology for calculating off-site contributions.
- 8.2 The methodology for calculating the financial contribution (commuted sums) payable can be calculated by following the three step approach below.

- 1. The land value is divided by the total number of dwellings proposed; this will provide the land value per unit.**

*The land value should be appraised by an independent RICS qualified surveyor, on the basis that the site is serviceable and there is no affordable housing contribution to be made or no commuted sum payable.*

- 2. The affordable housing contribution applicable on the site is calculated by applying the Affordable housing percentage to the total number of units proposed.**

- 3. The financial contribution is arrived at by multiplying the land value per unit by the number of affordable units that would have been required.**

*As an example:*

*A proposal to build 9 dwellings on a site that has a value of £0.5m, when applying the affordable housing percentage; this would generate a contribution of 3.15 units. In practice the developer would pay 3.15 x the land value per unit.*

*Three step calculation*

**Step 1: To work out how many affordable housing units required**

*A= affordable Housing Percentage of 35%*

*B= proposed number of dwellings on the site*

*C= the proportion of affordable housing required*

$$C = A \times B$$

*0.35 x 9= 3.15 Affordable dwellings would normally be required on site.*

*C= 3.15 units*

**Step 2: to work out the land value per unit**

*D = Land Value per unit (Land Value ÷ proposed number of dwellings)*

*£0.5m ÷ 9 = £55,555*

**Step 3: To work out the financial contribution payable.**

*E = financial contribution payable (land value per unit x the number of affordable units required)*

*£55,555 x 3.15 = £175,000 (rounded up.)*

**Contribution Waiver**

- 8.3 Normally a financial contribution will be payable as described in paragraph 8.1, however due to the prevailing market conditions, the Council has opted to waive the above calculation which will **cease to apply, on sites where the site size is under 0.16ha AND where the total number of units to be developed is less than four**. In these situations the Council will not seek a financial contribution to affordable housing until such time of review of the Affordable Housing SPD. The waiver will ensure that small sites are still viable & feasible for delivery. **With the exception of sites in rural areas, where on-site affordable housing will still be sought under policy CS6 and CS20 on sites of all sizes.**
- 8.4 **Contributions towards affordable housing may not be waived if in view of the LPA the site forms part of a larger site which would normally be subject to charge.**
- 8.5 Financial contributions received from developers will be pooled in a specific affordable housing fund to support the Housing Capital Programme for the provision of new affordable homes. The Council will spend commuted sums either on direct provision in building affordable homes on sites within the Council's ownership or via the purchase of land on the open market. Alternatively the sums can be collected can be administered in the form of grant to Registered Providers to build new affordable homes in the Borough.
- 8.6 The Council's Housing Development Team will administer the fund and identify development opportunities and appropriate schemes in accordance with Council's procedures on capital projects. The accounting for the funding will be undertaken by the s106 planning monitoring officer.

## 9. Additional considerations

### Funding

- 9.1 Nil grants should be assumed on all s106 sites, to reflect the HCA Affordable Homes Framework 2011-15 requirements. Further information is available at [www.homesandcommunities.gov.uk](http://www.homesandcommunities.gov.uk)
- 9.2 In exceptional circumstances, the Council may consider allocating its own Affordable Housing Grant (if resources are available) based on the merits of the scheme, i.e. the scheme represents value for money.

### Partnership working

- 9.3 The Council has put a significant amount of resource into achieving delivery, and is committed to working with Registered Providers and the Private Sector to maximise the development of homes in Dacorum.
- 9.4 The Council works closely with a number of additional housing providers, including the Government's Home Buy zone agent for Hertfordshire, Lea Valley Homes, who market intermediate housing. Further information on Lea Valley Homes can be found at [www.leavalleyhomes.co.uk](http://www.leavalleyhomes.co.uk)

### Private Developers

- 9.5 The Council considers that Registered Providers are best placed to manage affordable housing. Private Developers are therefore encouraged to work closely with Registered Providers to deliver affordable housing to ensure the new homes are managed effectively.

### Registered Providers

- 9.6 The Council is not prescribing which Registered Providers should deliver affordable housing in Dacorum. Therefore the Council will actively work in partnership with a range of Registered Providers, who can demonstrate high quality management services and housing delivery.

### Housing Management

- 9.7 It is expected that Registered Providers that wish to develop in Dacorum will have a management service which is in reasonable distance of the Borough. This will ensure that repairs and maintenance can be carried out effectively.
- 9.8 It is expected that Registered Providers levy fair and affordable service charges on affordable housing. These should not affect the affordability of the property to households on the waiting lists.



### Planning Application Classes

9.9 The below table sets out the affordable housing contributions that the Council will seek in respect of different classes of planning application.

Planning Class	Definition	Obligations Sought
C1	Hotels and Hostels	No affordable housing obligation
C2	Residential Institutions (excludes care/nursing homes)	The affordable housing obligation will apply to retirement housing, self-contained units (i.e. unit has its own front door, kitchen & bathroom)
C3	Dwellings, Flats, Houses, Apartments	Affordable housing obligation will apply

*NB – Obligations are not sought on Extra-Care/Flexi-Care housing*

9.10 Gypsy and Traveller Pitches are classed as affordable housing units. In order for a Gypsy and Traveller Pitch to be classed as an affordable housing unit it must be;

- (a) managed under legal agreement by a Registered Provider; and
- (b) fully built to Registered Provider standards; and
- (c) be subject to a nominations deed with Dacorum Borough Council; and
- (d) the pitch be fully serviced; and
- (e) be occupied by a nominee of the Council's choosing.

## 10. Submitting a planning application

### Outline and reserved matters applications

- 10.1 Applicants are encouraged to enter into informal discussions with the Strategic Housing Team regarding affordable housing proposals. The Council seeks an understanding of the affordable housing which may come forward on a site at outline application stage. (If a full planning application is not intended to be submitted for the site) Where there is an obligation to provide affordable housing on site. The Council will require applicants to define within the outline application, the amount of development proposed pertaining to the affordable housing element of the scheme. Outline application are therefore advised to set out the following:
- the percentage of affordable housing to be provided
  - the indicative dwelling mix of the affordable homes
  - the indicative tenure mix of the dwelling types or sizes
- 10.2 Reserved matters applications, should confirm the affordable housing mix proposed on the site. As a guide the dwelling and tenure mix should broadly reflect the indicative housing mix specified within the outline application, unless there is a significant change to overall dwelling types and sizes proposed as part of the reserved matters application.

## 11. S106 Agreement

- 11.1 Section 106 (S106) of the Town and Country Planning Act 1990 allows the local planning authority to enter into a legally-binding agreement or planning obligation with a landowner in association with the granting of planning permission.
- 11.2 The Council's S106 agreement includes standard clauses to secure the provision of affordable housing. The agreement is made by Deed between the landowner (s), Dacorum Borough Council and (may also include a Registered Provider) and Hertfordshire County Council.
- 11.3 In all cases where affordable housing is to be secured by S106 the Council's Solicitor will produce the first draft and the applicant will be required to pay the Council's legal and administrative costs incurred in negotiating and completing the deed.
- 11.4 A selection of some of the standard affordable housing clauses that form part of the s106 agreement are outlined below. Further information can be obtained by contacting the Council's legal department on 01442 228 000.

### 11.5 Affordable Housing

Housing of a type which having regard to its rent or other consideration is suitable for occupation by people who are in Housing Need

### 11.6 Affordable Housing Units

NUMBER (X) of the Residential Units to be constructed on the Property pursuant to the Planning Permission and made available for Affordable Housing of which NUMBER (X) shall be Affordable Rental Dwellings and NUMBER (X) Affordable Housing Units shall comprise Shared Ownership Dwellings the exact breakdown of which shall comprise:

Affordable Rental Dwellings: [X] x [X] bedroom houses and [X] x [X] bedroom houses  
Shared Ownership Dwellings: [X] x [X] bedroom houses

Or such other split of units and tenure as may be agreed in writing with the Housing Manager

### 11.7 Housing Need

A person has a housing need if in the opinion of the Housing Panel the person meets the criteria contained in the Council's policies relating to housing allocation (Housing Allocation Policy – as amended from time to time) as formulated pursuant to the provisions of the Housing Acts 1985 and 1996 or any successor acts

### **11.8 Registered Provider**

A registered provider of social housing registered with the Tenant Services Authority (or any successor authority) pursuant to the Housing and Regeneration Act 2008

### **11.9 Shared Ownership Lease**

A lease or sub-lease (in the form of the Homes and Communities Agencies model lease for shared ownership or such other form of lease approved by the Council) of an Affordable Housing Unit granted at a premium whereby no more than seventy five per cent (75%) (or such variation in percentage as may be agreed in writing with the Housing Manager) of the equitable interest in the Affordable Housing Unit is to be paid by the tenant or sub-tenant upon the initial completion of such lease or sub-lease or raised by mortgage or charge from a reputable bank or building society and which lease or sub-lease shall include arrangements enabling the tenant to acquire the balance of the legal and equitable interest in the Affordable Housing Unit at a future date or dates with rent being charged on the remaining equity share at a rate that will be no higher than two and three quarter percent (2.75%) (Or such variation in percentage as may be agreed in writing with the Housing Manager) of the gross value of the remaining share per annum

### **11.10 Occupation Clause**

Unless otherwise agreed in writing by the Housing Manager, the Owner shall not permit the Occupation of more than NUMBER (X) Open Market Units until such time as all the Affordable Housing Units have been constructed to Practical Completion and transferred to a Registered Provider

### **11.11 Mortgagee in Possession & Perpetuity**

*(The grey numbering below refer to the numbering within the s106 agreement)*

- 3.3 From the date of Practical Completion of the Affordable Housing Units they shall not be used other than for Affordable Housing save that this obligation shall not be binding on:
  - 3.3.1 Any Protected Tenant or any mortgagee or charge of the Protected Tenant or any person deriving title from the Protected Tenant or any successor in title thereto and their respective mortgagees and charges; or
  - 3.3.2 Any Chargee provided that the Chargee shall have first complied with the Chargee's Duty
  - 3.3.3 Any purchaser from a mortgagee of an individual Affordable Housing Unit pursuant to any default by the individual mortgagor.

- 3.4 The Chargee shall prior to seeking to dispose of the Affordable Housing Units pursuant to any default under the terms of its mortgage or charge shall give not less than 1 months' prior notice to the Council of its intention to dispose ("the Chargee's Notice") and:
- 3.4.1 In the event that the Council responds within 1 month from receipt of the Chargee's Notice indicating that arrangements for the transfer of the Affordable Housing Units can be made in such a way as to safeguard them as Affordable Housing then the Chargee shall co-operate with such arrangements and use its reasonable endeavours to secure such transfer
- 3.4.2 If the Council does not serve its response to the Chargee's Notice within the 1 month then the Chargee shall be entitled to dispose free of the restrictions set out in clauses 3.3 to 3.4
- 3.4.3 If the Council or any other person cannot within 2 months of the date of service of its response under clause 3.4.1 secure such transfer then provided that the Chargee shall have complied with its obligations under paragraph 3.4 the Chargee shall be entitled to dispose free of the restrictions set out in clauses 3.3 to 3.4
- 3.4.4 PROVIDED THAT at all times the rights and obligations in this sub clause shall not require the Chargee to act contrary to its duties under the charge or mortgage and that the Council must give due consideration to protecting the interest of the Chargee in respect of moneys outstanding under the charge or mortgage.

#### **11.12 Nominations**

The Registered Provider grants to the Council the right for a period of eighty years from the date of Practical Completion to nominate 100% of the occupants of the initial lettings and 75% of subsequent lettings of the Affordable Housing Units such requirement to be formalised by the completion of a Nomination Agreement between the Council and the Registered Provider prior to the Occupation of any Affordable Housing Unit.

It is the Council's expectation that a Registered Provider will enter into a full nominations deed with the Council that will contain more detail on the nomination and lettings process.

#### **11.13 Variation to s106**

The Council recognises that developers and registered providers may wish to vary the affordable housing element of the s106 once it has been completed. A formal request in writing for a variation to the s106 agreement will need to be made in writing to the Council. The granting of such requests will be subject to the approval of the Council. The applicant will be required to pay the Council's legal and administrative costs incurred in negotiating and completing the deed.

## 12. Rural Exception Site Policy

- 12.1 The Council recognises that there are rural parts of the district, which people have to leave or live in unsuitable accommodation as there is a lack of choice within a Parish. In these situations, it may be possible to make an exception to the Council's standard policies, in order to provide affordable homes for households that are in housing need and have a local connection to the Parish. Policy CS20 of the Core Strategy as shown below sets out the planning policy for Rural Housing:

### **POLICY CS20: Rural Sites for Affordable Housing**

Small-scale schemes for local affordable homes will be promoted in and adjoining selected small villages in the countryside (see policies CS6 and CS7), and exceptionally elsewhere with the support of the local Parish Council.

Development will only be permitted if:

- (a) it meets an identified local need for affordable housing;
- (b) the housing is for people who have a strong local connection with the village or parish through work, residence or family; and
- (c) the scheme is of a scale and design that respects the character, setting and form of the village and surrounding countryside.

Any site on the edge of a village must represent a logical extension to it.

- 12.2 Core Strategy Policy CS20 sets out the District Council's planning policy for rural affordable housing. The Rural Exception Site policy is contained within CS20 and must comply with the following paragraphs 12.3-12.7 as below.

### **Rural Exception Site Policy**

- 12.3 Affordable Housing provided under the Rural Exception Site policy contained within CS20 Rural Sites for Affordable Housing, must remain in **perpetuity** as housing for people who have a strong local connection with the village or parish through work, residence or family. This must be set out in the s106 agreement as a planning condition on all rural exception sites.
- 12.4 Any exception scheme must comply with the following elements as outlined below and in CS19/20.

- ❖ Housing Need must be identified in a local housing needs survey undertaken by the Rural Housing Enabler for Dacorum.
- ❖ It meets an identified local need for affordable housing
- ❖ The housing is for people who have a strong local connection (minimum three years) with the village or parish through work, residence or family.
- ❖ The style and design of any homes must be in accordance with the other relevant Borough planning policies (i.e. Policy CS6 – Selected Small Villages in the Green Belt).

12.5 The Council is committed to providing a Rural Housing Enabling service to Dacorum’s eligible Parishes, and works with a Rural Housing Enabler to develop affordable housing as set out in this Rural Housing Exceptions Site Policy. The Council will act to support Parish Councils in their decisions to promote affordable housing within their parishes.

12.6 It is important that all of the elements of this Affordable Housing SPD (i.e. design standards and sustainability standards etc.) are met on rural housing developments. This Council’s Choice Based Letting’s service; Moving with Dacorum; will be used to allocate rented properties to households with a local connection to the relevant village or parish.

12.7 The Rural Housing Enabler for Dacorum is appointed to work with Parish Councils and Registered Providers only. **Approaches from private developers should be made directly to Dacorum Borough Council.** The contact details for the Rural Housing Enabler are listed below:

Position	Telephone	Contact	e mail
<b>Rural Housing Enabler for Dacorum</b>	0845 389 0389	Emily Butterworth	<a href="mailto:dacorumrhe@gmx.com">dacorumrhe@gmx.com</a>

12.8 Further information on rural housing can be obtained by contacting the Strategic Housing team at Dacorum Borough Council on 01442 228 724 or 01442 228 411. Emails can be sent to [housingdelivery@dacorum.gov.uk](mailto:housingdelivery@dacorum.gov.uk)

## 13. Monitoring and Review

- 13.1 The Council will monitor and keep under review this Affordable Housing SPD to ensure the delivery of affordable homes. The number of affordable homes will be reported as part of production of the Annual Monitoring Report prepared by the Strategic Planning and Regeneration team. This information will be made publicly available on the Councils website.
- 13.2 This SPD will be kept under review and where necessary updated to reflect changes to:
- Government and local policy
  - Affordable housing delivery
  - The housing need and housing market in Dacorum



## 14. Registered Providers

14.1 Dacorum Borough Council has experience of working with the following Housing Associations to deliver affordable housing, both on s106 developments and on Council led schemes. Below are contact details of the housing associations which have recently delivered affordable housing in the Borough:

<b>Name and Address</b>	<b>Telephone</b>
<b>Affinity Sutton</b> L6, 6 More London Place Tooley Street London SE1 2DA	0207 378 5523 07850 919 405
<b>Aldwyck Housing Association Ltd.</b> 6 Houghton Hall Business Park Porz Avenue, Houghton Regis Bedfordshire LU5 5UZ	01582 869 209 01582 869 207
<b>Dacorum Borough Council</b> Civic Centre, Marlowes, Hemel Hempstead, Herts, HP1 1HH	01442 228 724 01442 228 411
<b>The Guinness Partnership</b> Gate House, Fretherne Road Welwyn Garden City Hertfordshire AL8 6NS	01707 397 233 01707 397 230
<b>Hastoe Housing Association**</b> Marina House, 17 Marina Place Hampton Wick, Kingston upon Thames, KT1 4BH	0208 973 0438 07590 962 109
<b>Hightown PCHA**</b> Hightown House, Maylands Avenue Hemel Hempstead, Hertfordshire HP2 4XH	01442 292 312 01442 292 322
<b>North Herts Homes</b> Rowan House, Avenue One, SG6 2WW	01462 704100
<b>Paradigm Housing Group</b> 1 Glory Park Avenue Wooburn Green, Bucks, HP10 0AP	01494 799 311 01628 811 727

\*\* This Registered Provider has indicated to the Council that they are willing to work on Rural Exception Site development and has a track record to evidence their ability to deliver RE Sites.

**DACORUM BOROUGH COUNCIL - STRATEGIC HOUSING TEAM**

**TELEPHONE: HOUSING STRATEGY & DEVELOPMENT – 01442 228 724 | 01442 228 411**

## 15. Glossary

**Affordable Housing:** Affordable Housing is that provided, with subsidy, for people who are unable to resolve their housing requirements in the general housing market because of the relationship between local housing costs and incomes. The definition of affordable housing as defined in section X of this SPD. The definition is derived from the National Planning Policy Framework. This definition covers housing for social rent and intermediate housing through shared ownership, shared equity and submarket rent.

**Affordability:** this is expressed as the relationship between a household's income and housing cost and measures the households' ability to access rents or purchase a property on the open market through the means of mortgage finance. The affordability ratio set out in the housing needs assessment assumes that rental cost should be no more than 25% of household's income on rents and x% on mortgage costs. Other affordability ratios may apply to shared ownership based on the applicant's circumstances.

**Affordable rent:** rent set at up to 80% of local market rents. (Rent should not exceed local housing allowance levels).

**Choice Based Lettings:** A points based system for the allocation of social housing, which is designed to introduce an element of choice for people who apply for council and housing association homes. The Council operates the "*Moving With Dacorum*" Choice Based Lettings Scheme.

**Code for Sustainable Homes (CSH):** is the national standard for the sustainable design and construction of new homes. Registered Providers are required to meet Code level 3 (as a minimum).

**Community Infrastructure Levy (CIL):** A levy allowing local authorities to raise funds from owners or developers of land undertaking new building projects in their area

**Design and Quality Standards:** A set of standards published by the Housing Corporation setting out the essential and desirable standards for properties which are acquired or developed for affordable housing using Social Housing Grant funding.

**Equity share:** the proportion of the open market value of the property that is owned by the purchaser and/or the third party investor i.e. the developer or government.

**Extra care housing:** Extra Care Housing is housing designed with the needs of frailer older people in mind and with varying levels of care and support available on site. People who live in Extra Care Housing have their own self-contained homes, their own front doors and a legal right to occupy the property. Extra Care Housing is also known as very sheltered housing, assisted living, or simply as 'housing with care'. This is also sometimes referred to as "Flexi-Care" Housing.

**Household:** a household comprises either one person living alone or a group of people (not necessarily related) living at the same address with common housekeeping – that is, sharing at least one meal a day or sharing a living room or sitting room.

**Homeless household:** A household is accepted as statutorily homeless by the authority if it meets the criteria set out in the Housing Act 1996.

**Homes and Communities Agency:** the national housing and regeneration agency for England as set out in the Housing & Regeneration Act that provides investment and enabling expertise in the delivery of regeneration and new affordable homes and performs a regulatory function in respect of Registered Providers.

**Housing demand:** is the quantity of housing that households are willing and able to buy or rent.

**Housing need** is the quantity of housing required for households who are unable to access suitable housing without financial assistance. Housing need may arise due to households lacking their own housing or live in unsuitable housing and who cannot afford to resolve their housing needs in the market.

**Intermediate housing:** Housing at prices or rents above those of social rented/affordable rented but below market prices or rents. This includes shared ownership and sub-market renting.

**Lifetime homes Standard:** is a set of 16 design criteria that provide a model for building accessible and adaptable homes. It enables homes to be built to be adapted to the changing needs of residents throughout their lives.

**Low Cost Home Ownership product (LCHO):** Affordable housing development for sale at a price below the open market value. This includes discounted sale, shared ownership, and key worker housing.

**National Affordable Housing Programme:** Government programme for the funding of affordable homes.

**Nomination rights:** the grant of rights to the council to nominate households to occupy accommodation provided by the Registered Provider. These rights are formalised in the form of a nomination agreement.

**Re-lets:** Local Authority or RP rented properties which become vacant due to the departure of a previous tenant, therefore enabling their re-letting to another tenant or applicant from the Housing Register.

**Registered Providers (RPs):** are independent housing organisations and charitable organisations, and companies providing affordable housing; registered with the Homes & Communities Agency under the Housing Act 1996 & Housing and Regeneration Act 2008.

**Serviced land:** Land provided with appropriate infrastructure (roads, water, gas, sewer etc.) in place.

**Social Housing Grant (SHG):** Capital provided by the Homes and Communities Agency, or Local Authority, to fully or partially funds RPs when developing affordable housing.

**Supporting People:** A programme to finance support for vulnerable people living in the community.

## Appendix A: Background Paper – Off-Site Housing Contributions

### Background

1. Affordable Housing should always be provided on-site where possible. The Council's Core Strategy requires smaller developments to make provision for a contribution in lieu of affordable housing.
2. The Council accepts that smaller developments may not be able to bear the provision of on-site affordable housing. It is therefore proposed there is a clear and sound methodology in place to determine the levels of affordable housing.
3. An off-site capital sum should be roughly equivalent to the cost of re-providing the land for affordable housing on another local site. Dacorum Borough Council's off-site contribution therefore looks to determine the cost of land within the borough, in order to calculate the sums required to re-provide housing in the immediate vicinity of development.
4. The method used to calculate an off-site housing provision should therefore not look to the residual value of the specific development, but to the land values and the proposed number of dwellings on site.

#### 5. Off-Site Provision Calculation

The Dacorum method for calculating an off-site provision for affordable housing is therefore outlined below.

A proposal to build 9 dwellings on a site that has a value of £0.5m, when applying the affordable housing percentage; this would generate a contribution of 3.15 units. In practice the developer would pay 3.15 x the land value per unit.

Three step calculation

#### **Step 1: To work out how many affordable housing units that would normally be required**

A= Affordable Housing Percentage of 35%

B= Proposed number of dwellings on the site

C= The proportion of affordable housing required

$$C = A \times B$$

$$0.35 \times 9 = 3.15 \text{ Affordable dwellings would be required on site.}$$

C=3.15 units

**Step 2: to work out the land value per unit**

D= Land Value per unit (Land Value ÷ proposed number of dwellings)

£0.5m ÷ 9= £55,555

**Step 3: To work out the financial contribution payable.**

E = financial contribution payable (land value per unit x the number of affordable units required)

£55,555 x 3.15= £175,000 (rounded up.)

**Contribution Waiver**

6. All off-site payments are due on sale of units in order to not overburden the cash flow of small developers.
7. **Circumstances where the above calculation does not apply are on sites where the site size is under 0.16ha AND where the total number of units to be developed is less than four.** In these situations the Council will not seek a financial contribution to affordable housing. This will ensure that small sites are still viable & feasible for delivery. **In rural areas, on-site affordable housing will still be sought under CS20 on sites of all sizes.**
8. Financial contributions received from developers will be pooled in a specific affordable housing fund to support the Housing Capital Programme for the provision of new affordable homes. The Council has extensive land holdings and envisages that commuted sums can be spent on either direct provision in building affordable homes on sites within the Council's ownership or via the purchase of land on the open market. Alternatively the sums can be collected can be administered in the form of grant to Registered Providers to build new affordable homes in the Borough.
9. The Council's Strategic Housing Team will administer the fund and identify development opportunities and appropriate schemes in accordance with Council's procedures on capital projects. The accounting for the funding will be undertaken by the s106 planning monitoring officer.

## Appendix B: Affordable Housing SPD Snapshot Requirements

The Affordable Housing SPD is part of the Council’s Housing Policy Framework, which also includes the Housing Market and Needs Assessment, which identified housing need in Dacorum. The SPD is also a vital part of the new Local Plan. It replaces all previous affordable housing SPDs and advice notes. The Affordable Housing SPD requires an affordable housing contribution or provision on all sites.

### ON SITE PROVISION

Sites over 0.3ha/10+ units in Hemel Hempstead  
Sites over 0.16ha/5+ units in the rest of Dacorum

#### 35% On-Site Affordable Housing Requirement

- 75% Affordable Rent | 25% Shared Ownership
- The Size of the Affordable Units should reflect the overall mix
- Affordable Homes should appear the same as the market units
- Affordable Units should not be placed in more undesirable areas of sites or be grouped together unnecessarily
- Affordable Units should meet HQI standards, a minimum of Code for Sustainable Homes L3 and Lifetime Homes Standards
- Disabled adaptations should be explored where need can be shown
- No grant is available for s106 schemes
- Registered Providers should provide Affordable Units
- Registered Providers should have a good track record of management

### OFF SITE PROVISION

Sites under 0.3ha/9- units in Hemel Hempstead  
Sites under 0.16ha/4- units in the rest of Dacorum

#### 35% Off-Site Affordable Housing Requirement

Off Site provision is calculated by looking at the cost of re-providing affordable homes on land in the vicinity of development. The approach is shown below:

Step 1: work out how many affordable housing units would normally be required (Proposed number of dwellings multiplied (x) by the affordable housing percentage of 35%)

Step 2: work out the land value per unit (Land value ÷ divided (÷) by the proposed number of dwellings)

Step 3: work out the financial contribution payable (land value per unit multiplied (x) number of affordable units required)

WAIVER on <0.16ha **AND** <4 units

Policy CS20 of the Core Strategy highlights that specific arrangements exist for Rural Affordable Housing. This housing should meet the above, as well as meeting evidenced housing need, being 100% affordable and conforming to local design requirements. The Council works with CIB to provide a rural housing enabling service for Parish Councils. CIB can be contacted on 0845 389 0389.

The Council has experience of working with several Housing Associations (Registered Providers) to deliver affordable homes in Dacorum. The list below contains contact details for Housing Associations that the Council has recent experience of working with to deliver affordable housing in Dacorum.

**AFFINITY SUTTON - 0207 378 5523**  
**HASTOE - 0208 973 0438**  
**PARADIGM – 01494 799 311**

**ALDWYCK HA - 01582 869 209**  
**HIGHTOWN – 01442 292 312**  
**NORTH HERTS - 01462 704100**

**GUINNESS - 01707 397 233**  
**DACORUM BC – 01442 228 724**

Further information can be obtained by contacting the Council’s Strategic Housing Section:

01442 228 724 | 01442 228 411 | [housingdelivery@dacorum.gov.uk](mailto:housingdelivery@dacorum.gov.uk)





## Appendix C: Core Strategy Policy

Note: The following policies relate to the Pre-Submission Core Strategy (November 2011) and are therefore subject to change. For the most up-to-date policy wording and the full Core Strategy please refer to the Council's website [www.dacorum.gov.uk/planning](http://www.dacorum.gov.uk/planning)

### **POLICY CS6: Selected Small Villages in the Green Belt**

Within Chipperfield, Flamstead, Potten End and Wigginton will be permitted:

- (a) the replacement of existing buildings;
- (b) limited infilling with affordable housing for local people;
- (c) conversion of houses into flats;
- (d) house extensions;
- (e) development for uses closely related to agriculture, forestry and open air recreation, which cannot reasonably be accommodated elsewhere; and
- (f) Local facilities to meet the needs of the village.

Each development must:

- (i) be sympathetic to its surroundings, including the adjoining countryside, in terms of local character, design, scale, landscaping and visual impact;
- (ii) retain and protect features essential to the character and appearance of the village.

**POLICY CS18: Mix of Housing**

New housing development will provide a choice of homes. This will comprise:

- (a) A range of housing types, sizes and tenure;
- (b) Housing for those with special needs; and
- (c) Affordable housing in accordance with Policy CS19

Decisions on the appropriate type of mix of homes within development proposals will be guided by strategic housing market assessments and housing needs surveys, and informed by other housing market intelligence and site-specific considerations.

Policy CS19 is overleaf.

### **POLICY CS19: Affordable Housing**

Affordable homes will be provided:

- on sites of a minimum size 0.3ha or 10 dwellings (and larger) in Hemel Hempstead; and
- elsewhere, on sites of a minimum size of 0.16ha or 5 dwellings (and larger).

A financial contribution will be sought in lieu of affordable housing on sites which fall below these thresholds.

35% of new dwellings should be affordable homes. On larger sites higher levels may be sought; these sites will be specified by the Council in a development plan document, provided development would be viable and housing need is evident. On rural housing sites 100% of all new homes will normally be affordable (Policy CS20).

A minimum of 75% of the affordable housing units provided should be for rent.

Judgements about the level, mix and tenure of affordable homes provided will have regard to:

- (a) the Council's Housing Strategy, identified housing need and other relevant evidence (see Policy CS18);
- (b) the potential to enlarge the site;
- (c) the overall viability of the scheme and any abnormal costs; and
- (d) Arrangements to ensure that the benefit of all affordable housing units will pass from the initial occupiers of the property to successive occupiers.

Further detailed guidance is provided in the Affordable Housing Supplementary Planning Document

Policy CS20 is overleaf.

**POLICY CS20: Rural Sites for Affordable Housing**

Small-scale schemes for local affordable homes will be promoted in and adjoining selected small villages in the countryside (see policies CS6 and CS7), and exceptionally elsewhere with the support of the local Parish Council.

Development will only be permitted if:

- (d) it meets an identified local need for affordable housing;
- (e) the housing is for people who have a strong local connection with the village or parish through work, residence or family; and
- (f) the scheme is of a scale and design that respects the character, setting and form of the village and surrounding countryside.

Any site on the edge of a village must represent a logical extension to it.

**Further detail can be found in the Core Strategy. For further information on the Strategic Planning Function of the Authority, please contact the Strategic Planning and Regeneration Team on 01442 228 660 or email [strategic.planning@dacorum.gov.uk](mailto:strategic.planning@dacorum.gov.uk)**