

APPENDIX 1

# INTERIM AFFORDABLE HOUSING SUPPLEMENTARY PLANNING DOCUMENT

## DRAFT FOR PUBLIC CONSULTATION

MAY 2024



Social rented housing at Magenta Court, London Road, Apsley, Hemel Hempstead



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# FOREWORD

The Foreword should be written by the Portfolio Holder for Place and possibly also the Portfolio Holder for Housing & Property Services. The text might be along the following lines:

Supplementary guidance on Dacorum's planning policies for affordable housing is currently set out in the following documents:

- Affordable Housing Supplementary Planning Document (September 2013)
- Affordable Housing SPD - Clarification Note (revised March 2022)

There is a need to replace these documents by a new Supplementary Planning Document (SPD), for the following main reasons:

1. The Council wishes to ensure that rented affordable housing is genuinely affordable for households in need of such housing.
2. To take account of changed Government guidance on affordable housing, including the introduction of First Homes.
3. To provide updated and expanded guidance on how our planning policies for affordable housing should be applied.

Therefore, the Council has prepared this draft new SPD for public consultation purposes. Please let us know your views on the draft SPD by xxxx 2024. [Add details on how to respond.](#)

We will give careful consideration to all comments submitted on the draft SPD before finalising the new guidance. The new SPD will then replace the 2013 and 2022 documents. It will be a material planning consideration which we will take into account when deciding planning applications for housing development.

# EXECUTIVE SUMMARY

## PART 1: INTRODUCTION AND POLICY CONTEXT

### 1. Introduction

The Interim Affordable Housing Supplementary Planning Document (SPD) supplements the Council's planning policies on affordable housing.

The Council will use the SPD when deciding planning applications for housing development.

The SPD reflects changed Government guidance, clarifies the operation of our policies and seeks to ensure that rented affordable housing is genuinely affordable.

### 2. National planning policy context

The Council must take account of Government guidance on affordable housing and any future changes to it. The National Planning Policy Framework (NPPF) sets out the Government's planning policies for England and how these are expected to be applied. The Government's Planning Practice Guidance notes (PPGs) provide additional, more detailed guidance to supplement the NPPF.

Government guidance states that on major housing developments, at least:

- 10% of homes should be for affordable home ownership, subject to certain provisos and exemptions; and
- 25% of the affordable homes should be First Homes.

### 3. Dacorum planning policy context

The Council's adopted planning policies on affordable housing are summarised below. This SPD supplements these policies:

Policy	Key points
Core Strategy Policy CS18 (mix of housing)	<ul style="list-style-type: none"><li>• Provide a choice of homes, including affordable housing.</li></ul>
Core Strategy Policy CS19 (affordable housing)	<ul style="list-style-type: none"><li>• Requires 35% affordable housing.</li><li>• At least 75% of affordable homes should be for rent.</li><li>• 100% affordable housing on rural sites.</li></ul>
Core Strategy Policy CS20 (rural sites for affordable homes)	<ul style="list-style-type: none"><li>• Encourages small-scale schemes for local affordable homes at selected small villages.</li></ul>
Site Allocations Policies LA1-LA6 (one policy for each local allocation)	<ul style="list-style-type: none"><li>• 40% affordable housing required on six key sites called local allocations.</li></ul>

The Council is preparing a new Local Plan, but we are still working to the adopted affordable housing policies when considering planning applications for housing development.

### 4. Other relevant Council documents

The Council has published some other documents relevant to affordable housing in Dacorum:

- Delivering for Dacorum: Corporate Plan 2020-2025.
- Shaping the future of Dacorum: Our Growth and Infrastructure Strategy to 2050.
- Homes for the Future: Housing Strategy 2019-2021 (new strategy due 2024).
- Housing Allocations Policy.
- Tenancy Strategy.

## 5. Neighbourhood plans in Dacorum

Progress on neighbourhood plans in Dacorum is shown below. The Grovehill, Kings Langley and Bovingdon plans include guidance on housing needs:

- Grovehill, Hemel Hempstead (made)
- Kings Langley (made)
- Bovingdon (submitted for examination)
- Great Gaddesden (work started)
- Berkhamsted (work started)

## PART 2: QUALIFYING SITES AND OVERALL AFFORDABLE HOUSING PERCENTAGE

### 6. Which developments should provide affordable housing?

An element of affordable housing will be required on:

- Major developments throughout Dacorum (i.e. sites for 10 or more homes; or with a site area of 0.5 hectares or more).
- Sites for 6-9 homes in the Chilterns Area of Outstanding Natural Beauty.

The affordable housing should be provided on-site, unless off-site provision or a financial contribution is justified in terms of section 26.

### 7. Overall affordable housing percentage

On sites where affordable housing is required, the proportion of affordable housing should be as follows:

Type of site	Affordable housing percentage
1. All, except those covered by rows 2 and 3 below	35%
2. Local allocations	40%
3. Rural exception sites and First Homes exception sites	100%, subject to section 17 below

The amount of affordable housing will be reduced or waived, only where fully justified.

## PART 3: DIFFERENT AFFORDABLE HOUSING TENURES

### 8. Different affordable housing tenures - overview

Government guidance splits affordable housing into:

- Affordable housing for rent
- Affordable home ownership

The main types of affordable housing likely to be provided in Dacorum are as follows:

Affordable housing for rent	<ul style="list-style-type: none"> <li>• Social rent</li> <li>• Affordable rent</li> <li>• Affordable private rent in build to rent schemes</li> </ul>
Affordable home ownership	<ul style="list-style-type: none"> <li>• First Homes</li> <li>• Shared ownership</li> <li>• Rent to buy</li> </ul>

Any proposals for other types of affordable home ownership will be treated on their merits.

## 9. Split between different types of affordable housing

The Core Strategy states that at least 75% of the affordable homes should be for rent, but we must also take account of Government guidance that:

- At least 10% of affordable homes should be for affordable home ownership.
- At least 25% of the affordable homes should be First Homes. The remainder of the affordable housing tenures should reflect the proportions in the local plan policy.

This results in the following split:

Affordable housing for rent	At least 56%
Affordable home ownership	No more than 44%

The Council favours the following percentage split between First Homes and other types of affordable home ownership, whilst recognising that it may not be possible to deliver shared ownership housing in flats:

Affordable home ownership (total)	No more than 44%
First Homes	25%
Other types of affordable home ownership, usually shared ownership and/or rent to buy	Up to 19%

## 10. Social rented housing

Social rented homes are generally owned by local authorities or registered providers. Rents are usually lower than for affordable rented homes.

The Council supports social rented housing, as can be seen by its own new build council house programme. We will encourage registered providers to build social rented housing, where possible.

## 11. Affordable rented housing

Government guidance requires affordable rented housing to be at least 20% cheaper than local market rates and for landlords to be registered providers.

The Council's priority is to ensure that affordable rented housing is genuinely affordable. Our starting point will be that rents should be 60% of median market values (including service charges), subject to viability. Such housing is called 'Dacorum Affordable Rent'

Rents should remain at around 60% of median market rents during the lifetime of this SPD, unless convincing evidence is brought forward to justify higher rents.

## **12. Affordable private rent in build to rent schemes**

Build to rent housing is purpose built housing that is typically 100% rented out. The normal form of affordable housing in such schemes is 'affordable private rent'.

Government guidance states that 20% of homes on build to rent schemes should generally be for affordable private rent and rents on these homes should be at least 20% below local market rents.

As with other housing, the Council will expect the proportion of affordable homes in build to rent schemes to be 35% (40% on local allocations).

The approach in section 11 on Dacorum Affordable Rent can apply equally to affordable private rent.

When considering planning applications, we will bear in mind that Government guidance encourages flexibility.

## **13. First Homes**

First Homes are discounted open market sale units, which will be the main type of affordable home ownership. Key requirements are that:

- First Homes must be discounted by a minimum of 30% against the market value.
- They are sold to first time buyers with a household income no more than £80,000.
- The first sale price must not exceed £250,000 (after applying the discount).
- First Homes should account for at least 25% of affordable homes, except in certain circumstances.

Most First Homes in Dacorum are likely to be flats. Therefore, in order to secure a broad mix of house sizes for affordable home ownership, 25% (and no more) of the affordable homes should be First Homes (unless the scheme is exempt from providing First Homes).

Eligibility for First Homes should comply with the Council's Local Connection Policy, once it is approved.

## **14. Shared ownership**

Shared ownership housing enables households to purchase a share in a home with a mortgage, whilst paying rent on the rest. Purchasers can buy additional shares when they can afford to do so.

Despite the introduction of First Homes, shared ownership housing should form up to 19% of the affordable housing.

Most shared ownership homes should be houses with 2 or 3-bedrooms.

The total monthly costs (mortgage payments and rent) should be lower than renting or purchasing a similar home on the open market.

Applicants for shared ownership housing should comply with the Council's Local Connection Policy, once it is approved.



## 15. Rent to buy

Rent to buy housing is available initially for affordable rent, but can later be converted to outright ownership or shared ownership. There must also be an agreed length of tenancy, followed by an option to buy or rent again.

Eligibility for rent to buy housing will be assessed against the Council's Local Connection Policy, once it is approved.

## 16. Affordable housing on schemes for older people

Government guidance states that local authorities should plan to meet the full range of housing needs for older people. Local evidence shows a substantial need for additional affordable extra care housing and care home bedspaces.

The Council's approach towards affordable housing on different types of housing for older people is summarised below:

Type of housing	Affordable housing requirements on open market developments
Age-restricted general market housing	On-site provision of affordable housing.
Retirement living or sheltered housing	Affordable housing required through on-site provision, off-site provision or financial contribution.
Extra care housing or housing-with-care	Affordable housing required through on-site provision, off-site provision or financial contribution.
Residential care homes and nursing homes	Affordable bedspaces not required.

## 17 Exception sites

Exception sites can be permitted outside settlement boundaries as exceptions to normal planning policy (on land not allocated for housing).

Our approach towards the three types of exception sites is summarised below. Also, with rural exception sites and First Homes exceptions sites, a need for affordable housing must be established and the housing restricted to people with a strong local connection.

### (i) Rural exception sites

The Council supports appropriate proposals in Aldbury, Chipperfield, Flamstead, Long Marston, Potten End, Wigginton and Wilstone.

A small element of open market housing will be permitted only if necessary to make a scheme viable.

### (ii) First Homes exception sites

These sites deliver primarily First Homes, but can include a small proportion of open market housing if necessary to ensure viability, or other types of affordable housing if justified by evidence. Long Marston and Wilstone are the only acceptable places for such housing.

### (iii) Community-led developments

These developments are provided by a not-for-profit organisation, primarily to meet the housing needs of its members and the wider local community.

The Council will support proposals in Long Marston and Wilstone which comply with Government guidance.

## PART 4: AFFORDABLE HOUSING MIX, DESIGN AND LAYOUT

### 18. Housing size mix for affordable housing

Based on local evidence, the Council is seeking an overall housing size mix broadly as shown below, but will amend the split if justified by more up-to-date information:

Bedrooms	Social/affordable rented housing	Affordable home ownership	Open market housing
	%	%	%
1	30	25	5
2	35	40	20
3	25	25	45
4+	10	10	30

The housing size mix will be negotiated by the Council on a site by site basis and will vary accordingly.

The Council will request that all new homes are built to the nationally described space standards.

Affordable housing should usually be designed to accommodate two adults in one bedroom and two children in each further bedroom.

### 19. Design quality

Housing developments including affordable housing should comply with guidance from the Government and Homes England, the Council's planning policies and other relevant Council documents, including the Strategic Design Guide SPD.

As with all housing, affordable housing should be built to a high standard of design and amenity. In particular, the Council will expect a tenure-neutral design approach, so that it is not possible to distinguish between the affordable and open market housing.

### 20. Distribution and phasing of affordable housing

The Council will consider the distribution of social rented, affordable rented and shared ownership housing across a development on a site by site basis. In particular:

- The affordable housing should be fully integrated into the overall scheme layout, in clusters proportionate to the size of each site or phase and not usually exceeding 20 dwellings.
- The affordable housing should be indistinguishable from the open market housing.
- There should be an appropriate degree of separation between nearby affordable housing clusters.

On larger sites which will be developed in phases, there should be between 25% and 50% affordable housing in each phase.

## 21. Accessible and adaptable homes

In the light of the Building Regulations, Government guidance and local evidence, the Council's approach towards adaptable and accessible homes is as shown below:

Social and affordable housing, where the Council is responsible for allocating or nominating a person to live in the housing	Require 100% of homes to M4(2) accessible and adaptable standards and 10% to M4(3)(2)(b) wheelchair accessible standard, unless this is not possible for viability or other reasons.  Ground floor flats should have level access to a wetroom, with a shower instead of a bath.
Other housing schemes	Encourage 100% of homes to M4(2) standards and 5% of market homes to M4(3)(2)(a) wheelchair adaptable standard.

## 22. Sustainable homes

Council policy states that new development will comply with the highest standards of sustainable design and construction possible. Government guidance requires new development to be planned for in a way that reduces greenhouse gas emissions and minimises energy consumption.

New development in Dacorum should comply with the above. The Council will encourage higher levels of energy efficiency and sustainable design and construction than required by the Government.

## PART 5: CONSIDERING PLANNING APPLICATIONS

### 23. Submitting a planning application

The Council encourages the submission of a wide range of information on affordable housing at the pre-application stage. This should include a draft schedule of accommodation, covering matters such as the number of affordable homes and the tenures and housing size mix of the affordable housing.

Any information on affordable housing not provided at the pre-application stage should be included in the outline or full planning application.

An 'Affordable Housing Plan' should be submitted with planning applications, to help the Council assess the proposals against our affordable housing policies and this SPD.

### 24. Vacant building credit

Government guidance states that where vacant buildings are being reused or redeveloped, any affordable housing contribution due should be reduced by a proportionate amount, subject to certain provisos.

The Council's methodology to calculate vacant building credit is based on this guidance.

### 25. Viability

Government guidance states that the role for viability assessment is primarily at the plan making stage. It is up to the applicant to demonstrate that a viability assessment is needed at the application stage.

Any concerns an applicant has about viability should be discussed with the Council early in the development process. Should an agreement not be reached, a viability assessment will be required.

Viability assessments should accord with Government guidance and reflect best practice guidance.

The Council will seek review mechanisms where it would not be viable to comply with our affordable housing policies when planning permission is granted, but where it may become so during the course of the development.

## **26. Off-site affordable housing provision or financial contribution**

Affordable housing should be provided on-site unless off-site provision or an appropriate financial contribution in lieu can be robustly justified.

Off-site provision or a financial contribution may be acceptable in certain other circumstances at the Council's discretion. Off-site provision will be accepted only if developers are able to deliver the affordable housing on a suitable site elsewhere.

The financial contribution should be at least broadly equivalent to the cost of re-providing the land for affordable housing on another site.

## **27. Section 106 agreements**

The Council will secure affordable housing requirements through a legal agreement or unilateral undertaking.

The heads of terms of the Section 106 agreement should be considered at the pre-application stage and the agreement must be completed before planning permission is issued.

The Council has produced a draft S106 model agreement, which includes standard clauses to secure affordable housing. However, each agreement will be drawn up on a case by case basis. With some types of affordable housing, a bespoke agreement based on the model agreement will be needed.

## **PART 6: OTHER CONSIDERATIONS**

### **28. Funding, registered providers and CIL relief**

#### **Funding**

Homes England provides grant funding to support the capital costs of developing affordable housing for rent or sale in certain circumstances.

#### **Registered providers and partnership working**

The Council works with registered providers and the private sector to maximise affordable housing development in Dacorum. Registered providers are best placed to manage most affordable housing developments.

Developers should have a registered provider on board early in the development process.

#### **Community Infrastructure Levy relief**

The Community Infrastructure Levy (CIL) liability may be reduced for developments containing social rented housing that meets the criteria in the CIL regulations.

## **29. Monitoring and review**

The Council will monitor and keep under review this Affordable Housing SPD, to ensure the delivery of affordable homes.

Information on the delivery of affordable housing is reported annually in the Authority Monitoring Report.

If necessary this SPD will be updated, but it will be replaced by a new SPD when the Council adopts the new Local Plan.

# PART 1: INTRODUCTION AND POLICY CONTEXT



Rent to buy housing at Two Waters Road, Hemel Hempstead

# 1. INTRODUCTION

## **Key guidance**

The Interim Affordable Housing Supplementary Planning Document (SPD) supplements the Council's planning policies on affordable housing. These policies can be found in the following documents, which form part of the Dacorum Local Plan:

- Core Strategy
- Site Allocations Development Plan Document

Core Strategy Policy CS19 (the main affordable housing policy) sets a target for 35% of new homes on qualifying sites to be affordable homes. The Site Allocations document requires 40% affordable housing on six key sites called 'local allocations'.

The Council will use the SPD when deciding planning applications for housing development.

The SPD reflects changed Government guidance, clarifies the operation of our policies and seeks to ensure that rented affordable housing is genuinely affordable.

## **What is affordable housing**

- 1.1 Homes England's Fact Sheet 9 'What is affordable housing' provides a clear and concise introduction to affordable housing:

<https://www.gov.uk/government/publications/new-homes-fact-sheet-9-what-is-affordable-housing/fact-sheet-9-what-is-affordable-housing>

- 1.2 This fact sheet provides an overview of the types of affordable housing in England, why these homes are needed and who might live in an affordable home.

## **Purpose of this supplementary planning document**

- 1.3 The Interim Affordable Housing Supplementary Planning Document (SPD) supplements the Council's planning policies on affordable housing. These policies are found in the following documents, which form part of the Dacorum Local Plan:

- Core Strategy (adopted September 2013)
- Site Allocations Development Plan Document (adopted July 2017)

- 1.4 Core Strategy Policy CS19 is the main planning policy on affordable housing. It sets a target for 35% of new homes on qualifying sites to be affordable homes. The Site Allocations document requires 40% affordable housing on six key sites called 'local allocations'. Section 3 below gives more information on our affordable housing policies. It also indicates which policies are supplemented by the guidance in this SPD.

- 1.5 Paragraph 14.28 in the Core Strategy states that an Affordable Housing Supplementary Planning Document (SPD) will provide a broad indication of priorities and will be used to guide decisions on the housing mix. Individual cases will be affected by the mix of affordable housing needed, as well as site and design considerations. Paragraph 14.38 adds that detailed guidance on viability, commuted payments, eligibility criteria for the



occupation of affordable housing and other matters will be provided in supplementary guidance and advice.

- 1.6 This SPD is a material planning consideration, which the Council will take into account when deciding planning applications for housing development. Following the adoption of this SPD, the Council must take account of any relevant new Government guidance that is issued. Any such guidance may take precedence over some aspects of the SPD.
- 1.7 The SPD takes account of changed Government guidance on affordable housing and provides additional guidance on certain matters to clarify the operation of our policies. In addition, the Council wishes to ensure that rented affordable is genuinely affordable for households in need of such housing.
- 1.8 The title of this document includes the word 'Interim', because the SPD will remain operational only until the Council adopts its new Local Plan. At that time the Council will also adopt an updated Affordable Housing SPD, to supplement the new Local Plan's affordable housing policies.
- 1.9 Appendix 1 gives the web links to documents referred to in this SPD, whilst technical terms used in the document are defined in Appendix 2 (Glossary).
- 1.10 This SPD has replaced the Council's previous supplementary guidance on affordable housing in the:
- Affordable Housing Supplementary Planning Document (September 2013)
  - Affordable Housing SPD - Clarification Note (revised March 2022)

### **Structure of SPD**

- 1.11 There are six parts to this SPD:

**Part 1 (Introduction and policy context):** apart from the introduction, Part 1 contains sections on the national planning policy context, the Dacorum planning policy context, other published Council documents and neighbourhood plans in Dacorum.

**Part 2 (Affordable housing qualifying sites and overall affordable housing percentage):** provides guidance on which developments should provide affordable housing and the overall percentage of housing that should be affordable.

**Part 3 (Different affordable housing tenures):** provides an overview of the different types of affordable housing and guidance on the percentage split between the different types. It then looks at the main types of affordable housing, such as social rent, affordable rent, First Homes and shared ownership. It also covers affordable housing on schemes for older people and exception sites.

**Part 4 (Affordable housing mix, design and layout):** matters addressed are housing size mix for affordable housing, design quality, distribution of affordable housing, accessible and adaptable housing, and sustainable homes.

**Part 5 (Considering planning applications):** deals with submitting a planning application, vacant building credit, viability, registered providers, off-site affordable housing provision or financial contribution, and Section 106 agreements.

**Part 6 (Other considerations):** covers funding, registered providers, community infrastructure levy relief, and monitoring and review.

### **Further information**

- 1.12 Further information on affordable housing can be obtained from the relevant Council team, as indicated below, or by phoning the Council on 01442 228000:



**Table 1.1: Further information on affordable housing**

<b>Team</b>	<b>Issues relating to</b>	<b>Email</b>
Strategic Housing, Investment & Regeneration	Tenure mix and housing need information	housing.strategy&investment@dacorum.gov.uk
Housing Development	Delivery of affordable housing schemes	newhomes@dacorum.gov.uk
Development Management	Planning applications involving affordable housing	planning@dacorum.gov.uk
Strategic Planning	Planning policy on affordable housing	strategicplanning@dacorum.gov.uk
Infrastructure	Monitoring and implementation of approved S106 agreements involving affordable housing	S106@dacorum.gov.uk

## 2. NATIONAL PLANNING POLICY CONTEXT

### Key guidance

The Council must take account of Government guidance on affordable housing and any future changes to it. The National Planning Policy Framework (NPPF) sets out the Government's planning policies for England and how these are expected to be applied. The NPPF's guidance on affordable housing includes the following:

- Affordable housing should be sought only on major housing developments (see section 6 below), except in designated rural areas such as Areas of Outstanding Natural Beauty.
- On major housing developments, at least 10% of homes should be available for affordable home ownership, subject to certain provisos and exemptions.

The Government's Planning Practice Guidance Notes (PPGs) provide additional, more detailed guidance to supplement the NPPF. Some PPGs contain guidance on affordable housing. For example, First Homes should account for at least 25% of all affordable housing units.

Government guidance also allows for exception sites, to meet local affordable housing need on sites where housing development is not normally permitted.

- 2.1 The Council must take account of Government guidance on affordable housing and any future changes to it. Web links to the documents referred to in this section are provided in Appendix 1.

### **National Planning Policy Framework**

- 2.2 The National Planning Policy Framework (NPPF) sets out the Government's planning policies for England and how these are expected to be applied. The NPPF was last revised in December 2023.

- 2.3 Paragraphs 60-66 in the NPPF provide the main guidance on meeting housing need, including affordable housing. Key points to note are that:

- The size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies, including those who require affordable housing (paragraph 63).
- Where a need for affordable housing is identified, planning policies should specify the type of affordable housing required (applying the definition in Annex 2 to the Framework) and expect it to be met on-site, subject to certain provisos (paragraph 64).
- Provision of affordable housing should not be sought for residential developments that are not major developments (see section 6 below), other than in designated rural areas where policies may set out a lower threshold of 5 units or fewer (paragraph 65).
- Where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the total number of homes to be available for affordable home ownership, unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the

identified affordable housing needs of specific groups. Exemptions to this 10% requirement should also be made where the site or proposed development:

- a) provides solely for Build to Rent homes;
- b) provides specialist accommodation for a group of people with specific needs (such as purpose-built accommodation for the elderly or students);
- c) is proposed to be developed by people who wish to build or commission their own homes; or
- d) is exclusively for affordable housing, a community-led development exception site or a rural exception site (paragraph 66).

2.4 Also relevant are paragraph 82 on rural exception sites that will provide affordable housing to meet identified local needs and paragraph 73 on community-led development. Exception sites are unallocated sites where housing development is not normally permitted.

2.5 The definition of 'affordable housing' in NPPF Annex 2 is set out in full in Appendix 2 to this SPD. Appendix 2 also includes the NPPF definition of the following terms:

- Build to rent
- Community-led development
- Rural exception sites

### **Planning Practice Guidance**

2.6 The Government's Planning Practice Guidance Notes (PPGs) provide additional, more detailed guidance to supplement the NPPF. The following PPGs include guidance relating to the provision of affordable housing:

- Build to rent
- Community Infrastructure Levy
- First Homes
- Housing and Economic needs assessment
- Housing needs of different groups
- Housing for older and disabled people
- Planning obligations
- Viability

2.7 For example, the First Homes PPG states that First Homes should account for at least 25% of all affordable housing units delivered by developers through planning obligations. This PPG also gives guidance on First Homes exception sites. Appendix 2 includes definitions of 'First Homes' and 'First Homes exception site'.

### **Other relevant Government guidance**

2.8 The Council will also take account of any other relevant Government guidance regarding planning for affordable housing, including:

- The 'New Model for Shared Ownership: technical consultation' (April 2021).
- The ministerial statement on First Homes (May 2021), which accompanied the First Homes PPG.

### 3. DACORUM PLANNING POLICY CONTEXT

#### Key guidance

The Council's adopted planning policies on affordable housing are summarised below. This SPD supplements these policies:

Policy	Key points
Core Strategy Policy CS18 (mix of housing)	<ul style="list-style-type: none"> <li>• Provide a choice of homes, including affordable housing.</li> </ul>
Core Strategy Policy CS19 (affordable housing)	<ul style="list-style-type: none"> <li>• Requires 35% affordable housing.</li> <li>• At least 75% of affordable homes should be for rent.</li> <li>• 100% affordable housing on rural sites.</li> </ul>
Core Strategy Policy CS20 (rural sites for affordable homes)	<ul style="list-style-type: none"> <li>• Encourages small-scale schemes for local affordable homes at selected small villages.</li> </ul>
Site Allocations Policies LA1-LA6 (one policy for each local allocation)	<ul style="list-style-type: none"> <li>• 40% affordable housing required on six key sites called local allocations.</li> </ul>

The Council is preparing a new Local Plan, but we are continuing to work to the adopted affordable housing policies when considering planning applications for housing development.

Recent local evidence shows there is still a great need for affordable housing in Dacorum.

#### **Adopted policies on affordable housing**

3.1 The Council's adopted planning policies on affordable housing are contained in the following documents which, together with the saved policies of the Dacorum Borough Local Plan 1991-2011 (adopted April 2004), make up the Dacorum Local Plan:

- Core Strategy (adopted September 2013)
- Site Allocations Development Plan Document (adopted July 2017)

3.2 Web links to these documents are provided in Appendix 1 and the full wording of the policies on affordable housing can be found in Appendix 3.

#### **(i) Core Strategy policies**

3.3 Two policies in the Core Strategy deal specifically with affordable housing:

- Policy CS19 (affordable housing)
- Policy CS20 (rural sites for affordable homes)

3.4 In addition, Policy CS18 (mix of housing) states that new housing development will provide a choice of homes, including affordable housing in accordance with Policy CS19.

3.5 Policy CS19 is the Council’s main policy on affordable housing. Key points to note are that this policy:

- Sets the site size thresholds for requiring affordable housing (note: we are not using these thresholds, as explained in section 6).
- Requires 35% of new homes on qualifying sites to be affordable homes. Higher levels may be sought on sites specified in a development plan document. On rural housing sites, all new homes will normally be affordable.
- Requires that at least 75% of the affordable homes are for rent.
- States that judgements about the level, mix and tenure of affordable homes will have regard to points (a)-(d) in the policy.

3.6 Policy CS20 states that 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. The selected small villages are listed below and Figure 1 overleaf shows their location:

Policy CS6 (selected small villages in the Green Belt)	Chipperfield Flamstead Potten End Wigginton
Policy CS7 (rural area)	Aldbury Long Marston Wilstone

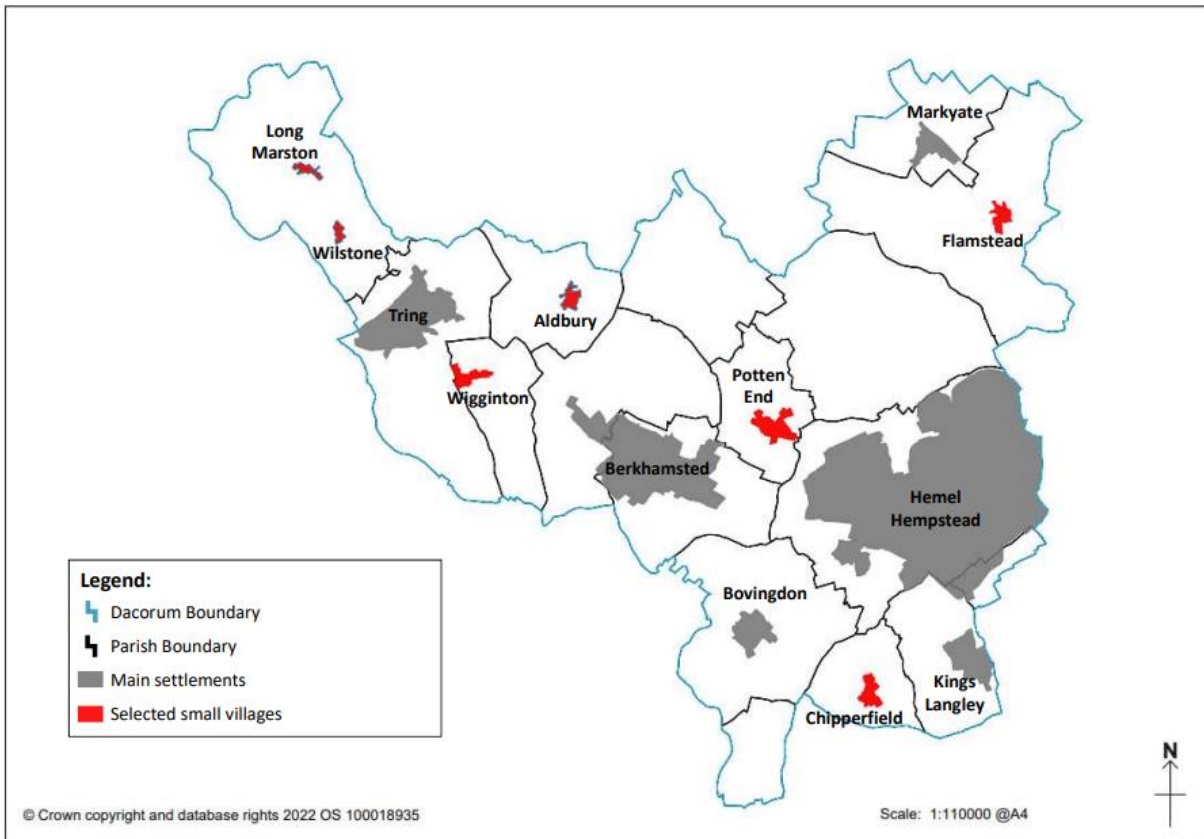
3.7 Core Strategy Policy CS6 states that certain types of development will be permitted in the selected small villages in the Green Belt, including affordable housing in accordance with Policy CS19. However, the Clarification Note explains that infilling schemes in the selected small villages are no longer limited to affordable housing. This is because Government guidance in the NPPF now classifies limited infilling in villages as appropriate development in the Green Belt (paragraph 154) and the site size thresholds for requiring affordable housing have changed (paragraph 65).

**(ii) Site Allocations policies**

3.8 Site Allocations Policies LA1-LA6 require 40% affordable housing on the following sites called local allocations:

- LA1: Marchmont Farm, Hemel Hempstead
- LA2: Old Town, Hemel Hempstead
- LA3: West Hemel Hempstead
- LA4: Hanburys, Shootersway, Berkhamsted
- LA5: Icknield Way, West of Tring
- LA6: Chesham Road and Molyneaux Avenue, Bovingdon

**Figure 1: Selected villages with potential for rural sites for affordable homes**



**Which policies does this SPD supplement?**

- 3.9 Given paragraphs 3.1-3.8 above, this SPD supplements the following adopted planning policies:
- Core Strategy Policy CS18 (mix of housing)
  - Core Strategy Policy CS19 (affordable housing)
  - Core Strategy Policy CS20 (rural sites for affordable homes)
  - Site Allocations Policies LA1-LA6, on the sites listed in paragraph 3.8
- 3.10 This SPD does not supplement the following policies for housing development, as these policies make no reference to affordable housing:
- Core Strategy Policy CS22 (new accommodation for Gypsies and Travellers)
  - Saved 2004 Local Plan Policy 84 (residential moorings)

**New Local Plan**

- 3.11 The Council is preparing a new single Local Plan for Dacorum. Once adopted, the new Plan will replace the existing documents referred to in paragraph 3.1.
- 3.12 In November 2020, the Council published the Local Plan Emerging Strategy for Growth (2020-2038) consultation document. It included proposed new policies on affordable housing. However, the new Local Plan is still at an early stage, so the Council is still working to the adopted affordable housing policies when considering planning applications for new housing.

3.13 A further consultation, on the Local Plan Revised Strategy for Growth (2024-2040), took place from October to December 2023. This consultation was only about proposed housing sites. It did not contain any draft planning policies.

3.14 The timetable for the new Local Plan is set out in the Local Development Scheme:

[https://www.dacorum.gov.uk/docs/default-source/strategic-planning/local-development-schemea449724551156b7f9bc7ff00000246a4.pdf?sfvrsn=315c199e\\_2](https://www.dacorum.gov.uk/docs/default-source/strategic-planning/local-development-schemea449724551156b7f9bc7ff00000246a4.pdf?sfvrsn=315c199e_2)

#### **Evidence base for planning policies on affordable housing**

3.15 When the Core Strategy was prepared, evidence (in the South West Hertfordshire Strategic Housing Market Assessment 2010, the updated Housing Market Needs Assessment 2012 and earlier Council studies) showed a high affordable housing need in the Borough.

3.16 More recent evidence is provided by the South West Hertfordshire Local Housing Needs Assessment (September 2020). Chapter 5 in this document showed that there remains a very substantial need for affordable housing in Dacorum. The Local Housing Needs Assessment is currently being reviewed and its updated evidence and recommendations will inform the finalised version of this SPD. Other up-to-date evidence appears in some of the Council's own documents (see section 4).

3.17 The Council takes account of such evidence on the need for affordable housing. Justification for this approach comes from Policy CS19, which states that judgements about the level, mix and tenure of affordable homes will have regard to the Council's Housing Strategy, identified housing need and other relevant evidence.

## 4. OTHER RELEVANT COUNCIL DOCUMENTS

### Key guidance

The Council has published some other documents relevant to affordable housing in Dacorum:

- Delivering for Dacorum: Corporate Plan 2020-2025
- Shaping the future of Dacorum: Our Growth and Infrastructure Strategy to 2050
- Homes for the Future: Housing Strategy 2019-2021 (new strategy due 2024)
- Housing Allocations Policy
- Tenancy Strategy

The Council is also preparing a 'Local Connection Policy for Other Affordable Housing'.

- 4.1 Apart from the planning policy documents referred to in section 3, the Council has published or is preparing some other corporate or housing documents relevant to affordable housing in Dacorum, as stated below. Web links to the published documents are given in Appendix 1.
- 4.2 **Delivering for Dacorum: Corporate Plan 2020-2025.** One of the Council's five key priorities is "Providing good quality affordable homes, in particular for those most in need". Proposed action on this priority includes:
- Building over 400 new Council homes and supporting Housing Associations where viable.
  - Supporting residents to access good quality and affordable homes in the private rented sector.
- 4.3 **Shaping the future of Dacorum – Our Growth and Infrastructure Strategy to 2050.** A key theme is "Building Dacorum's future with homes for everyone". The provision of good quality homes across the public and private sectors that meets the community's needs is supported. There is also a strong commitment to delivering affordable housing and new Council homes.
- 4.4 **Homes for the Future: Housing Strategy 2019-2021.** This strategy focuses on how the Council can influence the housing options for people across the Borough. It provides a positive, clear vision for ensuring quality, safe and affordable homes. The outcome based commitments include: "We work in partnership to meet the demand for quality, affordable housing in Dacorum".
- 4.5 A revised strategy (Housing Strategy 2024-2029) is expected to be approved in spring 2024. It has been informed by affordability modelling and the new Local Plan's evidence base, and is aligned with the Tenancy Strategy and other key documents.
- 4.6 **Housing Allocations Policy (September 2023).** This document sets out how the Council prioritises applications for social rented and affordable rented housing provided by the Council and housing associations, based on people's circumstances and level of housing need (see Appendix 5 for further information).
- 4.7 **Tenancy Strategy (May 2019).** This strategy outlines:
- Different types of tenancies and our approach to granting and reviewing them.



- The approach to social and affordable rents in Dacorum.
- Our approach to working with local housing associations to make sure that all the Borough's residents have access to affordable, safe housing.

4.8 A review of the Tenancy Strategy will commence shortly.

4.9 **Proposed Local Connection Policy for Other Affordable Housing.** The Council wishes to ensure that, where possible, affordable housing is prioritised for people with a local connection to the Borough. Therefore, we are preparing a 'Local Connection Policy for Other Affordable Housing'. The policy will apply to properties that are not allocated via the Housing Register. This includes affordable home ownership products such as First Homes and shared ownership, and rented tenures including affordable private rent (see Appendix 5).

4.10 The finalised version of this SPD will take account of the approved Local Connection Policy, if available in time.

## 5. NEIGHBOURHOOD PLANS IN DACORUM

### Key guidance

In Dacorum, there are two 'made' (i.e. adopted) neighbourhood plans and three being prepared:

- **Grovehill, Hemel Hempstead.** The made Grovehill Future Neighbourhood Plan supports the provision of a mix of housing tenures and types.
- **Kings Langley.** The made neighbourhood plan contains guidance on meeting local housing needs.
- **Bovingdon.** The submitted neighbourhood plan includes an affordable housing policy.
- **Great Gaddesden and Berkhamsted.** Evidence gathering and engagement with the local communities to inform the neighbourhood plans has started.

### Background information

- 5.1 Paragraph 20 in the National Planning Policy Framework states that strategic policies should make sufficient provision for housing development, including affordable housing. Paragraphs 28-30 indicate that neighbourhood plans can contain non-strategic policies, but should not undermine strategic policies. A footnote adds that "Neighbourhood plans must be in general conformity with the strategic policies contained in any development plan that covers their area."
- 5.2 More detailed guidance is provided by paragraphs 074-077 of the Planning Practice Guidance (PPG) on 'Neighbourhood planning'.
- 5.3 Paragraph 017 in the PPG on 'First Homes' states that neighbourhood plans can include policies on and identify sites for First Homes. Depending on the local plan's strategic policies, neighbourhood plans may be able to vary the types of affordable housing required, or allocate additional sites for affordable housing. Neighbourhood plans can also develop policies that use the flexibilities allowed by the PPG (section 13 below gives further guidance on First Homes).

### Neighbourhood Plans in Dacorum

- 5.4 Dacorum has two 'made' (i.e. adopted) neighbourhood plans and three being prepared (see below). Web links to the published documents are included in Appendix 1. Further details on neighbourhood planning in the Borough can be found at:

<http://www.dacorum.gov.uk/home/regeneration/neighbourhood-planning>

- 5.5 **Grovehill, Hemel Hempstead.** The Grovehill Future Neighbourhood Plan (2016-2031) was produced by 'Grovehill Future', which involved members of the local community, businesses and Ward Councillors. The Plan contains no policy references to affordable housing, although Policy 3 (housing) states that "Where new homes are provided, the provision of a mix of tenures and types will be supported."
- 5.6 **Kings Langley.** The neighbourhood plan, produced by Kings Langley Parish Council, was made in January 2023. The Plan area covers all of Kings Langley parish.

- 5.7 Policy KL2 (meeting local housing needs) mentions affordable housing. This policy states that, subject to certain provisos, housing development should provide a mix of housing sizes, types, tenures, and affordability that assists in meeting needs identified in the most recently available Kings Langley Local Housing Needs Assessment. Proposals which seek to deliver a higher proportion of one and two-bedroom homes (both open market and affordable) to that set out in the most recent Local Housing Needs Assessment for Dacorum will be particularly supported.
- 5.8 **Bovingdon.** A steering group of local residents reporting to Bovingdon Parish Council is preparing a neighbourhood plan covering the whole parish. The Submission Version of the Plan (July 2023) will be considered by an independent examiner. Policy BOV H1 (affordable housing) expresses a preference for schemes that provide genuinely affordable homes that meet the need for affordable housing in Bovingdon. First Homes will make up 25% of affordable homes, whilst the recommended mix for rented affordable homes is 60% social rent/40% affordable rent. Schemes should provide a mix of house sizes, including extra care schemes, that support housing need in Bovingdon.
- 5.9 **Great Gaddesden.** Great Gaddesden Parish Council formally submitted a Neighbourhood Area designation letter and map to the Borough Council in February 2023. The designation was confirmed in March 2023. The parish council has started gathering evidence and engaging with the local community to help guide the draft policies that will form the neighbourhood plan.
- 5.10 **Berkhamsted.** Berkhamsted Town Council formally submitted a Neighbourhood Area designation letter and map to the Council in August 2023. The designation was confirmed in November 2023. The town council has started gathering evidence and engaging with the local community to help guide the draft policies that will form the neighbourhood plan.

## **PART 2: QUALIFYING SITES AND OVERALL AFFORDABLE HOUSING PERCENTAGE**



Social rented housing at Bingham Mews, Gaddesden Row

## 6. WHICH DEVELOPMENTS SHOULD PROVIDE AFFORDABLE HOUSING?

### Key guidance

An element of affordable housing will be required on:

- Major developments throughout Dacorum (i.e. sites for 10 or more homes; or with a site area of 0.5 hectares or more).
- Sites for 6-9 homes in the Chilterns Area of Outstanding Natural Beauty.

The thresholds apply to the gross number of homes proposed, unless vacant building credit applies.

The affordable housing should be provided on-site, unless off-site provision or a financial contribution is justified in terms of section 26.

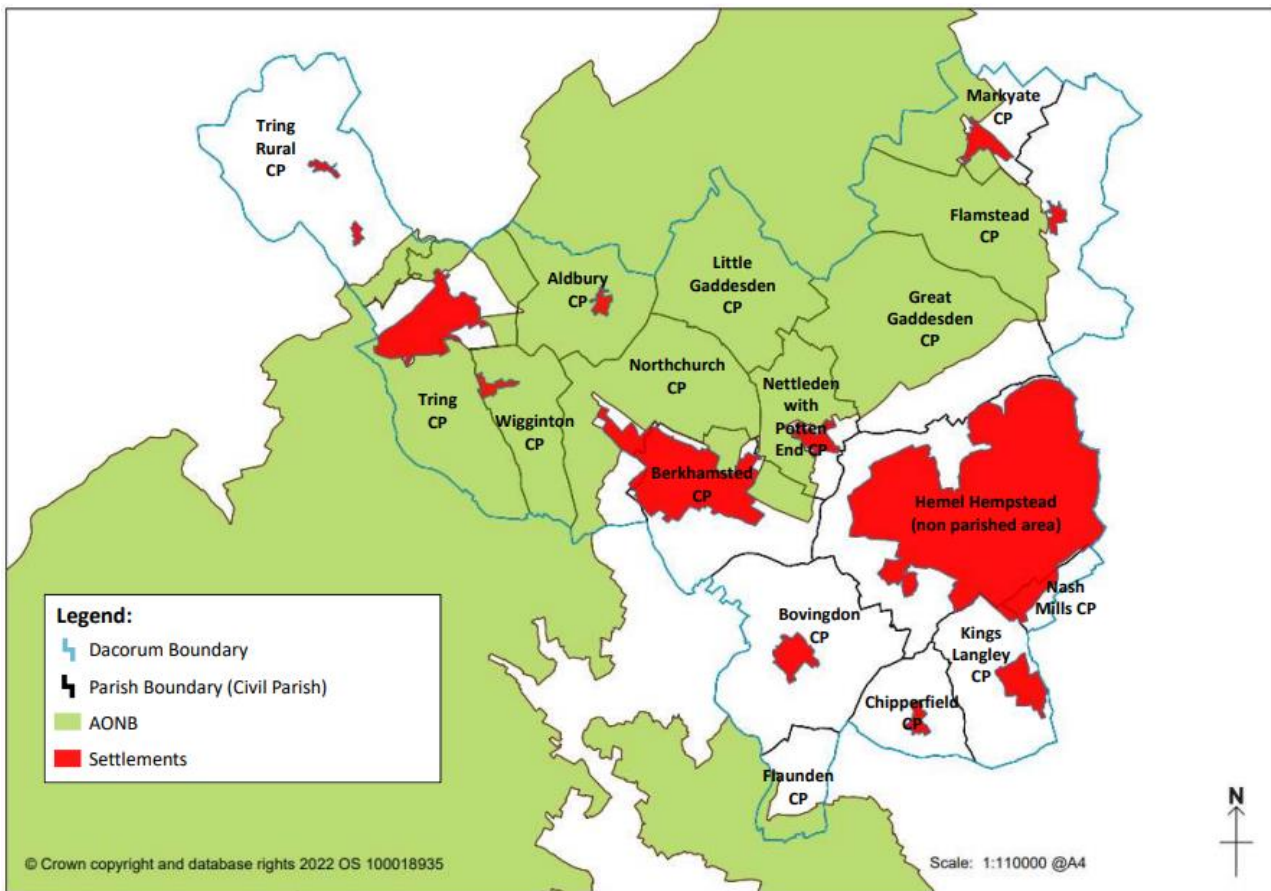
### Background information

- 6.1 Dacorum Core Strategy Policy CS19 states that 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).
- 6.2 However, the thresholds in Policy CS19 have been superseded by Government guidance in the National Planning Policy Framework (NPPF). Paragraph 65 in the NPPF states that:
- “Provision of affordable housing should not be sought for residential developments that are not major developments, other than in designated rural areas (where policies may set out a lower threshold of 5 units or fewer).”
- 6.3 The definitions of ‘major development’ in NPPF Annex 2 and the Town and Country Planning (Development Management Procedure) (England) Order 2015 (DMPO) differ in certain respects (see Appendix 2 for the DMPO definition).
- 6.4 In NPPF paragraph 65, the term ‘designated rural areas’ includes Areas of Outstanding Natural Beauty (AONBs). Figure 2 below shows the extent of the Chilterns AONB in Dacorum, settlements within the AONB and parish council boundaries. The ‘rural area’ covers all the AONB in Dacorum, which includes all or part of the following parishes:

Aldbury	Great Gaddesden	Northchurch
Berkhamsted	Little Gaddesden	Tring
Flamstead	Markyate	Tring Rural
Flaunden	Nettleden with Potten End	Wigginton

- 6.5 The AONB is illustrated by the green shaded area in Figure 2.

**Figure 2: Chilterns AONB in Dacorum**



### **The Council's approach**

- 6.6 The Council is using site size thresholds for requiring affordable housing based on the DMPO's definition of 'major development', rather than the NPPF definition or the thresholds in Core Strategy Policy CS19. This is because the DMPO is more recent than the Core Strategy and has greater legal status than the NPPF or Core Strategy. However, the NPPF provides the basis for our threshold in the AONB.
- 6.7 In view of the above, an element of affordable housing will be required on:
- Major developments throughout Dacorum (i.e. sites for 10 or more homes; or with a site area of 0.5 hectares or more and the number of homes is not known; or if the proposed floorspace is 1,000 sq. metres or more).
  - Sites for 6-9 homes in the Chilterns Area of Outstanding Natural Beauty.
- 6.8 The affordable housing should be provided on-site, unless off-site provision or a financial contribution is justified in terms of section 26.
- 6.9 It should also be noted that:
- The thresholds apply to the gross number of homes proposed, unless vacant building credit applies (see section 24).
  - The Council will resist any attempt to circumvent the site size thresholds for affordable housing, for example by phasing development, by sub-dividing a larger site, or by

proposing too few homes in terms of the guidance in section 11 of the NPPF on making effective use of land.

- An element of affordable housing will be required on housing developments in Use Class C3 (dwelling houses) and extra care housing schemes in Class C2 (residential institutions) – see section 16.
- No affordable housing is required on prior approval schemes for changes of use from Use Class E (commercial, business and service) to housing. However, prior approval schemes cannot be submitted in the areas listed below, because the Council has withdrawn permitted development rights by Article 4 directions. Major planning applications for housing in these areas should include affordable housing. However, Hemel Hempstead town centre is the only Article 4 area where housing is normally permitted.

Town centre	Hemel Hempstead (part)
General employment areas	Maylands Business Park (part), Hemel Hempstead
	Doolittle Meadows, Hemel Hempstead
	Park Lane, Hemel Hempstead
	Northbridge Road and River Park, Berkhamsted
	Icknield Way, Tring



## 7. OVERALL AFFORDABLE HOUSING PERCENTAGE

### Key guidance

On sites where affordable housing is required, the proportion of affordable housing should be as shown below:

Type of site	Affordable Housing Percentage
1. All, except those covered by rows 2 and 3 below	35%
2. Local allocations	40%
3. Exception sites	100%, subject to section 17

Schemes proposing a higher percentage of affordable housing will be welcomed.

The amount of affordable housing will be reduced or waived, only where fully justified.

### Background information

- 7.1 This section provides guidance on the overall percentage of affordable housing required on sites where affordable housing should be provided. Section 9 then deals with the percentage split between different types on affordable housing.
- 7.2 Government guidance does not set a national percentage requirement for affordable housing, except for exception sites where 100% affordable housing should normally be provided (see section 17). However, broad guidance on meeting housing needs, including affordable housing, can be found in the National Planning Policy Framework (paragraphs 60-66), the Planning Practice Guidance (PPG) on 'Housing and Economic Needs Assessment' (paragraphs 018-024) and the PPG on 'Viability (paragraph 001).
- 7.3 Exception sites can provide affordable housing outside settlement boundaries, as exceptions to normal planning policy. Section 17 provides further information and explains Government guidance on whether such schemes can contain an element of open market housing.
- 7.4 Policy CS19 (affordable housing) in the Dacorum Core Strategy states that:
- “35% of the new dwellings should be affordable homes. Higher levels may be sought on sites which are specified by the Council in a development plan document, provided development would be viable and need is evident. On rural housing sites 100% of all new homes will normally be affordable (Policy CS20).”
- 7.5 In the Dacorum Site Allocations Development Plan Document, Policies LA1-LA6 require 40% affordable housing on six key greenfield sites called local allocations. These are the only planned sites where the affordable housing percentage required is higher than 35% (due to the high viability associated with these greenfield sites).

### The Council's approach

- 7.6 On sites where affordable housing is required, the proportion of affordable housing should be based on the Core Strategy and the Site Allocations document, as indicated in the table below:



**Table 7.1: Affordable housing percentages**

Type of site	Affordable housing percentage	Justification
1. All, except those covered by rows 2-4 below	35%	Core Strategy Policy CS19
2. Local allocations	40%	Core Strategy Policy CS19, Site Allocations Policies SA8 and LA1-LA6
3. Exception sites	100%, subject to section 17	Core Strategy Policy CS20

- 7.7 If applying the above percentages results in a requirement for a fraction of an affordable home, the requirement should be rounded to the nearest whole number. The affordable housing number should be rounded up if the calculation produces a requirement for half a home.
- 7.8 The need for affordable housing in Dacorum is very high, as shown by chapter 5 of the South West Hertfordshire Local Housing Needs Assessment. Indeed, the Council's current affordable housing percentages fall well short of meeting the full need for affordable housing in Dacorum. However, possible changes to the percentages are a matter for the new Local Plan, not this SPD.
- 7.9 The Council will welcome planning applications that propose a higher percentage of affordable housing than required in Table 7.1, including schemes from registered providers for 100% affordable housing. However, we acknowledge that viability and other factors may result in less affordable housing being provided on some sites than shown in Table 7.1.
- 7.10 Given the above, the Council would like to discuss the tenure mix and the overall affordable housing percentage with developers at an early stage in the development process, before a decision is made on whether a viability assessment is needed (see section 25).
- 7.11 In addition, the affordable housing requirement will be reduced or waived in the following circumstances:
- If vacant building credit applies (see section 24).
  - If the affordable housing requirement would make a development unviable. In such cases, the Council will apply the requirements flexibly, if fully justified to our satisfaction through a viability assessment (see section 25).
  - On prior approval schemes for change of use from offices to housing, where no affordable housing is required (see paragraph 6.10, bullet point 4 above).

# PART 3: DIFFERENT AFFORDABLE HOUSING TENURES



Recently completed Council homes on Coniston Road, Kings Langley

## 8. DIFFERENT AFFORDABLE HOUSING TENURES - OVERVIEW

### Key guidance

Government guidance splits affordable housing into:

- Affordable housing for rent
- Affordable home ownership

The guidance also distinguishes between different types of affordable housing for rent and different types of affordable home ownership.

The main types of affordable housing likely to be provided in Dacorum are as follows:

Affordable housing for rent	<ul style="list-style-type: none"><li>• Social rent</li><li>• Affordable rent</li><li>• Affordable private rent in build to rent schemes</li></ul>
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Affordable home ownership	<ul style="list-style-type: none"> <li>• First Homes</li> <li>• Shared ownership</li> <li>• Rent to buy</li> </ul>
Any proposals for other types of affordable home ownership will be treated on their merits.	

8.1 Government guidance (see section 2) splits affordable housing into:

- Affordable housing for rent
- Affordable home ownership

8.2 The guidance also distinguishes between different types of affordable housing for rent and different types of affordable home ownership.

8.3 Tables 8.1 and 8.2 show the main types of affordable housing that are likely to be provided in Dacorum. These tables also set out key points for each housing type, relating to Government guidance and the Council’s priorities:

**Table 8.1: Different types of affordable housing for rent – key points**

Type of housing	Key points
Affordable housing for rent - overall requirements	<ul style="list-style-type: none"> <li>• Rents must accord with the Government’s policy for social rent or affordable rent, or be at least 20% below local market rents.</li> <li>• Landlords must be registered providers, unless the housing is part of a build to rent scheme.</li> <li>• The affordable housing must remain at an affordable price for future eligible households, or the subsidy must be recycled for alternative affordable housing provision.</li> </ul>
Social rent	<ul style="list-style-type: none"> <li>• The Council supports social rented housing, as it offers tenants a secure form of housing with lower rents than with affordable rented housing.</li> <li>• Rents vary depending on location and house type. Based on current evidence typical rents in Dacorum are equivalent to 39%-54% of lower quartile open market rents.</li> <li>• The Council has an active social rented new build programme and will encourage registered providers to build such housing, where possible.</li> </ul>
Affordable rent	<ul style="list-style-type: none"> <li>• Affordable rented housing is the main type of affordable housing for rent supplied by registered providers (mainly housing associations), apart from the Council.</li> <li>• The Council’s priority is that affordable rented housing is genuinely affordable, which requires rents at around 60% of median market values.</li> </ul>

Affordable private rent in build to rent schemes	<ul style="list-style-type: none"> <li>• The normal form of affordable housing in build to rent schemes is 'affordable private rent'.</li> <li>• Government guidance says 20% of homes on such schemes should generally be for affordable private rent, with rents at least 20% below local market rents.</li> <li>• As with other housing, the Council will require 35% affordable housing in build to rent schemes.</li> <li>• Affordable private rented homes should be genuinely affordable, so the approach for affordable rent (above) will also apply to affordable private rent.</li> </ul>
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**Table 8.2: Different types of affordable home ownership – key points**

Type of housing	Key points
Affordable home ownership – overall requirements	<ul style="list-style-type: none"> <li>• The National Planning Policy Framework (NPPF) states that 10% of all homes should be for affordable home ownership, except with build to rent homes, specialist accommodation (such as for the elderly), self and custom build homes, and community-led development and rural exception sites.</li> </ul>
First Homes	<ul style="list-style-type: none"> <li>• The Planning Practice Guidance on First Homes states that: <ul style="list-style-type: none"> <li>- First Homes are the Government's preferred discounted market tenure and should account for at least 25% of all affordable homes.</li> <li>- First Homes must be discounted by a minimum of 30% against the market value, with this discount (as a percentage of current market value) passed on at each subsequent title transfer.</li> <li>- After the discount has been applied, the first sale must be at a price no higher than £250,000 (outside London).</li> <li>- Purchasers of First Homes (including future sales) should comply with the national standard criteria, including that they are first time buyers and have a household income not exceeding £80,000 (outside London).</li> </ul> </li> <li>• The £250,000 price cap means that most First Homes in Dacorum are likely to be flats.</li> </ul>
Shared ownership	<ul style="list-style-type: none"> <li>• Shared ownership housing enables households to purchase a share in a home with a mortgage, whilst paying rent on the rest. Purchasers can buy additional shares when they can afford to do so.</li> <li>• Total monthly costs (mortgage payments and rent) should be lower than renting or purchasing a similar home on the open market.</li> </ul>

	<ul style="list-style-type: none"> <li>Shared ownership will still be an important type of affordable home ownership in Dacorum (despite the introduction of First Homes), in order to secure an appropriate broad mix of types of homes for affordable home ownership. Most shared ownership homes should be houses.</li> </ul>
Rent to buy	<ul style="list-style-type: none"> <li>Rent to buy housing is available initially for affordable rent, but can later be converted to outright ownership or shared ownership.</li> <li>The Council will support proposals, if rent levels are genuinely affordable based on the maximum rent per month considered to be affordable in Dacorum.</li> <li>There must also be an agreed length of tenancy, followed by an option to buy or rent again over an agreed period.</li> </ul>

8.4 Section 9 below provides guidance on the percentage split between different types on affordable housing. More detailed guidance on different types of affordable housing can be found in the following sections in this SPD:

Section	Subject
9	Percentage split between different types of affordable housing
10	Social rent
11	Affordable rent
12	Affordable private rent in build to rent schemes
13	First Homes
14	Shared ownership
15	Rent to buy
16	Affordable housing on schemes for older people
17	Exception sites

8.5 The definition of 'affordable housing' in the NPPF (see Appendix 2 to this SPD) also identifies some other types of affordable home ownership:

- **Starter homes** (now in effect superseded by First Homes).
- **Discounted market sales housing.** Sold at a discount of at least 20% below local market value. Eligibility is based on local incomes and house prices.
- **Other affordable routes to home ownership** (for those who cannot achieve home ownership through the market), including relevant equity loans and other low cost homes for sale (at least 20% below local market value).

8.6 The Council envisages that few schemes for such types of affordable home ownership will be submitted in Dacorum. However, the Council will treat any proposals that are forthcoming on their merits. With schemes for discounted market sales housing, much of the guidance in section 13 on First Homes is relevant. Such homes should have a price discount of at least 30% against market value, as with First Homes.

## 9. PERCENTAGE SPLIT BETWEEN DIFFERENT TYPES OF AFFORDABLE HOUSING

### Key guidance

The Core Strategy states that a minimum of 75% of the affordable housing units provided should be for rent.

The Council must also take account of Government guidance introduced since the Core Strategy was adopted that:

- At least 10% of homes on sites where affordable housing is required should be available for affordable home ownership (subject to certain exemptions).
- At least 25% of the affordable homes should be First Homes. The remainder of the affordable housing tenures should reflect the proportions in the local plan policy.

This results in the following percentage split:

Affordable housing for rent	At least 56%
Affordable home ownership	No more than 44%

In order to secure an appropriate broad mix of types of homes for affordable home ownership, the Council favours the following percentage split between First Homes and other types of affordable home ownership, whilst recognising that it may not be possible to deliver shared ownership housing in flats:

Affordable home ownership (total)	No more than 44%
First Homes	25%
Other types of affordable home ownership, usually shared ownership and/or rent to buy	Up to 19%

### **Background information**

9.1 Section 7 provides guidance on the overall percentage of affordable housing required on sites where affordable housing should be provided. Section 9 moves onto considering the percentage split between different types on affordable housing.

9.2 Dacorum Core Strategy Policy CS19 (affordable housing) states that:

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

The policy adds that judgements about the level, mix and tenure of affordable homes will have regard to points (a)-(d) in the policy, which cover various matters including the Council’s Housing Strategy, identified housing need and the overall viability of the scheme.

9.3 The Council must also take account of Government guidance. In particular:

- National Planning Policy Framework (NPPF), paragraph 66: on sites where affordable housing is required, at least 10% of the total number of homes should be available for affordable home ownership (subject to certain exemptions – see paragraph 2.3 above).
- Planning Practice Guidance (PPG) on ‘First Homes’, paragraph 001: First Homes should account for at least 25% of all affordable housing units delivered by developers through planning obligations.

9.4 In addition, the ‘First Homes’ PPG states that:

- A policy compliant planning application should seek to capture the same amount of value as would be captured under the local authority’s up-to-date published policy (paragraph 014).
- Once a minimum of 25% of First Homes has been accounted for, social rent should be delivered in the same percentage as set out in the local plan. The remainder of the affordable housing tenures should be delivered in line with the proportions set out in the local plan policy (paragraph 015).

9.5 Policy CS19 does not mention social rent. It simply requires that at least 75% of the affordable housing should be for rent. This implies that the rest of the affordable housing should be for affordable home ownership.

**The Council’s approach**

9.6 Taking account of paragraphs 001 and 015 in the PPG and Policy CS19, this results in the following split between affordable housing for rent and affordable home ownership:

Affordable housing for rent	At least 56%
Affordable home ownership	No more than 44%

9.7 Table 9.1 shows how this split is calculated:

**Table 9.1: Percentage split between affordable housing for rent and affordable home ownership**

Type of affordable housing	% of total affordable housing
1. First Homes	25
2. Remainder of affordable housing	75
The other 75% of the affordable housing should reflect Policy CS19, which states that 75% of the affordable housing should be for rent.	
This gives the following split:	
Affordable housing for rent (75% of 75%)	56
Affordable home ownership (25% of 75%)	19
Total affordable home ownership (25% + 19%)	44

- 9.8 As stated in Table 8.2, the price cap of £250,000 for First Homes means that most First Homes in Dacorum will probably be flats. However, the South West Hertfordshire Local Housing Needs Assessment (LHNA) recommended a broad mix of house sizes for affordable home ownership, including 35% of homes having three or more bedrooms (see section 18).
- 9.9 Paragraph 14.11 states that shared ownership generally works best with 2 and 3-bedroom houses, but there can be difficulties in obtaining shared ownership housing in leasehold flats.
- 9.10 Therefore, in order to secure an appropriate broad mix of types of homes for affordable home ownership, 25% (but no more) of the affordable housing should be First Homes (unless the scheme is exempt from providing First Homes – see paragraphs 13.5 and 13.6). The rest of the affordable home ownership properties should be shared ownership housing and/or rent to buy, unless otherwise agreed with the Council. For example, we recognise that it may not be possible to deliver shared ownership housing in flats:

**Table 9.2: Preferred percentage split between different types of affordable home ownership**

Housing type	Proportion of affordable housing
Affordable home ownership (total)	No more than 44%
First Homes	25% (but no more)
Other types of affordable home ownership, usually shared ownership and/or rent to buy	Up to 19%

- 9.11 There may be instances where the Council would consider an alternative tenure split. Examples could include schemes proposing:
- **Few or no flats:** such schemes will probably deliver few, if any, First Homes due to the £250,000 price cap (see paragraphs 13.8 and 14.11). If so, the affordable housing tenure split will be as per Policy CS19, subject to the NPPF's requirement for 10% of the total homes to be available for affordable home ownership (see paragraphs 9.2 and 9.3 above).
  - **A higher than normal affordable housing percentage** (i.e. a higher percentage of affordable housing than required by the Council's adopted planning policies - see Table 7.1). These schemes and the tenure mix proposed will be considered on their merits.



## 10. SOCIAL RENTED HOUSING

### **Key guidance**

Social rented homes are generally owned by local authorities or registered providers. Rents are usually lower than for affordable rented homes.

The Core Strategy states that a minimum of 75% of the affordable housing should be for rent, but gives no guidance on the type of rented affordable housing to be provided.

The Council supports social rented housing, as can be seen by its own new build council house programme. We will encourage registered providers to build social rented housing where possible.

### **Background information**

- 10.1 The definition of 'affordable housing for rent' in the National Planning Policy Framework (NPPF) requires social rented housing to meet certain conditions (see Appendix 2). The rent is set in accordance with the Government's rent policy for Social Rent and landlords must be registered providers. Also, the affordable housing must remain affordable for future eligible households, or the subsidy recycled for alternative affordable housing provision.
- 10.2 Social rented homes are generally owned by local authorities or registered providers of affordable housing. Not all providers have business models that include social rented housing.
- 10.3 Social rent is set in accordance with the Government's target rents guidelines through the national rent regime. Social rents are explained in Section 80 of the Housing and Regeneration Act (2008) and are usually lower than for affordable rented homes. New build social rented homes must be made available at formula rents. Rents can be 5% higher than formula rents for general needs housing and 10% higher for sheltered schemes.
- 10.4 Dacorum Core Strategy Policy CS19 (affordable housing) states that a minimum of 75% of the affordable housing should be for rent, but gives no guidance on what type of rented affordable housing should be provided (see paragraph 9.5).

### **The Council's approach**

- 10.5 The Council supports social rented housing, as it offers tenants a secure form of housing with lower rents than with affordable rented housing. Although the rent will vary depending on location and house type, based on current evidence typical rents are equivalent to 39%-54% of lower quartile open market rents (see Figure 2 in Appendix 4). The rents are as low as 21% of market rents for some existing social rented properties in Dacorum.
- 10.6 Social rented housing is currently being built in the Borough by the Council, through its own new build housing programme.
- 10.7 The Council will encourage registered providers to build social rented housing where possible. This would normally require grant funding (see Appendix 5). It is uncertain how much, if any, social rented housing will be built by registered providers. Therefore, this SPD does not contain a proposed split between social rented housing and affordable rented housing.

10.8 Social rented housing will be allocated to people on the Council's Housing Register and will be based on our Housing Allocations Policy (see Appendix 5).

## 11. AFFORDABLE RENTED HOUSING

### **Key guidance**

Government guidance requires affordable rented housing to be at least 20% cheaper than local market rates and for landlords to be registered providers. Rents can be considerably higher than for social rented housing.

The Core Strategy states that a minimum of 75% of the affordable housing should be for rent, but gives no guidance on what type of rented affordable housing should be provided.

The Council's priority is to ensure that affordable rented housing is genuinely affordable. Therefore, our starting point will be that rents for affordable rented housing should be 60% of median market values (including service charges), subject to viability. Such housing is called 'Dacorum Affordable Rent'.

Rents should remain at around 60% of median market rents during the lifetime of this SPD, unless convincing evidence is brought forward to justify higher rents.

### **Background information**

- 11.1 The definition of 'affordable housing for rent' in the National Planning Policy Framework (NPPF) requires affordable rented housing to meet certain conditions (see Appendix 2). Rents must be at least 20% cheaper than local market rates and landlords must be registered providers. Also, the affordable housing must remain affordable for future eligible households, or the subsidy recycled for alternative affordable housing provision. Rents can be considerably higher than for social rented housing.
- 11.2 Dacorum Core Strategy Policy CS19 (affordable housing) states that a minimum of 75% of the affordable housing should be for rent. However, the policy gives no guidance on what type of rented affordable housing should be provided (see paragraph 9.5 above), or on the cost of affordable housing.
- 11.3 Paragraphs 5.107-5.120 in the South West Hertfordshire Local Housing Needs Assessment (LHNA) show that rents for affordable rented homes at 80% of lower quartile open market values are affordable to only 13% of households in Dacorum who need such housing. However, many households on benefits can afford these rents, if the full rent is covered by Housing Benefit.
- 11.4 Paragraphs 5.166-5.179 in the LHNA provide advice on the cost of affordable housing to rent, excluding social rent which is set nationally. The LHNA states that the Local Housing Allowance limits for the six Broad Rental Market Areas covering South West Hertfordshire should be a key consideration when setting rent levels for affordable rented properties. However, the LHNA adds that this would potentially require low income working families to claim housing benefit to be able to afford their rent. The analysis also considers 'Living Rents', but such rents would affect the viability of affordable housing delivery. The LHNA concludes that local authorities should balance the quantum of affordable housing to be delivered and the rent levels to be charged.
- 11.5 Paragraphs 5.195-5.199 in the LHNA consider the cost of housing versus incomes, with local authority level analysis provided in Appendix B. A key point is that people on 35% of lower quartile wages in Dacorum can afford only 1-bedroom affordable rented housing (see Figure 27 in Appendix B). However, the Council does not regard this as generally appropriate in Dacorum as it would not deliver genuinely affordable housing. This is particularly so in the South West

Herts Broad Rental Market Area (which covers most of the Borough), where the Local Housing Allowance is over 80% of open market value.

- 11.6 Justin Gardner Consulting produced a paper in May 2022 on 'Affordable rents in Dacorum' (see Appendix 4). It advises that providing affordable rents at 60% of market values (including service charges) would be a sensible start point for affordable rented housing, subject to the viability of delivering housing at these costs.

### **The Council's approach**

- 11.7 The Council's priority is to ensure that affordable housing for rent is genuinely affordable to those in housing need, so we will follow the approach recommended in paragraph 11.6. Therefore, our starting point will be that rents for affordable rented housing should be 60% of market values (including service charges), subject to the viability of delivering housing at these costs. Such housing is called 'Dacorum Affordable Rent'.
- 11.8 The Council may develop a housing policy to explain our approach where full compliance with the Council's planning policies and this SPD, including providing Dacorum Affordable Rent housing, would make schemes unviable. If so, the key points will be included in the finalised version of the SPD.
- 11.9 Rents for Dacorum Affordable Rent homes should continue to be secured at around 60% of median market rents as recommended in paragraph 11.6 during the lifetime of this SPD, unless convincing evidence to the Council's satisfaction is brought forward to justify higher affordable rents. In such circumstances, affordable rents should be capped at no more than 80% of median market rents and be within Local Housing Allowance rates.
- 11.10 In operating this approach, we will take account of rental prices for the private rental market from the Valuation Office Agency and Office for National Statistics:
- <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/privaterentalmarketsummarystatisticsinengland>
- 11.11 Section 106 agreements attached to planning permissions for housing development should require rented affordable homes to remain at an affordable price for future eligible households, or indicate how the subsidy should be recycled for alternative affordable housing provision (see Table 27.1).
- 11.12 Affordable rented housing will be allocated to people on the Council's Housing Register and will be based on our Housing Allocations Policy (see Appendix 5).

## 12. AFFORDABLE PRIVATE RENT IN BUILD TO RENT SCHEMES

### **Key guidance**

Build to rent housing is purpose built housing that is typically 100% rented out. The normal form of affordable housing in such schemes is 'affordable private rent'.

Government guidance states that on build to rent schemes, 20% of homes should generally be for affordable private rent. Also, rents on these homes should be at least 20% below local market rents.

As with other housing, the Council will expect the proportion of affordable homes in build to rent schemes to be 35% (40% on local allocations).

The approach in section 11 on Dacorum Affordable Rent can apply equally to affordable private rent.

When considering planning applications, we will bear in mind that Government guidance encourages flexibility.

### **Background information**

12.1 The National Planning Policy Framework (NPPF) defines 'build to rent' as follows:

"Purpose built housing that is typically 100% rented out. It can form part of a wider multi-tenure development comprising either flats or houses, but should be on the same site and/or contiguous with the main development. Schemes will usually offer longer tenancy agreements of three years or more, and will typically be professionally managed stock in single ownership and management control."

12.2 The NPPF's definition of 'affordable housing for rent' (see Appendix 2) states that, for build to rent schemes, affordable housing for rent is expected to be the normal form of affordable housing provision (and is called 'affordable private rent'). The landlord need not be a registered provider. The NPPF definition also requires that affordable private rented housing must meet the following conditions:

- the rent is at least 20% below local market rents (including service charges where applicable); and
- 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.

12.3 NPPF paragraph 66 states that affordable home ownership is not required in build to rent schemes.

12.4 Further guidance on affordable private rented homes is contained in the Planning Practice Guidance (PPG) on 'Build to rent'. In particular:

- 20% is generally a suitable level of affordable private rent homes to be provided (and maintained in perpetuity) in build to rent schemes. Local authorities can set a different

proportion, if justified by evidence in their local housing need assessment and included in a local plan policy (paragraph 002).

- Build to rent developers should assess the market rent using the definition of the International Valuations Standard Committee as adopted by the Royal Institute of Chartered Surveyors (paragraph 003).
- Developers will usually meet their affordable housing requirement by providing affordable private rent homes. However, a developer and a local authority can agree to meet this requirement by other routes, such as a commuted payment and/or other forms of affordable housing as defined in the NPPF (paragraph 004).
- Both the proportion of affordable private rent units, and discount offered on them can be varied across a development, over time. Similarly, it should be possible to explore a trade off between the proportion of discounted units and the discount(s) offered on them, with the proviso being that these should accord with the headline affordable housing contribution agreed through the planning permission (paragraph 005).
- Affordable private rent homes should be under common management control, along with the market rent build to rent homes. They should be distributed throughout the development and physically indistinguishable from the market rent homes in terms of quality and size. The section 106 agreement should set out the process for managing affordable private rent units and require an annual statement on these homes (paragraph 006).
- The section 106 agreement should include a mechanism to recoup ('clawback') the value of the affordable housing provision that is withdrawn if affordable private rent homes are converted to another tenure. The sale of homes from a build to rent development should not result in the loss of affordable housing without alternative provision being made (paragraphs 007 and 008).
- Eligibility for occupying affordable private rented homes should be agreed between the local authority and the scheme operator. The eligibility criteria for the affordable private rent homes should be set out in the section 106 agreement. In the absence of a local intermediate housing list, the criteria should reflect the authority's housing allocation policies and potential candidates from the Statutory Housing list. Ideally, peoples' local residence or employment connections should also be included (paragraph 009).

12.5 Paragraph 5.126 in the South West Hertfordshire Local Housing Needs Assessment advised that, given the scale of identified affordable housing need, the affordable housing contribution from build to rent schemes should be maximised to the level which viability permits.

### **The Council's approach**

- 12.6 To date, just one build to rent scheme has been built in Dacorum (at Bryanston Court, in Hemel Hempstead town centre). It appears that such developments are usually on large, high density, urban sites.
- 12.7 The Council will judge any such proposals on their merits, taking account of the guidance in the PPG. In view of paragraph 004 in the PPG, we will be flexible over how the affordable housing requirement should be met on build to rent schemes.
- 12.8 Planning applications should be accompanied by a viability assessment (see section 25). Subject to the results of the assessment, the proportion of homes for affordable private rent

should normally be 35% (40% on local allocations – see paragraph 7.5). This approach is justified as the guidance on the affordable housing percentages in the Council’s adopted planning policies applies to all types of affordable housing (see section 7). However, we will be mindful of the flexibility in paragraph 005 of the PPG.

- 12.9 The Council wishes to ensure that affordable private rented homes are genuinely affordable, subject to paragraph 005 in the PPG. The approach outlined in paragraphs 11.7-11.9 on ‘Dacorum Affordable Rent’ can apply equally to affordable private rent.
- 12.10 The Council is preparing a housing policy document called ‘Local Connection Policy for Other Affordable Housing’ (see Appendix 5). Once this document is approved, eligibility for affordable private rented housing will be assessed against the criteria in the policy.
- 12.11 A bespoke Section 106 agreement will be needed for build to rent housing. The agreement should require the affordable private rented homes to remain at a genuinely affordable price for future eligible households, or indicate how the subsidy should be recycled for alternative affordable housing provision (see Table 27.1). It should also reflect the references to Section 106 agreements in the ‘Build to rent’ PPG, including the points made in paragraph 12.4.

## 13. FIRST HOMES

### **Key guidance**

First Homes are discounted open market sale units, which will be the main type of affordable home ownership. Key requirements in Government guidance are that:

- First Homes must be discounted by a minimum of 30% against the market value.
- They are sold to first time buyers with a household income no more than £80,000.
- After the discount has been applied, the first sale price must not exceed £250,000.
- First Homes should account for at least 25% of affordable homes, except in certain circumstances.

These requirements mean that most First Homes in Dacorum are likely to be flats. Therefore, in order to secure a broad mix of house sizes for affordable home ownership, 25% (and no more) of the affordable homes should be First Homes (unless the scheme is exempt from providing First Homes).

Eligibility for First Homes will be assessed against the Council's Local Connection Policy, once it is approved.

### **Background information**

- 13.1 In May 2021, the Government issued the Planning Practice Guidance (PPG) on First Homes. This was accompanied by a Written Ministerial Statement on First Homes, which was very similar to the PPG. In February 2024, a Local Authority Guidance Note on 'First Homes' was published by the Government to give more detailed guidance on First Homes. This guide is not a statement of national planning policy, but is designed to further support local authorities in interpreting and implementing the First Homes policy.
- 13.2 Paragraph 001 in the 'PPG explains what First Homes are (see Appendix 2). Key points are that First Homes are discounted market sale units which:
- a) must be discounted by a minimum of 30% against the market value;
  - b) are sold to a person or persons meeting the First Homes eligibility criteria (see below);
  - c) on their first sale, will have a restriction registered on the title to ensure this discount (as a percentage of current market value) and certain other restrictions are passed on at each subsequent title transfer; and
  - d) after the discount has been applied, the first sale must be at a price no higher than £250,000 (outside London).
- 13.3 Other important points to note from the First Homes PPG include that:
- First Homes are the government's preferred discounted market tenure and should account for at least 25% of all affordable housing units (paragraph 001) – but see paragraphs 13.5 and 13.6 below.
  - First Homes should be subject to a section 106 agreement restricting the use and sale of the property, and a legal restriction on the title of the property which applies the restrictions at each future sale (paragraph 002).



- Local authorities can require a higher minimum discount of either 40% or 50%, if they can demonstrate a need in their plan-making process (paragraph 004).
- Local authorities can require a lower price cap than £250,000, if they can demonstrate a need in their plan-making process (paragraph 005).
- Developers should obtain a valuation from a registered valuer acting in an independent capacity. When the home is resold in future, the seller should secure a valuation in the same way (paragraph 006).
- Purchasers of First Homes (including future sales) should comply with the national standard criteria, including that they are first time buyers and have a household income not exceeding £80,000 (outside London) (paragraph 007).
- Local authorities and neighbourhood planning groups can apply local eligibility criteria (paragraph 008).
- A policy compliant planning application including First Homes should seek to capture the same amount of value as under the local authority's up-to-date published policy (paragraph 014).
- Once a minimum of 25% of First Homes has been accounted for, social rent should be delivered in the same percentage as set out in the local plan. The remainder of the affordable housing tenures should be delivered in line with the proportions set out in the local plan policy (paragraph 015).
- If a planning application with 25% of the affordable homes as First Homes falls short of the NPPF's 10% affordable home ownership expectation, additional affordable home ownership homes may be provided to meet this expectation (paragraph 023).
- First Homes exception sites may come forward outside of local plan allocations and deliver primarily First Homes, but not in the Green Belt or Areas of Outstanding Natural Beauty (paragraphs 024-028).

13.4 In addition, the PPG contains more detailed advice on First Homes regarding planning applications and Section 106 agreements, as shown below (see section 27):

<b>Subject</b>	<b>Paragraph in PPG</b>
Legal mechanism to ensure the discount is passed to future purchasers	003
Establishing open market value	006
Mortgagee exclusion clause	010
Selling without the First Homes restrictions	011
Securing developer contributions for First Homes	012
Community Infrastructure Levy on First Homes development	016

13.5 Also relevant is the requirement in paragraph 66 of the National Planning Policy Framework (NPPF) that at least 10% of the total number of homes should be available for affordable home ownership, except in certain circumstances (see paragraph 2.3 above).

### **The Council's approach**

13.6 The Council's approach towards First Homes is based on the national requirements in the NPPF and PPG and local circumstances, including the following:

- 25% (and no more) of the affordable homes should be First Homes (for the reasons stated in paragraph 13.8), subject to bullet point 2 below.
- Schemes that are exempt from the 10% affordable home ownership requirement in the NPPF (see paragraph 2.3 above) will also be exempt from the requirement in the First Homes PPG that at least 25% of the affordable housing units should be First Homes. This reflects the fact that First Homes are a type of affordable home ownership).
- First Homes must be discounted by a minimum of 30% against the market value in perpetuity.
- The first sale price must be no higher than £250,000 after applying the discount.

13.7 In the further work on the new Local Plan, the Council will consider whether a higher minimum discount and a lower price cap are justified.

13.8 Any property with an open market value of over around £357,000 will have to be discounted by more than 30% to reduce the price to the maximum for First Homes of £250,000. Discounts above 30% will have a greater impact on the viability of sites. This together with high local house prices, means that most First Homes in Dacorum will probably be one or two bedroom flats. Therefore, in order to secure a broad mix of house sizes for affordable home ownership, 25% (and no more) of the affordable homes should be First Homes (see paragraphs 9.7-9.10) (unless the scheme is exempt from providing First Homes).

13.9 The Council is preparing a housing policy document called 'Local Connection Policy for Other Affordable Housing' (see Appendix 5). Once this document is approved, eligibility for First Homes will be assessed against the local connection criteria in the policy.

13.10 In accordance with paragraph 008 in the 'First Homes' PPG, the local connection criteria will in relation to First Homes:

- Apply for only three months from when a home is first marketed. If a suitable buyer has not reserved a home by then, the eligibility criteria will revert to the national criteria (paragraph 007 in the PPG).
- Not apply to active members of the armed forces, divorced/separated spouses or civil partners of current members of the forces, spouses or civil partners of a deceased member of the forces (if their death was wholly or partly caused by their service) and veterans within five years of leaving the forces.

13.11 Outside the towns and large villages excluded from the Green Belt (see Core Strategy page 41), First Homes will not be permitted unless the proposal is for a First Homes exception site in Long Marston or Wilstone (see section 18).

13.12 Additional guidance on the Council's approach towards First Homes can be found elsewhere in this SPD:

Section	Subject
9	Percentage split between different types of affordable housing
17	Exception sites
23	Submitting a planning application
27	Section 106 agreements
28	Funding, registered providers and CIL relief

## 14. SHARED OWNERSHIP

### Key guidance

Shared ownership housing enables households to purchase a share in a home with a mortgage, whilst paying rent on the rest. Purchasers can buy additional shares when they can afford to do so.

Shared ownership will still be an important type of affordable home ownership in Dacorum, despite the introduction of First Homes. It should form up to 19% of the affordable housing.

Most shared ownership homes should be houses with 2 or 3-bedrooms.

The total monthly costs (mortgage payments and rent) should be lower than renting or purchasing a similar home on the open market.

Applications to live in shared ownership housing will be assessed against the Council's Local Connection Policy, once it is approved.

### Background information

- 14.1 The NPPF's definition of affordable housing (see Appendix 2) describes shared ownership housing as an affordable route to home ownership for those who could not achieve home ownership through the market. Such housing enables households to purchase a share in a home with a mortgage, whilst paying rent on the remaining unowned share. It is a common form of affordable home ownership, widely supported by the main mortgage lenders.
- 14.2 Shared ownership housing can be provided by registered providers (see paragraphs 28.5-28.9) or the Council. An initial share (usually between 25% and 75%) is bought and rent is paid to the provider on the remaining unowned share. Shared ownership homes are sold on the basis of a Homes England standard model lease. Purchasers can buy additional shares of equity in the property when they can afford to do so, up to 100% ownership. This is known as staircasing.
- 14.3 The following rural parishes in Dacorum are 'Designated Protected Areas' (see Figure 2 in section 6):

**Table 14.1: Designated protected areas**

Designated Protected Areas (parishes)		
Aldbury	Great Gaddesden	Nettleden with Potten End
Chipperfield	Little Gaddesden	Tring Rural
Flamstead	Markyate	

- 14.4 Within Designated Protected Areas, regulations ensure that rural affordable housing (specifically grant funded shared ownership properties) remains in the ownership of local people:  
<https://www.gov.uk/government/publications/designated-protected-areas>
- 14.5 Where that applies, registered providers must offer grant-funded shared ownership properties with a lease that either:

- Restricts staircasing to 80%; or
  - Where the leaseholder is permitted to acquire more than 80% (i.e. up to full ownership), obliges the landlord specified in the lease (or a designated alternative landlord) to repurchase the property when the leaseholder wishes to sell.
- 14.6 The Government's 'New Model for Shared Ownership: technical consultation' (April 2021), proposed changes to the standard model for shared ownership housing. The changes included reducing the minimum initial share from 25% to 10% and introducing a new gradual staircasing offer (1% per year). In May 2021, the ministerial statement on First Homes emphasised the Government's continuing support for shared ownership housing. It also confirmed that shared ownership homes delivered through Section 106 agreements should be based on the standard model in the technical consultation document (see section 27 for further guidance and Appendix 1 for web links to documents).
- 14.7 Chapter 1 in Homes England's Capital Funding Guide (CFG) contains the rules and procedures for all providers delivering shared ownership housing through grant funding from Homes England (see Appendix 1). Key points to note are that:
- The rent level is set by the provider. The annual rent at initial sale must be no more than 3% of the value of the home in the ownership of the provider (rents of no more than 2.75% on the unsold equity are encouraged).
  - Providers must obtain valuations from a Royal Institution of Chartered Surveyors (RICS) qualified and registered valuer at the point of initial sale of a shared ownership home.
  - Initial sales must be based on the full market value of the property.
  - The price paid for further shares for all staircasing transaction other than the 1% per year option is also based on the full open market value of the property.
  - Shared Ownership home applicants must have a gross household income of less than £80,000 and be otherwise unable to purchase a suitable property for their housing needs on the open market.
  - Applicants must also meet the eligibility requirements of the provider of the shared ownership housing.
- 14.8 Paragraph 5.131 in the South West Hertfordshire Local Housing Needs Assessment (LHNA) found that the most appropriate affordable home ownership types in the area were shared ownership and discounted market sale, as they reach the widest and lowest-earning population base.
- 14.9 Paragraphs 5.192-5.194 in the LHNA consider the cost of shared ownership housing. Based on a number of assumptions, it is concluded that an equity share of not more than about 22% would potentially be affordable for most sizes of homes in Dacorum. This figure is based on an estimate of open market value (for the whole of Dacorum) and a set of assumptions. The LHNA advises that similar calculations would need to be carried out for any specific scheme to test affordability.

### **The Council's approach**

- 14.10 In the past, shared ownership housing has been the main form of affordable home ownership in Dacorum. This will no longer be the case due to the introduction of First Homes, but shared ownership housing will still be important.
- 14.11 Shared ownership generally works best with 2 and 3-bedroom houses, in terms of affordability and demand. There may be more limited demand for shared ownership leasehold flats.

Therefore, and to help secure an appropriate broad mix of housing (see section 18), the Council would like a substantial proportion of shared ownership properties to be 2 and 3-bedroom houses. This preference is reinforced by the expectation that few First Homes in Dacorum will be houses (see paragraph 13.8).

- 14.12 Given the above and also paragraphs 9.7-9.10, shared ownership housing should form up to 19% of the affordable housing.
- 14.13 To ensure affordability, the Council will 'sense check' the total monthly costs (mortgage payments and rent). These costs need to be lower than renting or purchasing a similar home on the open market, in order to meet the NPPF's definition of affordable housing. Registered providers will be required to demonstrate the affordability of their schemes. Our preference is that providers should follow Homes England's rules (see paragraph 14.7).
- 14.14 Additional guidance on the Council's approach towards shared ownership can be found in section 27 (Section 106 agreements).
- 14.15 The Council is preparing a housing policy document called 'Local Connection Policy for Other Affordable Housing' (see Appendix 5). Once this document is approved, people wishing to live in shared ownership housing will be assessed against the local connection criteria in the policy.

## 15. RENT TO BUY

### **Key guidance**

Rent to buy housing is available initially for affordable rent, but can later be converted to outright ownership or shared ownership. There must also be an agreed length of tenancy, followed by an option to buy or rent again over an agreed period.

Eligibility for rent to buy housing will be assessed against the Council's Local Connection Policy, once it is approved.

### **Background information**

- 15.1 The National Planning Policy Framework's definition of affordable housing (see Appendix 2) describes rent to buy housing as an affordable route to home ownership for those who could not achieve home ownership through the market. Such housing includes a period of intermediate rent.
- 15.2 There are several types of rent to buy products. All effectively provide housing initially on an affordable rented basis, which may be converted to outright ownership or shared ownership over time.
- 15.3 Chapter 3 in Homes England's Capital Funding Guide (CFG) contains the rules and procedures for all providers delivering rent to buy housing through grant funding from Homes England:
- <https://www.gov.uk/guidance/capital-funding-guide>
- 15.4 The CFG states, amongst other things, that:
- Organisations must be registered providers with the Regulator of Social Housing and/or manage rent to buy homes.
  - The homes will be let at an intermediate rent for a minimum of five years.
  - Intermediate rents must not exceed 80% of market rents (inclusive of service charges).
  - The homes are not subject to local authority nominations, although landlords may choose to work with the local authority to identify potential tenants.
  - The homes will be sold at market value.
- 15.5 The South West Hertfordshire Local Housing Needs Assessment (LHNA) states in paragraph 5.162 that initial rents for rent to buy housing should be set at an "affordable" level, which includes repair and maintenance responsibilities. There should also be an agreed length of the tenancy, before an option to buy or continue to rent again over an agreed period.

### **The Council's approach**

- 15.6 Only one rent to buy scheme has been built in Dacorum, at Two Waters Road, Hemel Hempstead. The Council will support further proposals if they reflect Government guidance and the advice in the LHNA.
- 15.7 Rent to buy homes should usually be provided through an approved registered provider. Our preference is that providers should follow Homes England's rules (see paragraph 14.7). The Council is aware that there are other rent to buy models that are not governed by Homes England's rules.

- 15.8 Rent to buy homes will be secured by a planning obligation, to ensure they constitute affordable housing and provide nomination and sales rights to the Council (see section 27, particularly Table 27.2).
- 15.9 The Council is preparing a housing policy document called 'Local Connection Policy for Other Affordable Housing' (see Appendix 5). Once this document is approved, eligibility for rent to buy housing will be assessed against the criteria in the policy.

## 16. AFFORDABLE HOUSING ON SCHEMES FOR OLDER PEOPLE

### Key guidance

Government guidance states that local authorities should plan to meet the full range of housing needs for older people.

Local evidence shows a substantial need for additional affordable extra care housing and care home bedspaces. There is a surplus of affordable retirement housing, but no vacancy problem in many of the Council's sheltered housing schemes.

The Council's approach towards affordable housing on different types of housing for older people is summarised below:

Type of housing	Affordable housing requirements on open market developments
Age-restricted general market housing	On-site provision of affordable housing, as per Core Strategy Policy CS19.
Retirement living or sheltered housing	Affordable housing required through on-site provision, off-site provision or financial contribution.
Extra care housing or housing-with-care	Affordable housing required through on-site provision, off-site provision or financial contribution.
Residential care homes and nursing homes	Affordable bedspaces not required.

Affordable housing for older people will be allocated on the basis of the Council's Housing Allocations Policy (rented homes) and the Local Connection Policy, once approved (homes for sale)..

### **Background information**

- 16.1 Dacorum's Core Strategy Policy CS19 (affordable housing) sets out the Council's overall requirements for affordable housing. The policy refers to 'dwellings', so applies to all housing schemes for older people except care homes.
- 16.2 Annex 2 in the National Planning Policy Framework (NPPF) defines 'older people' as follows:
- "People over or approaching retirement age, including the active, newly-retired through to the very frail elderly; and whose housing needs can encompass accessible, adaptable general needs housing through to the full range of retirement and specialised housing for those with support or care needs."
- 16.3 NPPF paragraph 63 highlights the need to assess and plan for the housing needs of different groups in the community, including those who require affordable housing and older people.



16.4 More detailed guidance is provided in the Planning Practice Guidance (PPG) on 'Housing for older and disabled people'. In particular:

- Paragraph 010 states that the different types of specialist housing designed to meet the diverse needs of older people can include:
  - Age-restricted general market housing
  - Retirement living or sheltered housing
  - Extra care housing or housing-with-care
  - Residential care homes and nursing homes
- When determining whether a housing development for older people falls within Use Class C2 or C3, the level of care and scale of communal facilities provided should be considered (paragraph 014).
- The only mention of affordable housing is about viability (paragraph 015).

16.5 A number of reports confirm the high and growing need for housing for older people. For example, 'Housing for Older People' (House of Commons Communities and Local Government Committee, February 2018):

<https://publications.parliament.uk/pa/cm201719/cmselect/cmcomloc/370/370.pdf>

16.6 The South West Hertfordshire Local Housing Needs Assessment (LHNA) advises (paragraphs 7.24-7.32) that:

- Providing affordable housing on schemes for older people, particularly extra care, is less viable than in general housing. This is because fit-out is more expensive and there are ongoing costs. As a result, affordable housing contributions are likely to be lower than from general housing.
- Some developers resist affordable housing in their schemes, so an alternative approach is to seek off-site financial contributions.

16.7 Tables 90 and 96 in the LHNA show the assessed need for additional housing for older people in Dacorum:

**Table 16.1: Older persons' dwelling and care bed requirements 2020-2036**

Type of housing	Tenure	Homes required 2020-2036	Bedspaces required 2020-2036
Retirement housing	Affordable (rented)	-149	n/a
	Open market (leasehold)	726	n/a
Extra care housing	Affordable (rented)	366	n/a
	Open market (leasehold)	248	n/a
Care and nursing homes	All	n/a	1,019

16.8 With affordable retirement housing, the LHNA indicates a demand for an additional 526 homes 2020-2036, but this is insufficient to eliminate the surplus of 675 homes that existed in 2020. For care homes and nursing homes, the LHNA does not give separate figures for affordable and open market bedspaces.

16.9 The LHNA is currently being reviewed and its updated evidence and recommendations on housing for older people will inform the finalised version of this SPD.

16.10 Paragraphs 16.11-16.28 provide further background information and explain the Council's approach towards affordable housing on different types of housing for older people, taking account of Government guidance and local evidence on housing need.

**(i) AGE-RESTRICTED GENERAL MARKET HOUSING**

**Background information**

16.11 The PPG on 'Housing for older and disabled people' states (paragraph 010) that:

"This type of housing is generally for people aged 55 and over and the active elderly. It may include some shared amenities such as communal gardens, but does not include support or care services."

**The Council's approach**

16.12 Core Strategy Policy CS19 applies to such housing, so the Council will expect proposals to provide affordable housing on-site.

**(ii) RETIREMENT LIVING OR SHELTERED HOUSING (ALSO CALLED SUPPORTED HOUSING)**

**Background information**

16.13 The PPG (paragraph 010) states that:

"This usually consists of purpose-built flats or bungalows with limited communal facilities such as a lounge, laundry room and guest room. It does not generally provide care services, but provides some support to enable residents to live independently. This can include 24 hour on-site assistance (alarm) and a warden or house manager."

16.14 The LHNA shows a surplus of affordable retirement housing in Dacorum (see Table 16.1 above), However, whilst vacancies in the Council's sheltered housing stock are fairly high, they are concentrated mainly in a few schemes which do not meet current or future needs. The Council is currently carrying out a Supported Housing Review, as part of a wider strategic assets review.

**The Council's approach**

16.15 Core Strategy Policy CS19 applies to retirement housing. The Council will decide in the final version of this SPD whether to seek any affordable housing in open market retirement housing developments. The decision will reflect the findings of the Council's Supported Housing Review and the LHNA Review.

16.16 Our provisional view is that seeking affordable housing on such developments is justified, because:

- Many of the Council's sheltered housing schemes do not have a vacancy problem - this should be given considerable weight, as it shows the actual position rather than the results of the LHNA's theoretical model.
- The Supported Housing Review is expected to lead to a substantial capital programme to refurbish or redevelop some sites for continued sheltered housing use. Financial contributions from private sector retirement schemes could help to fund this programme.

16.17 If the provisional decision to seek affordable housing is confirmed, the final SPD will indicate that:

- Viability assessments should be submitted if applicants consider that the Council's requirements for affordable housing would make their proposals unviable (see section 25).

- Off-site provision or a financial contribution in lieu of the on-site provision of affordable housing may be acceptable (see paragraph 26.6).

16.18 Affordable retirement housing for older people will be allocated on the basis of the Council's Housing Allocations Policy (rented homes) and the Local Connection Policy once approved (homes for sale) – see Appendix 5.

### **(iii) EXTRA CARE HOUSING (ALSO CALLED HOUSING WITH CARE OR FLEXICARE)**

#### **Background information**

16.19 The PPG (paragraph 010) states that:

“This usually consists of purpose-built or adapted flats or bungalows with a medium to high level of care available if required, through an onsite care agency registered through the Care Quality Commission (CQC). Residents are able to live independently with 24 hour access to support services and staff, and meals are also available. There are often extensive communal areas, such as space to socialise or a wellbeing centre. In some cases, these developments are known as retirement communities or villages - the intention is for residents to benefit from varying levels of care as time progresses.”

#### **The Council's approach**

16.20 The Council will regard extra care housing schemes as falling within Use Class C2 (residential institutions), if the level of care and scale of communal facilities justifies this in terms of paragraph 014 in the PPG. We will also take account of the High Court judgment on extra care housing in Rectory Homes v South Oxfordshire District Council:

<https://www.judiciary.uk/wp-content/uploads/2020/07/Rectory-Homes-v-SSHCLG-final-judgment-31-07-2020.pdf>

16.21 This judgment found that:

- The use of the word “dwelling” in South Oxfordshire's policy was not restricted to C3 uses.
- There is no reason why a Class C2 development may not provide residential accommodation in the form of dwellings.

16.22 Local evidence of need, together with the Rectory Homes v South Oxfordshire judgment, provides a clear justification for applying Policy CS19 to extra care schemes, whether they fall within Class C2 or C3.

16.23 The Council recognises that viability issues may mean that less affordable housing than normal (or none at all) can be provided on some extra care schemes. If applicants consider this to be the case, they should submit a viability assessment alongside their proposals (see section 25). Also, the Council is willing to accept on-site provision of affordable housing, off-site provision, or a financial contribution in lieu of on-site provision (section 26).

16.24 There may be scope to use land owned by Hertfordshire County Council and/or Dacorum Borough Council for off-site provision of affordable extra care housing, or to put financial contributions towards such housing. This depends partly on the outcome of the Borough Council's Supported Housing Review (see paragraph 16.15).

16.25 Affordable extra care housing for older people will be allocated on the basis of the Council's Housing Allocations Policy (rented homes) and the Local Connection Policy once approved (homes for sale) – see Appendix 5.

### **(iv) RESIDENTIAL CARE HOMES AND NURSING HOMES**

#### **Background information**

16.26 The PPG (paragraph 010) states that:

“These have individual rooms within a residential building and provide a high level of care meeting all activities of daily living. They do not usually include support services for independent living. This type of housing can also include dementia care homes.

**The Council’s approach**

- 16.27 Care homes are C2 uses. The LHNA shows a high need for additional care home bedspaces in Dacorum, but does not provide a split between affordable and open market bedspaces (see paragraphs 16.7 and 16.8). There are no proposals for new public sector care homes, although Hertfordshire County Council funding is increasing (see paragraph 16.9).
- 16.28 The Council concludes that it would not be appropriate to seek any affordable bedspaces in open market care home developments, despite the evidence of need in the LHNA. This is because Core Strategy Policy CS19 refers to “dwellings” and “housing units”. Therefore, it does not apply to bedspaces in care homes. The matter will be considered further in the new Local Plan.

## 17. EXCEPTION SITES

### Key guidance

Government guidance identifies three types of exception sites, which can be permitted outside settlement boundaries as exceptions to normal planning policy (on land not allocated for housing).

Our approach towards the three types of exception sites is summarised below. Also, with rural exception sites and First Homes exceptions sites, a need for affordable housing must be established and the housing restricted to people with a strong local connection.

#### (i) Rural exception sites

The Council supports appropriate affordable housing proposals in Aldbury, Chipperfield, Flamstead, Long Marston, Potten End, Wigginton and Wilstone.

A small element of open market housing will be permitted only if necessary to make a scheme viable.

#### (ii) First Homes exception sites

These sites deliver primarily First Homes, but can include a small proportion of open market housing if necessary to ensure viability, or other types of affordable housing if justified by evidence. Long Marston and Wilstone are the only acceptable places for such housing.

The normal requirements for First Homes apply (see section 13).

#### (iii) Community-led developments

These developments are instigated and taken forward by a not-for-profit organisation set up and run primarily for the purpose of meeting the housing needs of its members and the wider local community.

The Council will support proposals in Long Marston and Wilstone which comply with Government guidance.

### Background information

- 17.1 The National Planning Policy Framework (NPPF) and the Planning Practice Guidance (PPG) on 'First Homes' encourage the following types of affordable housing schemes, which can be permitted outside settlement boundaries as exceptions to normal planning policy (on land not allocated for housing):
- Rural exception sites
  - First Homes exception sites
  - Community-led development
- 17.2 Paragraphs 17.3-17.10 deal with rural and First Homes exception sites. Community-led development is then considered in paragraphs 17.11-17.17.

**(i) RURAL AND FIRST HOMES EXCEPTION SITES**

**Background information**

- 17.3 The Government definitions of rural and First Homes exception sites are set out in Appendix 2.
- 17.4 On rural exception sites, NPPF paragraph 82 states that:
- “Local planning authorities should support opportunities to bring forward rural exception sites that will provide affordable housing to meet identified local needs, and consider whether allowing some market housing on these sites would help to facilitate this.”
- 17.5 There is no need for 10% of the homes on rural exception sites to be for affordable home ownership (NPPF paragraph 66).
- 17.6 Government guidance on First Homes exception sites is set out in paragraphs 024-028 of the PPG on ‘First Homes’. In particular:
- A First Homes exception site delivers primarily First Homes.
  - Such sites cannot come forward in the Green Belt or AONBs, where rural exception sites are the sole permissible type of exception site.
  - First Homes exception sites can deliver a small proportion of market housing, if necessary to ensure viability.
  - Small quantities of other forms of affordable housing can be included, where justified by evidence in a local housing needs assessment, local authority housing register, or other sufficiently rigorous local evidence.
- 17.7 Dacorum Core Strategy Policy CS20 (rural sites for affordable homes) supports rural exception sites in appropriate locations (see Appendix 3). It states that small-scale schemes for local affordable homes will be promoted in and adjoining selected small villages, and exceptionally elsewhere. Development will be permitted only if it meets an identified local need for affordable housing, is for people with a strong local connection and the scale and design are acceptable.
- 17.8 The selected small villages are listed in Policies CS6 and CS7, and Figure 1 (in section 3) shows their location:

Policy CS6 (selected small villages in the Green Belt)	Chipperfield Flamstead Potten End Wigginton
Policy CS7 (rural area)	Aldbury Long Marston Wilstone

- 17.9 The Core Strategy contains no reference to First Homes exception sites, as such housing had not been introduced at the time.

**The Council’s approach**

- 17.10 Our approach towards rural and First Homes exception sites is set out in Table 17.1. It takes account of Government guidance and the Dacorum Core Strategy.

**Table 17.1: The Council’s approach towards exception sites**

<b>(i) Points which apply to rural and First Homes exception sites</b>							
<b>1. A need for affordable housing must be established through a local housing needs survey</b>							
<p>Housing need must be identified in a local housing needs survey undertaken by the Rural Housing Enabler (RHE) for Dacorum. In Hertfordshire, the RHE is employed and managed by CDA Herts (cdaherts.org.uk) and acts as an independent advisor, who can offer impartial assistance. Approaches from private developers should be made directly to Dacorum Borough Council.</p> <p>CDA Herts assesses housing need by working with the local community and parish councils through housing needs surveys. It also works with landowners, planning authorities, housing associations and developers to facilitate the provision of affordable housing in rural Hertfordshire.</p> <p>Contact details for CDA Herts are shown below:</p> <table border="1" data-bbox="185 752 928 860"> <tr> <td>Address</td> <td>The Castle, Hertford, SG14 1HR</td> </tr> <tr> <td>Phone</td> <td>01992 289060</td> </tr> <tr> <td>Email</td> <td>Office@cdaherts.org.uk</td> </tr> </table> <p>The geographical extent of the housing needs survey should be agreed with the Council. It may be appropriate to include adjoining parishes. The survey should be no more than three years old when a planning application for a rural exception site is submitted.</p> <p>The survey will be used not only to justify the development of a site, but also to ensure that the size and type of housing proposed meets the identified need and that this need cannot be met on a site that would otherwise accord with policy.</p>		Address	The Castle, Hertford, SG14 1HR	Phone	01992 289060	Email	Office@cdaherts.org.uk
Address	The Castle, Hertford, SG14 1HR						
Phone	01992 289060						
Email	Office@cdaherts.org.uk						
<b>2. The housing must be restricted to people with strong local connections</b>							
<p>Occupation will be restricted to people who have a strong local connection with the village or parish through work, residence or family.</p> <p>The Council’s Choice Based Lettings service, Moving with Dacorum, will be used to allocate rented properties to households with a local connection to the relevant village or parish.</p> <p>The restriction of the housing to people with a strong local connection must remain in perpetuity. This will be stated in a Section 106 agreement (see Table 27.2). The Section 106 agreement will include a cascade of secondary parishes, if there are insufficient people coming forward from the main parish. The assessment of eligibility will be based on the Local Connection Policy once approved (see Appendix 5), but applied at a more local level.</p> <p>If there are still vacant properties after the above process has been followed, the Council will use its Housing Allocations Policy to find occupants for homes for rent.</p>							
<b>3. Scale and design of schemes</b>							
<p>The scale and design of schemes should respect the character, setting and form of the village and surrounding countryside. A site on the edge of a village must represent a logical extension to it.</p> <p>Sites should normally contain between 5 and 15 homes.</p> <p>Proposals should generally be for houses, rather than flats. Bungalows may be permitted, where compatible with the local character.</p>							

Sites should be well related to the existing village and close to amenities and facilities such as shops, a primary school, a village hall and bus stops.

The design and layout of schemes should take account of sections 18-22. It should be noted that:

- Aldbury and Wigginton are in the Chilterns Area of Outstanding Natural Beauty, so Core Strategy Policy CS24 applies.
- All the selected small villages except Wigginton have conservation areas - see Policy CS27 (quality of historic environment). Conservation area character appraisals have been published for Aldbury and Chipperfield.

**(ii) Points where the approach varies between different types of exception sites**

**Rural exception sites**

**First Homes exception sites**

**4. Acceptable locations for exception sites**

In and adjoining selected small villages (Aldbury, Chipperfield, Flamstead, Long Marston, Potten End, Wigginton, Wilstone) and exceptionally elsewhere.

Only in or adjoining Long Marston and Wilstone (as Government guidance does not allow such schemes in the Green Belt or Chilterns AONB).

**5. Affordable housing tenures and scope to include open market housing**

Normally 100% affordable housing.

No need for 10% of the homes to be for affordable home ownership.

A small proportion of open market housing may be allowed where a viability assessment (see section 25) demonstrates that a cross subsidy is necessary to make a scheme viable. In these circumstances, the open market housing will be expected to meet identified local needs.

Normally 100% First Homes for sale.

Schemes can include:

- A small proportion of open market housing, if necessary to ensure viability (see column 1).
- Small quantities of other forms of affordable housing can be included, where justified by evidence.

**6. Cost of affordable housing**

Rents should be genuinely affordable, based on the guidance in section 11.

The sale price must be discounted by 30% against the market value.

The homes must be sold to first time buyers with a household income no more than £80,000.

After the discount has been applied, the first sale price must not exceed £250,000.



## **(ii) COMMUNITY-LED DEVELOPMENTS**

### **Background information**

17.11 NPPF Annex 2 defines community-led development as follows:

“A development instigated and taken forward by a not-for-profit organisation set up and run primarily for the purpose of meeting the housing needs of its members and the wider local community, rather than being a primarily commercial enterprise. The organisation is created, managed and democratically controlled by its members. It may take any one of various legal forms including a community land trust, housing co-operative and community benefit society. Membership of the organisation is open to all beneficiaries and prospective beneficiaries of that organisation. The organisation should own, manage or steward the homes in a manner consistent with its purpose, for example through a mutually supported arrangement with a Registered Provider of Social Housing. The benefits of the development to the specified community should be clearly defined and consideration given to how these benefits can be protected over time, including in the event of the organisation being wound up.”

17.12 The main Government guidance on community-led development can be found in NPPF paragraph 73:

“Local planning authorities should support the development of exception sites for community-led development (as defined in Annex 2) on sites that would not otherwise be suitable as rural exception sites. These sites should be on land which is not already allocated for housing and should:

a) comprise community-led development that includes one or more types of affordable housing as defined in Annex 2 of this Framework. A proportion of market homes may be allowed on the site at the local planning authority’s discretion, for example where essential to enable the delivery of affordable units without grant funding; and

b) be adjacent to existing settlements, proportionate in size to them, not compromise the protection given to areas or assets of particular importance in this Framework, and comply with any local design policies and standards.”

17.13 Footnote 37 in the NPPF adds that:

“Community-led development exception sites should not be larger than one hectare in size or exceed 5% of the size of the existing settlement.”

17.14 NPPF footnotes 7 and 38 indicate that community-led developments cannot come forward in protected areas including the Green Belt or AONBs, where rural exception sites are the sole permissible type of exception site.

17.15 There is no need for 10% of the homes on community-led developments to be for affordable home ownership (NPPF paragraph 66).

17.16 Dacorum’s Core Strategy does not include any mention of community-led development.

### **The Council’s approach**

17.17 In view of paragraph 17.14, community-led developments are acceptable in principle in Dacorum only at Long Marston and Wilstone. We will support community-led developments in these villages if they comply with the Government guidance referred to above.

# PART 4: AFFORDABLE HOUSING MIX, DESIGN AND LAYOUT



Recently completed Council Homes at School End Crescent and Old School House, Hemel Hempstead

## 18. HOUSING SIZE MIX FOR AFFORDABLE HOUSING

### Key guidance

Based on local evidence, the Council is seeking an overall housing size mix broadly as shown below, but will amend the split if justified by more up-to-date information:

Bedrooms	Social/affordable rented housing	Affordable home ownership	Open market housing
	%	%	%
1	30	25	5
2	35	40	20
3	25	25	45
4+	10	10	30

The housing size mix will be negotiated by the Council on a site by site basis and will vary accordingly.

The Council will request that new homes, including the affordable housing element, are built to the nationally described space standards.

Affordable housing should usually be designed to accommodate two adults in one bedroom and two children in each further bedroom.

### **Background information**

18.1 The National Planning Policy Framework (paragraph 63) states that the size of housing needed for different groups in the community should be assessed and reflected in planning policies including, but not limited to, those who require affordable housing.

18.2 The Government's 'Technical housing standards – nationally described space standard' includes standards on the minimum gross internal floor areas and storage (Table 1):

<https://www.gov.uk/government/publications/technical-housing-standards-nationally-described-space-standard/technical-housing-standards-nationally-described-space-standard>

18.3 However, the Planning Practice Guidance on 'Housing: optional technical standards' states in paragraphs 018 and 020 that local planning authorities should not require these standards, unless the need for them has been justified through the plan-making process.

18.4 Dacorum Core Strategy Policy CS18 (housing mix) states that:

“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.”

18.5 Policy CS19 (affordable housing) states that judgements about the level, mix and tenure of affordable homes will have regard to various factors, including the Council's Housing Strategy, identified housing need and other relevant evidence.

18.6 The South West Hertfordshire Local Housing Needs Assessment (LHNA) sets out recommendations on the strategic mix of dwelling sizes for different types of housing. The following mix is suggested in Dacorum for the 2020-2036 period:

**Table 18.1: Mix of dwelling sizes by tenure**

Bedrooms	Social/affordable rented housing	Affordable home ownership	Open market housing
	%	%	%
1	30	25	5
2	35	40	20
3	25	25	45
4+	10	10	30

- 18.7 The recommended mix took account of the following points:
- Smaller properties (i.e. 1- bedroom homes) offer limited flexibility in accommodating the changing needs of households.
  - Larger family homes can help reduce waiting times for families who may be a higher priority and can result in the release of smaller properties for other households. The stock of 4-bedroom affordable homes is very limited and tends to have a low turnover.
- 18.8 The LHNA also advises that other evidence should be considered, including the Housing Register, although this should be monitored.
- 18.9 As a result of the Council’s revised Housing Allocations policy (May 2022) the proportion of households on Dacorum’s Housing Register looking for 1-bedroom homes is now lower than shown in the LHNA (Table 66). Whilst the number of applicants for 1-bedroom homes is still high, the need for larger properties is often accompanied by a greater degree of need.

**The Council’s approach**

- 18.10 Given the above, the Council is seeking an overall housing size mix broadly in line with the LHNA’s recommendations. The LHNA is currently being reviewed and its updated evidence and recommendations on the housing size mix for affordable housing will inform the finalised version of this SPD.
- 18.11 We will aim to avoid the over-provision of any one type of affordable housing and under-provision of others across the Borough. The evidence will be kept under review and the Council will amend the broad size mix, if justified by more up-to-date information.
- 18.12 The housing size mix will be negotiated by the Council on a site by site basis and will vary accordingly. The type and size of affordable homes sought will reflect the nature and location of the site and the type and size of open market housing proposed.
- 18.13 A general guide to the mix of affordable housing that the Council will seek on different types of sites is given below. Any proposals to depart from these guidelines should be discussed with the Council’s Strategic Housing team at an early stage in the development process.

**Table 18.2: Affordable housing mix generally appropriate by type of site**

Type of site	Affordable housing mix generally appropriate
100% Flats	1 and 2-bedroom flats.
100% houses	Usually houses (2, 3 and 4-bedrooms).
Mix of flats and houses	Mix of flats and houses, particularly on sites for 50+ homes.
Urban sites (medium or high density)	Usually flats. Townhouses may also be acceptable.
Suburban, village and greenfield sites	Usually houses. Flats may be acceptable, especially in or close to village and local centres.

- 18.14 The Council will also have regard to site specific guidance on housing mix in the Site Allocations Development Plan Document, development briefs and design codes.
- 18.15 The following points made earlier in this SPD should also be noted:
- First Homes: are likely to be mainly 1 and 2-bedrom flats (see paragraph 13.8).

- Shared ownership: a substantial proportion of 3-bedroom houses is preferred (see paragraph 14,11).

18.16 The Council cannot insist that the internal space standards referred to in paragraphs 18.2 and 18.3 are adhered to, because the need for them in Dacorum has not been justified through the plan-making process. However, we consider that there is a strong case to apply these standards in Dacorum. Therefore, the Council is proposing to include a policy to this effect in the new Local Plan. Meanwhile, the Council will request that new housing, including the affordable housing element, is built to these standards. Indeed, this is already happening with the Council's own housing developments.

18.17 The Council consider it good housing management practice to provide affordable housing that will accommodate the growing needs of households over a period of time, thus allowing them to stay in the family home longer. As such, the provision of homes which are designed to accommodate two adults in one bedroom and two children in each further bedroom is preferred. This is particularly so in the rented sector. 3 bed 5 person houses are acceptable in homes for affordable home ownership, as this makes them more affordable to first time buyers.

## 19. DESIGN AND LAYOUT OF AFFORDABLE HOUSING

### Key guidance

Housing developments including affordable housing should comply with guidance from the Government and Homes England, the Council's planning policies and other relevant Council documents, including the Strategic Design Guide SPD.

As with all forms of housing, affordable housing should be built to a high standard of design and amenity. In particular, the Council will expect a tenure-neutral design approach so that it is not possible to distinguish between the affordable and open market housing.

### Background information

- 19.1 Section 12 in the National Planning Policy Framework (NPPF) provides guidance on achieving well-designed places, but there is no specific mention of affordable housing.
- 19.2 The National Design Guide (see Appendix 1 for web link) provides more detailed advice. Paragraph 116 states that where different housing tenures are provided, they should be well-integrated and designed to the same high quality to create tenure neutral homes and spaces, where no tenure is disadvantaged. Paragraph 119 highlights ways in which good design can promote social inclusion.
- 19.3 Until October 2019, affordable housing schemes receiving grant funding had to comply with the 'Housing Design Quality Standards' document produced by the Homes and Communities Agency (now Homes England). This document has been withdrawn, but in June 2021 Homes England brought in the Building Research Establishment and the Design Council to help draw up new environmental and design standards for developments that it funds or procures.
- 19.4 The Council's main planning policies on design quality are the following Core Strategy policies:
- CS10 (quality of settlement design)
  - CS11 (quality of neighbourhood design)
  - CS12 (quality of site design)
  - CS13 (quality of the public realm)
- 19.5 Also, a number of policies relate at least partly to design and layout issues. The Core Strategy policies listed below are particularly relevant:
- CS6 (selected small villages in the Green Belt)
  - CS7 (rural area)
  - CS24 (the Chilterns Area of Outstanding Natural Beauty)
  - CS25 (landscape character)
  - CS26 (green infrastructure)
  - CS27 (quality of the historic environment)
  - CS28 (carbon emission reductions)
  - CS29 (sustainable design and construction)
- 19.6 The saved policies in the Environment section of the 2004 Local Plan are also relevant, including:



- Policy 99 (preservation of trees, hedgerows and woodlands)
- Policy 102 (sites of importance to nature conservation)
- Policy 111 (height of buildings)

19.7 In addition, the Council has produced a range of additional Planning Guidance and Advice Notes, some of which deal with design and layout matters:

[http://www.dacorum.gov.uk/home/planning-development/planning-strategic-planning/supplementary-planning-documents-\(spds\)](http://www.dacorum.gov.uk/home/planning-development/planning-strategic-planning/supplementary-planning-documents-(spds))

The most relevant documents are the:

- Strategic Design Guide Supplementary Planning Document (SPD) (February 2021)
- Parking Standards SPD (November 2020)

19.8 The Strategic Design Guide SPD aims to improve the quality of the design of new homes, estates and employment-use buildings in the Borough. The guide sets out a design process and principles for developers to follow when preparing their plans for new development. The approach aims to create distinctive, attractive and successful places to live and work that are adaptable for the future.

19.9 The Council has produced conservation area character appraisals for the following conservation areas (see Appendix 1 for web links):

Aldbury	Frithsden	Nettleden
Berkhamsted	Great Gaddesden	Tring
Bovingdon	Hemel Hempstead	
Chipperfield	Little Gaddesden	

### **The Council's approach**

19.10 The Council will require proposed housing developments including affordable housing to comply with the NPPF, the National Design Guide and any future guidance from Homes England (for grant funded schemes). Relevant policies in the Core Strategy and the 2004 Local Plan should also be followed, as should the guidance in other documents produced by the Council, including the Strategic Design Guide SPD and conservation area character appraisals. Regard should also be had to any further relevant design guidance and design codes published by the Council.

19.11 On sites allocated for development in the Site Allocations Development Plan Document, the Council will require proposals to take into account the relevant planning requirements and any development brief or master plan.

19.12 As with all housing, affordable homes should be built to a high standard of design and amenity. In particular, the Council will expect a tenure-neutral design approach so that it is not possible to distinguish between the affordable and open market housing. Affordable housing should be built using the same materials, form and quality of design to ensure that it makes a positive contribution to local character and distinctiveness. This also applies to provision of parking which should be no different to that of market homes.

19.13 The design and layout of affordable housing should also take account of the guidance in the following sections:

- Section 20: distribution of affordable homes
- Section 21: accessible and adaptable homes
- Section 22: sustainable homes

## 20. DISTRIBUTION AND PHASING OF AFFORDABLE HOUSING

### **Key guidance**

The Council will consider the distribution of social rented, affordable rented and shared ownership housing on a site by site basis. In particular:

- The affordable housing should be fully integrated into the overall scheme layout, with clusters proportionate to the size of each site or phase. Clusters should not usually exceed 20 dwellings.
- The affordable housing should be indistinguishable from the open market housing.
- There should be an appropriate degree of separation between nearby affordable housing clusters.

On larger sites which will be developed in phases, there should be between 25% and 50% affordable housing in each phase.

### **Background information**

- 20.1 This section is concerned with the distribution of affordable housing across sites that are also providing open market housing. There is no Government guidance on the subject or any reference to it in the Dacorum Core Strategy.

### **The Council's approach**

#### **(a) Distribution**

- 20.2 The distribution of affordable housing within a new development can affect the social sustainability of a community and residents' quality of life. Care should be taken to avoid placing any particular type of tenure in less desirable parts of the site, such as to disadvantage one group over another.
- 20.3 The Council will consider the distribution of social rented, affordable rented and shared ownership housing (but not First Homes or discounted market sales housing) on a site by site basis. We will apply the following general principles:
- The affordable housing should be fully integrated into the overall scheme layout, with clusters proportionate to the size of each site or phase. Clusters should not usually exceed 20 dwellings.
  - The affordable housing should be indistinguishable from the open market housing, be 'tenure blind' and use the same building materials and have the same form and external appearance as the market housing.
  - There should be an appropriate degree of separation between nearby affordable housing clusters. Separation should be provided by open market housing, open space or landscape features and the grouping of affordable housing in nearby existing schemes (as appropriate). A road or garden boundary is not usually considered adequate to separate clusters.



- This principle applies to each phase of sites that are being developed in phases.

20.4 The location of the affordable housing will also have implications for the future management and maintenance by the registered providers. Private sector developers are advised to consult with registered providers at the pre-application stage regarding the location of the affordable homes. The aim is to avoid any unintended negative consequences for the future management and maintenance of the new homes. For instance, a block of all one bedroom flats or mixed tenure could pose management issues and may not be approved.

**(b) Phasing**

20.5 On larger sites which will be developed in phases, the Council's requirement for 35% affordable housing (40% on the local allocations) should be achieved across the whole site on a cumulative basis.

20.6 The percentage of affordable housing in each phase will be dependent on the dwelling types, layout and numbers proposed. There should be a minimum of 25% and maximum of 50% affordable housing delivered in each phase. The Council will monitor actual numbers delivered in each phase to ensure that the overall affordable housing requirement is achieved.

## 21. ACCESSIBLE AND ADAPTABLE HOMES

### Key guidance

In the light of the Building Regulations, Government guidance and local evidence, the Council's approach towards adaptable and accessible homes is as shown below:

Social rented and affordable housing, where the Council is responsible for Allocating or nominating a person to live in the housing	Require (unless not possible for viability or other reasons): <ul style="list-style-type: none"> <li>• 100% of homes to M4(2) accessible and adaptable standards.</li> <li>• 10% to M4(3)(2)(b) wheelchair accessible standard.</li> <li>• Ground floor flats should have level access to a wetroom, with a shower instead of a bath.</li> </ul>
Other housing schemes	Encourage: <ul style="list-style-type: none"> <li>• 100% of homes to M4(2) standards; and</li> <li>• 5% of market homes to M4(3)(2)(a) wheelchair adaptable standards.</li> </ul>

### Background information

- 21.1 The Dacorum Core Strategy provides no guidance on accessible and adaptable homes. However, saved Policy 18 (the size of new dwellings) in the Dacorum Borough Local Plan 1991-2011 requires at least 10% of all dwellings on sites for 25 or more homes to be 'lifetime homes'. Such homes are readily accessible and usable by a disabled or elderly person, or are capable of adaptation for such use at minimal cost.
- 21.2 Lifetime homes standards have now been superseded by the following standards in Part M of the Building Regulations (access to and use of buildings):
- M4(1) Category 1: Visitable dwellings (the minimum standard that applies where no planning condition is given unless a plan sets a higher minimum requirement)
- M4(2) Category 2: Accessible and adaptable dwellings
- M4(3) Category 3: Wheelchair user dwellings
- 21.3 There are two separate standards under Category 3:
- M4(3)(2)(a): wheelchair adaptable – potential to be easily adapted for wheelchair user.
  - M4(3)(2)(b): wheelchair accessible – suitable for immediate occupation by wheelchair user.
- 21.4 The National Planning Policy Framework (NPPF) states in paragraph 63 that planning policies should take account of the housing needed by people with disabilities. Annex 2 (Glossary) defines 'people with disabilities' as follows:

“People have a disability if they have a physical or mental impairment, and that impairment has a substantial and long-term adverse effect on their ability to carry out normal day-to-day activities. These persons include, but are not limited to, people with ambulatory difficulties, blindness, learning difficulties, autism and mental health needs.”

- 21.5 The Planning Policy Guidance Note (PPG) on ‘Housing for older and disabled people’ provides guidance on accessible and adaptable housing (paragraphs 008 and 009). The guidance states that planning policies can set out the proportion of new housing that will be delivered to the M4 standards in the Building Regulations.
- 21.6 Paragraphs 005-012 in the PPG on ‘Housing: optional technical standards’ deal with accessibility and wheelchair housing standards. On M4(3) housing, paragraph 009 states that:
- “...Local Plan policies for wheelchair accessible homes should be applied only to those dwellings where the local authority is responsible for allocating or nominating a person to live in that dwelling.”
- 21.7 Following the ‘Raising accessibility standards for new homes’ consultation paper, the Government announced in July 2022 its intention to amend the Building Regulations to make M4(2) the minimum standard for all new homes. M4(3) will continue as now where there is a local planning policy in place in which a need has been identified and evidenced. Local authorities will need to continue to tailor the supply of wheelchair user dwellings to local demand.
- 21.8 Based on the evidence of need, the South West Hertfordshire Local Housing Needs Assessment (paragraphs 7.64-7.90) suggested the level of provision shown in the table below. However, the LHNA emphasised that such provision may not be possible on some sites, for viability or reasons such as built form, topography and flooding. The different standards for M4(3)(2)(a) and M4(3)(2)(b) housing recognised the higher proportion of wheelchair users in affordable housing.

**Table 21.1: Accessible and adaptable dwellings (LHNA recommendations)**

<b>Building Regulations standards</b>	<b>LHNA recommendations</b>
M4(2) accessible and adaptable dwellings	All new homes should be compliant
M4(3)(2)(a) wheelchair adaptable dwellings	Up to 5% of market properties
M4(3)(2)(b) wheelchair accessible dwellings	Up to 10% of affordable homes

- 21.9 The LHNA is currently being reviewed and its updated evidence and recommendations on accessible and adaptable dwellings will inform the finalised version of this SPD.

**The Council’s approach**

- 21.10 The Council will consider what policy on accessible and adaptable homes should be included in the new Dacorum Local Plan. In the interim period, the Council’s approach is as shown in Table 21.2:

**Table 21.2: Accessible and adaptable homes (the Council's approach)**

Type of housing	The Council's approach
Social rented and affordable rented housing, where the Council is responsible for allocating or nominating a person to live in the housing	<p>Require 100% of homes to M4(2) standard and 10% to M4(3)(2)(b) standard, unless this is not possible for viability or other reasons (e.g. we may not require lifts in low rise maisonettes or small blocks of flats).</p> <p>Ground floor flats should have level access to a wetroom, with a shower instead of a bath.</p>
Other housing schemes	Encourage proposals to include 100% of homes to M4(2) standards and 5% of market homes to M4(3)(2)(a) standards.

## 22. SUSTAINABLE HOMES

### **Key guidance**

Core Strategy policy states that new development will comply with the highest standards of sustainable design and construction possible.

Government guidance requires new development to be planned for in a way that reduces greenhouse gas emissions and minimises energy consumption.

New development in Dacorum should comply with the above. The Council will encourage higher levels of energy efficiency and sustainable design and construction than required by the Government.

### **Background information**

- 22.1 Dacorum Core Strategy Policy CS29 (sustainable design and construction) states that new development will comply with the highest standards of sustainable design and construction possible. The policy sets out several principles that should normally be satisfied, including the need to plan to minimise carbon dioxide emissions and maximise the energy efficiency performance of the building fabric. Buildings will be designed to have a long life and adaptable internal layout. For example, their design should be 'future proofed', to enable retrofitting to meet tighter energy efficiency standards and connection to decentralised community heating systems.
- 22.2 Section 14 in the National Planning Policy Framework (NPPF) includes guidance on planning for climate change. In particular, paragraph 159 states that new development should be planned for in a way that reduces greenhouse gas emissions.
- 22.3 The Planning Policy Guidance Note (PPG) on 'Climate change' is concerned mainly with plan-making, but there is some guidance on considering planning applications, particularly paragraphs 004 and 005.
- 22.4 The Future Homes and Buildings Standard is a set of standards that will complement Parts F and L of the Building Regulations to ensure new homes built from 2025 will produce 75-80% less carbon emissions than homes delivered under current regulations. As an interim measure, the Government introduced major Building Regulations changes from June 2022, one of which is that new homes in England will have to produce around 30% less carbon emissions.

### **The Council's approach**

- 22.5 New development in Dacorum should comply with Policy CS29 and the Government guidance. In all new homes, the Council will encourage developers to achieve higher levels of energy efficiency and sustainable design and construction than required by the Government. This is an approach already followed by the Council in its own housing developments.

# PART 5: CONSIDERING PLANNING APPLICATIONS



New Council homes at Corn Hill Court, High Street, Berkhamsted

## 23. SUBMITTING A PLANNING APPLICATION

### **Key guidance**

The Council encourages the submission of a wide range of information on affordable housing at the pre-application stage. This should include a draft schedule of accommodation, covering matters such as the number of affordable homes and the tenures and housing size mix of the affordable housing.

Any information on affordable housing not provided at the pre-application stage should be included in the outline or full planning application.

An 'Affordable Housing Plan' should be submitted with outline and full planning applications, to help the Council assess the proposals against our affordable housing policies and this SPD.

### **Background information**

23.1 Section 4 in the National Planning Policy Framework contains high level guidance on decision-taking. Key points in paragraphs 39-46 on pre-application engagement and front-loading are that:

- Early engagement has significant potential to improve the efficiency and effectiveness of the planning application system for all parties.

- Local planning authorities have a key role to play in encouraging other parties to take maximum advantage of the pre-application stage.
- The more issues that can be resolved at pre-application stage, including the need to deliver improvements in infrastructure and affordable housing, the greater the benefits.
- Applicants and local planning authorities should consider the potential for voluntary planning performance agreements, particularly for large or complex proposals.

23.2 Further guidance is provided by the Planning Practice Guidance notes on 'Before submitting an application' and 'Making an application'. The former includes guidance on planning performance agreements and the latter explains the two main types of planning applications:

- Outline applications, which deal with the general principles of development on a site. Outline planning permission is granted subject to conditions requiring the subsequent approval of 'reserved matters'.
- Full applications, which put forward detailed proposals for the development of a site.

### **The Council's approach**

23.3 Applicants are advised to seek pre-application planning advice to discuss all aspects of the planning proposal, including the affordable housing requirement. The Council's pre-application advice service offers advice from a qualified planning officer and a written report, before a planning application is submitted. Further information is available via the following link:

<https://www.dacorum.gov.uk/home/planning-development/planning-applications/pre-application-advice>

23.4 Informal discussions with the Council's Strategic Housing Team regarding affordable housing proposals are also encouraged at an early stage in the planning process.

23.5 Applicants are advised to submit as much information as possible at the pre-application stage, especially with major developments. The Council encourages the use of planning performance agreements for large and/or complex applications. Such agreements should cover the pre-application and application stages, but may also extend to the post-application stage.

23.6 A draft schedule of accommodation should be submitted at the pre-application stage. This should contain the following information:

- The number of affordable homes and the percentage of affordable housing to be provided (see section 7).
- Tenures of the affordable housing, such as affordable rent, First Homes and shared ownership (sections 9-15).
- The housing size mix of the affordable housing (section 18) and the floorspace, room size and the number of persons per each type of unit.
- A site plan, showing the distribution of affordable housing across the site (section 20).
- The proportion of the affordable homes to be built to standards for accessible and adaptable homes (section 21) and the location of these homes.

23.7 The following matters should also be addressed at the pre-application stage:

- The justification for any suggestion that vacant building credit should reduce the amount of affordable housing required (section 24).

- A viability assessment, if the applicant considers that the Council's affordable housing requirements would make a development unviable (section 25).
- The justification for any proposal to provide the affordable housing off-site or via a financial contribution in lieu of on-site provision (section 26).
- The heads of terms of the Section 106 Agreement that will be required to ensure delivery of the affordable housing (section 27). The agreement must be completed before planning permission is issued.
- The proposed or potential registered provider(s), who should be involved in the pre-application discussions (section 28).

23.8 Community engagement should be carried out by the developer at the pre-application stage, if necessary to comply with the Council's Statement of Community Involvement:

<http://www.dacorum.gov.uk/home/planning-development/planning-strategic-planning/statement-of-community-involvement>

23.9 Any necessary information on affordable housing not provided at the pre-application stage should be included in the outline or full planning application. Reserved matters applications should confirm the affordable housing mix and their location. The mix should broadly reflect that proposed in the outline application, unless the reserved matters application proposes a significant change to overall dwelling types and sizes.

23.10 Upon submission of a qualifying planning application, the Council will expect to be provided with an 'Affordable Housing Plan', showing:

- The location of affordable homes.
- The tenure of affordable homes.
- The location and tenure for accessible and adaptable homes (section 21). This would normally be illustrated on a layout plan at a scale of 1:1250.

23.11 For outline or major developments, the Council may also request a phasing plan showing how development is likely to be implemented and the timetable for the delivery of affordable homes within the scheme.

23.12 The affordable housing plan should be updated during the course of the planning application to reflect any changes in the number, location or tenure of affordable homes. The affordable housing plan is unlikely to be subject to a planning condition, but will inform the content of any associated Section 106 Agreement (see Table 27.1) and may form a Schedule thereto.

23.13 Planning permissions including affordable housing will be subject to a planning obligation requiring developers to tell the Council when affordable homes are completed and transferred to registered providers, together with details such as:

- Address
- Unique property reference number (UPRN)
- Affordable housing tenure
- Number of bedrooms
- Floorspace
- The price paid by the registered provider

23.14 This information will be required either when a development is completed, or in stages as set out in the Section 106 agreement.



23.15 Such information is also vital to help the Council monitor the overall supply of affordable homes in the Borough (see section 29).

## 24. VACANT BUILDING CREDIT

### **Key guidance**

Government guidance states that where vacant buildings are being reused or redeveloped, any affordable housing contribution due should be reduced by a proportionate amount, subject to certain provisos.

The Council's methodology to calculate vacant building credit is based on this guidance.

### **Background information**

24.1 Paragraph 65 in the National Planning Policy Framework (NPPF) states that:

“...To support the re-use of brownfield land, where vacant buildings are being reused or redeveloped, any affordable housing contribution due should be reduced by a proportionate amount<sup>30</sup>.

<sup>30</sup> Equivalent to the existing gross floorspace of the existing buildings. This does not apply to vacant buildings which have been abandoned.”

24.2 The following more detailed explanation of ‘vacant building credit’ is provided by paragraph 026 in the Planning Practice Guidance note (PPG) on ‘Planning Obligations’:

“National policy provides an incentive for brownfield development on sites containing vacant buildings. Where a vacant building is brought back into any lawful use, or is demolished to be replaced by a new building, the developer should be offered a financial credit equivalent to the existing gross floorspace of relevant vacant buildings when the local planning authority calculates any affordable housing contribution which will be sought. Affordable housing contributions may be required for any increase in floorspace.”

24.3 Paragraphs 027 and 028 in the PPG provide further relevant guidance. For example, in deciding whether a use has been abandoned, it may be appropriate to consider:

- whether the building has been made vacant for the sole purposes of re-development
- whether the building is covered by an extant or recently expired planning permission for the same or substantially the same development

### **The Council's approach**

24.4 The application of vacant building credit in Dacorum will be guided by the NPPF and PPG. In dealing with planning applications, we will reach a decision on whether vacant building credit can be claimed before considering viability issues relating to the provision of affordable housing (see section 25).

24.5 To demonstrate that a building has not been made vacant for the sole purpose of redevelopment, an applicant must show that the buildings they are claiming the credit for have been vacant for at least three years before the submission of the application. Evidence will also be needed to prove that the site has been actively marketed for at least one of those years at a realistic price.

24.6 Based on the guidance in paragraph 027 of the PPG, the Council will use the following methodology to calculate vacant building credit:

**Step 1** - Calculate the number of affordable homes required (35% of total homes proposed on most sites).

**Step 2** - Calculate, as a proportion, the extent of existing floorspace to be demolished or reused against the proposed floorspace. The calculation should be based on the gross internal area as set out in the CIL Regulations 2021. Gross internal floorspace should be calculated in accordance with the RICS Code of Measuring Practice. Such information will normally be reflected in the CIL Additional Information form.

**Step 3** – Reduce the number of affordable homes to be provided, based on the proportion identified at step 2. This will be calculated as per the worked example below:

**Table 24.1: Calculating vacant building credit**

Total gross homes proposed	50
Normal affordable housing requirement	18 homes (i.e. 35% of 50)
Existing floorspace to be demolished	1,000 sq. metres
Proposed floorspace to be created	5,000 sq. metres
Revised affordable housing requirement after applying vacant building credit	$18 - ((18 \times 1,000) \div 5,000) = 18 - 4 = 14$ homes

24.7 It should be noted that:

- If the total floorspace of existing buildings to be demolished or reused is equal to or exceeds the total floorspace created, then no affordable housing is required.
- If affordable housing provision is in the form of a commuted sum, the revised affordable homes figure will be translated into a financial contribution (see section 26)

## 25. VIABILITY

### **Key guidance**

Government guidance states that the role for viability assessment is primarily at the plan making stage. It is up to the applicant to demonstrate that a viability assessment is needed at the application stage.

Any concerns an applicant has about viability should be discussed with the Council as early as possible in the development process. Should an agreement not be reached, a viability assessment will be required.

Viability assessments should accord with Government guidance and reflect best practice guidance.

The Council will seek review mechanisms where it would not be viable to comply with our affordable housing policies when planning permission is granted, but where it may become so during the course of the development.

### **Background information**

- 25.1 Dacorum Core Strategy Policy CS19 (affordable housing) states that judgements about the level, mix and tenure of affordable homes will have regard to various factors, including the overall viability of the scheme and any abnormal costs.
- 25.2 Paragraph 58 in the National Planning Policy Framework gives overall guidance on viability. It is up to the applicant to demonstrate that a viability assessment is needed at the application stage. The purpose of a viability assessment is show whether the level, mix and tenure of affordable housing needed to comply with Policy CS19 and this SPD would make a development unviable. All viability assessments should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available.
- 25.3 The Planning Policy Guidance (PPG) on 'Viability' sets out key principles in understanding viability in plan making and decision taking. The following points are particularly relevant to decision taking:
- It is up to the applicant to demonstrate that a viability assessment is needed at the application stage. For example, with non-standard types of development for sale, such as build to rent or housing for older people (paragraph 007).
  - Viability assessments should be based on the viability assessment that informed the plan. The applicant should provide evidence of what has changed since then (paragraph 008).
  - Where contributions are reduced below policy requirements to provide flexibility in the early stages of a development, review mechanisms may be used by local authorities to seek compliance with policies over the project's lifetime (paragraph 009).
  - Viability assessments should follow the Government's recommended approach to assessing viability as set out in the PPG (paragraphs 010-019). With viability assessments to inform decision making, the price paid for land is no justification for failing to accord with the plan's policies.

## **The Council's approach**

- 25.4 As stated in the PPG, it is up to the applicant to demonstrate that a viability assessment is needed at the application stage. Land values are high in Dacorum and we would anticipate that there will be only limited circumstances where viability testing at the planning application stage is necessary.
- 25.5 Nevertheless, the Council recognises that there will be occasions where the affordable housing requirements may have to be reduced or waived in order to make a development viable. Indeed, this SPD draws attention to types of development where viability may be an issue:
- Following the introduction of First Homes and given the Council's wish to ensure that affordable rented housing is genuinely affordable (see paragraphs 7.9 and 7.10).
  - With extra care housing schemes (see paragraph 16.23).
  - With rural exception and First Homes exception sites, if a small element of market housing is necessary to make a scheme viable (see point 5 in Table 17.1).
- 25.6 If an applicant considers that viability is an issue, they must demonstrate why a site should not include affordable housing provision in line with the Council's targets. Our Strategic Housing officers are happy to meet applicants early in the development process, to discuss 'valid' viability concerns and potentially negotiate and review the affordable housing percentage and tenure mix. Should an agreement not be reached, a viability assessment will be required.
- 25.7 The assessment should be outsourced to an independent third party at the developer's cost. It should be submitted as soon as possible during the Council's consideration of a planning application. This will enable us to assess at the earliest opportunity, the optimum affordable housing mix which is economically viable on the site. However, the assessment may have to be revised later in the process, when the application is close to being determined.
- 25.8 Viability assessments in support of planning applications should accord with paragraphs 010-019 in the PPG on 'Viability'. Assessments must be 'open book' financial appraisals of development. They should also reflect best practice guidance, such as the RICS guidance note on 'Assessing viability in planning under the National Planning Policy Framework 2019 for England' (March 2021), or any updates to it:
- [https://www.rics.org/globalassets/rics-website/media/upholding-professional-standards/sector-standards/land/assessing-financial-viability\\_final.pdf](https://www.rics.org/globalassets/rics-website/media/upholding-professional-standards/sector-standards/land/assessing-financial-viability_final.pdf)
- 25.9 Assessments should consider different options which might improve economic viability. For example, different mixes of tenure, unit type and size, and phasing.
- 25.10 The PPG on 'Viability' states that the Community Infrastructure Levy (CIL) charge should be taken into account in viability assessments. Information on CIL charges in Dacorum can be found at:
- [http://www.dacorum.gov.uk/home/planning-development/planning-strategic-planning/developer-contributions/community-infrastructure-levy-\(cil\)](http://www.dacorum.gov.uk/home/planning-development/planning-strategic-planning/developer-contributions/community-infrastructure-levy-(cil))
- 25.11 In line with the NPPF and paragraph 021 in the 'Viability' PPG, any viability assessment should be prepared on the basis that it will be made publicly available other than in exceptional circumstances.

- 25.12 All schemes are expected to maximise the delivery of genuinely affordable housing and make the most efficient use of available resources to achieve this objective. Where grant or other public subsidy is available, and would with the co-operation of a registered provider increase the proportion of affordable housing, this should be utilised. The higher proportion of affordable housing should be set out in the Section 106 agreement as being subject to grant availability, alongside the proportion viable without grant. This would be pursuant to any further delivery achievable following viability review.
- 25.13 Paragraph 009 in the PPG on 'Viability' allows for review mechanisms in certain circumstances (see paragraph 25.3 above). Dacorum's planning policies do not refer to review mechanisms. However, in allowing an appeal decision in Hove (appeal ref: APP/Q1445/W/20/3265732), the Inspector included a review mechanism even though Hove's Policy CP20 makes no express provision for such an approach. Therefore, Dacorum will seek review mechanisms where it would not be viable to comply with the Council's affordable housing policies when planning permission is granted, but where it may become so during the course of the development.
- 25.14 The Council has reviewed best practice on review mechanisms and will follow the approach set out in The London Plan (Policy H5: Threshold approaches to applications). In instances where meeting affordable housing requirements has been demonstrated as unviable, the Council will normally require a viability review mechanism to be inserted into the Section 106 Agreement (see section 27).
- 25.15 Review mechanisms consider the impact of time and the changing financial/development environment upon the viability of policy compliant affordable housing provision. The following triggers may be imposed upon the permission:
- If significant progress has not been made on site two years after full permission has been granted.
  - On all phased schemes prior to 75% occupation of any new phase and/or building.
  - Upon completion of all works.
  - Upon or prior to 75% occupation of the development/phase.
- 25.16 Significant progress is defined as completed all ground works, foundations and slab base of the development/phase. This is not fixed, and dependent on the scale of development and the scheme's deviation from policy, may be subject to negotiation should site specific circumstances require.
- 25.17 The review will consider the previous assumptions made within the viability assessment at planning application stage, under the new financial/development environment at the time of the review. The aim will be to increase affordable housing provision and potentially meet the affordable housing policy requirements and deliver maximum community benefit on-site, making the application more acceptable in planning terms. Alternatively, if not possible on site, a financial contribution made to the Council in lieu of on-site provision may be acceptable if robustly justified (see section 26).
- 25.18 Where appropriate, post-delivery review mechanisms will be favoured as this provides the Council with actual as opposed to estimated costs, which should help realise greater affordable housing contributions. A post-delivery review may be triggered upon completion of all works, or upon 75% occupation of a development/ phase. This is most likely to be required where permissions have, for viability reasons, failed to deliver satisfactory levels of affordable housing.
- 25.19 The developer will fund the costs of independent viability review at the stage of the planning application and review mechanism.

## 26. OFF-SITE AFFORDABLE HOUSING PROVISION OR FINANCIAL CONTRIBUTION

### **Key guidance**

Affordable housing should be provided on-site unless off-site provision or an appropriate financial contribution in lieu can be robustly justified.

Off-site provision or a financial contribution may be acceptable in certain other circumstances at the Council's discretion.

Off-site provision will be accepted only if developers are able to deliver the affordable housing on a suitable site elsewhere.

The financial contribution should be at least broadly equivalent to the cost of re-providing the land for affordable housing on another site.

### **Background information**

- 26.1 Dacorum Core Strategy Policy CS19 (affordable housing) states that affordable housing will be sought on sites above the site size thresholds specified. It adds that a financial contribution will be sought in lieu of affordable housing on sites which fall below these thresholds.
- 26.2 The National Planning Policy Framework (NPPF) states in paragraph 64 that:
- “Where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, and expect it to be met on-site unless:
- a) off-site provision or an appropriate financial contribution in lieu can be robustly justified; and
  - b) the agreed approach contributes to the objective of creating mixed and balanced communities.”

### **The Council's approach**

- 26.3 Points (i)-(iv) below outline the Council's approach towards proposals for off-site provision of affordable housing or a financial contribution in lieu of on-site provision.
- 26.4 The Council will normally expect affordable housing to be provided on site, in accordance with Government guidance and Core Strategy Policy CS19. However, we recognise that in certain circumstances it will be appropriate for the Council to accept off-site provision, or if this is not achievable a financial contribution in lieu of on-site provision. Financial contributions will be used by the Council to provide suitable affordable housing elsewhere in the Borough.
- 26.5 Our overall approach will reflect the recent guidance in the NPPF, rather than Core Strategy Policy CS19. As stated in paragraph 23.7, the justification for any proposal to provide the affordable housing via off-site provision or a financial contribution should preferably be submitted at the pre-application stage and revisited at the planning application stage and again when the application is close to being determined.

**(ii) Circumstances in which off-site provision or a financial contribution may be accepted**

- 26.6 The Council may accept off-site provision of affordable housing or a financial contribution on retirement and extra care housing schemes (see paragraphs 16.17 and 16.23).
- 26.7 Other circumstances where the Council, at its discretion, may be willing to accept off-site provision or a financial contribution for at least part of the affordable housing include where:
- The Council is satisfied that providing affordable housing on-site would not be viable.
  - On-site provision would result in a small number of affordable homes and it is clear that it would not be practical or viable for transfer to a registered provider.
  - There is a demonstrable lack of interest from registered providers to purchase the affordable homes.
  - The site is not in a sustainable location, particularly in relation to access to key facilities, such as schools, shops, medical facilities, job opportunities and public transport.
  - Housing need could be better met in an alternative location, for example if flats are proposed where there is a need for family housing.
  - The Council considers that an off-site contribution could enable the delivery of a better affordable housing solution, for example by funding the regeneration of existing affordable housing stock.
- 26.8 The marketability of the private housing is not regarded by the Council as a factor that would justify off-site provision of affordable housing or a financial contribution.

**(iii) Off-site provision**

- 26.9 Off-site provision of affordable housing will be accepted only if developers can show that they are in a position to deliver the affordable housing on a suitable site elsewhere. The development of the two sites will be linked through a Section 106 agreement to ensure that the affordable housing is actually delivered in a timely manner.
- 26.10 The Council's normal affordable housing requirements must be met across the two sites. For example, if a total of 200 homes are proposed and 35% affordable housing is required, it means that 70 affordable homes should be provided on one of the sites.

**(iv) Calculating financial contributions**

- 26.11 The sum required for a financial contribution is based on the principle that replacing on-site affordable housing provision with a payment in lieu should be financially neutral for the developer. The financial contribution should be at least broadly equivalent to the cost of re-providing the land for affordable housing on another local site. In other words, the contribution should be no less than the level of developer subsidy that would have been necessary to meet the affordable housing policy requirements on-site.
- 26.12 Therefore, the Council's method used to calculate a financial contribution does not look to the residual value of a development, but to the land value and the number of homes proposed. The land value should be appraised by an independent Royal Institute of Chartered Surveyors (RICS) qualified surveyor, on the basis that the site is serviceable and there is no affordable housing contribution to be made or financial contribution payable.
- 26.13 Our method is illustrated below, using a worked example:



**Table 26.1: Calculating financial contributions (worked example)**

Total number of homes proposed	20
Affordable housing percentage	35%
Number of affordable homes required	7 (i.e. 35% of 20)
Total land value	£4,000,000
Land value per unit	£200,000 (i.e. £4,000,000 ÷ 20)
Financial contribution required	£1,400,000 (i.e. £200,000 x 7)

- 26.14 If the financial contribution cannot be agreed, the fall-back position for the developer is to submit a full open-book viability assessment (see section 25), which may result in a higher or lower affordable housing contribution.
- 26.15 The Council intends to review its method of calculating financial contributions. This may lead to a revised method being included in the finalised version of this SPD.

**(v) Management of fund by the Council**

- 26.16 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 anywhere within Dacorum. The Council envisages that the financial contributions will be spent on building affordable homes on Council owned land, or via the purchase of land on the open market. Alternatively, the Council may use some of the money collected to give grants to registered providers to build new affordable homes in the Borough.
- 26.17 The Council's Strategic Housing Team will administer the fund and identify development opportunities and appropriate schemes in accordance with the Council's procedures on capital projects. The accounting for the funding will be undertaken by the Section 106 planning monitoring officer.

**(vi) Indexation of the fund**

- 26.18 Financial contributions will be subject to indexation, using Building Cost Information Service (BCIS) mean averages for Hertfordshire or such other indexation that may be agreed between the Council and the applicant. Indexation will commence from the date that planning permission is granted following completion of a Section 106 agreement.
- 26.19 The applicant should notify the Council's Section 106 planning monitoring officer when the development commences or the trigger for payment/delivery has been reached. This is the most cost effective method for developers as late notification to us will incur penalties. On receipt of the notification, the Council will issue an invoice for the amount payable including any indexation.
- 26.20 The Council will monitor building control and other sources and will issue an invoice if the applicant fails to advise the Council that the payment has been triggered. Indexation applies until the date of the invoice, so in these circumstances the amount may be higher than if the applicant had advised the Council when the payment was triggered. Penalty interest is payable on unpaid contributions and accrues from the date payment is triggered to the date of actual payment.

## 27. SECTION 106 AGREEMENTS

### **Key guidance**

The Council will secure affordable housing requirements through a Section 106 agreement or unilateral undertaking.

The heads of terms of the Section 106 agreement should be considered at the pre-application stage and the agreement must be completed before planning permission is issued.

The Council has produced a draft S106 model agreement, which includes standard clauses to secure the provision of affordable housing. However, each agreement will be drawn up on a case by case basis.

With some types of affordable housing, a bespoke S106 agreement based on the model agreement will be needed.

### **Background information**

- 27.1 Dacorum Core Strategy Policy CS35 (infrastructure and developer contributions) gives general guidance on planning obligations, but does not mention affordable housing.
- 27.2 Planning obligations are legal obligations entered into to mitigate the impacts of a development proposal. This can be via a planning agreement entered into under Section 106 of the Town and Country Planning Act 1990 by a person with an interest in the land and the local planning authority; or via a unilateral undertaking entered into by the landowner without the local planning authority. Paragraphs 55 and 57 in the National Planning Policy Framework provide high level guidance on planning obligations.
- 27.3 The Planning Practice Guidance (PPG) on 'Planning obligations' provides more detailed guidance. However, the references to affordable housing relate to matters such as the site size thresholds for seeking affordable housing and vacant building credit, which are considered elsewhere in this SPD.
- 27.4 The PPG on 'First Homes' covers a number of matters that should be taken into account in S106 agreements on developments that include First Homes. In particular:
- The landowner should enter into a S106 agreement to secure the delivery of the First Homes. The S106 agreement should also ensure that the 30% price discount and certain other legal restrictions are applied to the property at each future sale. The Government has published template planning obligations for this purpose (paragraphs 001-003).
  - When a First Home is resold, the seller should secure a valuation from a registered valuer acting in an independent capacity (paragraph 006).
  - The national eligibility criteria for First Homes should apply to future sales of a First Home (paragraph 007).
  - Any local eligibility criteria applied by the local authority should be included in the S106 agreement. If a suitable buyer has not reserved a home after three months, the eligibility criteria will revert to the national criteria (paragraph 008).

- A Mortgagee Exclusion Clause should be present in planning obligations securing First Homes, to protect lenders and encourage competitive lending rates (paragraph 010).
- Agreements should not prevent First Homes from being sold for a long period if a suitable buyer cannot be found, even following removal of local restrictions. Therefore, the agreement may allow a First Home to be sold on the open market and the removal of the title restriction, if certain conditions are met (paragraph 011).
- The requirement for at least 25% of the affordable homes should be secured through the S106 agreement. An agreement is also required where cash contributions for affordable housing are secured instead of on-site units (paragraph 012).
- First Homes are eligible for mandatory social housing relief from the Community Infrastructure Levy (see section 23), if a planning obligation is entered into to ensure that the first and subsequent sales of the dwelling are for no more than 70% of market value (paragraph 016).

27.5 The Government has confirmed that shared ownership homes delivered through Section 106 agreements should be based on the standard model in the 'New Model for Shared Ownership: technical consultation' (see paragraph 14.6).

27.6 In December 2021, the Government published 'First Homes – Section 106 Provisions', the template planning obligations for First Homes:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1043248/First\\_Home\\_model\\_s106\\_for\\_delivery\\_through\\_planning\\_system.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1043248/First_Home_model_s106_for_delivery_through_planning_system.pdf)

27.7 The model clauses in the template are for use by local authorities and home builders in preparing S106 agreements that deliver First Homes through developer contributions, including First Homes exception sites.

### **The Council's approach**

27.8 The Council will secure affordable housing requirements through a S106 agreement or unilateral undertaking (only with a financial contribution in lieu of on-site provision). The agreement is made by deed between the landowner(s), the developer (if different), Dacorum Borough Council and Hertfordshire County Council (only if there are specific obligations to them e.g. education, highways). Where affordable housing is being 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.

27.9 As stated in paragraph 23.7, the heads of terms of the Section 106 agreement should be considered at the pre-application stage. The agreement must be completed before planning permission is issued.

27.10 The Council has produced a draft S106 model agreement, which includes standard clauses to secure the provision of affordable housing. However, each agreement will be drawn up on a case by case basis. The draft model agreement takes account of the Government's template planning obligations for First Homes (see paragraph 27.6) and section 13 in this SPD.

27.11 The draft model agreement applies to the main types of affordable housing (social rent, affordable rent, First Homes and shared ownership). Bespoke agreements will be required for other types of affordable housing (see paragraph 27.15).

27.12 Paragraph 5.1 in the draft model agreement requires all financial contributions payable to the Council to be index linked. Schedule 2 relates to affordable housing and the key points are summarised below:

**Table 27.1: Summary of Schedule 2 (affordable housing) in the Council's draft S106 model agreement**

Paragraph	Summary of key points
<b>Part 1</b>	
1 and 5	The affordable housing units must be used only for affordable housing.
2	<p>The development shall not start until the Council has approved a scheme ("the Scheme") for the provision and long term management of the affordable housing.</p> <p>The Scheme shall cover the requirements in the Schedule and the matters in paragraph 2, including:</p> <ul style="list-style-type: none"> <li>• The phasing for the construction and transfer of the affordable housing to a registered provider, including a plan ("<b>the Affordable Housing Phasing Plan</b>").</li> <li>• The price (unless previously agreed) for granting a lease or freehold transfer of the affordable housing to a registered provider.</li> <li>• The size (number of bedrooms) and tenure of the affordable homes.</li> </ul>
4	<p>(a) and (b) Restrictions will be placed on the proportion of open market units that can be occupied in any phase until at least the stated percentage of:</p> <ul style="list-style-type: none"> <li>• Affordable housing units have been completed and transferred to a registered provider; and</li> <li>• First Homes have been completed and marketed.</li> </ul> <p>(c) A nominations agreement must be completed, securing nomination rights to the Council for the affordable homes for rent.</p>
6	This paragraph deals with the sale of affordable housing units if there is a default on the mortgage or a charge.
<b>Part 2</b>	<b>First Homes</b>
7	Quantum of First Homes: x homes shall be provided and retained in perpetuity as First Homes, subject to Part 2 of the schedule.
8	Clustering: clusters of affordable houses and flats should not exceed the limits stated in the agreement.

9	Type and distribution: the mix of First Homes shall accord with the Affordable Housing mix and the distribution in the Affordable Housing Plan (see paragraph 23.10).
10	Development standard: First Homes shall be constructed to the Development Standard (as defined on pages 4 and 5 of the draft model agreement) and no less than the standard for the market housing.
11	Delivery mechanism: this clause deals with various matters, including: <ul style="list-style-type: none"> <li>• The national and local eligibility criteria for First Homes.</li> <li>• The marketing of First Homes.</li> <li>• The disposal of First Homes if no suitable purchasers can be found.</li> </ul>
12	Each First Home shall be used only as the main residence of the First Homes owner, subject to certain provisos.

27.13 Developers should provide the Council with a schedule, providing information (see paragraph 23.13 of how each obligation set out in the S106 agreement has been met. The Council can then assess whether we agree and that it can be marked off as fulfilled. This information will be required either when a development is completed, or in stages as set out in the Section 106 agreement.

27.14 With some types of affordable housing, a bespoke S106 agreement based on the model agreement will be needed, as shown below:

**Table 27.2: Types of housing requiring a bespoke S106 agreement**

Type of housing	Key requirements in S106 agreement	Guidance elsewhere in SPD
Affordable private rent in build to rent schemes	<ul style="list-style-type: none"> <li>• Rents to remain at least 20% below market rents for future eligible households, or the subsidy recycled for alternative affordable housing provision.</li> <li>• The process for managing affordable private rent units and requirement for an annual statement on these homes.</li> <li>• A mechanism to recoup ('clawback') the value of the affordable housing provision that is withdrawn if affordable private rent homes are converted to another tenure.</li> <li>• Eligibility criteria for the affordable private rent homes.</li> </ul> <p>Note: see the PPG on 'Build to rent' for further guidance on S106 agreements in relation to affordable private rent homes.</p>	Paragraph 12.4

Rent to buy	<ul style="list-style-type: none"> <li>• Ensure such housing constitutes affordable housing.</li> <li>• Provide nomination and sales rights to the Council.</li> </ul>	Paragraph 15.7
Rural exceptions sites and First Homes exception sites	<ul style="list-style-type: none"> <li>• Restrict the housing in perpetuity to people with a strong local connection.</li> <li>• Include a cascade of secondary parishes, if there are insufficient people coming forward from the main parish.</li> </ul>	Point 2 in Table 17.1
Financial contribution in lieu of on-site affordable housing provision	<ul style="list-style-type: none"> <li>• Secure the financial contribution.</li> <li>• Accounting for the pooled affordable housing fund.</li> </ul>	Paragraphs 26.4 and 26.17
Off-site provision of affordable housing	<ul style="list-style-type: none"> <li>• Ensure delivery of the affordable housing in a timely manner.</li> </ul>	Paragraph 26.9

# PART 6: OTHER CONSIDERATIONS

[Insert additional photo.]

## 28. FUNDING, REGISTERED PROVIDERS AND COMMUNITY INFRASTRUCTURE LEVY RELIEF

### Key guidance

#### Funding

Homes England provides grant funding to support the capital costs of developing affordable housing for rent or sale in certain circumstances.

#### Registered providers and partnership working

The Council works with registered providers and the private sector to maximise affordable housing development in Dacorum. Registered providers are best placed to manage most affordable housing developments.

Developers should have a registered provider on board early in the development process.

#### Community Infrastructure Levy relief

Community Infrastructure Levy (CIL) liability may be reduced for developments containing social rented housing that meets the criteria in the CIL regulations.

### Funding of affordable housing

- 28.1 Homes England's Affordable Homes Programme provides grant funding to support the capital costs of developing affordable housing for rent or sale. Grants from Homes England will not generally be available for affordable housing required via Section 106 agreements. However, grant funding may be available if a registered provider proposes a higher percentage of affordable housing than required by the Council in Core Strategy Policy CS19.
- 28.2 Homes England's Capital Funding Guide (CFG) contains the rules and procedures for all providers delivering affordable housing through one of the affordable homes programmes:
- <https://www.gov.uk/guidance/capital-funding-guide>
- 28.3 The following chapters in the CFG are particularly relevant:
- Chapter 1: Shared ownership
  - Chapter 2: Rent to buy
  - Chapter 3: Specialist housing (including housing for older people)
  - Chapter 4: Homes for rent (including affordable rent and social rent)
- 28.4 Further information on Homes England grant funding for shared ownership and buy to rent housing is provided in paragraphs 14.7, 15.3 and 15.4.

### **Registered providers and partnership working**

- 28.5 Registered providers are local authorities or bodies such as housing associations which are entered on the Regulator of Social Housing's Register (see definition in Appendix 2). The Council puts significant resources into delivering affordable housing and is committed to working with registered providers and the private sector to maximise the development of affordable homes in Dacorum.
- 28.6 Registered providers are best placed to manage most affordable housing developments. The only exceptions are the Council's own housing schemes and build to rent schemes, which will typically be professionally managed stock in single ownership and management control (see 'build to rent' definition in Appendix 2). Private developers are, therefore, encouraged to work closely with registered providers to deliver affordable housing and ensure the new homes are managed effectively. As stated in paragraph 10.7, the Council may encourage registered providers to build social rented housing on some developments in the future.
- 28.7 The Council is not prescribing which registered providers should deliver affordable housing in Dacorum, although housing associations are likely to be involved in most developments. Only organisations that are registered with the Regulator of Social Housing, including 'for profit' organisations, are accepted as being registered providers. The Council will actively work in partnership with a range of registered providers, who can demonstrate high quality management services and housing delivery. We are keen to work with providers who are aligned with our policy on affordability (see section 11) and meet the needs of our residents.
- 28.8 Developers are strongly encouraged to have a registered provider on board early in the development process. At the very least applicants should be engaging with a provider before starting pre-application discussions with the Council. The developer should secure a commitment from the registered provider for the affordable housing provision at an agreed purchase price. This enables the registered provider to input into the design and development of the scheme and ensures timely delivery of the affordable housing. Any concerns should be resolved by practical design and appropriate and reasonable lettings arrangements.
- 28.9 Registered providers that wish to develop in Dacorum should have a management service within a reasonable distance of the Borough. This will ensure that repairs and maintenance can be carried out effectively. Providers should levy fair and affordable service charges on affordable housing. These should not affect the affordability of the property to households on the waiting lists.

### **Community Infrastructure Levy relief**

- 28.10 The Community Infrastructure (CIL) liability may be reduced for developments where social housing is present and meets the criteria stated in Regulation 49 of the Community Infrastructure Levy Regulations 2010 (as amended). Further information on social housing relief can be found in paragraphs 065-075 of the Planning Practice Guidance (PPG) on the Community Infrastructure Levy.
- 28.11 Social housing relief is a mandatory discount that can be applied to most affordable housing provided by a local authority or registered provider and shared ownership dwellings. This includes social rented, affordable rented and rent to buy housing. Subject to meeting specific conditions, it can also apply to discounted rental properties provided by other bodies.
- 28.12 Mandatory social housing relief can also apply to First Homes. A planning obligation must be entered into to ensure the first and subsequent sales of the dwelling are for no more than 70% of market value. Similar guidance is set out in paragraph 016 of the PPG on 'First Homes'.



## 29. MONITORING AND REVIEW

### Key guidance

The Council will monitor and keep under review this Affordable Housing SPD to ensure the delivery of affordable homes.

Information on the delivery of affordable housing is reported annually in the Authority Monitoring Report.

If necessary this SPD will be updated, but it will be replaced by a new SPD when the Council adopts the new Local Plan.

- 29.1 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 annually in the Authority Monitoring Report (AMR), prepared by the Strategic Planning team. This document is made publicly available on the Council's website.
- 29.2 The AMR 2019/20 contains information on affordable housing completions, in paragraphs 7.8-7.10, Appendix 5 and the AMR Technical Appendix (Tables 7.8 and 7.9). Information is provided on completions of affordable homes since 2006, including completions of different types of affordable housing such as social rented, affordable rented and shared ownership housing:
- <http://www.dacorum.gov.uk/home/planning-development/planning-strategic-planning/monitoring-reports-and-land-position-statements>
- 29.3 In the future, the Council intends to provide more information on affordable housing in the AMR. For example, the aim is to add information on the housing size mix (number of bedrooms) in affordable housing and data on commitments for new affordable housing (i.e. sites with planning permission or under construction) as well as completions.
- 29.4 The Council is also working on arrangements across its Planning, Infrastructure and Housing teams to improve the tracking of progress on affordable housing developments, from the planning application stage through to the occupation of completed homes. This will include information on the matters stated in paragraph 23.13 and draw on the Infrastructure team's monitoring of S106 agreements involving affordable housing (see paragraph 27.15). Furthermore, the Council is seeking to co-ordinate and improve its monitoring processes.
- 29.5 This SPD will be kept under review and where necessary updated, for example, to reflect changes to Government guidance and evidence on housing need and the housing market in Dacorum. As stated in paragraph 1.8, this SPD will be replaced by a new SPD when the Council adopts the new Local Plan.

# APPENDIX 1: WEB LINKS TO DOCUMENTS

## **National planning policy context**

### **(i) National Planning Policy Framework (December 2023)**

[https://assets.publishing.service.gov.uk/media/65829e99fc07f3000d8d4529/NPPF\\_December\\_2023.pdf](https://assets.publishing.service.gov.uk/media/65829e99fc07f3000d8d4529/NPPF_December_2023.pdf)

### **(ii) Planning Practice Guidance:**

<https://www.gov.uk/government/collections/planning-practice-guidance>

The following Planning Practice Guidance notes are referred to in this document:

- Build to Rent (September 2018)
- Community Infrastructure Levy (January 2023)
- First Homes (December 2021)
- Housing and Economic Needs Assessment (December 2020)
- Housing Needs of Different Groups (May 2021)
- Housing for older and disabled people (June 2019)
- Neighbourhood planning (September 2020)
- Planning Obligations (September 2019)
- Viability (September 2019)

### **(iii) Other documents**

Ministerial Statement on First Homes (May 2021)

<https://questions-statements.parliament.uk/written-statements/detail/2021-05-24/hlws48>

First Homes – Section 106 Provisions (December 2021) i.e. the Government's template planning obligations

<https://www.gov.uk/government/publications/first-homes-model-section-106-agreement-for-developer-contributions>

Local Authority Guidance Note on First Homes (February 2024)

<https://www.gov.uk/government/publications/first-homes-stakeholder-guidance-documents/local-authority-guidance-notes>

National Design Guide (January 2021)

<https://www.gov.uk/government/publications/national-design-guide>

New Model for Shared Ownership: technical consultation (April 2021)

[New model for Shared Ownership: technical consultation - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/new-model-for-shared-ownership-technical-consultation)

Raising accessibility standards for new homes: a consultation paper (September 2020)

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/930274/200813\\_con\\_doc\\_-\\_final\\_\\_1\\_.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/930274/200813_con_doc_-_final__1_.pdf)

Homes England: Capital Funding Guide (November 2023)

<https://www.gov.uk/guidance/capital-funding-guide>

## **Dacorum planning policy context**

### **(i) Existing adopted plans and other relevant documents**

Core Strategy (September 2013)

[http://www.dacorum.gov.uk/docs/default-source/strategic-planning/adopted-core-strategy-2013.pdf?sfvrsn=80753a9e\\_2](http://www.dacorum.gov.uk/docs/default-source/strategic-planning/adopted-core-strategy-2013.pdf?sfvrsn=80753a9e_2)

Site Allocations Development Plan Document (July 2017)

[http://www.dacorum.gov.uk/docs/default-source/strategic-planning/dacorum-site-allocations-statement-june-2017.pdf?sfvrsn=d63a3c9e\\_10](http://www.dacorum.gov.uk/docs/default-source/strategic-planning/dacorum-site-allocations-statement-june-2017.pdf?sfvrsn=d63a3c9e_10)

Affordable Housing Supplementary Planning Document (September 2013)

[http://www.dacorum.gov.uk/docs/default-source/planning-development/affordable-housing-spd-2013-nbsp-.pdf?sfvrsn=5b39f89f\\_0](http://www.dacorum.gov.uk/docs/default-source/planning-development/affordable-housing-spd-2013-nbsp-.pdf?sfvrsn=5b39f89f_0)

Affordable Housing SPD - Clarification Note (revised March 2022)

<affordable-housing-spd-clarification-note-update-march-2022.pdf> (dacorum.gov.uk)

Authority Monitoring Report 2019/20

<http://www.dacorum.gov.uk/home/planning-development/planning-strategic-planning/monitoring-reports-and-land-position-statements>

Statement of Community Involvement (September 2019)

<http://www.dacorum.gov.uk/home/planning-development/planning-strategic-planning/statement-of-community-involvement>

### **(ii) Emerging new Local Plan consultation documents**

Local Plan Emerging Strategy for Growth consultation document (November 2020) – link to all policies referred to in this paper:

[https://www.dacorum.gov.uk/docs/default-source/strategic-planning/part-1---local-plan-emerging-strategy-for-growth-2020-2038---pages-1-to-187.pdf?sfvrsn=93bf0c9e\\_10](https://www.dacorum.gov.uk/docs/default-source/strategic-planning/part-1---local-plan-emerging-strategy-for-growth-2020-2038---pages-1-to-187.pdf?sfvrsn=93bf0c9e_10)

Local Plan Revised Strategy for Growth (2024-2040) consultation:

[https://www.dacorum.gov.uk/docs/default-source/strategic-planning/dacorum-local-plan-\(2024-2040\)-revised-strategy-for-growth-print-version2153724551156b7f9bc7ff00000246a4.pdf?sfvrsn=b546199e\\_2](https://www.dacorum.gov.uk/docs/default-source/strategic-planning/dacorum-local-plan-(2024-2040)-revised-strategy-for-growth-print-version2153724551156b7f9bc7ff00000246a4.pdf?sfvrsn=b546199e_2)

### **(iii) Emerging new Local Plan evidence base**

Local Plan Emerging Strategy for Growth: Housing Topic Paper (November 2020)

<https://www.dacorum.gov.uk/home/planning-development/planning-strategic-planning/new-single-local-plan/technical-work-for-the-early-partial-review>

Local Plan Emerging Strategy for Growth: Site Assessment Study – Viability (an appendix to the study) (December 2019)

[https://www.dacorum.gov.uk/docs/default-source/strategic-planning/dbc-site-assessment-study---volume-4.pdf?sfvrsn=d3b80c9e\\_4](https://www.dacorum.gov.uk/docs/default-source/strategic-planning/dbc-site-assessment-study---volume-4.pdf?sfvrsn=d3b80c9e_4)

South West Hertfordshire Local Housing Needs Assessment (September 2020)

[https://www.dacorum.gov.uk/docs/default-source/strategic-planning/south-west-herts-local-housing-needs-assessment-final-report---september-2020.pdf?sfvrsn=ecd00c9e\\_4](https://www.dacorum.gov.uk/docs/default-source/strategic-planning/south-west-herts-local-housing-needs-assessment-final-report---september-2020.pdf?sfvrsn=ecd00c9e_4)

### **Other relevant Council documents**

Additional planning guidance and advice notes:

[http://www.dacorum.gov.uk/home/planning-development/planning-strategic-planning/supplementary-planning-documents-\(spds\)](http://www.dacorum.gov.uk/home/planning-development/planning-strategic-planning/supplementary-planning-documents-(spds))

Authority Monitoring Report

<http://www.dacorum.gov.uk/home/planning-development/planning-strategic-planning/monitoring-reports-and-land-position-statements>

Conservation area appraisals

<https://www.dacorum.gov.uk/home/planning-development/planning-cons-design/conservation-areas>

Delivering for Dacorum Corporate Plan 2020-2025

[https://www.dacorum.gov.uk/docs/default-source/council-democracy/corporate-plan-2020-2025.pdf?sfvrsn=ba6f089e\\_8](https://www.dacorum.gov.uk/docs/default-source/council-democracy/corporate-plan-2020-2025.pdf?sfvrsn=ba6f089e_8)

Shaping the future of Dacorum – Our Growth and Infrastructure Strategy to 2050

<http://www.dacorum.gov.uk/docs/default-source/strategic-planning/dacorum-growth-and-infratstructure-strategy-to-2050.pdf>

‘Homes for the Future’ Housing Strategy 2019-2021

<http://www.dacorum.gov.uk/home/housing/services-we-offer/strategies-and-policies#f8b46b45-5115-6b7f-9bc7-ff00000246a4>

Housing Allocations Policy (last reviewed November 2017, adopted April 2018, updated February 2021)

[https://www.dacorum.gov.uk/docs/default-source/housing/housing-allocations-policy.pdf?sfvrsn=8dcd0a9e\\_30](https://www.dacorum.gov.uk/docs/default-source/housing/housing-allocations-policy.pdf?sfvrsn=8dcd0a9e_30)

Tenancy Strategy (May 2019)

<https://democracy.dacorum.gov.uk/documents/s20523/Housing-04-09-19-Housing%20Strategy-Appendix%203%20-%20Tenancy%20Strategy.pdf>

### **Neighbourhood plans in Dacorum**

Bovingdon Neighbourhood Plan, Submission Version (July 2023)

[https://www.dacorum.gov.uk/docs/default-source/strategic-planning/bovingdon-neighbourhood-plan-consultation/bnp-submission-reg-15-document-optimised.pdf?sfvrsn=5f0b199e\\_2](https://www.dacorum.gov.uk/docs/default-source/strategic-planning/bovingdon-neighbourhood-plan-consultation/bnp-submission-reg-15-document-optimised.pdf?sfvrsn=5f0b199e_2)

Grovehill Future Neighbourhood Plan (2016-2031)

[http://www.dacorum.gov.uk/docs/default-source/strategic-planning/grovehill-future-neighbourhood-plan---referendum-version.pdf?sfvrsn=44840b9e\\_4](http://www.dacorum.gov.uk/docs/default-source/strategic-planning/grovehill-future-neighbourhood-plan---referendum-version.pdf?sfvrsn=44840b9e_4)

Kings Langley Neighbourhood Plan (January 2023)

<https://klnp.co.uk/wp/wp-content/uploads/2022/10/Kings-Langley-Neighbourhood-Plan-Referendum-September-2022.pdf>

## APPENDIX 2: GLOSSARY

Abbreviations used in this appendix:

NPPF: National Planning Policy Framework

PPG: Planning Practice Guidance

**Accessible and adaptable homes** (standards in Part M of the Building Regulations (access to and use of buildings):

M4(1) Category 1: Visitable dwellings (the minimum standard that applies where no planning condition is given unless a plan sets a higher minimum requirement)

M4(2) Category 2: Accessible and adaptable dwellings

M4(3) Category 3: Wheelchair user dwellings

**Affordable housing** (definition in NPPF Annex 2): 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:

**a) Affordable housing for rent:** meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for Social Rent or 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).

**b) Starter homes:** is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household's eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.

**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.

**Affordable Housing Plan:** This will provide details on the phasing for the construction and transfer of the affordable housing to a registered provider, including a plan showing the location of the affordable homes. It is a requirement of the Council's Section 106 model agreement.

**Affordable private rent:** See point a) (affordable housing for rent) in the NPPF's definition of 'Affordable housing' above.

The NPPF indicates that 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).

Affordable private rented housing must meet the following conditions: (a) the rent is at least 20% below local market rents (including service charges where applicable); (b) 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.

Further guidance is provided in the Build to Rent PPG, paragraphs 002 and 003.

**Affordable rent:** See point a) (affordable housing for rent) in the NPPF's definition of 'Affordable housing' above.

The NPPF states that affordable rented housing must meet 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; 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.

**Age-restricted general market housing** (definition in PPG on Housing for older and disabled people, paragraph 010): This type of housing is generally for people aged 55 and over and the active elderly. It may include some shared amenities such as communal gardens, but does not include support or care services.

**Build to Rent** (definition in NPPF Annex 2): Purpose built housing that is typically 100% rented out. It can form part of a wider multi-tenure development comprising either flats or houses, but should be on the same site and/or contiguous with the main development. Schemes will usually offer longer tenancy agreements of three years or more, and will typically be professionally managed stock in single ownership and management control.

**Community Infrastructure Levy (CIL)** (definition in PPG on Community Infrastructure Levy, paragraph 001): The Community Infrastructure Levy (the 'levy') is a charge which can be levied by local authorities on new development in their area. It is an important tool for local authorities to use to help them deliver the infrastructure needed to support development in their area.

Most new development which creates net additional floor space of 100 square metres or more, or creates a new dwelling, is potentially liable for the levy.

**Community-led developments** (definition in NPPF Annex 2): A development instigated and taken forward by a not-for-profit organisation set up and run primarily for the purpose of meeting the housing needs of its members and the wider local community, rather than being a primarily commercial enterprise. The organisation is created, managed and democratically controlled by its members. It may take any one of various legal forms including a community land trust, housing co-operative and community benefit society. Membership of the organisation is open to all beneficiaries and prospective beneficiaries of that organisation. The organisation should own, manage or steward the homes in a manner consistent with its purpose, for example through a mutually supported arrangement with a Registered Provider of Social Housing. The benefits of the development to the specified community should be clearly defined and consideration given to how these benefits can be protected over time, including in the event of the organisation being wound up.

**Custom-build housing:** see definition of self-build and custom-build housing below.

**Extra care housing** (definition in PPG on Housing for older and disabled people, paragraph 010): This usually consists of purpose-built or adapted flats or bungalows with a medium to high level of care available if required, through an onsite care agency registered through the Care Quality Commission

(CQC). Residents are able to live independently with 24 hour access to support services and staff, and meals are also available. There are often extensive communal areas, such as space to socialise or a wellbeing centre. In some cases, these developments are known as retirement communities or villages - the intention is for residents to benefit from varying levels of care as time progresses.

**First Homes** (definition in PPG on First Homes, paragraph 001: First Homes are a specific kind of discounted market sale housing and should be considered to meet the definition of 'affordable housing' for planning purposes. Specifically, First Homes are discounted market sale units which:

- a) must be discounted by a minimum of 30% against the market value;
- b) are sold to a person or persons meeting the First Homes eligibility criteria (see below);
- c) on their first sale, will have a restriction registered on the title at HM Land Registry to ensure this discount (as a percentage of current market value) and certain other restrictions are passed on at each subsequent title transfer; and,
- d) after the discount has been applied, the first sale must be at a price no higher than £250,000 (or £420,000 in Greater London).

First Homes are the government's preferred discounted market tenure and should account for at least 25% of all affordable housing units delivered by developers through planning obligations.

**First Homes exception site** (definition in PPG on First Homes, paragraph 024): A First Homes exception site is an exception site (that is, a housing development that comes forward outside of local or neighbourhood plan allocations to deliver affordable housing) that delivers primarily First Homes as set out in the First Homes Written Ministerial Statement.

**Homes England:** The non-departmental Government body that provides funding and enabling expertise in the delivery of regeneration and new affordable homes and performs a regulatory function in respect of registered providers. It replaced the Homes and Communities Agency.

**Local housing needs survey:** In order to demonstrate a need for rural exception sites and First Homes exception sites, a local housing needs survey must be undertaken by the Rural Housing Enabler (RHE) for Dacorum (see point 1 in Table 18.1 of this SPD for further information).

**Local plan** (definition in NPPF Annex 2): A plan for the future development of a local area, drawn up by the local planning authority in consultation with the community. In law this is described as the development plan documents adopted under the Planning and Compulsory Purchase Act 2004. A local plan can consist of either strategic or non-strategic policies, or a combination of the two.

**Major development\*:**

Major development' means development involving any one or more of the following—

- (a) the winning and working of minerals or the use of land for mineral-working deposits;
- (b) waste development;
- (c) the provision of dwellinghouses where —
  - (i) the number of dwellinghouses to be provided is 10 or more; or
  - (ii) the development is to be carried out on a site having an area of 0.5 hectares or more and it is not known whether the development falls within sub-paragraph (c)(i);
- (d) the provision of a building or buildings where the floor space to be created by the development is 1,000 square metres or more; or
- (e) development carried out on a site having an area of 1 hectare or more.



\* Definition in the Town and Country Planning (Development Management Procedure) (England) Order 2015.

**National Planning Policy Framework (NPPF):** The NPPF was first published in March 2012 and has since been revised, most recently on 19 December 2023. It sets out the government's planning policies for England and how these are expected to be applied. It also provides a framework within which locally-prepared plans for housing and other development can be produced.

**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.

**Older people** (definition in NPPF Annex 2): People over or approaching retirement age, including the active, newly retired through to the very frail elderly; and whose housing needs can encompass accessible, adaptable general needs housing through to the full range of retirement and specialised housing for those with support or care needs.

**People with disabilities** (definition in NPPF Annex 2): People have a disability if they have a physical or mental impairment, and that impairment has a substantial and long-term adverse effect on their ability to carry out normal day-to-day activities. These persons include, but are not limited to, people with ambulatory difficulties, blindness, learning difficulties, autism and mental health needs.

**Planning obligation** (definition in NPPF Annex 2): 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):** The Government's Planning Practice Guidance notes provide additional, more detailed guidance to supplement the NPPF. The PPGs provide an extensive online resource of detailed policy guidance on various topics, which is produced by the Department for Levelling Up, Housing and Communities.

**Registered Provider:** A local authority entered on the Regulator of Social Housing's Register pursuant to section 114 of the Housing and Regeneration Act 2008, or a body such as a housing association entered on the Register as a non-profit organisation or a profit-making organisation (as such terms are defined in section 115 of the Housing and Regeneration Act 2008).

The Regulator of Social Housing is a non-departmental public body that regulates private registered providers of social housing to promote a viable, efficient and well-governed social housing sector able to deliver homes that meet a range of needs.

**Re-lets:** Local authority or registered provider 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 Council's Housing Register.

**Rent to buy:** this affordable housing product is included in the NPPF's definition of affordable housing (see above) under 'other affordable routes to home ownership'. The definition describes rent to buy housing as an affordable route to home ownership for those who could not achieve home ownership through the market. Such housing includes a period of intermediate rent.

**Rural exception sites** (definition in NPPF Annex 2): Small sites used for affordable housing in perpetuity where sites would not normally be used for housing. Rural exception sites seek to address the needs of the local community by accommodating households who are either current residents or have an existing family or employment connection. A proportion of market homes may be allowed on the site at the local planning authority's discretion, for example where essential to enable the delivery of affordable units without grant funding.

**Shared ownership:** See point d) (other routes to home ownership) in the NPPF's definition of 'Affordable housing' above.

**Social rent:** See point a) (affordable housing for rent) in the NPPF's definition of 'Affordable housing' above. See also paragraph 10.3 in this SPD.

The NPPF states that social rented housing must meet the following conditions: (a) the rent is set in accordance with the Government's rent policy for Social Rent, or is at least 20% below local market rents (including service charges where applicable); (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.

**Supplementary planning documents** (definition in NPPF Annex 2): 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.

# APPENDIX 3: DACORUM'S AFFORDABLE HOUSING POLICIES

## Core Strategy (September 2013)

### **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: 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 the new dwellings should be affordable homes. Higher levels may be sought on sites which are specified by the Council in a development plan document, provided development would be viable and 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 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 passes from the initial occupiers of the property to successive occupiers

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

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

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.

## **Site Allocations Development Plan Document (July 2017)**

**Policy LA1: Marchmont Farm, Hemel Hempstead**

**Policy LA2: Old Town, Hemel Hempstead**

**Policy LA3: West Hemel Hempstead**

**Policy LA4: Hanburys, Shootersway, Berkhamsted**

**Policy LA5: Icknield Way, West of Tring**

**Policy LA6: Chesham Road and Molyneaux Avenue, Bovingdon**

The introductory text at the start of Policies LA1- LA6 includes the following:

“The key development principles for the site are set out below. Further detail is in a site master plan.”

Under ‘Key Development Principles’, Policies LA1-LA6 commence by stating that:

“The following principles have been used to guide the site master plan and will be used assess the subsequent planning application:

- Deliver a mix of two storey housing including 40% affordable homes.”

## APPENDIX 4: AFFORDABLE RENTS IN DACORUM

This paper was produced by Justin Gardener Consulting in May 2022.

### Introduction

1. This note sets out suggestions about the cost of affordable rented housing to make it affordable in a local context for Dacorum. This builds on analysis in the South West Hertfordshire Local Housing Needs Assessment (LHNA) (September 2020) which suggested in Table 41 that only 13% of households unable to afford market housing would be able to afford an affordable rent (without the need to claim Housing Benefit/Universal Credit with a housing entitlement). This finding was based on an assumption that an affordable rent would be priced at 80% of lower quartile market rents.
2. It is recognised that affordable rented housing could be provided with a range of discounts from the open market rent. One potential issue with the analysis is that it is quite difficult to know exactly what rent level a particular discount would equate to. This is because the market value of a property (of a similar size) could vary significantly depending on factors such as location and built-form. There is also the issue that a newly-built rental home could attract a premium when compared with an equivalent existing home in the market. Therefore, whilst pricing is investigated below, figures should be treated as indicative.

### Current rent levels

3. The table below shows current rent levels in the Borough for a range of products along with relevant local housing allowance (LHA) rates. Dacorum falls into three different Broad Rental Market Areas (BRMAs) for the purposes of LHA, with the South West Herts area covering much of the Borough (parts are also in the Aylesbury and Chilterns BRMAs).
4. Data about average social and affordable rents has been taken from the Regulator of Social Housing (RSH) and this is compared with lower quartile and median market rents (from ONS data). This analysis shows that social rents are lower than affordable rents; the analysis also shows that affordable rents are less than both lower quartile and median market rents.
5. When looking at the LHA limits, the analysis shows figures close to or above lower quartile rents, but typically lower than median rents. This does potentially mean that households seeking accommodation in some (more expensive) locations may struggle in some cases to secure sufficient benefits to cover their rent.

<b>Figure 1: Comparison of rent levels for different products – Dacorum (2020-21)</b>					
	Social rent	Affordable rent (AR)	Lower quartile (LQ) market rent	Median market rent	LHA (South West Herts) – Sept 2021
1-bedroom	£432	£628	£800	£850	£798
2-bedrooms	£506	£769	£975	£1,100	£997
3-bedrooms	£563	£963	£1,260	£1,350	£1,296
4-bedrooms	£603	£1,118	£1,550	£1,875	£1,695

Source: RSH, ONS and VOA

6. To some extent it is easier to consider the data above in terms of the percentage one housing cost is of another and this is shown in the table below. Discussion focusses on 2-

bedroom homes (this is the main stock size held by Affordable Housing Providers, 40% of social rented housing and 53% of affordable rents). This shows that social rents are significantly cheaper than market rents (and indeed affordable rents) but that affordable rents (as currently charged) represent 79% of a current lower quartile rent (70% if comparing with a median rent).

<b>Figure 2: Difference between rent levels for different products – Dacorum</b>						
	Social rent as % of affordable rent	Social rent as % of LQ market rent	Social rent as % of median market rent	Affordable rent as % of LQ market rent	Affordable rent as % of median market rent	LQ market rent as % of median market rent
1-bedroom	69%	54%	51%	79%	74%	94%
2-bedrooms	66%	52%	46%	79%	70%	89%
3-bedrooms	58%	45%	42%	76%	71%	93%
4-bedrooms	54%	39%	32%	72%	60%	83%

Source: RSH, ONS and VOA

### **Affordability of Current Social/Affordable Rents**

7. An analysis has been undertaken to compare the income distribution of households with the cost of different products – initially based on actual affordable and social rents as published by the Regulator of Social Housing. For comparative purposes a lower quartile market rent is used to determine the group of households who cannot afford a market rent and would therefore benefit from a subsidised rent.
8. For the affordability test, a standardised average rent for each product has been used (figures standardised on the basis of estimated need for social/affordable rented housing shown in paragraph 6.74 of the LHNA). The table below suggests that around 18% of households who cannot afford to rent privately could afford an affordable rent, with a further 31% being able to afford a social rent (but not an affordable one). A total of 51% of households would need some degree of benefit support to be able to afford their housing (regardless of the tenure).
9. The figure of 18% being able to afford affordable rents is higher than suggested in the LHNA and this situation largely arises due to analysis in this note being based on actual affordable rents which are typically less than 80% of a lower quartile market rent. The standardising of rents for each product will also have some impact on the analysis. Regardless, it is clear when based on income alone that only a small proportion of households unable to afford market rents would be able to afford an affordable rent at current costs without the need to claim benefits (or where it would be assumed they are spending too high a proportion of their income on housing costs). Clearly reducing the cost of affordable rents would bring more households into the able to afford (without benefit) category.

<b>Figure 3: Estimated need for affordable rented housing (% of households able to afford)</b>	
	Dacorum
Afford affordable rent	18%
Afford social rent	31%
Need benefit support	51%
All unable to afford market	100%

Source: Affordability analysis

## Affordable Rents at 60%, 70% and 80% of the Market

10. The analysis below seeks to investigate to potential impact of providing affordable rents at a 20%, 30% and 40% discount from market rents (i.e. rents at 60%, 70% and 80%). Two analyses are provided, one where the discount is applied to lower quartile rents and a second linked to the median rent. In reality, it is possible that the open market rents (prior to any discount) could be even higher than the median values, if they have a premium due to being a newbuild product. The table below shows the rent levels that would apply if using these levels of discount from the lower quartile and median values.

	Discount from lower quartile market			Discount from median market		
	20% (80% of market)	30% (70% of market)	40% (60% of market)	20% (80% of market)	30% (70% of market)	40% (60% of market)
1-bedroom	£640	£560	£480	£680	£595	£510
2-bedrooms	£780	£683	£585	£880	£770	£660
3-bedrooms	£1,008	£882	£756	£1,080	£945	£810
4-bedrooms	£1,240	£1,085	£930	£1,500	£1,313	£1,125

Source: Derived from ONS data

11. These figures have been modelled in the same way as for existing rent levels to look at the proportion of households able to afford different rent levels. In all cases the social rent is as previously set out and so it is only the first two categories in the table below that vary. The outputs based on existing rents have also been included for reference. The analysis suggests when looking at a 20% discount from median rents that very few additional households (additional to those able to afford the market) are now able to afford housing (just 8%) although higher discounts do see a greater proportion of households being able to afford an affordable rent.

	Based on existing rents	Discount from lower quartile market			Discount from median market		
		20% (80% of market)	30% (70% of market)	40% (60% of market)	20% (80% of market)	30% (70% of market)	40% (60% of market)
Afford affordable rent	18%	15%	24%	34%	8%	17%	27%
Afford social rent	31%	33%	24%	14%	40%	31%	21%
Need benefit support	51%	51%	51%	51%	51%	51%	51%
All unable to afford market	100%	100%	100%	100%	100%	100%	100%

Source: Affordability Analysis

## Consideration of the Evidence

12. On the basis of this analysis, taking account of the likelihood that the open market rent is at or above the median, and that concerns have been expressed about affordability tests used by Affordable Housing Providers, it can be concluded that the Council would be reasonable to seek a higher level of discount than 20% from the market. **It is considered that providing lower Affordable Rents or (at 60% of market values, including service charges) would be a sensible start point, subject to the viability of delivering housing at these costs.**

13. There will be a series of other considerations both at a strategic level and for specific schemes. For example, there may be funding streams that are only available for a particular type of housing, and this may exist independently to any local assessment of need. Additionally, there will be the consideration of the balance between the cost of housing and the amount that can be viably provided. For example, it is likely that affordable rented housing is more viable, and therefore a greater number of units could be provided. Finally, in considering a split between social and affordable rented housing it needs to be considered that having different tenures on the same site (at least at initial occupation) may be difficult – e.g. if tenants are paying a different rent for essentially the same size/type of property and services.
14. On this basis, it is not recommended that the Council has a rigid policy for the split between social and affordable rented housing, although the analysis is clear that both tenures of homes are likely to be required in all areas.

#### **Suggested rent levels (at 60% of median market)**

15. The analysis above is interesting and suggests that current affordable rents are only affordable to a fraction of households unable to afford the market and therefore lowering rent levels would make them more affordable. As noted, the Council should investigate affordable rents at 60% of the market (subject to viability) and the table below shows what these rent levels would be on the basis of the analysis above.

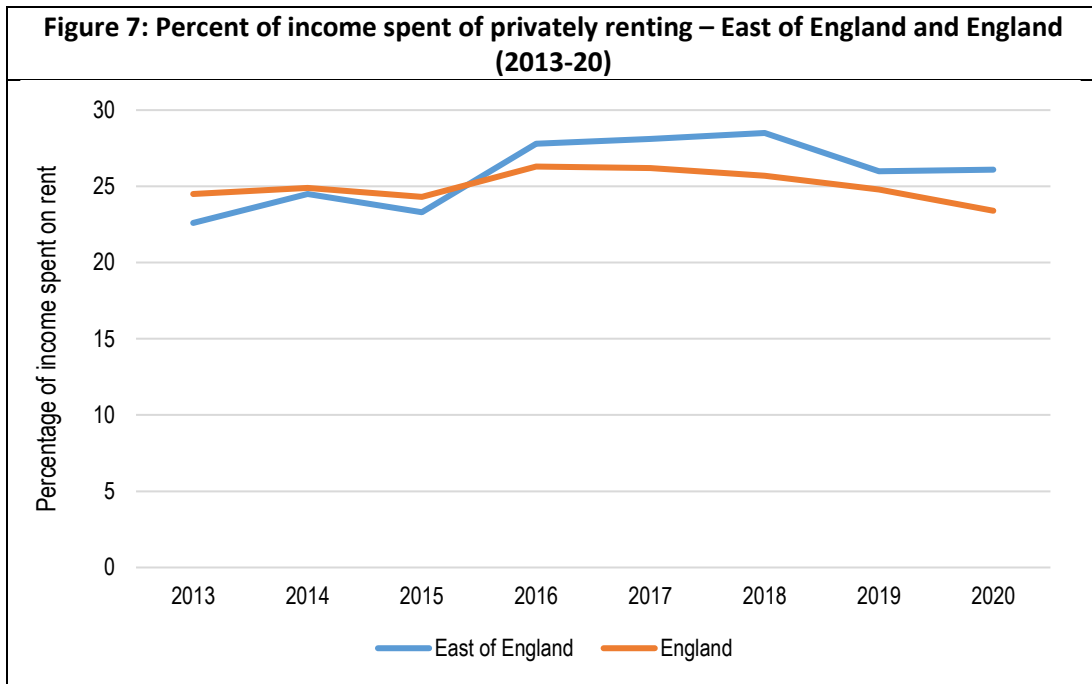
<b>Figure 6: Suggested Affordable Rent Levels (per month) – based on 60% of median market rents – Dacorum</b>			
	Social rent	Lower quartile (LQ) market rent	Suggested affordable rent (AR)
1-bedroom	£432	£800	£510
2-bedrooms	£506	£975	£660
3-bedrooms	£563	£1,260	£810
4-bedrooms	£603	£1,550	£1,125

Source: Based on RSH and ONS

16. The analysis above is based on data at a point in time (largely relating to 2021). It is possible that the percentages calculated and therefore the conclusions drawn could change over time, for example if market rents were to increase faster than social rents then the discount from the market might need to increase to keep rents affordable. Likewise, if private rents were to increase at a different rate to local incomes then the proportions able to afford would change, which in turn could lead to a different conclusion about how much discount is required to be affordable.
17. Overall, however, it is considered that incomes and rents are likely to increase at a similar rate over time and so the conclusions above will remain valid for at least 3-5 years. The figure below shows estimated change to the private rental affordability ratio in England and the East of England for the 2013-20 period. This is a dataset published by ONS and the period used is the full period studied. The ratio shown is comparing monthly rents with estimated monthly incomes.
18. The analysis shows for the East of England an increase in this ratio from 2015 to 2016 but that since then the ratio has declined. For England, a more modest increase was shown for 2015-16 and subsequently a greater decline. Overall, for the period studied there does not



appear to be any notable trend with the ratio between private sector rents and incomes remaining at broadly the same level.



Source: ONS Private Rental Affordability data

# APPENDIX 5: LOCAL CONNECTION CRITERIA FOR AFFORDABLE HOUSING

## **Background information**

1. The Council is committed to ensuring that affordable housing is occupied by local people who have a housing need that cannot be satisfied by the open market alone. Our approach towards eligibility to occupy affordable housing varies between:

- Social and affordable rented housing: allocated via the Council's Housing Register; and
- Other affordable housing: not allocated via the Housing Register

2. A nominations agreement must be completed, securing nomination rights to the affordable homes for the Council. The agreement must be completed prior to occupation of any affordable housing for rent, securing 100% of the initial lets and 75% of subsequent lets. The agreement should be included in the Section 106 agreement when planning permission is granted for a development providing affordable housing (see section 27).

### **(i) Social and affordable rented housing (allocated via the Housing Register)**

3. The Council's 'Housing Allocations Policy' sets out how we prioritise applications for social and affordable rented housing, based on people's circumstances and level of housing need (see paragraph 4.6).

4. Section 2.2 in the Housing Allocations Policy requires most applicants to meet at least one of the following local connection criteria:

- A ten-year residency within the Borough at some point in their lifetime;
- Family connection where an immediate family member (parents, children, siblings) who are over the age of 18 and are resident within the Borough for ten years consecutively, immediately preceding the date of application and are still resident at point of allocation;
- Currently in permanent employment within the Borough boundary, consisting of 16 hours a week or more, and which has been continuous for the last 24 months. Applicants who are home working must provide evidence that their main workplace is in Dacorum. The employment must be based on actual place of work and not where the head/ regional office is sited.

5. A number of exceptions to the requirement to meet the local connection criteria are identified in section 2.2 in the Housing Allocations Policy, including applicants for sheltered housing.

6. Section 5.2 sets out some additional local connection criteria, which apply in the following villages: Aldbury, Bovington, Chipperfield, Flaunden, Flamsted, Great Gaddesden, Gaddesden Row, Kings Langley, Little Gaddesden, Long Marston, Markyate, Northchurch, Potten End, Wilstone and Wigginton.

### **(ii) Other Affordable Housing (not allocated via the Housing Register)**

7. The Council is preparing a housing policy document called 'Local Connection Policy for Other Affordable Housing' (see Appendix 5). Once this document is approved, people wishing to live in affordable private rented housing will be assessed against the criteria in the policy. We will take account of the approved Local Connection Policy in the finalised version of this SPD.

8. The Local Connection Policy will apply to properties that are not required to be allocated via the Housing Register. These properties will be called 'Other Affordable Housing'. This includes the following types of affordable housing:
  - First Homes
  - Shared ownership
  - Discounted market sales housing
  - Rent to buy
  - Affordable private rent
9. Some households are excluded from the Housing Register (for example, because they exceed the savings and income thresholds or the stricter local connection criteria), but are eligible for Other Affordable Housing.
10. It is envisaged that applicants for Other Affordable Housing will need to provide evidence that they comply with the Local Connection Policy in terms of at least one of the following:
  - Current residency
  - Employment
  - Key worker criteria (a definition of 'key workers' will be provided)
  - Family connection
  - Special circumstances such as caring responsibilities
11. Other points to note are that:
  - People who do not meet the above points, but have exceptional circumstances, will be considered on a case by case basis.
  - In the villages named in paragraph 6 above, priority is likely to be given to applicants with a local connection to that village.
  - Some military personnel, members of the British Armed Forces and, in some instances, their divorced/separated or bereaved spouse or civil partner, will not require a local connection. However, for First Homes, the approach will be as stated in paragraph 13.9.