

APPENDIX 5 - AFFORDABLE HOUSING

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5.1 Average house prices in Three Rivers are some of the highest in the country outside London. Housing affordability within the District continues to be a major concern for many residents, and many local people have difficulty in accessing housing on the open market. This particularly affects the young and those on lower incomes who are entering the housing market.

5.2 The LHNA is clear that there is a notable need for affordable housing in Three Rivers and across South West Hertfordshire. Improving the supply and standard of affordable housing is therefore one of the biggest priorities for the Council to address the needs of our community.

Affordable Housing

Requirements and Thresholds

- (1) Delivery of affordable housing is a key priority of the Local Plan. In view of the identified pressing need for affordable housing in the District seek an overall provision of 40% of all new housing as affordable housing incorporating a mix of tenures. All new development resulting in a net gain of one or more dwellings will be expected to contribute to the provision of affordable housing through providing at least:
 - a) A minimum of 25% of affordable housing as First Homes (refer to First Homes Policy). First Homes must be delivered, sold and let in accordance with the Council's First Homes policy
 - b) 70% of affordable housing to be for social rent (by net additional unit), *and* 10% of affordable housing meeting the Building Regulations M4(3) standard (wheelchair user dwellings) as per the requirements of PPO 6 on Accessible and Adaptable dwellings.
- (2) In calculating the percentage of affordable units to be provided as part of a development scheme, the affordable housing requirement will normally be 'rounded up' to the nearest whole number.
- (3) Where development would affect existing affordable dwellings, permission will only be granted where this would not result in a net loss of affordable housing, and where the proposed tenure mix would meet affordable housing needs of the community.

Rural Exception Sites

- (4) Small-scale proposals delivering 100% affordable housing in perpetuity within and immediately adjacent to the village core areas of Bedmond and Sarratt may be supported within the Green Belt where these are evidenced to provide affordable housing to meet identified local community needs. A minor degree of market housing may be acceptable where it is required to support the delivery of affordable housing on the site.
- (5) Affordable housing should reflect the mix of sizes and types required in the District as identified through Policy xx Housing Mix and the Local Housing Need Assessment (LHNA) and subsequent updates as well as Housing Register.

Mode of Affordable Housing Provision

- (6) In most cases, affordable housing provision should be made on site, however on small sites delivering between one and nine dwellings, contribution to affordable housing may be made through commuted payments. Such payments will be broadly equivalent in value to on-site provision of affordable housing for rent, but may vary depending on site circumstances and viability. Payments will fund the development of affordable housing on other sites within the District.
- (7) To ensure community cohesion and good design, affordable homes must be fully integrated in the design of the overall scheme, being physically and visually indistinguishable from market units and dispersed across the site in clusters appropriate to the size and scale of the development. Designs resulting in high maintenance or service charges should be avoided.

Delivery

- (8) Affordable housing requirements that have been determined on the basis of viability and site-specific viability information seeking to justify an alternative level or mix of affordable housing will therefore only be accepted in exceptional cases. Viability assessments should be undertaken in accordance with the recommended approach set out in national planning guidance, including standardised inputs, and will be made publicly available.
- (9) Where a reduction in affordable housing is justified, the Council will seek to secure the preferred tenure split as a priority over a potentially higher total percentage of

affordable housing which would not be consistent with meeting priority needs. Such proposals will also be subject to detailed review mechanisms throughout the period up to full completion of the development, including an advanced stage review mechanism.

- (10) Where developments would trigger affordable housing requirements, application of the Vacant Building Credit will only be appropriate in demonstrated exceptional circumstances, and where a proposal would meet all of the following criteria:
- a) It is clearly demonstrated that the site would otherwise not come forward for any form of redevelopment at any point over the medium to long-term;
 - b) All buildings within the site boundary are vacant at the time the application is submitted;
 - c) There are no extant or recently expired permissions on the site for any proposed use class;
 - d) The proposal does not involve the loss of any capacity to meet other development needs from a site allocated for non-housing development; and
 - e) The building has not been made vacant for the sole purpose of redevelopment, evidenced by provision of marketing and vacancy evidence for a continuous period of five years (up to the point of submission of an application).

Reasoned Justification

5.3 Paragraph 65 of the NPPF advises that affordable housing should not be sought for residential developments that are not major developments, other than in designated rural areas where policies may set a lower threshold of five units or fewer.

5.4 However, the local circumstances in Three Rivers are considered to justify an alternative approach to require all developments resulting in a net gain of housing to contribute to affordable housing provision. This is on the basis of the acute need for affordable housing in the District demonstrated by the LHNA, and the crucial role that smaller sites delivering fewer than 10 dwellings has played in delivering housing historically which is expected to continue in future.

5.5 These factors are considered to outweigh the guidance within the NPPF and justify the approach within the Affordable Housing Policy to require all sites resulting in a net gain of dwellings to contribute to affordable housing provision in the District, and this approach has been supported in recent appeal decisions in the District.

5.6 The LHNA demonstrates that the median house price in Three Rivers during 2022 was £560,000. This is significantly above the Hertfordshire average of £512, 940 and the East of England average of £328,000 during the same period. Monthly rents across all sizes of accommodation are similarly above Hertfordshire and England averages within Three Rivers.

5.8 Affordability ratios in Three Rivers and across the South West Hertfordshire area have deteriorated significantly since 1997 and lower quartile house prices in the District were 12.85 times higher than lower quartile incomes at February 2022. The affordability of housing therefore remains a critical issue in Three Rivers, and will continue to be so for the foreseeable future.

5.9 The LHNA considered needs for affordable housing in accordance with the methodology set out within the National Planning Practice Guidance (NPPG). This identifies an annual net need for affordable housing for rent in Three Rivers over the period 2024-2040 of 364 homes per year.

5.10 The need for affordable housing for rent is equivalent to 57% of the District's total housing requirement under the standard methodology, and given the significant and growing need for affordable housing the LHNA confirms that seeking the maximum amount of affordable housing for rent as is viably possible is justified

5.11 With regard to the tenure of affordable housing for rent that is required, the greatest need in the District is for Social Rented housing, followed by Affordable Rent. Based purely on an analysis of affordability the LHNA recommends a tenure mix of 80% as Social Rent and 20% Affordable Rent capped at local housing allowance.

5.12 However, when benefits are taken into account, the LHNA notes that for households claiming Household Benefit, an affordable rent may be appropriate as long as the Housing Benefit is able to cover all of the rent, whilst for households with an income that would allow them to afford an affordable rent it is arguable that a social rent would be more appropriate as the housing costs would be less of a strain on household finances.

5.13 The LHNA also indicates that in addition to the requirement for affordable housing for rent, seeking 10% of housing on larger sites as affordable home ownership in line with the NPPF would be reasonable. However, given that the main analysis demonstrates that the most significant need is for households who cannot afford anything in the market without subsidy, there would be no basis to increase provision of affordable home ownership above this baseline 10% figure.

5.14 The Council acknowledge that requiring a higher proportion of affordable homes for rent, will impact on the overall level of affordable housing that may be delivered. However, these are the most urgent and pressing needs for housing in the District and the Council will therefore prioritise the delivery of a greater proportion of affordable housing for rent rather than a higher total level of affordable housing delivery through, for example, a higher proportion of affordable home ownership. A tenure mix in accordance with the draft LHNA will therefore be sought

5.15 Given the substantial need for affordable housing in the District, it is also essential that development does not lead to a reduction in the overall supply of affordable housing, or to changes to the tenure of affordable housing which is provided so that it is less well suited to meet demonstrated local needs. Such proposals would undermine the overall approach to the supply of affordable housing in the District and will be resisted.

5.16 There are fewer opportunities to build new homes in the District's smaller villages surrounded by, or designated as Green Belt due to more restrictive policies on housing in countryside and particularly in the Green Belt.

5.17 However, an element of new development can help to support these communities and paragraph 154 of the NPPF therefore enables provision of limited affordable housing for local community needs under policies set out in the development plan, including policies for rural exception sites.

5.18 In line with this potential exception, proposals for rural exception sites delivering 100% affordable housing within and immediately adjacent to the village core areas of Sarratt (may be supported in the Green Belt) where these are evidenced to provide affordable housing which would meet identified local community needs. The type and size of affordable housing provided on such sites must address identified needs in the individual village or the area it serves which is defined as the village or parish in which it is located.

5.19 First Homes are a specific type of discounted market sale housing and meets the definition of 'affordable housing' for planning purposes. Government policy requires that a minimum of 25% of all affordable housing units secured through developer contributions should be First Homes. Policy xxx First Homes sets out the policy requirements.

5.20 In relation to extra care housing, it is recognised that provision of affordable housing may be particularly difficult to achieve. In such circumstances, the policy will be implemented on a case-by-case basis, and the individual viability assessment will be used to demonstrate an appropriate affordable housing contribution.