

EAST HERTS COUNCIL

EXECUTIVE - 4 DECEMBER 2012

REPORT BY EXECUTIVE MEMBER FOR STRATEGIC PLANNING  
AND TRANSPORT

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AFFORDABLE HOUSING: PLANNING POLICY REQUIREMENTS

WARD(S) AFFECTED: All

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**Purpose/Summary of Report**

- To consider the potential and impact of a possible temporary relaxation in affordable housing provision requirements.

<b><u>RECOMMENDATION FOR EXECUTIVE:</u> That:</b>	
<b>(A)</b>	<b>consideration is given to a change to the Council's policy requirement for the provision of affordable housing as set out in paragraph 4.1 of this report.</b>
<b><u>RECOMMENDATION FOR COUNCIL:</u> That:</b>	
<b>(A)</b>	<b>the Council's policy requirement for the provision of affordable housing in category 1 and 2 Villages be amended and the revised wording for policy HSG3(II) and (III) as set out in paragraph 4.1 of this report be agreed:</b>
	<b>As a result, the threshold and requirement for provision of affordable housing would be as follows:</b>  <b>a) Main Settlements:</b> <b>Threshold: Sites over 15 units or 0.5ha</b> <b>Provision: Up to 40%</b>  <b>b) Category 1 and 2 Villages</b> <b>Threshold: Sites of up to 3 units or 0.12ha</b> <b>Provision: none</b>  <b>Threshold: Sites of 4-14 units or 0.12 – 0.5ha</b>

<p><b>Provision: Up to 25%</b></p> <p><b>Threshold: Sites over 15 units or 0.5ha</b></p> <p><b>Provision: Up to 40%</b></p> <p><b>The time period for the commencement of development of any planning permissions that come forward as result of this policy change shall be one year.</b></p>
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## 1.0 Background

- 1.1 The general background to this issue is the current economic circumstances of the country. Members will be aware that, one strand of the measures the government is pursuing to improve these circumstances, is to encourage development projects to proceed. In particular, in relation to affordable housing, the government has recently indicated that it wishes requirements for its provision to be reviewed and, if possible reduced.
- 1.2 The provision of affordable housing represents a cost to development in general terms. Whilst subsidised to a degree through government funding provided through a range of channels, ultimately either the landowner of land coming forward for development or the developer (or usually both) have to accept a lower return on the development scheme to accommodate those costs. Reducing those costs would provide a driver for greater economic activity by stimulating development.

## 2.0 Current Policy Position

- 2.1 The Council's current policy in relation to the provision of affordable housing in association with development is set out in the Local Plan (April 2007). Policy HSG3 sets out the trigger and requirements which are:
- (a) in the six main settlements, proposals for 15 or more dwellings or on sites over 0.5ha in extent;
- (b) in the category 1 and 2 villages, proposals for 3 or more dwellings or on sites over 0.09ha in extent.

In all cases the policy sets out that, up to 40% of the overall proposed number of dwellings will be sought as affordable housing units.

(Note: the six main settlements include the five towns and the settlement of Stanstead Abbots/ St Margarets).

- 2.2 Members will be aware that the Council's policy is articulated in a way that does enable flexibility. The 'up to 40%' caveat enables discussions to be had with regard to the extent of affordable provision for each site.
- 2.3 When dealing with larger scale proposals the experience of Officers is that these have included the cost of 40%. Indeed, for schemes that are coming forward through pre-application processes now, 40% provision is still being put forward. Where a reduced provision is offered, it is based on a validated viability assessment. These larger scale proposals are usually, but not always, situated in the main settlements.
- 3.0 Benefits and Risks of change
- 3.1 The benefit of a reduced policy requirement is that development proposals may come forward for sites which would otherwise remain undeveloped. This would provide the associated benefit of construction employment and subsequent addition to general housing delivery.
- 3.2 It is difficult to anticipate the extent of this. Sites which may be seen as more attractive to development as a result of an affordable housing requirement policy change may still be subject to other policy restrictions that prevent their development. They may be located in the green belt or in isolated locations where development would generally not be supported. There may be some sites which landowners or developers have not brought sites forward solely because of the Councils affordable housing policy requirements.
- 3.3 The risk of a relaxed policy requirement is that, whilst development generally may increase, the provision of affordable housing will be reduced in comparative terms. Given that large sites are being proposed on the basis of the current policy requirement however, the risk of any policy change can be significantly minimised if it is made only in relation to the village settlements thresholds and proportion requirements.

- 3.4 In the category 1 and 2 villages, relaxation of the policy requirement to a threshold of 4 or more dwellings (and a comparable site size threshold of 0.12ha) would constitute a modest change which may encourage a limited number of additional development sites to come forward. The effect would be that developers could propose a scheme of up to three new properties in these locations before there would be any policy requirement to provide affordable housing. In addition, a change in the proportion of provision required for schemes which comprise 4 or more dwellings would also reduce costs. It is suggested that the proportional requirement be reduced to up to 25% for schemes in category 1 and 2 villages of between 4 and 14 units. Above that scale, that is 15 or more units, up to 40% provision would be required.
- 3.5 This aligns with a concern that has been articulated that the current policy is acting in a way that prevents the modest scale developments coming forward, those which are located away from the towns and which may provide a limited number of new properties.
- 3.6 There is also a need to consider the timescale impact's of any policy change. It is suggested that, once the Councils District Plan Core Strategy is adopted that this should then become the Councils adopted policy position on this matter. That will lead to a period of policy relaxation of some 18 months. Planning permissions, once granted, normally have an implementation timescale of up to three years however and therefore, without further restriction, it may be possible to deliver development schemes under this reduced policy position for a period of 4.5 years.
- 3.7 It is suggested therefore that normal timescales for implementation are curtailed where schemes come forward under this proposed policy relaxation. Instead of the normal 3 year time limit, a 1 year time limit be applied. The rationale for this is clear. Development proposals that come forward in this way are given weight due to their more immediate beneficial economic impact. To then allow them to remain unimplemented for three years clearly runs counter to this desire to drive economic activity.
- 3.8 One other point to consider in relation to policy relaxation is that, whilst likely to be supported by the development industry, it may lead to more vigorous testing of the remaining policy or of any

subsequent policy position that is put forward through the Councils District Plan.

3.9 These proposed policy changes leave the situation in relation to development across the remainder of the district unchanged. That is, there is no policy support for residential development in general terms. Schemes which comprise solely affordable housing (exception schemes) would be supported however under policy HSG5. Members may wish to express their continuing commitment to supporting schemes which could come forward under this policy and which may be proposed by any community based organisation.

#### 4.0 Revised Affordable Housing Policy HSG3 (II)

4.1 If Members adopt the revised policy position set out in this report the revised policy part (II) and (III) would be amended as shown in bold below:

(II) Affordable housing provision will be expected on sites:

(a) proposing 15 or more dwellings, or over 0.5 hectares, in the six main settlements; and

(b) proposing **4** or more dwellings, or over **0.12** hectares, in the category 1 and 2 villages.

**(III) On suitable sites (in accordance with policy HSG4)**

**(a) in the main settlements the inclusion of up to 40% affordable homes will be sought as part of the proposed development of the site.**

**(b) in category 1 and 2 villages the inclusion of up to 25% affordable homes will be sought for schemes which comprise between 4 and 14 units inclusive (between 0.12ha and 0.5ha inclusive) as part of the proposed development of the site and up to 40% affordable homes will be sought for schemes which comprise 15 or more units or over 0.5ha in size as part of the proposed development of the site.**

## 5.0 Implications/Consultations

- 5.1 The corporate issues raised by the issues addressed in this report are as set out above. Details of consultation associated with this report can be found within **Essential Reference Paper 'A'**.

### Background Papers

None

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