

EAST HERTS COUNCIL

EXECUTIVE – 3 MARCH 2015

REPORT BY EXECUTIVE MEMBER FOR STRATEGIC PLANNING
AND TRANSPORT

AFFORDABLE HOUSING: AMENDMENT TO POLICY

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- To explain the recent changes in national planning policy relating to the provision of affordable housing.
- To set out the implications of this policy change for the Council's current Affordable Housing policy.
- To set out an amendment to the Council's Affordable Housing policy.

RECOMMENDATIONS FOR EXECUTIVE: that:

(A)	the changes in national planning policy announced through the Ministerial Statement are noted; and
(B)	consideration is given to implementing a threshold of 5 units or less in Category 1 and 2 Villages, below which affordable housing contributions will not be sought; and
(C)	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), (III) and (IV) as set out in paragraph 2.18 of this report be recommended to Council for agreement.

RECOMMENDATIONS FOR COUNCIL: that:

(A)	the changes in national planning policy announced through the Ministerial Statement are noted; and
(B)	the Council implements a threshold of 5 units or less in Category 1 and 2 Villages, below which affordable housing contributions will not be sought; and

(C)	<p>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), (III) and (IV) as set out in paragraph 2.18 of this report be agreed.</p>
	<p>As a result, the threshold and requirement for provision of affordable housing would be as follows:</p> <p>(a) Main Settlements:</p> <p>Threshold: Sites over 15 units or 0.5ha Provision: Up to 40%</p> <p>(b) Category 1 and 2 Villages:</p> <p>Threshold: Sites of up to 5 units or 0.17ha Provision: None</p> <p>Threshold: Sites of 6-10 units or 0.18 – 0.32ha and a combined gross internal floorspace of less than 1000sqm Provision: Financial contribution</p> <p>Threshold: Sites of 11-14 units or 0.33 – 0.49ha or combined gross internal floorspace of more than 1000sqm Provision: Up to 25%</p> <p>Threshold: Sites over 15 units or 0.5ha Provision: Up to 40%</p>

1.0 Background

- 1.1 On 28 November 2014 the Government published new national planning policy on the use of Section 106 planning obligation agreements. The key change is that, except in ‘designated rural areas’, affordable housing and tariff style contributions should not be sought from development of 10-units or fewer and which have a combined gross floorspace of no more than 1000 square metres.
- 1.2 The Government has introduced this change of policy through a Ministerial Statement and the insertion of a few new paragraphs

into its Planning Practice Guidance (usually referred to as the NPPG), its online set of planning guidance notes which supplements the National Planning Policy Framework (NPPF).

- 1.3 The Council's current policy in relation to the provision of affordable housing in association with development is set out in Temporary Policy HSG3, an amendment to the affordable housing policy HSG3 contained in the Local Plan 2007. This temporary policy was agreed by Council on 12 December 2012, and included both a change in threshold in relation to the requirement to provide affordable housing, and the percentage amount to be sought from development schemes, in the Category 1 and 2 Villages.
- 1.4 The Ministerial Statement on the 28 November 2014 has immediate effect and therefore the Council is required to amend its current affordable housing policy to ensure that it is in conformity with the new national planning policy.

2.0 Report

Key points from the Ministerial Statement and the NPPG

- 2.1 The Government is introducing into national policy a threshold beneath which affordable housing and tariff style contributions should not be sought. The rationale behind this policy change is to tackle the disproportionate burden of these contributions on small-scale developers, and custom and self-builders, providing a driver for greater economic activity by stimulating development.
- 2.2 Therefore, affordable housing and tariff style contributions should not be sought from sites of 10-units or less, and which have a maximum combined gross floorspace of less than 1,000 square metres.
- 2.3 However, in designated rural areas under Section 157 of the Housing Act 1985 (including National Parks and Areas of Outstanding Natural Beauty) the local planning authority may choose to implement a lower threshold of 5-units or less, beneath which affordable housing and tariff style contributions should not be sought.
- 2.4 If the 5-unit threshold is implemented, then payment of affordable housing and tariff style contributions on developments of between

6-10 units should be sought as a cash payment only and be commuted until after completion of all units within the development.

- 2.5 These changes will not apply to Rural Exception Sites, which, subject to the local area demonstrating sufficient need, remain available to support the delivery of affordable homes for local people.

Designated Rural Areas

- 2.6 A designated rural area is any area described under Section 157(1) of the Housing Act 1985, which covers all National Parks and Areas of Outstanding Natural Beauty, plus any additional rural areas designated by Secretary of State order.
- 2.7 In East Herts, the majority of Parishes are listed in the Housing (Right to Acquire or Enfranchise) (Designated Rural Areas in the East) Order 1997, and are therefore designated as 'rural areas' under Section 157(1) of the Housing Act 1985. The table below shows the Parishes in East Herts which are listed in the Secretary of State order:

Designated Rural Areas in East Hertfordshire – Entire Parishes

Albury, Anstey, Ardeley, Aspenden, Aston,
Bayford, Bengoe Rural, Benington, Bramfield, Braughing, Brent Pelham,
Brickendon Liberty, Buckland,
Cottered,
Datchworth,
Eastwick,
Furneux Pelham,
Gilston, Great Amwell, Great Munden,
Hertford Heath, Hertingfordbury, High Wych, Hormead, Hunsdon,
Little Berkhamsted, Little Hadham, Little Munden,
Meesden, Much Hadham,

Sacombe, Standon, Stapleford, Stocking Pelham,
Tewin, Thorley, Thundridge,
Walkern, Ware Rural, Watton at Stone, Westmill, Widford, Wyddial

- 2.8 Therefore, the Council can choose to implement the lower threshold, of 5-units or less, to development in these Parishes as they are 'designated rural areas', in accordance with the Ministerial Statement.

Current Policy Position - Temporary Affordable Housing Policy HSG3 (as amended 12 December 2012)

- 2.9 The Council's current policy in relation to the provision of affordable housing is set out in Temporary Policy HSG3, an amendment to the affordable housing policy HSG3 contained in the Local Plan 2007. This policy was amended on 12 December 2012 and was anticipated to remain in force until replaced with one in the forthcoming District Plan. The policy states:

In the six main settlements of:

- Bishop's Stortford
 - Buntingford
 - Hertford
 - Sawbridgeworth
 - Stanstead Abbots and St Margarets
 - Ware
- the inclusion of up to 40% affordable homes will be sought on sites proposing 15 or more dwellings, or over 0.5 hectares.

In Category 1 and 2 villages:

- the inclusion of up to 25% affordable homes will be sought on sites proposing between 4 and 14 dwellings inclusive, or sites between 0.12ha and 0.5ha.
- the inclusion of up to 40% affordable homes will be sought on sites proposing 15 or more dwellings, or over 0.5 hectares.

Implication of Ministerial Statement on Current Policy Position

- 2.10 The Ministerial Statement on the 28 November 2014 has immediate effect and therefore the Council is required to alter its current affordable housing policy.

- 2.11 In the six main settlements, the threshold for seeking affordable housing contributions is for schemes of 15 or more dwellings, or over 0.5 hectares. This threshold conforms with the new national planning policy so no amendments are needed to this part of the policy.
- 2.12 However, in Category 1 and 2 Villages, the threshold for seeking affordable housing contributions is for schemes of 4 or more dwellings, or sites over 0.12 hectares. As this threshold falls below the nationally imposed threshold of 10 units, or 5 units in 'designated rural areas', the current policy relating to the provision of affordable housing in Category 1 and 2 Villages requires amendment.
- 2.13 All of the Category 1 and 2 Villages fall within Parishes which are 'designated rural areas'. Therefore the Council can choose to implement the lower threshold (of 5-units) below which affordable housing and tariff style contributions will not be sought in these villages. The tables below list the Category 1 and 2 Villages from the Local Plan 2007, alongside the relevant 'designated rural area'.

Category 1 Villages

<u>Category 1 Village (Local Plan)</u>	<u>Designated Rural Area</u>
Braughing	Braughing Parish
Hertford Heath	Hertford Heath Parish
High Cross	Thundridge Parish
Hunsdon	Hunsdon Parish
Much Hadham	Much Hadham Parish
Puckeridge	Standon Parish
Tewin	Tewin Parish
Walkern	Walkern Parish
Watton-at-Stone	Watton-at-Stone Parish

Category 2 Villages

<u>Category 2 Village (Local Plan)</u>	<u>Designated Rural Area</u>
Aston (excluding Aston End)	Aston Parish
Bayford	Bayford Parish
Benington	Benington Parish
Brickendon	Brickendon Liberty Parish
Dane End	Little Munden Parish
Datchworth	Datchworth Parish
Furneux Pelham	Furneux Pelham Parish
Great Amwell	Great Amwell Parish
Hadham Ford	Little Hadham Parish
High Wych	High Wych Parish
Little Hadham	Little Hadham Parish
Standon	Standon Parish
Stapleford	Stapleford Parish
Thundridge	Thundridge Parish
Wadesmill	Thundridge Parish
Widford	Widford Parish

2.14 It is recommended that the Council chooses to exercise its right to implement the lower threshold, of 5-units or less, in the Category 1 and 2 Villages. This would enable the Council to seek financial contributions from schemes comprising between 6 and 10 units, which can be used to facilitate the delivery of additional affordable housing in the rural area. The financial contribution will be required to be paid following the completion of the proposed scheme.

2.15 This amended policy will remain in force until it is replaced with one in the forthcoming District Plan. Members will be aware that the draft District Plan Affordable Housing Policy HOU3, proposed

a threshold of 5 dwellings across the district and this draft policy will also require amendment in light of the change in national policy.

- 2.16 The change in national policy will also need to be reflected in emerging Neighbourhood Plans. In particular, amendments may be required to policies in the Bishop's Stortford Neighbourhood Plan – Silverleys and Meads Wards, prior to the Plan's adoption.
- 2.17 It is anticipated that the District Plan will include a formula based calculation which will be used to determine the financial contribution sought from each scheme. However, in the interim period prior to the adoption of the District Plan, it is proposed that the financial contribution be calculated in negotiation with the Council's Housing Development Officer, in consultation with the Portfolio Holder and Director, and subject to agreement by the Council's Development Management Committee.
- 2.18 The proposed revised policy position is set out below:

Temporary Policy HSG3 – applicable from 29 November 2014

HSG3 Affordable Housing

- (I) Affordable housing is defined as housing provided, with subsidy, both for rent and low cost market housing, for people who are unable to resolve their housing requirements in the local private sector housing market because of the relationship between local housing costs and incomes.
- (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 11 or more dwellings, or over 0.33 hectares, or which have a combined gross internal floorspace of more than 1000 sqm, 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 11 and 14 units inclusive (between 0.33ha and 0.49ha) 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.

- (IV) In Category 1 and 2 villages, a financial contribution to the provision of affordable housing will be sought for schemes which comprise between 6 and 10 units inclusive (between 0.18ha and 0.32ha) and which have a combined gross internal floorspace of less than 1000 sqm. The financial contribution will be calculated in negotiation with the Council's Housing Development Officer, in consultation with the Portfolio Holder and Director, and subject to agreement by the Council's Development Management Committee.

3.0 Implications/Consultations

- 3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

- Ministerial Statement 28 November 2014
<http://www.publications.parliament.uk/pa/cm201415/cmhansrd/cm141128/wmstext/141128m0001.htm>.
- National Planning Practice Guidance 'Planning Obligations'
<http://planningguidance.planningportal.gov.uk/blog/guidance/planning-obligations/planning-obligations-guidance/>
- The Housing (Right to Acquire or Enfranchise) (Designated Rural Areas in the East) Order 1997
<http://www.legislation.gov.uk/uksi/1997/623/schedule/1/made>
- Report to Executive: Affordable Housing: Planning Policy Requirements (4 December 2012)
<http://online.eastherts.gov.uk/moderngov/documents/s17319/Affordable%20Housing.pdf>

Contact Member:

Cllr Mike Carver – Executive Member for
Strategic Planning and Transport
mike.carver@eastherts.gov.uk

Contact Officer:

Kevin Steptoe – Head of Planning and Building
Control
01992 531407
kevin.steptoe@eastherts.gov.uk

Report Author:

Laura Pattison – Senior Planning Policy Officer,
Planning Policy