

East Herts Council Report – key decision taken by an officer

Date: 10 March 2026

Report by: Jonathan Geall, Director for Communities

Report title: Allocation of s106 commuted sums to enable conversion of three affordable rent units and three shared ownership units to six social rent units at the Lime Kiln development, Northgate End, Bishop's Stortford

Ward(s) affected: Bishop's Stortford All Saints

Summary

When it is not possible for affordable housing to be developed on site at a new housing scheme, the council will accept a commuted sum in lieu of that affordable housing. The conditions for use of these commuted sums are set out in the s106 planning agreement made between the developer and the council.

This report details a scheme to enable conversion of 3no. affordable rent flats and 3no shared ownership flats to 6no. social rent flats at the Lime Kiln development, Northgate End, Bishop's Stortford.

RECOMMENDATIONS FOR DECISION: That, acting under authority delegated by the Executive on 4th March 2014 to '*make decisions on any future funding contributions to aid sustainable affordable housing development*', the Director for Communities, acting in consultation with the Executive Member for Neighbourhoods as required by the Executive's delegation, approves that:

- (A) £675,000 of commuted sums held by the council for affordable housing be granted to Hightown Housing Association Ltd, a registered provider of affordable housing, to convert 3no. affordable rent flats and 3no. shared ownership flats to 6no. social rent flats at the Lime Kiln development, Northgate End, Bishop's Stortford.

1.0 Proposal(s)

- 1.1 It is proposed to provide a grant to Hightown Housing Association of £675,000, payable from commuted sums held by the council for the exclusive use of providing affordable housing, in order that the housing association provides the 3no. affordable rent flats and 3no. shared ownership flats required as a planning condition at the Lime Kiln development, Northgate End, Bishop's Stortford, for social rent instead.
- 1.2 The provision of social rent in place of affordable rent and shared ownership supports one of the key objectives in the council's Housing Strategy 2022-27 to *'increase the supply of new homes offered with (a) social rents or (b) affordable rents at or very near to between 50% and 60% of market rents'*. It also addresses an important element of the council's Corporate Plan to *'prioritise actions to make housing truly affordable'*.

2.0 Background

- 2.1 The planning consent for the council to develop 15no. flats at Northgate End, Bishop's Stortford (now known as 'Lime Kiln') required the provision of 3no. flats at affordable rent and another 3no. flats for shared ownership. As part of their offer to acquire the whole block (pursuant to the Executive's decision made at their meeting of 11th February 2025 to market and dispose of the freehold of the building), Hightown Housing Association put forward that should the council be able to provide grant funding, they could combine this with other grant funding available from Homes England to convert the affordable housing required to social rent as part of a conversion of the whole block to social rent housing.
- 2.2 The council has commuted sums from s106 planning agreements for such use and so the option to provide a grant funded in this way has been considered and is now proposed.

3.0 Reason

- 3.1 The council's Corporate Plan includes the commitment to *'prioritise actions to make housing truly affordable'*.
- 3.2 In addition, the council's Housing Strategy 2022-27 lays out in detail the housing needs in the district. It has been informed by a very detailed analysis of the affordability of different rented tenures in the district conducted on the council's behalf by the Housing Quality Network (HQN). Key findings of HQN's research included that:
- single people, needing a one-bedroom home, working full-time on the government's minimum wage could only afford a social rent and not an affordable rent, where affordability is defined as no more than 40% of income from all sources being spent on housing costs
 - a lone parent, taken to need a two-bedroom home, could afford only a social rent if reliant on benefits alone or working on the national minimum wage.
- 3.3 It is clear from this research that market rents in East Herts, and thus local affordable rent levels pegged to these market levels, are so high that properties at social rents are required to assist key sections of our community.
- 3.4 Unfortunately, we have not seen a sizable supply of new social rent homes in recent years in East Herts. This is because land prices in this prime commuter area just north of London are particularly high, leading to new affordable supply from developer-led schemes rather than registered provider-led development.
- 3.5 While the council has been able to typically achieve affordable delivery at 40% of total units on developer-led schemes, in compliance with the East Herts District Plan, these units have almost exclusively been provided for affordable rent and shared ownership in recent years. This has obviously created issues of affordability within the new supply chain, notably among smaller properties, with social rent units confined to former council stock, which was transferred in 2002, that have neither been sold under right-to-buy nor switched to affordable rent.

3.6 The proposal discussed in this report would see the council devoting a proportion of the commuted sums held for affordable housing to enable conversion of the affordable units required as a condition of planning consent to social rent. This would bring forward 3no. one bedroom social rent flats and 3no. two bedroom social rent flats, with Hightown Housing Association accessing additional grant to convert the remaining 9no. market flats to social rent too.

4.0 Options

4.1 Use the £675,000 towards the building of homes at social rents. **NOT RECOMMENDED** as estimates would suggest that the grant required to fund the building of a property for social rent, without any other subsidy, would be in the region of £175,000 to £200,000, clearly in excess of the £112,500 per property in this proposal. Furthermore, funding new build relies on the site availability and planning permission and runs the risk of uncertainty and delay inherent in new development. The value for money of the proposed scheme is thus self-evident.

4.2 Retain the £675,000 and seek other registered partners' suggestions on how the amount could be used to bring forward social rent housing. **NOT RECOMMENDED** as the provision of grant from the council enables Hightown Housing Association to lever in additional Homes England grant, thus ensuring the overall viability of the whole block of 15no. flats becoming a social rent scheme. Delaying the transaction to afford time to seek other opportunities would mean Hightown Housing Association could not access the additional grant given Homes England's funding timetable. Added to this, no other housing association has approached the council with any similar proposal.

4.3 Make a grant of £675,000 to Hightown Housing Association. **RECOMMENDED** for the reasons laid out in this report.

5.0 Risks

- 5.1 There is a risk of the developers who provided the commuted sums requesting repayment if the monies are not used by the deadline set in the s106 agreement. The commuted sums to be used to fund the proposed grant have been generated by two developments in Bishop's Stortford. The majority (£565,300) of the £675,000 grant will be funded with monies that must be spent by the end of March 2026 to avoid repayment; the proposal is a legitimate use of the commuted sum and will contribute to use of the full amount by the deadline. The remainder of the grant will be paid with other commuted sums with a less pressing deadline.
- 5.2 There is a risk that Hightown Housing Association could receive the money but not then use it to deliver social rents. This risk has been mitigated by the drawing up of an agreement between the council and the housing association which commits Hightown to use the sums for the conversion of 6no. properties at Lime Kiln to social rent.

6.0 Implications/Consultations

- 6.1 The Executive Member for Neighbourhoods has been consulted as required and supports the proposal.

Community Safety

None arising directly from this report.

Data Protection

None arising directly from this report.

Equalities

The council will have 100% nomination rights at the point of first letting, with 75% nomination rights thereafter. That said, Hightown Housing Association, like other registered providers, typically relet their properties through the council's choice-based letting system thus affording the council 100% nomination rights on subsequent relets. The council's means of allocating applicants to vacant homes has been subject to an equalities impact assessment.

Environmental Sustainability

None arising directly from this report.

Financial

As noted earlier in this report, the council holds commuted sums for affordable housing purposes. The majority (£565,300) of the proposed grant will be funded from monies held by the council pursuant to the s106 planning agreement for the South Street Commercial Centre development in Bishop's Stortford (3/12/2154/FP). The remainder of the grant (£109,700) will be funded with commuted sums arising from the White Leys development in Bishop's Stortford (3/12/1094/FP). The council's s106 Programme Manager has confirmed that the sums can legitimately be used to provide a grant for social rent housing. As discussed earlier, the proposed use of the commuted sums represents a very cost-effective way for the council to enable homes at social rent levels.

Health and Safety

None arising directly from this report.

Human Resources

None arising directly from this report.

Human Rights

None arising directly from this report.

Legal

The proposal represents a legitimate and legally compliant use of the commuted sum arising from the s106 planning agreement for the South Street Commercial Centre development in Bishop's Stortford and White Leys development in Bishop's Stortford. This has been confirmed by the council's s106 Programme Manager.

Legal input has been provided on the drafting of the grant agreement that would be signed between the council and Hightown Housing Association as a condition of grant payment.

Specific Wards

The properties are located in the Bishop's Stortford All Saints ward.

7.0 Background papers, appendices and other relevant material

None.

Contact Member

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