

Three Rivers District Council

Local Development Framework

Affordable Housing Supplementary Planning Document with Proposed Changes

June 2011



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1.0 Chapter 1 - Introduction and Context

Executive Summary

- 1.1 Average house prices within Three Rivers are some of the highest in the country outside of London. House prices are high relative to incomes in the District resulting in a significant proportion of the population, particularly the young and those within the less affluent parts of the District, being unable to access housing in the general market. The lack of suitable and affordable housing within Three Rivers impacts on the ability of the District to attract and retain workers with impacts on key services and the local community.
- 1.2 A step-change in the provision of affordable housing is therefore required in order to seek to meet the large identified need for affordable housing. To address these issues, the provision of affordable housing to meet the needs of the local people is one of the Council's top corporate priorities and is a key theme of the Three Rivers Housing Strategy, Community Strategy and the Core Strategy.
- 1.3 The purpose of this Supplementary Planning Document is to provide guidance on the application of the affordable housing policies in the Core Strategy Development Plan Document (DPD), submitted in February 2011. The policies within the Core Strategy seek to secure the provision of an appropriate level, mix and size of affordable housing units so that the significant amount of new housing planned overall in the District addresses the identified housing need of all parts of the community.
- 1.4 In order to deliver the requirements of Policies CP4 (Affordable Housing), PSP4 (Development in Villages) and CP1 (Sustainable Development), this SPD provides guidance on the application of these policies to proposals for residential development by:
- Providing guidance on the circumstances in which affordable housing will be required to meet the overall target for the amount of housing to be provided in accordance with the Core Strategy DPD
 - Identifying targets for social rented and intermediate affordable housing, in accordance with the Core Strategy DPD
 - Providing guidance on the size and type of affordable housing required, in accordance with the Core Strategy DPD
 - Providing guidance on the design, appearance and layout of affordable housing
 - Providing certainty to developers about the requirements for affordable housing as part of residential developments or on rural exception sites
 - Providing detailed guidance on the calculation of financial contributions in lieu of on-site provision of affordable housing
 - Providing information on the allocation and release of "exception sites" for affordable housing in rural settlements, to be retained as affordable housing in perpetuity and meet the needs of households with a local connection.
- 1.5 The overall objective of this SPD is to assist in the achievement of the Core Strategy DPD priorities to improve access to housing and affordable housing for communities across the whole of the District.

Status

- 1.6 This document was reported to the Executive Committee on 28 March 2011. It was subject to public consultation between xxx to xxx, the consultation responses were reported to the Executive committee on xxxx, the Committee resolved to adopt the SPD on xxxx. [Dates to be completed on adoption of SPD].
- 1.7 This adopted Supplementary Planning Document on affordable housing forms part of the Local Development Framework and will be taken into account as a **material consideration** when determining planning applications. This document supersedes Supplementary Planning Guidance No.1: 'Affordable Housing' adopted in November 2003.

Policy Context

National Policy Context

- 1.8 Planning Policy Statement 3: 'Housing' sets out the Government's vision, objectives and policies in relation to the provision and delivery of housing. The principle aim of PPS3 is to increase housing delivery through a more responsive approach to local land supply, supporting the Government's goal to ensure that everyone has the opportunity of living in a decent home, which they can afford, in a community where they want to live.
- 1.9 In PPS3 the Government states that it is committed to improving the affordability and supply of housing in all communities. Among the objectives is the creation of sustainable, inclusive, mixed communities in all areas, both urban and rural. In rural areas, where opportunities for delivering affordable housing tend to be more limited, PPS3 states that Local Planning Authorities should consider allocating and releasing sites solely for affordable housing, including a Rural Exception Site Policy.
- 1.10 To meet these strategic objectives local development documents are to set plan-wide targets for the amount of affordable housing for both social rented and intermediate housing. Viability constraints need to be considered when setting these targets. PPS3 sets a national indicative minimum site size threshold of 15 dwellings. However, Councils can set lower minimum thresholds, where viable and practicable, including in rural areas.

Regional Spatial Strategy

- 1.11 The East of England Plan sets out the spatial strategy to guide development in the East of England for at least the next 20 years covering aspects such as housing, economic development, the environment, transport, sport and recreation, waste development, mineral extraction, etc. With regards to affordable housing the East of England Plan identifies that 11,000 new affordable homes are needed, in the East of England, each year (7,200 social rented, 2,400 intermediate rent and 1,320 social rented backlog) to help meet identified need, with an additional 13,200 units needed to address un-met needs e.g. homelessness, families in overcrowded accommodation and suppressed households. In response to this need the East of England Plan sets an indicative regional target of 35% of all new housing to be affordable. Due to the variation in housing stress throughout the region the East of England Plan identifies that local targets of more than 35% may be justified in more pressurised areas.
- 1.12 The Coalition Government are committed to the abolition of Regional Strategies through the Localism Bill. The planned revocation of the East of England Plan will not impact on the required affordable housing provision as set out in Policy CP4 of the Core Strategy DPD and this SPD.

Three Rivers Local Development Framework (LDF)

- 1.13 Policy CP4 of the Core Strategy Development Plan Document addresses affordable housing provision. This policy responds to Government guidance in PPS3 and evidence from the Council's Housing Needs Survey (update 2004) and the Strategic Housing Market Assessment (April 2010). The policy deals with the overall requirement for provision of affordable housing in new housing developments, exceptional site circumstances and rural exception sites for affordable housing. This SPD is consistent with the policy requirements of the Core Strategy.
- 1.14 The Core Strategy DPD policies relating to affordable housing are set out in Appendix 1.
- 1.15 Core Strategy Policies CP4 and PSP4 are based on a robust evidence base, which are set out in the Core Strategy. This evidence base has been further enhanced to inform of the viability of the commuted payments formula.
- 1.16 This guidance has been prepared in accordance with the Council's Statement of Community Involvement.

Proposed Changes to Social Housing

- 1.17 The Government are proposing changes to social housing provision, detailed within the consultation document 'Local decisions: a fairer future for social housing', released in November 2010. To give greater flexibility to Registered Providers and Local Authorities the Government are proposing to introduce a new model of affordable housing for Registered Providers, with flexible tenancies and affordable rents.
- 1.18 The Government intend to increase Registered Providers' freedom of flexibility allowing them to provide tenancies with a range of fixed periods, with a minimum of 2 years. Flexible tenancies will allow Local Authorities to assess tenants' housing need at the end of their tenancy period. Social landlords will also have the option to offer a fixed term tenancy at either an affordable rent or at a social rent, depending on local needs and circumstances. Affordable rents will be set between social rents and a maximum of 80 percent of local market rents. Affordable rent tenancies will apply to any new affordable homes and vacant social homes from April 2011.
- 1.19 Local Authorities will have a duty to publish a strategic tenancy policy which will set out the broad objectives to be taken into consideration by individual Registered Providers in the area regarding their own policies on the grant and reissue of tenancies. The publication of these policies will aim to provide transparency, enabling local communities to understand clearly how Registered Providers are responding to local housing needs and priorities.
- 1.20 If this new form of affordable tenure is adopted within PPS3, the Council will consider the appropriateness and implications of its use in the District in light of the effect on outcomes for those in housing need and the impact on the economics of provision. Any substantive changes to this Guidance as a result will be consulted on prior to adoption.

Housing Strategy

- 1.21 The existing Housing Strategy 2006 – 2011, which details the housing needs and priorities of Three Rivers District, is currently being updated by the Housing Department. The existing Housing Needs Study (update 2004) estimated that 429 affordable dwellings would be needed each year to satisfy need. Such provision would exceed the total number of all housing types provided in the District in any year. The Strategy also identifies a need for family sized affordable units within the District.
- 1.22 This SPD will be updated accordingly once the Housing Strategy has been updated.

Planning Applications

- 1.23 Applicants/developers should seek pre-application advice for any schemes proposing new housing and developments on Rural Exception Sites to discuss their proposals and the Council's requirements for affordable housing provision **before** the submission of an application, in order not to delay the application process.

2.0 Chapter 2 – Housing Need

- 2.1 In order to provide an objective assessment of the housing needs of Three Rivers residents and provide an evidence base for policies, a Housing Needs Study was undertaken in 2001, updated in 2004. The study assessed the general characteristics of households across the District, housing need for the whole District and affordability in the housing market, taking into account house prices, rental and income levels. The Housing Needs Study (2004 update) estimated that 429 affordable dwellings would be needed each year to satisfy need. However, the Core Strategy housing target is for 180 dwellings to be provided each year up until 2026, this figure includes both market and affordable housing provision. The identified need of 429 affordable dwellings a year therefore clearly exceeds the total number of all houses to be provided in the District in any year.
- 2.2 In 2004 the new planning system required emerging planning policies to be founded on a robust evidence base. In respect of affordable housing PPS3 introduced Strategic Housing Market Assessments (SHMA) as the new approach to assessing housing needs for the whole of the community, covering both market and affordable housing. As such, in 2008 a London Commuter Belt (West) SHMA was commissioned by Hertfordshire County Council, Dacorum Borough Council, Watford Borough Council, Hertsmere Borough Council, St Albans District Council, Three Rivers District Council and Welwyn Hatfield Borough Council. The SHMA will be updated on a rolling basis as significant new data becomes available. The SHMA provides a more up-to-date evidence base than that of the Housing Needs Study to inform the implementation of the Core Strategy policies, particularly in terms of the likely profile of household types requiring market housing e.g. families with children, couples, and single persons; and the size and type of affordable housing required to 2021.
- 2.3 The key findings from the SHMA (2010) are that:
- **The requirement for affordable housing in and around the Three Rivers area remains exceptionally high.** This is largely as a result of very high house prices and rents, a constricted supply of suitable sites for all housing types and losses from the existing affordable stock through 'Right To Buy' sales
 - **In order to completely satisfy affordable housing requirements, all future housing supply in the District to 2021 would need to be affordable.** This represents the highest requirement amongst the six authorities within the London Commuter Belt (west) sub-region
 - In terms of tenure, 23% of housing to 2021 would be needed as social rented and 77% as intermediate
 - When affordable housing requirements are considered across the Watford housing sub-market (which includes Three Rivers), 22% of new housing would be needed as social rented and 52% as intermediate, giving an overall requirement for 74% of future housing supply to 2021 to be affordable.
- 2.4 However, owing to the very high property prices in the District, many intermediate forms of affordable housing are still beyond the reach of local households in need. The Council's Housing Register identifies an acute immediate need for affordable rental accommodation in the District. This need is partially masked in the SHMA findings by the need for intermediate housing. The very high house prices in the District mean that there is a virtually complete absence of housing options available to households on incomes of £20,000-£30,000 and limited options for those with incomes of £30,000-£35,000. This lack of stock is reflected in the very high requirements for intermediate housing. Although the Council recognise that there is a need for intermediate affordable housing in the District, the current priority of the Council's Housing Department is to provide social rented housing as this is required to meet the most acute and immediate housing need shown by the housing register. The Council will therefore seek an

adjusted mix between social and intermediate housing from that detailed within the SHMA to meet the immediate needs for social rented accommodation. The tenure requirements are set out at AFH2.

- 2.5 The targets for social rented and intermediate affordable housing will be reviewed annually and the SPD will be up-dated to reflect the identified need, by addendum.

3.0 Chapter 3 – Planning Affordable Housing Provision

AFH1: Definition of Affordable Housing

3.1 The definition of affordable housing, as detailed in the current form of PPS3, is set out in Appendix 2 of this document. The definition can be summarised as follows:

Affordable housing – housing that is available at a cost low enough to meet the needs of eligible households, having regard to local incomes and local housing prices and which will remain at an affordable price for future eligible households or, if not, that the subsidy is recycled for alternative affordable housing provision. Affordable housing includes:

- **Social rented housing** – housing owned and managed by local authorities and/or registered providers, for which guideline target rents are determined through the national rent regime. It may also include rented housing owned or managed by other persons, for example, private sector bodies, or provided without grant funding where it is provided under equivalent rental arrangements.
- **Intermediate affordable housing** – housing at prices and rents above those of social rent, but below market price or rents. These can include shared equity products e.g. HomeBuy, other low cost homes for sale, and intermediate rent.

3.2 Social rented housing in Three Rivers is usually owned and managed by Registered Providers. Registered Providers are regulated and ensure that the rents are affordable to those in need. If no Registered Provider is involved and the affordable housing is to be owned and retained (as opposed to managed), by a body other than a Registered Provider the rents and equivalent safeguards concerning its long term nature and the recycling of benefit will need to be secured by legal agreement.

3.3 Low cost market housing will not be considered, for planning purposes, as affordable housing, unless there are mechanisms to secure its discount in perpetuity so that it meets the definition of Affordable Housing in PPS3. It may nonetheless serve an important function in providing housing for those who cannot access more expensive market housing but who are not eligible for affordable housing.

When is Affordable Housing Required?

3.4 Policy CP4 applies to all proposals for housing development that result in a net gain of one or more dwellings. In most cases it is clear when an application includes housing development, but there are some cases where clarification of the position is helpful.

3.5 The principle is that any residential use that involves individual units of self contained residential accommodation, with their own front doors, will be regarded as residential and Policy CP4 will apply. This includes sheltered or age restricted accommodation where it provides self contained accommodation, even if there is a warden or administrator on site some or all of the time. However, if the residential accommodation has shared facilities and is not therefore self contained, as in the case of some supported housing and residential care homes, it is regarded as an institutional use and Policy CP4 will not apply.

3.6 Any change of use proposals that would result in the net gain of one or more residential units will have to comply with Policy CP4 including any developments proposing the subdivision of the original dwelling into two flats.

3.7 This SPD and the criteria set out in Policy CP4 of the Core Strategy DPD also apply to conversions such as conversions of barns and subdivision of existing dwellings, resulting in the net gain of one dwelling, as well as new build developments.

3.8 Applicants/developers are encouraged to seek pre-application advice for any development proposals that will result in the net gain of one or more dwellings. The targets for affordable housing, set out in this document, will be applied to all planning applications and renewals that meet the policy threshold, including applications on sites for which permission has expired. This SPD will not be applied retrospectively in respect of extant planning permissions.

AFH2: Amount and Tenure Split of Affordable Housing

3.9

All proposals for residential development will be required to comprise 45% affordable housing, regardless of the availability of grant, with a guideline tenure split of 70% social rented and 30% intermediate affordable housing. The Council will consider the impact on development economics in relation to each scheme in accordance with this Guidance.

Rationale

3.10 All residential development proposals will be required to make provision for affordable housing to address the Development Plan objective (Policy CP4) of providing 45% of the overall target for affordable homes over the Development Plan period.

3.11 The tenure mix of affordable housing units on-site should reflect the identified local and District wide housing need and contribute towards a balanced housing market and the creation of mixed, integrated and sustainable communities.

3.12 Owing to the very high property prices in Three Rivers, many intermediate forms of Affordable Housing are beyond the reach of local households in need. Therefore, to meet the acute need for rental accommodation within Three Rivers, as demonstrated by the Housing Register, the Council will adjust the mix between social and intermediate provision as detailed within the SHMA. A ratio of 70% social rented and 30% intermediate provision will form the starting point for negotiations on all qualifying sites.

3.13 The broad site tenure mix should be agreed by developers in discussions with the Council's Housing Department **before** any planning application is submitted and the agreed tenure confirmed in any subsequent legal agreement. If the proposed housing mix between social and intermediate housing is not acceptable, then planning permission will be refused.

AFH3: Mode of Provision

3.14

The Council will require affordable housing to be provided on-site.

- 1 For proposals of 1-9 net additional dwellings, provision may be by way of commuted sum to enable the delivery of affordable housing.**
- 2 For proposals with a net gain of 10 or more dwellings, on-site provision will be required.**

Rationale

- 3.15 The Council will require affordable housing provision to be provided on-site. In relation to small sites delivering one to nine dwellings the Council will consider the use of commuted payments, in lieu of on-site provision where requested on the basis that it is unfeasible to make provision on-site. The Council will have regard to linked development when considering the genuine scale of proposals. Commuted payments will be broadly equivalent in value to the on-site provision, taking into account the additional market housing that would be provided due to there being no on-site affordable units.
- 3.16 On-site provision/commuted payments should broadly be financially neutral and it will therefore be rare that financial viability constraints by themselves will justify commuted sums in lieu of provision. The basis for calculation of commuted sums is set out in Chapter 7 of this Guidance. The Council may pool commuted sums to deliver affordable housing, details of how commuted payments will be spent is set out in Chapter 7.
- 3.17 Detailed guidance on commuted payments in lieu of on-site provision is set out at Chapter 7.
- 3.18 Core Strategy Policy CP4 makes it clear that in assessing affordable housing requirements, including the amount, type and tenure mix, the Council will treat each case on its merits, taking into account site circumstances that influence the provision of affordable housing. The viability implications of affordable housing provision on a development proposal will be considered by the Council, where it is supported by a robust evidence base. Financial viability is discussed in detail in Chapter 6.
- 3.19 In calculating the number of affordable units to be provided as part of a development scheme, the affordable housing requirement will be rounded to the nearest whole number.

AFH4: Type and Size of Affordable Homes

3.20

The affordable component of residential development proposals will provide a range of housing sizes and/or types, including a significant proportion of family sized, two plus bedroom dwellings, in accordance with local housing requirements as detailed within the Housing Strategy and the Core Strategy DPD.

Rationale

- 3.21 To ensure that the affordable housing to be provided meets local housing needs, the type (e.g. house, bungalow, apartment) and size (i.e. number of bedrooms) of property to be provided in individual schemes will be based upon advice from the Council's Housing Strategy team, informed by monitoring information, any local needs evidence including Choice Based Lettings data and the Housing Register. The overall balance of the type and size of affordable housing to be sought across the District will be informed by the Strategic Housing Market Assessment (SHMA) subject to local considerations on a site by site basis.
- 3.22 The SHMA includes an indicative breakdown of needs in terms of size of accommodation for affordable housing for rent, which suggests that around 30% of affordable homes should be for singles / couples. This is the requirement to 2021 which takes into account demographic projections which anticipate a trend towards smaller household sizes. However, in practice the Council considers that this is a higher figure than would be desirable as the proportion of small units to be sought from new affordable housing in the short term because:

- The existing supply of affordable homes already provides a reasonable supply of one bed units relative to larger units
- There is a lower turnover of family sized housing stock, so fewer **become** available for those in need in the existing stock
- The needs figures in the SHMA do not differentiate special needs and sheltered homes which can be expected to include a significant number of smaller units to cater for these households: this type of affordable housing will be specified separately by the Council if a need arises at the time of submission of an application; and
- Two bed units not only provide flexibility for couples who wish to start a family, they are more acceptable to older households 'trading down' from under occupied larger family homes who are generally unwilling to move into very small homes.

3.23 In the case of planning applications for development on Rural Exception Sites (i.e. in the villages of Sarratt and Bedmond), the type and size of affordable housing will address identified needs in the individual village or the area it serves. This is defined as the village or parish in which it is located. Affordable housing on Rural Exception Sites is addressed separately in Chapter 5.

3.24 The type and size of the affordable housing units that will be required on a scheme can be identified at the pre-application stage. The Council therefore encourages developers to seek pre-application advice prior to the submission of a formal application, in order not to delay the application process.

AFH5: Layout and Distribution

3.25

The location and distribution of affordable homes, particularly on larger developments, is crucial. The Council considers that segregating affordable and market housing is not sustainable. To prevent the affordable housing units being clustered together and hidden away in the less desirable parts of a site the Council will require that the affordable housing units are pepper-potted throughout the sites and, where appropriate, phases.

Rationale

3.26 In accordance with the objectives set out in Planning Policy Statement 1, PPS 3 and Core Strategy Policy CP4 the Council is committed to the creation of mixed, inclusive communities that prevent 'ghettos' of isolated affordable housing. It is therefore important to ensure that there is no distinction between the design and quality of the market and affordable housing.

3.27 Developers will be required to show the layout of their scheme clearly identifying the location of the market and affordable housing.

AFH6: Design and Appearance of Affordable Housing

3.28

As a matter of principle, the design standards for both market and affordable housing should be high, both in terms of the visual appearance of the development and also the standards of accommodation and built quality, including measures to deliver buildings that help to respond to the challenge of climate change, such as energy efficiency and resource consumption. Policies CP1 and CP12 of the Core Strategy provide more guidance.

The visual appearance of the market and affordable housing should be indistinguishable in terms of design, layout, amenity space and access to transport provision (for example number and location of car parking spaces). Developers should also avoid designs that result in high maintenance or high service charges.

Rationale

3.29 Affordable housing should be provided to the Homes and Communities Agency's standards or the standards of any successor body charged with regulating social housing provision. This includes conformity to the Design and Quality Standards, or any replacement including:

- Internal Environment – providing comfortable and convenient homes, meeting the needs of intended user groups, including in terms of size, layout and service provision
- External Environment – providing good places to live, with well-mixed and integrated communities and providing an appropriate balance between private and public open space
- Sustainability – providing homes that better adapt to climate change, with lower running costs and incorporating features that enhance health and well-being, including compliance with the appropriate Code for Sustainable Homes target at the time of construction. Affordable housing should meet the requirements of Policy CP1 of the Core Strategy DPD and any related Supplementary Planning Document.

3.30 New affordable homes should incorporate as many features of "Lifetime Homes" standards as possible in the detailed design of the individual affordable units.

3.31 Where a specific special need is identified at the time of an application, which may be at a District level or a particular family in housing need, the Council will negotiate for the provision of special needs properties to address the needs identified, e.g. for people with disabilities, including supported and accessible/wheelchair accessible properties.

3.32 Where on-site affordable housing provision is being provided the planning application should be accompanied by an Affordable Housing Statement that should set out clearly the design approach to the affordable housing element of the scheme.

AFH7: Timing of Delivery

3.33 The timing of delivery of affordable housing is a key issue in securing mixed and balanced communities at all stages during the implementation of a development. Wherever possible (i.e. provided that there is no slump in the sale of market properties), affordable housing should be provided in tandem with the provision of market housing. This is particularly important in the case of larger or major developments, where it can cause particular problems for a logical build out of a

development and can lead to isolated pockets of development, be that affordable or market housing, within a building site. This can also cause associated problems of infrastructure provision and the potential for a poor living environment for residents for some time until the rest of the housing comes forward.

- 3.34 Normally planning conditions or legal agreements will be used to ensure that the affordable housing is built out alongside, and proportionately, to the amount of market housing at any one time. The precise amount and timing of the affordable housing units required will be set out in the relevant S106 Agreement.
- 3.35 Applicants should make contact with the Council's Development Management and Housing Teams to discuss the affordable housing requirements of an application, prior to submission. Pre-application advice for eligible developments will include discussions around tenure, size, type, design and location etc. of the affordable housing provision that will be required.

4.0 Chapter 4 – Delivering Affordable Housing

AFH8: Occupancy and Management

- 4.1 The Council considers it important to ensure that properties provided by developers on-site as affordable housing are available to those in housing need, initially and in the long-term (or in perpetuity in the case of Rural Exception Sites).
- 4.2 Affordable housing will be open to those who are in housing need. The Council will require 100% nomination rights on the first lets/sales of all affordable homes, potentially dropping to 75% for subsequent re-lets. This allows Registered Providers to determine the allocation of a proportion of the properties in accordance with their own objectives. However in practice, many Registered Providers locally continue to accept nominations from the Council on 100% of all future re-lets. On Rural Exception Sites affordable housing will remain affordable in perpetuity (See Chapter 5).
- 4.3 Following the transfer of Three Rivers Housing stock to Thrive Homes (a Registered Provider) the Council no longer owns or manages any affordable housing. New affordable housing provision, therefore, must be managed by a Registered Provider; or other bodies whose accountability, governance and regulation are equivalent to Registered Providers, that are able to demonstrate their ability to fund the scheme, and provide guaranteed and appropriate long-term management and maintenance arrangements, within an appropriate regulatory regime. A list of the Council's preferred Registered Providers is attached as Appendix 4.
- 4.4 The long term security of the affordable housing provision will be secured by planning obligation under Section 106 of the Town and Country Planning Act or an alternative form of equally effective provision.
- 4.5 Affordable housing requirements will be secured by planning obligations under Section 106 of the Town and Country Planning Act 1990 or, where appropriate, by planning conditions. Planning obligations will be completed prior to the issue of outline or full planning permission. Issues covered in a planning obligation may include (but not be limited to):
- Detailed requirement of affordable housing at the outline and full details stage
 - The control and management of the housing, which will usually be by the transfer of the affordable homes to a Registered Provider or other agency, and hand over arrangements
 - Set out the dwellings that will be transferred to a Registered Provider or other agency, including where they are to be located and how they will be made available to qualifying persons
 - Where applicable, secure commuted sums in lieu of on-site provision
 - Ensure long term affordability of dwellings (including provision for recycling of net receipts where interests are disposed of in circumstances such that the relevant units cease to be affordable housing) including when re-sold and control over occupancy (and perpetuity for social rented and intermediate affordable housing units on Rural Exception Sites)
 - The occupancy of the housing which will be reserved for people in housing need according to Local Housing Authority nomination preferences and letting arrangements

- The location and phasing of affordable housing provision in relation to the development of the site, and any trigger points when affordable housing must be provided
- The affordability in rental levels of the affordable housing to be provided, for instance, in relation to the Homes and Communities Agency target rents or appropriate discounts from open market rents such that affordability is secured.

Rented Properties

- 4.6 Normally, only households on Local Authority and Registered Provider registers are eligible for social rented housing. Target rents charged for social rented housing, by Registered Providers or other management bodies, will be set under a national rent regime; will be below market levels and will normally be based on relative property values, local earning levels and property size. When a household ceases to occupy a socially rented home, it will normally be made available to other households eligible for social rented housing.

Service Charges

- 4.7 Service charges for dwellings should be set at levels which do not exceed the amounts needed to manage and maintain the properties to housing association standards, and should be fully transparent in their contents and calculation methods.

Mortgagee in Possession Clauses

- 4.8 Mortgagee in Possession Clauses may be included in a Section 106 Agreement forming part of a planning permission, to facilitate lending from financial institutions to Registered Providers by protecting the value of the lender's investment. In the event of a default by the housing association in repaying their loans and the lender taking possession of the affordable properties, the clause would (subject to those conditions as set out in the Section 106 Agreement) release the lender from the affordable housing occupancy conditions, which could then be sold on the open market. These clauses would only be allowed where the housing provider was a housing association regulated by the Homes and Communities Agency and the Tenant Services Authority, or any successor bodies. They would not be allowed on Rural Exception Sites (see Chapter 5). Mortgagee in Possession clauses will only be used in S106s when the affordable housing is transferred to a Registered Provider or other agency.

Chapter 5 – Rural Exception Sites

AFH9: Rural Exception Site Policies

Where there is an identified need within rural areas, PPS3 provides for the release of sites within rural areas, solely for affordable housing, through a Rural Exception Site Policy. This enables small sites to be used, explicitly for affordable housing in small rural communities. Rural exception sites should only be used for affordable housing in perpetuity and should seek to address the needs of the local community.

In response to the Rural Exception Site principles set out in PPS3, Core Strategy Policies CP4 and PSP4 provides for:

- **The allocation and release of sites solely for affordable housing using a Rural Exception Site Policy approach to accommodate households which contain current residents or have an existing family or employment connection in perpetuity within the Villages of Bedmond and Sarratt.**

Rationale

- 5.1 Due to high house prices it is difficult for local people to access open market housing within the rural areas of Bedmond and Sarratt. In response to the continuing need for affordable housing in rural areas, and in accordance with national guidance set out in PPS3, the Council has included policies (CP4 and PSP4) within the Local Development Framework that will allow sites within Bedmond and Sarratt to be brought forward solely for affordable housing. Rural Exception Sites will be an exception to normal planning policy and will provide 100% affordable housing in perpetuity.
- 5.2 For the purposes of the Rural Exception Site policy, local need is defined as identified need in the individual village or the local area it serves, defined as the parish boundary. Prior to the Council granting planning permission for affordable housing on a Rural Exception Site (including any sites identified in the Site Allocations DPD), it **must** be satisfied that there is a genuine need for affordable housing in the locality. One way of doing this is to carry out a local housing needs survey, possibly incorporated with work on a Parish Plan. A local housing needs survey should be distributed as widely as possible to reach every home in the parish and surrounding areas within the District to maximise the response rate. The applicants should inform and seek the support of the Parish Council before carrying out a survey and discuss the results of the survey with the Parish Council after completion. Sufficient time for return of the survey forms should be given; this should be a minimum of six weeks.
- 5.3 The Housing Team can provide, on request, advice and guidance on how to produce housing needs survey forms and/or how to undertake local housing needs surveys. The Council will need to see a copy of the survey being distributed, results of the survey and will meet with the applicant to discuss the final outcome of the survey i.e. the proposed mix and tenure arising from the analysis of the survey results.
- 5.4 The dwellings permitted under the Rural Exception Policy (Core Strategy Policy PSP4) will remain affordable in perpetuity. The aim in such cases will be to provide affordable homes for people with a need to live in the locality and therefore eligibility criteria will normally be necessary. These will be incorporated into conditions and obligations, and will limit occupancy to people with close ties to, or employed in, the locality. A cascade approach to gradually widen the area of eligibility to occupy the dwellings will usually be acceptable to the Council to ensure that occupants can always be found to fill that property.

- 5.5 Only after the Council is satisfied that a genuine need exists, will it consider the suitability of a site as a location for a Rural Exception Site. In circumstances where the proposed scheme does not meet the full extent of identified need, the mix of tenures to be provided should, as far as possible, reflect the proportions of identified requirements for affordable rented and intermediate home ownership properties. The proposed mix should be submitted to the Council for agreement with Officers before a formal planning application is submitted.

Provision of Rural Exception Sites

- 5.6 The villages of Bedmond and Sarratt both lie within the Metropolitan Green Belt, where new residential development is considered inappropriate and detrimental to the openness of the Green Belt. PPS3 accepts that Rural Exception Sites may be appropriate within the Green Belt, where there is an identified local need that is supported by a robust evidence base.
- 5.7 Although national and local policies support the notion of development on Rural Exception Sites, applications for affordable housing developments will only be approved if it can be demonstrated that the proposal can be assimilated into the environment in an acceptable way and is appropriate in respect of other planning considerations. Development within the villages of Bedmond and Sarratt will be strictly controlled in order to protect the character, landscape, heritage and wildlife of the wider countryside and the openness of the Green Belt.
- 5.8 The number of affordable homes provided on a Rural Exception Site should reflect the level of local need identified. However, the appropriate scale of the development will also be influenced by the size and character of the built up area of the individual village concerned and the level of services and facilities available in the village in terms of achieving sustainable development. In order to minimise impact and provide reasonable access to local services and facilities Rural Exception Sites should be situated within or physically adjoining (i.e. abutting) the village and be reasonably accessible to village services and facilities.
- 5.9 Planning applications will only be considered acceptable where it has been demonstrated that the design and location of the development on Rural Exception Sites minimises any adverse impact on the surrounding environment and should comply with the relevant policies set out in the Three Rivers Local Plan 1996-2011 saved policies, Core Strategy Development Plan Document and Development Management Policies Development Plan Document.

Management and Occupancy of Rural Exception Sites

- 5.10 Affordable housing on Rural Exception Sites will be governed by most of the requirements for affordable housing that is provided as part of general housing developments. There are, however, some aspects in which a different approach is necessary given the nature of Rural Exception Sites.
- 5.11 The housing mix and tenure split of affordable housing on Rural Exception Sites will be determined by the particular local need identified in the village or local area it serves.
- 5.12 As for all affordable housing, rental levels or shared ownership costs should be affordable to future tenants. To ensure affordability, the requirements will be as set out in Chapter 4 of this SPD, unless a local needs appraisal demonstrates that an alternative figure would be more appropriate and reasonable.
- 5.13 Affordable housing provided on Rural Exception Sites must remain affordable in perpetuity, in accordance with Policy PSP4 of the Core Strategy DPD and PPS3. To ensure this is the case, the delivery of affordable housing on a Rural Exception Site should be facilitated through a Registered Provider rental scheme or shared ownership scheme and secured through legal agreements, which will ensure that the affordable housing scheme remains available to those in local need and at an affordable rate initially and in perpetuity, and is managed appropriately. Other providers may

be considered if it can be demonstrated satisfactorily that the affordable housing will be retained as such in perpetuity.

- 5.14 Affordable housing that, where appropriate be achieved through a planning condition, is granted as an exception to normal planning policies must, so far as is possible, remain in the affordable housing stock for ever. This is achieved through a planning condition where the development consists solely of properties managed by Registered Provider and usually through a Section 106 Agreement in all other cases. Planning conditions in relation to affordable housing provision will only refer to Rural Exception Sites.
- 5.15 To ensure affordability in perpetuity (defined as the lifetime of the building), wherever possible restrictions will be put on the 'right to buy'/'right to acquire' for rented homes managed by Registered Providers and on the ability of purchasers to 'staircase' beyond 80% ownership for new build home buy properties.
- 5.16 The method for selecting households to occupy Rural Exception Sites will generally be as for all affordable housing as set out in Chapter 4. However, within Rural Exception Sites the aim will be to provide affordable homes for people with a need to live in the locality, or have a local connection to the community and therefore eligibility criteria will normally be necessary. These will be incorporated into a Local Lettings Plan or nominations agreement and will limit occupancy to people with close ties to, or employed in, the locality. A cascade approach to gradually widen the area of eligibility to occupy the dwellings will usually be acceptable to the Council to ensure that occupants can always be found to fill that property.
- 5.17 Mortgagee in possession clauses will not be included for Rural Exception Sites because they must remain as affordable housing in perpetuity and the potential for them to change to market housing cannot therefore be provided for.
- 5.18 Developers/applicants contemplating bringing forward a scheme for a Rural Exception Site are advised to discuss their proposals with the Council's Planning Officers and Housing Strategy Team prior to the submission of any planning application. Schemes should not be submitted on a purely speculative basis.

6.0 Chapter 6 –Viability in Exceptional Circumstances

6.1 **AFH10:** The Development Plan target requirement for affordable housing provision for all residential development is 45%. Only where it can be demonstrated and robustly justified by viability evidence will the Council consider reducing the 45% target. Where a reduction is considered appropriate, viability will inform the:

- Level of on-site provision; or
- The level of any commuted sum (where such sums would be appropriate in accordance with AFH3)

6.2 The Council will apply mechanisms, as part of the legal agreement to mitigate the risks to Development Plan objectives in order to ensure that a material change in financial performance is properly reflected in the contribution made by schemes where a reduction has been granted.

Rationale

6.3 The Council's LDF evidence base confirms a requirement of 45% affordable housing provision is substantially below that which is required in planning terms to address housing need, which is a key corporate and planning objective for the Council. The Development Economics Study evidence base confirms that 45% is financially viable across the District over the Development Plan period.

6.4 The Council will have regard to the effect of the CP4 policy requirement for 45% provision on the economics of development in each case. The Council will consider whether it is appropriate to permit a reduced level of provision in each case having first considered the effect of different tenure mixes and only where:

- The applicant has provided a robust financial appraisal and the reasonable cost of an independent assessment on the Council's behalf has been submitted with the application

6.5 The onus is therefore on a developer to demonstrate:

- That viability would be jeopardised by the default level of provision; and
- That a lower level would be merited taking into account specific site circumstances.

6.6 In each case, the Council will exercise its own discretion as the Planning Authority. In considering a request for a viability based variation to the default obligations package, the Council will consider (among other things) whether:

- (a) The impact on scheme viability has been robustly demonstrated;
- (b) Any change to the default policy requirement would make the scheme unacceptable in planning terms; and if so
- (c) The proposed variations are the minimum necessary to make the development viable; and
- (d) The risk that the public sector may have to absorb the 'gap' in provision can be adequately addressed.

6.7 In order to determine whether the economics of provision are such the 45% level may be eligible for reduction, the Council will require detailed information from the developer on the viability of the

scheme. A developer should take affordable housing provision and other known requirements and constraints into account when negotiating the purchase of land. **Standard development costs that will not be considered as exceptional include (but are not limited to):**

- Demolition and clearance
- Landscaping
- Good quality design measures
- Surveys
- Ground conditions
- Noise and any other environmental attenuation
- Flood mitigation measures.

6.8 When applicants submit evidence of non-viability, the Council will expect to see the calculations for the important factors set out in enough detail for viability to be properly assessed, audited and tested. The financial appraisal should be presented on a residual land value basis taking into account all the reasonable costs of the development including required contributions to local services and infrastructure, the provision of affordable housing and a reasonable profit margin to the developer. It should also include a valuation of the site in its existing, or in the case of a vacant or derelict site, its last use, i.e. before any application for residential development, not its purchase price or hope value. The Council will also seek confirmation of the applicant's interest in the land i.e. is it owned (if so when was it bought), under a conditional contract or under some alternative purchase arrangement, such as an option.

6.9 **Where a developer/applicant claims that a scheme would not be financially viable with the required 45% affordable housing provision, the application must be accompanied with a financial appraisal, submitted at the time of the application. To allow the Council to assess the viability information submitted and give a fair and unbiased interpretation of the submission the appraisal will be sent to an independent financial advisor, whose costs of £2000 will be met by the developer/applicant (this fee does not include the monitoring and administration costs associated with the Section 106 Agreement and the may be subject to change). The independent financial advisors costs must also be submitted with the application. If the required level of affordable housing provision is not being offered, failure to provide a financial statement and the costs to cover the financial advisors fees would result in invalidation of the planning application.**

6.10 The Council will expect development proposals to adhere to the levels of provision, tenure, housing mix and type as specified in this document (including any addendum). If the Council is satisfied that the financial appraisal confirms the affordable housing requirement cannot be provided it will consider altering the tenure split, mix or type of dwellings to achieve viability. Developers will be expected to optimise proposals across the development site, including market housing where appropriate, to achieve the levels of provision, tenure split and affordable housing mix and type expected by the authorities.

Section 106 Mechanisms

- 6.11 Where a below-policy level of provision is considered appropriate by the Council (either of on-site or payment in lieu), the use of mechanisms to protect the achievement of Development Plan objectives in relation to affordable housing will be considered. Unless the applicant accepts an absolute obligation to deliver a policy-compliant level of affordable housing, the Council will consider the use of mechanisms to protect the public interest, including (but not limited to):

Time Limits/Bounce Back

- 6.12 Where a reduction in the level of affordable provision is sought because, for example, of short-term economic conditions or justified on the basis that the delivery of the reduced provision in the near future would be a planning benefit, the Council will (if it considers it appropriate to grant permission) seek to ensure that concessions against the 45% requirement are not 'banked' and then relied on in an improved market.
- 6.13 Where deferred payments are not considered appropriate, Section 106 obligations will ensure that the default obligations package should revert ('bounce back') to the default requirement. That may mean that unless, for example:
- A specified proportion of the development is available for occupation within an appropriate period from the issue of planning permission (by virtue of being practically completed); or
 - The developer has entered into an unconditional contractual commitment to complete the development within an appropriate time period

the Council's default obligations package will apply. The default package would be set out in the Section 106 agreement. Other triggers such as implementation, commencement (as defined in the Section 106 agreement) or practical completion may be used at the Council's discretion in each case.

- 6.14 Where planning permission has not yet been granted, and there is a justification for doing so, the Council may also impose a short period for development to take place under the planning permission itself. The standard is three years, but where a significant deferral has been granted and certainty of delivery is considered essential, a shorter period may be imposed under Sections 91 (outline) or 92 (full applications) of the TCPA 1990. This may also be combined with appropriate 'bounce back' provisions to encourage quicker completion.

Cascades

- 6.15 In drawing up the relevant Section 106 Agreement a cascade of tenure mixes will be set out and proposals may be amended on a stage by stage basis to achieve affordability. The application of grant to improve the 'mix' will be seen as added value. However, the Council will seek to retain the overall level of provision of affordable housing, and examine the tenure mix and other factors such as housing mix, type and density in the first instance.
- 6.16 The Council may consider alterations to tenure types and mixes having regard to factors such as location, type of site and the size, density and long term sustainability of the scheme.

Deferred Payments:

- 6.17 Where the Council considers a reduced level of provision acceptable, but considers it appropriate to mitigate the risk due to changes in circumstances, it may require the use of mechanisms to ensure that provision 'catches up'. Two examples would be:
- **In a multi-phase scheme**, requiring either:
 - a) Setting a minimum level of provision for each phase but requiring an updated viability assessment before commencement of each phase after the expiry of a set period from the grant of permission (and the upward only adjustment of provision in the next phase to maintain financial neutrality); and/or
 - b) A retrospective appraisal of the previous phase, or the use of realised average sales value data to reflect actual performance, to assess whether a subsequent phase should be required to increase provision
 - **In a single phase scheme**, requiring a retrospective appraisal of financial performance once completed to assess whether a commuted sum should apply to make up the under provision to a financially neutral level (i.e. that the developer's profit remains no less than the appraisal on which the decision to grant permission was based).
- 6.18 Section 106 obligations may therefore be imposed requiring:
- (a) A minimum level of on-site provision; coupled with
 - (b) Either:
 - (i) Future financial contributions in lieu of compliance with the policy-compliant level of on-site provision where scheme sales values subsequently exceed specified thresholds; or
 - (ii) Future increases to provision in subsequent phases
 - (c) Appropriate security mechanisms.
- 6.19 The mechanism should ensure that:
- (a) The thresholds start at
 - (i) The predicted net sales values used by the developer in the development appraisal; plus
 - (ii) An amount of pure profit to encourage timely delivery;
 - (b) Clear milestones are set (quarterly, bi-annual or annual) for the developer to report to the Council on achieved sales values.

7.0 Commuted Payments in Lieu of On-Site Provision

7.1 The Council will require affordable housing provision to be on-site. However, in relation to small sites, delivering one to nine dwellings, the Council will consider the use of commuted payments, in lieu of on-site provision, where circumstances demonstrate that this is justified, as detailed below. Policy CP4 of the Core Strategy DPD makes provision for the developer to make a financial contribution as a commuted sum to the Council instead of on-site provision to enable the affordable housing provision to be made elsewhere.

7.2 The sort of circumstances in relation to proposals for development with a net gain of one to nine dwellings that might justify accepting commuted sums rather than on-site provision are where there may be difficulties over the delivery or ongoing management of small numbers of affordable units within a small development. On-site/commuted payments should broadly be financially neutral and it will therefore be rare that financial viability constraints by themselves will justify commuted sums in lieu of provision.

AFH11: Commuted Payment Formula

7.3

The commuted payment calculation will be expressed as a sum per square metre of the gross internal floor area of the market housing proposed, on the assumption that no affordable housing would be provided on site. The sum per square metre varies according to the location of the development.

The table below sets out for each market area the sum required per square metre of the gross internal floor area of habitable accommodation of the market housing provided on site.

Oxhey and Watford Fringe	£350 per sqm
Rickmansworth South and Maple Cross	£550 per sqm
The Langleys and Croxley	£750 per sqm
Rickmansworth and Hinterland	£950 per sqm
Highest Value Three Rivers	£1,250 per sqm

A map and table of postcodes detailing each market area are set out in Appendix 5.

7.4 Below are worked examples of the commuted payment formula:

Proposal: One detached 4 bedroom dwelling and 6 flats (4 x 2 bed and 2 x 1 bed) in Hunton Bridge (The Langleys and Croxley market area)

Four bed dwelling = 150sqm = 150sqm

Two bed flat = 60sqm 4 x 60sqm = 240sqm

One bed flat = 50sqm 2 x 50sqm = 100sqm

Total approximate floor area of the scheme = 150sqm + 240sqm + 100sqm = 490sqm

Payment per sqm in The Langleys and Croxley market area = £750

Commuted payment required in lieu of on-site provision = 490sqm x £750 = £367,500

Proposal: Erection of 3 two bedroom houses (floor area of 76sqm each) in Chorleywood (Highest Value Three Rivers Market Area)

Two bedroom house = 76sqm 3 x 76sqm = 228sqm

Total approximate floor area of the scheme = 228sqm

Payment per sqm in the Prime Three Rivers market area = £1250

Commuted payment required in lieu of on-site provision = 228sqm x £1250 = £285,000

Rationale

- 7.5 The Council commissioned a further study to inform and advise on a means of charging a commuted sum, in lieu of on-site affordable housing, that would be applicable across the different market areas within the District.
- 7.6 The key findings of the study are detailed in the Commuted Sum Viability Study (2011). The report concludes that the most equitable way to calculate the commuted payment is based on the land value difference to a developer between all-market housing and the policy (45%) requirement for on-site affordable housing. The commuted payment takes into consideration the variation in land costs throughout the District by identifying different levels of payment for different geographical areas.
- 7.7 In calculating appropriate levels of commuted sums, the study assumed that within the 45% of affordable housing to be provided, 70% is rented (the majority of which is affordable rent rather than social rent) and 30% shared ownership. These assumptions may need to be reviewed once further details of how affordable rent will operate in Three Rivers are available.
- 7.8 If a commuted payment in lieu of on-site provision of affordable housing is considered acceptable, the financial contribution should reflect the additional market housing that the developer will gain through not providing any on-site affordable housing. In-lieu financial contributions are therefore geared to reflect the benefit the developer gains through using 100% of the site for market housing.

Allocation of Commuted Sums

- 7.9 The Housing Department have produced a report titled 'Allocation of Commuted Sums to Enable Affordable Housing'. All commuted sums received in lieu of on-site affordable housing will be ring-fenced for the alternative provision of affordable housing in the District and surrounding area. In most cases the commuted sum will be made available to Registered Providers; however, there may be instances when the money from commuted payments may be used directly by the Council to implement housing objectives agreed through the Housing Strategy, Local Investment Plan or decision of the Council's Executive Committee through the Housing and Regeneration Initiative (HARI).
- 7.10 The Council will work with Registered Providers and agencies who can apply for funds. Examples of the type of initiatives that ~~to~~ can be financed through the use of commuted payments will include:
- Development of rented and low cost home ownership
 - Loans/grants to Registered Providers/agencies in return for affordable housing nominations
 - Development of supported housing schemes and key worker initiatives

- To aid the development of affordable specialist housing, for example, for people with learning difficulties or for affordable flexicare housing
- Initiatives that support regeneration projects such as offering loans/grants to tackle empty homes or poor housing conditions
- The purchase of land for affordable housing
- Use as a lever to generate additional resources/funding from external sources in providing affordable housing
- Administration/project costs in facilitating either the above and/or developing a strategic approach to affordable housing policy and investment across the District.

7.11 Applications will be assessed on the basis of schemes demonstrating:

- An overall strategy to improve affordable homes
- Ability to attract additional funding
- Overall benefit for the local community.

These lists are not to be taken as exhaustive.

7.12 Arrangements for payment of the developer contribution will need to be recorded within the Section 106 Agreement and will normally include a trigger mechanism (e.g. staged payment will be required on completion of X or Y units). Where development takes place over several years developers will be required to submit a revised financial appraisal based on indexing at each trigger point in order to assess what the cost of providing affordable housing would have been at that time. The viability of each phase of development will be assessed at the time it comes forward for development.

7.13 The Section 106 Agreement will also (as appropriate) indicate the time period within which any financial contribution must be spent, this is usually 10 years.

7.14 Financial contributions received and spent will be recorded in the Annual Monitoring Report and will count towards the achievement of the Council's annual affordable housing target.

Appendix 1

Core Strategy Policies

CP4 – Affordable Housing

In order to increase the provision of affordable homes in the District and meet local housing need as informed by the Strategic Housing Market Assessment, the Council will:

- b) In view of the identified and pressing need for affordable housing in the District, seek and overall provision of around 45% of all new housing as affordable housing, incorporating a mix of tenures. All new development resulting in a new gain of one or more dwellings will be expected to contribute to the provision of affordable housing
- c) As a guide, seek 70% of the affordable housing provided to be social rented and 30% to be intermediate
- d) Allocate specific sites, at higher or lower proportions of affordable housing depending on site circumstances, location and density of development. In some cases a target of 50% or above may be appropriate. Site specific targets will be set through the Site Allocations Development Plan Document
- e) Require affordable housing provided to reflect the mix of size and type required for future housing, as identified in the Strategic Housing Market Assessment and subsequent updates and Council priorities for provision which is currently for family-sized dwellings to meet the most urgent housing needs in the District
- f) In most cases require affordable housing provision to be made on-site, but in relation to small sites delivering between one and nine dwellings, consider the use of commuted payments towards provision off-site. Such payments will be broadly equivalent in value to on-site provision but may vary depending on site circumstances and viability
- g) Permit small-scale affordable housing within and immediately adjacent to the village core areas of Sarratt and Bedmond on the basis of need through the release and allocation of Rural Exception Sites. Allocations will be made through the Sites Allocations Development Plan Document.

In assessing affordable housing requirements including the amount, type and tenure mix, the Council will treat each case on its merits, taking into account site circumstances and financial viability. 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.

PSP4 – Development in Villages (Bedmond, Sarratt)

Development in Villages will:

- a) Be strictly controlled in order to protect the character, landscape, heritage and wildlife of the wider countryside, and the openness of the Green Belt
- b) Be well designed and inclusive, in keeping and in scale with its location and sensitive to the character of the countryside and local distinctiveness
- c) Allow some limited small-scale development in or on the edge of the villages in order to meet local community and business need, to maintain the vitality of these communities. This should help tackle deprivation in these villages, particularly in relation to access to housing, employment and services
- d) Improve the viability, accessibility and community value of existing services and facilities, for example village shops and post offices, rural petrol stations, village and church halls,

- rural public houses and bus services that play an important role in sustaining village communities
- e) Support public transport services to Rickmansworth and other centres within and adjacent to Three Rivers, enabling the increased use of more sustainable modes of transport
 - f) Allocate and release sites solely for affordable housing using a Rural Exception Site Policy approach to accommodate households which contain current residents or have an existing family or employment connection in perpetuity. These will be identified through a subsequent Site Allocations document
 - g) Provide approximately 1% of the District's housing requirements over the Plan period to include affordable housing to meet local needs and as informed by the Strategic Housing Market Assessment (2010), Development Economics Study (2009) and Strategic Housing Land Availability Assessment Update (2010)
 - h) Improve provision of and access to, services and facilities to meet future demands, specifically through:
 - i. Traffic management improvements to the C77 (Bedmond Road)
 - ii. Extending provision at Bedmond Sports and Social Club site, Toms Lane, to include facilities for young people
 - iii. Extending and improving facilities to Frogmore Meadow Site of Special Scientific Interest, Sarratt
 - iv. Creating a play area in Sarratt to meet identified need
 - v. Expansion of school provision to meet identified needs in the villages.

CP1 – Overarching Policy on Sustainable Development

All development in Three Rivers will contribute to the sustainability of the District. This means taking into account the need to:

- a) Tackle climate change by reducing carbon emissions, increasing energy and water efficiency of buildings, promoting the use of renewable energy systems, and using other natural resources wisely, including through the use of sustainable building materials
- b) Avoid development in areas at risk from flooding
- c) Minimising flood risk through the use of Sustainable Drainage Systems
- d) Make efficient use of land by guiding development onto previously developed, brownfield land and incorporate mixed-use development wherever possible, recognising that some previously developed land can have significant biodiversity value
- e) Reduce waste going to landfill by reducing materials used, reusing and recycling building materials and providing opportunities for recycling wherever possible
- f) Protect and enhance our natural, built and historic environments from inappropriate development and improve the diversity of wildlife and habitats
- g) Build mixed and sustainable communities by providing housing across a range of tenures and types including affordable housing
- h) Maintain high levels of employment by attracting jobs and training opportunities for local people
- i) Improve access to jobs, skills, services and facilities particularly within areas of deprivation in the District
- j) Sustain the viability and vitality of the Principal Town, Key and Secondary Centres and Villages as identified in the Three Rivers Settlement Hierarchy
- k) Protect and enhance existing community, leisure and cultural facilities and provide new facilities
- l) Reduce the need to travel by locating development in accessible locations and promoting a range of sustainable travel modes
- m) Provide necessary infrastructure to enable and/or support development, including (but not limited to) transport, education, health, green infrastructure, utilities, waste facilities, waste water, leisure, cultural and community facilities
- n) Promote buildings and public spaces of a high enduring design quality that respects local distinctiveness, is accessible to all and reduces opportunities for crime and anti-social behaviour

- o) Manage and reduce risk of and from pollution in relation to quality of land, air and water and dealing with land contamination.

Requirements for Applicants

Applications for all new residential development of one unit and above and for all new commercial development will be required to submit a 'CPLAN Energy and Sustainability Statement' demonstrating the extent to which sustainability principles have been incorporated into the location, design, construction and future use of proposals, and the expected carbon emissions.

Applicants should demonstrate that their development will produce at least 25% less carbon dioxide emissions than Building Regulations Part L (2006) requirements with a minimum of 10% being provided on-site renewable and/or low carbon (i.e. Combined Heat and Power) energy supply systems.

In line with Government policy, where it can be proven that on-site renewable technology is not feasible, the Council will consider connection to a local, decentralised, renewable or low carbon energy supply as a substitute for on-site renewable energy technology.

The Council will set higher targets for carbon reduction and energy contributions from renewable sources in future in line with the Government's target for all new homes to be zero carbon by 2016 and non-domestic developments to be zero carbon by 2019. These targets will be set out in the forthcoming Development Management Policies Development Plan Documents and will be informed by changes to national policy, the Council's Sustainability Action Plan and the Low and Zero Carbon Study.

Development will not be permitted unless it is demonstrated that sustainable development principles are satisfied through compliance with the policies of this Core Strategy and other relevant regional and national policy requirements.

Appendix 2

Planning Policy Statement 3 – Housing

Definition of Affordable Housing

The following is an extract taken from Annex B of Planning Policy Statement 3 'Housing':

"Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:

- Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices.
- Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision".

Social rented housing is:

"Rented housing owned and managed by local authorities and registered Registered Providers, for which guideline target rents are determined through the national rent regime. The proposals set out in the Three Year Review of Rent Restructuring (July 2004) were implemented as policy in April 2006. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Housing Corporation as a condition of grant."

Intermediate affordable housing is:

"Housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria set out above. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale and intermediate rent."

These definitions replace guidance given in Planning Policy Guidance Note 3: Housing (PPG3) and DETR Circular 6/98 Planning and Affordable Housing.

The definition does not exclude homes provided by private sector bodies or provided without grant funding. Where such homes meet the definition above, they may be considered, for planning purposes, as affordable housing. Whereas, those homes that do not meet the definition, for example, 'low cost market' housing, may not be considered, for planning purposes, as affordable housing.

There is further guidance on eligibility for affordable housing, recycling of subsidy, specific features of social rented and intermediate affordable housing and the application of the affordable housing definition, in particular with regard to the extent to which non-grant funded and private sector low cost housing products meet the definition in the Affordable Housing Policy Statement.

In response to the proposed changes to social housing and the introduction of 'Affordable Rents' the Government propose to revise the definition of affordable housing in Annex B of Planning Policy Statement 3, as detailed above, to include:

Affordable rented housing is:

"Rented housing provided by Registered Providers of social housing, that has the same characteristics as social rented housing except that it is outside the national rent regime, but is

subject to other rent controls that require it to be offered to eligible households at a rent of up to 80 per cent of local market rents.”

Appendix 3

Definitions of Intermediate Housing

Intermediate affordable housing is housing at prices and rents above those of social rent but below market prices or rents, and which meet the criteria set out in the affordable housing definition above. Common models of intermediate housing include:

- **Intermediate rented homes** are provided at rent levels above those of social rented but below private rented. The Government offers these to some key workers who do not wish to buy.
- **Discounted sale homes** have a simple discount for the purchaser on its market price, so the purchaser buys the whole home at a reduced rate.
- **Shared equity** is where more than one party has an interest in the value of the home e.g. an equity loan arrangement or a shared ownership lease. There may be a charge on the loan, and restrictions on price, access and resale.
- **Shared ownership** is a form of shared equity under which the purchaser buys an initial share in a home from a housing provider, who retains the remainder and may charge a rent. The purchaser may buy additional shares ('staircasing'), and this payment should be 'recycled' for more affordable housing. In most cases, a purchaser may buy the final share ('staircase out') and own the whole home, though this may be restricted in some rural areas.

Homes of any of these types should only be considered intermediate affordable housing if they meet the criteria in the definition. If they do not, even if offered at less than market price, they should be considered 'low cost market housing', outside the definition of affordable housing.

Appendix 4

List of recommended Registered Providers

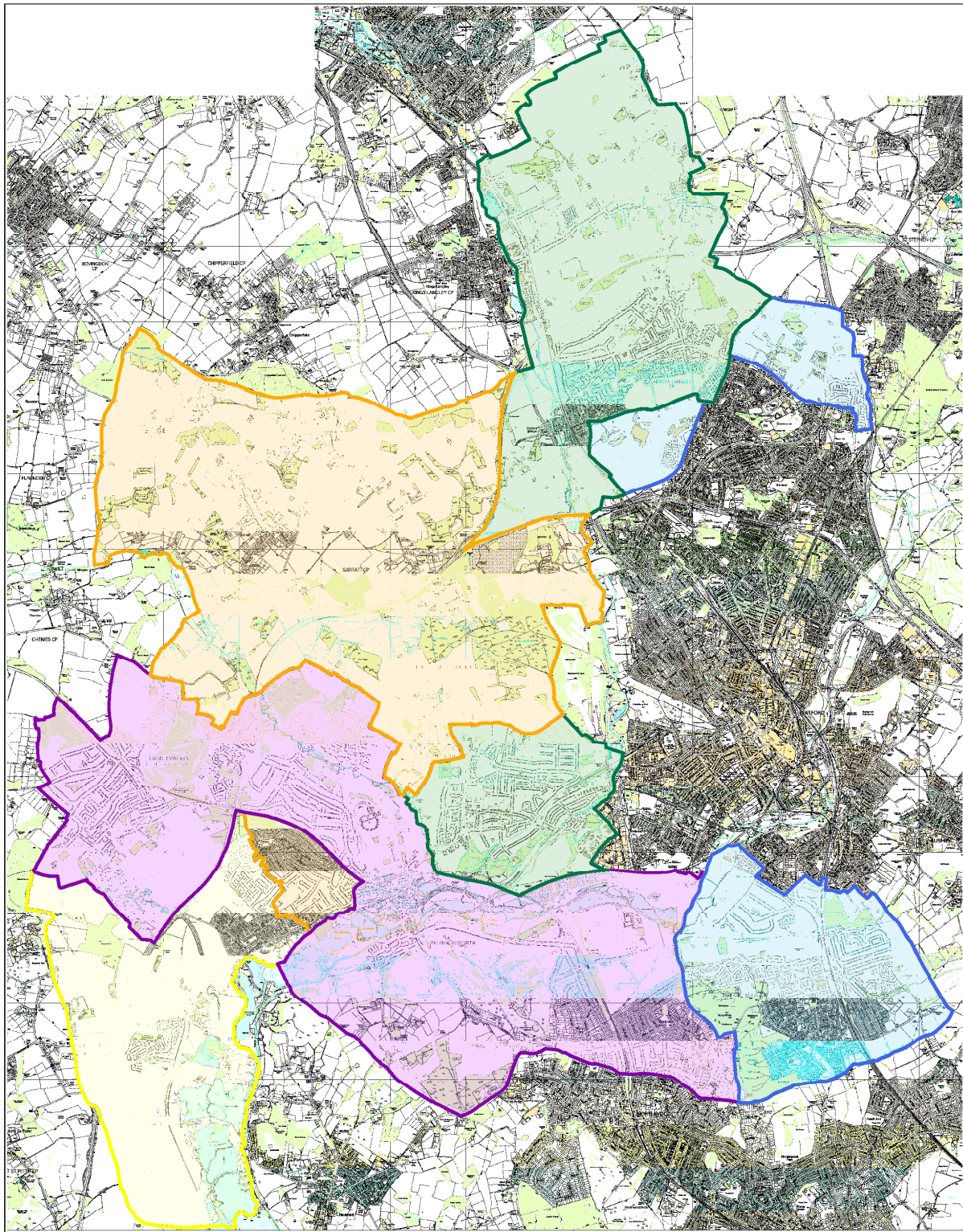
Abbeyfield	t.donaghy@abbeyfield.com
Affinity Sutton	john.gronow@affintysutton.com
Aldwyck	patrick.o'sullivan@aldwyck.com
Circle Anglia	andrew.hull@circleanglia.org
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Appendix 5

Table of Postcodes and Map Detailing the Different Market Areas

MARKET AREA	P/C	SETTLEMENTS/LOCATIONS
Highest Value Three Rivers	WD3 4	Rickmansworth north & Loudwater
	WD3 5	Chorleywood
	WD3 1	Rickmansworth Town Centre
	HA6 2	Northwood & Moor Park
	HA6 3	Eastbury
Rickmansworth & Hinterland	WD3 6	Rural north west & Sarratt
	WD3 7	Rickmansworth north
The Langleys and Croxley Green	WD3 3	Croxley Green
	WD4 8	Kings Langley
	WD5 0	Abbots Langley
Rickmansworth south and Maple Cross	WD3 8	
	WD3 9	
Oxhey and Watford Fringe	WD25 0	Rural north east (Watford fringe)
	WD19 5	Delta Gain: Harrow Way; St Georges Drive
	WD19 6	Oxhey Drive; Prestwick Road
	WD19 7	Hayling Road; Gosforth Lane
	WD19 4	Oxhey Hall

Map Defining Market Areas



- Oxhey and Watford Fringe
- Rickmansworth South and Maple Cross
- The Langleys and Croxley Green
- Rickmansworth and Hinterland (Higher Value)
- Highest Value Three Rivers

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Glossary of Terms:

Affordable Housing:

Affordable Housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market.

Choice Based Lettings:

A system for the allocation of social rented housing. Designed to offer more choice and involvement for customers in selecting a new home, including a system for advertising available properties so that applicants who meet the selection criteria e.g. local connections, household type who match the property characteristics, in housing need, etc can bid for properties. Allocations are made in accordance with published lettings policies drawn up to meet statutory requirements.

Code for Sustainable Homes:

In April 2007, the Code for Sustainable Homes replaced Ecohomes for the assessment of new housing in England. The Code is an environmental assessment method and sets a new national standard for sustainable design and construction of new homes, and is proposed to gradually be incorporated into Building Regulations.

Development Appraisal / Financial Appraisal:

An appraisal of the viability of a housing scheme and the sensitivity of providing the required amount of affordable housing, and identifying the maximum reasonable amount of affordable housing to be provided. The appraisal will be required to be an open book assessment and will include standard assumptions about land values and profit margins. An independent appraisal will be required.

Eligible Households:

Households eligible to apply for affordable housing are defined by Government and are essentially any households who are not excluded by virtue of particular issues around nationally and status, whether they are existing tenants and previous unacceptable behaviour. Criteria for eligible households are set out in chapter 4 of the ODPM publication "allocation of Accommodation – Code of Guidance for Local Housing Authorities" (November 2002), which is issued under s169 of the Housing Act 1996. Housing authorities are required to have regard to this guidance in exercising their functions under Part 6 of the 1996 Act.

Rural Exception Site:

Plot of land adjoining the village framework of a rural settlement and allocated for the development of affordable housing for local people which could not otherwise be granted planning permission for open market housing.

HomeBuy:

A government scheme which enables social tenants and eligible key workers and first time buyers to buy a share of a home and get a first step on the housing ladder. It includes a range of intermediate housing products.

HomeBuy Agent:

'HomeBuy agents' administer the HomeBuy schemes. HomeBuy agents are appointed by the Homes and Communities Agency, the public agency responsible for housing and regeneration agency and is responsible for the funding of affordable homes in England. This is the successor body to the Housing Corporation for these purposes.

Housing for Intermediate Rent:

Defined as housing with rents set at a higher level than social rented, but lower than market rent levels. Must be affordable for households in the priority need group. A Registered Provider normally provides intermediate rent housing, but other affordable housing providers who can demonstrate a local management process and conformity with national codes of good practice can do this provided that it is agreed by the Council.

Housing Need:

The quantity of housing required for households who are unable to access suitable housing without financial assistance.

Housing Needs Survey:

A local housing needs assessment playing a role in underpinning land use planning policies relating to affordable housing. Apart from local needs assessment for Rural Exception Sites, these are now superseded by Strategic Market Assessments conforming to Government guidance, which may or may not include survey results as part of their assessments.

Intermediate Housing:

A range of products available to people who have income above those requiring social renting housing, but below those that can access full ownership. Products include shared ownership and sub-market rent etc.

Local Area Agreement (LAA):

LAAs are three-year agreements, developed by local councils with their partners in Local Strategic Partnerships (LSP, see below). Each LAA is negotiated with the Government Office for the region, before being agreed and signed off by the Secretary of State. As part of the development of LAAs, a growing proportion of Government funding streams is now combined in a single Area Based Grant (ABG). This funding is used alongside mainstream budgets to support the achievement of specific 'improvement targets' identified in LAAs, including affordable housing targets.

Local Lettings Plans:

Overall lettings policies have to provide "reasonable preference" to categories of households on the housing register who fall into certain categories of need defined in the Housing Act 1996 and associated Code of Guidance. As long as this requirement is met, local authorities may set aside homes on a particular estate, or certain types of property across the stock for applicants who meet specified criteria. This might include local connections or household characteristics.

Local Strategic Partnerships (LSPs)

Are partnerships across public, private, business, community and voluntary sectors at local level. The LSPs bring together local plans and partnerships and initiatives to provide a forum through which public service providers can work effectively to meet local needs and priorities.

Mortgagee in Possession Clause:

"Mortgagee in Possession" means a person or body which has entered into a mortgage in respect of an affordable dwelling constructed on the land and has taken action following a default by the borrower in respect of the repayment due under that mortgage. The clause allows the release of affordable housing occupancy restrictions in favour of the mortgagee.

Nomination Agreement:

An agreement negotiated between the Council and a Registered Provider which guarantees the Council's ability to access Registered Provider-owned new build accommodation and relets for applicants on the Council's Housing Register, either via a Choice Based Lettings system or some alternative route.

Registered Provider:

The old definition of registered social landlord ("RSL") has been replaced with the concept of registered providers of social housing. All providers of social housing will now be listed on a register and will become a "Registered Provider" (RP). A distinction between this system and the old system of RSLs is that a provider of social housing can now be either a non-profit organisation or a profit-making organisation. Each body will be designated as one or the other upon being entered on to the register. RSLs automatically became non-profit registered providers under the new system.

The previous definition for Registered Social Landlord:

Registered Social Landlords are Government-funded not-for-profit organisations that provide affordable housing. They include Registered Providers, trusts and cooperatives. They work with local authorities to provide homes for people meeting the affordable homes criteria. As well as developing land and building homes, RSLs undertake a landlord function by maintaining properties and collecting rent.

Residual Land Value:

The residual valuation is the value of the site once the cost of the development and developers return for risk and profit have been subtracted from the value of the development. In other words, the residual land value is the amount the developer should bid/pay for the land.

Section 106 Agreement:

A legal agreement under Section 106 of the Town and Country Planning Act 1990, often a requirement before granting planning permission. Used as a means of securing the provision of affordable housing and other contributions from developments, including housing schemes.

Strategic Housing Market Assessment (SHMA):

A framework that local authorities and regional bodies can follow to develop a good understanding of how housing market operate. It promotes an approach to assessing housing need and demand which can provide an evidence base for the dealing with planning for housing development, as set out in Planning Policy Statement 3 (PPS3).