

PART A

Report to: Cabinet
Date of meeting: 6 November 2017
Report of: Planning Policy Section Head
Title: Supplementary Planning Document – Commuted Sums for the Provision of Affordable Housing

1.0 Summary

- 1.1 A draft supplementary planning document (SPD) relating to commuted sums for affordable housing was published for consultation from 24 May to 3 July 2017.
- 1.2 The SPD supplements policies in the adopted development plan (the Local Plan Core Strategy and saved policies of the Watford District Plan 2000) by providing additional information on the circumstances in which commuted sums may be considered acceptable in lieu of on-site provision of affordable housing. The SPD also sets out how the amount of the commuted sum will be calculated.

2.0 Risks

2.1

Nature of Risk	Consequence	Suggested Control Measures	Response (<i>Treat, tolerate, terminate, transfer</i>)	Risk Rating (the combination of severity and likelihood)
1. A reduction in the levels of affordable housing delivered on site.	This would reduce the mixing of different tenures within a single site which can be a way of ensuring mixed and balanced communities	The policy still requires provision on site unless this is either not viable or not desirable for other reasons as set out in the SPD (such as where delivery on site could not provide the	Tolerate	4

		right type of homes to meet local need). The SPD should allow more suitable affordable housing to be delivered overall including by deploying commuted sums into affordable housing schemes brought forward by providers such as Housing Associations, private rented providers such as Hart Homes or other council led developments.		
2. Agreeing whether a commuted sum or delivery on site is appropriate may take time initially.	Delays to determining applications and consequent delay in housing being built	Although agreeing commuted sums may initially take some time, the benefit in terms of securing suitable affordable housing should outweigh this.	Tolerate – keep under review	4
3. Increase in the number of	Potential challenges and	Refer to No 1 suggested	Tolerate	4

developers seeking to make a commuted sum payment rather than supply the affordable housing on site.	longer time to negotiate affordable housing provision/delivery	control measures		
4. Once a commuted sum is received it may take time to identify and receive planning permission for a suitable site for delivery.	Delay in the delivery of affordable housing	Housing, Property and Policy to liaise on the identification of suitable sites. The commuted sum agreement should not be subject to a time limit in which it has to be spent. Government guidance is expanding the definition of affordable housing to increase the types of housing and the mechanisms to facilitate their delivery. In Watford for example, delivering Council led affordable housing schemes	Tolerate	6

		through Hart Homes and other Council led developments		
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3.0 **Recommendations**

- 3.1 That Cabinet approves the Supplementary Planning Document-Commuted Sums for the Provision of Affordable Housing.
- 3.2 That Cabinet agree that minor changes ahead of publication can be agreed by the Deputy Managing Director in consultation with the Portfolio Holder for Planning.

Contact Officer:

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Report approved by: Nick Fenwick, Deputy Managing Director

4.0 **Detailed proposal**

- 4.1 A draft supplementary planning document on commuted sums for affordable housing was published for consultation from 24 May to 3 July 2017.
- 4.2 The SPD supplements policy HS3 Affordable Housing of the Local Plan Core Strategy (2013).
- 4.3 The SPD sets out the particular circumstances in which commuted sums may be considered in lieu of on-site provision of affordable housing, either in whole or in part.
- 4.4 The SPD is intended to assist the council to secure appropriate affordable housing as part of new development. Whilst, in the interests of ensuring mixed and balanced communities, provision on site is to be preferred; the council recognises that there are circumstances in which this is either not possible, or not desirable because the type of units which could be provided would not match the identified need for affordable housing in Watford. In such cases a financial contribution equivalent to providing appropriate units on site may be a more appropriate solution – which would enable the purchase or construction of suitable units on an alternative site. The SPD explains how such a financial contribution would be calculated, using data on house sale prices in the area during the previous financial year.
- 4.5 Historically spending commuted sum payments was difficult for the council as there

were only limited and often complex options to deliver housing using such funding. However with the recent establishment of Hart Homes we now have a mechanism to channel such funds and to build the type of affordable housing the borough needs in terms of larger units which private developers often find a challenge to deliver.

- 4.6 Six responses were received to the consultation (alongside a further six responses simply confirming consultees had no comments to make). These comments are detailed in the summary table of issues raised and how they have been addressed at appendix B. The key points were:

Developer:

Concern about the disclosure of commercially sensitive viability information.

A preference for the Alternative Use Value rather than Existing Use Value.

Concern about the review mechanism – particularly in relation to smaller schemes.

Agent on behalf of 3 developers:

Agree SHMA should inform the housing mix.

Suggest the housing mix should be negotiated on a site by site basis.

Concern about the review mechanism – particularly in relation to smaller schemes.

Local Residents' Group:

Support the objective of creating mixed and balanced communities, whilst recognising a concentration of affordable housing may be appropriate in some circumstances (such as to meet key worker needs around a hospital)

Local resident:

Supports the overall approach but notes that there will still be constraints to delivering enough homes due to scarcity of land.

- 4.7 The document has been restructured and further edited to improve clarity, including further detail about the requirement for a viability appraisal and a refinement that calculations should be based on the most recent year's data – the figures in the document being shown by way of example.

5.0 **Implications**

5.1 **Financial**

- 5.1.1 The Head of Finance comments that the receipt of commuted sums in lieu of actual builds on a development is a recognised practice. It should always be the exception as it moves the onus for provision from the developer to the Council, however it can allow the Council more control over the type of affordable housing. Wherever possible there should be as few restrictions on the use of the commuted sum in terms of provision and time to spend by as possible with the best agreements having no time

limit on use. This will reduce the exposure of the Council to legal challenge and obviate the need to refund developers. Any funds received should be held in an earmarked reserve until drawn down.

5.2 Legal Issues (Monitoring Officer)

- 5.2.1 The Head of Democracy and Governance comments that in order to be able to seek a commuted sum from a developer in lieu of on site provision it is necessary to have a SPD.

5.3 Equalities/Human Rights

- 5.3.1 The adopted Core Strategy Policy which this SPD supplements was subject to Equalities Impact Assessment as part of the preparation and adoption of the Core Strategy. No likely significant effects were identified.

As the SPD should help deliver affordable housing of the right type, and support the delivery of much needed family housing this should be of benefit to households on the housing waiting list, and contribute to a better quality of life.

Having had regard to the council's obligations under s149, it is considered that there are no significant effects requiring mitigation.

5.4 Sustainability

- 5.4.1 The Local Plan policies supplemented by this SPD were subject to sustainability appraisal as part of plan preparation.

Appendices

- A Commuted Sums for the Provision of Affordable Housing SPD
- B: Summary of issues raised during the consultation and changes made to the document

Background Papers

- The following background papers were used in the preparation of this report. If you wish to inspect or take copies of the background papers, please contact the officer named on the front page of the report."

[Watford Borough Council Local Plan Part 1: Core Strategy \(January 2013\)](#)

File Reference

- SP 2.3.4