



COMMUTED SUMS FOR THE PROVISION OF AFFORDABLE HOUSING

Supplementary Planning Document
November 2017



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Table of Contents

Introduction	1
Status of this Supplementary Planning Document	1
Context.....	2
National Context	2
Watford Borough Context.....	2
Housing Need.....	3
Type and Size of Affordable Dwellings.....	3
Affordable Housing Definition	4
Potential New Types of Affordable Housing	5
Qualifying Sites for Affordable Housing.....	5
Pre-Application Advice	6
Viability	7
When is a Viability Appraisal Required?	7
Review Mechanisms.....	9
Deferred Payments	9
Increased Land Value Post Planning Permission.....	9
Housing Tenure Mix	10
Schemes with 35% Affordable Housing or More	10
Schemes with Less Than 35% Affordable Housing.....	11
Commuted Sums.....	11
Calculating How Much Affordable Housing is Required	12
APPENDIX 1: Examples of commuted sums calculations	16
Worked Examples	16
GLOSSARY.....	19

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Introduction

1. This document sets out the Council's approach to commuted sums for the provision of affordable housing.
2. A commuted sum is an amount of money, paid to the Council by a developer, where the size or scale of a development triggers a requirement for affordable housing, but it is not possible to achieve appropriate affordable housing on site. The commuted sum paid in lieu of on-site provision will be used by the Council to provide suitable affordable housing elsewhere in the Borough. The purpose of this document is to:
 - Secure good quality affordable housing of the right type, size and tenure through the planning process;
 - Detail the circumstances in which a financial contribution known as a commuted sum may be appropriate in lieu of on-site provision of affordable housing;
 - Explain how the commuted sum will be calculated;
 - Provide clear guidance on viability.
3. This document will help all parties involved in the delivery of affordable housing (e.g. the Council, developers, landowners, Registered Providers).
4. The Council will facilitate the delivery of affordable housing by working with Registered Providers of social housing, developers, Homes England (HE) and other stakeholders to ensure a choice of quality affordable housing is built at the right time and in the right locations to meet local housing need.

Status of this Supplementary Planning Document

5. As a Supplementary Planning Document (SPD), adopted on 6th November 2017, this document is a material planning consideration in the determination of planning applications.
6. This Supplementary Planning Document supports implementation of the following policies set out in the Watford Borough Council Local Plan Part 1 (Core Strategy). This document sets out the Council's planning vision and spatial strategy for the Borough to 2031.
 - HS1 Housing Supply and Residential Site Selection;
 - HS2 Housing Mix;
 - HS3 Affordable Housing.

Context

National Context

7. Government planning policy outlined in the National Planning Policy Framework (NPPF) (2012) requires Councils to quantify the need for affordable housing in their area, and bring forward policies that will help provide for this need.
8. Paragraph 50 of the National Planning Policy Framework states:

“To deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities, local planning authorities should:

 - *plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes);*
 - *identify the size, type, tenure and range of housing that is required in particular locations, reflecting local demand; and*
 - *where they have identified that affordable housing is needed, set policies for meeting this need on site, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified (for example to improve or make more effective use of the existing housing stock) and the agreed approach contributes to the objective of creating mixed and balanced communities. Such policies should be sufficiently flexible to take account of changing market conditions over time.”*
9. In the NPPF, paragraphs 56 (good design), 159 (need for a Strategic Housing Market Assessment) and 173 to 177 (viability and deliverability) are also relevant and have been taken into account in preparing this document.

Watford Borough Context

10. Housing is one of our biggest challenges in Watford. The Borough is an area with high house prices and rents. There is a continuing need for affordable housing, particularly for families.
11. Watford Borough Council has published a number of documents which set out the background context, priorities, objectives and mechanism for the delivery of affordable housing and wider regeneration in Watford.
12. The Local Plan Part 1 (Core Strategy) Policy HS3 requires affordable housing provision of 35% on all residential developments of 10 or more dwellings or on sites of more than 0.5ha.

13. The Council's Housing Strategy 2015-2020 sets out the Council's housing priorities including its commitment to ensure the provision of good quality accommodation affordable to a wide range of people with different needs and incomes. Data from both the Council's Housing Register and its homelessness activities confirms that there is significant need for affordable family-sized accommodation in the Borough, especially for those on low incomes.
14. Without housing of its own, the Council relies on the support of partner Housing Associations to assist with provision of homes at rents lower than market levels. Accessing and prioritising applications for this source of housing is governed by the Council's Housing Nominations Policy. This includes statutory requirements for prioritising housing applicants together with local priorities for this type of housing.
15. Statutory priorities include homeless households and those that are overcrowded or have a medical or welfare need to move. Local priorities are about assisting redevelopment and some access to newly built Housing Association homes for existing Housing Association residents through local letting plans. Over recent years the number of Housing Association properties becoming available for letting has decreased significantly whilst demand for them continues to far exceed supply. The private rented sector therefore has a significant role to play in meeting this need as well as the needs of households with higher incomes. A major challenge for the Council in assisting low income households into the private rented sector is that local rent levels are frequently unaffordable for them even with the payment of Local Housing Allowance. Data collected during 2016 shows a gap of over 30% between the Local Housing Allowance rates and median private rent levels in the Borough.
16. The NPPF sets out guidance that requires Strategic Housing Market Assessments (SHMA) to identify housing needs for the whole of the community covering both market and affordable housing. The objectively assessed housing need (OAN) in Watford identified in the South West Hertfordshire Strategic Housing Market Assessment (2016) is 577 dwellings per annum. At time of writing, the Government is consulting on a new methodology for calculating housing numbers therefore this figure may change. The appropriate local housing target will be determined during the preparation of the new Local Plan.

Housing Need

Type and Size of Affordable Dwellings

17. In the Watford Borough Council Housing Strategy the affordable component of residential development proposals will be expected to provide a range of housing sizes and/or types to meet local needs. To ensure the affordable housing occurs the precise type of dwelling (e.g. house, flat) and size of the property (i.e. number of bedrooms) to be provided in individual schemes will be based upon advice from the Council's Housing Strategy team. This advice

will be informed by Housing Register applications together with need indicated through homelessness and other data. The overall balance, type and size of affordable housing to be sought across the Borough will also be informed by the latest Strategic Housing Market Assessment.

Affordable Housing Definition

18. Affordable housing is defined in the glossary to the National Planning Policy Framework (NPPF) as social rented, affordable rented and intermediate housing provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.

Table 1. Types of Affordable Housing Defined in the NPPF

Social rented housing	Properties owned by local authorities and private registered providers. Guideline target rents are determined through the national rent regime. The Watford Borough Council Tenancy Strategy 2015-2018 refers to social rents as those that are 50-60% of local market rents.
Affordable rented housing	Properties let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable rent is subject to rent controls that require a rent of no more than 65-80% of the local market rent (including service charges where applicable).
Intermediate housing	Homes available for sale and for rent at a cost above social rent but below market value subject to the criteria in the affordable housing definition above. These can include shared equity (shared ownership and equity loans) and other low cost homes for sale and intermediate rent but not affordable rented housing.

19. Homes that do not meet the above definitions, such as low cost market housing, may not be considered as affordable housing for planning purposes.
20. Watford property prices mean many intermediate forms of affordable housing are beyond the reach of local households in need. The Council will therefore prioritise delivery of other tenures such as social rent and affordable rent.

Potential New Types of Affordable Housing

21. In 2017 the Government consulted on the Planning and Affordable Housing for Build to Rent paper. This set out two forms of housing that could contribute towards meeting housing need; build to rent and affordable private rent. Characteristics of these housing types are set out in Table 1.

Table 2. Types of Affordable Housing in the Planning and Affordable Housing for Build to Rent Paper (2017)

Build to rent	Tenure	Build to rent buildings will typically be 100 percent rented out, albeit they may form part of a wider multi-tenure development
	Typology	Schemes can be either flats or houses but will have to be on the same site and/or contiguous
	Tenancy length	Schemes will as a norm offer longer tenancy agreements of three years or more (to those tenants who want a longer tenancy).
	Management and ownership	Schemes will typically be professionally managed, be of single ownership and under management control.
Affordable private rent		This will be the normal vehicle for providing the affordable homes element in schemes (as opposed to other forms negotiated through s106)

22. Starter Homes are seen by the Government as a way to get young people into home ownership. However, they are not considered as a realistic form of affordable housing in Watford based on currently available grants and house prices.

Qualifying Sites for Affordable Housing

23. As set out in the Local Plan Part 1 (Core Strategy) Policy HS3 the Council will seek on site provision of affordable housing at a rate of 35% on sites of over 0.5ha or including 10 or more residential units.
24. The viability of this level of affordable housing was established by evidence prepared for and subject to examination for adoption of the Local Plan Part 1 Core Strategy. These findings were reconfirmed in 2016 in a Plan Viability Assessment.
25. The adopted Core Strategy Policy HS3 sets out the requirement to provide affordable housing. This Supplementary Planning Document applies to development comprising Residential Use Class C3.

Policy HS 3

Affordable Housing

A rate of 35% affordable housing will be sought on major applications of 10 residential units and above or sites of more than 0.5 ha.

Only in exceptional circumstances will the council consider a lower level of affordable housing provision, where the developer can demonstrate exceptional planning, or other constraints on the development of the site through the submission of a development viability assessment.

In line with the SHMA and DES study the affordable housing provision will be;

- Social rent 20%
- Affordable rent 65%
- Intermediate affordable housing (shared ownership) 15%

The council will produce further guidance on the provision of affordable housing in the borough. It will be regularly updated, taking into account the findings from further research and monitoring information.

26. If an applicant considers there to be exceptional circumstances that will make a policy compliant scheme non-deliverable, the applicant is required to clearly set these out with supporting evidence. The following sections provide more information about what is expected from applicants.

Pre-Application Advice

27. In accordance with the Planning Practice Guidance the Council will encourage potential applicants to seek pre-application advice prior to the submission of a full planning application. Pre-application discussions provide an opportunity confidentially discuss potential issues and concerns and provide a forum to consider how these can be resolved leading to the submission of a scheme that will comply with the Council's planning policies. This can increase the speed that a planning application can be processed and reduce the potential for unexpected issues to arise which delay the application.
28. Pre-application discussions provide an opportunity to consider the housing mix and if this should be varied from the findings set out in the Strategic Housing Market Assessment and if it is appropriate, or preferable, to deliver all, or a proportion of, the affordable housing on site.

Viability

29. Viability is playing an increasing role in the planning process. The Council has taken account of viability in preparing the development plan and in setting the Community Infrastructure Levy. Where a proposed scheme faces genuinely challenging finances the Council may negotiate on some planning policy requirements. This will provide flexibility and will allow development to proceed provided the proposed scheme is of a high quality and makes a positive overall contribution to the Borough and its residents.
30. Flexible application of planning policy is a risk to the sustainable development of the Borough and will **only be acceptable in appropriate circumstances**. Therefore, clear guidance for applicants regarding the viability appraisal process, the standard of proof and the quality of evidence required to consider viability as a justification for any departure from our Development Plan is needed.
31. The cumulative impact of the Council's planning policy requirements on development viability has been fully assessed as part of the Examination of the Watford Core Strategy (2013) and Community Infrastructure Levy Charging Schedule (2015).
32. The National Planning Policy Framework (paragraph 173) states:

"Pursuing sustainable development requires careful attention to viability and costs in plan-making and decision-taking. Plans should be deliverable. Therefore, the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable."

When is a Viability Appraisal Required?

33. The Council usually expects applications of 10 dwellings or more, or on sites above 0.5ha to provide 35% affordable housing in line with Policy HS3. Applications which meet this requirement will not need to submit a viability appraisal in relation to the provision of affordable housing.
34. If a developer considers they cannot meet the affordable housing requirement for reasons of viability a viability appraisal will be required. Any viability appraisal submitted to the Local Planning Authority is to be undertaken by a suitably qualified person(s).

35. Viability appraisals are sensitive to minor changes to the figures used to calculate viability and variations in methodology. Where viability is cited as a barrier to development the Council must be able to effectively analyse viability appraisals to ensure the maximum viable level of affordable housing is secured whilst also enabling development to proceed.
36. When a viability appraisal is submitted an editable electronic version of the viability model should be made available to the Local Planning Authority, or anybody acting on their behalf, to enable a robust review of the submission. A PDF version of the document must be submitted with the planning application which will be made available on the Council's Public Access system for public scrutiny
37. Applicants will be expected to meet the cost, as specified by the Council, associated with reviewing financial viability appraisals in advance. This includes legal costs if appropriate. In the absence of a solicitors undertaking, fees should be paid on validation of an application. All viability appraisals will be independently assessed by an appointed party of the Council's choosing with the findings and recommendations being provided to members of the Development Management Committee for their consideration. The submitted financial viability appraisal should accord with Planning Practice Guidance and apply the local interpretation of inputs identified in the following section.
38. The following aspects, amongst others, will be analysed as part of the independent viability appraisal:
 - Scenario testing: (1) An appraisal of a policy compliant scheme and (2) an appraisal of a scheme with a lower amount of affordable housing if a policy compliant scheme is considered unviable;
 - Existing Use Value plus premium (benchmark land value);
 - Residual land value data;
 - Demolition and construction costs;
 - Market values achieved;
 - Market intelligence that identifies evidenced changes that will affect the overall balance of market and affordable housing delivered including; growth forecasts, house prices, market rent levels, affordable rent levels;
 - Section 106 / Community Infrastructure Levy costs;
 - Comparable evidence of rates of return per plot of comparable schemes; and
 - Remediation costs.

Submitted Viability Appraisals and Transparency

The Council represents the people of Watford, making decisions in the public interest. For this reason our decision-making must be transparent. Any background document that has influenced a decision to grant or refuse planning permission should normally be made publicly available and published in full on the Council's website. Viability appraisal will be published, and there will be a presumption that usually they will be unredacted. Only in cases where good reasons are presented as to why parts of the document should be confidential will redacted versions be accepted. In that case two versions should be submitted: a) one confidential for planning officers and Members, and 2) the other redacted for publication. These should be accompanied by a letter explaining why each of the redacted entries should be treated as confidential. The Council may refuse to consider a viability report if an applicant insists upon its remaining confidential without good reason.

Review Mechanisms

Deferred Payments

39. There are circumstances where the Council may at the time of determining the application accept phased on-site provision or a reduced financial contribution to enable development to come forward. This may occur when, for example, the land value benchmark is too high or residual value too low, or a combination of both. If the applicant has adequately demonstrated that a scheme cannot be delivered in current market circumstances the Council may, in exceptional circumstances, agree to defer the policy requirements until better market conditions apply.

Increased Land Value Post Planning Permission

40. Where it has been agreed that less than 35% affordable housing will be provided on site due to viability a claw back agreement may be required. The terms of this will be set out as a clause in a s106 agreement between the applicant and the Council.
41. On particularly large phased schemes there may be site-wide infrastructure which benefits the whole development where the costs of which need to be met up-front. In this situation the viability of the scheme will be reviewed at the end of each phase of development. This will establish whether a greater percentage of affordable housing could viably be provided within the development phases that follow. In such instances, the Council will seek reappraisal of the whole scheme on completion of each phase. The actual revenues and costs from the completed phase(s) will be included as part of the reappraisal.

42. If it is found that a higher percentage of on-site affordable housing can viably be provided this higher amount will only be applied to subsequent phases of the development. This will not be applied retrospectively to those already completed. In some circumstances the Council may accept a change in tenure for the latter phase of a development where this would meet local needs more appropriately. This would follow consultation with the Council’s Housing officer, notwithstanding that this may affect the overall number of affordable units delivered.

Housing Tenure Mix

Schemes with 35% Affordable Housing or More

43. The Strategic Housing Market Assessment (2016) identified the need for different types of market and affordable housing (number of bedrooms) in the Watford area (Table 3). This housing need is only one of a number of considerations that informs the housing mix preferred by the Local Authority. The Strategic Housing Market Assessment indicates the highest need (38%) is for one bedroom units, however, in practice the greatest demand for affordable units is for small family sized dwellings (two and three bedroom units) once local criteria have been taken into account. Therefore, the Council’s preference is to deliver small family sized units where possible.
44. The affordable housing mix to be provided on site is to be agreed with the Council’s Housing Officer. Whatever the agreed housing mix, the total number of affordable units will still be required to deliver 35% affordable housing on the site.

Table 3. Housing mix required to meet local need (Strategic Housing Market Assessment, 2016)

Type of Housing	One bedroom units (%)	Two bedroom units (%)	Three bedroom units (%)	Four bedroom units and larger (%)
Market	12	29	42	17
Affordable	38	27	31	4

45. The cost of housing can differ between housing types. In some circumstances this can affect viability. Where an applicant cites the affordable housing mix as an issue that contributes towards making a proposal unviable that would otherwise comply with the Local Plan and proposes a proportion of affordable housing less than 35% the applicant will be required to clearly demonstrate the assumptions that had led to this conclusion. The assumptions, including the costs associated with each of the respective dwelling types, will need to be set out so they can be easily understood.

Schemes with Less Than 35% Affordable Housing

46. In some circumstances the Council may prefer to vary the mix of affordable housing types to place greater emphasis on family sized dwellings to meet local need.
47. If it is demonstrated by an applicant that having a higher proportion of affordable dwellings provided as family sized units then the housing mix set out in Table 3 will make a proposal undeliverable the percentage affordable housing requirement may be reduced. To provide clarity and ensure the amount of affordable housing (floorspace) proposed between two schemes is comparable the applicant will be expected to set out the following:
- For a scheme that meets the housing mix set out in Table 3 set out the amount of floorspace (internal living area) that would be provided, by unit type (number of bedrooms), as a percentage of the overall scheme; and
 - For a scheme proposed with a larger number of family sized units with fewer one bedroom units the amount of floorspace (internal living area) that would be provided, by unit type (number of bedrooms), as a percentage of the overall scheme.
48. In circumstances where the proportion of affordable units proposed is less than the policy requirement of 35% and the housing mix proposed differs from that set out in Table 3 this will need to be agreed by both the Council's Planning and Housing Officers.

Commuted Sums

49. The Council will usually seek affordable housing on site at 35%. However, there may be circumstances in which this is not possible, nor the best solution in terms of meeting local housing need. The kind of circumstances in which commuted sums may be considered as an alternative to all or part of the on-site are set out in Table 4.

Table 4. Considerations for commuted sums

Practicality	Registered Providers may highlight sites that will not work from a management point of view.
Type of housing	It may not be possible to provide on-site affordable housing of the right type or tenure to accommodate those on the housing waiting list.
Viability	Some developments, particularly small developments, may not be able to viably provide affordable housing on site. An off-site commuted sum should be roughly equivalent to the cost of re-providing the land for affordable housing on another local site. A viability appraisal would be required as set out earlier in this document.

Calculating How Much Affordable Housing is Required

50. The methodology below sets out how the contribution will be calculated. The calculation is to use average sales price data based on postcode areas. The Council considers these sums are reasonable and broadly equivalent to delivering on-site provision.
51. The proportion of affordable housing to be provided and the commuted sum can be calculated based on two situations:
- Where a development is to provide affordable housing on site and the total number of dwellings will include 35% affordable units;
 - Where affordable housing is to be provided off-site the commuted sum will be based upon the market dwellings making up 65% of the gross development value (unless agreed otherwise).
52. There are two steps to calculate the commuted sum required:
- a. establish how many affordable housing units are required to be delivered off site; and
 - b. identify the financial contribution (commuted sum) this is equivalent to.
53. The number of affordable units required to be delivered off-site is calculated as follows:

$$A_H = (D_S \div M_P) - D_S$$

The equivalent commuted sum can then be calculated as follows:

$$C_S = ((A_H + D_S) \times A_{HP} \times S_F) \times 0.44$$

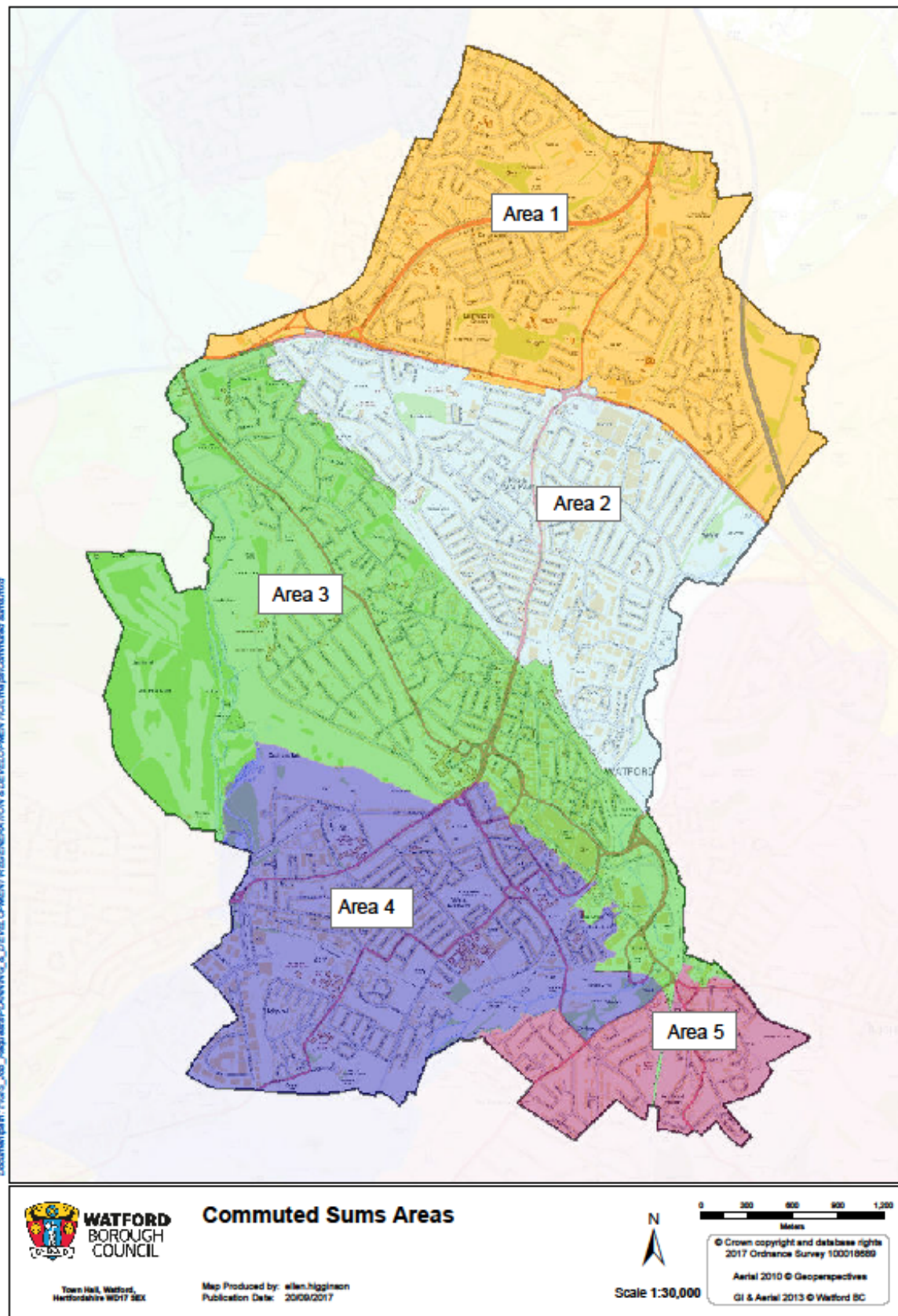
Key: Affordable housing and commuted sums calculations

A _H	Number of affordable units required
D _S	Number of market value units on the proposed on the application site
C _S	Commuted sum (£)
A _{HP}	Affordable housing to be provided (%)
S _F	Average sales price for the relevant postcode area for the previous calendar year (£)
M _P	Percentage of the total number of dwellings (market value + affordable units) proposed in the scheme that are of market value
0.44	This adjustment factor is used to represent the cost of land purchase and servicing incurred by the Local Planning Authority or Housing Provider. Land costs typically represent 40% of the open value market value of housing. Servicing and professional fees are estimated to be about 10% of the land value (4% of the total cost). Therefore, the financial contribution sought will be 44% of the open market value of the residential units to be delivered through the respective planning permission.

54. Commuted sums can apply to several different situations such a) where the entire affordable housing requirement is to be provided off site, b) where some of the affordable housing requirement is provide both on site and off site, or c) where the affordable housing calculation includes a 'partial dwelling' (e.g. 5.4 affordable dwellings) with the 'partial value' (e.g. 0.4) to be paid as a commuted sum.
55. The standard financial contribution example set out in Appendix 1, Table 1, is based on Land Registry house price sales data for 2016. It is disaggregated by area of the Borough (by postcode district) and type of housing to be more representative of the differences in land value across Watford. This is consistent with the approach in the Community Structure Levy Stage 2 viability work which used postcode areas.
56. The contribution should be calculated using Land Registry house sales data for the most recently available calendar year. Regard may also be given to sales for the particular postcode sector where the postcode district appears to not give a representative value, although caution should be used when the data is based on a very small number of sales. In such cases it may be appropriate to consider sales over a longer time period.
57. If a site covers more than a single postcode district the commuted sums payment will be based on the relevant proportion of development proposed within each postcode.
58. For simplicity, some small areas of postcode districts which marginally cross into the Watford administrative have been included as part of an adjacent postcode district covering the Watford administrative area. The five postcode districts covering Watford are set out in Figure 1.

59. Commuted sums usually cover the full contribution a development that is required to deliver the affordable housing expected on site. In some circumstances it is possible that a commuted sum could consist of both affordable units delivered on site and a financial contribution. This may be the case where delivering the full requirement of affordable housing on the site would present practical difficulties or where a deferred payment or claw back arrangement is agreed.
60. Where there is either a deferred payment/claw back arrangement or where the trigger for payment is dependent on a future date the amount set out in the s106 agreement will be linked to future sales price changes. If there is a reduction in property price below the amounts set out the Council will revert to the amount set out in the s106 agreement as the required payment.

Figure 1. Commuted Sum Areas in Watford Borough



APPENDIX 1: Examples of commuted sums calculations

- A1. **Table A1.** Standard Financial Contribution based on Land Registry Average Sales Price data for the year 2016 (includes data for new build and older properties)

Commuted Sum Area	Detached	Semi-Detached	Terraced	Flat/Maisonette
1	£667,084	£452,282	£395,299	£251,359
2	£524,167	£454,970	£360,872	£250,421
3	£862,927	£676,529	£426,547	£259,580
4	£697,889	£509,840	£396,019	£348,014
5	£777,224	£475,201	£380,771	£260,137

[Source: <http://landregistry.data.gov.uk/app/standard-reports>]

- A2. Table A1 and the examples below are to demonstrate the method of calculation. The relevant sales price data to use in the calculations should be sourced from <http://landregistry.data.gov.uk/app/standard-reports>. The report should include new build and older properties and be run at postcode district level for the most recently available full calendar year.

Worked Examples

- A3. Examples below assume the required level of Affordable Housing cannot be provided on site for reasons of viability. Three scenarios are set out below:
- Scheme 1 consists of a single dwelling type and assumes the policy requirement of 35% affordable housing can be achieved and will be provided as a commuted sum.
 - Scheme 2 has a mix of dwelling types and assumes the policy requirement of 35% affordable housing can be achieved and will be provided as a commuted sum.
 - Scheme 3 sets out a scenario where the affordable housing requirement will be met through a mix of affordable units on site and a financial commuted sum.
 - Scheme 4 has a mix of dwellings, however, it has been demonstrated not to be viable with 35% affordable housing therefore 25% has been agreed.

A4. **Scheme 1:** Full contribution for four dwellings in Commuted Sum Area 3

A contribution is sought because the site area exceeds the threshold of 0.5ha but it is not possible to include provision on site. Commuted sum is based on four market value dwellings and no affordable dwellings provided on site.

Type of dwelling unit	Number of proposed market value dwellings	Affordable housing requirement	Number of affordable housing units required	Market dwelling value of dwelling in commuted sum area	Market dwelling value of affordable housing requirement	Commuted Sum Required to provide the affordable housing off-site
Detached	4	35%	2.15	£862,927	£1,855,293	£817,278
Total	4	-	0	-	-	£817,278

A5. **Scheme 2:** Full contribution for 11 dwellings in Commuted Sum Area 1 - mix of unit types

A contribution is sought as the number of units exceeds the threshold and the applicant has demonstrated that it would not be feasible to provide the units on site or via any other means. Commuted sum is based on 11 market value dwellings and no affordable dwellings being delivered on site.

Type of dwelling unit	Number of proposed market value dwellings	Affordable housing requirement	Number of affordable housing units required	Market dwelling value of dwelling in commuted sum area	Market dwelling value of affordable housing requirement	Commuted Sum Required to provide the affordable housing off-site
Terraced	5	35%	2.69	£395,299	£1,063,354	£468,137
Flats	6	35%	3.23	£251,359	£811,890	£357,287
Total	11	-	0	-	-	£825,424

A6. **Scheme 3:** Part financial contribution for a development of 22 dwellings in Commuted Sum Area 5

A contribution is sought because the number of units exceeds the threshold and the applicant has demonstrated it would not be viable to provide all of the units on site or by any other means. It is agreed with the Council and Registered Provider who will manage the affordable housing units that a commuted sum for the detached (4) and semi-detached (6)

affordable dwellings will be provided and a terraced property (2) and flats (6) will be delivered on site.

Type of dwelling unit	Number of proposed market value dwellings	Affordable housing requirement	Number of affordable housing units required	Market dwelling value of dwelling in commuted sum area	Market dwelling value of affordable housing requirement	Commuted Sum Required to provide the affordable housing off-site
Detached	3	35%	1.62	£777,244	£1,256,804	£552,994
Semi - Detached	2	35%	1.07	£475,201	£510,603	£224,666
Terraced	5	35%	2.69	£380,771	£262,732	115,602
Flats	12	35%	6.46	£260,137)	£119,663	52,652
Total			8			£945,914

A7. **Scheme 4:** A financial contribution for 14 dwellings with a `reduced requirement for affordable housing in Commuted Sum Area 4

The contribution being sought is for 25% affordable housing after it was clearly demonstrated and agreed not to be viable with 35% affordable housing provision as required by policy HS3. No affordable dwellings are to be provided on site.

Type of dwelling unit	Number of proposed market value dwellings	Affordable housing requirement	Number of affordable housing units required	Market dwelling value of dwelling in commuted sum area	Market dwelling value of affordable housing requirement	Commuted Sum Required to provide the affordable housing off-site
Terraced	6	25%	1.5	396,019	£594,029	£261,373
Semi-detached	6	25%	1.5	£509,840	£764,760	£336,494
Detached	2	25%	0.5	£697,889	£348,945	£153,536
Total	14	-	0	-	-	£751,403

GLOSSARY

Affordable Housing	Housing that is provided with subsidy for people who are unable to resolve their housing requirements in the general housing market because of the relationship between local housing costs and incomes. Affordable housing covers social rent and intermediate housing through shared ownership, shared equity and submarket rent.
Benchmark land value	Indicative value of a plot of land based on land with the same or similar type of use that has shared characteristics (e.g. locality, physical attributes).
Community Infrastructure Levy (CIL)	A charge on new buildings (based on floor space) to provide infrastructure in the area to support the development.
Equity share	The proportion of the open market value of the property that is owned by the purchaser and/or the third party investor (i.e. the developer or Government).
Gross development value (GDV)	The total revenue from the scheme. This may include housing as well as commercial revenue (in a mixed use scheme). It should include revenue from the sale of open market housing as well as the value of affordable units reflected in any payment by a housing association(s) to the developer.
Household	A household that comprises either one person living alone or a group of people (not necessarily related) living at the same address with common housekeeping (sharing at least one meal a day or sharing a living room or sitting room).
Homeless household	A household that does not have access to accommodation in a fixed location that is reasonable to occupy or has accommodation but is threatened with homelessness and it is likely they will become homeless within 28 days.
Homes England	The national housing and regeneration agency for England that provides investment and expertise to deliver new affordable homes contribute towards regeneration. Performs a regulatory function in respect of Registered Providers.
Housing demand	The quantity of housing households that are willing and able to buy or rent.

Housing need	The quantity of housing required for households who are unable to access suitable housing without financial assistance. Housing need may arise due to households lacking their own housing or live in unsuitable housing and who cannot afford to resolve their housing needs in the market.
Land value	The actual amount paid for land taking into account the competition for sites.
Postcode district	The area covered by the first 3 letters/numbers of a postcode (e.g. WD17).
Postcode sector	The area covered by the first 4 letters/numbers of a postcode (e.g. WD17 3).
Registered Provider (RP)	Independent housing organisation, charitable organisation or company providing affordable housing registered with the Homes & Communities Agency, such as housing associations.
Residual land value	The difference between Gross Development Value (GDV) and total scheme costs. Residual land value provides an indication to the developer and/or land owner of what should be paid for a site.
Section 106 Agreement (s106)	Legal agreements between Local Authorities and developers to make planning applications acceptable. They are drafted when it is considered that a development will have significant impact on the local area that cannot be mitigated using planning conditions. These are often referred to as Planning Obligations.
Viability	Financial variable that determines whether a scheme progresses or not. For a scheme to be viable there must be a reasonable developer and land owner return. The scale of land owner return depends on the planning process itself.
Viability Appraisal	Development calculation taking into account scheme revenue and scheme cost and accounting for key variables such as house prices, development costs and developer profit.

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