

Part A

Report to: Cabinet  
Date of meeting: 2 July 2018  
Report of: Planning Policy Section Head  
Title: Commuted Sums for the Provision of Affordable Housing Supplementary Planning Document (Revised)

1.0 **Summary**

1.1 The existing Commuted Sums for the Provision of Affordable Housing Supplementary Planning Document (SPD) was adopted by Watford Borough Council on 6 November 2017. The SPD has been revised to provide more clarity about how the Council will apply the adopted affordable housing policy, and to include an online tool for calculating the contribution – the revisions do not change the approach to be taken.

1.2

The SPD supports planning policies set out in the adopted development plan (the Local Plan Core Strategy and saved policies of the Watford District Plan 2000). It provides additional information on the circumstances in which commuted sums may be considered acceptable in lieu of affordable housing not being provided on site when a residential development proposal is brought forward. The SPD sets out how the amount of the commuted sum will be calculated.

2.0 **Risks**

2.1

<b>Nature of Risk</b>	<b>Consequence</b>	<b>Suggested Control Measures</b>	<b>Response</b> <i>(Treat, tolerate, terminate, transfer)</i>	<b>Risk Rating</b> (the combination of severity and likelihood)
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	Tolerate	4

		not provide the 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.		
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
Increase in the number of developers seeking to make a commuted sum payment rather	Potential challenges and longer time to negotiate affordable housing provision/	Refer to No 1 suggested control measures	Tolerate	4

than supply the affordable housing on site.	delivery			
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 through Hart Homes and other Council led developments	Tolerate	6

### 3.0 **Recommendations**

- 3.1 That the Commuted Sums for the Provision of Affordable Housing Supplementary Planning Document (Revised) be adopted.
- 3.2 That Cabinet agree future revisions to the document can be agreed by the Deputy

Managing Director in consultation with the Portfolio Holder for Regeneration and Development.

**Contact Officer:**

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Report approved by: Nick Fenwick, Deputy Managing Director

**4.0 Detailed proposal**

- 4.1 The revised SPD will support the implementation of Policy HS3 Affordable Housing set out in the Local Plan Core Strategy (2013).
- 4.2 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.
- 4.3 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. This 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.
- 4.4 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.
- 4.5 The adopted SPD has been revised following feedback from officers and developers. It was commented that while the intention of the guidance is clear some of the details about how the commuted sums were calculated remained unclear. Therefore, the SPD has been revised to provide greater clarity to make the implementation of Policy HS3 in the Core Strategy easier to follow. The main changes have included additional worked examples, simplifying the formula used to calculate commuted sums, providing additional text about how the commuted sums areas in Watford have been set out based on post code areas, and factual changes have been made where required. Additionally, a Commuted Sums calculator has been devised to accompany

the revised SPD which will be available on the council website (Appendix B).

- 4.6 Amendments made to the adopted SPD are not considered to be significant since they are to improve clarity rather than to change the approach. Therefore, additional consultation was not considered necessary. The adopted SPD, which this revised document is to supersede, was subject to public consultation between 24 May 2017 to 3 July 2017. Responses to that consultation can be viewed as part of the Cabinet Report on November 6 2017.

## 5.0 **Implications**

### 5.1 **Financial**

- 5.1.1 The Shared Director of Finance comments that there are no financial implications as a result of these changes.

### 5.2 **Legal Issues (Monitoring Officer)**

- 5.2.1 The Head of Democracy and Governance comments that there are no specific legal implications with this revision. However, 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 There have been no changes that materially change the adopted SPD therefore it is considered there are no significant effects requiring mitigation.

### 5.4 **Sustainability**

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

## 6.0 **Appendices**

- A. Commuted Sums for the Provision of Affordable Housing Supplementary Planning Document
- B. Commuted Sums Calculator

## 7.0 **Background Papers**

- 7.1 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 Local Plan Core Strategy 2006-31 \(2013\)](#)

7.2 **File Reference**

7.2.1 SP2.3.4 Watford SPDs