

MATTER 8 – HOUSING STRATEGY

AFFORDABLE HOUSING

INTRODUCTION

1. Letchworth Garden City Heritage Foundation is a Community Benefit Society, which owns the freehold of the Letchworth Garden City Estate. It is successor to First Garden City Limited and the Letchworth Garden City Corporation and is subject to the Letchworth Garden City Heritage Foundation Act 1995. We apply a basic principle of reinvesting surplus generated from a primarily commercial property portfolio back into the local community, by way of a series of charitable services and grant related activity. Our charitable commitments are set out in the 1995 Act.
2. Included in the Submission Local Plan is a series of housing sites that are under the ownership of the Heritage Foundation and we will be responsible for their delivery in accordance with the policies contained within this Plan. This includes sites LG1, LG3, LG4, LG5, LG8, LG13, LG14, LG15, LG16 and LG18.
3. As set out in our previous representations to the Proposed Submission Local Plan in November 2016, we are in support of the policy position to maximise affordable housing and look forward to working with our Housing Association partners and other stakeholders to meet this policy objective. We do however consider that the wording of the policy and supporting text requires amendment in order to be found sound.
4. This written statement will respond to the Inspector's Questions as follows:
 - Issue 8.4 regarding other sources of/mechanisms for affordable housing delivery
 - Issue 8.5 regarding '*maximised*' affordable housing provision
 - Issue 8.8 '*Is the approach to affordable housing and housing mix sound*'.
5. As previously advised, we request to participate in the examination (22nd November) to inform the final wording of Policy HS2 regarding affordable housing.

Issue 8.4: Other sources of/mechanisms for affordable housing delivery

6. We consider that there should be greater recognition in the Local Plan on the role that community and cooperative housing models can have in the delivery of affordable housing.
7. The definition of affordable housing is provided in the Glossary of the Submission Plan, which states:

Social rented, affordable rented and intermediate housing for specified eligible households whose needs are not met by the market and which seeks to meet the needs of current and future eligible households at a cost low enough for them to afford.
8. The provision of community and cooperative housing models can make a significant contribution and open up housing opportunities for a group of people, who often fall between socially rented and private housing.
9. We favour a mix of affordable housing, which in addition to traditional socially rented and shared ownership forms of housing, includes community housing models. The community housing model that we seek is where housing land is secured by community groups for which there is a qualification criteria, including a suite of requirements, such as salary and locality and would remain on the dwellings in perpetuity. So for example, should a development for local people in a Community Land Trust (CLT) come forward, this would require occupiers to meet the qualification criteria, but should any of the members of the Trust wish to sell their interest, the same qualification criteria would apply to future occupiers and it is expected that the value of any saleable interest can only grow in line with average salaries rather than property prices. This will ensure that the accommodation remains affordable, within the originally qualifying criteria.
10. In addition to planning obligations, there are controls that the Heritage Foundation can place on such development by covenants attached to leases, as we will retain the freehold in accordance with relevant legal provisions. Accordingly, this is considered a realistic prospect for the delivery of affordable housing in Letchworth, and will be encouraged by the Heritage Foundation at the sites in our ownership.
11. The contribution of cooperative housing models to increasing the delivery of new affordable housing is recognised in the SHMA Update (2015) (para.4.12):

Given current delivery constraints, co-operative housing has been identified as a further alternative supply for households unable to access ownership or affordable housing. The Confederation of Co-operative Housing, working with RPs, is currently trying to bring schemes forward.
12. Community and cooperative housing models can be considered to be a form of intermediate housing and comply with the definition of affordable housing in the Local Plan Glossary and the affordable housing definition within the NPPF. It would also be in line with the Government's Housing White Paper which identifies the Government's support to communities to take a lead in building their own homes in their areas (para. 1.34).

13. Accordingly, it is considered that specific reference should be made to community and cooperative housing models including CLTs in the Local Plan in order to be consistent with the Council's evidence base in terms of recognising alternative options available to deliver more affordable homes (SHMA para. 4.16).
14. Furthermore, we support the intention to deliver 100 plots for self-build development as identified in Policy SP8, and welcome the requirement for at least 9 serviced plots for self-build development at site allocation LG1 under Policy SP15, which we hope may be increased. This type of community housing model can make a positive contribution by creating opportunities for local people. However, it is considered that there should be recognition of the contribution affordable self-build development can make to affordable housing provision. This would contribute to the planning for a mix of housing based on market trends and the needs of different groups in the community to deliver a wide choice of high quality homes in accordance with NPPF para. 50.
15. An example of how this has been achieved is in the emerging Housing SPD produced by Cornwall Council, the relevant extract of which is provided at **Appendix A** for the Inspector's reference.

16. It is therefore considered that the supporting text paragraph 8.8 to Policy HS2 should be amended to make explicit reference to the Council's support for other models of affordable housing as follows:

*Affordable housing is provided for those who cannot access open market housing. It includes social rented and affordable rented housing and intermediate housing, such as shared ownership schemes, **affordable self-build, Community Land Trust and cooperative housing models**. It is secured with planning conditions and legal agreements to make sure that the benefit of the housing continues in the long term.*

17. Consistent with this the definition of affordable housing should also be amended to:

*Social rented, affordable rented and intermediate housing, **including shared ownership schemes, affordable self-build, community land trust and cooperative housing models** for specified eligible households whose needs are not met by the market and which seeks to meet the needs of current and future eligible households at a cost low enough for them to afford.*

18. Finally for clarity, we consider that CLTs should be included in the definitions in the Glossary as:

Community Land Trusts are a form of community-led housing, set up and run by people to develop and manage homes as well as other assets. CLTs act as long-term stewards of housing, ensuring that it remains genuinely affordable, based on what people actually earn in their area, not just for now but for every future occupier.

19. In summary, the proposed alternative wording for the supporting text would ensure that the Local Plan is sound by reflecting the Council's evidence base and presenting an appropriate strategy to deliver more affordable homes as identified in the SHMA. The amendments would therefore ensure that the Council's affordable housing position is justified and in consistent with national policy in accordance with NPPF para. 182.

Issue 8.5: Maximising affordable housing provision

20. We support the Council's policy to 'maximise' affordable housing provision in the district and the amount of affordable housing proposed in Policy HS2. However, it is considered that in order to be an effective approach the policy should take account of local circumstances and scheme viability, discussed below.

Understanding Local Circumstances

21. In 2011 the population was 33,249 with 14,271 dwellings. Of these dwellings 31.88% are affordable housing, which compares to 20.16% in North Herts, 19.06% in Hertfordshire County Council, 18.49% in England. Further information is provided at **Appendix B**. A review of the affordable housing needs in Letchworth is provided in the Local Housing Study (2016), produced by Lichfields, on our behalf, provided as a background paper to our submissions.
22. This shows that Letchworth has a higher than average proportion of social housing, particularly socially rented accommodation. This is something that we are proud to help retain and sits well with Garden City Principles, which sought to provide accommodation for workers on low incomes. As such, we consider that the affordable housing policy should take account of these local circumstances to ensure that developments, particularly at the proposed site allocations, address local and settlement specific demand, with a greater understanding of the specific needs of each of the towns or villages and whether there is a disproportionate amount of a particular tenure and how this may impact on the local economy.
23. A greater reflection of local circumstances in the policy, would allow a more detailed discussion on the tenure split of affordable accommodation, beyond the starting point referred to in Policy HS2 a)i), and supporting text paras 8.12 and 8.15, which refers to site specific circumstances that could also be expanded upon.
24. We therefore consider that in order to the policy to be sound an additional criterion should be added to the policy wording as follows, to reflect the text in paragraph 8.12 and 8.15:

*a)ii) add – , **including the town or village as a whole, as well as site specific circumstances***

25. Paragraph 8.12 should also be amended to:

*Our normal approach will be to request 65% rented tenures and 35% other tenures for affordable housing to meet the needs of local people. This will be used as a starting point for negotiation, but this may change as the plan period progresses or to reflect site-specific **and local** circumstances.*

26. and Paragraph 8.15 amended to:

*In all instances, the most appropriate mix of affordable housing will be negotiated having regard to relevant information including **existing provision**, the results of the latest local (parish) or district-wide Housing Needs Surveys, the most recent*

Strategic Housing Market Assessment, the location of the site and nature of the proposed scheme as a whole.

27. It is considered that the proposed revised wording would ensure that the policy is positively prepared in accordance with NPPF para. 182 by providing flexibility to meet the objectively assessed local need.

Scheme Viability

28. Policy HS2 includes the thresholds and percentage of affordable housing sought, to which there is no objection, however the policy does not make reference to scheme viability, despite it being mentioned in the accompanying text (para.8.9).

29. Included in the sites allocated for development in the Plan are a series of brown field sites, an approach that is welcomed and will reduce the pressure on green field and Green Belt locations. However, these brown field sites are often difficult to bring forward and often have constraints, which place a significant burden on the scheme viability, such as contamination, particularly for smaller sites. In the case of sites under our ownership allocated for housing in the Plan, LG5 (Birds Hill), LG13 (Glebe Road) and LG16 (Foundation House) are subject to potential contaminated land, as well as other constraints, such as noise and flooding.

30. Paragraph 173 of the NPPF 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”.

31. Policy HS1 regarding the Local Housing Allocations and the accompanying text do not explicitly state that scheme viability will be a determining matter when finalising the amount of affordable housing that should be provided as part of development proposals. Policy SP7 refers to infrastructure delivery, but does not make reference to affordable housing.

32. We therefore consider that, in order to comply with NPPF para. 173 and to take account of site specific circumstances, such as contamination and its associated costs, the wording of Policy HS2 should be amended to incorporate an additional criteria as follows:

“b) vi) the provision of affordable housing will be assessed on a site by site basis in the context of this policy and reduced provision will only be considered subject to robust viability evidence in accordance with the approach to infrastructure set out in Policy SP7.”

33. This amendment would make the role of viability in establishing the site specific affordable housing provision and the Council’s position explicitly clear within the

policy wording, rather than relying on inferences in supporting text and policies HS1 and SP7. In accordance with NPPF para. 182, the policy would be consistent with national policy regarding viability, namely NPPF para. 173 and would therefore ensure that the policy is sound.

Issue 8.8: Is the approach to affordable housing and housing mix sound?

34. Policy HS2 in its current form is in our view not sound with respect to the requirements of NPPF para. 182. We support the overall objectives of Policy HS2, but are of the view that amendments to the policy and supporting text are required in order to the Policy to be sound as set out above.
35. It is considered that the policy, by means of its supporting text, should support alternative affordable housing options and this should be reflected in the definitions discussed with reference to Issue 8.4, including cooperative housing models and Community Land Trusts to reflect the Council's SHMA. This would ensure that the policy reflects its evidence base and is justified as required by NPPF para. 182. In addition, flexibility to respond to local circumstances should be incorporated into the policy to ensure that it meets objectively assessed need. Finally, the policy wording should be amended to make explicit reference to the need for affordable housing provision to be subject to robust viability evidence in order to accord with NPPF para. 173 and be consistent with national policy as per NPPF para 182.

APPENDIX A EXTRACT FROM CORNWALL COUNCIL EMERGING HOUSING SPD

Many forms of affordable housing defined within the NPPF and this Supplementary Planning Document including Discounted homes for sale, intermediate homes for rent or to buy or self-build schemes can be delivered, owned and managed through a Community Land Trust (CLT) structure. Community Land Trusts are non-profit, community-based organisations run by volunteers that develop housing, workspaces, community facilities or other assets that meet the needs of the community, are owned and controlled by the community and are made available at permanently affordable levels. The Council support the development of CLTs to meet local housing needs.

CLTs are defined as corporate bodies within Section 79 of the Housing and Regeneration Act 2008. Any CLT seeking to develop affordable housing in Cornwall must satisfy conditions for their constitution within the relevant statute. In addition they must:

- Deliver affordable homes which are fully in accordance with the definitions of affordable housing set out within this section of the SPD*
- Enter into planning obligations with the Council to control the affordability and occupancy of the dwellings*

With respect to affordable self-build, this states:

Affordable self-build housing as defined in this document can meet an element of intermediate affordable housing requirement on a targeted site. In these cases, the owner / developer would either be required to provide a specified number of fully serviced plots to be made available to households in housing need with a relevant local connection or homes can be built out to be self-finished by purchasers.

In addition, self-build housing can come forward within affordable housing led schemes under policy 9 or windfall sites provided that it satisfies the specific criteria below:

- a) Any owner must be willing to enter into a section 106 obligation which shall include provisions controlling the future occupancy and affordability of the dwellings.*
- b) In circumstances where a scheme comprises of a group of individual plots, a single proposal should come forward to ensure the most comprehensive form of development possible.*
- c) Evidence must be provided to the Council's satisfaction on the form of legal relationship or governance arrangements between individual owners or of the involvement of a bone fide organisation such as a Community Land Trust (CLT).*
- d) There is clear evidence of housing need.*
- e) A limit on the size of the dwelling may be necessary to assist in retaining its affordability for future occupiers. This will vary between property types and take into account circumstances, for example the needs of disabled residents. However, a rule of thumb is that self-build affordable homes should not exceed 100m² (Gross Internal Floor Area). Where this is significantly exceeded, justification must be provided and further measures to control affordability may be necessary.*

- f) *The initial sale / rental value of the homes must not exceed the Council's discount percentages for the relevant property size with an addition of an equity uplift to reflect the self-builder's labour costs (typically not expected to exceed 10%).*
- g) *On subsequent resales or re-lets, such properties may only be sold at an equivalent discounted rate of open market value.*
- h) *To further ensure that the properties meet local housing need and remain affordable for future occupiers, the Council would reserve the right to make nominations for the occupation of the homes if they were rented.*
- i) *In rural areas future occupation is limited to local connection provisions.*

APPENDIX B – HOUSING BY TENURE LETCHWORTH GARDEN CITY

Housing Tenure Split 2011

Household Tenure in Letchworth Garden City at 2011 (percentages) – By Dwelling				
	Letchworth Garden City	North Hertfordshire District	Herts	Eng
% Owned outright (2011)	28.23	30.32	30.02	30.57
% Owned with a mortgage (2011)	29.51	35.32	36.81	32.77
% Shared ownership (2011)	0.68	0.88	0.87	0.79
% Social rented: From council (local authority) (2011)	9.64	7.06	9.2	9.43
% Social rented: Other (2011)	21.56	12.22	8.99	8.27
% Private rented: From private landlord or letting agency (2011)	8.6	12.09	12.06	15.42
% Private rented: Other (2011)	0.91	1	1.01	1.42
% Living rent free (2011)	0.88	1.09	1.04	1.34
Source: Office for National Statistics, 2011 Census, Table KS402EW.				

Household Tenure in Letchworth Garden City at 2011 (Counts) – By Dwelling				
	Letchworth Garden City	North Hertfordshire District	Herts	Eng
Owned outright (2011)	3918	16201	136244	6745584
Owned with a mortgage (2011)	4096	18871	167032	7229440
Shared ownership (2011)	94	472	3940	173760
Social rented: From council (local authority) (2011)	1338	3774	41731	2079778
Social rented: Other (2011)	2993	6530	40812	1823772
Private rented: From private landlord or letting agency (2011)	1194	6460	54726	3401675
Private rented: Other (2011)	126	533	4594	314249
Living rent free (2011)	122	585	4738	295110
Source: Office for National Statistics, 2011 Census, Table KS402EW.				