

Matter 4 – Type and Mix of Housing

Issue 2 – Affordable and Specialist Housing

Q1 What is the forecast level of affordable housing need arising over the Plan period? Is this set out in the Plan and clear to decision-makers, developers and local communities?

What is the forecast level of affordable housing need arising over the Plan period?

- 1.1 The level of affordable housing needed is primarily addressed through the South West Herts Local Housing Needs Assessment HOU 02.01. HOU 02.01 in Table 7.53 Overall Annual Affordable Housing Need on p129 sets out that the annual affordable housing need in the District is 802 homes (and this equates to 13,684 homes over the Plan period). However, the LHNA makes clear that this 802 per annum figure sits in a particular context that needs to be properly understood. This context includes:

Relationship to Overall Housing Need

7.120 The PPG encourages local authorities to consider increasing planned housing numbers where this can help to meet the identified affordable need. Specifically, the wording of the PPG [2a-024] states:

‘The total affordable housing need can then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the strategic plan may need to be considered where it could help deliver the required number of affordable homes’

7.121 The table below then compares the affordable housing need shown to the standard method local housing need. Typically up to 35% or 40% of homes are sought as affordable housing. At these proportions, much higher levels of overall housing provision would be required to deliver in full the genuinely affordable housing which this report identifies is needed.

7.122 Taking St Albans as an example, the affordable housing need identified exceeds the standard method LHN. This occurs because the two figures are derived from fundamentally different modelling approaches. The following factors need to be noted:

- ☐ *The affordable housing model is looking not just at the overall growth in the housing stock, but issues of tenure imbalance. It is not looking across tenures but looking at affordable housing specifically – part of the need shown is for instance from households in existing homes, who require an alternative tenure or size of home, but by moving would release the existing property for another household.*
- ☐ *The need shown is in part a factor of historical investment decisions, funding availability and losses, which have influenced the current stock of affordable housing*

available to meet needs. Some households would see their circumstances improve over time. One example would be a newly forming household with an income level that means they spend more than 30% of income on housing, as the household's income rises they would potentially pass the affordability test and therefore not have an affordable need. Additionally, there is the likelihood when looking over the longer-term that a newly-forming household will become an existing household in need and would be counted twice if trying to multiply the figures out for a whole plan period.

□ In reality, some households 'in need' are accommodated within the Private Rented Sector with support through Local Housing Allowance (LHA). Whilst this is not genuine affordable housing or offer the same security of tenure, the 2011 Localism Act allows Councils to discharge their "homelessness duty" through providing an offer of a suitable property in the PRS. However there can be risks from reliance on this sector to meet need. Whilst housing delivery through the Local Plan can be expected to secure additional affordable housing it needs to be noted that delivery of affordable housing through planning obligations is an important, but not the only means, of delivering affordable housing; and the Council should also work with housing providers to secure funding to support enhanced affordable housing delivery on some sites and through use of its own land assets.

□ The Planning Practice Guidance specifically sets out in Para 67-001 that the needs of specific groups (such as those needing affordable housing in this case) may well exceed, or be proportionally high in relation to the overall housing need figure calculated using the standard method. This is because the needs of particular groups will often be calculated having consideration to the whole population of an area as a baseline as opposed to the projected new households which forms the baseline for the standard method. It sets out that planning authorities will need to consider whether based on the evidence a higher level of housing provision might be considered, whether in effect there are constraints to additional housing delivery, as well as the anticipated deliverability, having regard to viability.

7.123 Clearly where a household is able to access suitable housing in the Private Rented Sector (with or without Housing Benefit) it is the case that these needs are being met by the market (as within the NPPF definition). As such the role played by the private rented sector should be recognised – it is evidently part of the functioning housing market. The analysis below considers the current position in this respect.

7.124 Data from the Department of Work and Pensions (DWP) has been used to look at the number of Housing Benefit supported private rented homes. As of February 2023, it is estimated that there were over 12,500 benefit claimants in the private rented sector in South West Herts. From this, it is clear that the PRS contributes to the wider delivery of 'affordable homes' with the support of benefit claims, and further complicates any attempts to find a relationship between affordable need and overall housing need.

7.125 It should however be noted that it may be difficult for households to access private rented housing where they are reliant on Housing Benefit (HB)/ Universal Credit (UC). In some cases Local Housing Allowance (LHA) levels will be low

compared to the rent being sought and there will also be cases where landlords do not let homes to households claiming benefits. Therefore, whilst the private rented sector does release some pressure from affordable housing, it should not be considered as an affordable tenure.

Is this set out in the Plan and clear to decision-makers, developers and local communities?

- 1.2 No, the 802 per annum figure is not set out in the Plan. However, the “high need” for affordable housing locally and its context is set out clearly for decision-makers, developers and local communities in the Plan, including at:

Affordable Housing

4.7 National policy sets out that where a need for affordable housing is identified, Plans should specify the type of affordable housing required, and expect it to be met on-site unless off-site provision or an appropriate financial contribution in lieu can be robustly justified; and the agreed approach contributes to the objective of creating mixed and balanced communities.

4.8 The District’s house prices are amongst the highest not only in Hertfordshire, but across the whole country. As a result local people on lower-level incomes, especially younger people and key workers, often find themselves priced out of the market, and there is clearly a high need for affordable housing. This is also reflected by the number of people on the Council Housing Register. Three bedroom affordable homes to address the priority needs of the Council’s Housing Register and the needs of those in temporary accommodation are particularly needed.

4.9 The Council has a priority to provide an appropriate amount of affordable homes. Housing needs and viability research has been undertaken to establish the realistic level at which affordable housing can be delivered as a percentage of private housing in the District.

Q2 Will the Plan ensure that affordable housing needs are met? If not, what modifications could be made to ensure that needs are met in full?

- 2.1 Yes, the Plan will ensure that many more affordable housing needs are met than has been the case for many years and is the case today; but no, it will not ensure that affordable housing needs are met in full. Not meeting affordable housing needs in full is common in areas such as South West Hertfordshire and that position is directly addressed in the LHNA, including at:

7.56 There will be a series of other considerations both at a strategic level and for specific schemes. For example, there may be funding streams that are only available for a particular type of housing, and this may exist independently to any local

assessment of need. Additionally, there will be the consideration of the balance between the cost of housing and the amount that can be viably provided, for example, it is likely that affordable rented housing is more viable, and therefore a greater number of units could be provided. Finally, in considering a split between social and affordable rented housing it needs to be considered that having different tenures on the same site (at least at initial occupation) may be difficult – e.g. if tenants are paying a different rent for essentially the same size/type of property and services.

Relationship to Overall Housing Need

7.120 The PPG encourages local authorities to consider increasing planned housing numbers where this can help to meet the identified affordable need. Specifically, the wording of the PPG [2a-024] states:

'The total affordable housing need can then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the strategic plan may need to be considered where it could help deliver the required number of affordable homes'

7.121 The table below then compares the affordable housing need shown to the standard method local housing need. Typically up to 35% or 40% of homes are sought as affordable housing. At these proportions, much higher levels of overall housing provision would be required to deliver in full the genuinely affordable housing which this report identifies is needed.

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- ☐ The affordable housing model is looking not just at the overall growth in the housing stock, but issues of tenure imbalance. It is not looking across tenures but looking at affordable housing specifically – part of the need shown is for instance from households in existing homes, who require an alternative tenure or size of home, but by moving would release the existing property for another household.
- ☐ The need shown is in part a factor of historical investment decisions, funding availability and losses, which have influenced the current stock of affordable housing available to meet needs.
- ☐ Some households would see their circumstances improve over time. One example would be a newly forming household with an income level that means they spend more than 30% of income on housing, as the household's income rises they would potentially pass the affordability test and therefore not have an affordable need. Additionally, there is the likelihood when looking over the longer-term that a newly-

forming household will become an existing household in need and would be counted twice if trying to multiply the figures out for a whole plan period.

□ *In reality, some households ‘in need’ are accommodated within the Private Rented Sector with support through Local Housing Allowance (LHA). Whilst this is not genuine affordable housing or offer the same security of tenure, the 2011 Localism Act allows Councils to discharge their “homelessness duty” through providing an offer of a suitable property in the PRS. However there can be risks from reliance on this sector to meet need. Whilst housing delivery through the Local Plan can be expected to secure additional affordable housing it needs to be noted that delivery of affordable housing through planning obligations is an important, but not the only means, of delivering affordable housing; and the Council should also work with housing providers to secure funding to support enhanced affordable housing delivery on some sites and through use of its own land assets.*

□ *The Planning Practice Guidance specifically sets out in Para 67-001 that the needs of specific groups (such as those needing affordable housing in this case) may well exceed, or be proportionally high in relation to the overall housing need figure calculated using the standard method. This is because the needs of particular groups will often be calculated having consideration to the whole population of an area as a baseline as opposed to the projected new households which forms the baseline for the standard method. It sets out that planning authorities will need to consider whether based on the evidence a higher level of housing provision might be considered, whether in effect there are constraints to additional housing delivery, as well as the anticipated deliverability, having regard to viability.*

Table 7.54 Housing Provision notionally required to meet Affordable Housing in Full

Dwellings per annum	Total Annual Affordable Need	Delivery to Meet AHN in Full @ 35%	Delivery to Meet AHN in Full @ 40%	Standard Method Minimum LHN (dpa)
Dacorum	737	2,106	1,842	1,017
Hertsmere	590	1,685	1,474	726
St Albans	802	2,292	2,005	887
Three Rivers	527	1,505	1,317	637
Watford	668	1,909	1,670	778
SW Herts	3,324	9,496	8,309	4,046

Source: Iceni

7.123 Clearly where a household is able to access suitable housing in the Private Rented Sector (with or without Housing Benefit) it is the case that these needs are being met by the market (as within the NPPF definition). As such the role played by the private rented sector should be recognised – it is evidently part of the functioning housing market. The analysis below considers the current position in this respect.

7.124 Data from the Department of Work and Pensions (DWP) has been used to look at the number of Housing Benefit supported private rented homes. As of February 2023, it is estimated that there were over 12,500 benefit claimants in the

private rented sector in South West Herts. From this, it is clear that the PRS contributes to the wider delivery of 'affordable homes' with the support of benefit claims, and further complicates any attempts to find a relationship between affordable need and overall housing need.

If not, what modifications could be made to ensure that needs are met in full?

- 2.2 Taking the LHNA example outlined above, the modifications needed to meet 802 affordable homes per annum, based on 40% Affordable Housing and not making allowances for other factors, would require approximately 2,005 homes per annum to be allocated. This would require another 19,040 homes to be allocated across the 17 year Plan period and the technical work necessary to support this figure would effectively require a wholly new Plan.
- 2.3 Affordable housing need was considered in Sustainability Appraisal Report 2024 (LPCD 03.01):

Affordable housing need

5.2.20 The Local Housing Needs Assessment (2024) identifies a need for 802 affordable homes per annum (including 449 pa rented), which is a very high number relative to LHN, and noting that the PPG states: "An increase in the total housing figures included in the plan may need to be considered where it could help deliver the required number of affordable homes." Furthermore, the recent rate of affordable housing delivery, as a percentage of market homes, as understood from the past five Authority Monitoring Reports (AMRs), is 19.4% (breaking down as 23% social rent; 57% affordable rent; 21% affordable ownership).

5.2.21 However, the question of 'uplifting' to reflect affordable housing needs is very complex, as discussed within the LHNA (2024), and as succinctly explained recently by the West Berks Local Plan Inspector: "... policy SP19 is expected to deliver a total of 2,190 affordable homes on market-led schemes... There would be a nominal deficit of around 3,420 against the identified need for... affordable homes although the link between affordable and overall need is complex as many of those identified as being in need of an affordable home are already in housing." Another consideration is the risk of 'uplifting' the housing requirement to account for affordable housing need only to then find that the market fails to deliver the homes leading to a risk of failing the HDT, with resulting punitive measures, i.e. the 'presumption'...

Conclusion

5.2.25 In light of the above, there is a high level case for exploring growth scenarios involving setting the housing requirement above LHN ... A high level case was similarly acknowledged in 2023, but then higher growth scenarios were ultimately judged to be unreasonable in light of wider factors (Section 5.5 of the ISA Report).

Q3 What are the thresholds for the provision of affordable homes based on and is Policy HOU2 justified (including in respect of Class C2 accommodation)?

- 3.1 The threshold for the provision of Affordable Housing is set out in Policy HOU2 a) as:

Requiring residential development proposals (Use Class C3) with a gain of 10 or more homes, or where the site has an area of 0.5 hectares or more...

- 3.2 This threshold is set at the same level as the NPPF's definition of 'Major Development' as set out in the NPPF at Annex 2:

Major development: For housing, development where 10 or more homes will be provided, or the site has an area of 0.5 hectares or more

- 3.3 It also follows the threshold implied in the NPPF at paragraph 65:

Provision of affordable housing should not be sought for residential developments that are not major developments...

- 3.4 The LHNA directly addresses the justification for the approach to Affordable Housing for C2 accommodation, including at p178:

NPPF Policies on Affordable Housing

9.53 For the purposes of developing planning policies in a new Local Plan, use class on its own need not be determinative on whether affordable housing provision could be applied to specialist housing. In all cases we are dealing with residential accommodation. But nor is there a clear policy basis for seeking affordable housing provision or contributions from a C2 use in the absence of a development plan policy which seeks to do so.

9.54 The NPPF sets out in paragraph 34 that Plans should set out the contributions expected from development, including levels of affordable housing. Such policies should not undermine the deliverability of the Plan. Paragraph 63 states that where a need for affordable housing is identified, planning policies should specify the type of affordable housing required and expect it to be met onsite unless off-site provision or a financial contribution can be robustly justified; and the agreed approach contributes to the objective of creating mixed and balanced communities.

9.55 Paragraph 65 sets out that specialist accommodation for a group of people with specific needs (such as purpose-built accommodation for the elderly or students) are exempt from the requirement for 10% of homes (as part of the affordable housing contribution) to be for affordable home ownership. But this does not set out that certain types of specialist accommodation for older persons are exempt from affordable housing contributions.

9.56 The implications are that:

□ The ability to seek affordable housing contributions from a C2 use at the current time is influenced by how its current development plan policies were constructed and evidenced; and

□ If policies in a new development plan are appropriately crafted and supported by the necessary evidence on need and viability, affordable housing contributions could be sought from a C2 use through policies in a new Local Plan.

9.57 Through the preparation of local plans, it would be possible for policies to seek affordable housing on extra care housing schemes from both C2 and C3 use classes. It should be noted that in July 2020 the High Court rejected claims that 'extra care' housing should not contribute affordable homes because it falls outside C3 use (CO/4682/201930). The Rectory Homes Judgement confirms that the use class need not necessarily be determinative of whether affordable housing policies might be applicable to an extra care development (noting that the policy in that case did not refer specifically to different use classes but to dwellings, and specifically referenced specialist older persons housing. It noted that extra care housing can have the physical characteristics of dwellings (whilst falling in a C2 use)). Fundamentally it emphasises that the interpretation of a development plan policy must depend on the language used within the policy and the plan.

9.58 It is however important to recognise that the viability of extra care housing will differ from general mixed tenure development schemes, and there are practical issues associated with how mixed tenure schemes may operate.

Viability

9.59 There are a number of features of a typical extra care housing scheme which can result in substantively different viability characteristics relative to general housing. In particular:

□ Schemes typically include a significant level of communal space and on-site facilities, such that the floorspace of individual units might equate to 65% of the total floorspace, compared to 100% for a scheme of houses and perhaps 85% for typical flatted development. There is a significant proportion of space from which value is not generated through sales (although individual units may be smaller);

□ Higher construction and fit out-costs as schemes need to achieve higher accessibility requirements and often include lifts, specially adapted bathrooms, treatment rooms etc. In many instances, developers need to employ third party building contractors are also not able to secure the same economies of scale as the larger volume housebuilders;

□ Sales rates are also typically slower for extra care schemes, not least as older residents are less likely to buy 'off plan.' The combination of this and the limited ability to phase flatted schemes to sales rates can result in higher finance costs for a development.

9.60 Set against this, some leasehold specialist housing schemes are focused towards the higher end of the market and command strong sales values. The GDV for some schemes can also be influenced by 'event fees' which in some instances can be significant.

9.61 There are a number of implications arising from this. Firstly, there is a need for viability evidence to specifically test and consider what level of affordable housing could be applied to different forms of older persons accommodation, potentially making a distinction between general market housing; retirement living/sheltered housing; and extra care/housing with care. It may well be that a differential and lower affordable housing policy is justified for housing with care. This should be tested through viability evidence. If standard affordable housing policies are applicable to extra care, the risk is that it disincentives delivery – contrary to the County Council's strategic aims; and this is why it is important that viability (and the potential for differentiated policies) is considered as part of the plan-making process.

9.62 Secondly, developers of extra care schemes can struggle to secure land when competing against mainstream housebuilders or strategic land promoters. One way of dealing with this is to allocate sites specifically for specialist older persons housing and/or to specifically require certain levels of provision for specialist accommodation on strategic sites, and this may be something that the Councils wish to consider through local plan preparation. There could be benefits of doing this through achieving relatively high-density development of land at accessible locations, and in doing so, releasing larger family housing elsewhere as residents move out.

Practical Issues

9.63 In considering policies for affordable housing provision on housing with care schemes, there is one further factor which warrants consideration relating to the practicalities of mixed-tenure schemes. The market for extra care development schemes is currently focused particularly on providers at the affordable and higher ends of the market, with limited providers currently delivering within the 'mid-market.' At the higher ends of the market, the level of facilities and services/support available can be significant, and the management model is often to recharge this through service charges.

9.64 Whilst recognising the benefits associated with mixed income/tenure development, in considering whether mixed tenure schemes can work it is important to consider the degree to which service charges will be affordable to those on lower incomes and whether Registered Providers will want or be able to support access to the range of services/facilities on site. In a range of instances, this has meant that authorities have accepted off-site contributions to affordable housing provision.

- 3.5 The draft Local Plan Regulation 19 representation from HCC (Ref 0328) was generally supportive of affordable housing on older person's accommodation, which stated:

The LPA's consideration of and attempts to secure policy in support of affordable housing on older person's accommodation is strongly welcomed and follows engagement with HCC.

- 3.6 It is acknowledged, as the LHNA addresses, that not all C2 schemes will be able to provide 40% affordable housing in full, but that can be demonstrated as necessary through the planning application process.

Q4 Is the viability review clause in Policy HOU2 justified and effective?

- 4.1 Yes, it is considered that the viability review clause in Policy HOU2 is justified and effective. The Council has taken on board best practice on this Policy approach from elsewhere.
- 4.2 A Main Modification is proposed to improve the effectiveness of clause h) of policy HOU2 and is set out below:

Amend clause h) of Policy HOU2 as follows:

h) Ensuring that any planning obligations for affordable housing provision or contributions that are agreed as an exception to full policy compliance (on the basis of viability at the time the permission is granted) must include a financial review mechanism that is based on actual sales values and actual construction costs at the time that the development, or development phase, is 80% ~~occupied~~ sold. The review must allow for further provision, or financial contributions in lieu, when the outturn value of the development exceeds the initial viability assumptions or other circumstances enable increased viability of the scheme;

Q5 How have the figures in Policy HOU3 been established and is the policy justified?

- 5.1 The figures in Table 4.2 – Housing with Support and Housing with Care were established through the South West Herts Local Housing Needs Assessment Report (2024) (HOU 02.01) and discussion with Hertfordshire County Council (HCC) about what was a realistic level of need to require through the Plan. The SWH LHNA 2024 produced 2 scenarios for specialist housing at table 9.19 - SHOP@ Scenario and table 9.20 Enhanced Extra Care Scenario:

Table 9.19 Need Net for Specialist Housing to 2041 – SHOP@ Scenario

Net Need to 2041		Dacorum	Hertsmere	St Albans	Three Rivers	Watford	SW Herts
Housing With Support	Affordable	-1,282	-178	116	-281	-287	-1,913
	Market	1,509	1,144	1,253	975	445	5,326
	Total	227	965	1,369	693	158	3,413
Housing with Care	Affordable	233	11	14	109	37	404
	Market	413	443	688	473	-203	1,814
	Total	646	454	702	582	-166	2,218
Care/ Nursing Home Bedspaces	Nursing	686	133	511	279	66	1,675
	Residential	734	280	612	399	201	2,226
	Total	1,420	413	1,123	678	267	3,901

Source: Iceni Modelling

Table 9.20 Need Net for Specialist Housing to 2041 – Enhanced Extra Care Scenario

Net Need to 2041		Dacorum	Hertsmere	St Albans	Three Rivers	Watford	SW Herts
Housing With Support	Affordable	-874	-146	144	-257	-264	-1,397
	Market	1,671	1,270	1,419	1,084	524	5,968
	Total	797	1,124	1,563	827	260	4,571
Housing with Care	Affordable	337	75	71	157	84	724
	Market	737	696	1,019	693	-46	3,099
	Total	1,074	771	1,090	850	38	3,823
Care/Nursing Home Bedspaces	Nursing	686	133	511	279	66	1,675
	Residential	-229	-434	-260	-204	-257	-1,384
	Total	457	-301	251	75	-191	291

Source: Iceni Modelling

- 5.2 In collaboration with HCC it was agreed that the Enhanced Extra Care Scenario would be used to assess future needs for specialist housing provision. This scenario was selected on the basis that it generated the HCC preferred level of identified need for Housing with Care and Residential Care. To ensure that the figures reflected a realistic level of delivery within the Local Plan period, a proportional adjustment was applied. A delivery rate of approximately 74% was agreed, providing a pragmatic basis for planning and policy formulation.
- 5.3 As set out in Policy HOU3, for people with disabilities, the amount of specialist housing should be broadly in line with figures in the table below: Table 4.4 – Housing with Support. The figures were established through discussion with HCC about what was their best evidence and what was a realistic level of need to require through the Plan. There are allocations on sites H1, H2, H4 and B1.

Table 4.4 – Housing with Support

Housing with support	Additional Homes to 2041
Learning Disability supported living units (people)	34
Physical Disability supported living unit (people)	3

- 5.4 The HCC draft Local Plan Regulation 19 representation (Ref 0328) identifies an additional need for 10 supported living units at site B6, which is proposed as a Main Modification at SADC/ED85B and SADC/ED85C.
- 5.5 The Sustainability Appraisal Report 2024 (LPCD 03.01) states the following regarding Policy HOU3:

Policy HOU3 (Specialist Housing) sets out policy in support of specialist housing to meet the needs of older people and people with disabilities. The supporting text explains: “Specialist housing is allocated at sites listed in Part B. Planning applications by specialist housing providers on ad hoc sites and on HCC land will deliver additional units of accommodation across the Plan period. Taken together, these sources should meet demand for specialist housing.” ...

- 5.6 Following discussion with HCC, a Main Modification is proposed for Policy HOU3 as follows:

Amend clause b) of Policy HOU3 as follows:

~~b) Provision of an appropriate proportion of affordable housing within the specialist housing development, in accordance with Policy HOU2 for proposals within Use Class C3 or C2; Proposals (other than Care Home Accommodation) with a gain of 10 or more units should provide 40% of the units as on-site affordable housing (irrespective of whether it falls under use class C2 or C3); the mix of tenures should have regard to advice from the NHS or Hertfordshire County Council;~~

Amend clause c) of Policy HOU3 as follows:

~~c) Provision to be made for specialist housing to meet the needs of older people and / or people with disabilities within the Broad Locations and housing sites providing 500 dwellings or more. In larger sites, it may be appropriate to co-locate specialist housing provision and develop an Integrated Community~~ develop larger housing with care schemes;

Amend clause d) of Policy HOU3 as follows:

d) For older people, the amount of specialist housing should be broadly in line with the figures in the tables below and windfall sites shall give preference to housing with

care:

Add new clause f) to Policy HOU3 as follows:

f) Proposals for specialist older person's accommodation and people with disabilities should have regard to Hertfordshire County Council's Service Delivery and Placemaking Guide.

Amend paragraph 4.16, and add new paragraph 4.16A as follows:

4.16 Hertfordshire County Council's approach to affordable housing has been reflected in the policy below. However, their policy approach to delivery of affordable elements of older persons specialist accommodation, notably extra care and residential nursing homes, is evolving. Therefore, planning applications will need to take account of practical delivery arrangements, operator requirements and viability. This could mean the delivery of fewer affordable units on some schemes and 100% affordable units on others to provide an overall quantum of affordable specialist housing for older people across the plan.

4.16A The County Council's strategy for specialist older people's accommodation requires the delivery of housing with care units that include a CQC-registered care provider on site and nursing homes over other forms of specialist older person's accommodation. This is because there are people in other forms of accommodation who have a medical or care need who would be better suited to accommodation with on site care or nursing care. Having care available on site also allows people to age in place without the need to move, often at short notice, when their needs exceed what other forms of older people's accommodation without on site care can offer. To deliver on this strategy proposals for housing with care should offer residents a medium to high level of care available if required, through an onsite care agency registered through the Care Quality Commission (CQC).

Q6 How will the Plan be effective in meeting the needs identified in Policy HOU3? Is it sufficiently clear in this regard?

How will the Plan be effective in meeting the needs identified in Policy HOU3?

6.1 The Plan will be effective in meeting needs identified in Policy HOU3 as follows. For Housing with care (Extra Care Housing or Housing with Care in NPPF – Use Class C3 or C2) – the 809 home need will be met through the largest of the Broad Locations in the Plan. These are set out as 'Key Development Requirements' for:

- H1 – North Hemel – two extra-care facilities comprising of 70-80 self-contained units
- H2 – East Hemel North – two extra-care facilities comprising of 70-80 self-contained units

- H4 – East Hemel South - three extra-care facilities comprising of 70-80 self-contained units in each facility
- B1 - North St Albans - One extra-care facility comprising of 70-80 self-contained units,
- B2 - North East Harpenden- One extra-care facility comprising of 70-80 self-contained units
- B4 - East St Albans - Extra-care facilities comprising of 70-80 self-contained units

6.2 The total for housing with care in the Local Plan part B is approx 800 units. It should be noted that proposed Main Modifications would provide additional 80 units, increasing the total to approx 880 units. This would meet or exceed the policy target number of units at Policy HOU3.

6.3 It can be noted that for all of the Broad Locations with Planning Performance Agreements (PPAs) / live planning applications with draft allocations for Housing with Care, they are bringing them forward in line with the Key Development Requirements outlined above. This includes: H1 North Hemel, H2 East Hemel Hempstead North, H4 East Hemel Hempstead South, B1 North St Albans, B2 North East Harpenden and B4 East St Albans.

6.4 For Residential Nursing Homes (Nursing Care Use Class C2) – all of the 377 bed spaces need will be met through the largest of the Broad Locations in the Plan. These are set out as 'Key Development Requirements' for:

- H1 – North Hemel – one 70-80 bed nursing home
- H2 – East Hemel North – one 70-80 bed nursing home
- H4 – East Hemel South - two 70-80 bed nursing homes
- B1 - North St Albans - one 70-80 bed nursing home

6.5 The total Residential Nursing Homes in the Local Plan part B is approx 400 units. It should be noted that proposed Main Modifications would provide additional 80 units, increasing the total to approx 480 units. This would meet or exceed the policy target number of units at Policy HOU3.

6.6 It can be noted that for all of the Broad Locations with Planning Performance Agreements (PPAs) / live planning applications with draft allocations for Residential Nursing Homes, they are bringing them forward in line with the Key Development Requirements outlined above. This includes: H1 North Hemel, H2 East Hemel Hempstead North, H4 East Hemel Hempstead South and B1 North St Albans..

6.7 For Learning Disability supported living units and Physical Disability supported living units all (but one) of the 37 home need will be met through specific Broad Locations in the Plan:

- H1 – North Hemel – 6 supported living units for people with disabilities
- H2 – East Hemel North – 7 supported living units for people with disabilities
- H4 – East Hemel South - 9 supported living units for people with disabilities.

- B1 - North St Albans - 4 supported living units for people with disabilities

(Proposed Main Modification to add)

- B6 – West of London Colney - 10 supported living units for people with disabilities

- 6.8 The total in the Regulation 19 Local Plan part B is 26 units. It should be noted that proposed main modifications would provide an additional 10 units, increasing the total to 36 units. This would meet policy target number of units at Policy HOU3 (all but one).
- 6.9 It can be noted that for all of the Broad Locations with Planning Performance Agreements (PPAs) / live planning applications with draft allocations for Learning Disability supported living units and Physical Disability supported living unit are bringing them forward in line with the Key Development Requirements outlined above. This includes: H1 North Hemel, H2 East Hemel Hempstead North, H4 East Hemel Hempstead South and B1 North St Albans.
- 6.10 For Housing with support (Retirement Living or Sheltered Housing in NPPF – Use Class C3) all of the need is expected to be delivered through planning applications. There is a very active market for such schemes in the district and all of the 1,154 home need is expected to be provided by normal market activity.
- 6.11 It can be noted that for many of the Broad Locations with Planning Performance Agreements (PPAs) and for other sites with live planning applications, PPAs or recent permissions they will be bringing forward these uses. This includes: H1 North Hemel, H2 East Hemel Hempstead North, H4 East Hemel Hempstead South.
- 6.12 Additional specialist housing units are subject of planning applications, many are located on ad hoc sites beyond those specifically allocated in the Local Plan part B. The planning applications listed below illustrate how such developments by specialist providers could contribute further specialist accommodation throughout the plan period.
- Planning permission ref 5/2020/3022 at Burston '80 assisted living apartments with community facilities and 44 bungalows
 - Planning application (with Committee resolution to grant permission, subject to signing of a legal agreement) ref 5/2023/0327 at North West Harpenden –The Proposed Development will provide 550 new high-quality homes including 420 residential dwellings and 130 integrated retirement homes.
 - Planning application 5/2025/1359 at The Noke Hotel Watford Road And Land East And West Of Miriam Lane - proposed development of 166 new homes and a 96- bed Care Home facility

- Planning application 5/2025/0387 at 22-24 Grove Road Harpenden - construction of 75 bed care home
- Planning application 5/2022/2808 at Chelford House Coldharbour Lane Harpenden - construction of three storey care home (Class C2)
- Planning application 5/2024/1508 (with Committee resolution to grant permission, subject to signing of a legal agreement) at Land To South Of Codicote Road And Cory-Wright Way Wheathampstead - Development of site to provide retirement living accommodation (Use Class C3 Category II), comprising of apartment block of 33 units and 13 dwellings (8 bungalows and 5 chalet bungalows)
- Planning application 5/2024/1007 at 18 To 28 Catherine Street & 8 To 12 Church Street St Albans - Redevelopment to provide retirement living community, including a part 2.5 storey, part 3 storey apartment building comprising forty two apartment units

6.13 Following discussions with HCC, proposed Main Modifications for sites H1, H2, H4, B1, B3, and B6 are set out below:

H1 North Hemel Hempstead - Amend Key development requirement no. 11 as follows:

11. The 1,500 dwelling figure above includes ~~two extra care facilities comprising of 70-80-140-160~~ self-contained housing with care units in each facility, one 70-80 bed nursing home and 6 supported living units for people with disabilities.

H2 East Hemel Hempstead North - Amend Key development requirement no. 11 as follows:

11. The 1,600 dwelling figure above includes ~~two extra care facilities comprising of 70-80-140-160~~ self-contained housing with care units in each facility, one 70-80 bed nursing home and 7 supported living units for people with disabilities.

H4 East Hemel Hempstead South - Amend Key development requirement no. 10 as follows:

10. The 2,400 dwelling figure above includes ~~three extra care facilities comprising of 70-80-210-240~~ self-contained housing with care units in each facility, two 70-80 bed nursing homes and 9 supported living units for people with disabilities.

B1 North St Albans - Amend Key development requirement no. 1 as follows:

1. ~~One extra care facility comprising of 70-80~~ self-contained housing with care units, one 70-80 bed nursing home and 4 supported living units for people with disabilities (these units are included within the indicative dwellings figure).

B3 West Redbourn - Add new Key development requirement, no. 0A, as follows:

0A. 70-80 self-contained housing with care units (these units are included within the indicative dwellings figure).

B6 West of London Colney - Add new Key development requirement, no. 0A, as follows:

0A. One 70-80 bed nursing home and 10 supported living units for people with disabilities (these units are included within the indicative dwellings figure).

Is it sufficiently clear in this regard?

- 6.14 Yes, it is considered to be sufficiently clear, however the Council is very open to making it clearer if required.

Q7 Collectively, do Policy HOU2 and HOU3 provide a clear basis for establishing what level of affordable housing is required from non-C3 Use Class development? Are the requirements deliverable and viable?

Collectively, do Policy HOU2 and HOU3 provide a clear basis for establishing what level of affordable housing is required from non-C3 Use Class development?

- 7.1 Yes, collectively Policy HOU2 and HOU3 are considered to provide a clear basis for establishing what level of affordable housing is required from non-C3 Use Class development

- 7.2 Policy HOU2 – Affordable Housing states:

The Council will seek to meet the District's affordable housing needs by: ...

c) Requiring development proposals within Use Class C2 with a gain of 10 or more units to provide 40% of the units as on-site affordable housing;

- 7.3 Policy HOU3 – Specialist Housing states:

b) Provision of an appropriate proportion of affordable housing within the specialist housing development, in accordance with Policy HOU2 for proposals within Use Class C3 or C2;

- 7.4 Proposed Main Modifications would provide further clarification as shown below:

Amend clause b) of Policy HOU3 as follows:

~~b) Provision of an appropriate proportion of affordable housing within the specialist housing development, in accordance with Policy HOU2 for proposals within Use Class C3 or C2; Proposals (other than Care Home Accommodation) with a gain of 10 or more units should provide 40% of the units as on-site affordable housing (irrespective of whether it falls under use class C2 or C3); the mix of tenures should have regard to advice from the NHS or Hertfordshire County Council;~~

- 7.5 It is also acknowledged, as the LHNA addresses, that not all C2 schemes will be able to provide 40% affordable housing in full, but that can be demonstrated as necessary through the planning application process.

Are the requirements deliverable and viable?

- 7.6 The HCC Regulation 19 Rep 038 sets out that there are issues regarding delivery of Residential Care C2 affordable units. HCC comments are set out below.

Residential care schemes falling under use class C2 would be required to deliver 40% affordable housing. While HCC would like to encourage providers to deliver more beds that are affordable to HCC as a purchaser of beds, this is not an affordable housing tenure under Annex 2 of the NPPF. Residential care schemes do not offer residents a housing tenure that an NPPF definition of affordable housing would apply to, as residents rent beds rather than properties;

- 7.7 Proposed Main Modifications shown below provides clarity on this matter:

Amend clause b) of Policy HOU3 as follows:

~~b) Provision of an appropriate proportion of affordable housing within the specialist housing development, in accordance with Policy HOU2 for proposals within Use Class C3 or C2; Proposals (other than Care Home Accommodation) with a gain of 10 or more units should provide 40% of the units as on-site affordable housing (irrespective of whether it falls under use class C2 or C3); the mix of tenures should have regard to advice from the NHS or Hertfordshire County Council;~~

- 7.8 The BNP Viability work key findings on page 4 as set out below:

Older Persons Living Accommodation: Our appraisals indicate for retirement living and extra care units that between 25% to 40% affordable housing and all policy requirements can be supported across the 4 value areas with the highest percentages applying in Harpenden and St Albans. In relation to care homes, 40% affordable units are viable when benchmarked against greenfield land on the basis that a rent of £1,300 per week is charged for the private units across all value areas.

- 7.9 Further information is provided at BNPPRE Local Plan Viability Report (INF 10.01) at paragraphs 6.18 - 6.24, as set out below:

6.19 For the retirement living apartments, schemes in Harpenden can support 35% affordable housing and all policy requirements when benchmarked against the office site value and 40% affordable housing and all policy requirements when benchmarked against the other site values.

6.20 Schemes in St Albans can support 25% affordable housing and all policy requirements when benchmarked against the office site value and 40% when benchmarked against the other site values.

6.21 Schemes in the Rest of St Albans and the Zone of Influence can support 25% affordable housing and all policy requirements when benchmarked against the car park site value and 40% affordable housing when benchmarked against the greenfield site value.

6.22 For the extra care apartments, schemes in Harpenden can support 15% affordable housing and all policy requirements when benchmarked against the office site value, 25% affordable housing when benchmarked against the industrial site value and 40% affordable housing when benchmarked against the car park and greenfield site values.

6.23 Schemes in the Rest of St Albans and the Zone of Influence can support 10% affordable housing and all policy requirements when benchmarked against office site value, 20% affordable housing when benchmarked against the industrial site value, 30% affordable housing when benchmarked against the car park site value and 40% against the greenfield site value.

6.24 In relation to the care homes appraisals, 40% affordable care rooms can be supported when benchmarked against the greenfield site value. However, as previously highlighted the will require the viability of each older persons living development to be considered on a site specific basis at the planning application stage.

- 7.10 The viability work indicates that delivery of retirement living apartments and extra care apartments would be viable. At 40% affordable care home rooms can be supported when benchmarked against the greenfield site value.
- 7.11 It is also acknowledged that the LHNA directly addresses the justification for the approach to Affordable Housing for C2 accommodation, including at p178:

NPPF Policies on Affordable Housing

9.53 *For the purposes of developing planning policies in a new Local Plan, use class on its own need not be determinative on whether affordable housing provision could be applied to specialist housing. In all cases we are dealing with residential accommodation. But nor is there a clear policy basis for seeking affordable housing provision or contributions from a C2 use in the absence of a development plan policy which seeks to do so.*

9.54 The NPPF sets out in paragraph 34 that Plans should set out the contributions expected from development, including levels of affordable housing. Such policies should not undermine the deliverability of the Plan. Paragraph 63 states that where a need for affordable housing is identified, planning policies should specify the type of affordable housing required and expect it to be met onsite unless off-site provision or a financial contribution can be robustly justified; and the agreed approach contributes to the objective of creating mixed and balanced communities.

9.55 Paragraph 65 sets out that specialist accommodation for a group of people with specific needs (such as purpose-built accommodation for the elderly or students) are exempt from the requirement for 10% of homes (as part of the affordable housing contribution) to be for affordable home ownership. But this does not set out that certain types of specialist accommodation for older persons are exempt from affordable housing contributions.

9.56 The implications are that:

- The ability to seek affordable housing contributions from a C2 use at the current time is influenced by how its current development plan policies were constructed and evidenced; and

- If policies in a new development plan are appropriately crafted and supported by the necessary evidence on need and viability, affordable housing contributions could be sought from a C2 use through policies in a new Local Plan.

9.57 Through the preparation of local plans, it would be possible for policies to seek affordable housing on extra care housing schemes from both C2 and C3 use classes. It should be noted that in July 2020 the High Court rejected claims that 'extra care' housing should not contribute affordable homes because it falls outside C3 use (CO/4682/201930). The Rectory Homes Judgement confirms that the use class need not necessarily be determinative of whether affordable housing policies might be applicable to an extra care development (noting that the policy in that case did not refer specifically to different use classes but to dwellings, and specifically referenced specialist older persons housing. It noted that extra care housing can have the physical characteristics of dwellings (whilst falling in a C2 use)). Fundamentally it emphasises that the interpretation of a development plan policy must depend on the language used within the policy and the plan.

9.58 It is however important to recognise that the viability of extra care housing will differ from general mixed tenure development schemes, and there are practical issues associated with how mixed tenure schemes may operate.

Viability

9.59 There are a number of features of a typical extra care housing scheme which can result in substantively different viability characteristics relative to general housing. In particular:

- Schemes typically include a significant level of communal space and on-site facilities, such that the floorspace of individual units might equate to 65% of the total

floorspace, compared to 100% for a scheme of houses and perhaps 85% for typical flatted development. There is a significant proportion of space from which value is not generated through sales (although individual units may be smaller);

□ Higher construction and fit out-costs as schemes need to achieve higher accessibility requirements and often include lifts, specially adapted bathrooms, treatment rooms etc. In many instances, developers need to employ third party building contractors are also not able to secure the same economies of scale as the larger volume housebuilders;

□ Sales rates are also typically slower for extra care schemes, not least as older residents are less likely to buy 'off plan.' The combination of this and the limited ability to phase flatted schemes to sales rates can result in higher finance costs for a development.

9.60 Set against this, some leasehold specialist housing schemes are focused towards the higher end of the market and command strong sales values. The GDV for some schemes can also be influenced by 'event fees' which in some instances can be significant.

9.61 There are a number of implications arising from this. Firstly, there is a need for viability evidence to specifically test and consider what level of affordable housing could be applied to different forms of older persons accommodation, potentially making a distinction between general market housing; retirement living/sheltered housing; and extra care/housing with care. It may well be that a differential and lower affordable housing policy is justified for housing with care. This should be tested through viability evidence. If standard affordable housing policies are applicable to extra care, the risk is that it disincentives delivery – contrary to the County Council's strategic aims; and this is why it is important that viability (and the potential for differentiated policies) is considered as part of the plan-making process.

9.62 Secondly, developers of extra care schemes can struggle to secure land when competing against mainstream housebuilders or strategic land promoters. One way of dealing with this is to allocate sites specifically for specialist older persons housing and/or to specifically require certain levels of provision for specialist accommodation on strategic sites, and this may be something that the Councils wish to consider through local plan preparation. There could be benefits of doing this through achieving relatively high-density development of land at accessible locations, and in doing so, releasing larger family housing elsewhere as residents move out.

Practical Issues

9.63 In considering policies for affordable housing provision on housing with care schemes, there is one further factor which warrants consideration relating to the practicalities of mixed-tenure schemes. The market for extra care development schemes is currently focused particularly on providers at the affordable and higher ends of the market, with limited providers currently delivering within the 'mid-market.' At the higher ends of the market, the level of facilities and services/support available

can be significant, and the management model is often to recharge this through service charges.

9.64 Whilst recognising the benefits associated with mixed income/tenure development, in considering whether mixed tenure schemes can work it is important to consider the degree to which service charges will be affordable to those on lower incomes and whether Registered Providers will want or be able to support access to the range of services/facilities on site. In a range of instances, this has meant that authorities have accepted off-site contributions to affordable housing provision.

- 7.12 It is therefore acknowledged, as the LHNA addresses, that not all C2 schemes will be able to provide 40% affordable housing in full, but that can be demonstrated as necessary through the planning application process.