



WELWYN HATFIELD

Working better, together

Sian Chambers
Head of Housing & Community Services

Reply To: address as below
Our Ref:
Date: 23 May 2022
Direct Tel: 07931 744 923
Email: h.parhar@welhat.gov.uk

Dear Mark

Ref: 6/2020/3451/MAJ - Wells Farm Northaw Road East Cuffley EN6 4RD - affordable housing

Policy H7 of the adopted District Plan (2005) requires that a minimum of 30% subsidised housing. 30% of the 14 dwellings equates to 4.2 units. District Plan Policy H7 does not provide any guidance on rounding up, however, the text which supports Policy SP7 of the Draft Local Plan (2016) states at Para 9.19 that the affordable housing delivery target will be applied to the nearest whole number of dwellings. Based on the above, four affordable units are required in this case.

In line with the NPPF and Draft Policy SP7, the priority will be for affordable housing to be delivered on the application site. However, where it can be robustly justified, off-site provision or a financial contribution in lieu of on-site provision may be accepted provided the agreed approach results in the delivery of affordable housing within contributes to the objective of creating mixed and balanced communities.

The Planning Obligations SPD states that the following calculation shall be used to inform the appropriate level of commuted sum:

- Where RV (100% M) = residual value with 100% market housing, RV (AH) = residual value with required affordable housing component (e.g. 30% affordable)
- Commuted sum = RV (100% M) - RV (AH)

The applicant has sought to market four 2-bedroom affordable dwellings with Registered Providers (RPs). The only offer received was from Hightown for £800,000. This offer equates to £233 per sq ft on the unit area of the four properties identified. This is understood to be a final offer and would assume that the developer has allowed for build costs as well as associated costs (such as professional fees, finance, land and/or any other development costs) in delivering the affordable units for Hightown.

The applicant has advised that in this instance, the best offer received would fail to cover construction costs so cannot be accepted. On this basis, the applicant considerer's it necessary to revert to an alternative which is a commuted sum to allow off-site delivery of affordable housing. This mechanism will meet the Council's objectives to accelerate the delivery of affordable housing units across the borough whilst allowing the proposed scheme to be viably delivered.

A commuted sum of £914,000 has been proposed based on the formula set out in The Planning Obligations SPD.

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The applicant estimate's that the Open Market Value for the development of these properties would be based around an achieved sales value of £500 per sq ft. Given the scale of development this would mean that the Open Market Value for the four 2-bed properties would be £1.714m. Given that the offer received was £800,000 (which represents a benchmark), the differential between this and Open Market Value would equate to £0.914m in this instance.

The commuted sum is to be agreed and secured via a planning obligation under Section 106 of the Town and Country Planning Act 1990 (as amended) and will form part of the S106 Agreement.

Housing is agreeable to a commuted sum in lieu of onsite provision. The commuted sum will be used to meet broader Council objectives to deliver affordable housing in the borough, this sum would accelerate the delivery of much needed affordable homes.

If you have any questions or queries, please do not hesitate to contact me.

Yours faithfully

Harvinder Sarohi Parhar
Housing Development & Strategy Services Manager