

East Herts District Plan Examination

Matter 2 – Development Strategy: Housing

Issue 8

What evidence is there that the proposed supply is of the right type and scale and in the right place to provide a mixed, balanced and healthy community and support sustainable growth?

1. Large scale development provides a real opportunity to create a mixed and balanced community, to promote healthy living and to support sustainable growth. On large sites there is an ability to have a range of housing products, invest in and fund social and community infrastructure and to help create new patterns of living. Importantly, and unlike smaller scale developments and dispersal options, it is possible to avoid simply replicating existing patterns of housing and housing tenure – which underweights certain underlying needs and leaves a material proportion of the community with no good quality housing options.
2. The scale and location of the Gilston Area makes it the single largest opportunity to create a mixed, balanced & sustainable community and support economic growth in East Herts and more widely Harlow. In addition to traditional market sale and affordable homes the Gilston Area will deliver additional tenures for which there is significant local need. This includes purpose-built private rented accommodation critical to attracting & retaining skilled workers, specialist older persons housing & care for the growing older persons population who no longer wish to live in traditional institutional facilities and a range of intermediate sale & rent.
3. Unlike urban-extension type development, the Gilston Area will create an entirely new community. A large scale opportunity such as this requires a bespoke policy arrangement reflecting the wide mix of market and affordable tenures needed to create a truly mixed and balanced community. In the site specific part of the examination we will be arguing that in order to create a socially sustainable community of villages it is necessary to have, roughly, a 50/50 split between open market housing and other forms of housing, with around 30% of all homes being of affordable rent and intermediate tenures. The balance of the homes will be made up of purpose-built market rent, specialist older persons housing and self & custom build. The attached appendix details the proposed approach and the research informing this.



APPENDIX 1

DRAFT: for discussion with EHDC



HOUSING MIX PROPOSALS

GILSTON AREA

August 2017

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DRAFT: for discussion with EHO

1 EXECUTIVE SUMMARY

a) The Vision for Homes at Gilston Area

1.1 East Hertfordshire has many assets – its open countryside, the variety of attractive villages and towns and the quality of life enjoyed by its residents. The Gilston Area will take the best of these qualities, building seven new villages, each with its own distinct character and creating new parkland and landscaping, with stewardship by the local community. It will be a great place to live; close to employment and transport yet surrounded by greenspaces. Yet it is an increasingly difficult and unaffordable place for many to be able to call home. The Gilston Area will also deal with some of the challenges facing East Herts, where many local people don't have the home they need, by creating a full housing market offer that will also include:

- Helping young people get a start on the housing ladder with discounted homes to rent and buy.
- Offering plots for self-builders to create their own home.
- Giving older people with care needs an opportunity to live independently in purpose built homes for sale and rent with the support they need on hand.
- Providing a full range of good quality rented homes for those that cannot/choose not to buy

1.2 As main landowner and Master Developer, Places for People is uniquely placed to develop this full market offer. It works across the housing markets and delivers all tenures; from outright sale through to social/affordable housing and with every gradation of tenure in-between. It offers access products for those entering the housing market for the first time, a broad range of homes for rent and sale for growing families through to high quality housing with care and support of all tenures. It has worked with the adjacent landowner, City & Provincial, to ensure that a balanced and sustainable housing market is created in Gilston to support the Council's strategic objectives.

1.3 But the Gilston Area will not just be about houses, it will deliver the schools, healthcare, shops and amenities to make a place where people can build a strong and stable community. There will also be jobs – thousands of construction roles in the delivery of the project and over 1,500 permanent jobs

in the new business, retail, health and education space. Its proximity to major employment anchors like the Harlow Enterprise Zone mean that people can live closer to where they work, in high quality homes of all tenures, giving the chance to break the decades of underperformance in the local economy.

- 1.4 Making the Gilston Area a success will require the right physical infrastructure and buildings but also the right balance of residents. Care is needed to ensure that the population remains mixed over time, with young people able to form new households, to grow into families and perhaps to down-size later in life. The population also needs to be able to support the area – providing the workforce to grow businesses, using and supporting public services and supporting the economy of Harlow and the M11 sub-region as a whole.

b) Consistency with Policy

- 1.5 Delivering the right mix of homes is critical to ensuring the vision for Gilston Area is realised. The work within this report sets out the evidence gathered to inform the housing mix, identifying opportunities to meet local needs, establishing what a mixed community would comprise and reviewing examples of more and less successful places. The approach is consistent with the Pre-Submission District Plan, which requires within Chapter 14 Housing:

- “An appropriate mix of housing tenures, types and sizes will be expected in order to create mixed and balanced communities appropriate to local character and taking account of the latest Strategic Housing Market Assessment and any additional up-to-date evidence.”
- “Where appropriate, provision of specialist housing will be encouraged for older people and vulnerable groups”.
- “Wherever possible, the affordable houses should be integrated within the scheme through pepper-potting rather than concentrated in a particular area unless site specific considerations dictate otherwise. This does not necessarily mean that every second or third property should be affordable; rather the affordable housing should be distributed across the entire site in clusters appropriate to the size and scale of the development, as this ensures the best prospect of securing mixed, inclusive communities.

1.6 The approach is also consistent with the Council's strategic housing objectives as set out within EHDC's Housing Strategy 2013-16 including:

- Maximising the delivery of a range of new affordable homes, whilst ensuring best use of existing stock.
- Meeting the needs of the older person population.
- Meeting the needs of vulnerable people and building stronger communities.

1.7 More recently the Government published the White Paper "Fixing Our Broken Housing Market" which seeks to boost the supply of housing and ensure the market works for everyone. The outcomes of the work on the Gilston Area are complimentary to the White Paper, particularly its aims to:

- Support people with a range of options to buy or rent a home, prevent homelessness, improve options for older people and protect the most vulnerable.
- Support a professional private rented sector (Build to Rent) and provide Affordable Market Rent (intermediate rent) alongside this.
- Deliver a wide range of home ownership products.

1.8 Finally, the approach is consistent with the Locally-Led Garden Villages, Towns and Cities prospectus (March 2016) published by DCLG and the Expression of Interest for Harlow and Gilston Garden Town submitted by East Herts, Epping Forest and Harlow (October 2016). Specifically, the housing proposals are aligned to:

- DCLG prospectus; meeting local need, including a good mix of tenures to accelerate build-out, increasing opportunities for first time buyers.
- East Herts, Epping Forest and Harlow response; delivering housing which meets the needs of local people and supports sustainable economic growth whilst ensuring it remains an attractive place for people to live and locate to, delivering the right mix and scale of housing to enable greater social mobility and provide labour to help local employers grow.

c) **Opportunities to Meet Local Need**

1.9 Delivering 10,000 homes in a new settlement presents a unique opportunity to improve housing options for people in the area and support the local economy. Some of the specific opportunities include:

- Offering a chance to own an intermediate home to the 62% of the East Herts households who are unable to afford to buy on the open market and unlikely to be allocated affordable rent homes.
- Delivering a new, professionally managed, private rented offer for those who can't afford to or do not want to buy but are currently poorly served by typically low quality "buy to let" homes. This will include not only apartments, but a range of family homes and retirement accommodation.
- Re-balancing the housing market within the 5 wards most local to the site, which due to the 3 wards within Harlow currently include some of the lowest levels of home ownership in the country and suffer from a range of social and economic challenges.
- Providing purpose built housing options for the c. 3,000 additional older person households emerging in the next 20 years in East Herts with the technology and a range of care levels to ensure all residents have a high quality of life.
- Supporting the regeneration of Harlow by attracting highly skilled workers which are currently absent from the area and constraining growth of the knowledge economy.

d) **The Need for the Right Housing Mix in New Settlements**

1.10 New settlements of the scale of the Gilston Area are in many aspects a housing market in their own right, this is in contrast to small and medium scale developments which generally form part of an existing market and are not of sufficient scale to significantly influence this. Whilst the opportunity to create a new community is a positive one, it also presents significant risks as most obviously demonstrated by problems encountered at Harlow, a range of New Towns and other new settlements. Examples of challenges created by the wrong housing mix relating to a limited economic

offer and in particular high levels of affordable housing (within New Towns often 2 – 3 times the national average) include:

- Stagnation of the population and economy (as experienced by Harlow).
- Inability to attract skilled workers.
- Closure of local shops and businesses due to reduced levels of spend.
- Pressure on support services including health, education and employment.
- Isolation of a settlement from its surroundings.
- Lack of resilience to economic change

e) The Optimum Mix for Gilston Area

1.11 Having regard to the evidence in the round, this report identifies the optimum approach to the housing mix at the Gilston Area. The approach is one which will ensure a community which is successful and sustainable in the long term, which offers opportunity to local people and which contributes to the regeneration of nearby Harlow. The key differences to the Draft Pre-Submission District Plan are:

- A change in overall tenure split from 60% private sale / 40% affordable to a more mixed offer of approximately 50% private sale, 2% private elderly, 13% market rent, 5% self & custom build and 30% affordable (including affordable rent, intermediate rent, intermediate sale and specialist elderly). Places for People will also explore the potential for community ownership models within the delivery of the affordable rental housing as part of the governance strategy.
- A greater variety of affordable housing tenures including affordable rent, intermediate rent, shared ownership, Starter Homes / discount market sale and older persons' rent / intermediate.
- Flexibility for the mix of homes and tenures to vary by village, within the context of an overall strategy to achieve the stated mix for the development as a whole. This will allow different

character areas and for uses such as housing with care which require a critical mass to be located in specific villages.

- Flexibility for the level of affordable housing to vary by phase, provided the overall level of 30% is achieved for each Village. This will allow a balance of social infrastructure delivery and affordable housing provision.

1.12 The Draft Pre-Submission District Plan should therefore be amended in line with the above suggestions, creating a positive policy environment to bring forward a successful scheme.

DRAFT: for discussion with EHDG

2 EVIDENCE INFORMING THE HOUSING MIX

a) Ward, District and Regional Data

2.1 The data within this section of the report is presented at a range of levels to demonstrate local issues and comparators to wider regional and national averages. The terms used are:

- i. Hunsdon and Much Hadham – The two wards local to the site within East Herts
- ii. 5 Local Wards – The wards adjacent to the site in East Herts and Harlow comprising Hunsdon, Much Hadham, Mark Hall, Netteswell and Little Parndon & Hare Street
- iii. East Herts
- iv. Harlow
- v. East of England
- vi. England

2.2 The following maps indicate the relevant boundaries:

Figure 2.1 – Ward Boundaries

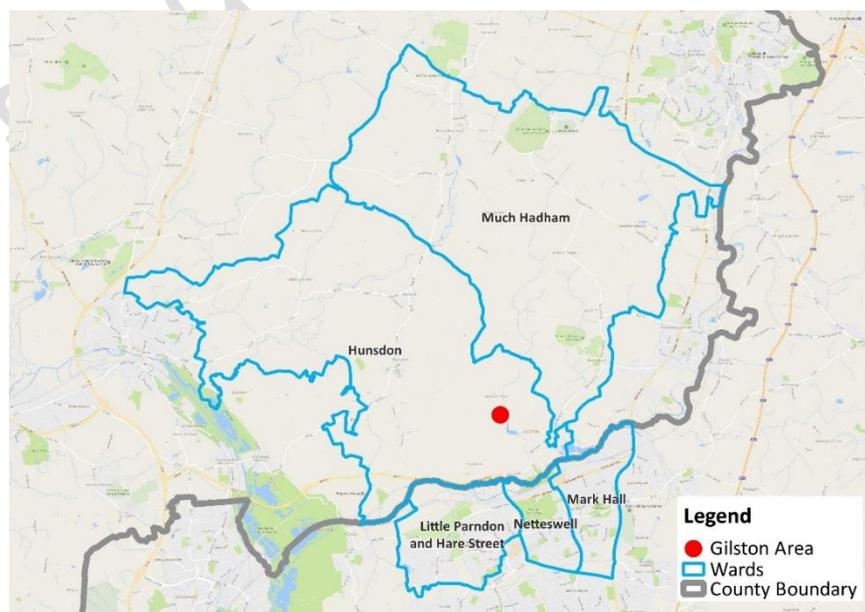
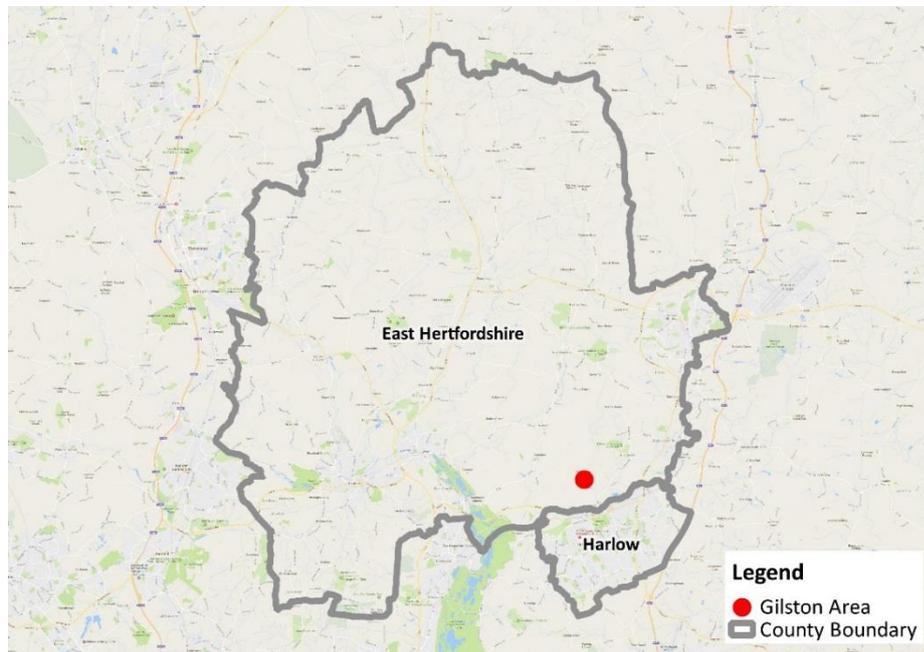


Figure 2.2 – County Boundaries



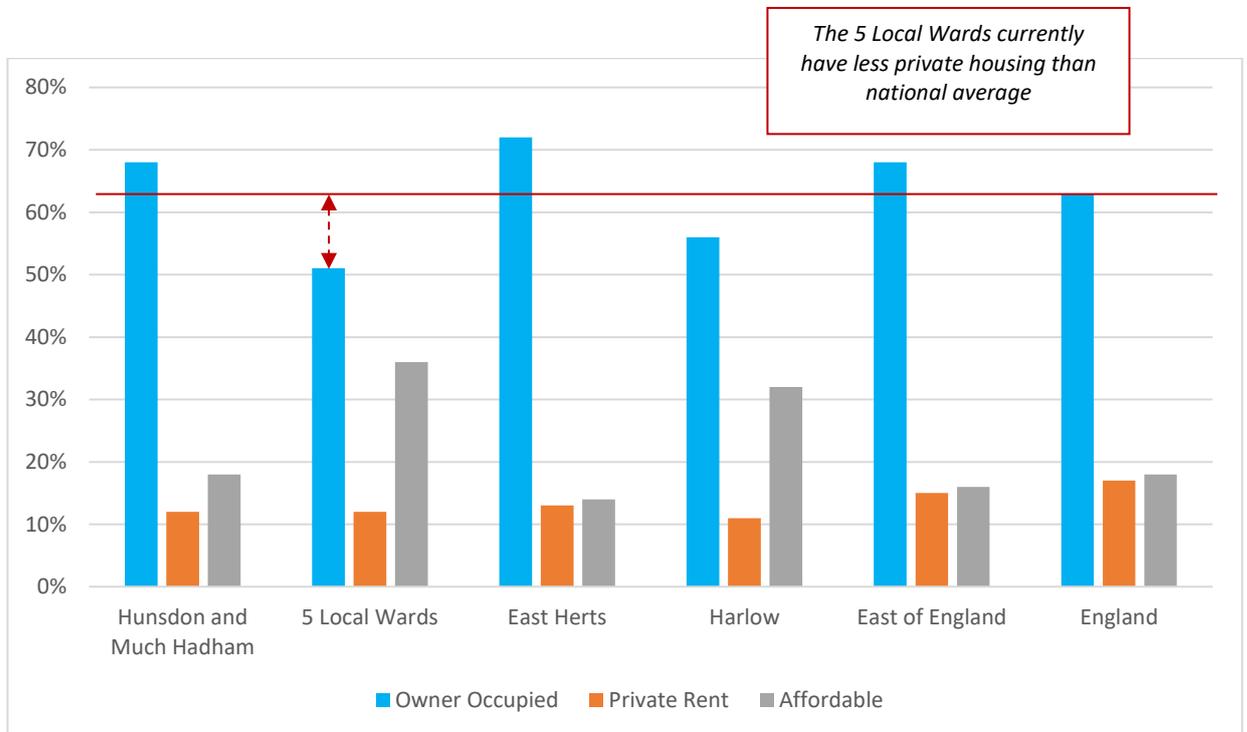
2.3 The data included within this report provides evidence which in many respects is aligned to the West Essex and East Hertfordshire Strategic Housing Market Assessment 2015 and the East Herts Housing Needs Survey 2014. However, the data here adds more local granularity relevant to the Gilston Area and also considers the differing implications of a strategic site of 10,000 homes which can itself significantly shift the balance of the local housing market.

b) The Local Housing Market

i) Balance of private market tenures

2.4 East Hertfordshire and the Hunsdon & Much Hadham Wards have a greater proportion of owner occupied homes than the regional and national averages. In contrast, Harlow and the 5 local wards area have higher proportions of affordable housing. In both East Herts and Harlow the private rented sector is smaller than regional or national figures.

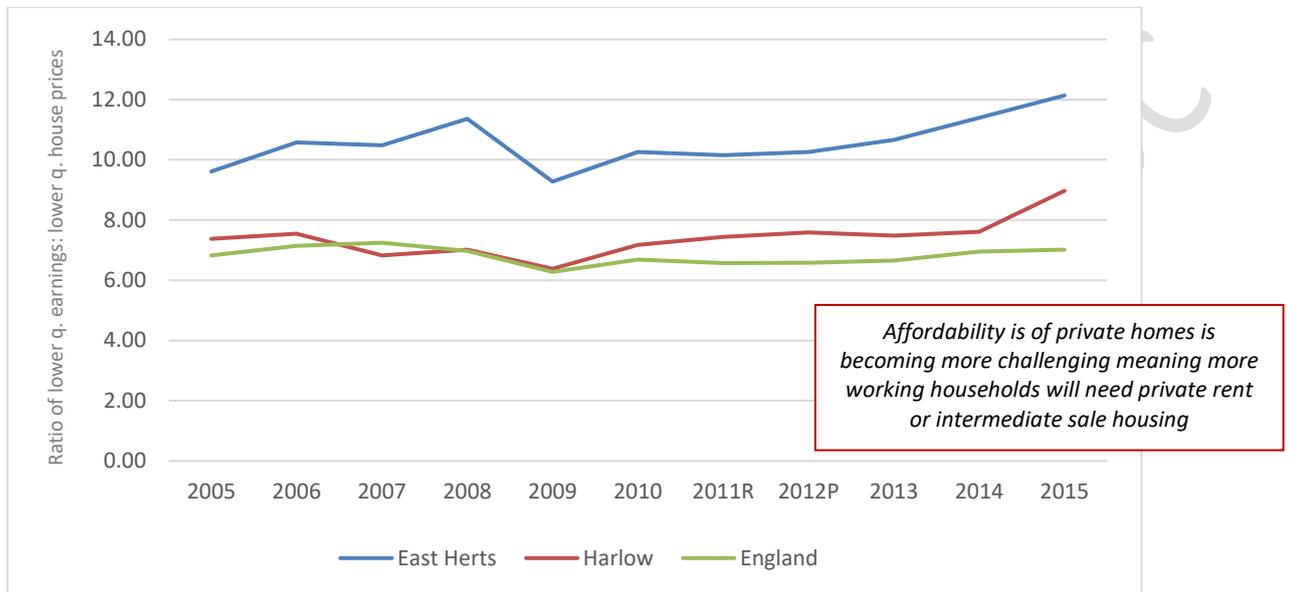
Figure 2.3 Household Tenure (Census 2011 QS405EW)



ii) Housing affordability

- 2.5 General housing affordability continues to worsen within East Herts and Harlow. This is demonstrated by the ratio of lower quartile house prices to lower quartile earnings which is between 1: 9 and 1:12 compared to a typical mortgage multiple of around 4.
- 2.6 The affordability ratios are calculated using ONS House Prices Statistics (based on Land Registry data) and earnings from the Annual Survey of Hours and Earnings.
- 2.7 In 2016 Q2, the lower quartile house price in East Herts was £260,000 (for all housing types) vs. lower quartile earnings for full time workers in 2016 in East Herts of £20,989. In 2016 Q2, the lower quartile house price in Harlow was £190,000 (for all housing types) vs. lower quartile earnings for full time workers in 2016 in Harlow £20,939.

Figure 2.4 – Housing Affordability, Lower Quartile Earnings: Lower Quartile House Prices



2.8 The table below indicates in more detail the income requirements for average property types in East Herts which, due to the capital value of homes, are significant.

Table 2.1 – Property Affordability (VOA HPSSA Dataset 14, 2016)

Property Type	Average Property Value	Approximate Income Required after 20% deposit (mortgage 3.5x income)
Terraced	£350,000	£80,000
Semi-detached	£408,000	£93,000
Detached	£662,000	£151,000
Flat/Maisonette	£228,000	£52,000
All Properties	£402,000	£92,000

iii) The Private Rented Sector

2.9 High levels of overcrowding and increases in rents in the private rented sector indicate pressure on this type of housing. It is likely that this is due to a combination of tightened eligibility criteria for affordable homes, consistent under-delivery of affordable housing compared to need and decreasing affordability of private housing.

Figure 2.5 – Private Rent Overcrowding (LC4108EW Occupancy Rating)

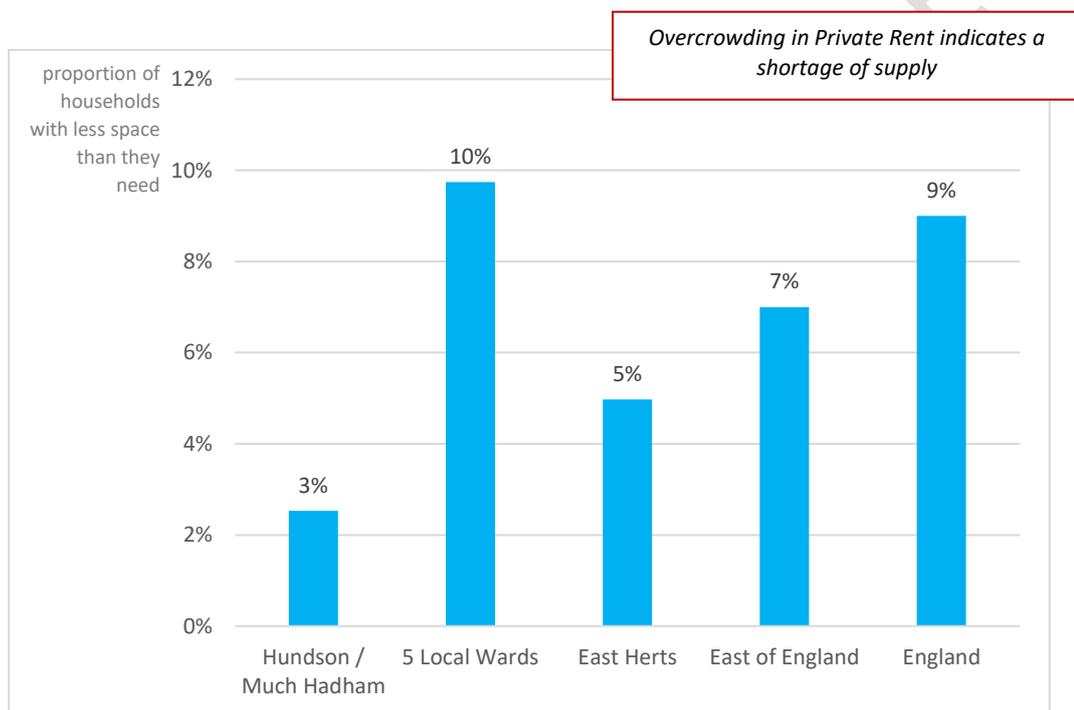
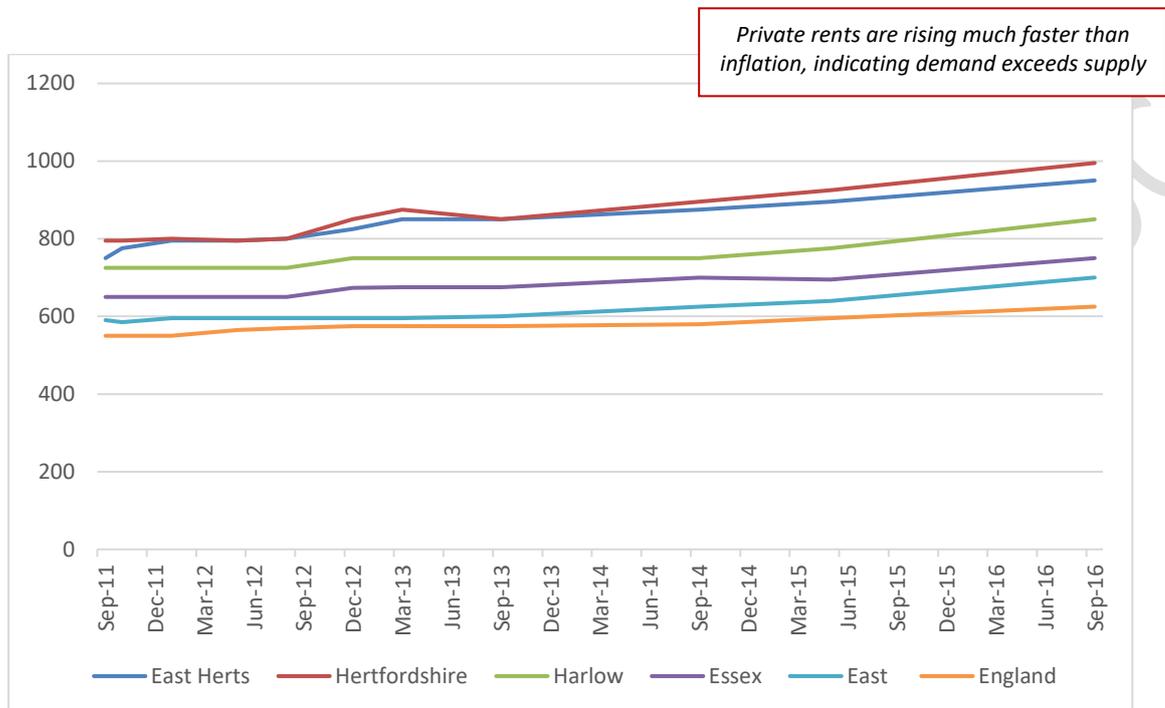


Figure 2.6 – 2 Bed Monthly Rent £ (Private Market Rental Statistics, Valuation Office Agency)



2.10 The following table indicates in more detail the incomes required to rent various individual property types in East Herts.

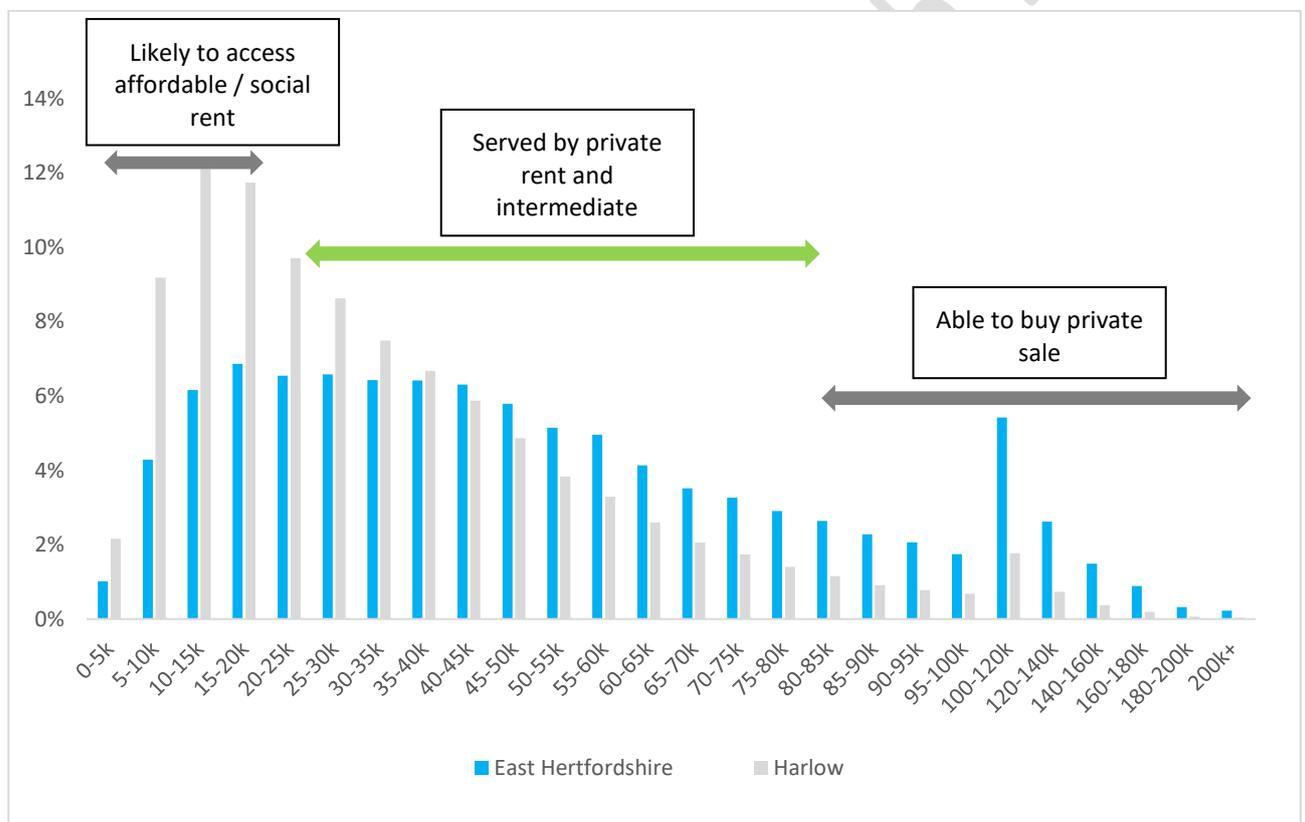
Table 2.2 – Rental Affordability (DCLG Private Rental Statistics, 2014 adjusted by inflation of 12% based on ONS private rental index)

Property Type	Average Monthly Rent	Approximate Minimum Income Required
Studio	£518	£24,000
1 bed	£657	£30,000
2 bed	£859	£39,000
3 bed	£1,074	£49,000
4+ bed	£1,720	£78,000
All	£897	£40,000

iv) Household incomes

2.11 Analysis of the preceding data demonstrates that a very small proportion of the population is either able to afford to buy in East Herts or likely to be able to access social / affordable rented homes. Around 62% of households fall between these two tenures and would be best served by private rented or intermediate tenure homes. For Harlow residents a similar position exists, albeit with a greater need for lower income intermediate products.

Figure 2.7 – Proportion of Households by Income Band (CACI 2016)

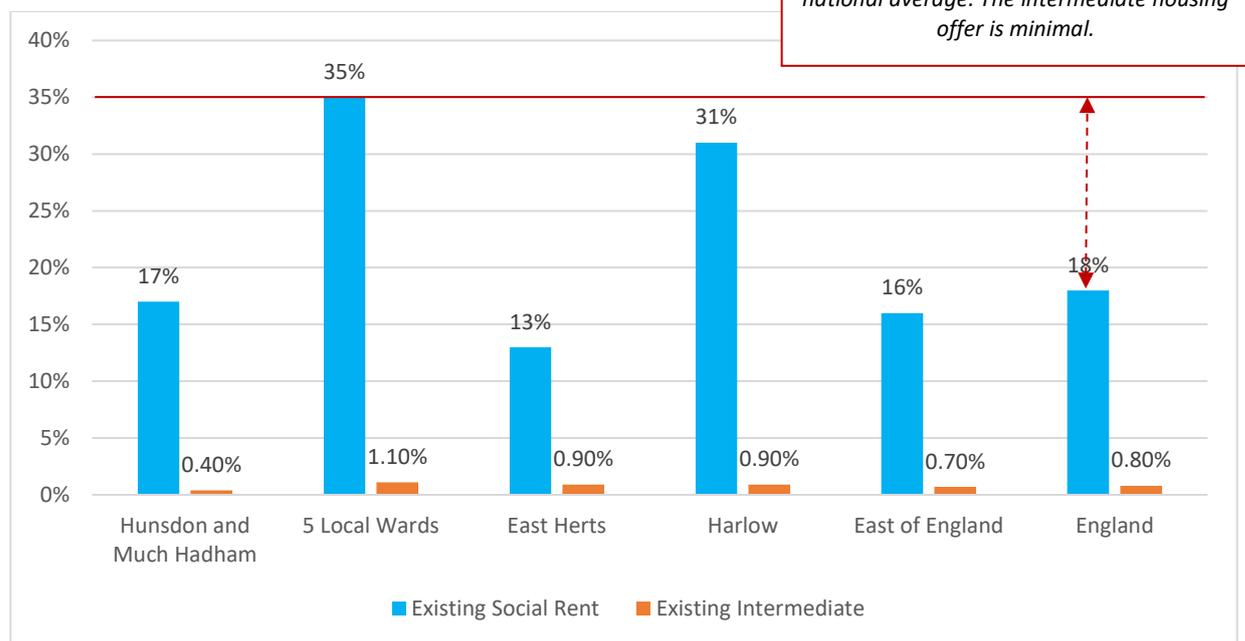


2.12 The impact of the affordability challenges indicated above is already changing ownership patterns in East Herts. Whilst 2011 Census data indicates that 72% of households in the area own a home, the rate amongst 25 to 49 year olds is only 31%.

v) Local affordable housing provision

2.13 The local East Herts wards of Hunsdon and Much Hadham are reasonably closely aligned to national averages with c.18% of homes being affordable, largely of social rented tenure. However, the 5 local wards including those in Harlow have very high levels of affordable housing at c.36% of homes.

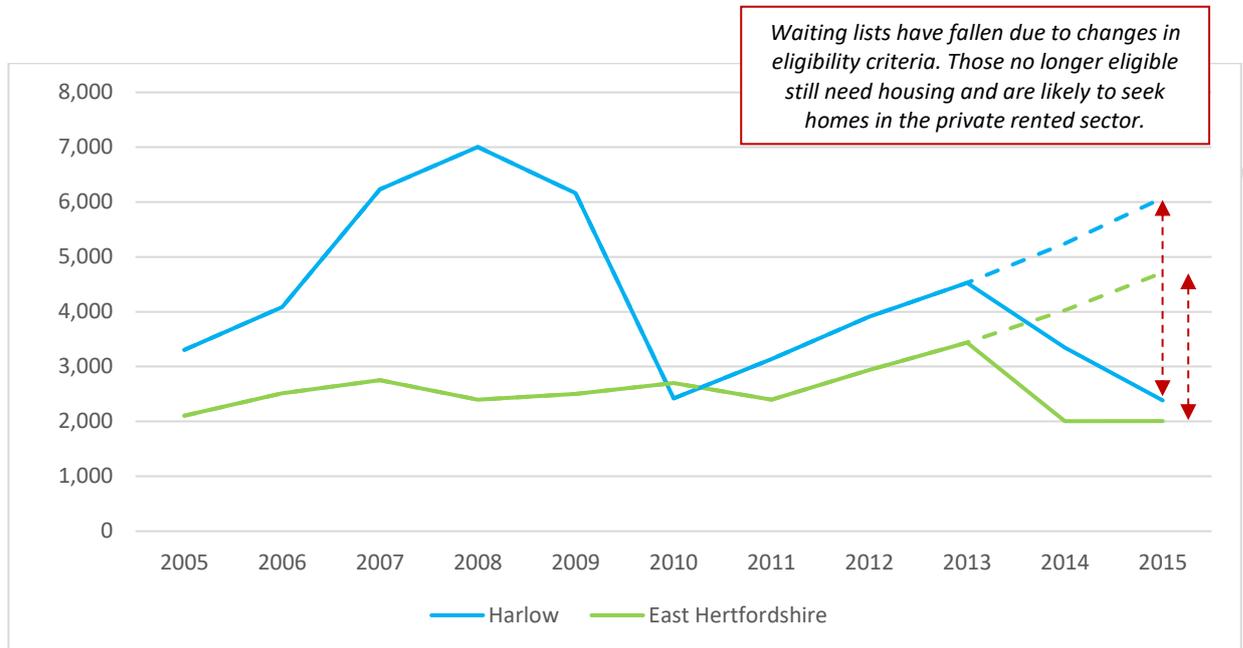
**Figure 2.8 – Existing Affordable Provision (Census 2011)
(proportion of all households)**



vi) Waiting list for affordable housing

2.14 Need for affordable and social rented homes as indicated by the Councils' Housing Registers steadily increased from 2010 to 2013. Following this period, need indicated by this data declined sharply, this is due to the Localism Act 2011 which enabled local authorities to substantially tighten eligibility criteria for affordable housing. The chart below shows need indicated by the Housing Registers of East Herts and Harlow and a dotted trend line indicating where this may be if waiting list criteria had not been amended. The gap between the waiting list and trend remains a real need which must be met by other forms of provision.

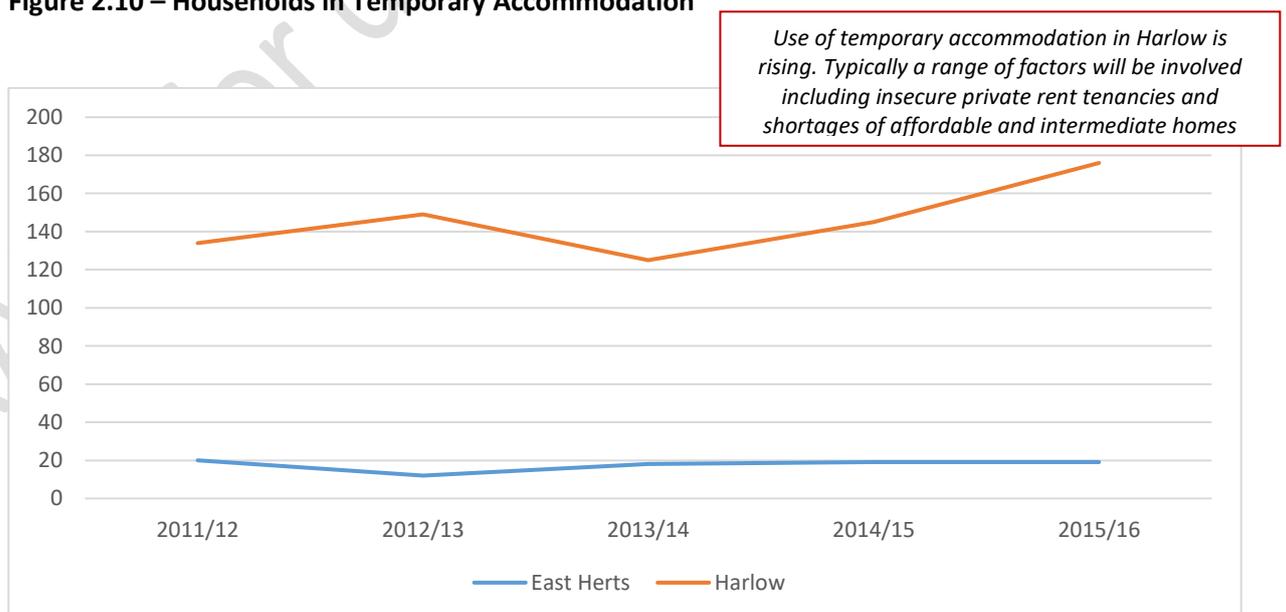
Figure 2.9 – Waiting List Data (Live Table 600), households



vii) Temporary accommodation

2.15 Within East Herts use of temporary accommodation has remained relatively consistent and at a low level. In Harlow much greater levels of temporary accommodation are in use and levels have increased in recent years.

Figure 2.10 – Households in Temporary Accommodation



viii) Affordable housing demand by unit type

2.16 The Council's waiting list (2014/15) indicates that demand is greatest for smaller properties, it is however noted in the 2014 Housing Needs Survey that 1 bed properties turn over more regularly than larger homes. It is also identified that the waiting list for smaller properties may include many households with lower priority (such as single people without dependents) and therefore much reduced prospect of actually securing a home.

Table 2.3 – Waiting List Demand by Beds (Local Authority Housing Statistics 2014)

	1 Bed	2 Bed	3 Bed	4 Bed
East Herts	58%	30%	9%	3%
Harlow	55%	32%	11%	2%

2.17 Analysis of the latest publically available CORE data from 2013 also indicates greater demand for smaller properties. Supply is low in comparison to demand across all types of home so, whilst delivery of more smaller properties is important there is a need to deliver a wide range of affordable housing types.

Table 2.4 – Waiting List and Social Stock Turnover (CORE 2013)

Stock Size	Waiting List (HSSA)		Social stock turnover (CORE)		Demand vs Supply
	(Numbers)	(%)	(Numbers)	(%)	
1 bedroom	1,415	59	109	29.1	13 : 1
2 bedrooms	673	28.1	164	43.7	4 : 1
3 bedrooms	265	11.1	102	27.2	3 : 1
4+ bedrooms	42	1.8			
Total	2,395	100	375	100	6.4 : 1

ix) Intermediate housing delivery

2.18 Current delivery of intermediate tenure homes is very limited relative to the number of households for whom this would be a suitable housing option. In East Herts, 31 shared ownership homes were completed in 2015/15 and 76 started on site. Within Harlow there were no completions and 30 starts.

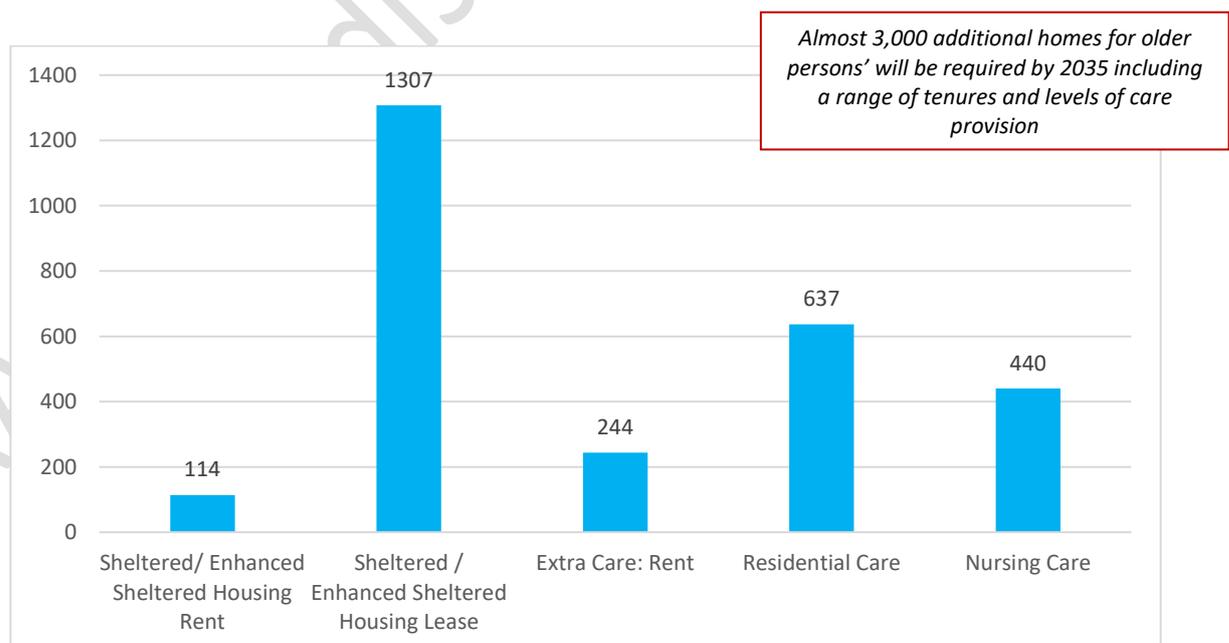
x) Homes for older people

2.19 A range of sources point to a significant and increasing need for homes for older households within East Herts:

- i. The Pre-Submission District Plan 2016 identifies a need for 530 additional bedspaces for those who need specialist residential or nursing care.
- ii. The 2014 Housing Needs Survey forecasts an increase of 87.5% in the over 65 population by 2037.
- iii. The 2014 Housing Needs Survey identifies a need for 2,227 sheltered homes and 828 extra care homes.

2.20 The Housing Learning and Improvement Network (Housing LIN) produces an analysis tool which allows a more granular forecast of future need for older households. The figure below indicates the increase from the current provision to that which would be required in 2035 based on typical tenure splits. The figures indicate that a significant increase in older person housing provision is required across a range of types.

Figure 2.11 – Additional Older Persons’ Housing Requirements (2014 – 2035), additional homes



2.21 Older persons' housing models which enable people to live independently for longer (e.g. extra care housing) can often delay the need to transfer to more institutional housing models such as residential/nursing care. Providing alternative housing options such as therefore delivers significant savings to the public sector budget.

2.22 With increasing pressure locally and regionally on hospital beds and social care services, there is also the opportunity to introduce new housing models such as step down accommodation for people leaving hospital who are unable to return to their own home.

c) The Need to Support Change in Harlow

2.23 All homes at the Gilston Area will be within a short cycle ride, car or bus journey of Harlow; in particular the two principle employment areas, the station and the town centre. Gilston is closer and more accessible for these than many of Harlow's existing neighbourhoods to the south of the town. Whilst the two settlements will be distinct and separated, there is a clear opportunity for the Gilston Area to positively influence Harlow.

2.24 Harlow suffers many problems common to New Towns; much of the housing stock and facilities were constructed at the same time and have aged simultaneously leading to a significant demand for refurbishment and regeneration. Harlow is also one of the most imbalanced housing markets in the UK. Owner-occupied housing makes up only 60% of all stock and around one third of households live in social housing. These facts place Harlow as having the 8th highest level of social housing of all authorities nationally and the 2nd highest if inner London boroughs are excluded (Census, 2011).

2.25 Harlow was part of the first wave of New Towns alongside towns such as Crawley, Stevenage and Hatfield which delivered a large quantum of affordable housing. As part of the TCPA Report "***New towns and garden cities lessons for tomorrow***" chief planning officers were asked what influence the New Town masterplan has on the way the New Towns are planned today. While the delivery of affordable housing was recognised as a positive it was also recognised how large proportions of mono tenure social housing had brought their own problems in many of the New Towns.¹

¹ New Towns and Garden Cities – Lessons for Tomorrow (2014) – TCPA Paragraph 3.3

2.26 The RICS study “Placemaking and Value” 2016² recognised how Harlow had changed little since the time of the New Town with little investment and development and hence has struggled to keep pace with wider economic growth. As part of the study it used the development of Newhall Harlow as a case study (c. 2,800 homes) and identified the main challenge was to create a new place with a distinctively different character that could attract buyers from further afield, as well as from the local market, affordable housing provision here was identified as being appropriate at 25%.

2.27 The structure of Harlow’s housing market is currently a barrier to attraction and retention of skilled workers and therefore the economic and social sustainability of Harlow. There is a structural imbalance in the relationship between jobs and labour supply in the town. Harlow’s knowledge based jobs are more likely to be taken by in-commuters because:

- i. Many local residents lack the skills necessary to meet the requirements of employers in knowledge-based sectors.
- ii. The current stock of housing lacks choice in the range and quality of market housing options which can attract such workers to also live within the town.

2.28 Multiple studies have already acknowledged that this is a problem for the functioning of the housing market, the attraction and retention of skilled workers and the economic and social sustainability of Harlow. The key papers are summarised briefly below; it is clear that the wrong housing mix for the Gilston Area risks repeating these problems.

i. **NLP, 2013, Harlow Future Prospects Study:**

The study indicates that the long term stagnation of both the town’s population and jobs growth (over a 40 year period) coincides with the emergence of a wide range of socioeconomic and physical issues now affecting Harlow. These issues include localised deprivation, skills shortages, economic restructuring, areas of poor quality housing, insufficient range of housing, inadequate infrastructure and aging physical environment. It also specifically notes that skills

² Place making and value - RICS professional guidance, UK 1st Edition February 2016

shortages in all New Towns are mainly attributed to the provision of large quantities of social housing.

In terms of the second generation New Towns, including Milton Keynes, Peterborough and Northampton, the study indicates that these have had more consistent economic performance (Gardiner, 2004), through a combination of being larger than the earlier New Towns, attracting employers from sectors that have achieved sustained growth, such as electronics, IT and financial services, and achieving the more balanced approach to new housing development, with a proportion of home ownership as well as rented housing.

The study also cross-references work by Bennett (2005) regarding the lessons which can be learnt from earlier New Towns. This work notes that *“it may be that they have never truly overcome their tenure balance being dominated by social rented housing at the outset [...]”*.

ii. Harlow DC, GVA Grimly, 2006, The Harlow Area Investment and Renewal Framework (2006):

The Framework sets out the structural challenges facing Harlow, which relate in the main to a legacy of limited tenure diversity and associated concentrations of deprivation and lower skilled residents. On the whole, “Harlow is not, at present, perceived to be a first choice location for business, jobs and housing investment.” As a result, Harlow’s successful business draw most of their employees from outside of the town and the business base is shrinking.

Whilst much of the town fares moderately well in the local economy, there are concentrations of acute deprivation that place Harlow in the lower tiers of local authority deprivation ranking at regional and national levels. One of the key goals of the framework is to address the needs of the most challenged housing estates and diversify the type of housing offered in Harlow.

iii. Harlow DC, Matrix Partnership, 2005, Harlow Area Study:

Revisiting the original aim of the New Town that study stated that one of the central aims for Harlow was to create a balanced, diverse community, but it needs to be established whether the town’s rapid construction resulted in an unbalanced demography. Hence, one of the aims of this study was to consider measures to rebalance the community by encouraging more homes for demographic categories which are underrepresented.

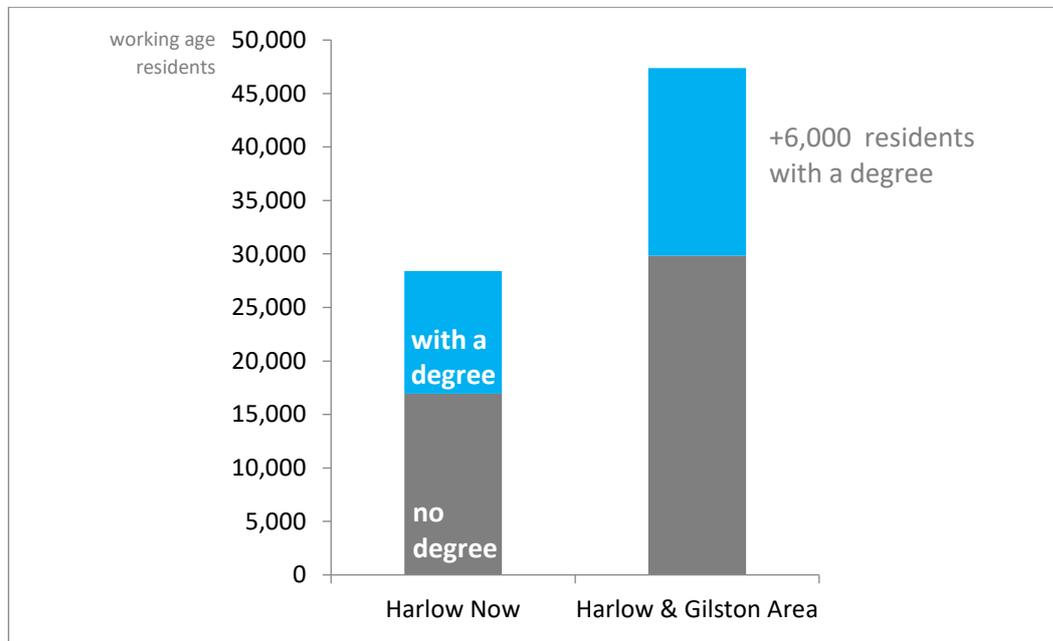
iv. Harlow DC, 2010, Harlow Regeneration and Social Inclusion Strategy 2010-2015:

The Strategy identifies that a key challenge is to promote a greater mix and diversity of housing in Harlow that facilitates the aim of creating a place where people will want to both work and live and can afford to live. Some of the estates are also places where higher levels of multiple deprivation are manifest. Delivering an improved housing offer in these deprived areas will contribute to neighbourhood renewal, addressing housing need and place shaping aspirations.

In terms of skills it is noted that education attainment levels have continued to rise, however there is a disparity in levels of achievement across the town. It remains the case that a large proportion of Harlow's adult population hold only lower level or no formal qualifications. This has contributed to the current situation whereby Harlow residents are not benefitting from the higher wage jobs on offer in Harlow's economy.

- 2.29 Harlow is a net importer of skilled workers and a net exporter of lower skilled workers, this point is demonstrated by the fact that Harlow residents earn on average £2,300 less per year than Harlow workers (Annual Survey of Hours and Earnings 2016).
- 2.30 More positively, there is significant inward investment and employment growth happening in the town through the Enterprise Zone. Public Health England have confirmed that 2,750 – 3,200 new/relocated jobs will be generated when it moves to Harlow. The site is expected to be fully operational from 2024.
- 2.31 A diverse range of high quality homes is required to attract highly skilled people to live in the area, particularly younger people. The impacts of this would include greater self-containment of the Harlow economy, greater retention of wages and consumer spending (supporting local business) and a greater appeal to new employers who prefer to have a skilled labour force nearby.
- 2.32 The graph below indicates the positive impact on the skilled workforce which could be achieved if the Gilston Area were delivered with a tenure mix aligned to the wider local region.

Figure 2.12 –Potential skill profile of Gilston Area residents (based on average for M11 sub-area)



d) Community Sustainability

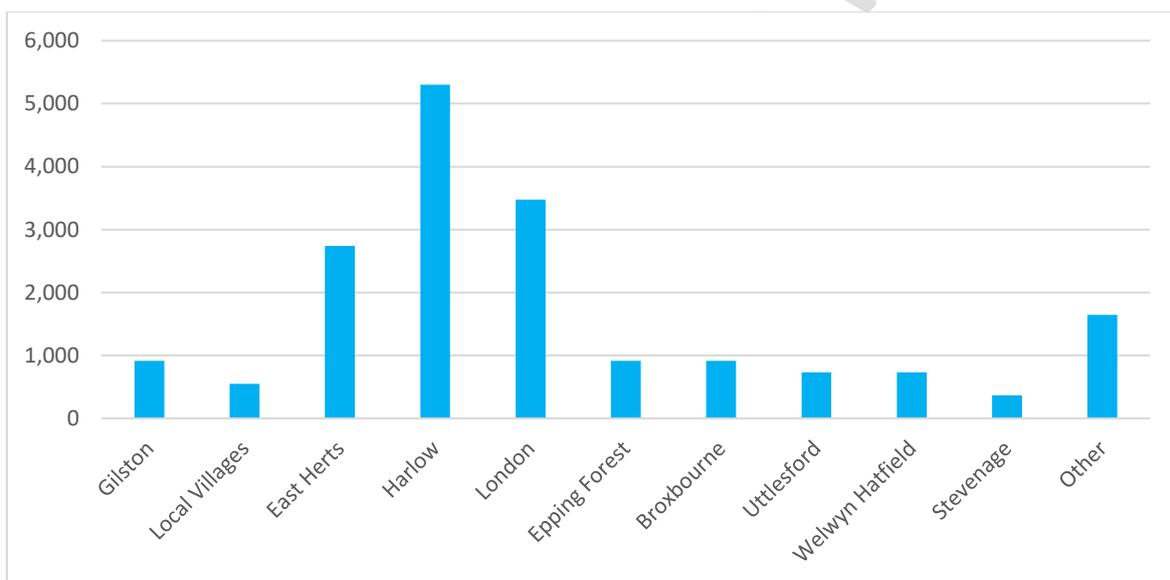
2.33 A key objective is to ensure that the new community is sustainable in the long term and avoids some of the problems encountered by past New Towns. The housing proposals have regard to the principles of sustainable communities including:

- i. Sustainable delivery of essential neighbourhood services.
- ii. A sustainable dependency ratio – establishing a community with a balanced age profile and diversified labour market.
- iii. Child yield and how patterns of demand for school places are determined by tenure and home size.
- iv. Local spending levels and what level of spending is required to support the viability of local shops and facilities.
- v. Providing a range of housing types and tenures which creates churn and efficiency in the housing market.

- vi. Avoiding concentrated areas of deprivation.
- vii. Broad alignment to regional and national housing mix / tenure characteristics (maximising affordable housing delivery but ensuring this is not to the extent that other principles are compromised).

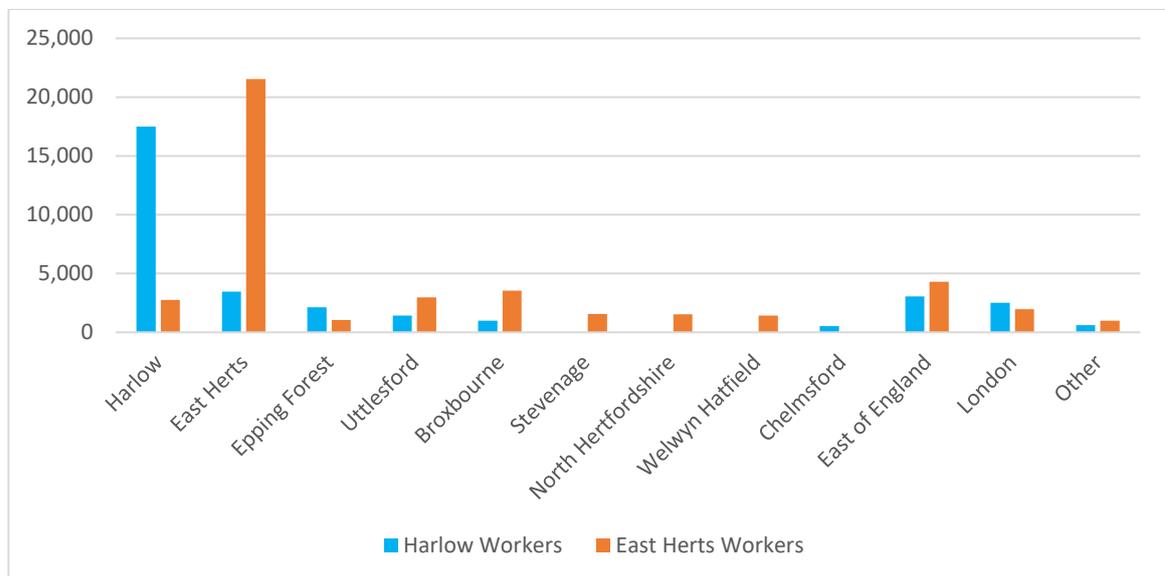
2.34 An important factor determining who will live in the new community is its accessibility to jobs and the time which people are prepared to spend travelling to work. The figure below uses patterns from similar settlements to identify the likely places of work of Gilston residents, this is based on a total population of c.26,000 people, of which c.18,000 would be economically active and in work.

Figure 2.13 – Likely Places of Work of Gilston Residents



2.35 The figure above indicates that a large proportion of Gilston Area residents will work in East Herts, Harlow or London. It is likely that these residents will not be changing jobs to move to the Gilston Area and will therefore be moving from areas within a reasonable travel time of their current workplace. The figure below indicates where people who work in East Herts and Harlow currently live.

Figure 2.14 – Places of Residence of East Herts and Harlow employees



2.36 The figure above indicates that people moving to the Gilston Area are likely to be moving from Harlow and East Herts as well as a range of other parts of Essex, Hertfordshire and the wider South East. It is also likely that those employed in London will be moving from a wide variety of locations in the corridor between North London and Cambridge.

2.37 The pattern of where people move from to take up market and intermediate products is likely to be similar as indicated in the figure above. For affordable rent products it will be important to carefully consider who is allocated to the new homes. Smaller schemes will typically receive nominations from the Council’s housing waiting list, broadly aligned to need (i.e. those in greater need will be allocated homes first).

2.38 Whilst allocation of affordable rent homes based on priority need is appropriate for small scale development, it has the potential to create concentrations of dependency in a development which will contain in excess of 1,000 such homes. The challenges associated with high dependency levels are described in section 3.4 of this report.

2.39 Given the above, it will be important that allocation of homes within the Gilston Area has a bespoke approach. Residents could still be nominated from the Council’s housing waiting list but a Local Lettings Plan could provide a methodology to ensure that a variety of household types / needs are included.

2.40 As indicated in paragraphs 2.20 above, a recurring failure of earlier New Towns was the fact that a high proportion of residents were of the same age group and employment sectors. The result of this was that places aged over time and, linked to this, support services came under pressure and economies declined. The aim for Gilston Area is therefore to attract a more diverse community from the outset and to create an efficiently functioning housing market to allow churn over time and attractive options for new incoming residents.

2.41 The housing offer for Gilston Area must be capable of attracting a varied range of households, with different ages, family status, incomes and employment sectors. It must avoid concentrations of particular groups as this is likely to lead to the problems of New Towns described above. Creating this varied housing mix will require a range of home sizes (1 bed to 5 bed), price levels (cost to rent or buy), tenures (to rent or buy within market or affordable) and specialist types (for older persons or those with learning difficulties).

e) The Nature of Gilston Area

2.42 Gilston Area will be a sustainable new community, comparable in size to larger settlements within East Herts such as Hertford and Ware. Gilston will need to form its own new housing market, offering a balance of tenures and types of homes to suit a range of life stages. The nature of the Gilston Area is different to other site allocations which are extensions of existing settlements. In these cases the new extension can play a role in re-balancing existing tenure / type mixes but is not in itself large enough to represent a housing market.

2.43 The following figure illustrates the way in which the Gilston Area represents a new settlement, compared to other sites which are allocated and associated with existing settlements in East Herts.

Figure 2.15 – Gilston Area and Other Sites Allocated Within the Pre-Submission District Plan



Land North and East of Ware



West of Hertford



Bishop's Stortford South

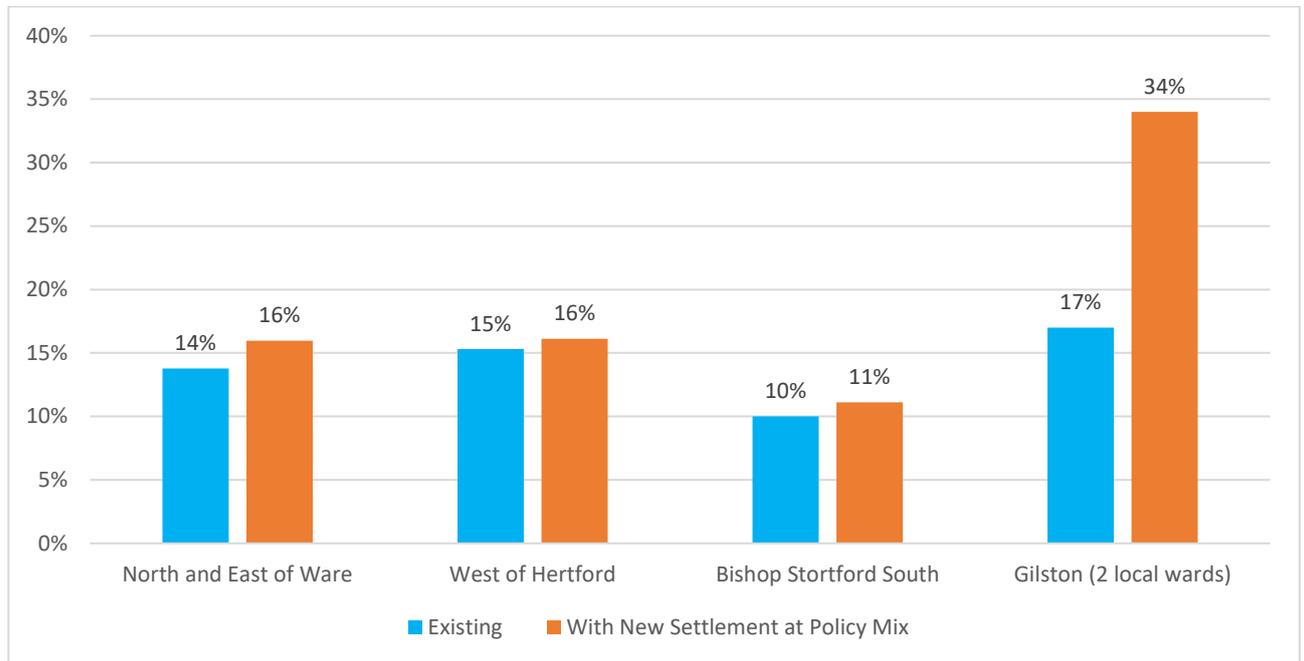


The Gilston Area

Site Allocations
 Existing Built Up Areas

2.44 The nature of the Gilston Area in comparison to other sites proposed to be allocated is further illustrated by the impact which the scheme would have on the existing area. The following figure indicates the proportion of social rent homes currently present and following completion of the schemes assuming the draft policy tenure mix were applied. It is clear that, whilst smaller extensions have limited impact on the existing settlements, a new place such as Gilston Area forms the whole of the housing market (which in this example forms an unbalanced community).

Figure 2.16 – Pre and Post Development Social Rent Proportion



f) Market Requirements

2.45 Delivery of the Gilston Area requires that it is a compelling place to invest for perspective home purchasers, plot developers and business owners. The point is particularly important for the early phases where those moving to or building at Gilston Area will be pioneers, needing the confidence to take part in creating a new community.

2.46 The market facing issues for the housing offer have been reviewed with the scheme agents, national & regional home builders and within the project team based on past experience. Key themes emerging from this work are as follows:

- i. Homebuyers, particularly of a younger demographic are increasingly understanding of affordable housing and accepting of its presence within new development. It is also recognised that different types of affordable housing (e.g. rent or intermediate) serve different needs. The key concern arises when there is a high level of one tenure, creating concentrations of one type of home / perceived demographic.
- ii. Housebuilders / developers and their funders regard affordable housing as a “known entity” and do not have concern regarding its inclusion in general. There is however a preference to

incorporate a balanced mix of affordable tenures in clusters which are well integrated with market housing areas. For this reason there is a desire to keep a balance of affordable rent and intermediate tenures, therefore enabling mixed areas which are acceptable to their target market.

- iii. Housebuilders / developers view affordable housing as an important issue when considering which serviced land opportunities to acquire, this is particularly so for less proven schemes (i.e. early phases). Broadly it is felt that there is a healthy long term serviced land pipeline and as such there would be reduced interest in plots within schemes with an unusually high overall proportion of affordable and affordable rent homes vs a more balanced offering.

2.47 Whilst it is impossible to say definitively what the response to a particular new settlement at a particular time will be, it is clear that from a market perspective the inclusion of 40% of homes as affordable and 80%+ of these as affordable rent is a significant concern.

g) Summary Housing Evidence Findings

2.48 In summary the preceding evidence indicates:

- i. A need to increase the size, diversify the offer of and professionalise the private rented sector to house those who do not wish to or cannot afford to buy privately but are unlikely to be allocated traditional affordable housing.
- ii. A high demand for a range of private and affordable sector home types including both smaller 1 and 2 bedroom apartments and large family homes.
- iii. Worsening affordability, leading to reducing levels of home ownership in younger households and a need for private rent and intermediate rent / sale homes.
- iv. A need to diversify housing tenures in the local area, the parts of which within Harlow currently include some of the highest concentrations of social rented homes in the country. Linked to this an opportunity to support regeneration in Harlow, particularly through addressing the shortage of skilled workers and high quality homes demanded by such workers.

- v. A significant future need for a large amount of housing for older persons across a range of private, intermediate and affordable tenures.
- vi. A high level of need for intermediate tenure homes but minimal new supply of such homes.
- vii. That New Towns which have included high proportions of affordable housing (often 2 or 3 times the national average) have encountered a range of social and economic challenges.
- viii. The Gilston Area is different to other larger sites which are proposed to be allocated. Gilston will form a new settlement and housing market and therefore needs to have the right type and tenure mix to do this. Other allocations which represent extensions to existing settlements will form a part of these existing housing markets and therefore have a different role, including being able to re-balance existing issues such as an under-supply of affordable homes.

3 RISKS IF THE OPTIMUM HOUSING MIX IS NOT ADOPTED

a) Pre-Submission District Plan Policy

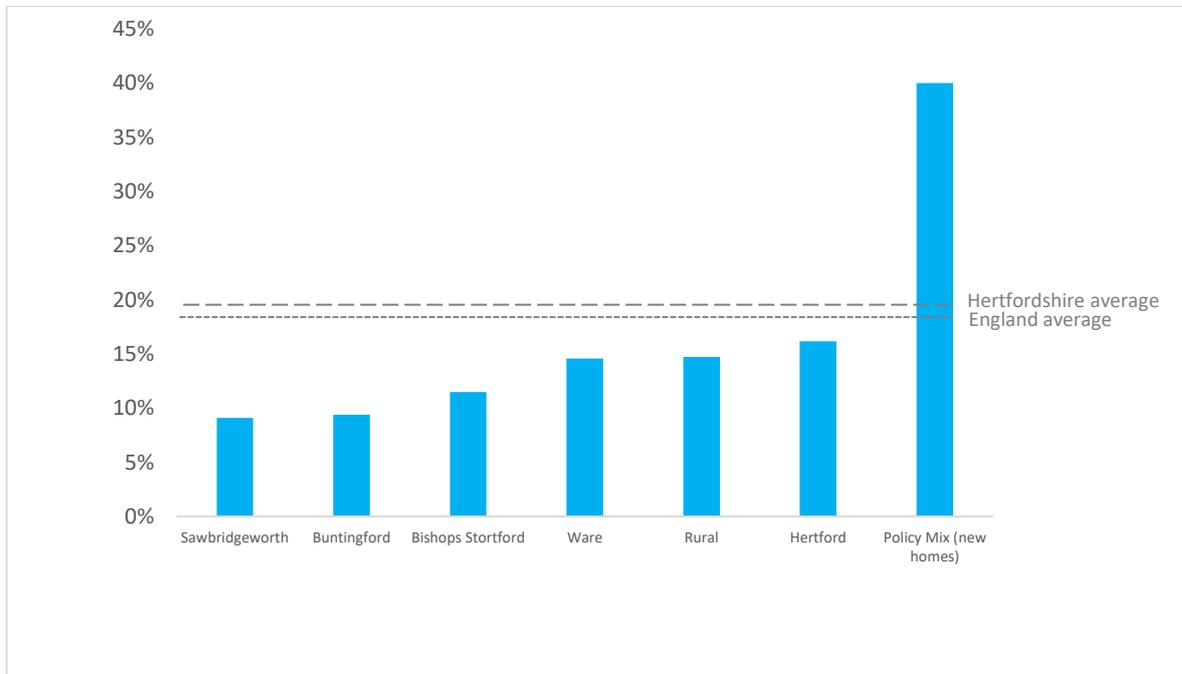
3.1 Policy GA1 of the Pre-Submission District Plan includes specific requirements for the housing mix within the Gilston Area. Criteria III (a) states that development is expected to provide a range of dwelling types and sizes, in accordance with the provisions of Policy HOU1 (Type and Mix of Housing). The policy states that new housing developments mix should take account of the latest SHMA and any additional up-to-date evidence. Supporting text (Table 14.1) sets out the required market and affordable mix. Criteria III (b) states that development is expected to provide affordable housing in accordance with Policy HOU3. Policy HOU3 includes a requirement for up to 40% affordable housing on sites proposing 15 or more gross additional dwellings. Supporting text (Table 14.3) indicates a mix of 84% of homes for affordable rent and 16% for intermediate, though does also acknowledge some potential flexibility on a site by site basis.

b) Implications of the Policy as Drafted

i) Creating a balance of housing across the District

3.2 Application of the 40% affordable housing policy to the Gilston Area would make it the most concentrated area of affordable housing in the District by a very large margin. Such an approach would fail to deliver a balance of housing across the District and risks creating a settlement with many of the characteristics of other areas now in need of comprehensive regeneration.

Figure 3.1 – % Affordable Housing by Settlement
(Census 2011, KS402EW – Tenure)



3.3 This over-provision of affordable housing and its implications locally has been considered previously at the planning committee for the Terlings Park development at East Wick Road, Harlow (in very close proximity to the Gilston Area). Planning Committee Report (3/11/0554/OP) dated 23/08/2012 refers to Policy HSG3 for up to 40% affordable housing. It notes Policy HSG4 and that the suitability of a site to deliver affordable housing will be assessed on the following criteria:

a) the proximity of local services and facilities and access to public transport;

(b) the economics of provision; and

(c) the need to achieve a successful housing development and sustainable community

3.4 In terms of access to services (a) it was deemed that this had been satisfied. In relation to achieving a sustainable community (c) however it was decided that this would not be satisfied were the policy requirement of 40% affordable housing applied. The committee report specifically stated that; *“Officers consider that there must be some doubt that an over provision of affordable units compared to the local need in this area would lead to the provision of a sustainable community.”* As a result, officers considered the provision of 20% affordable housing (i.e. 54 units) and commented: *“that this*

number of units is more appropriate for the site, would assist in meeting housing needs within the local area and would result in a more proportionate amount of affordable dwellings to the number of market dwellings within the village as a whole”.

3.5 In light of the need to create a sustainable community set out here, the conclusion of the committee was that: *It was not necessary to consider the requirements of criteria (b) (i.e. the economics of provision) in this case as the question of viability has not been raised.*

3.6 Across the whole of East Herts affordable housing delivery in recent years has been 20-25% of total housing completions.

ii) Deprivation and dependency

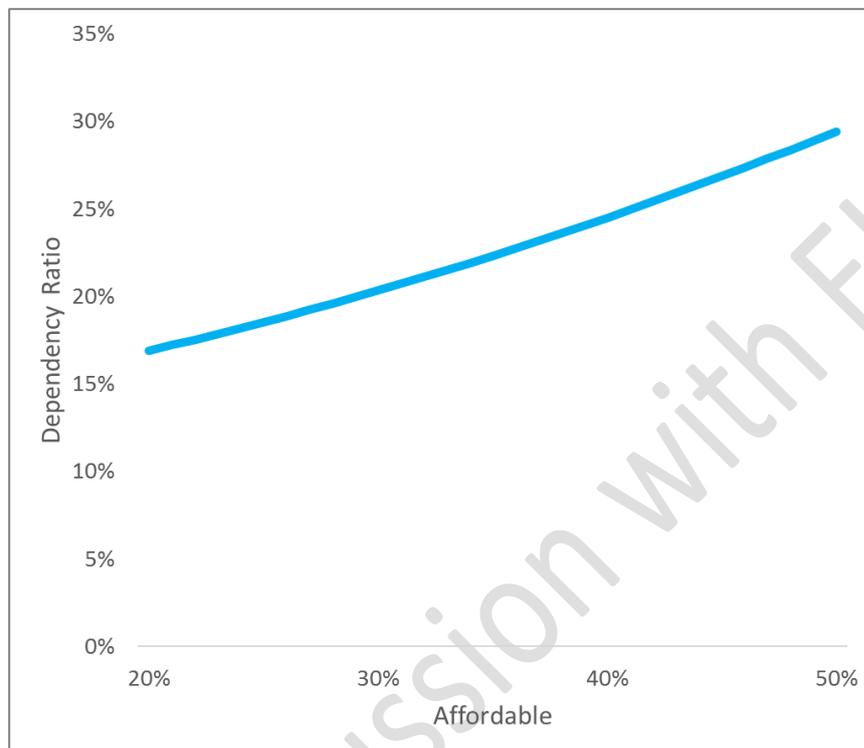
3.7 The scale of development at the Gilston Area means that it will materially impact on the overall housing stock within both the 2 local East Herts wards and the wider 5 local wards. The table below indicates this impact if the Pre-Submission District Plan policy were applied. The table demonstrates that, in contrast to the current provision which is broadly in line with national averages, the local East Herts Wards would increase to c.30% affordable and social rent. The position including the local Harlow wards would be broadly unchanged from the current position and therefore continue to represent one of the highest concentrations of affordable housing in England. As such, the local area would have a comparable level of social / affordable rented homes to other places now in need of comprehensive regeneration.

Table 3.1 – Pre and Post-Development Social and Affordable Rented Homes

	Existing Housing Stock	Post- Development Situation with 40% AH (83:17)
Hundson / Much Hadham	17%	30%
5 Local Wards	35%	34%
East Herts	13%	16%
East of England	16%	16%
England	18%	18%

- 3.8 Due to the needs based allocation of affordable rented homes, a greater proportion of these homes will be vulnerable residents and families. These households will have higher proportions of dependent adults (for example older/disabled people or those with long term illnesses) and higher proportions of children, resulting in increased pressure on local services including health, social care and education. Generally local services function more effectively where they serve a more diverse range of users and needs.
- 3.9 The increasing dependency ratio indicated below has a direct impact on Local Authority expenditure. On average Local Authorities spend £210 per person per year on local education, social care and public health programmes. For dependents this cost increases significantly; for example for older persons it is around £485 and for children it is around £3,200. A change in affordable housing levels at the Gilston Area of 10% would result in around 5% greater dependents and c.£1m more Local Authority level expenditure per year (this excludes central government expenditure such as the NHS).

Figure 3.2 – Dependency Ratio by Affordable Housing Level (Census 2011, CT0163 - Accommodation type by age by tenure by number of bedrooms; KS402EW – Tenure)



- 3.10 Concentrating high levels of affordable homes in one location will reduce opportunities for the residents of these homes. For example, research indicates that poorer children do better in schools with lower concentrations of low income families in their catchments.
- 3.11 Local businesses will find it difficult to prosper as affordable homes have lower average disposable income and are therefore spend less. Over time it is common that the range of local shops and services in areas with high levels of affordable housing declines. This can be particularly problematic for the residents of affordable housing who are less able to afford travel to other areas and as a result are forced to shop with limited choice and often higher prices.
- 3.12 The negative impacts highlighted above are perpetuated through future generations as the benefits of mixed communities which may help households increase prosperity over time do not occur.

c) **Relevant Recent Examples**

3.13 A number of other local authorities have recently considered the implications of abnormally high levels of affordable housing in new and existing settlements in policy making:

- i. **Northstowe, South Cambridge District Council** - The Northstowe AAP adopted in July 2007 (South Cambridge District Council) establishes the principle of differentiating a local area from a borough wide aspiration for housing. The AAP has regard to the fact that Policy HG/3 requires 40% AH on a borough wide basis but the Council also accepted that given the fact that Northstowe is an entirely new settlement it is important to ensure a balanced and sustainable community profile is delivered. The AAP states it is important that the right tenure mix within affordable housing is secured. The mix of affordable housing will be determined in response to identified needs at the time of the development. In addition South Cambs accepts that whilst there is a borough policy for a specific mix of housing, because Northstowe is an entirely new town without any existing imbalance in the housing mix, the mix set out in borough policy (HG/2) would not be appropriate. A mix set out in a range of percentages provides flexibility for the masterplanning process and the ability to react to economic viability and any different requirement shown through an up to date housing market assessment. The policy position was found sound through the plans examination as set out in the inspectors report where Northstowe as established it as a special case, they concluded that the mix suggested by English Partnerships has the best evidence base. As part of the second phase of development at Northstowe (November 2016) and following Starter Homes consultation, the HCA increased its original affordable housing provision from 20% affordable housing (tenure Split 60/40) to 40% Starter Homes and 10% Affordable Rent.
- ii. **Berinsfield, South Oxfordshire District Council** – At its April 2016 cabinet meeting the Council considered the village of Berinsfield which comprises c.1,000 homes constructed as a new post-war settlement and currently including 36% social rented housing. Based on reports prepared it was agreed that the high level of social housing had contributed to current problems including the closure of local shops, pressure on support services and an isolation of the area from the surrounding successful economy. The cabinet approved the development of proposals to change this situation, expanding the village with private and intermediate tenures to rebalance the housing mix and using funds generated to invest in community facilities.

- iii. **Kirkby, Knowsley** – The Knowsley Local Plan (January 2016) identifies the challenges arising from the current high level of social rented housing across the district (c.27% of all homes) and in the town of Kirkby specifically (c.40% of all homes). The plan recognises the need to diversify the housing market to address deprivation. It specifically states that the tenure of new housing delivered in Knowsley will support the re-balancing of the housing market to better meet housing needs and that applications for new development must demonstrate how they contribute to this re-balancing. At the examination of the Local Plan the inspector removed the fixed tenure split of 75% affordable rent / 25% intermediate, replacing this with a requirement for schemes to evidence need and consistency with the objective of rebalancing the housing market. During main modifications text was inserted which specifically highlights that “there is a particular need to broaden the mix of housing available in areas of relatively high deprivation such as North Huyton, Stockbridge Village and Kirkby”. The housing policy now specifically states that the tenure of homes delivered must contribute to re-balancing the housing market (i.e. providing more intermediate and private sector homes).
- iv. **Tottenham AAP, London Borough of Haringey** – The emerging Tottenham Area Action Plan AP (Pre-Submission Version January 2017) was recently scrutinised for soundness as part of the Local Plan review in Haringey. The AAP sets out a need to depart from the borough wide tenure mix target in order to rebalance the high levels of social rented accommodation in Tottenham, which equates to more than 60% of the Borough’s total social rented stock (40% of which is located in Northumberland Park) to help create a mixed and balanced community in Tottenham. One of the key drivers for this is the high proportion of social rented stock in the area; for example within Tottenham Green 40% of all homes are for social rent. The sustainability appraisal details the challenges faced by areas with high levels of social housing and the importance of delivering a wider range of tenures. It noted that there is an issue with local social stability with very high levels of people living in temporary accommodation and newcomers often leaving the area once they have established themselves more economically. Hence, the Council noted that there was an opportunity to assist in delivering a more balanced community through a more locally specific policy approach to affordable housing tenure split in Tottenham. The Council therefore recognised that it was appropriate to consider alternatives relating to affordable housing tenure splits. Following examination the Council published main modifications, retaining the provision that a different tenure mix was

appropriate, in particular bringing more types of intermediate housing to the area. This was achieved through an affordable housing requirement to deliver 40% as affordable rented housing (including social rented housing) and 60% as Intermediate housing.

- 3.14 The above examples demonstrate the challenges that areas with high levels of affordable housing (and in particular social and affordable rented housing) have faced, the fact that major new settlements should deliver a different mix to area wide policies and that policies including such provisions have been found to be sound.

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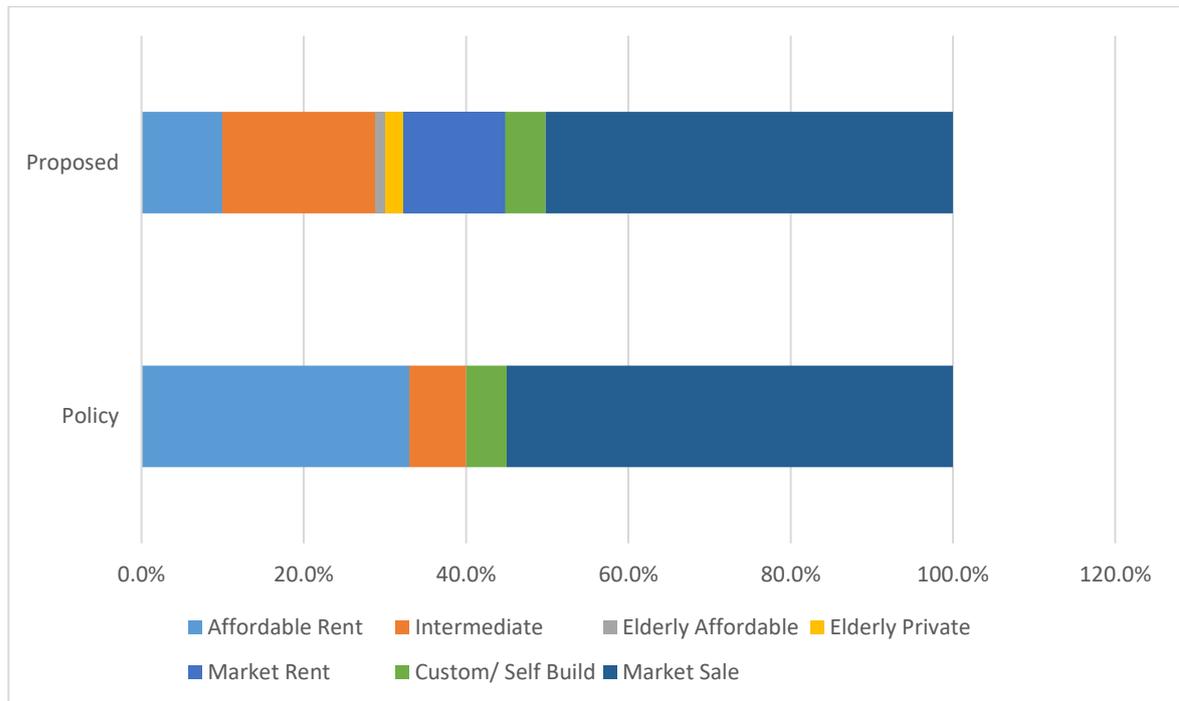
4 SUGGESTED HOUSING MIX AND POLICY

4.1 The work summarised within this report points to a number of key conclusions relevant to the housing mix:

- i. Affordable housing levels in excess of c.30% in a large settlement (which is not an extension to an existing settlement) are likely to risk long term sustainability, particularly where a large proportion of social / affordable rented homes are included.
- ii. Due to relatively high local values, a market offer entirely comprised of homes for sale will miss the opportunity to house many working households; private rent which has lower household income requirements and avoids the need for a substantial deposit should be included. There is the potential for c.25% of households to be able to afford private or intermediate rent.
- iii. Intermediate tenures will be important for those that are unlikely to be allocated social / affordable rent homes but unable to afford to buy, c.62% of households fall into this category.
- iv. There will be a high and increasing demand for homes for older persons across the private and affordable sectors.

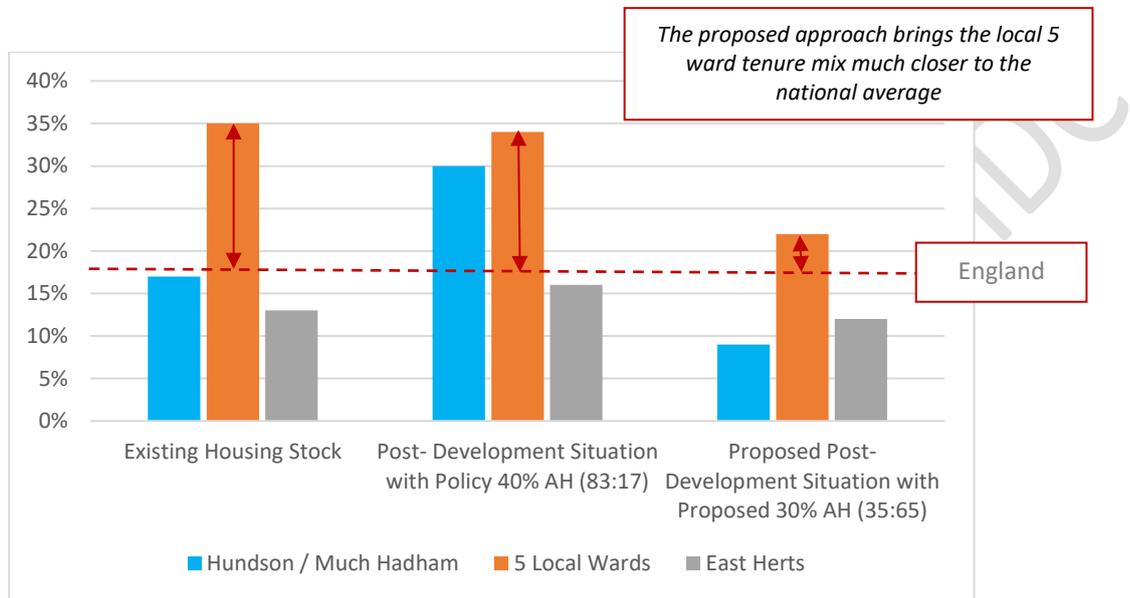
4.2 The following chart indicates the proposed tenure mix in comparison to that within the Pre-Submission District Plan. The proposed intermediate product includes a range of tenures further explained below. It is noted that the Pre-Submission District Plan does not have a policy provision for purpose built private rented sector housing, as such this tenure is not indicated on the policy graph.

Figure 4.1 – Comparison of Policy and Proposed Tenure Mix



4.3 With regard to the specific concern of high levels of social rented homes in the local area (and the challenges associated with this), the following table indicates the impacts of the proposed and Pre-submission District Plan approaches. As indicated, the Pre-submission District Plan approach reinforces the high levels of social rent within the 5 local wards and causes a step change in levels in the Hundson and Much Hadham wards. The proposed approach helps shift the position at 5 local ward level such that it is better aligned to national averages. Whilst the level within Hundson and Much Hadham is below national averages, a significant quantity of intermediate tenures has also been delivered.

Figure 4.2 - Impacts of Policy vs Proposed Approach, proportion of households living in social rent



4.4 The table overleaf indicates the full range of tenures proposed.

DRAFT: for discussion

Table 4.1 – Proposed Tenure Mix

Tenure	Description	Approx. Quantity	%
Affordable Rent	Affordable rent homes let in line with the Council's policies.	996	10%
Intermediate Rent	Homes let at a range of discounts to market rent, a proportion of which (1 and 2B apartments) will be affordable within the Local Housing Allowance cap.	306	3%
Shared Ownership	Shared ownership with household income requirements starting at c. £26,000 which is affordable to 75% of households in East Herts and 55% in Harlow.	900	9%
Discount Market Sale, Starter Homes or equivalent	Subject to government policy these homes could be either Starter Homes at a 20% discount to market value or a shared equity product.	679	7%
Older Person Rented Housing	Meeting the identified need for homes for older persons within sustainable settlements	58	1%
Older Person Intermediate Housing		64	1%
Market Sale	A wide range of homes from small apartments to large family dwellings	5,020	50%
Private Retirement	Mix of older persons' housing in the form of retirement homes for sale and rent and other forms of older person housing with varying levels of care such as extra care	227	2%
Market Rent	High quality, professionally managed private rented accommodation with longer tenancies	1,250	13%
Self / Custom Build	An initial provision of self / custom build which can be expanded if demand exists.	500	5%
		10,000	

4.5 The figure overleaf indicates how the proposed product mix is aligned to local household incomes (refer also to the previous figure 2.7 which indicates the distribution of incomes locally).

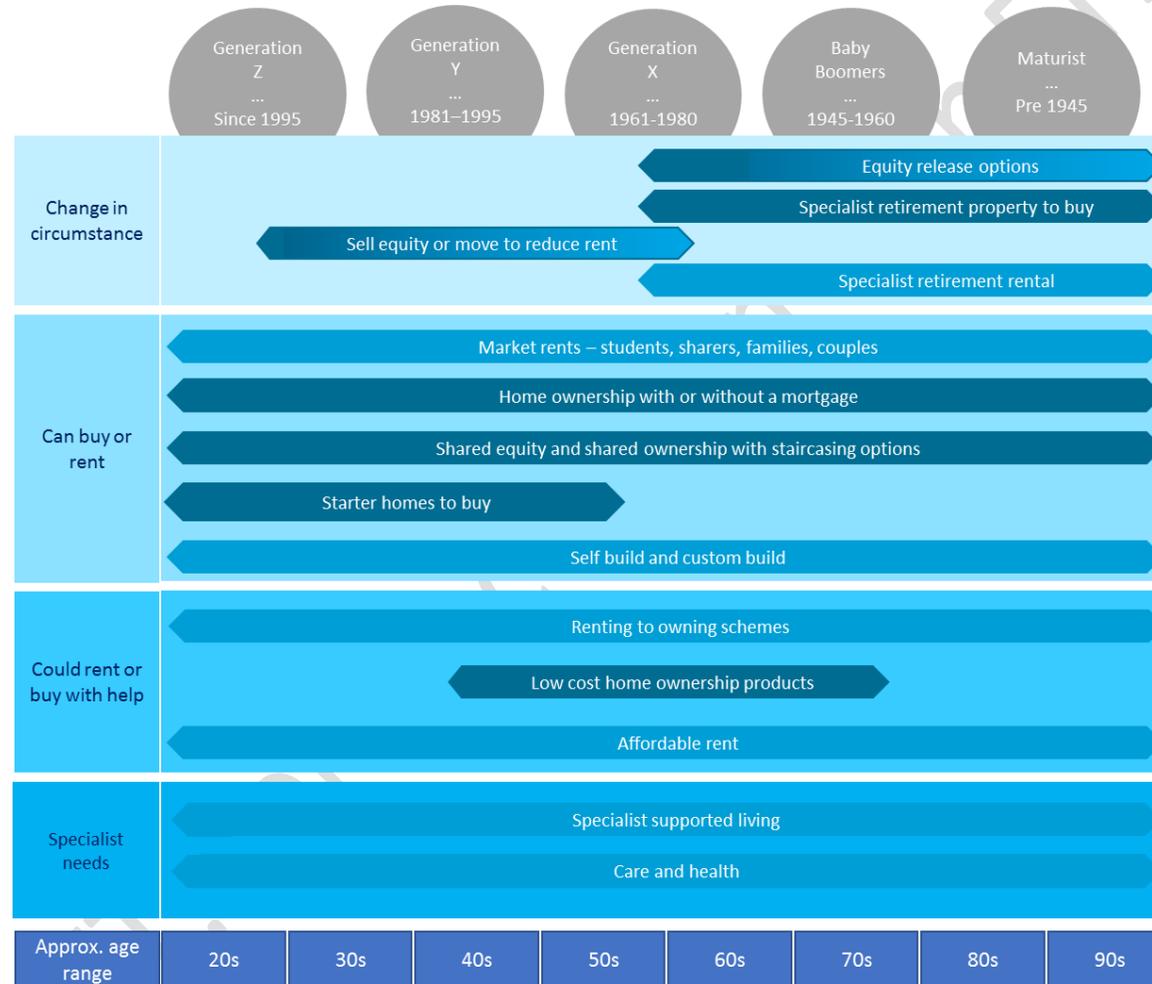
Figure 4.3 – Household Income Requirements for Differing Products

	£15,000	£20,000	£25,000	£30,000	£35,000	£40,000	£45,000	£50,000	£55,000	£60,000	£65,000
1 Bed Apartment	Affordable Rent @ 50%	Affordable Rent @ 65%	Shared Ownership @ 25% Intermediate Rent @ 70%	Build to Rent Shared Ownership @ 40% Intermediate Rent @ 80%	Starter Homes	Market Sale					
2 Bed Apartment		Affordable Rent @ 50%	Affordable Rent @ 65%	Shared Ownership @ 25% Intermediate Rent @ 70% Intermediate Rent @ 80%	Build to Rent Shared Ownership @ 40%	Starter Homes	Market Sale				
2 Bed House			Affordable Rent @ 50%	Affordable Rent @ 65%	Shared Ownership @ 25% Intermediate Rent @ 70%	Shared Ownership @ 40% Intermediate Rent @ 80%	Build to Rent Starter Homes		Market Sale		
3 Bed House			Affordable Rent @ 50%		Affordable Rent @ 65%	Shared Ownership @ 25% Intermediate Rent @ 70%	Starter Homes Shared Ownership @ 40% Intermediate Rent @ 80%	Build to Rent			Market Sale
4 Bed House				Affordable Rent @ 50%		Affordable Rent @ 65% Intermediate Rent @ 70%	Intermediate Rent @ 80%	Shared Ownership @ 25% Intermediate Rent @ 80%	Shared Ownership @ 40%		

↑
Harlow Median Income - £29,000

↑
East Herts Median Income - £44,000

Figure 4.4 – Housing Products by Life Stage



4.6 Subject to the agreement of the Council, it is also proposed that a Local Lettings Policy be prepared for a proportion of the homes within each of the Villages comprising the Gilston Area. Based on our work to date, examples of the benefits of a Local Lettings Policy will include:

- i. Ensuring that existing local people benefit directly from the new homes.
- ii. Targeted approaches to make better use of existing affordable housing stock, for example through offering older under-occupying people new purpose-designed homes in the local area, encouraging them to free up family housing for re-letting.
- iii. Supporting new and existing local public services, for example village GP practices and schools often find that the cost and availability of housing is a barrier to recruitment and retention of staff. New intermediate homes in the Gilston area could alleviate this problem. Similarly lower income employees in the social care sector often find it very challenging to live locally and will be required in increasing numbers in the future.
- iv. Ensuring that local families and communities can stay within the local area as their needs change. For example, young people wishing to move out of the family home often find it very challenging to find intermediate homes nearby, the scheme could prioritise some homes to meet this need.
- v. Helping new and existing local businesses grow by prioritising people within certain roles or income bands where these are evidenced to be needed.

4.7 Where a local appetite exists, a proportion of homes could also be placed into a Community Land Trust, allowing the community to shape the housing being delivered and lead the management of this over time. There will of course also be affordable homes available for wider use, let in accordance with East Herts' standard allocations policy.

4.8 To conclude, in line with the evidence provided within this report it is suggested that policy GA1, Criteria III (a) and (b) of the Pre-Submission District Plan be amended to read as follows:

- a) a range of dwelling type and mix, having regard to local housing needs and the need to create a mixed and balanced community which is economically and socially sustainable in the long term;

- b) a target of 30% (by unit) Affordable Housing across the development as a whole with a range of options to rent and buy having regard to the need to create a mixed and balanced community which is economically and socially sustainable in the long term. The level of Affordable Housing may vary across phases, and dwelling types and mix, provided that there is a mechanism for ensuring that the development as a whole will accommodate the agreed target percentage;

4.9 With reference to point (b) above, it is anticipated that the provision of 30% affordable housing would apply to each Village but may vary within sub-phases within a Village. The overall apportionment of affordable housing tenures would be in line with Table 4.1 but this may vary for each Village. This is due to the fact that certain tenures require a critical mass for viability (for example Extra Care must be in blocks of a certain size to be efficient) or are appropriate to different typologies (e.g. affordable rent may be suited to Villages with more family homes).

DRAFT: for discussion with EFD