

AFFORDABLE HOUSING CONTRIBUTIONS CONSULTATION

Proposed response to a Government consultation

Purpose of the Report

To advise members of a consultation by the Government on proposals to introduce a threshold for affordable housing contributions obtained through Section 106 planning obligations and to provide the Committee with an opportunity to make comments to the Government in response to this consultation

RECOMMENDATION

That the Head of Planning and Development in consultation with the Chairman and Vice Chairman draws up and submits responses to each of the questions posed by the Government on the basis of the views indicated in this report and any other comments agreed by the Committee

Summary

1. The August Statement 2013 included a commitment to consult on a proposed new 10 –unit threshold for Section 106 affordable housing contributions. The Government are now advancing proposals relating to the promotion of housing delivery by introducing a threshold for Section 106 affordable housing contributions. The full consultation paper can be viewed via the following link www.newcastle-staffs.gov.uk/planning/affordablehousingcontributions. The consultation paper also deals with the issue of planning performance which is addressed in a separate report to the Committee
2. The closing date for responses to this consultation is 4th May 2014

Introduction

3. The proposal is to introduce a 10–unit and 1,000 square metres gross floor space threshold for affordable housing contributions through Section 106 planning obligations. It is suggested that this will aid the delivery of small scale housing sites and that rural exception sites will be excluded from this threshold. A significant proportion of all planning obligations are affordable housing contributions. Previous research found that affordable housing accounted for approximately half of the value of all planning obligations. The Government considers that such contributions for small scale sites, including for those wishing to build their own home, can make a scheme undeliverable.
4. In its 2013 Autumn Statement, the Government made a commitment to reduce the planning costs to developers; including through a proposed new 10-unit threshold for section 106 affordable housing contributions. This is said to help address the disproportionate burden being placed on small scale developers, including those wishing to build their own homes, and which prevents the delivery of much needed, small scale housing sites.
5. This consultation proposes that before any request for affordable housing contributions can be considered as part of a section 106 planning obligations agreement, authorities will have to have regard to national policy that such charges create a disproportionate burden for development falling below a combined 10-unit and maximum of 1,000 square metres gross floor space threshold.

6. This change in policy would restrict the use of section 106 planning obligation contributions where sites contain 10 units or less with a maximum combined gross floor space of 1,000 square metres. It is proposed to include a maximum total floor space in combination with a unit threshold to avoid creating a perverse incentive in terms of construction density.
7. It is indicated that the Government is committed to providing access to affordable housing in rural communities. The Government envisage that so called Rural Exception Sites can provide affordable housing in rural areas on land that would not otherwise be acceptable for development. These tend to be developments of ten or fewer homes. These sites are crucial in providing cheaper land for affordable homes in areas where development costs tend to be higher. National policy will make it clear that Rural Exception Sites are outside the scope of the proposed 10-unit and 1000 square metres gross floor space threshold.
8. **The Government are seeking views on whether their objective of aiding the delivery of small scale housing sites and expanding the self build housing market is supported by:**
 - **the introduction of a 10-unit and 1000 square metres gross floor space threshold for section 106 affordable housing contributions; and**
 - **the exclusion of domestic extensions and annexes from section 106 affordable housing contributions?**
9. Your Officer's recognises that viability is a critical consideration in the delivery of housing. That said Local Planning Authorities ought to be able to take into account issues of viability in normal development management procedures. The Borough Council's Supplementary Planning Document on Developer contributions expressly allows for this. Your officer does however acknowledge that undertaking a full viability appraisal for smaller developments (at a cost to the developer) can in turn impose a further cost upon the development – particularly where there may be uncertainty about whether planning permission is going to be granted, and officers are examining whether there are realistic and reliable alternatives to such full independent viability appraisals.
10. In that context members' attention is drawn to the fact that the Borough Council's Affordable Housing Supplementary Planning Document, whilst it has a threshold of 15 units above which affordable housing is normally sought, in the rural areas this threshold is 5 dwellings. If the proposals contained within the Government's consultation were to come to pass, there would therefore be some impact upon the number of affordable housing units that might result from developments within rural areas. That said a preliminary analysis of planning permissions has identified that in the last 3 years, only 2 application within the rural areas, below the 10 unit threshold met the affordable housing requirement. Based upon past trends, the effect of this 10 units threshold may be relatively limited.
11. Nevertheless it is disappointing that the Government are bringing forward proposals that do not in substance allow for local discretion and judgement.
12. The remainder of the consultation is principally concerned with the potential implications of such a decision for CIL which it is not proposed to address in this report.