

# **CABINET**

**Report of:**        **Head of Housing**

**Date:**            **22 February 2016**

**Cabinet Portfolio:**    **Housing**

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## **USE OF AFFORDABLE HOUSING S106 CONTRIBUTIONS**

### **Purpose of Report**

To agree a policy framework to determine the use of contributions received for affordable housing through the planning process pursuant to Section 106 of the Town and Country Planning Act 1990.

### **Background and Context**

The Local Development Plans (LDP's) of both the Pembrokeshire County Council (PCC) and Pembrokeshire Coast National Park Authority (PCNPA) include provision for the payment of commuted sums on planning applications for the purpose of providing affordable housing in the County. The Affordable Housing Supplementary Planning Guidance (SPG) as adopted by PCC on 14 September 2015 provides that "affordable housing is a type of housing available exclusively to people in housing need for sale or rent below market rent (Affordable Housing). The primary means of delivering affordable housing through planning is on-site provision through cross subsidy.

The PCNPA requires the commuted sum to be paid to PCC as the Strategic Housing Authority; these sums, together with commuted sums negotiated by PCC Planning are retained by PCC for this specified purpose. The LDP's provide that if the money is not spent or allocated for the purpose of Affordable Housing within five years of the date of receipt, the money has to be returned to the developer together with inflationary interest. If the money is not spent on any scheme which does not come within the definition of Affordable Housing, the commuted payment also has to be returned.

Since 2009, over £200,000, received as contributions, has been spent or allocated for affordable housing schemes in Pembrokeshire. No contributions have been returned as a result of a failure to identify a suitable scheme. PCC's LDP and PCNPA's SPG reference the need for contributions to initially be spent in specific geographical areas, dependent upon the location of the generating development. However in both cases, this area is widened after three years to a larger geographical

area to ensure that a suitable scheme can be identified. PCC has five years within which to spend any contribution.

The Affordable Housing contributions currently held are shown in the attached Appendix. It should be noted that the Appendix only shows those contributions actually received and being held by PCC; other contributions have been negotiated in approved planning permissions but have not been received to date and are dependent upon either commencement of development of a consent or set trigger dates by reference to the occupation of a set percentage of dwellings on a development site. Progress on sites is monitored to ensure payment at the correct time. Sums are monitored by the County Council to ensure that opportunities for spend are not lost.

For transparency, it would be helpful to formally adopt a policy framework in relation to spending commuted sums for Affordable Housing.

### **Detailed Consideration**

Research of other Local Authority approaches in other areas (England and Wales) was undertaken to inform a position in Pembrokeshire.

As the LDP requires commuted sums to be spent in specific geographical areas it would be beneficial to have a range of alternative options for spend which could then be tailored depending upon what opportunities present in a particular location.

A range of options for the use of contributions in Pembrokeshire are proposed and detailed below. All are deemed appropriate in terms of falling within the definition of Affordable Housing in the LDPs and from case law.

#### **A. Support for Home Buyers in Housing Need**

- Support the development of low cost home ownership schemes for potential purchasers to buy properties at less than the market value under the Affordable Housing SPG. For example, this could include providing funding to ensure a scheme is viable to provide LCHO.

#### **B. Tackling Empty Homes**

- Supplement the current Houses into Homes Loan Scheme, subject to those properties brought back into use falling within the definition of Affordable Housing.
- Purchasing and refurbishment of long-term empty properties to manage as affordable housing (either by RSL or PCC)

#### **C. Direct delivery of Affordable Housing**

- Top up existing Social Housing Grant (SHG) schemes to make the SHG funding go further

- To fund the cost of building new affordable housing on PCC or PCNPA council owned land where the site is considered to be available, suitable and achievable
  - To purchase land for new affordable housing schemes provided either directly by the Council or through RSLs
  - To purchase existing properties on the open market for letting as affordable housing
- D. Development of supported / adapted housing
- Provide funding for or contributions to Affordable Housing which meets specifically identified housing needs e.g.
    - Learning Disabilities
    - Extra Care housing
    - Other customer groups
- E. To fund the cost of area regeneration of Council HRA housing estates that would provide new affordable housing (potentially supplementing HRA investment)
- To support the Council's capital programme for the provision of affordable homes (post HRA exit) either through direct provision in building affordable homes or via the purchase of land or properties on the open market
  - Support new build development of affordable housing or create additional units or a different tenure mix within the existing stock
- F. Initiatives that support regeneration projects such as offering loans / grants to tackle poor housing conditions
- Using funding as a lever to generate additional resources / funding from external sources to provide affordable housing
  - To contribute to forward funding / pump priming of schemes
  - To reduce funding gaps in pipeline / current affordable housing schemes and other similar initiatives
- G. Support established community groups to develop "home grown" affordable housing initiatives such as Community Land Trusts
- Fund activities directly related to the delivery of affordable housing
  - To fund the project costs in delivering specific schemes
  - Contribute to the purchase of land
- H. Any other measures that can be categorised as affordable housing
- Any other initiatives that will increase the supply of affordable housing within the County

It is also proposed that, where appropriate, the viability of schemes will be assessed to ensure that contributions are not being used to support schemes that are capable of providing cross-subsidy.

To assist with monitoring an annual report will be presented to Cabinet identifying contributions received, spend and commitment. In addition

PCNPA will continue to include a summary of receipt and spend in its Development Plan Annual Monitoring Report.

**Comments by Chief Finance Officer**

The financial issues are shown in the body of the report and the Appendix.

**Comments by Head of Legal and Committee Services / Monitoring Officer**

There are no legal issues arising from this Report.

**Comments by Head of Human Resources**

There are no human resources issues arising from this report.

**RECOMMENDATIONS**

- 1) That the options for spend presented at A to I above be adopted as a framework for spending Affordable Housing Contributions received through the planning process pursuant to Section 106 of the Town and Country Planning Act 1990.
- 2) That the allocation of spend within this framework to qualifying projects be administered by the Housing Division.
- 3) In respect of option H, that delegated powers be granted to the Cabinet Member for Housing and the Head of Housing to jointly agree appropriate spend.
- 4) That an annual monitoring report be presented to Cabinet in May of each year identifying contributions received, spend and commitment of Affordable Housing Contributions held.

*REASON FOR RECOMMENDATION*

*To approve a policy framework for the allocation of contributions received through the planning process for affordable housing.*

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**Background Documents:** None