



**REPORT of
DIRECTOR OF STRATEGY, PERFORMANCE AND GOVERNANCE**

**to
STRATEGY AND RESOURCES COMMITTEE
16 SEPTEMBER 2021**

AFFORDABLE HOUSING AND COMMUTED SUM STRATEGY

1. PURPOSE OF THE REPORT

- 1.1 To seek adoption of the Affordable Housing and Commuted Sum Strategy.

2. RECOMMENDATION

To the Council:

That the Affordable Housing and Commuted Sum Strategy (**APPENDIX 1**), be adopted.

3. SUMMARY OF KEY ISSUES

3.1 Introduction

- 3.1.1 The Council's Local Development Plan (LDP) seeks to deliver market and affordable housing that meets the needs and aspirations of existing and future residents, of different demographic groups and needs, over the plan period (2014-2029). Specifically, the affordable housing policy positions is defined by LDP Policies H1: Affordable Housing, Policy H2: Housing Mix, H3: Accommodation for 'Specialist' Needs and both the 'Specialist Needs Housing Supplementary Planning Document' and 'Affordable Housing and Viability' Supplementary Planning Documents.
- 3.1.2 The Council does consider accepting financial contributions (commuted sums) from developers where it is justified that affordable housing cannot be delivered on-site or when the District's affordable housing needs can be better satisfied through this route. The majority of affordable housing units over the last few years have been delivered through the granting of planning permission at the sites allocated within the LDP. This has resulted in there not being a need to accept financial contributions outside of commuted sums for incomplete numbers of affordable units provided on site.
- 3.1.3 It is envisaged by officers that in the future, for a number of reasons, including the lack of a Five-Year Housing Land Supply (5YHLS), there will be a real and demonstrable increase in the opportunities to better meet the needs of the residents of the District through accepting financial contributions in lieu of onsite provision.
- 3.1.4 A report was brought to Full Council, on the 18 March 2021, which noted the increased likelihood of commuted sums being appropriate in lieu of on site provision. The Council's policy allows for financial contributions when it is considered that the need for affordable housing can be better satisfied through this route. The language

within the adopted policy is relatively lacking in clarity and it is acknowledged that it would be beneficial to bring forward a strategy which provides some clarity and parameters as to when the Housing Service would be likely to be considered to be exceptional circumstances and that it would be more appropriate to accept a financial contribution instead of onsite provision.

- 3.1.5 The provision of affordable housing is considered to be in accordance with the Council's Corporate Plan (2021-2023); particularly 'Deliver the housing the District needs' and 'Deliver sustainable growth and new infrastructure through development'.

3.2 **Affordable Housing and Commuted Sum Strategy**

- 3.2.1 In accordance with the Council's decision of 18 March 2021 a Strategy (please see **APPENDIX 1**) has been brought forward to look to provide clarity and certainty for Developers, the Council and the General Public alike. In accordance with the National Planning Policy Framework (NPPF) this guidance is not prescriptive, rather it sets out principles which should be followed whilst undertaking viability assessments and determining an appropriate commuted sum. This provides flexibility when dealing with housing proposals that vary significantly in location, scale, type and tenure. It also provides an agreed approach to enable timely and appropriate use of any sums received.

- 3.2.2 The strategy provides examples of where the Council may consider the District's affordable housing need can be better satisfied through a commuted sum (Section 4). These include:

- The location of the proposed development is not in a sustainable suitable location (in relation to access to local services e.g. health, education and public transport).
- The location of the site is not considered appropriate for affordable housing.
- Delivery of on-site affordable housing in an area where there is already a dominance of a particular tenure of affordable housing.
- Where the applicant can demonstrate that no registered provider is interested in purchasing the proposed affordable housing element.
- There is a limited demand for this type of accommodation in the area, the type or tenure is considered to be unfavourable, there would be an overconcentration of a specific type or tenure of accommodation
- When the contribution would make up part of a flatted block and/or when the size of the units may be unattractive to a registered provider. (This would normally only be relevant when considering the conversion of an existing building rather than the provision of a new development).
- It can be demonstrated by the applicant that delivery is not possible because of viability constraints (an accompanying viability assessment will be required).

- 3.2.3 Where the contributions are accepted they will be used to provide an additional affordable housing enabling tool aimed at meeting the housing needs of the District. Commuted sums will be earmarked to enable the provision of affordable housing through a variety of means. Section 5 of the Strategy highlights what these could be and includes:

- To support and facilitate the delivery of affordable housing led development;
- To support the delivery of new build affordable housing;
- To create additional, larger or a different tenure mix within the existing affordable housing provision;

- To provide funding in order to make it possible for a higher proportion of affordable homes on a site than is required by policy;
- To fund extra units of affordable housing on alternative sites or additional units outside of those secured under the S106 agreement;
- For the delivery of affordable housing schemes that meet the specific housing needs of the residents of the District;
- Acquisition of single dwellings that can be used for affordable housing units when opportunities arise;
- Secure long-term temporary accommodation.

4. CONCLUSION

- 4.1 Commuted sums provide a valuable opportunity for the councils to ensure that a planning application positively contributes towards the councils' aims of delivering affordable homes to meet local need.
- 4.2 There is a need for guidance to be approved for the spending of commuted sums, which allows for the appropriate and timely use of these payments to provide new-build affordable housing that meets the housing needs of the District.

5. IMPACT ON STRATEGIC THEMES

- 5.1 The delivery of the provision good quality housing which meets the needs of the district will have positive impact on the corporate goals of which underpin the Council's vision for the District, in particular Sustainable growth and new infrastructure and Protected and improved environment for residents and visitors.

6. IMPLICATIONS

- (i) **Impact on Customers** – The project will potentially increase the supply of affordable housing available for residents of the District.
- (ii) **Impact on Equalities** – None.
- (iii) **Impact on Risk** – The increased provision of affordable housing will reduce the Council's risk relating to this matter.
- (iv) **Impact on Resources (financial)** – None.
- (v) **Impact on Resources (human)** – To continue to be identified through the management of the service.
- (vi) **Impact on the Environment** – The development of sites will have an impact on the environment. However, by the Council promoting sites itself it has the ability to limit the harm to the environment.
- (vii) **Impact on Strengthening Communities** – None.

Background Papers: Report to the Council (18 March 2021).

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