

Report To: Planning Committee

Date of Meeting: 16th October 2013

**Lead Member / Officer: Cllr David Smith, Public Realm
Angela Loftus, Planning & Public Protection Policy
Manager**

Report Author: Claire MacFarlane, Planning Officer

Title: Affordable housing – interim calculation for financial contributions

1. What is the report about?

1.1. This report explains a proposed interim method for calculating financial contributions towards affordable housing, for developments of 3-9 dwellings.

2. What is the reason for making this report?

2.1. This report explains the proposed process of the above calculation and seeks Members' approval to use this approach in determining planning applications, pending adoption of new Supplementary Planning Guidance (SPG) on affordable housing.

3. What are the Recommendations?

3.1 That Members agree the method of calculation for affordable housing financial contributions on developments of 3-9 dwellings, prior to adoption of a new SPG on affordable housing.

4. Report details.

4.1. The Local Development Plan policy on affordable housing sets out a quota of 10% of any new residential developments to be provided as affordable housing. The thresholds for this are (i) on-site provision in developments of 10 or more dwellings and (ii) a financial contribution from developments of 3-9 dwellings. Developments of less than 3 will not be expected to make any provision towards affordable housing.

4.2. On-site provision is a simple calculation of 10% of the number of units proposed (or calculated using the LDP density figures). However, the LDP policy does not specify the basis on which financial contributions from developments of 3-9 should be calculated.

4.3. The final method of calculation will be developed as part of, and included within, the new Affordable Housing SPG. However, given the timescales associated with progressing this SPG to adoption and the lack of specific

guidance in the LDP policy wording, agreeing an interim mechanism for developments of 3-9 dwellings is a priority.

- 4.4. There are various bases on which this calculation could be formed but it is considered that a straightforward and reasonable basis would be on build costs. The contribution would be calculated using median build cost information (£/m²) as published by the RICS (BCIS Online) and the average floor area of the proposed development. For example, a development of **3 dwellings** with an average floor area of 90sqm would provide:

$90\text{sqm} \times \text{£}825 \text{ per sqm} = \text{£}74,250 \times 10\% = \text{£}7,425 \text{ per dwelling} \times 3 \text{ dwellings} = \text{£}22,275 \text{ financial contribution}$

The same development of **9 dwellings**, using the same figures, would yield a financial contribution of **£66,825**.

- 4.4. It is considered that a formula which uses a recognised industry standard figure for build cost will provide greater consistency and certainty for developers and officers than entering into negotiations over the actual projected build costs of the proposed development.
- 4.5. **It should be noted that the above calculation relates only to developments of 3-9 dwellings.** The current Affordable Housing SPG contains a separate formula for calculating commuted sums in lieu of on-site provision (ie developments of 10 or more). There will be an opportunity to revise this formula as part of the review of the SPG.

5. How does the decision contribute to the Corporate Priorities?

- 5.1. *Corporate Priorities 2012-17.* The SPG will contribute positively to the following proposed corporate priority:
- Ensuring access to good quality housing – Establishing a mechanism for securing financial contributions from smaller housing developments will contribute towards the delivery of affordable housing in the County.

6. What will it cost and how will it affect other services?

- 6.1. Agreeing an interim mechanism for calculation financial contributions from developments of 3-9 is not anticipated to create any additional cost. It should be noted however, that the BCIS Online data is a paid service, which the Valuation & Estates section subscribe to. Officers from the Valuation & Estates section will provide the build cost figure at agreed times (eg annually etc).

7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision? The completed EqIA template should be attached as an appendix to the report.

7.1 An EqlA is not considered necessary for this decision. The principle of requiring financial contributions for affordable housing from developers has been established through adoption of the LDP. This decision relates only to the mechanism for calculating this. The LDP underwent a full EqlA in May 2011.

8. What consultations have been carried out with Scrutiny and others?

8.1 No formal consultation has been carried out, but internal consultation has been carried out with officers in the Housing & Community Development Service, Development Control Section and Valuation & Estates Section. A report on this issue was also presented to the first meeting of the LDP Members Steering Group on 18th September, with the recommendation being broadly supported.

8.2 The final mechanism for securing contributions on development of 3-9 dwellings will be included within the revised Affordable Housing SPG, which will be subject to public consultation.

9. Chief Finance Officer Statement

9.1 Any costs associated with the guidance should be contained within existing budgets and therefore there are no obvious financial implications contained in the report.

10. What risks are there and is there anything we can do to reduce them?

10.1 In the absence of an interim mechanism to calculate financial contributions from developments of 3-9 dwellings, there is a risk the Council will be unable to effectively operate the LDP policy until a new Affordable Housing SPG is adopted, which may take considerable time. This would result in a failure to secure the full amount of financial contributions available through new housing developments. The current Affordable Housing SPG relates to the previous UDP policy, which does not contain a requirement for financial contributions, and therefore cannot be relied upon to provide sufficient planning guidance in the intervening period.

11. Power to make the Decision

11.1 Planning & Compulsory Purchase Act (2004).