

CABINET

Allocation of Affordable Housing S106 contributions 10 November 2009

Report of Head of Planning Services

PURPOSE OF REPORT				
To agree the policy for allocating funding from Section 106 commuted sums for the delivery of additional affordable housing in the district and to consider the process for determining applications for funding by approved housing providers.				
Key Decision	<input checked="" type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>	Referral from Cabinet Member
Date Included in Forward Plan	October 2009			
This report is public				

RECOMMENDATIONS OF COUNCILLOR KERR

- (1) To adopt the policy as a framework to define how any spending of Section 106 monies designated for affordable housing would be evaluated and managed.
- (2) Having adopted the policy as a framework, to note that the determination of allocations of the monies will be made by Individual Cabinet Member Decision by the portfolio holder for Health and Wellbeing.
- (3) To authorise the Head of Financial Services to update the Capital Programme to reflect any decisions taken under (2) above, subject to there being a nil impact on the Council's resources outside the allocated commuted sums.

1.0 Introduction

- 1.1 To help secure complements or contributions towards affordable housing the council negotiates with developers and their planning agents. Generally complements of affordable housing are secured, through legal agreements, on the same site as market housing; less frequently the council accepts payments from developers in lieu of affordable housing on site, these monies are known as commuted sums. The negotiations are formalised through a legal agreement – known as a Section 106 Agreement.
- 1.2 The Section 106 Agreement will state at which point in the development the cash sum will be handed over to the city council. The council holds and manages these

commuted sums until they can be distributed in the form of grants to affordable housing providers. The council is now in receipt of such monies from two developments and a process must be established on how to use this money to provide additional affordable housing. A draft policy and procedure is attached in Appendix A for approval.

- 1.3 Various conditions can be attached to the spending of the contributions including in what part of the district the money must be spent and/or a timescale as to when it should be used. One of the contributions already received by the city council has both of the above conditions attached, and the other is time limited. If the council fails to satisfy the conditions the money will have to be returned to the developer.

2.0 Proposal Details

- 2.1 The council must establish a process in allocating the monies to approved housing providers; generally these would be Registered Social Landlords (RSLs) including Housing Associations in order that additional affordable housing is delivered in the district.
- 2.2 Some potential development opportunities need to be agreed quickly. It is with this in mind that a proposal is being made that following negotiations by the Head of Planning Services, decisions about giving grants to affordable housing providers, will be made by Individual Cabinet Member Decision by the portfolio holder for Health and Wellbeing.
- 2.3 The process for granting the Section 106 commuted sums would be with reference to the Council's corporate appraisal arrangements. Discussions to ensure that the proposed process addresses identified corporate targets and is subject to regular corporate reporting arrangements have been had with the Programmes & Funding Manager.
- 2.4 The Head of Financial Services is requested to update the Capital Programme to include the Section 106 commuted sum funding programme, which will be revised further as specific allocations are made. This is subject to there being a nil impact on the Council's resources outside the allocated commuted sums. Financial management of the funding programme will supported via regular reporting by the Head of Planning Services and in liaison with the Programmes & Funding Manager.

3.0 Details of Consultation

- 3.1 Forward planning officers, Cllr Kerr, Cllr Blamire, legal and finance officers were consulted.

4.0 Options and Options Analysis (including risk assessment)

- 4.1 Option 1 – Agree the policy and procedure and note that once this framework has been approved, allocations will be made by way of Individual Cabinet Member Decision. The risk associated to this is that in some instances there may be a conflict of interest, but this can be addressed by the decision being referred to Cabinet.
- 4.2 Option 2 – Agree the policy and procedure and reserve decisions about allocations to Cabinet. The risk with this process is that there may be occasions when a decision is needed before the next available Cabinet meeting. In the event that Option 2 is preferred, the draft procedure would require minor amendment.

5.0 Officer Preferred Option (and comments)

- 5.1 Officers preferred option is 1. This will allow a response to be given to applications in a timely manner.
- 5.2 Where there is a conflict of interest for the Member involved or if the Member would prefer the decision to be referred to Cabinet, there is provision in the Constitution for this.
- 5.3 An open book approach by RSLs must be taken to ensure there is transparency in the allocation of the funds.
- 5.4 In order that sustainable communities are developed in some instances it may be necessary for the approved housing provider to produce a local lettings plan. These can be used in areas where there are known problems and the council and partner agencies are working to address the issues. The plans can be used to ensure that there is no overcrowding in a property, there are no persons allocated the properties that are known to have caused anti social behaviour in the past and to balance the allocations to people who are economically active and to those unable to work. These are only examples and local lettings plan must address the individual issues of an area.
- 5.5 All developments that have received funding from the commuted sum will provide 100% nominations from the council's housing register (waiting list). If there is a local lettings plan in place the nominees must meet the criteria set out in the plan.

6.0 Conclusion

- 6.1 A process must be agreed to spend the commuted sums on additional affordable housing and it is requested that cabinet members approve the draft Policy and determine the process for the making of allocations.

RELATIONSHIP TO POLICY FRAMEWORK

Corporate Plan 2009-2012 Objective 6 of is to improve the standard, availability and affordability of housing in the district to meet local needs. This is measured by Key Target NI155 - Number of affordable homes delivered (gross) and is addressed by Key Action 6.1 in the Lancaster District Local Strategic Partnership's Health & Well Being Thematic Group action plan – "Provide affordable housing in accordance with the Housing Strategy and Local Development Framework".

Housing Strategy priority 2 target is to produce a protocol for spending commuted sums and deliver affordable homes in partnership with the Housing Corporation (now the Homes and Communities Agency).

Core Strategy Meeting the affordable housing requirements of the district is set out in Policy SC4 and informed by the housing needs study endorsed by the planning policy cabinet liaison group on 14 February 2008.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

Equality, Diversity and sustainability implications have been taken into consideration in the production of the housing needs study which will be used to inform the type and tenure of housing to be funded.

All RSLs are committed to ensuring that the allocations of affordable housing are in accordance with their equality and diversity policies.

FINANCIAL IMPLICATIONS

Financial Services have been consulted. If the commuted sums are not allocated in accordance with the conditions set out in the Section 106 agreement the monies will have to be returned to developers.

Officers of the Forward Planning Team will be responsible for monitoring the budget of the monies and ensuring that Financial Services are provided with the information to keep the capital programme up to date.

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and her comments are incorporated in the report.

LEGAL IMPLICATIONS

Legal Services are content with the content of the report and policy

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and her comments are incorporated in the report.

BACKGROUND PAPERS

None

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