



LANCASTER
CITY COUNCIL

Promoting City, Coast & Countryside

LANCASTER CITY COUNCIL

POLICY TO DEFINE HOW SPENDING OF SECTION 106 MONIES DESIGNATED FOR AFFORDABLE HOUSING ARE EVALUATED AND MANAGED

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1. Introduction:

Lancaster City Council holds Section 106 funding in an account ring-fenced for the purposes of supporting the development of Affordable Housing¹.

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 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 – know as a Section 106 Agreement. The Section 106 Agreement will state at which point in the development the cash sum will be handed over to the city council. Some funds have restrictions placed upon how and where the monies can be spent. For example, sometimes Section 106 contributions are restricted to be spent on Affordable Housing in the same area as the market development.

This document sets out a clear policy and process to identify how the capital funds are evaluated and managed and thereby ensures a consistent and transparent approach to allocating and spending the designated funds.

2. Aim:

To evaluate requests for funding against the criteria set by Lancaster City Council to make best use of the funds to meet the need for Affordable Housing.

Objective 6 of the city council's corporate plan aims to improve the standard, availability and affordability of housing in the district to meet local needs. The city council's adopted Core Strategy of 2008 sets annual targets for the development of additional affordable housing.

3. Criteria:

In order to be considered for the allocation of Affordable Housing, capital funds, proposals submitted to the Forward Planning Team for consideration, should consist of one of the following criteria.

1. Enabling the delivery of Affordable Housing on Lancaster City Council owned land.
2. Enabling the delivery of Affordable Housing in rural areas, where costs per unit are often higher than in urban areas (for example sewerage may require septic tanks).
3. Unlocking the delivery of Affordable Housing on sites which provide units to meet a proven housing need that have stalled due to the financial climate or, where there is a gap between the funding available to a Registered Social Landlord's (RSL) and funding available from the Homes and Communities Agency (HCA), to make a development viable.

¹ Affordable Housing is defined in Planning Policy Statement 3 "Housing", (PPS3) published in November 2006 by the CLG (Department for Communities and Local Government). This definition may, over time, be subject to revision.

4. Creating a partnership with the Council to provide additional Affordable Housing in the District.
5. Contributing towards bringing empty properties back into use for temporary accommodation or providing additional Affordable Housing.

4. Sites that do not qualify for the Affordable Housing funds:

1. Sites providing Affordable Housing which do not appropriately meet housing needs identified by Lancaster City Council's Housing department.
2. Sites not providing Affordable Housing.
3. Sites where the Affordable Housing does not meet HCA standards at that time.

5. How requests for funding will be made:

1. An RSL, developer or the Local Authority Officer identify a potential site requiring funding and notify the Local Authority's Forward Planning Team by telephone, email or letter.
2. The RSL, developer or Local Authority Officer will provide information about any other sources of funding they have received, hope to receive or will be making an application for funding and perceived likely outcomes of these.
3. Where site viability is an issue, developers and/or RSLs will provide information for the site to be evaluated on an open book basis and in agreement with planners..

6. How requests for funding will be considered:

1. The Housing Strategy Officer will assess the request for funding against the agreed criteria listed in Section 3 of this policy.
2. The RSL/developer must demonstrate that they have pursued other forms of funding before requesting that Council funds be invested and that the investment of those funds will not reduce the proportion or availability to access other public subsidy available.
3. All of the information detailing the site, number and type of units to be provided, including Affordable Housing units, other sources of funding approached and outcomes or predicted likely outcomes of this will be provided to the Strategy and Development Officer.
4. All of the information listed in no's 2 and 3 above will be assimilated into an Individual Cabinet Member report.
5. The Housing Strategy Officer will make a recommendation whether to agree to release the funding or not, taking account of internal appraisal requirements. The portfolio member will make the decision, but in the event of a conflict of interest, or if the Cabinet member otherwise so requests, a report will be put to Full Cabinet for decision.

7. Other considerations:

1. An open book approach must be taken by all parties.
2. Should there be a number of applications meeting the criteria in section 3, priority will be given to the application providing best value and bringing the highest benefit to the district.
3. Where justified the RSL will create a local lettings plan for the development.
4. All units will be Affordable Housing in perpetuity and 100% will be allocated from Lancaster City Council's housing register.
5. Applications by RSLs offering 100% nominations through the emerging Choice Based Letting Scheme will be given priority.

8. How requests for funding will be confirmed:

1. The Housing Strategy Officer will inform the applicants of the final decision by email or letter.

9. Monitoring and Evaluation

1. The Head of Financial Services will be requested to update the Capital Programme to include the Section 106 funding programme. This is subject to there being a nil impact on the Council's resources outside the allocated commuted sums. This will need to be updated as and when specific allocations are made. Financial management of the funding programme will be supported via regular reporting by the Head of Planning Services and in liaison with the Programmes & Funding Manager.
2. The process for granting the Section 106 commuted sums will be conducted with reference to the Council's corporate appraisal arrangements and will address identified corporate targets and be subject to regular corporate reporting arrangements in liaison the city council's Programmes & Funding Manager.
3. The process will be monitored regularly for effectiveness and will be reviewed annually.