

**Committee:** Cabinet

**Agenda Item**

**Date:** 27 March 2014

**10**

**Title:** Developer Contributions Guidance

**Portfolio Holder:** Cllr Barker

Key decision: **No**

## Summary

1. At its meeting in February 2014 Cabinet adopted a new Developer Contributions Guide. In making its decision the Cabinet took into account the discussion and views of the Local Plan Working Party and made an alteration to the recommendation to include an affordable housing levy on individual dwellings.
2. Officers have now had the opportunity to review this decision and provide two pieces of additional information which were not available to Cabinet at the time of their last decision.

## Recommendations

3. To adopt a revised Developer Contributions Guidance, which does not collect contributions for affordable housing on schemes for individual units, as a material planning consideration.

## Financial Implications

4. The charges will give rise to a new income stream that will contribute towards the running costs of the planning service.

## Background Papers

5. None

## Impact

- 6.

Communication/Consultation	<p>The adopted document will be placed on the website.</p> <p>Consultation has taken place on elements of the document already.</p> <p>UDC undertook consultation on the Housing Strategy which led to the setting of affordable housing targets, mix of units and tenure split.</p> <p>UDC/consultants undertook survey work</p>
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	with all Parish/Town Councils to understand local need for sport and recreation provision. This culminated in the published 'Open space, sports facilities and playing pitch strategy'.  ECC undertook consultation relating to education and highways requirements.
Community Safety	No impact.
Equalities	The requirement will affect all equally.
Health and Safety	No impact.
Human Rights/Legal Implications	No impact.
Sustainability	No impact.
Ward-specific impacts	Affects all wards
Workforce/Workplace	To consider as part of planning application process.

## Situation

7. At its meeting in February 2014 Cabinet adopted a new Developer Contributions Guide. In making its decision the Cabinet took into account the discussion and views of the Local Plan Working Party and made an alteration to the recommendation to include an affordable housing levy on individual dwellings.
8. Since the decision officers have been considering the changes made by Cabinet. As part of the preparatory work officers had commissioned a viability study on the affordable housing contributions (on 2, 3 and 4 unit schemes) to ensure that the proposals would not negatively affect development.
9. As a result of the decision officers have again commissioned the consultants to consider the issue but this time including schemes for single units. The conclusion of the work is that an affordable housing contribution on individual unit schemes could still be viable **provided** the land has no planning history and is being used as agricultural or similar use and there are no other abnormal costings.
10. In most cases individual plots are created by dividing other sites, by collecting small pieces of land together and often have abnormal costs, clearance costs or decontamination costs involved. As a result officers consider that for the majority of single unit applications an individual viability assessment would still be required. This was exactly what the proposed changes were designed to avoid.

11. In addition on 24 February 2014 the Government announced changes to the Community Infrastructure Levy, operation immediately, to remove the charge from self-build development. The press release said:

*From today (24 February 2014) self-builders will be exempt from paying a levy which until now was placed on most new buildings over a certain size.*

*The previous charge added considerable cost in some cases to the expense of building a home. For example someone building their own 4-bedroom house that is 150 square metres in size could be liable to pay £15,000 in community infrastructure levy if a council was charging £100 per square metre for residential development in that area.*

*The axing of the levy for people building their own home is part of the government's determination to boost housing supply and help aspiring self-builders get their home off the ground.*

*The relief from the community infrastructure levy will cover homes that are owner-occupied and built or commissioned by individuals, families or groups of individuals for their own use.*

*Communities Secretary Eric Pickles said:*

*Building your own home is always a challenge and we are doing what we can to help people realise their dream and provide a home for their family. This change will save self-builders thousands of pounds and help many more in the future.*

*By boosting the numbers of people building their own home we can help increase the number of new houses built each year in this country and support local businesses. There are too many levies and charges on housing. By cutting these, we can help build more homes.*

12. Following discussions at the Local Plan Working Group a draft of this Cabinet report was circulated for their comments and input. The draft was also circulated to all Cabinet members and other Councillors in attendance at the Working Group.

13. A number of responses have been received as follows:

- 3 agreeing with the recommendation
- 1 asking for the paragraph on split sites to be bolstered
- 1 suggesting that the contribution could be waived for single dwellings of 3 beds and under but levied on single dwellings of 4 beds or more. Also a suggestion that bungalows should be exempt – with some caveats.

- 1 supporting the current situation of requesting contributions for single dwellings on the basis of the acute need for affordable housing.

14. The comments from Councillors is very useful and does demonstrate both a commitment to the provision of affordable housing in principle but also a divergence of opinion on collecting contributions from single dwelling schemes. The main issue seems to be ensuring that developments of more than one dwelling are not applied for separately
15. Officers have been contacted by a number of self-builders whose applications are pending raising concerns about the contribution requested. In some cases the finance available is just sufficient to build the house with no finance available for any other contributions. This is the situation that the government is trying to address in its recent changes.
16. Officers consider that while undoubtedly many single unit developments are proposed by builders there is also a high number form individual families – either self-builders or employing a builder – and the current Contributions Guide has a significant effect on them.
17. The original aim of the changes to the affordable housing contributions was to simplify the process, stop the requirement of a viability report on each and every application and clearly set out the amount of contribution required. The changes made by Cabinet conflict with these objectives and reinstate the need for individual viability assessments and create uncertainty within the process.
18. The change regarding the monitoring contribution is to ensure that larger schemes involving more than one phase pay a monitoring contribution per phase. This reflects the level of work required on these larger schemes.

## Conclusion

19. It is recommended that no affordable housing contributions are requested on single unit developments for the reasons given above.
20. The Council has considered the need for clear guidance for developers and has produced a document which will be made publically available.

## Risk Analysis

21.

Risk	Likelihood	Impact	Mitigating actions
Not all required contributions listed.	1 – The document states that it is not exclusive. Those listed are the main requirements.	1 – Additional requirements from sites can be included.	Carefully considered what is included within document.

<p>Developer does not comply with adopted Guidance.</p>	<p>2 – Developers may challenge the requirements. Clear planning justification lies behind the requirements which will be set out in these instances.</p>	<p>2 – Refusal to comply may result in refusing the application leading to appeal or resubmission.</p>	<p>Publish document so that requirement is clearly set out. Raise through pre-application meetings.</p>
<p>Contributions collected insufficient to cover associated costs.</p>	<p>2 – Historically the contributions collected have not covered the associated costs for the predicted period.</p>	<p>2 – funding therefore needs to be provided from other Council sources to make up difference.</p>	<p>Clearly set out requirements and calculate the contributions required in detail. Refuse to accept transfer of land where contributions proposed are deemed to be insufficient.</p>

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.