

Explanatory note : Affordable Housing – Planning Guidance Note on Commuted Payments (January 2017)

1. Overview

At its January 2017 meeting, Havering Cabinet approved the adoption of a planning guidance note dealing with the use of commuted sum payments towards the provision of affordable housing.

The planning guidance note has been the subject of public consultation in 2016 and Members have now agreed to adopt it and implement it.

A copy of the adopted planning guidance note is attached to the e-mail that delivered this note.

Importantly, it is the same as the draft note that was the subject of public consultation last year other than for the revision of the data on housing need (to be consistent with the information in the emerging local plan).

2. What is the purpose of this note

This note sets out the background to this matter and the key points of the guidance note.

3. What the planning guidance note deals with

It is widely acknowledged that everyone should have a home to live in. Providing homes with a range of tenures and at prices that people can afford is very important. It is a key element underpinning the Council's new emerging Vision which should be underpinning all our work.

Affordable homes are a key part of the overall delivery of housing and the Council remains committed to providing more affordable homes in the borough where this is appropriate.

Havering has planning policies in the Local Development Framework to do this where new homes are proposed. The relevant policies are Policies CP2 and DC6.

Normally, the Council expects affordable homes to be provided on the site which has 'triggered' the requirement for affordable homes. In line with the policies above, these are sites of more than 0.5 hectares or schemes with more than 10 new dwellings.

The planning guidance note approved by the Cabinet explains the situations in which the Council may accept a financial payment to the Council (called a 'commuted sum') instead of the affordable homes required by the new development being provided on the site or at another site agreed by the Council. The Council would then be able to safeguard such monies and put them towards the provision of affordable homes in more appropriate circumstances.

This approach is in line with the flexibility provided by the Government and the London Mayor in their planning policies. Many other local authorities follow this approach.

4. What does the planning guidance note say

The note :

- sets out how the Council uses a negotiated approach with developers within the framework provided by its planning policies to secure affordable housing
- emphasises that the Council's starting point will continue to be for affordable housing to be provided 'on – site'
- makes clear that it will be the Council that determines whether a commuted sum payment to the Council is appropriate
- confirms that the approach proposed does not offer any financial advantage to developers and is cost neutral

The sorts of circumstances where commuted sum payments to the Council may be appropriate are listed in the planning guidance note in Section 7.

They include circumstances where on-site affordable housing would ;

- prejudice other planning and regenerations objectives being achieved
- work against the development of a 'mixed and balanced' community
- be poorly located relative to transport and jobs.

Additionally, the note suggests that affordable housing on-site may be inappropriate where it would result in a modest number of new homes that would be difficult to manage and maintain.

The note includes a straightforward financial formula so that the Council and a developer can calculate how much the commuted sum payment to the Council should be. In summary, the formula looks to establish a value to represent the additional 'value' that the developer secures by his scheme not including an affordable housing element.

The Council will need keep these matters under review and will have to monitor and report on any commuted sum payments it receives (like it does with funds received through section 106 agreements).

5. Why Havering is following this approach

As well as providing the Council with resources for the provision of affordable homes through its own new build programme, taking this approach to affordable housing provision may deliver some other benefits to the Council.

These may include :

- improving the management of affordable homes

- providing the Council with scope to ensure there is an appropriate balance of tenures across Havering (which can help secure social inclusion)
- overcoming challenges that may arise when schemes have both private and social housing (such as differences between the design and quality of the respective tenures being apparent, the scheme layout dictating that the affordable homes are provided in a separate, remote and inaccessible part of the site). Both these matters may adversely affect the scope for a successful and balanced community to be achieved in line with national planning policy objectives).

Councillor Damian White has asked that further work is done to support this initiative and to provide better intelligence on the 'make-up' of housing in the borough so that when implementing housing schemes using commuted payments monies, the Council can ensure that it will be providing the most appropriate form of housing in regard to matters such as tenures, housing types and demographics of residents.

6. What does this mean for the Local Development Framework

Havering's Local Development Framework will continue to provide the statutory formal policy context for the consideration of such proposals.

In due course the approach will need to be reflected in the new Havering Local Plan.

Developer contributions for other purposes such as site specific mitigation measures linked to a proposed development will remain outside of the scope of this approach and will continue to be sought in appropriate circumstances.

7. What does the guidance note mean for development management

Officers involved in pre-application discussions and / development management where housing development is proposed will use the planning guidance note in those circumstances where an affordable housing requirement is triggered by the size of the site (area and / or numbers of units).

Planning case officers should will liaise with colleagues in Havering's housing department.

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