



Commuted Sums Policy (Affordable Housing) - March 2018

Document title	Commuted Sums Policy (Affordable Housing)
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Current version no.	V1.0
Effective from date	
Approval body	
Approval date	
Review frequency	Three years
Next review due	February 2021
Is the document confidential?	No

Revision History

Date	Version	Summary of Changes Keep VERY brief	Section(s) Changed
March 2018	1.0	New policy	

Equalities Impact Assessment This must be done each time a policy/strategy is fundamentally revised

Assessment date	January 2018
Assessment location	This Policy will allow the Council to spend commuted sums that have been paid in lieu of affordable housing provision on projects to develop new affordable stock or retain existing affordable stock as set out in this policy.

1.0 Introduction

- 1.1 Allerdale Local Plan seeks to ensure that future housing and employment growth is sustainable and community needs are met. Therefore, the Council will expect new developments to fund or contribute to the necessary physical and social infrastructure improvements and subsequent maintenance, in accordance with Policy S21: Developer Contributions.
- 1.2 In accordance with the Town and Country Planning Act 1990, the Council may enter into an agreement with the landowner and any other party with an interest in the land requiring *a sum or sums to be paid to the authority on specified dates or periodically* (section 106(1)(d)), it can *require the payment of a specified amount or an amount determined in accordance with the instrument by which the obligation is entered into and, if it requires the payment of periodical sums, require them to be paid indefinitely or for a specified period* (section 106(2)(c) .
- 1.3 These improvements will be secured in two ways. Some will be agreed through the planning application process and the delivery can therefore be secured through a planning condition. Alternatively their delivery will be the subject of a planning obligation, which can be secured through either a Section 106 Agreement or a Unilateral Undertaking.
- 1.4 In most circumstances a Section 106 Agreement would be the most appropriate method of securing such obligation, as they are entered into by the Council (and County Council where relevant) and the developer/landowner, allowing the parties to negotiate and agree on the terms of the Agreement. However there will be occasions where the use of Unilateral Undertakings may be appropriate. This is a Planning Obligation entered into solely by the landowner or developer. It will only be deemed appropriate in circumstances where the agreement consists solely of the payment of financial contributions and does not require the Council to be placed under any covenant or obligation.

2.0 Legislative and national policy context

- 2.1 The ability for the Council to use planning obligations comes from Section 106 of the Town & Country Planning Act 1990, as amended by Section 12 of the 1991 Planning and Compensation Act and the Localism Act 2011. These set out the legislative background against which planning obligations may be sought. Further legislation and guidance is sent out in the National Planning Policy Framework (NPPF), the Community Infrastructure Levy (CIL) Regulations 2010 (as amended) and the Planning Policy Guidance (PPG).

3.0 Local policy context

- 3.1 The Allerdale Local Plan (Part 1) adopted in July 2014 sets out the strategic context for the Allerdale Plan Area and will be complemented by Part 2: Site Allocations Document, to be prepared in line with the timescales set in the Local Development Scheme.
- 3.2 The Local Plan (Part 1) contains a number of policies that, in order for a development to be compliant, may necessitate the use of planning obligations.

3.2.1 Policy S8 of the Local Plan sets out the approach to the delivery of affordable housing as part of open market housing development within the Allerdale Plan Area.

3.2.2 Policy S8 stipulates that all affordable housing provision must be on-site, unless exceptional circumstances dictate otherwise. This is where the Council is satisfied that the developer can demonstrate an exceptional circumstance exists that dictates an alternative form of provision would offer greater social benefits and maximise affordable housing delivery.

- 3.3 The Allerdale Local Plan Supplementary Planning Document – Developer Contributions (July 2017) provides greater clarity and certainty to developers, landowners and the community regarding the types of obligation that the Council may seek to secure from developments and the formulae and changes which the Council would seek to apply.

- 3.4 The Allerdale Local Plan Supplementary Planning Document – Developer Contributions (July 2017) dictates the sequential approach to off-site delivery to be:
1. Alternative Site
 2. Off-site purchase
 3. Financial Contribution (Commuted Sum)

- 3.5 This policy applies to commuted sum payments in lieu of affordable housing relating to developments in Allerdale that are **NOT** part of the Lake District National Park planning authority.

3.5.1 The Lake District National Park planning authority sets out its approach towards spending commuted sum payments in its Housing Provision Supplementary Planning Document.

4.0 Financial Contribution (Commuted Sum)

- 4.1 All commuted sums for affordable housing will be secured through the use of a Section 106 agreement, which will include phasing of payments where appropriate.

4.2 Paragraph 2.16 of The Allerdale Local Plan Supplementary Planning Document – Developer Contributions (July 2017) sets out the formula to calculate commuted sums.

4.2.1 For the purposes of calculating commuted sums payable in lieu of affordable housing on-site, for affordable/social rented units the sum shall be equal to the difference between the open market valuation of the units for which a need has been identified and the purchase price that a Registered Provider would be willing to pay for those units. For intermediate (Low Cost Home Ownership) units the sum shall be equal to the difference between the open market valuation of the units for which a need has been identified and the discounted purchase price at which those units would be offered.

5.0 Scope of the Policy

5.1 This Commuted Sums Policy (Affordable Housing) will be used to inform how Allerdale Borough Council will spend monies paid to them in lieu of affordable housing provision.

5.2 Monies accrued through payments made in lieu of affordable housing provision will be spent in the Locality where the development that has generated them is situated. The Locality is defined by the Allerdale Local Plan (Part 1) July 2014, or any subsequent policy detailing the strategy to meet the needs of local communities for housing, employment, retail and leisure, while balancing the need to protect the natural and built environment.

5.3 Monies accrued through payments made in lieu of affordable housing provision will be spent in one of the following ways:

- the purchase of existing private sector housing by the Council for use as affordable housing, either managed by themselves or a Registered Provider or other not-for-profit housing provider.
- the purchase of land by the Council for the development of affordable housing, either by themselves or another developer
- the purchase of other assets by the Council for the development of affordable housing, either by themselves or another developer
- delivering investment in long-term empty private sector stock to bring it up to Decent Homes standard and make available as affordable housing by either selling to a Registered Provider, or other not-for-profit housing provider, or by the owner renting it at an affordable rent
- providing funding to a Registered Provider, or other not-for-profit housing provider, to deliver affordable housing
- providing funding to a Registered Provider, or other not-for-profit housing provider, to improve existing social housing.
- providing financial support to a Community Land Trust for the delivery of affordable housing.

- 5.4 Monies accrued through payments made in lieu of affordable housing provision will be spent before the repayment deadline specified in the section 106 planning obligation for that development.

- 6.0 Developers paying a commuted sum in lieu of affordable provision will be made aware of this Policy before signing a Section 106 agreement.

- 7.0 The Council, through Planning Services, will monitor annually monies paid in lieu of affordable housing provision received through Section 106 agreements, and the expenditure of the commuted sum.

- 8.0 This policy will be reviewed every three years to ensure that payments made in lieu of affordable housing provision are being put to the best use to further the delivery of affordable housing in Allerdale.