

# RIBBLE VALLEY BOROUGH COUNCIL REPORT TO HEALTH & HOUSING COMMITTEE

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Agenda Item No.

meeting date: THURSDAY, 29 AUGUST 2013  
title: RIBBLE VALLEY COMMUTED SUM POLICY  
submitted by: MARSHAL SCOTT – CHIEF EXECUTIVE  
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## 1 PURPOSE

1.1 To review the Commuted Sum Policy contained within the Addressing Housing Needs document.

1.2 Relevance to the Council's ambitions and priorities:

- Council Ambitions – To meet the identified housing needs in the borough.
- Community Objectives -
- Corporate Priorities -
- Other Considerations -

## 2 BACKGROUND

2.1 A commuted sum in lieu of on-site provision have never previously been accepted by the Council. The existing Policy is as follows:

### Commuted Sums

- Government Guidance stresses the importance of integrating different tenures throughout housing schemes in order to promote, mixed and well balanced communities and create more varied patterns of housing types and ownership. Therefore where affordable housing is required as part of a proposed development the first assumption is that this will be provided on site. The acceptance of commuted sums in lieu of on-site provision may be considered where the developer can fully satisfy to the Council as to the reason why provision cannot be made on site. In general the Council will not consider community sums for sites outside Longridge and Clitheroe, or where the ratio of house price to income is more than 7 unless there are clearly demonstrated special circumstances.
- Where commuted sums are accepted the amount payable per dwelling will be a sum equal to the difference between the highest value a partner RSL would be willing to purchase at (without grant) and an independent market valuation of the dwelling. Exceptionally eg where affordable housing will be delivered in a more suitable location the provision may be transferred to another site in the same locality. In such circumstances it must be in addition to any requirement for affordable housing generated by that site itself or by providing the affordable housing in the same locality. In both circumstances the same level and type of affordable housing should be provided as that required on the qualifying site although tenure will be determined primarily by

the site's location. The mechanism for transfer of dwellings and payments of commuted sums will be secured through a Section 106 Agreement. A commuted sum will be considered for a housing needs of a parish has been met. When accepted a consultation exercise will be agreed to be undertaken to agree the most appropriate use of the sum.

### 3 ISSUES

3.1 In response to current discussions with developers, the Strategic Housing Working Group requested a review of the current policy and a comparison with other authorities in terms of the method of calculation of the commuted sum. A review of Eden and Harrogate District Councils commuted sum provision as set out in Appendix 1. Both these districts have agreed a policy similar to that applied by the Council in January 2012. The requirements for the applicant to enter into a Section 106 legal agreement to ensure payment of a the sum is prior to the occupation of any market units adds more detail to our current policy. As the current policy does not set out the need to control the payment through the phasing of the development nor does it set out the Council's priority for commitment of any commuted sum funds. Therefore it is recommended that the following wording is considered to be included within the document that the contribution would be held in an affordable housing fund will be used to meet the Council's affordable housing objectives and will contribute towards:

- additional affordable housing to be provided by housing association;
- additional affordable housing to be provided by private developer;
- purchasing properties on the open market to use for affordable housing;
- purchasing an equity stake in open market properties with the outstanding balance being paid by a local qualifying person;
- supporting community land trust affordable housing schemes.

3.2 The Council will endeavour to spend any affordable housing contributions within the same housing market area that the contribution was collected. However the Council may utilize the affordable housing fund to provide affordable housing provision on a districtwide basis where supported by housing needs evidence or there is insufficient funding in each market area to provide the necessary affordable specialist housing type.

3.3 Decisions on identifying and prioritising suitable projects to spend commuted sum funding will be taken by Health and Housing Committee.

### 4 RISK ASSESSMENT

4.1 The approval of this report may have the following implications:

- Resources – None.
- Technical, Environmental and Legal – None.
- Political – To ensure the Council will secure the best contribution from the development of the site.

- Reputation – To demonstrate the Council has responded to the changes in the housing market, the use of commuted sums may become more likely to be considered in the future.
- Equality and Diversity – No implications identified.

**5 RECOMMENDED THAT COMMITTEE**

- 5.1 Agree that the Commuted Sum Policy should remain as set out in the Addressing Housing Needs document with further details to be included once the document has had the appropriate consultation time.

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CHIEF EXECUTIVE

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## APPENDIX 1

### Harrogate District Council

The payment of commuted sums in lieu of on-site provision may be considered in respect of conversion schemes in Harrogate, Knaresborough and Ripon only, provided that the Council is satisfied that such payment will actually result in the provision of affordable housing in the locality. Where commuted sums are accepted, the amount payable per dwelling will be a sum equal to the difference between the appropriate RSL purchase price (see table above) and the market valuation of an equivalent dwelling in the locality.

- 6.3 Exceptionally (e.g. where affordable housing will be delivered in a more sustainable location), provision may be made by either commuting the affordable housing requirement to another site in the same locality (where it must be in addition to any requirement for affordable housing generated by that site) or by providing the affordable housing (acquired and refurbished to the appropriate standard) in the same locality. In both instances, the same level and type (i.e. house or flat) of affordable housing should be provided as that required on the qualifying site, although tenure will be determined primarily by the site's location. The address of the site/dwelling must also be identified on the pro-forma submitted with the planning application (see paragraph 10.2 for further details).
- 6.4 The mechanism for transfer of commuted dwellings and payment of commuted.

## **Commuted Payments “in lieu” on Sites of 4 or more Dwellings**

3.3.6 The methodology for calculating commuted sums ‘in lieu’ of on site provision will be based on the developer providing a financial contribution equivalent to the cost of providing the affordable units onsite. The value of the contribution will equate to the open market value of the affordable units minus the price a Housing Association partner would have paid the applicant if the units were provided on site. The open market value of the affordable units is to be calculated following the procedure set out in paragraph 3.2.20.

3.3.7 The Council will require the applicant to enter into a S106 legal agreement to ensure payment of the commuted sum prior to the occupation of any of market units. It may be noted in this context that the Cumbria Housing Group is currently working on the creation of a standardised Affordable Housing Section 106 document for use across the County.

3.3.8 The contribution will be held in the Affordable Housing Fund. For further details on how the contribution will be managed and spent please refer to the Management of Affordable Housing Contributions section below.