



Community Infrastructure Levy (CIL)

Affordable Housing Delivery and Planning Obligations Background Report

July 2018

1. Introduction

- 1.1 Since the introduction of the Community Infrastructure Levy ('CIL'), Section 106 ('S106') planning obligations continue to be used, including to secure affordable housing, but they now have a more restricted role. S106 planning obligations are used to secure some site specific impact mitigation in order for a development to be granted planning permission, whilst CIL is used to help deliver infrastructure to support the development of an area.
- 1.2 The CIL Regulations 2010 (as amended) require that to set a CIL charging schedule, charging authorities must have an appropriate evidence base to support the proposed levy. The National Planning Policy Guidance (NPPG) states that the evidence base should include information on the infrastructure needs to support growth and an overall assessment of the economic viability of new development. The NPPG also states that as background evidence, the charging authority should provide information about the amount of funding collected in recent years through Section 106 agreements. This should include information on the extent to which affordable housing and other targets have been met.
- 1.3 This report provides information about the amount of funding raised in recent years through planning obligations and examines the extent to which affordable housing targets have been met. The borough's current infrastructure needs and information on the economic viability of new development are subject to separate reports.

2. Affordable Housing

- 2.1 The Core Strategy was adopted in June 2011 and forms part of the development plan for the borough. Core Strategy Policy 1 seeks to maximise the provision of affordable housing in the borough with a strategic target of 50% affordable housing from all sources. These affordable homes are secured through planning obligations and through residential development schemes led by registered social housing providers or similar bodies. Affordable housing is sought on any site capable of providing 10 or more residential units and the starting point for negotiations is 50% affordable housing, subject to a financial viability assessment.
- 2.2 Tables 1 and 2 below show the amount of affordable housing approved and delivered in the borough for each of the financial years since 2011-2012.

Table 1: Affordable housing units approved (net)

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Number of affordable housing units approved	1070	250	49	343	387	235
% of affordable housing approved	17%	41%	6%	24%	16%	20%

Source: London Development Database

Table 2: Affordable housing units delivered (net)

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Number of affordable housing units delivered	554	564	224	418	211	327
% of affordable housing delivered	47%	31%	30%	29%	14%	23%

Source: London Development Database and GLA Affordable Housing database

- 2.3 Tables 1 and 2 show that the percentage of affordable housing approved and delivered varies significantly from year to year. Whilst the percentage of affordable housing delivered is below the Council's 50% strategic target, it indicates our flexibility in applying the affordable housing policy where justified by financial viability, and in meeting wider aspirations around comprehensive regeneration across the borough and the provision of much needed housing and other benefits to local communities. This also reflects the cyclical delivery of homes in general, and the reality of how large phased developments (including estate regeneration) are often delivered on site, resulting in a 'lumpy' supply of affordable units across multiple years (acknowledged in paragraph 1.1.37 of the Housing Supplementary Planning Guidance, GLA 2016).
- 2.4 In practice the amount and type of affordable housing actually delivered on-site often differs from the original planning permission, through variations to Section 106 agreements, Section 73 applications or affordable housing review clauses secured through planning obligations. The affordable housing figures outlined above should therefore be considered to be a minimum.
- 2.5 Since the implementation of the borough CIL, a number of contributions in lieu have also been secured towards affordable housing. To date, the Council has received a total of around £20 million towards affordable housing provision in the borough which is not reflected in the above tables, and which is being used to deliver additional affordable housing within the borough.

3. Planning Obligations and CIL

- 3.1 The Planning Obligations Supplementary Planning Document (SPD) was adopted in April 2015 and provides detailed guidance on the Council's approach to planning obligations. The SPD sets out how and when we will seek obligations from developers and clarifies the relationship between planning obligations and CIL. Since the adoption of CIL in April 2015, we now only seek planning obligations for some site specific impact mitigation in order for a development to be granted planning permission.
- 3.2 Table 4 below shows the number of Section 106 agreements signed and the total financial contributions secured and received through planning obligations since 2011-2012 and borough CIL receipts since 2014-2015.

Table 4: Total financial contributions secured and received through planning obligations and CIL Receipts

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Number of Section 106 agreements signed	42	9	22	27	34	24
Total financial contributions secured (£ millions)	£39.7	£1.2	£3	£7.6	£1.2	£4.7
Total financial contributions received (£ millions)	£2.8	£4.3	£3.7	£7.7	£5.2	£7.8
CIL (£ millions)	0	0	0	0	£1.4	£4.4

Source: AMR and Section 106 Monitoring Database

- 3.3 From 1 April 2015 up to the time of analysis (Dec 2017), 63 developments have been approved subject to planning obligations, including 30 deeds of variation and 5 unilateral agreements.
- 3.4 The total level of funding secured through planning obligations since 2011-2012 is around £58 million and the total received around £32 million. The total CIL funding received since the borough CIL was implemented is £5.8 million.
- 3.5 In general, the value of financial contributions received through planning obligations has been increasing over time. This is, for the most part, due to the number of large strategic sites that were granted planning permission in 2011-2012 and the subsequent delay between the grant of planning permission and the development reaching the trigger points for payments to be made under these agreements. It is expected that over time the total value of contributions received through planning obligations will decrease and the income generated from CIL will increase.