

Restrictions on Affordable Housing Contributions

The Government has announced it intends to make changes to national planning policy by restricting the ability of local authorities to require affordable housing contributions in connection with small scale residential developments and those in designated rural areas. This will be very helpful in particular to those building their own homes, as well as to small scale developments. The government has also decided there should be no affordable housing contribution where buildings are brought back into any use – other than proportionately for any increase in floor space

What is an affordable housing contribution?

An affordable housing contribution is a requirement for the provision of housing (on a payment in lieu) that is to be made available for people whose needs are not adequately served by the commercial housing market (section 106BA (13), Town and Country Planning Act 1990 (TCPA 1990)). Affordable housing obligations on sites granted in accordance with a rural exceptions site policy are exempt (section 106BA (12) and (13), TCPA 1990).

The contribution must be set out in the local development plans provided by the local planning authority (LPA). Many LPAs have begun to require these contributions for minimal developments and this causes viability problems.

Reform of the rules governing affordable housing contributions?

Following a consultation this year, the Department for Communities and Local Government has announced it will change English national planning policy so that:

- LPAs should not seek affordable housing and tariff style contributions on small scale sites of 10 units or less, and which have a maximum combined gross floor space of 1,000 square metres. This relaxation will apply to all residential annexes and extensions built on such sites.
- In the case of designated rural areas, LPAs may choose to implement a lower threshold of 5 units or less (no floor area threshold) beneath which affordable housing and tariff style contributions should not be sought. This relaxation will also apply to all residential annexes and extensions built on such sites. If charged on 6-10 unit developments, the contribution may be required in cash and commuted until completion – these are currently normally required on commencement of the development.
- When calculating the affordable housing requirement, when it does apply, LPAs should credit the developer by deducting from the calculation a contribution equivalent to the existing gross floor space of any vacant buildings brought back into any lawful use or demolished for re-

If you would like to discuss any of the matters raised in this newsletter please contact:

Mark Austin
mda@blackgraf.com

Tel: 020 7586 1141

The information in this newsletter is not meant as a substitute for advice on particular issues and is written in general terms. You should seek specific advice before taking any action based on the information in this newsletter.

Black Graf LLP 100 Baker Street London W1U
6WG
Black Graf LLP is a Limited Liability Partnership registered in England and Wales registration no: OC334046. Any reference to a partner is to a member of Black Graf LLP. Authorised and regulated by the Solicitors Regulation Authority no: 488394
www.blackgraf.com

This newsletter outlines the law as it stands at the date of writing in January 2015.

development. No financial credit will be given in respect of vacant buildings which have been abandoned.

The Government has already changed the rules relating to the Community Infrastructure Levy so that this tariff on development should not apply to “self-builders”.

*Source “Planning Contributions (Section106 planning obligations)
Government response to consultation” November 2014*

