

## Allocation and Expenditure of Commuted Sums for Affordable Housing Policy

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## 1. Introduction

- 1.1 The Chichester Local Plan seeks to balance the economic, social, and environmental factors of sustainable development and provides the framework through which this can be achieved. Affordable housing provision is secured via the Council's Planning Obligations and Affordable Housing Supplementary Planning Document.
- 1.2 A percentage of affordable housing is sought on all developments where there is a net increase of 11 or more dwellings. In rural areas a percentage of affordable housing is sought on all developments with a net increase of between 6 and 10 dwellings. In some cases, this is taken in the form of a financial contribution, known as a Commuted Sum. In cases where the proportion of affordable housing results in a requirement for a fraction of a unit, the fraction is also sought as a commuted sum.

## 2. What will the funding be spent on?

- 2.1 Commuted sums are ring fenced for affordable housing expenditure to meet housing needs within the District (in both plan areas). Allocations of commuted sums are approved in accordance with the Council's governance arrangements and subsequent payments are authorised by officers at the appropriate level. As part of the approval process, it must be demonstrated that value for money will be achieved, and the assets will be preserved as affordable housing in perpetuity, or that any grant subsidy is recycled within the district should the asset be lost to the open market.
- 2.2 'Homes for all' is one of 5 key corporate objectives of the Council and the 2020-2025 Housing Strategy sets out key objectives for increasing the supply of suitable, affordable housing in the right locations.
- 2.3 Commuted Sums will be used to enable affordable housing schemes to come forward that are experiencing viability issues providing they meet at least one of the following criteria:
- To convert affordable rented units to social rented units;
  - To convert from one tenure to another tenure;
  - To attract investment to meet specific local needs, e.g., bungalows, disabled units, redevelopment of outdated or difficult to let housing;
  - To enable viability of small schemes e.g., rural schemes and schemes with high design costs or additional amenity requirements;
  - Where grants would reduce rents to affordable levels, particularly in the case of larger family rented homes;
  - For Community Land Trusts, to help purchase sites, or properties or to lever in investment to enable the viability of small schemes.
  - To meet a specific evidence based housing need as identified in the Housing Economic Needs Assessment and/or Housing Register numbers. For example, to increase the amount of Temporary Accommodation available in the event the Council seeks to expand the portfolio in this area.

- 2.4 In considering applications for grant funding priority will be given to projects which meet one or more of the above criteria and whose access to other funding is more limited due to the size of the housing provider.

### **3. Who can apply for funding?**

- 3.1 Registered Providers and other not for profit housing organisations, the Council, Community Land Trusts, and other Community Led Housing Groups.

### **4. Approval and allocation of funding**

- 4.1. Those wishing to apply for funding will need to complete and submit the application form in Appendix A.
- 4.2. Each application will be assessed against the criteria set out in Appendix B by officers within the Housing Delivery Team. For applications up to £49,999 determination of the application is delegated to senior officers and the Cabinet Member for Housing Revenue and Benefits. For applications of £50,000 and over recommendations will be made to Cabinet, and for applications for £100,000 and over the decision will need to be taken by Cabinet and Full Council.
- 4.3. Applications will only be accepted where planning permission has already been granted, or in the case of land or asset acquisition upon completion of contracts. This is to ensure funds are allocated against projects which have acquired all necessary consents.
- 4.4. Where development is taking place in phases the application should be reflective of this and reflect the total grant being sought across all phases.
- 4.5. If funds are approved and remain unspent after 3 years, the Council reserves the right to withdraw the commuted sum that has been allocated. In such circumstances a new grant application will need to be submitted.
- 4.6. Funding of awards will be subject to the balance of funds available at the time of request.
- 4.7. This policy is not intended to fetter the discretion of the Council. No policy can cover all circumstances and therefore the Council has the authority to deal with applications not meeting the requirements of the above policy and criteria.

### **5. Monitoring and Review**

- 5.1. All commuted sums are collected and monitored by the Planning Obligations Monitoring & Implementation Officer. Once expenditure has been approved, they are allocated against a particular development.
- 5.2. Income and allocation of commuted sums are reviewed on a quarterly basis in consultation with the housing delivery team.
- 5.3. This policy will be reviewed in line with Housing Strategy.

### **6. Payment of Grant**

- 6.1. Grants are paid upon completion of an 'Application for Payment of Grant Form' this must be accompanied by several key documents as listed on the grant form (Appendix C)
- 6.2. Only in exceptional circumstances can grant be released in advance of the above criteria, such a decision will be agreed by Full Council or under the Council's Urgent Decision-Making Process.