

Affordable Housing Commuted Sums Process and Procedure

Name of Committee	National Park Authority
Date	25 th June 2019
Report Author	Helen Lucocq
Job title	Principal Planning Officer (Policy)
Contact Details	Helen.lucocq@beacons-npa.gov.uk 01874 620429
Purpose of Report	To seek Member approval of proposed changes to the adopted process for the allocation of monies collected by the Authority as part of the planning process for the provision of Affordable Housing
Single Integrated Assessment	The LDP, Affordable Housing SPG and Affordable Housing Strategy have been subject to a separate SIA which should be referred to in relation to this item.
List of Enclosures	Enclosure I Proposed Service Level Agreement for the Transfer of Monies Collected for the Provision of Affordable Housing
Public Interest Test	N/A
Recommendation(s)	That Members agree to principle of transferring monies collected by the NPA for the provision of Affordable Housing to the constituent Housing Authorities for allocation and spend in accordance with the Service Level Agreement as set out in Enclosure I.

1.1 Introduction or Background

Policy 28 of the Local Development Plan makes it a requirement of all development which results in the net gain of housing to make a contribution towards Affordable Housing. Where the contribution would amount to less than a whole unit, or there are viability challenges to onsite provision, this contribution is made by way of a financial contribution secured via a s106 planning agreement. These are commonly referred to as 'commuted sums'.

The Members' Affordable Housing Working Group is the governance body within the Authority with the responsibility for determining how monies collected via commuted sums should be allocated. This body works closely with our constituent Housing Authorities in relation to the allocation process. In response to concerns expressed by some of the constituent Housing Authorities regarding the operation of the mechanism currently in force, work has been progressing to review how the process operates to ensure the best use of officer time, expertise and resources across both the National Park Authority and Housing Authority remits. The result of this review process is the paper and proposal before Members today.

1.2 Proposals

In accordance with the [Affordable Housing Strategy](#) (Endorsed by NPA 2017 with yearly amendments) commuted sums towards the provision of affordable housing are held by the National Park Authority in an ear marked reserve for the provision of affordable housing. This reserve is referred to as *The Brecon Beacons National Park Authority Affordable Housing Fund* or AHF. The strategy sets out that monies from this fund will be released to eligible organisations for the development of new affordable housing. The process is set out at section 3.0 of the Strategy. In summary the allocation of funds is subject to an application process to the Members Affordable Housing Working Group (MAHWG); review by the Members of the Affordable Housing Working Group with a consequent recommendation then being made to the NPA. The decision in relation to the allocation of funds can only be made by a resolution of the NPA.

This process was considered to add unnecessary bureaucracy and potential delays to monies being made available to support affordable housing schemes because of the need for eligible organisations to undertake a bidding process. Further, it is felt that the existing arrangements do not reflect the respective remits of the housing authorities.

It is therefore proposed that monies collected for the provision of affordable housing are transferred to the relevant Housing Authority on receipt without the need for application to the MAHWG. It is proposed that these transfers will be made under the terms of a Service Level Agreement which stipulates the following (see Enclosure 1):

1. The NPA remains the collecting Authority for monies collected for the purposes of the provision of Affordable Housing within the National Park.
2. Monies would be transferred to the relevant Strategic Housing Authority on receipt from developers.
3. Monies transferred through the SLA must be spent within 5 years of receipt or returned with accrued interest to the NPA for allocation.
4. Where an UA area fails to spend monies within 5 years of receipt, the NPA will work collaboratively across Strategic Housing Authority areas to identify opportunities to utilise monies in accordance with the greatest level of need within a Strategic Housing Market area (as defined by BBNPA LDP).
5. Monies transferred through the SLA must be spent in accordance with the priority areas for spending as defined by the NPA Affordable Housing Strategy.
6. Evidence must be supplied on a yearly basis to the NPA to define the level of need for Affordable Housing across the National Park. This will inform the NP Affordable Housing Strategy.
7. Reports must be provided by the Strategic Housing Authority on a quarterly basis to set out how money has been allocated and spent in accordance with the Strategy. These will be presented to the Members Affordable Housing Working Group.
8. This SLA has been drawn up on the request of the Strategic Housing Authorities and as such any work undertaken under the SLA is on a voluntary basis and cannot be reclaimed from the NPA.
9. The SLA will be reviewed on a yearly basis.

The constituent Housing Authorities have agreed in principle to the terms of the proposed SLA, the draft of which is appended to this Report at Enclosure I.

The proposed SLA has been agreed by the MAHWG as an appropriate mechanism for distribution of the commuted sums monies collected via s106 agreements in future.

1.3 Implications

If members are minded to move the recommendation, Officers will prepare updates of key documents to define and enable the implementation of the amended process.

- Affordable Housing Supplementary Planning Guidance
- Affordable Housing Strategy

Updates will be presented to NPA for approval prior to implementation.

Officers will also need to arrange for the respective Housing Authorities to sign the SLA to ensure the new process can operate properly.

1.4 Risk

As the collecting Authority, the liability for the spending of monies collected via s106 agreements will remain with the Authority regardless of transfer to the Housing Authority. We will be required to retain a clear audit trail for such monies despite them being transferred to the UA's. The SLA mechanisms for monitoring risk to the Authority will be through the quarterly reports and annual reviews.

1.5 Conclusion

The proposed SLA has been agreed by the MAHWG as an appropriate mechanism for distributing commuted sums monies collected via s106 agreements. The MAHWG resolved at the meeting of the 24th of May to recommend that the principle of the transfer of monies, as enshrined in the proposed SLA, be recommended for agreement by the NPA.

RECOMMENDATION(S):

That Members agree to principle of transferring monies collected by the NPA for the provision of Affordable Housing to the constituent Housing Authorities for allocation and spend in accordance with the Service Level Agreement as set out in Enclosure I.