



Report of	Meeting	Date
Central Lancashire Planning Policy Officers	Central Lancashire Strategic Planning Joint Advisory Committee	13/11/2018

## **SUPPORTING HOUSING DELIVERY THROUGH DEVELOPER CONTRIBUTIONS**

### **PURPOSE OF REPORT**

1. To provide update to the JAC regarding the governments' plans to reform developer contributions (including CIL and section 106).

### **RECOMMENDATION(S)**

2. To note the contents of the report.

<b>Confidential report</b> Please bold as appropriate	Yes	<b>No</b>
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### **EXECUTIVE SUMMARY**

3. MHCLG have published a summary of the responses to the consultation paper 'Supporting housing delivery through developer contributions' published earlier in 2018, along with number of proposals which are planned by government to reduce the complexity around CIL and section 106.
4. This paper provides a brief overview of those proposals which will require changes to the Community Infrastructure Levy Regulations 2010 (as amended) and the respective legislation.

### **CONTEXT**

5. The 2017 White Paper 'Fixing our Broken Housing Market' and subsequent consultations and publication of the new NPPF are all geared towards implementing measures which will enable quicker and increased housing delivery. Amongst these, the government consulted in summer 2018 on proposals 'To support Housing Delivery through Developer Contributions' which was a topic discussed at the JAC the three councils submitted a detailed response to.
6. A further paper has been published which sets out what proposals the government plans to take forward and this paper provides a high level summary of these.
7. The proposals are intended to reduce the complexity and uncertainty of developer contributions which are purported to act as a barrier to the delivery of housing. The government are keen to provide clarity and certainty to developers around the contributions they are expected to make.

8. Legislation will be required in order to implement the changes set out in the consultation. Many of the proposals have been available for consultation previously, for example NPPF.
9. A number of the measures outlines will require changes to the Community Infrastructure Levy Regulations 2010 (as amended). Government will also consider whether changes could be made to the Community Infrastructure Levy to incentivise the build out of developments and will consult on draft amendment regulations in due course
10. . The government will be consulting on the draft regulations 'later this year'.

### **Proposals:**

- a) Viability – Improved guidance to be incorporated into Planning Practice Guidance (PPG) to support local authorities to adopt and revise Community Infrastructure Levy charging schedules. The Government have advised that PPG will reduce the need for viability assessments (and challenges/lengthy negotiations) at decision making stage and it remains to be seen how realistic this is.
  - Modified proposals to ensure that regulations continue to require charging authorities to consult on draft charging schedules, whilst removing the current statutory requirement for two separate rounds of consultation in every circumstance. This will ensure that Charging Authorities can decide the most proportionate approach to consultation, speeding up the time taken to introduce and amend charging schedules.
  - A modified proposal to lift the pooling restriction in all areas (as opposed to only those areas with a CIL).
  - Government is not taking forward proposals to capture increase in land value by implementing different tariffs for different existing land uses. The Government has reviewed this proposal and considers there are existing flexibilities in the Community Infrastructure Levy Regulations that, through the use of differential Levy rates, will allow local authorities to go some way towards achieving the objective of the proposed reform. The Government therefore proposes to make changes to guidance to support local authorities to set differential rates more effectively.
  - The Government proposes to consult on changes to indexation of Levy rates and the way in which it would be implemented. Through consultation on the draft amendment regulations the government will test changes that:
    - a) Index Levy rates for residential development to the House Price Index using local-level data on an annual basis. This will help ensure that Levy rates remain responsive to changes in market conditions. The Government recognises concerns raised about the stability of this data and will consider whether measures may be needed to reduce annual volatility in indexation rates. This would ensure an appropriate balance between market responsiveness and certainty for developers and local authorities.
    - b) index Levy rates for non-residential development to the Consumer Price Index. This reflects the preference of respondents for a simple measure of indexation.
- Viability guidance will be published which will set out the Government's recommended approach to reporting on developer contributions through an Infrastructure Funding Statement. This will require reporting of developer contributions from the Community Infrastructure Levy and section 106 planning obligations through the Infrastructure Funding Statement on a statutory basis. The Government has noted the information that stakeholders would like to see reported on through the Infrastructure Funding Statement and is encouraged that there is agreement across all stakeholder groups that this information is key in helping communities to better understand the benefits that are delivered alongside development.
- The Government recognises the preference to remove restrictions in regulation 123 related to regulation 123 lists. The Government proposes to remove these restrictions. These currently prevent section 106 planning obligations being used to collect

contributions towards infrastructure included on a Charging Authority's 'regulation 123 list'. New reporting standards, which are set out in the Infrastructure Funding Statement, will address concerns about double dipping by ensuring that there is transparency over how developer contributions from both CIL and section 106.

- 106 planning obligations are being used, rather than by placing formal restrictions in regulations.
- The Government also recognises the need to address existing uncertainty around using section 106 planning obligations to collect monitoring sums. The Government therefore intends to take forward proposals to make clear that local authorities can seek a fee from applicants towards monitoring planning obligations. In developing these proposals, the Government will consider how best to ensure that monitoring sums are set at an appropriate level.
- The Government has decided to take forward a modified proposal, to enable Combined Authorities with strategic planning powers to take forward a Strategic Infrastructure Tariff, and to encourage groups of charging authorities to use existing powers to more effectively support the delivery of strategic infrastructure through the pooling of their local Community Infrastructure Levy receipts. In the longer term, the Government will bring forward proposals for allowing joint planning committees to charge the tariff, and will review options for giving other groups the power to levy a Tariff.

### Next Steps

11. We await the detailed consultation and guidance and will need to determine the potential impact particularly for plan-making. These are likely to be:
  - b) Viability testing of all policy proposals including the site allocations. It is essential this viability assessment of the new Central Lancs Local Plan is robust.
  - c) The review of the CIL and assessing viability of any proposed tariffs and how CILs are constructed.
  - d) Section 106 policies in particular affordable housing, play and open space etc.
  - e) Composing of policies for the clawback of developer contributions including how viability will be dealt with at application stage.
  - f) Format for the infrastructure statement (and the detail required for future schemes/projects).
12. Overall, these are positive steps, in particular with regards the removal of the pooling restriction and the removal of the requirement to consult twice on CIL reviews. This will improve the deliverability of a CIL review being undertaken and delivered in alignment with the local plan.
13. For the purposes of the infrastructure statements, evidence such as the OSSRA, and SHMA (or a further more specialist housing evidence piece of work currently being discussed) and also transport and education will become imperative, particularly when determining the plan viability and what the developer contribution policies including CIL need to be.
14. A CIL review is programmed into the Local Plan Review and will be closely linked to the viability exercise and the infrastructure needs of the borough in the next plan period.
15. The local plan process will enable the production of a comprehensive infrastructure statement for Chorley (and aggregated to Central Lancs) and it is intended this will include all infrastructure typologies including schools, transport, open space, play, sports and recreation etc. which will inform how capital is allocated and spent.

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