

DECISION
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**RIBBLE VALLEY BOROUGH COUNCIL**  
**REPORT TO HEALTH & HOUSING COMMITTEE**

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meeting date: 17<sup>th</sup> MARCH 2022  
title: OFF-SITE AFFORDABLE COMMUTED SUMS  
submitted by: DIRECTOR OF ECONOMIC DEVELOPMENT AND PLANNING  
principal author: RACHAEL STOTT – HOUSING STRATEGY OFFICER

**1 PURPOSE**

- 1.1 To request Committee confirm which option they wish to pursue in respect of the use of receipted commuted sum monies to deliver additional affordable homes, to address housing needs in the borough.
- Community Objectives – To address the housing needs of all households in the borough.
  - Corporate Priorities - To demonstrate that we are a well-run authority
  - Other Considerations – N/A

**2 BACKGROUND**

- 2.1 Historically, as part of some housing developments, a commuted sum for the provision of offsite affordable housing has been secured as opposed to on-site provision. This report seeks Member approval for the usage of these commuted sums. It is important to note that the preference is to secure on site affordable housing. Whilst National Planning Policy does enable off site commuted sums to be secured within a Borough like the Ribble Valley using such commuted sums can be challenging as set out below. Following the expenditure of the historically receipted commuted sums such a mechanism for securing affordable housing will only be chosen in exceptional circumstances.

**National Policy on Collection of Commuted Sum Monies**

- 2.1 In accordance with National Planning Policy Guidance (paragraphs 63-65) in seeking developer contributions, the presumption is that affordable housing will be provided on the application site so that it contributes towards creating a mix of housing. However, where it can be robustly justified, off-site provision or a financial contribution in lieu of on-site provision (of broadly equivalent value) may be accepted as long as the agreed approach contributes to the creation of mixed communities in the local authority area.

**Ribble Valley Policy on Collection of Commuted Sum Monies**

- 2.2 The policy as to when and where RVBC will collect a commuted sum is set out in the Affordable Housing Memorandum of Understanding Policy 2012. Below is the extract that details within the document.

*7.1 Government guidance stresses the importance of integrating different tenures throughout housing schemes in order to promote mixed and well-balanced communities and create more varied patterns of housing types and ownership.*

*Therefore, where affordable housing is required as part of a proposed development, the first assumption is that this will be provided on site. The acceptance of commuted sums in lieu of on-site provision may be considered where the developer can fully satisfy the Council as to the reasons why provision cannot be made on site.*

*In general, the Council will not consider commuted sums for sites outside Clitheroe and Longridge or where the ratio of house price to incomes is more than 7 (see appendix 2) unless there are clearly demonstrated special circumstances.*

7.2 *Where commuted sums are accepted, the amount payable per dwelling will be a sum equal to the difference between the highest value a partner RSL would be willing to purchase at (without grant) and an independent market valuation of the dwelling. Exceptionally, for example, where affordable housing will be delivered in a more suitable location, the provision maybe transferred to another site in the same locality. In such circumstances it must be in addition to any requirement for affordable housing generated by that site itself or by providing the affordable housing in the same locality. In both instances the same level and type of affordable housing should be provided as that required on the qualifying site although tenure will be determined primarily by the site's location. The mechanism for transfer of dwellings and payments of commuted sums will be secured through a Section 106 Agreement.*

7.3 *A commuted sum would be considered where housing needs of a parish had been met. When accepted a consultation exercise would be undertaken to agree the most appropriate use of the sum.*

2.3 Over the past 5 years there has been 7 sites where a commuted sum has been agreed and collected as opposed to on-site delivery of affordable housing.

### **3 UTILISED OFF-SITE AFFORDABLE HOUSING CONTRIBUTIONS**

3.1 The first off site affordable housing commuted sum to be collected in recent years came from Barnacre Road, Longridge. This was for the development of a McCarthy Stone retirement apartment scheme. Members approved the use of the commuted sum in 2019 with the purchase of 2 units in Longridge (55 Mersey Street and 10 Chapel Street- both are affordable rent properties managed by Mosscafe St Vincent's (MSV)).

3.2 Subsequently Members approved the use of the following two receipted commuted sums to purchase 61 Peel Street, Clitheroe. This property is temporarily being used to provide temporary accommodation whilst the 2 larger flats at the Joiners are being renovated. Once completed the property will be an affordable rent property managed by MSV.

- £123,840 from Clitheroe Rd Barrow and
- £5226.66 from Peel Park Avenue Clitheroe.

### **4 REMAINING OFF-SITE AFFORDABLE HOUSING COMUTED SUMS**

4.1 S106 contributions are monitored as part of a 6-weekly meeting of Council officers. Contributions from sites include affordable housing (on and off-site), public open space, education, off-site leisure etc.

4.2 The following table details the recent receipted off-site affordable housing commuted sums which are yet to be committed:

<b>CURRENT AFFORDABLE HOUSING RECEIPTED MONIES</b>	<b>£</b>
Chatburn Old Road, Chatburn	<b>206,367.00</b>
Clitheroe Road, Barrow	<b>185,760.00</b>
Dilworth Lane, Longridge	<b>1,625,950.00</b>
Peel Park Avenue, Clitheroe	<b>11,773.34</b>
Malt Kiln Brow, Chipping	<b>30,000.00</b>
	<b>2,059,850.34</b>

- 4.3 The following sites have made an off-site affordable housing contribution or are due to. The associated Section 106 Agreement will contain the specific obligation in respect of the use of the commuted sum which are set out below:

**Land at Chatburn Old Road, Chatburn**

- 4.4 "Affordable Housing Contribution" means the sum of £206,367 (calculated as three properties £68,789 per property) and shall be paid to the Council in 3 equal phased payments the first payment to be made on occupation of the third Dwelling on the Site the second payment to be made on the occupation of the sixth Dwelling on the Site and the third payment to be made on the occupation of the ninth Dwelling on the Site such payments are to facilitate the provision of off-site affordable housing such sum is calculated on the basis that 30% of the dwellings on the site would be Affordable Housing and that the difference between the sum of the Open Market Value of the Market Housing Units and what a Registered Provider would offer to purchase the affordable dwellings on the site to be paid to the Council in lieu of Affordable Housing Units on the Land, for the purpose of addressing housing needs in Chatburn or elsewhere within the Council's area of the Borough.
- 4.5 In all cases the spend of the commuted sum the first preference will be to spend the monies in the locality and as near to the locality where the monies were collected. This will always be the preference however where the amount of commuted sum is low then there is a limit as to what can be purchased unless the sum is combined with other contributions.

**Land at East Side of Clitheroe Road, Barrow**

- 4.6 Affordable Housing Contribution' a sum of £185,760 (one hundred and eighty-five thousand seven hundred and sixty pounds) to facilitate the provision of offsite affordable housing for the purpose of addressing housing needs in Barrow or elsewhere within the Council's area of the Borough as set out in the Council's Commuted Sum Policy.

**Land North of Dilworth Lane, Longridge**

- 4.7 "Affordable Housing Contribution" financial contributions (if any) in lieu of On-Site Affordable Housing Units, for the purpose of addressing housing needs in Longridge or elsewhere within the Borough of Ribble Valley, to be calculated pursuant to the provisions of paragraph 2.1.8 of Schedule 1.

**Peel Park Avenue, Clitheroe**

- 4.8 Off-site contribution - £17,000 for off-site affordable housing or related purposes such as acquiring and refurbishing vacant properties in the district.

**Land at Church Raikes, Chipping**

- 4.9 'Affordable Housing Contribution' means a sum of £60,000 and payable to the Council for the purposes of providing off- site affordable housing in the administrative district of the Council.
- 4.10 The first payment of £30,000, prior to occupation of the first dwelling in parcel 3, was received on 3<sup>rd</sup> November 2021.

## **Buildings and Land at Dog and Partridge, Hesketh Lane, Chipping**

- 4.11 Affordable housing contribution means a sum of £105,200 to be paid to the Council in lieu of the Affordable housing units on the property for the purposes of addressing housing need in Chipping or elsewhere in the Council area. Not yet received.
5. **PROPOSED USE OF THE REMAINING AFFORDABLE HOUSING COMMUTED SUMS**

## **Land at Chatburn Old Road, Chatburn**

5.1 There has been no additional provision of affordable housing in the village for well over 10 years in Chatburn. Therefore, delivery of affordable units in the village is a priority. In terms of need, there are 63 households waiting for a property in Chatburn, one bed – 32 households, two bed – 47 households, 3 bed – 40 households and 4 bed – 7 households.

5.2 The following options have been considered for the £206,367 commuted sum:

1. **Purchase of one, 2 or 3 bed family property.** This would be available as an affordable rental unit to someone with a local connection to Chatburn.

There are associated challenges with this option as currently a search of Rightmove showed only 1 property in this price range. Additionally, the Council would need to identify a suitable Registered Provider to manage this property. Enquiries have been made with an RP as to whether there is an appetite to manage additional properties.

2. **Deliver an Equity Share Product** This is where the commuted sum money would be used to purchase an equity share that would be the equivalent of providing a deposit to first time buyers to purchase a property. The equity share would be 20 % of the property and this is registered as a charge on the property; (e.g., £40k deposit towards a property value of £200k this equates to a 20% contribution). The property is then sold with a 20% discount whenever it is resold as this equity share is registered in RVBC name on the land registry. This option could enable upto 5 households in Chatburn to be helped onto the property ladder and create 5 properties in Chatburn that would be discounted in perpetuity. Eligibility for this scheme would include first time buyers with a local connection to Chatburn (the local connection criteria is set out at Appendix A), affordability assessment and property within Council tax bands A-C.

The associated challenges with this option are the additional staff commitment to run the scheme and then going forward monitoring future sales and eligibility of occupation. A similar Homebuy Scheme was delivered in 2006 and assisted 5 households purchase properties. This was a borough wide scheme, and we assisted the purchase of 3 properties in Clitheroe, 1 Longridge and 1 Grindleton. There has been 3 sales and the money was returned. The proposal with this scheme would be for the discount to stay with the property in perpetuity so would remain discounted.

## **Land at East of Clitheroe Road, Barrow and Peel Park Ave Clitheroe**

- 5.3 Members will be aware that there has been significant housing development in Barrow over the past 10 years resulting in high numbers of affordable housing delivery. There is also a proposal for an additional 10 units of discount sale in Barrow through the First Homes pilot scheme.

5.4 The following options have been considered for the £185,760 commuted sum from Clitheroe Road and the remaining £11,733.34 from Peel Park Avenue:

1. **Purchase a property in Barrow.** This could be rented out at an affordable rent to a household with a local connection. A recent search of properties for sale would indicate a 2-bed property could be purchased with the commuted sum money available.
2. **Purchase a four-bed family home in Clitheroe.** There is an identified need for larger accommodation for families across the Borough. There are currently 88 households requiring a 4 bed in Clitheroe and new developments provide a limited number of larger four-bedroom dwellings. Utilising the commuted sum in Clitheroe would enable a larger property to be purchased.
3. **Deliver an equity share product** as set out in the Chatburn options. This scheme would be available to first time buyers with a local connection, a deposit is available to assist with buying the property and the value contributed would be equated to a 20% of the property and then registered as a charge. The scheme would be limited to Council Tax A-C and eligibility would restrict max income and the property being their main residence.

#### **Land North of Dilworth Lane, Longridge**

5.5 The development of Dilworth Lane generated a significant off-site commuted sum, in excess of £1.6 million pounds. Use of this commuted sum requires a more strategic approach. There are various options being explored and this involves other Housing Providers and more detailed assessment of need in Longridge. A separate proposal will be presented to Members once more information is collated.

#### **Land at Church Raike, Chipping and Buildings and Land at Dog and Partridge, Hesketh Lane, Chipping**

5.6 There are 2 sites in Chipping and the total commuted sums for both sites equate to £165,200 (to date only £30,000 has been receipted although the remainder is expected). Options in rural areas are more difficult to deliver, firstly due to the house prices but also the difficulty of securing management of the property.

5.7 The following options have been considered for the £165,200 commuted sums when they are receipted:

1. **Community Land Trust Scheme.** This would involve the Council approaching the Community Land Trust (CLT) in Chipping to establish whether they would be interested in putting together a proposal for use of the commuted sums.
2. **Purchase an additional property in Chipping.** It is important to note that currently there is nothing for sale in the village for under £240,000 and as such the commuted sum amount would not be sufficient to secure a property in Chipping currently.
3. **Deliver an equity share product** as set out in the Chatburn options this scheme would be available to first time buyers with a local connection, a deposit is available to assist with buying the property and the value contributed would be equated to a 20% of the property and then registered as a charge. The scheme would be limited to Council Tax A-C and eligibility would restrict max income and the property being their main residence.

## 6 RISK ASSESSMENT

6.1 The approval of this report may have the following implications:

- Resources – To make best use of the commuted sum monies to maximise the affordable housing opportunities deliverable through the fund.
- Technical, Environmental and Legal – The proposals to spend is intended to have a positive impact on the housing options available to individuals. The impact from this improved housing will also reduce fuel poverty and improve the general housing quality.
- Political – Promote the schemes delivered and the benefits of the additional affordable units in the borough.
- Reputation – The greatest risk would be having to return any unspent funding if there not a clear plan for commitment within the specified dates for each contribution.
- Equality & Diversity – There are no specific equality issues the proposal to spend is intended to improve access to good quality affordable housing.

## 7 RECOMMENDED THAT COMMITTEE

7.1 Given the value of the receipted commuted sums and considering options to support first time buyers within the Borough it is recommended that the Council explore the equity share option to enable residents of the Borough to get a first step on the housing ladder, which is similar to schemes provided by Central Government.

7.2 As such Members are asked to confirm whether they agree to utilising the receipted commuted sums as follows:

### ***Land at Chatburn Old Road, Chatburn***

7.2.1 Deliver an Equity Share option for first time buyers in Chatburn

### ***Land at East of Clitheroe Road, Barrow and Peel Park Ave Clitheroe***

7.2.2 Deliver an Equity Share option for first time buyers in Barrow

### ***Land at Church Raikes, Chipping and Buildings and Land at Dog and Partridge, Hesketh Lane, Chipping***

7.2.3 On receipt of all the commuted sums from the two schemes: Deliver an Equity Share option for first time buyers in Chipping.



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For further information please ask for Rachael Stott , extension 3235.

## **APPENDIX A- LOCAL CONNECTION CRITERIA**

**First time buyers who can demonstrate a housing need for the identified house type and who have a local connection as set out by the following definition and in order of priority.**

- a) currently living in the parish of ..... for more than 10 years;
- b) currently living in the parish of ..... and have done so continually for between 5 to 10 years;
- c) currently living in the parish of .... and have done so continually for a minimum of 12 months;
- d) currently permanently employed in the parish of .... for a minimum of 12 months and are employed for a minimum of 18 hours per week paid or unpaid; or
- e) persons who at least one of the adult applicants have next of kin who have lived in the parish of ... continually for a minimum of five years and is moving to provide support or be support by this family member. Next of kin for the purposes of this clause shall be defined as mother, father, brother, sister or adult dependent children
- f) persons who are former residents of more than 5 years of the parish of ... who have moved from the parish because of a lack of affordable housing.