

# Arun District Council

<b>REPORT TO:</b>	<b>Planning Policy Committee – 18 March 2025</b>
<b>SUBJECT:</b>	<b>Deliverability of affordable housing through the Section 106 process</b>
<b>LEAD OFFICER:</b>	<b>Neil Crowther – Group Head of Planning</b>
<b>LEAD MEMBER:</b>	Councillor Gill Yeates – Chair of Planning Policy Committee
<b>WARDS:</b>	<b>All</b>
<b>CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION:</b> The recommendations support:- <ul style="list-style-type: none"><li>• Improve the Wellbeing of Arun;</li><li>• Delivering the right homes in the right places.</li></ul>	
<b>DIRECTORATE POLICY CONTEXT:</b> The report will help deliver the right affordable housing at a time when policy compliant affordable housing delivery is unlikely.	
<b>FINANCIAL SUMMARY:</b> No financial implications as officers time is met within existing budget.	

## 1. PURPOSE OF REPORT

- 1.1 Over the past 12-18 months, Arun District Council has had multiple discussions with developers around difficulties in disposing of s106 affordable housing to Registered Providers (RP's). In response to this, a report was commissioned to look at the issues and provide advice around how we should carry out these discussions around alternative delivery of affordable housing on sites through varying the requirements of planning obligations.

## 2. RECOMMENDATIONS

That the contents of the Three Dragons report are noted and that it is adopted for the purposes of discussions and negotiations with applicants who are seeking to submit Deed of Variation applications in respect of affordable housing.

## 3. EXECUTIVE SUMMARY

- 3.1 The report outlines the issues associated with the deliverability of affordable housing in recent years and recommends a framework for considering amendments through Deeds of Variation applications.

## 4. DETAIL

4.1 Any amendments to the delivery of affordable housing on sites with planning permission is required to be agreed through the submission of a deed of variation (DoV).

4.2 Over the past 12-18 months, the council has had to have discussions with multiple developers around the difficulties of disposing of affordable housing units to Registered Providers (RP's) to deliver a s106 compliant scheme. This is a national issue that has come about in recent times as a result of the funding received from RP's (in part). RP's have ceased involvement in new s106 schemes and have become far more selective in what they get involved in. The amount RP's are willing to pay have reduced and they are concentrating their funding on improvements to existing stock. The work has also highlighted issues with safety and decarbonisation requirements as reason why RP's are also not taking on s106 units. All of this results in a reduction in the number of affordable homes coming forward and difficulties in bringing forward large development sites.

It is important to acknowledge that the receipt of any DoV application that follows on from the above issues is being submitted due to deliverability issues rather than viability issues.

4.3 In the short term, a solution to these issues must be found and officers commissioned a report to look at how the council could manage this issue and provide some kind of framework to have these discussions around alternative delivery in order for development sites to continue to be delivered. However, it has to be accepted that being proactive and flexible will result in a reduction of overall numbers of affordable housing.

4.4 It is unknown how long these issues in the market will persist and it is hoped that future funding programmes and changes to national policy will address this issue. There are also some recommended actions for the council in order to attempt to address some of the issues locally.

4.5 The report (in section 5) seeks to set out a framework to follow when assessing options for the amended delivery of affordable housing in order to arrive at the most beneficial outcome for that scheme. This is around ensuring that the requisite evidence is submitted to demonstrate that the policy compliant s106 cannot be delivered as well as looking at alternative options. These include

- Amending the tenure of some or all of the units  
(the potential implications on overall numbers in set out in Appendix 2 of the report)
- Amending the phasing of delivery
- When commuted sums may be received
- 'Gifting' affordable units to the council

To varying degrees, all of these options are likely to result in a reduction in overall numbers. However, the fundamental principle of any discussion around amendments is that whatever is proposed is equal in cost to the developer as a s106 compliant scheme would have been and evidence of this is essential.

This must include factoring in the Community Infrastructure Levy which would not be applied to affordable units but must be applied to open market units.

- 4.6 The work undertaken has highlighted a number of recommendations for work that the council (both Planning & Housing officers) need to carry out. This includes
- Restart RP liaison group – enabler to work with group – may include working with neighbouring authorities.
  - S106 template for AH to be reviewed by housing planning and legal – including cascade options and timetable – and including RP preferred partners and building standards
  - Development of an affordable housing SPD or policy statement to include recommendations on tenure and dwelling mix for AH could be included – being careful not to predetermine future local needs assessment. This is also because First Homes are no longer required to be part of the affordable housing mix and should also review how AH units are concentrated and whether there are maximum/minimum numbers in flatted clusters.
  - Begin working with a financial viability model to ensure a consistent approach to calculating commuted sums. This can also be used to generate financial contributions from the rounding down proportions that currently takes place so that the instances where less than one dwelling is required now results in the payment of a commuted sum.
  - Review and/or amend a minimum build standards document that should be applied to new development and incorporated within the council's s106 template.
- 4.7 At the time of publication of the agenda, the background document was being finalised. This will be uploaded and circulated in advance of the meeting.

## **5. CONSULTATION**

5.1 None

## **6. OPTIONS / ALTERNATIVES CONSIDERED**

6.1 To adopt a position whereby the council will only accept the delivery of a s106 compliant scheme under the current circumstances would be unreasonable and would lead to the stalling of multiple developments. It would also result in a significant number of appeals that would be exceptionally difficult to defend.

**7. COMMENTS BY THE GROUP HEAD OF FINANCE/SECTION 151 OFFICER**

7.1 Additional work will be completed by Planning & Housing officers which will then be reviewed by legal all working within Arun, therefore there is no additional cost to the council and is covered within existing budgets.

**8. RISK ASSESSMENT CONSIDERATIONS**

8.1 N/a

**9. COMMENTS OF THE GROUP HEAD OF LAW AND GOVERNANCE & MONITORING OFFICER**

9.1 No comments to make.

**10. HUMAN RESOURCES IMPACT**

10.1 None

**11. HEALTH & SAFETY IMPACT**

11.1 None

**12. PROPERTY & ESTATES IMPACT**

12.1 No comment.

**13. EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE**

13.1 The outcome of this work may be fewer affordable housing units are able to be delivered in the short term.

**14. CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE**

14.1 None

**15. CRIME AND DISORDER REDUCTION IMPACT**

15.1 None

**16. HUMAN RIGHTS IMPACT**

16.1 None

**17. FREEDOM OF INFORMATION / DATA PROTECTION CONSIDERATIONS**

17.1 None

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**BACKGROUND DOCUMENTS:**

Affordable Housing Delivery in Arun – March 2025 (to be published before the meeting)