

WEST NORTHAMPTONSHIRE COUNCIL PLANNING POLICY COMMITTEE

28th June 2022

Cllr Rebecca Breese, Portfolio Holder for Planning, Built Environment and Rural Affairs

Report Title	Community Infrastructure Levy – Discretionary Relief for Social Housing
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Contributors/Checkers/Approvers

West 151	Martin Henry	Emailed 10 th June 2022
Director	Stuart Timmiss	Emailed 10 th June 2022
Communications Lead/Head of Communications	Becky Hutson	10 th June 2022
Legal	Theresa Boyd	14 th June 2022

List of Appendices

None

1. Purpose of Report

- 1.1. To seek Members' approval to amend the Community Infrastructure Levy (CIL) regimes in place across West Northamptonshire to provide for Discretionary Social Housing Relief in respect of Discounted Market Sale housing.

2. Executive Summary

- 2.1 The current CIL regimes in place for West Northamptonshire include provisions for mandatory relief for most types of social housing, but they do not include discretionary relief for Discounted Market Sale housing, however this is recognised by the National Planning Policy Framework as an affordable housing product. This report seeks members approval to amend the regimes in place across West Northamptonshire to include this discretionary relief.

- 2.2 In order to allow this Relief the Council has to put in place a policy setting out what is required to qualify for this relief, including the criteria governing who is eligible to occupy the homes and how these will be allocated. The Council's Strategy and Partnership Team have prepared a policy position for Discounted Market Sale products. This guidance document provides the Council with a policy and procedure framework to determine the discounted value of a property and the eligibility criteria for intended purchasers.

3. Recommendations

- 3.1 It is recommended that the Planning Policy Committee:
- a) Agrees that the Community Infrastructure Levy regimes in place for West Northamptonshire be amended to include Discretionary Social Housing Relief for Discounted Market Sale housing.

4. Reason for Recommendations

- 4.1 To seek Members' agreement to amend the CIL regimes to allow for Relief for discounted Market Sale housing.

5. Report Background

- 5.1 The Community Infrastructure Levy (CIL) is a charge made on new developments to fund local infrastructure projects required as a result of new development. In West Northamptonshire, all three former councils adopted CIL prior to vesting day for the unitary council. In each area the charge only applies to new residential and retail development. Legislation specifies that CIL can only be charged where a development results in a net gain of 100 square metres of floor space or more.
- 5.2 CIL can be a substantial development cost and can therefore have a significant impact on development viability, especially for social housing schemes where margins are generally tighter. By way of an example a typical 3 bed house with a floor area of 93 square metres would incur a charge of approximately £23,000 in the south area (slightly higher in Daventry area and lower in Northampton). To mitigate this issue, mandatory relief from CIL exists for social rent, affordable rent, intermediate rent and shared ownership properties. This means that developers do not have to pay the levy on properties built for these tenures, providing they apply to the Council for relief as it isn't granted automatically.
- 5.3 In response to the introduction of First Homes the CIL Regulations were amended to allow relief for homes that are sold at no more than 70% of their open market value at their first and any subsequent sales. However, the definition of affordable housing in the National Planning Policy Framework (NPPF) includes other affordable housing models such as Discounted Market Sale (DMS) which can be sold at up to 80% of open market value and are therefore not covered by the amended Regulations. As such DMS properties would incur a CIL charge if delivered in West Northamptonshire. This harms the viability of delivering Discounted Market Sale homes and

therefore reduces the potential to include them in an affordable housing mix as part of affordable housing negotiations. In turn this reduces choice in the affordable housing market.

5.4 To address this issue, Local Authorities have the option of implementing Discretionary Social Housing Relief (DSHR). DSHR extends CIL relief to cover properties sold at up to a maximum of 80% of market price so they won't incur a CIL charge, subject to an application for relief being made to the Council.

5.5 It is recommended that Members agree to the introduction of the Discretionary relief.

6. Issues and Choices

6.1 The Council could decide to continue with its existing regimes, however this may result in DMS properties not coming forward, or not coming forward at the rate they would if Relief was introduced.

7. Implications (including financial implications)

7.1 Resources and Financial

7.1.1 If the DSHR is agreed to it would result in the loss of some income to the Council. It isn't possible to be precise about the number of properties that would come forward that would claim this relief, however based on current levels of interest it is anticipated that numbers would be small. Importantly the proposal would place the DMS product (which is recognised by the NPPF as an affordable housing product) on the same footing as the other affordable products.

7.2 Legal

7.2.1 The Community Infrastructure Regulations provide for the introduction of relief for DMS products (in particular regulation 49).

7.3 Risk

7.3.1 The removal of the need to pay CIL could result in schemes where DMS products are promoted by landowners and developers at the expense of other affordable products. It is considered that this could be managed by the use of housing needs evidence to ensure a suitable mix of products is provided.

7.4 Consultation

7.4.1 Prior to the CIL regime being introduced it went through consultation stages. This minor amendment to the regime does not require consultation.

7.5 Consideration by Overview and Scrutiny

7.5.1 Not applicable.

7.6 Climate Impact

7.6.1 There are no direct consequences of this report.

7.7 Community Impact

7.7.1 The approach would make the DMS product more viable and therefore extend the range of affordable products that will be made available across the area.

7.8 Communications

7.8.1 Subsequent amendments to the CIL regimes will be communicated to relevant stakeholders as and when required.

8. Background Papers

8.1 None