

All Party Member and Officer Working Group on 'Developer Contributions'

Developer Contributions Guidance for Officers

This guidance on how to assess what Development Contributions are available, and how to divide up what is available, were agreed following further Member discussion and consideration at Working Group 6. They will be used by the Developer Contributions Officer Group together with agreed flowcharts and the summary of planning obligations.

1. Preamble:

- 1.1 The amount of Developer Contributions which a project can support will be calculated by the City Council's Valuers based on a development appraisal provided by the developer. This will follow open negotiation and discussion between the Developer, the Development Control Case Officer and other relevant Specialist Officers. Following this assessment the judgement of the Council's Valuer on the development appraisal will be final. This together with all material planning considerations will be reported to the Development Control Committee for their consideration. Where 30% affordable housing is not being provided, Property Services will assess whether the case is reasonable and evidenced and advise on what level of affordable housing would be viable with and without grant aid.
- 1.2 The priorities set out in this guidance relate to the summary of planning obligations (May 2006) and to the relevant policies in the City of Leicester Local Plan.
- 1.3 When working with developers, the presumption should be that there will always be some affordable housing in a primarily residential development. The need for particular housing types should be taken into consideration. Affordable housing and appropriate housing types should, therefore, be "designed in" not "designed out" from the first stages. This can be assisted by introducing residential developers to Housing Associations at the outset.
- 1.4 In negotiating contributions, officers will make it clear that the Council's intention is that planning obligations will impact on land values. It is expected that these costs will be passed back to land owners. Clear and consistent application of requirements will lead to more successful negotiations over time as landowners

expectations more appropriately reflect these requirements. Requirements will also generally be related to the local context.

2. Priority one will be to provide for the physical infrastructure needed to deliver the project as without this, the scheme will not proceed.

2.1 This would include the provision of highway works, meeting travel plan and sustainable transport requirements and dealing with public rights of way, all of which are needed before the development can take place. Other infrastructure requirements such as off site flood defence or drainage improvements would also fall into this category.

2.2 Costs specific to a particular development must also be taken into account. This could include, meeting archaeological requirements, restoring a listed building, protecting a biodiversity site or dealing with contaminants. Requirements in respect of sustainable construction, sustainable waste management and air quality and renewable energy are also included here.

2.3 These requirements will be incorporated in the development appraisal as essential costs. With all these costs, the Council's valuer will assess with extent to which they could or should be taken into account in the land value. This would reflect the fact that there are many factors which determine a land value. The extent to which these costs are unknown or only become known once a site has been purchased will be taken into account. Property Services will advise whether costs can be considered as abnormal or unforeseen at the time of purchase.

2.4 The Developer Contributions Working Party will bear in mind that seeking high specifications on essential infrastructure will reduce the availability of funds for other contributions and come to a balanced view. They will also have regard to the overall quality of the development.

2.5 Every effort will also be made to find other sources of funding to pay for some of these infrastructure costs. This could include the Local Transport Plan, English Partnerships, EMDA or City Council Capital Programme funds.

3. Priority two will be to provide for essential community needs – these would be a first call on developer contributions

3.1 This relates to the provision of community facilities that are required to support a development – particularly a residential development. Contributions towards education facilities, open space (both new open space and enhancement of existing open space) and play areas will be sought as set out in the Local Plan and as detailed in the summary of developer contributions. In assessing these contributions, regard will be had to:

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- (i) the extent to which existing facilities are available nearby and readily accessible. For example, new housing requires open space but if there is already open space on an adjacent site then contributions towards new open space may not be needed. Similarly, contributions towards educational facilities may not be sought if there are vacant places in a nearby school.
 - (ii) The extent to which other agencies (or indeed the City Council) could fund such facilities.
- 3.2 Public realm improvements are important in their own right in meeting community needs but have the added benefit of increasing the end value of developments which can lead to an increase in the amount of developer contributions which can then be used to fund other things.
- 4. Priority three will be to provide for the other planning obligations listed in the summary – these would be a second call on developer contributions**
- 4.1 It is unlikely that every thing can be provided via developer contributions. The Developer Contributions Officer Group will discuss various combinations or options which could be sought. In doing so, officers will take into account the relative needs based on consideration of the Council's strategies and policies. Where it is not possible for officers to agree on the balance of these requirements, Member guidance will be sought from the Cabinet Lead for Regeneration and Planning.
- 4.2 In the case of residential development, Officers will also take into account Local Plan Policy HO6 which sets out the need for mixed communities. To assist developers, they will be introduced to Housing Associations from the outset. Only in exceptional circumstances should a primarily residential development above the threshold have no affordable housing. Where there is a possibility of Housing Corporation funds but they are not yet secured, the contribution should be set out on a sliding scale to reflect this. Affordable housing should be provided in line with policies set out in the Local Plan and the Council's Housing Strategy. The starting point would be to seek to provide 30% affordable housing on site but if the amount of money available from developer contributions is insufficient to provide for this, then a lesser amount will be negotiated to meet the needs of any particular areas of the City. If it is inappropriate to provide affordable housing on site then a commuted sum can be made as an alternative.

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- 4.3 Also included within this category are contributions towards community facilities (libraries, health centres and sports halls), training and employment (both construction related and end use related) art in the environment, (for example, art incorporated into design features rather than individual public works of art), sustainable waste, water management and the heritage skyline.
- 5. Tariff to raise the Developer Contribution calculated to be available the Viability Assessment.**
- 5.1 Within designated areas (LRC intervention areas, old town development area) it may be appropriate to apply a tariff for a range of physical infrastructure where the scale of that infrastructure cannot be met by one developer alone. This tariff would raise the amount of Developer Contribution calculated to be available, site by site, through the Viability Assessment modelled by Property, in conjunction with the LRC.
- 5.2 For instance, the scale of flood prevention measures needed in the Riverside Area cannot be realistically met on a development-by-development basis, or a new urban park was needed in the city centre the costs should be spread across city centre developments. Where the tariff operates, the Council must predetermine what the infrastructure needs are, [and any surplus 106 from individual developments will be allocated to affordable social housing, type/tenure/size to be negotiated site by site].