

## APPENDIX 1

### **Affordable Housing Section 106 Commuted Sums Grant Policy**

#### **Introduction**

1. The delivery of high-quality affordable homes is of great strategic importance to the council. Homes which are affordable, and delivered to high design and environmental standards, have a very significant impact on quality of life for the council's residents.
2. Section 106 (S.106) of the Town and Country Planning Act 1990 allows each local authority to enter into a planning agreement with a planning applicant which sets out certain enforceable obligations. These relate to the carrying out of a development. One of these obligations can be the payment of a financial contribution in lieu of the on-site delivery of affordable housing.
3. The council currently receives commuted sums (financial contributions) in certain circumstances, in lieu of the on-site delivery of affordable housing. These sums are made available for a number of purposes, including to enable the delivery of further affordable homes. Projects should demonstrate that they are making a significant contribution to the affordable housing stock through the provision of high-quality homes which are genuinely affordable to lower income households in the area.

#### **Applying for Grant Funding**

4. The council may make funds available to enable the delivery of new affordable housing where proposals can demonstrate a significant contribution to meeting housing need in the district in a way that addresses the key areas contained in this document. Project proposals are expected to align with the majority of the key priorities below, reflecting the councils' Housing Delivery Strategy 2022-2024. These are: -
  - Delivers affordable housing
  - Delivers social rent
  - Community led
  - In area where there is a high level of demand and deficit of supply
  - Meets net zero or better carbon build standards
  - Not able to access Homes England funding
  - Meeting need from the housing register (e.g. regeneration)
  - Delivers affordable housing in perpetuity
5. It is important that any application for grant funding demonstrates that it contributes to meeting the majority of these priorities before it can be

### Listening Learning Leading

considered. Significant weight will be given to how a project proposal meets these priorities in assessing applications.

6. In addition to the above strategic priorities, all proposals must comply with relevant Local Plan policy requirements, building regulations, meet the Nationally Described Space Standard as a minimum, and seek to achieve maximum household occupation through appropriate bedroom sizes.

### Eligible Costs

7. Grant funding is awarded in relation to identified cost elements. These are: -
  - Acquisition (usually the cost of land)
  - Works (build costs)
  - Oncosts (fees directly associated with the projects, such a planning fees)

### Application Assessment and Criteria

8. Where an application is considered to contribute to meeting strategic priorities identified in the Housing Delivery Strategy, then assessment will consider factors relating to the ability to deliver and financial robustness and grant requirement.
9. The following criteria are grouped into themes. Applicants will be required to provide evidence within the application to cover all these considerations. They form part of the assessment process, and will also form part of the overall scoring assessment: -

#### **Governance**

- Governance structure
- Incorporated company
- Community led
- Registered Provider
- Capability – skills, capacity, experience

#### **Financial Robustness and value for money**

- Unit and scheme costs demonstrating VFM
- Proportion of grant funding against scheme costs
- Other sources of funding
- Robust feasibility appraisal/financial viability assessment
- Risk assessment

#### **Project management**

- Proposed site status

### Listening Learning Leading

- Realistic project plan
- Project management capacity
- Any milestones achieved
- Demonstration of community engagement
- Evidence of LA discussions/support

### Scheme features

- Good housing type and tenure mix
- Design aligns to council policy
- Use of innovative methods
- Low, zero or negative carbon

**Specifically for applications related to homes to be provided in South Oxfordshire District Council**, any projects that propose gas heating will automatically be given a score of zero in this category, and this issue will be highlighted in any decision report. Conversely, greater weight will be given to housing schemes that can clearly demonstrate and evidence that the resulting scheme will be considered low carbon.

**Specifically for applications related to homes to be provided in Vale of White Horse District Council**, greater weight will be given to housing schemes that can clearly demonstrate and evidence that the resulting scheme will be considered low carbon.

- Added social value (e.g. use of local contractors, apprenticeships)

### Financial Appraisal

10. The financial appraisal of a proposal will undergo the following review process. It is therefore important that an application is accompanied by sufficient information to allow a full appraisal to be undertaken.

a) Application received with supporting information

- Land acquisition and independent RICS valuation
- Independent RICS unit GDV valuation
- Contractor selection process
- Contractor tender process
- Contractor cost analysis
- LA completed model

b) Analysis of development cost information. Ensure the cost analysis meets minimum build standards, including meeting all environmental standards.

c) Review levels of grant funding.

d) Holistic review of application

### Listening Learning Leading

- e) Financial risk review
- Governance
  - Financial robustness
  - Project management
  - Scheme features

11. At each review point a negative outcome will present the opportunity for the applicant to resubmit their application with amendments based on the feedback received.
12. The councils' affordable housing team will review the financial information presented and then compare against industry standard Key Performance Indicators, such as:
- IRR - Internal rate of return
  - GDV - Gross development value
  - POC- Profit on cost
  - CPSft – Cost per square foot/meter
  - PDG - Property demand growth.

A summary of the financial appraisal will be sent to the finance team to for assessment and comments.

## Scoring

13. Applications must meet the essential criteria and address the key strategic priorities of the council's Housing Delivery Strategy as outlined in this document. Where there is a limit on the availability of funds, scores will be used to rank competing applications. It is therefore important to provide as much detail as possible in the application.

### Scoring Matrix

| <b>Governance</b>  | Score (0-3 points) |
|--|--------------------|
| Governance structure   |                    |
| Incorporated   |                    |
| Registered Provider  |                    |
| Capability – skills, capacity, experience                    |                    |
| <b>Financial robustness and value for money</b>              |                    |
| Unit and scheme costs demonstrating Value for Money          |                    |
| Proportion of grant funding requested (of total scheme cost) |                    |

### Listening Learning Leading

|  |  |
|--|--|
| Robust feasibility appraisal/financial viability assessment          |  |
| Other sources of funding   |  |
| Risk assessment  |  |
| <b>Project management</b>  |  |
| Proposed site status   |  |
| Realistic project plan   |  |
| Project management capacity  |  |
| Milestones achieved  |  |
| Demonstration of community engagement                                |  |
| <b>Scheme features</b>   |  |
| Good housing type and tenure mix                                     |  |
| Design aligns to council policy                                      |  |
| Use of innovative methods  |  |
| Added social value   |  |
| Meets zero carbon or better  |  |
| <b>Strategic</b>   |  |
| Delivers affordable housing  |  |
| Delivers Social Rent   |  |
| Community led  |  |
| Area where high level of demand and deficit of supply                |  |
| Not able to access Homes England funding (e.g. regeneration project) |  |
| Meeting need from housing register                                   |  |
| Delivers affordable housing in perpetuity                            |  |

14. Scoring will be undertaken by officers within the affordable housing team, and scores will be applied on a 0 – 3 basis for each category, depending upon how closely the various elements of a project fit with the elements above.

|   |   |                                 |
|---|---|---------------------------------|
| 0 | - | Element not present / evidenced |
| 1 | - | minimal presence / evidence     |
| 2 | - | Significant presence / evidence |
| 3 | - | Present / fully satisfactory    |

For example, a proposal which meets only minimum building regulation standards is likely to score 1, whereas a zero-carbon scheme would score a 3. A development comprising all Social Rent would score 3, whereas a development comprising a mix of Affordable Rent and Social Rent may score a 2, depending upon the proportion Social Rent.

### Documentation required with the application

15. The applicant must ensure that the documentation provided with the application is sufficient and detailed enough to enable the council to make a

### Listening Learning Leading

thorough assessment of the proposal to be able to arrive at an informed decision. Where evidence is lacking or incomplete, this will be reflected in scoring or rejection of the application. The following documents must be included in any submission, in addition to other supporting documents.

- Financial viability appraisal, including a complete breakdown of all associated costs
  - Title documents (where applicable)
  - Planning consent
  - Constitution
  - Location plan
16. All total scores, along with a summary of the application, will be reviewed by the Housing Delivery Manager and Head of Housing and Environment before progressing further to a report to Council. The purpose of this review is to ensure that scores have been reached in a reasonable way, and that they can be justified.

### **Grant Funding Agreement and Payment of Grant**

17. Any successful applicant will be required to enter into a legally binding grant funding agreement before any funds are released. The agreement will set out the terms on which the grant is made available. The council has a legal duty to protect public funds and a contractual obligation under the S106 Agreement to ensure that the grant is used for its intended purpose. Grant will become repayable should the project not deliver as set out in the agreement, or in the event that any affordable homes delivered with the benefit of grant, cease to meet the definition of affordable housing.
18. Applicants should note that the council will require a restriction to be placed on the title of any property utilising any grant funding requiring the council's permission in the event of any disposals. Where a recipient body is not a Registered Provider, the council will ordinarily require a legal charge on the relevant land.
19. Grant will be paid in stages throughout the life of the development phase. These will be identified within the grant agreement which will be sent out in advance to enable the recipient to take legal advice. The key payment stages typically comprise five milestones, with total grant payable, apportioned between them.

### **Timetable and Process**

20. Potential applicants for grant funding to support their affordable housing schemes should read the Housing Delivery Strategy, and this policy. Further

### Listening Learning Leading

advice can be sought by approaching the councils' affordable housing team at the following email address [affordablehousingteam@southandvale.gov.uk](mailto:affordablehousingteam@southandvale.gov.uk)

21. Following submission of a grant funding application via email ([affordablehousingteam@southandvale.gov.uk](mailto:affordablehousingteam@southandvale.gov.uk)), the council will acknowledge receipt of the application within 10 working days.
22. The council will provide an indication timescale at this stage. This will depend significantly upon the quality of the information provided with the application.
23. Once assessed, a report will be produced by officers (if the application is successful), which will be reviewed by Cabinet.
24. If approved by the Cabinet, a subsequent meeting of the Full Council will need to agree to allocate the funds from the Section 106 fund in most cases. The meeting date can be provided to applicants once a Cabinet resolution to approve has been made.

Date of Publication

August 2023

Listening Learning Leading

Application Form

**IMPORTANT**

The information provided with this application will be used to determine whether the project is recommended for grant funding to the council's Cabinet. You should therefore ensure that the form is fully completed, detailing how your proposal meets the council's priorities and objectives for grant funding set out in this document. All relevant supporting documentation must be submitted with the application.

Name and address of applicant body

Contact name

Telephone

Email

RSH Registration Number (if applicable)

Site address

Summary of project

Planning reference (if applicable)



**Listening Learning Leading**

|                                    |  |
|------------------------------------|--|
| Social Rent (yes/no)               |  |
| Affordable Rent (yes/no)           |  |
| Net-zero carbon or better (yes/no) |  |

Please set out how the proposals meet the council's key priorities and objectives

|  |
|--|
|  |
|--|

Tenure and dwelling type schedule

| Tenure          | 1 bedroom | 2 bedroom | 3 bedroom | 4+ bedroom |
|-----------------|-----------|-----------|-----------|------------|
| Social Rent     |           |           |           |            |
| Affordable Rent |           |           |           |            |
| Total           |           |           |           |            |

Rents (p/w)

| Tenure          | 1 bedroom | 2 bedroom | 3 bedroom | 4+ bedroom |
|-----------------|-----------|-----------|-----------|------------|
| Social Rent     |           |           |           |            |
| Affordable Rent |           |           |           |            |

Average weekly market rent

| 1 bedroom | 2 bedroom | 3 bedroom | 4+ bedroom |
|-----------|-----------|-----------|------------|
|           |           |           |            |

General Needs or Supported?

|               |  |
|---------------|--|
| General Needs |  |
| Supported     |  |

Project costs

|                           |  |
|---------------------------|--|
| Acquisition               |  |
| Build                     |  |
| On-costs                  |  |
| Total project costs (TPS) |  |

Project funding

Listening Learning Leading

|                                       |  |
|---------------------------------------|--|
| Grant                                 |  |
| Private borrowing                     |  |
| RCGF                                  |  |
| Other public subsidy (please specify) |  |
| Total (should equal TPS above)        |  |

Project proposal

Net-Zero carbon or better

Please use this space to provide a full description of the project. This should include how it contributes to meeting housing need in the district, including the need for genuine affordability. You should include basic technical details in relation to heating and energy supply, such as photovoltaics or heat pumps, together with information on construction methods and any fabric first principles.

Grant requirement

In addition to providing supporting documents, please briefly explain why the project requires grant funding to enable it to proceed.

Document list

Please list the supporting documents submitted with this application.

Date

Name and signature