

Chartered Institute of Housing response to the All-Party Parliamentary Group (APPG) on Housing and Planning inquiry into England's developer contributions systems

Chartered Institute of Housing (CIH) welcomes the opportunity to respond to this inquiry and would be happy to discuss any details of our response and be involved in work going forward on this topic.

Q.1: What is your aspiration for England's developer contribution system? (100 words)

Our aspiration is an enhanced system where delivery of affordable housing cannot be squeezed out, and where onsite (genuinely) affordable housing is delivered which reflects local needs in terms of tenure, type and size.

We believe work on the Infrastructure Levy should be halted, and the resources and effort diverted to improving the current system. This would include properly resourcing local authority planning and legal teams and supporting councils to insist on onsite affordable housing delivery to create balanced and mixed communities. Section 106 (s106) should be strengthened to remove scope for authorities to be 'out resourced' and contributions negotiated down.

Q.2: What has been your experience of Section 106 and CIL? Please provide any evidence you can to demonstrate why improvements are necessary. (200 words)

S106 is an imperfect tool. Some scheme negotiations can be protracted and complex. The price of the affordable housing can be too high if social landlords end up in a situation of bidding against each other, and there have also been questions about the quality of the affordable homes sometimes provided. However, whilst there is room for improvement, it is a well understood tool by all involved and allows for flexibility and discretion on a site-by-site basis. **At its best**

S106 creates vibrant, genuinely mixed development to support a range of housing types, sizes and tenures to meet different needs.

Developer contributions through s106 currently play a critical role in delivering affordable and social housing, with s106 alone accounting for [almost 50 per cent](#) of all affordable homes delivered annually. Most of the homes provided through s106 are done so without any government grant (which has reduced considerably since 2010). S106 therefore plays a major part in delivering the housing the country needs for people on lower incomes, independent of the government's Affordable Homes Programme. **With low levels of investment in social housing, s106 is a vitally important tool for funding social homes through the planning system.**

**3. How would you recommend that government improve Section 106? Please provide any evidence you can to demonstrate why these changes would be effective.
(350 words)**

Improved resourcing, training, and advice available to local authorities (for planning officers and legal teams) would be a first and important step to dealing with many of the frustrations with the current system. S106 negotiations require time and technical skill, with financial viability assessment requiring complex modelling expertise. Many local authorities lack the in-house capacity necessary, limiting their ability in negotiations and proving no match for developers.

Changes in 2019 forcing greater transparency of viability assessments were welcome, but the viability assessment process still ["provides a loophole for developers to escape their affordable housing obligations"](#). Anecdotally we know that where local authorities have most success in ensuring affordable housing is not negotiated away, they have:

- strong leadership which prioritises affordable housing delivery,
- well-defined local plans which set out clear expectations of what is required of developers, and
- the professionalism and resources to ensure obligations are met in practice, resorting to enforcement mechanisms where necessary.

Improvements to the system should seek to ensure these conditions are the norm rather than the exception. The recently launched Planning Skills Delivery Fund is a

first step towards this, but significant change will require sustained investment and training.

We know that too often so called 'affordable' homes are not affordable for those who need them most. A national definition is needed which relates 'affordable' and 'affordability' to local incomes, with targets for social rented housing linked to a proportion of lowest quartile household incomes rather than average household incomes. Improving s106 should result homes which are genuinely affordable and reflect local need. The local plan process should ensure tenure and affordability-based targets based on comprehensive assessments of current and future housing need taking account of the full range of needs, including people who are homeless and registered on council waiting lists. This must then be reflected in term of the affordable homes provided through s106.

The ability to seek affordable housing contributions from sites of less than 10 dwellings, particularly in rural areas, is another area which for consideration. Sites in rural areas tend to be small and the threshold often results in no affordable housing being provided. The adoption of lower thresholds and changing the definition of 'designated rural areas' to all parishes with populations of 3k or less would make a significant impact.

**4. How would you recommend that government improve the Community Infrastructure Levy? Please provide any evidence you can to demonstrate why these changes would be effective.
(350 words)**

No comment

5. If you're able, please share a link of your formal IL consultation response here.

CIH's response can be found below:

<https://www.cih.org/publications/cih-submission-to-the-technical-consultation-on-the-infrastructure-levy>

About CIH

The Chartered Institute of Housing (CIH) is the independent voice for housing and the home of professional standards. Our goal is to provide housing professionals and their organisations with the advice, support, and knowledge they need. CIH is a registered charity and not-for-profit organisation. This means that the money we make is put back into the organisation and funds the activities we carry out to support the housing sector. We have a diverse membership of people who work in both the public and private sectors, in 20 countries on five continents across the world. Further information is available at: www.cih.org.

Contact:

Hannah Keilloh, policy and practice officer, Hannah.keilloh@CIH.org
September 2023