

SMALL SITES CONTRIBUTIONS

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Several London Councils have adopted Local Plans in 2022 and several more are at advanced stages with their emerging Local Plans. In the past couple of years, we have seen a trend toward the lowering of affordable housing thresholds so that smaller schemes below 10 units seek contributions towards affordable housing in their Boroughs. These are often referred to as ‘Small Sites Contributions’

The prevalence of these requirements stems from some London Boroughs (indeed some outside of London too), being highly unaffordable places to purchase properties. Through justification that it will not stifle development, councils are able to argue that small schemes can contribute towards affordable housing provision. This is usually sought through payments.

One of the first to adopt was the London Borough of Islington in 2012 which remains in place today. For each new dwelling, a contribution of £50k is required (£60k in City Fringe Area).

For a period, based on high court judgements, these small contributions were found to be inconsistent with the NPPF and not appropriate. However, councils have since been able to present evidence that due to acute housing affordability issues, they are necessary. Rather unsurprising given that there is a chronic undersupply of housing.

Up until very recently, only Islington, Camden and Richmond in London were continuing their requirement for

small sites contributions based on higher average sales values.

Recently adopted plans in Tower Hamlets, Hackney, Southwark and Brent have brought in contributions for small sites after Inspectors ruled them as justified.

Interestingly, Lambeth, whose plan originally proposed small sites contributions was directed to remove this policy by the Inspector as it was inconsistent with national policy. I suspect they were rather miffed given neighbouring Southwark got theirs through shortly after.

There are many instances where the numbers just don't stack up. SME developers will be all too aware of this story. In such circumstances, it is possible to submit viability evidence to justify lower or even nil contributions.

However, this often significantly delays the determination of an application while the unknown negotiations are difficult to factor into a developer's appraisal of what to offer for a site. This level of risk is what puts many SME developers off from delivering schemes which exceed 9 units in the first place.

This was the most compelling reason for the removal of the policy in Lambeth. The Inspector highlighted the Lichfield study showing that due to disputes on land values, average determination periods are taking 71 weeks which is "contrary to the national aim of significantly boosting the supply of housing."

Emerging Policy

Developers can react to these changes and perhaps avoid investment in areas that seek such contributions however it is imperative to watch trends and emerging policies.

Merton is currently at examination and is generally regarded as being pro-development. They are seeking contributions on small sites. Barking and Dagenham too are proposing such a policy change while Wandsworth in their early Issues and Options consultation has asked the question of whether the threshold should be changed in their emerging local plan.

The direction of travel, in London, appears to be moving towards bringing forward policies which seek affordable housing contributions for small sites. Even in locations where housing has traditionally been considered more affordable, for example, Barking and Dagenham. As more adopt such policies, expect others to follow. Government may seek to restrict this, as they suggested in their planning reform consultation, however as it is a matter of policy it is effectively up to local councils to set this out and justify even where it conflicts with national policy.

The trend may also extend beyond London. For years both Elmbridge and Three Rivers District Councils have sought such payments.

With affordability becoming worse there is a risk that other councils seek to lower the threshold not just in London but across the Southeast. We monitor situations across a number of authorities, not just in terms of what policy says but how it is being applied in decision making. If you have a site in these locations then please get in touch.

https://lichfields.uk/media/6180/small-sites-unlocking-housing-delivery_sep-2020.pdf

https://beta.lambeth.gov.uk/sites/default/files/2021-07/Lambeth%20Local%20Plan%20Report%20-%20final_3.pdf