

Birmingham City Council – Community Infrastructure Levy Background Evidence

Section 106 monies raised and affordable housing
provision

Community Infrastructure Levy – S106 Background Evidence.

This document has been prepared in accordance with Planning Practice Guidance – Community Infrastructure Levy (updated 12 June 2014) which states “As background evidence, the charging authority should also provide information about the amount of funding collected in recent years through S106 agreements. This should include information on the extent to which their affordable housing and other targets have been met. As a result, the Council has set out this information in the tables below.

Approximately £4.3m is received annually in S106 receipts, although some large, significant developments in the city have led to fluctuations in the amounts received.

Amounts raised in recent years (all figures at December 2014).

		NUMBER	VALUE £m	S106 Received £m
Total number of S106 agreements since 2000/1		872	162.0	
Total number of Current and Live S106 agreements		481	88.0	
Total of S106 Current Account balances		N/A	16.3	
	2001	42	4.8	Not recorded
	2002	56	4.7	Not recorded
	2003	41	6.7	Not recorded
	2004	53	2.6	Not recorded
	2005	61	18.4	Not recorded
	2006	97	16.9	Not recorded
	2007	90	17.5	Not recorded
	2008	79	9.3	9.5
	2009	47	22.5	4.8
	2010	46	2.1	5.1
	2011	51	22.5	3.7
	2012	59	7.7	5.4
	2013	57	5.7	1.5
	2014	56	10.9	1.7
	2015 to date	37	9.7	3.5

Affordable Housing.

Table 1 comprises the number of affordable homes secured through S106 agreements, constructed, by type, and Table 2 summarises details of affordable housing in private developments.

The tables present a breakdown of the types of affordable housing provided in Birmingham. The UDP affordable housing policy states that the City Council will “seek the inclusion” of affordable housing on qualifying schemes. The City Council’s approach to implementing the policy means that the percentage of affordable housing secured can vary for the following reasons:

- Firstly the policy is applied flexibly. It is not the intention of the policy to deter developers from coming to Birmingham so the percentage is reduced where the cost of subsidising the full 35% affordable housing would render the development unviable.
- Other policy objectives such as meeting priority housing needs are taken into account when negotiating with developers. Different tenures of affordable housing require different levels of subsidy - social rented housing requires a much larger subsidy per dwelling than intermediate tenure housing. A development may be viable when providing 35% intermediate affordable housing but if it is located in an area where social rented housing is the priority the City Council may negotiate for additional social rented housing even though the same overall level of subsidy will deliver fewer houses and a smaller percentage.
- Account is taken of the mix and size of affordable dwellings and this may be adjusted following negotiation in order to best meet local housing needs (for instance to provide more family housing rather than single person housing). The increased cost of subsidising larger dwellings would result in a reduced percentage being achieved, even though the developer’s overall subsidy remained unchanged.

Each development proposal has to be assessed on its merits and the best outcome (and resulting percentage) will differ depending on the needs of the local area and the viability of the scheme. The best outcome is not necessarily a higher percentage.

Tables 1 and 2 do not include those dwellings provided under the Birmingham Municipal Housing Trust programme which receives a percentage of funding from S106 contributions in lieu of on-site affordable housing provision. To date, £1.8m of S106 funding has been used instead of HCA grant equivalent to £22k per dwelling, providing a subsidy to 81 properties.

Policy TP30 in the Birmingham Development Plan cements the city’s approach to affordable housing and states “The City Council will seek a developer contribution of 35% towards the provision of affordable housing on residential developments of 15 dwellings or more.” As with the affordable housing policy within the BDP, the City Council may seek to negotiate with the developer in order to revise the mix of affordable dwellings or to adjust the level of subsidy on individual dwellings.

Table 1 – Affordable Dwellings Completed (S106 Agreements) 2001 – 2014 (Gross)

Year	Secured through S106 Agreement			Total Affordable Completions
	Low Cost Market	Social Rent	Shared Ownership	
2001-2002	51	57	44	152
2002-2003	30	72	39	141
2003-2004	16	22	37	75
2004-2005	64	120	134	318
2005-2006	136	60	158	354
2006-2007	110	51	60	221
2007-2008	73	67	74	214
2008-2009	62	90	74	226
2009-2010	24	58	52	134
2010-2011	7	39	6	52
2011-2012	31	70	9	110
2012-2013	25	168	27	220
2013-2014	31	78	60	169
Totals	660	952	774	2,386

Table 2 – Total Dwellings Completed (inc. S106 Agreements) 2001 – 2014

Year	Gross Dwelling Completions	Gross Dwellings Demolished	Net Additional Dwellings	Gross Affordable Dwellings Completed (Section 106)
2001-2002	2,750	1,506	1,244	152
2002-2003	2,742	1,704	1,038	141
2003-2004	3,343	1,930	1,413	75
2004-2005	3,181	734	2,447	318
2005-2006	4,000	859	3,141	354
2006-2007	3,079	1,240	1,839	221
2007-2008	3,649	661	2,988	214
2008-2009	3,228	772	2,456	226
2009-2010	1,750	817	933	134
2010-2011	1,930	945	985	52
2011-2012	1,558	371	1,187	110
2012-2013	1,608	236	1,372	220
2013-2014	1,934	336	1,598	169
Total	34,752	12,111	22,641	2,386