

## **AFFORDABLE HOUSING PROVISION: NOTE ON THE OPERATION OF THE VACANT BUILDING CREDIT**

### **Background**

In November 2014 the Government introduced a new threshold for affordable housing contributions so that only developments of over 10 dwellings or 1,000 square metres of gross floorspace would be required to provide a contribution to the provision of affordable housing. The Government considers that this will assist in the delivery of housing on small-scale sites.

The Government has also introduced the Vacant Building Credit, in order to incentivise the development of brownfield sites. This is a financial credit equivalent to the existing gross floorspace of vacant buildings when the local planning authority calculates any affordable housing contribution which will be sought. The credit applies where vacant buildings are proposed to be brought back into lawful use or demolished and redeveloped. The credit does not apply to buildings which have been abandoned.

In light of these changes, this note provides guidance as to how the Council will apply the Vacant Building Credit and the implementation of Core Strategy Policy CS9.

### **Affordable Housing Contributions**

In taking account of the changes to national policy as a material consideration, the Council will no longer require affordable housing or affordable housing financial contributions for sites of less than 11 dwellings unless more than 1,000 square metres of new gross internal floorspace is proposed.

Where more than 1,000 square metres of gross floorspace is proposed for sites of less than 11 dwellings, the Council will seek the following contributions:

- On sites of 0.15ha to 0.49ha, 20% of the dwellings as affordable
- On sites of 0.5ha and above, 40% of the dwellings as affordable

Where 11 or more dwellings are provided, the Council will seek the following contributions:

- On sites providing between 11 and 14 dwellings gross, 20% of the dwellings as affordable
- On sites providing 15 or more dwellings gross, 40% of the dwellings as affordable

All other parts of Core Strategy Policy CS9 will remain as before.

Please note that the implementation of the new national threshold for Affordable Housing contributions does not alter a development's liability in terms of the Community Infrastructure Levy (CIL).

### **Vacant Building Credit**

The Planning Practice Guidance states that:

“Where a vacant building is brought back into any lawful use, or is demolished to be replaced by a new building, the developer should be offered a financial credit equivalent to the existing gross floorspace of relevant vacant buildings when the local planning authority calculates any affordable housing contribution which will be sought”.

“Where there is an overall increase in floorspace in the proposed development, the local planning authority should calculate the amount of affordable housing contributions required from the development as set out in their Local Plan. A ‘credit’ should then be applied which is the equivalent of the gross floorspace of any relevant vacant buildings being brought back into use or demolished as part of the scheme and deducted from the overall affordable housing contribution calculation. This will apply in calculating either the number of affordable housing units to be provided within the development or where an equivalent financial contribution is being provided”.

“The existing floorspace of a vacant building should be credited against the floorspace of the new development. For example, where a building with a gross floorspace of 8,000 square metre building is demolished as part of a proposed development with a gross floorspace of 10,000 square metres, any affordable housing contribution should be a fifth of what would normally be sought”.

### **Calculating the Vacant Building Credit**

Where the Vacant Building Credit is applicable, it will be calculated as follows:

1. Calculate the proposed total gross floorspace of all units
2. Calculate the floorspace of vacant buildings to be retained or demolished
3. Calculate the vacant floorspace as a percentage of the total gross floorspace
4. Apply the remaining percentage to the number of units required under Core Strategy Policy CS9

#### Worked example

Development of 48 units totalling 4,956 sq m

Vacant buildings to be demolished comprising 2,826 sq m

Policy Requirement under CS9 = 40% therefore 19.2 units to be affordable

The floorspace of the vacant buildings comprises 57% of the total gross floorspace of the new development (2,826 sq m / 4,956 sq m x 100 = 57%)

The residual percentage (43%) is now applied to the affordable housing requirement under CS9 (19.2 units). 43% of 19.2 units = 8.256 units. This is the new affordable housing requirement.

## **Definitions**

For the purposes of applying the Vacant Building Credit, the following definitions will apply:

*Existing Building* – permanent structure with a roof and walls, which is present on the site during assessment of the planning application by the Local Planning Authority (the Council). This definition excludes open-sided structures and buildings into which people do not normally enter or only enter intermittently for the purposes of inspecting or maintaining fixed plant or machinery. No discount will be given for sites that have already been cleared of any such buildings, those in an advanced state of dereliction or to abandoned buildings.

*Floorspace* – The Gross Internal Area (GIA) of a building measured to the internal face of the perimeter walls at each floor level (as defined by the RICS Code of Measuring Practice, 6th Edition, 2007).

GIA includes:

- Areas occupied by internal walls and partitions
- Columns, piers, chimney breasts, stairwells, lift-wells, other internal projections, vertical ducts, and the like
- Atria and entrance halls, with clear height above, measured at base level only
- Internal open-sided balconies, walkways, and the like
- Structural, raked or stepped floors are to be treated as a level floor measured horizontally
- Horizontal floors, with permanent access, below structural, raked or stepped floors
- Corridors of a permanent essential nature (e.g. fire corridors, smoke lobbies)
- Mezzanine floor areas with permanent access
- Lift rooms, plant rooms, fuel stores, tank rooms, which are housed in a covered structure
- or a permanent nature, whether or not above the main roof level
- Service accommodation such as toilets, toilet lobbies, bathrooms, showers, changing rooms, cleaner rooms, and the like
- Projection rooms
- Voids over stairwell and lift shafts on upper floors

Epsom & Ewell Borough Council  
Note on the operation of the Vacant Building Credit  
April 2015

- Loading bays
- Areas with a headroom of less than 1.5m
- Pavement vaults
- Garages and other ancillary buildings
- Conservatories

GIA excludes:

- Perimeter wall thicknesses and external projections
- External open-sided balconies, covered ways and fire escapes
- Canopies
- Voids over or under structural raked or stepped floors
- Greenhouses, garden stores, fuel stores

*Vacant* – For the purposes of the Credit, a building which has not been in continuous use for any 6 month period within the preceding 3 years on the day the planning application is submitted as valid. Evidence such as Council Tax or Rates records may be required to determine whether or not a building is vacant.

*Abandoned* – The concept of abandonment in planning terms is complex. We will consider the issue of abandonment on a case-by-case basis on the evidence provided. Abandonment will be assessed in on the basis of four factors:

- The physical condition of the building;
- The length of time for which the building has not been used;
- Whether or not the building has been used for any other purposes; and,
- The owner's intentions.

### **Application of the Credit**

We encourage applicants to seek pre-application advice to determine whether or not the credit will apply and if so, what the likely affordable housing contribution will be as a result. Decisions will be made on a case-by-case basis with regard to the evidence submitted with a planning application.

In accordance with the Planning Practice Guidance, when assessing the eligibility for the credit the Council will consider:

- Whether the building has been made vacant for the sole purpose of redevelopment.
- Whether the building is covered by an extant or recently expired planning permission for the same or substantially the same development.