

Rural Housing Enabling Event 30 April 2013

Consultation re local connection criteria in S106 legal agreements

1. Summary

Following a presentation, attendees at the Event were asked what they thought of the local connection criteria in S106 legal agreements. Feedback from the event was emailed to the attendees with an invitation to make additional comments by Monday 10 June 2013.

Taking into account the comments received, **the District Council is leaving the current local connection criteria unchanged i.e. as set out in section 2 below.** Within reason, parish councils can tweak the criteria e.g. to include grandparents and grand children as a local connection.

2. Main points from the presentation

Current local connection criteria in S106 legal agreements

- Currently living in parish at least 1 year.
- Currently working in parish at least 1 year – minimum 16 hours a week on average.
- Close family (father, mother, sister, brother) currently living in the parish for at least 3 years.
- Previously lived in parish for 3 years.
- Born in the parish.

Why we have local connection criteria in S106 legal agreements

- Ensure affordable and local market housing is occupied by locals.
- Based on previous consultation with parishes.
- Criteria have evolved over the years.

How easy is it to change an existing S106 legal agreement?

- Tricky to vary an existing legal agreement.
- All signatories to the original agreement need to agree changes.
- Time consuming and costly.
- Variations must be approved by Planning Committee.
- Each party needs their own legal advice.
- Pay the Council's legal charges.
- Important that we get it right first time.

3. Feedback

- 1) The District council confirmed that the criteria have equal weight.
- 2) *One attendee:* Born in the parish should be the most important local connection reason.

District Council: Should the fact that someone was born in a parish and lived there for e.g. 2 months be given more weight than other local connection criteria? In practice, born in the parish is used very infrequently to establish a local connection.

Another attendee: Born in the parish is too woolly – why should this trump those who have lived there for 10 years but had to move away?

- 3) Close family members should include grandparents and grandchildren.
- 4) What sanction is there on vendors' agents to ensure local connection is achieved for local market housing?

District Council: 3 months is allowed for sales and resales; 3 months is the maximum amount of time allowed by mortgage lenders.

- 5) Do property adverts state that local connection is required?

District Council: Yes and all connections are checked by both the Council's Housing Advice Team and housing associations.

- 6) Can parishes tweak these criteria before a S106 is agreed?

District Council: Yes, within reason.

- 7) How important is the parish local connection?

District Council: Properties are offered to people who have a local connection.

If there is one property but two households with a parish local connection, the property is offered to the household with the highest housing need.

A property would be offered to someone with a parish local connection and a low housing need ahead of someone with an adjoining parish or District local connection but a high housing need.

- 8) *Warwickshire Rural Housing Association:* In terms of the local connection criteria in the current Section 106 Agreement, while

there may be valid reasons why others want to see this tightened up, there are other considerations.

One of the primary ones, from a Provider perspective, is the need to ensure the criteria is not overly restrictive – given that we will need to raise borrowing against completed schemes. Lenders to the sector do not like overly restrictive terms as this impacts on their security considerations. As the agreement currently stands, we are able to secure finance from a number of lenders, which is vital to in order to deliver our programme of rural projects across the District.

Consequently, we would support the local occupancy S106 conditions as currently drafted. I hope this comment is useful.