

## **Guidance notes on applying the vacant building credit to affordable housing contributions November 2017**

### **1. Introduction**

1.1. Amendments to the National Planning Practice Guidance (NPPG) on Planning Obligations of May 2016 introduced changes to the way that affordable housing contributions can be sought from development. The changes include the introduction of the vacant building credit which is intended to provide an incentive for brownfield development on sites containing vacant buildings. This Note provides guidance on the Council's approach in applying the vacant building credit.

### **2. Application of the vacant building credit (VBC)**

2.1. The VBC was introduced with the aim of stimulating the development of vacant buildings on brownfield sites. A financial credit, equivalent to the existing gross floorspace of any vacant buildings within the redline boundary of the application site brought back into any lawful use or demolished for re-development, should be deducted from the calculation of any affordable housing contributions sought from relevant development schemes. This will not however apply to vacant buildings which have been abandoned.

2.2. In order to apply for the VBC seeking reduced affordable housing contribution, a VBC Statement must be submitted alongside a planning application. The following information will need to be included in the Statement:

- Evidence that any referenced building is a 'vacant building'. A building is not considered as 'vacant' if the building has been in continuous use for any six months during the last three years up to the date of the planning application is submitted.
- The whole building must be vacant to apply for the VBC.
- Evidence that any referenced building is not an 'abandoned building' or vacated solely for the purpose of redevelopment. The onus will be on the applicant to demonstrate this. The factors the council will take into account include:
  - i) the physical condition of the building;
  - ii) the length of time that the building had not been used;
  - iii) whether it had been used for any other purposes; and
  - iv) The owner's intentions
- Information on the existing Gross Internal Floor Area (GIFA) and the proposed GIFA. GIFA is the area of a building measured to the internal face of the perimeter walls at each floor level. The Royal Institution of

Chartered Surveyors (RICS) definition of GIFA will be used for the purposes of assessing VBC. Please see a link in [www.bathnes.gov.uk/cil](http://www.bathnes.gov.uk/cil) to the RICS code for measuring practice <http://www.rics.org/uk/knowledge/professional-guidance/professional-statements/rics-property-measurement-1st-edition/>. However floorspace with headroom of less than 1.5m is excluded from the GIFA calculation.

2.3. The LPA will determine on a case by case basis whether a building is vacant or abandoned. As is commonly the case with outline planning applications it may not be clear what the actual number of dwellings, or the size of those dwellings, may be. Therefore it will be difficult to quantify what vacant building credit will be applicable. Where the local planning authority agrees that the VBC may be applicable, the applicant will be expected to enter into a S.106 Agreement at the outline stage to enable the matter to be deferred to a later stage when the relevant details of the scheme have been finalized. If the VBC is applicable to the proposed site, the information on floor space will inform the level of affordable housing contributions.

### 3. Examples of Vacant Building Credit calculation

Example 1	Housing development in AH Area 1. (Affordable Housing requirement 40%) 40 dwellings The <b>Proposed</b> Gross Internal Floor Area(GIFA): 4,000sqm The <b>existing</b> Gross Internal Floor Area(GIFA): 1,000sqm	
<b>Step 1</b>	Calculate the affordable housing contribution based on the total number of eligible dwellings and the affordable housing percentage (40%) required by the council's planning policy	Affordable housing contribution 40 units x 40% = <b>16 units</b>
<b>Step 2</b>	Calculate the amount of existing floorspace, if any, as a proportion of the floorspace provided by the development: E/P x 100 (where E = existing floorspace and P = proposed floorspace)	1,000 sqm / 4,000 sqm x100 = <b>25%</b>
<b>Step 3</b>	Calculate the number of AH credit: Step 1 AH units x Step 2 percentage	16 units x 25% = <b>4 units</b>
<b>Step 4</b>	Deduct the AH credit from the policy compliant affordable housing contribution, Step 1 AH number – Step 2 AH number	16 units – 4 units = <b>12 units</b> <b>(12 affordable dwellings to be delivered on-site)</b>

<b>Example 2</b>	<b>Housing development in AH Area 2. (Affordable Housing requirement 30%)</b> 100 dwellings The <b>Proposed</b> Gross Internal Floor Area(GIFA): <b>10,000 sqm</b> The <b>existing</b> Gross Internal Floor Area(GIFA): <b>1,000sqm</b>	
<b>Step 1</b>	Calculate the affordable housing contribution based on the total number of eligible dwellings and the affordable housing percentage (30%) required by the council's planning policy	Affordable housing contribution 100 units x 30% = <b>30 units</b>
<b>Step 2</b>	Calculate the amount of existing floorspace, if any, as a proportion of the floorspace provided by the development: E/P x 100 (where E = existing floorspace and P = proposed floorspace)	1,000 sqm / 10,000 sqm x100 = <b>10%</b>
<b>Step 3</b>	Calculate the number of AH credit: Step 1 AH units x Step 2 percentage	30 units x 10% = <b>3 units</b>
<b>Step 4</b>	Deduct the AH credit from the policy compliant affordable housing contribution, Step 1 AH number – Step 2 AH number	30 units – 3 units = 27 units (27 affordable dwellings to be delivered on-site)

<b>Example 3</b>	<b>Mixed use development in AH Area 1. (Affordable Housing requirement 40%)</b> 100 Flats (8,000 sqm) and Office space (3,000 sqm) The <b>Proposed</b> Gross Internal Floor Area(GIFA): <b>11,000 sqm</b> The <b>existing</b> Gross Internal Floor Area(GIFA): <b>3,000sqm</b>	
<b>Step 1</b>	Calculate the affordable housing contribution based on the total number of eligible dwellings and the affordable housing percentage (40%) required by the council's planning policy	Affordable housing contribution 100 units x 40% = <b>40 units</b>
<b>Step 2</b>	Calculate the amount of existing floorspace, if any, as a proportion of the floorspace provided by the development: E/P x 100 (where E = existing floorspace and P = proposed floorspace)	3,000 sqm / 11,000 sqm x100 = <b>27.27%</b>
<b>Step 3</b>	Calculate the number of AH credit: Step 1 AH units x Step 2 percentage	40 units x 27.27% = <b>10.91 units</b>
<b>Step 4</b>	Deduct the AH credit from the policy	40 units – 10.91 units = <b>29.09</b>

	compliant affordable housing contribution, Step 1 AH number – Step 2 AH number	<b>units</b> (29 affordable units* to be delivered on-site)
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<b>Example 4</b>	<b>Mixed use development in AH Area 2. (Affordable Housing requirement 30%)</b> 100 Flats (8,000 sqm) and Office space (30,000 sqm) The <b>Proposed</b> Gross Internal Floor Area(GIFA): <b>38,000 sqm</b> The <b>existing</b> Gross Internal Floor Area(GIFA): <b>20,000sqm</b>	
<b>Step 1</b>	Calculate the affordable housing contribution based on the total number of eligible dwellings and the affordable housing percentage (30%) required by the council's planning policy	Affordable housing contribution 100 units x 30% = <b>30 units</b>
<b>Step 2</b>	Calculate the amount of existing floorspace, if any, as a proportion of the floorspace provided by the development: E/P x 100 (where E = existing floorspace and P = proposed floorspace)	20,000 sqm / 38,000 sqm x100 = <b>52.63%</b>
<b>Step 3</b>	Calculate the number of AH credit: Step 1 AH units x Step 2 percentage	30 units x 52.63% = <b>15.79 units</b>
<b>Step 4</b>	Deduct the AH credit from the policy compliant affordable housing contribution, Step 1 AH number – Step 2 AH number	30 units – 15.79 units = <b>14.21 units</b> (14 affordable units* to be delivered on-site)

\* The number of AH unit will be rounded up to the nearest whole number e.g. 13.6 units becomes 14 units. Anything below 0.5 will be rounded down eg. 13.4 units becomes 13 units.

## **Appendix 1 National Planning Practice Guidance**

NPPG Planning Obligations paragraph 021-023 introduces national policy relating to the Vacant Building Credit.

### **What is the vacant building credit?**

Paragraph: 021

National policy provides an incentive for brownfield development on sites containing vacant buildings. 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. Affordable housing contributions may be required for any increase in floorspace.

### **What is the process for determining the vacant building credit?**

Paragraph: 022

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.

### **Does the vacant building credit apply to any vacant building being brought back into use?**

Paragraph: 023

The vacant building credit applies where the building has not been abandoned. The policy is intended to incentivise brownfield development, including the reuse or redevelopment of empty and redundant buildings. In considering how the vacant building credit should apply to a particular development, local planning authorities should have regard to the intention of national policy.

In doing so, it may be appropriate for authorities to consider:

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