Supporting evidence for this new Housing Policy from other LAs

In England, Local Authorities that apply an affordable-housing levy (or financial contribution) specifically on ***non*-residential** (commercial, retail, hotel) developments are found almost exclusively within **London**.

While most councils in England rely on residential developers to fund affordable housing, high-value commercial markets in the capital allow certain boroughs to capture value from commercial, retail, office and/or hotel developments to fund housing.

1. The Mechanism: Section 106, *not* CIL

It is important to distinguish how this charge is applied. It is rarely a 'tax', or the Community Infrastructure Levy (CIL), which is typically used for physical infrastructure (like roads and schools).

- **The Tool:** These contributions to housing provision are secured via **Section 106 agreements** (planning obligations).
- **The Policy:** Planners refer to this as a 'payment in lieu', 'commercial linkage', or a 'mixed-use policy'.
- **The Logic**: New commercial space creates employment that generates demand for housing; therefore, the commercial developer must contribute to housing supply.

2. Local Authorities Applying the Levy

The following councils have adopted specific policies requiring financial contributions towards affordable housing from ***non***-residential developments (e.g., offices, hotels, retail).

The City of London Corporation

- **Policy:** Due to the scarcity of residential land, the City is the most prominent example. It requires commercial developments (primarily offices and hotels) to contribute to affordable housing.
- **Rate:** This is typically a set charge per square metre of new commercial floorspace, secured via S106.

London Borough of Westminster

- **Policy:** Westminster has a long-standing "mixed-use policy."[1] If a developer increases commercial floorspace beyond a certain threshold (e.g., 200 sqm or a percentage increase), they are required to provide residential floorspace to match.
- **Payment in Lieu:** If providing housing on-site is not practical (which is common for pure office schemes), the council accepts a "payment in lieu" into their Affordable Housing Fund.

London Borough of Camden

- **Policy:** Camden's Local Plan requires developments that increase commercial floorspace (often over 1,000 sqm) to contribute to housing.
- **Application:** This is often negotiated as a "mixed-use" requirement where the developer pays a commuted sum if they cannot build the housing on-site.

London Borough of Islington

- **Policy:** Islington creates a direct link between employment growth and housing need.
- **Application:** Major office developments are required to provide affordable housing or pay a financial contribution. The council has specific formulas in its Planning Obligations SPD to calculate this cost based on the number of employees the building will house.

Other Inner London Boroughs
Several other boroughs have similar policies, often triggered by "major" commercial developments (usually over 1,000 sqm). These include:

- **London Borough of Hackney** (often focused on the City fringe/Shoreditch areas)
- **London Borough of Southwark** (particularly for office/hotel developments in the north of the borough)
- **London Borough of Lambeth** (focused on the Waterloo and Vauxhall opportunity areas)
- **Royal Borough of Kensington and Chelsea** (typically through mixed-use requirements)
- **London Borough of Tower Hamlets** (specifically in the City Fringe and Canary Wharf areas)

3. Outside London

Outside of the capital, it is currently **very rare** for local authorities to apply a specific affordable housing financial levy on purely non-residential schemes.

- **Why?**
  In cities like Manchester, Birmingham and Leeds, viability issues are different. Councils often prioritise attracting commercial investment and jobs; adding an extra affordable housing levy on offices etc. could make development unviable.

- **Alternative?**
  Instead, these councils typically rely on **Community Infrastructure Levy (CIL)** charges on commercial buildings to fund transport or public realm improvements, rather than boosting affordable housing.

Summary

Authority	**Development Type Targeted**	**Mechanism**
City of London	Offices, Hotels, Retail	S106 Financial Contribution
Westminster	Commercial increases (>200sqm)	Mixed-use policy (Housing on-site, or Payment in Lieu)
Islington	Offices, Retail, Hotels	S106 Contribution (based on emp. density)
Camden	Commercial (>1,000sqm)	S106 Contribution (Mixed-use policy)
Southwark/Lambeth	Major Commercial	S106 Contribution