



## Report to Safer and Stronger Communities Scrutiny and Policy Development Committee 8<sup>th</sup> November 2018

**Report of:** Policy & Improvement Officer

**Subject:** Petition: Make Housing Developers be Transparent About Costs in Sheffield

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The Committee have been asked to consider this petition, it includes more than 2500 signatures, and in line with the Council's Petitions Scheme it is to be considered by a Scrutiny and Policy Development Committee, Safer and Stronger Scrutiny and Policy Development Committee is the relevant one. Cabinet Member for Transport and Development and Chief Planning Officer have been invited to respond to the petition at this meeting. A printed copy of the petition is attached as Appendix A to this report, with a link to the electronic version.

In addition the petitioner presented the petition at Cabinet on 19<sup>th</sup> September 2018 who referred it to Safer and Stronger Scrutiny and Policy Development Committee for consideration, the Cabinet minute is attached as Appendix B to this report.

**Type of item:** The report author should tick the appropriate box

Reviewing of existing policy	
Informing the development of new policy	
Statutory consultation	
Performance / budget monitoring report	
Cabinet request for scrutiny	<b>X</b>
Full Council request for scrutiny	
Call-in of Cabinet decision	
Briefing paper for the Scrutiny Committee	
Petition to Scrutiny	<b>X</b>

**The Scrutiny Committee is being asked to:**

- Consider the petition and make recommendations as required

**Category of Report:** OPEN

<https://you.38degrees.org.uk/petitions/make-housing-developers-be-transparent-about-costs-in-sheffield>

2572 signatures as of 30<sup>th</sup> October 2018

To: Local Council

# Make housing developers be transparent about costs in Sheffield

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[Make housing developers be transparent](#)



[Make housing developers be transparent](#)



Require developers to make their viability assessments public if they claim they cannot meet council targets of affordable housing in new developments.

## Why is this important?

Current planning law states that if a developer will make less than 20% profit on a new development, they can ignore a council's regulations about building affordable and social housing.

Leaked documents from several developers have shown that the maths they use to work out their profit margins are purposefully misleading, allowing them to claim they will make less than 20% profit on a development by undervaluing the prices of the houses they will sell and over-costing the labour.

To combat this Islington, Greenwich, Lambeth and Bristol councils have introduced a policy that forces developers "viability assessments" to be made public.

By bringing these dodgy maths into the public domain, Councils, campaigning groups and individuals will be able to hold developers to account and force them to use more honest maths.

## Relevant Cabinet Minute Wednesday 19<sup>th</sup> September 2018

### Public Questions and Petitions

- Meeting of Cabinet, Wednesday 19 September 2018  
2.00 pm (Item 5.)

To receive any questions or petitions from members of the public

#### Minutes:

- 5.1 Petition in respect of Affordable Housing
- 5.1.1 Michael Miller submitted a petition containing 2,569 signatures, requesting that housing developers be made to be more transparent about costs in Sheffield.
- 5.1.2 Mr Miller commented that current planning law stated that if a developer would make less than a 20% profit on a new development, they could ignore a Council's regulations about building affordable and social housing. Leaked documents from several developers had shown that the maths they used to work out their profit margins were purposefully misleading, allowing them to claim they will make less than 20% profit on a development by undervaluing the prices of the houses they will sell and over-costing the labour.
- 5.1.3 Mr Miller added that, to combat this, Islington, Greenwich, Lambeth and Bristol Councils had introduced a policy that forced developers; "viability assessments" to be made public. By bringing this maths into the public domain, Councils, campaigning groups and individuals would be able to hold developers to account and force them to use more honest maths. Would the Council therefore consider adopting this policy?
- 5.1.4 In response, Councillor Jack Scott, Cabinet Member for Transport and Development, acknowledged that the large number of signatures in support of the petition highlighted the strength of feeling across the City in respect of this issue. He did not believe developers were exploiting a legal loophole in this respect but in his opinion the law deliberately assisted developers to get out of their obligations.
- 5.1.5 Sheffield was one of the best Councils in the country to press developers to fulfil their obligations in respect of viability. However, this did not take away the benefit of making such assessments public and Councillor Scott could see the benefit in requiring that. Developing a baseline that developers could refer to would also benefit developers in the long term.
- 5.1.6 Councillor Scott was supportive of developing this policy. It did need to be fair to developers but affordability to the public needed to be a priority. Councillor Scott wished to see viability assessments signed off by a named individual with the appropriate qualifications and then countersigned by the applicant. Councillor Scott therefore hoped that an executive decision in this respect could be signed off in the next couple of months. Clarification was

needed as to whether a consultation process was required. Councillor Scott believed that undertaking a viability assessment at the end of the application process was the most transparent way of doing things. He concluded by thanking Mr Miller for the petition and suggested it be referred to the Safer and Stronger Communities Scrutiny and Policy Development Committee for consideration.

5.1.7 The Leader of the Council, Councillor Julie Dore, added that the Council did scrutinise viability assessments. The problem for the Council was the lack of the resources available to scrutinise the assessments as much as they would like as a result of Government cuts. She agreed with the views of Councillor Scott and that there should be two stages in the planning process in respect of viability – at the beginning and at the end of the process. Councillor Dore believed that a national policy in respect of this should be introduced and encouraged people to lobby the Government to achieve this.

5.1.8 **RESOLVED:** That the petition be referred to the Safer and Stronger Communities Policy and Development Committee for consideration.