



# Building Together, Building Better:

## Rethinking S106 for Affordable Housing Delivery



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## Foreword by Vicky Savage

**Section 106 (S106) agreements have been one of the main ways in which affordable housing has been built and financed for years. But, in December 2024, the Home Builders Federation reported that more than 17,000 affordable homes in England and Wales were not being built because housing associations were not bidding for them.**

Financial constraints, along with economic and regulatory challenges, are partly to blame. But this isn't the full story. In 2024, Homes England launched the S106 Affordable Housing Clearing Service, revealing that social landlords often declined homes due to concerns around tenure mix, location and delivery timings.

With over a million people on housing waiting lists, the drop in homes being acquired by social landlords should raise significant concerns. This document offers practical solutions to address this trend, and a collaborative way forward for delivering the S106 homes this country urgently needs.

Collectively, housing associations are the largest providers of affordable housing in the country. We need the government to provide financial certainty and investment to the sector to enable growth when our resources are focused on investing in our existing homes and services. But that alone is not enough to bring many social landlords back to S106.

Our primary mission as housing associations is to ensure people on lower incomes have safe, affordable and decent homes that offer them an opportunity to live a better life. We are rooted in the communities we serve, and the ongoing management of the homes we acquire is important to us.

That means homes that genuinely meet local need. It means inclusive amenities and 'tenure blind' designs that foster community cohesion rather than reinforce stigma. And it means services that are transparent and designed with affordable housing residents' financial circumstances in mind.

When we bid for S106 homes, we often have limited opportunities to influence these critical factors. When housing associations are included from the outset, we can help shape developments to ensure they truly respond to residents' needs.

This G15 guidance document, led by L&Q, marks an important step forward by setting out clear expectations for successful S106 deals. Far from being a panacea, this is a foundation for building the type of strong partnerships capable of delivering the Government's 1.5 million homes target. By working together, we can create places where all residents can thrive.



**Vicky Savage**  
Executive Group Director,  
Development and Sales - L&Q



**“By working together, we can create places where all residents can thrive.”**

**Vicky Savage**  
Executive Group Director,  
Development and Sales - L&Q



# Executive Summary

**Over the past five years, nearly half of all new affordable homes in England were delivered through S106 agreements (2019-2024 source: GOV.UK). They are an essential way of meeting the demand for housing across the country.**

Developers need housing associations (HAs) to acquire S106 homes. However, social landlords are bidding for these in far lower numbers. The financial constraints facing the sector are a clear factor, but it is clear that a disconnect has emerged in many cases. HAs have voiced concerns over the quality and design of some of the homes acquired through these agreements, and the timing in which these are built. Unless expectations are aligned, these issues will continue to undermine the provision of affordable housing.

The purpose of this guidance document is to set out standards and principles at a high-level for future S106 homes, providing a practical framework for developers to meet the needs of HAs. The themes of early collaboration and continued engagement run through this document and have consistently been priorities for HAs entering into development partnerships.

Early collaboration between developers and HAs can lead to meaningful design improvements, better-quality homes, and greater alignment with the needs of residents. By setting out mutually beneficial standards, this guidance aims to streamline delivery, reduce risks, and improve outcomes for future developments and S106 agreements.

It also offers flexible solutions for existing S106 developments that require an affordable housing buyer. Developers might consider alternative approaches to facilitate sales, such as adjusting price points, accepting deferred payment terms, exploring revenue models from rental with options to purchase, revising component selections, or adapting tenures. These options aim to bridge existing gaps and promote viable outcomes for both parties.

This document is a collaboration of the G15 members' experience and knowledge of S106 homes and can be built upon by others in the sector who are considering these schemes in future.

## Key collaboration principles

- 1. Early engagement with HAs**, ideally during the pre-planning stage or at land acquisition, allows them to actively contribute to design, specification and performance decisions, ensuring the homes meet long-term management needs. HAs should be treated as equal partners with a vested interest in the project's success.
- 2. Ongoing collaboration and transparency** are essential throughout the project. This includes engaging with multiple HA stakeholders at key points, such as regular technical and design meetings to approve specifications and components, and site visits to ensure alignment and smooth delivery.

## Methodology and input

The current set of principles and standards has been developed by G15 members based on their experience and knowledge of the sector and S106 deals.

This guidance was put together by L&Q, with input from all G15 members and further shaped by discussions with the National Housing Federation (NHF), the Chartered Institute of Housing (CIH), the Greater London Authority (GLA) and Homes England.

Whilst each scheme is different and each deal unique in its complex conditions and circumstances, we found that a set of standards were common to all and agreed upon by all G15 members.

## We have grouped these under five areas:

- Pre-planning and scheme requirements
- Design and construction standards
- Land, planning and legal framework
- Handover and post-completion obligations
- Operational management and maintenance.





## Endorsements



Chartered  
Institute of  
Housing

*“S106 agreements are a crucial part of building the homes we need, contributing to nearly half of all new affordable homes in recent years. The Chartered Institute of Housing welcomes this guidance from the G15 and L&Q, which aims to improve understanding and clarity from the housing association perspective in the S106 process.”*

*It is clear that one of the key ways to ensure that S106 agreements work effectively is early partnership and relationship building between developers, local authorities and housing associations. This guidance reinforces the need for collaboration and provides a practical framework to align development decision-making, on timing, tenure, quality, and designs of new homes, with meeting tenants’ needs. This guide contributes to the wider work taking place in the sector to improve the S106 process, and we look forward to seeing its implementation.”*

NATIONAL  
HOUSING  
FEDERATION

*“S106 already makes up half of affordable housing delivery, and as market housebuilding increases to help meet the government’s 1.5m home target, S106 volumes will increase too. Therefore it’s vital that housing associations and local authorities can bid for these S106 homes, confident in their long term quality and suitability.”*

*This valuable guidance from L&Q and the G15 is extremely helpful in providing clear expectations and a framework for engagement between developers and social housing providers. It demonstrates our sector’s commitment to working collaboratively with developers and the government to deliver high quality, affordable homes in communities across the country.”*





# S106 Framework

Category	Requirement	Commentary
1. Pre-planning and scheme requirements	Geographical area of operation	HAs are only able to take on homes in areas where they can effectively and economically manage, maintain and sell these. We need developers to engage at an early stage to establish suitable social landlords.
	Tenure mix agreement	The tenure mix within each building (or within each core of a building) or estate should be agreed with the HA. The tenure type is not normally mixed. However, in all cases, the appearance of buildings and communal areas must be “tenure blind”.
	Home mix agreement	Blocks of flats should contain a mix of home types, from one bed to three bed properties. This helps foster an inclusive community, encourages a more balanced living environment and positive culture, with residents from different backgrounds and life stages living together. By contrast, large buildings with only one type of housing (for example one bed flats) can create challenges around integration and be harder to manage, as well as potentially leading to social imbalance.
	Programme and delivery schedule	<p>HAs rely on accurate timelines to plan their finances and coordinate with local authorities to meet their housing needs.</p> <p>It is essential that delivery programmes are agreed with the HA from the outset, to make it easier to secure funding and allocate homes. Any changes should be mutually agreed, with damages in place if targets are missed.</p> <p>Extended ‘long stop dates’ should be avoided, because these can push the completion of projects far beyond what was originally anticipated, making it impossible for HAs to plan.</p> <p>Once homes are completed, they should be handed over to the HA in phases, with a minimum and maximum number each week (to be agreed by all parties). This makes it easier to manage the provision of new housing.</p>
	Sustainability and environment targets	HAs have made commitments to achieving sustainability targets which may affect their funding. Developers must align with these goals and work with their affordable housing partners to evidence how these are being met on shared projects.
	Fire strategy approval	<p>Building safety is a heavily regulated area, and it is essential that a Fire Strategy and corresponding building design is agreed with the HA from an early stage. This ensures that the strategy is understood, enabling the HA to effectively manage and maintain the building in future.</p> <p>It’s important that developers are willing to adapt the strategy and design to suit their partners requirements, and that any changes are agreed with the HA before being introduced.</p>

Category	Requirement	Commentary
2. Design and Construction Standards	Compliance with space standards	All homes are to comply with the Nationally Described Space Standard and/or space standards required by planning or funding rules.
	Collateral warranties to be provided	Developers will provide collateral warranties in favour of the HA to include (but not be limited to) the Architect, Civil/Structural Engineer, Site/Soil Engineer, Building Services Engineer, Fire Engineer and Subcontractors with design responsibilities. The collateral warranty should be presented in a format that is acceptable to HAs, rather than imposed on us.
	Service charges to be minimised	<p>Service charges are a major issue for HAs and one of the key issues residents raise.</p> <p>Service charges have to be affordable, transparent and offer value for money. Many HA residents are low-income families, or marginal buyers of their homes through products like shared ownership. In recent years, charges have increased significantly, making it harder to let homes, and more difficult for shared owners to secure mortgage funding. This is why it is crucial that service charges be as accurate as possible, and arrangement and conditions for managing agents agreed at an early stage.</p> <p>Moreover, buildings and their surroundings must be designed from the outset to minimise the impact of service charges on residents. Examples include:</p> <ul style="list-style-type: none"><li>• Easy to clean and maintain communal areas.</li><li>• A robust and long-life external building fabric.</li><li>• Where they are unadopted, ensuring areas of woodland, parks, ponds, and public realm are designed in away that minimises maintenance costs and that the space is suitably proportionate to the number of homes contributing to those costs to minimise the financial burden on residents.</li><li>• Mechanical and electrical components and systems including (but not limited to) lifts, communal heating, fire protection, lighting, door entry and access control, refuse, lightning protection, and ventilation.</li><li>• Automatic gates.</li></ul>
	Building systems and open-protocol controls	Building systems and controls are becoming increasingly complex. It is important for HAs that these are designed to use ‘open protocols’, so that any qualified contractor can maintain them. This gives HAs flexibility about who provides services to schemes in the future.
	Communal heating system/heat networks to be agreed	<p>Communal Heating Systems and Heat Networks are complicated systems that need to be agreed at an early stage. This may include technical requirements, component specification, performance testing, acceptance criteria, billing requirements, heat tariffs and Master Concession Agreements. This will enable the HA to manage and maintain systems in the best interests of the residents.</p> <p>In addition, HAs must be able to approve agreements when joining new or existing Energy Service Companies (ESCos).</p>

Category	Requirement	Commentary
	HA's control of entire blocks/freehold preferences	<p>Where the development allows, some HAs prefer to be able to control the whole of a block of flats including the homes, communal areas and structure, as a Freeholder or Head Lessee on a 999-year lease. Where the development does not allow this, the ownership and management structure should be agreed at an early stage.</p> <p>On large complex developments, there may be external areas managed by others, for which a management cost contribution is required. Where this is the case, simple and clear management arrangements must be agreed. HAs must have influence and control over cost and quality of service provision and the area boundaries must be clearly recorded and understood by all parties.</p>
4. Handover and post-completion obligations	Handover of accurate building documentation	<p>Although controlled by legislation to some extent, the industry as whole has a poor record in the provision of accurate building information. HAs will not accept buildings without a full set of compliant building documentation. HAs may have specific requirements for the provision of such information in terms of format for the maintenance systems or for Home User Guides for example. We ask that developers meet these requirements in all cases.</p> <p>For High-Risk Buildings (HRBs), developers are responsible for passing the Building Safety Regulator's Gateway 3 as part of the completion certification process. This crucial step ensures that safety standards are fully met before handover. HAs will not accept buildings that have not achieved Gateway 3 certification, emphasising their commitment to the highest levels of building safety and compliance.</p> <p>Where the HA is not the Principal Accountable Person (PAP), the building registration must be complete before the HA will accept the building. Where the HA is the PAP, we will need all relevant information to enable the building to be registered before we can accept the building.</p>
	Timely rectification of defects during the warranty period	<p>HAs require a two-year Defect Liability Period (DLP) to be included in the contract to ensure an ongoing commitment to quality and prompt defect resolution.</p> <p>A retention sum will be held by the HA for the full two-year period, even though developers may prefer earlier release. During the DLP, developers are responsible for fixing any defects that arise and adhering to the HA's specific service level agreements for response times and defect resolution.</p> <p>If defects are not remedied within the agreed timelines, alternative arrangements may be applied, including the potential recovery of costs. This provision underscores the commitment of HAs to maintaining high standards and ensuring quality for residents.</p>
	Provision of latent defects support and collaboration	<p>Unfortunately, latent defects do occur from time to time. When this happens, developers should work collaboratively with HAs and residents to put them right. This will enhance the reputation of HAs, developers and the industry as a whole.</p>

Category	Requirement	Commentary
5. Operational management and maintenance	Complaints procedure aligned with the Housing Ombudsman Code	HAs are required to comply with the Housing Ombudsman Complaint Handling Code. Each HA has a Complaints Policy with Service Level Agreements (SLAs) that must be achieved.  The developer will be required to align with the Complaints Policy to ensure that information is provided, and action is taken to resolve all complaints in line with the HA policy and the Code.
	Components to be available post build	A lot of the complaints and negative feedback HAs receive from residents are in relation to repairs, where delays were incurred due to parts or materials not being readily available. It is therefore very important for HAs to be able to source replacement materials and components within a reasonable time and from a supplier in the UK. Replacement materials and components with long manufacturing or delivery times are not acceptable to HAs due to their ongoing maintenance and management responsibilities.  Materials and components should be agreed upon with HAs before incorporation into the build.
	Cleaning, caretaking and maintenance facilities	Cleaning and caretaking facilities are development specific, but some form of facility will be required in every block and core. This may be limited to a cleaner’s cupboard or may extend to a caretaker’s office with full welfare facilities. This will need be agreed with the HA at an early stage.  In addition, provision must be made for parking for maintenance vehicles.

# Acknowledgements

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**All contributions and feedback have helped shape this document into something we can be proud of as a sector and an important step forward in tackling the housing crisis.**

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