



CABINET

17TH NOVEMBER 2016

AGENDA ITEM (10)

SECTION 106 COMMUTED SUMS FUND

Accountable Member	Councillor Mrs. SL Jepson Cabinet Member for Housing and Communities
Accountable Officer	Anwen Hughes Housing Enabling Officer 01285 623408 housing.enabling@cotswold.gov.uk

Purpose of Report	To update Cabinet on the Section 106 commuted sums for affordable housing; and to seek approval for proposals for the utilisation of unallocated funds.
Recommendation(s)	<p>(a) That the current position on Section 106 commuted sums, as detailed at Appendix 'A' to this report, be noted;</p> <p>(b) that the allocation of a capital grant of up to £469,005 (plus any accumulated interest) to develop twelve affordable homes in North Cerney (as detailed in paragraph 3.2 of this report) be approved, and the capital grant award be included within the Council's capital programme and funded from the Section 106 commuted sum;</p> <p>(c) that the allocation of a capital grant of up to £200,000 (plus any accumulated interest) to Bromford Housing Association for the development of the garage site in Chipping Campden (as detailed in paragraph 3.3 of this report) be approved, and the capital grant award be included within the Council's capital programme and funded from the Section 106 commuted sum;</p> <p>(d) that the appropriate Strategic Director, in consultation with the Cabinet Member for Housing and Communities and the Chief Finance Officer, be authorised to approve the final capital grant values in respect of both development schemes.</p>
Reason(s) for Recommendation(s)	To ensure the appropriate use of Section 106 funds within time limitations, contributing towards meeting the Council's target relating to the provision of affordable housing.

Ward(s) Affected	Campden & Vale; Chedworth and Churn Valley
Key Decision	Yes
Recommendation to Council	No

Financial Implications	None, other than the use of Section 106 funds identified within this report
Legal and Human Rights Implications	None
Environmental and Sustainability Implications	Environmental and sustainability implications of affordable housing are considered in accordance with the Local Plan
Human Resource Implications	None
Key Risks	The time limitation on the use of the S106 commuted sums is exceeded, requiring the return of the funding to the developer
Equalities Impact Assessment	Not required

Related Decisions	None
Background Documents	None
Appendices	Appendix 'A' - Section 106: Commuted Sums for Affordable Housing

Performance Management Follow Up	(i) Implement Cabinet decisions; (ii) The Housing Plan 2016-2020 is reviewed every six weeks with the Cabinet Member and the Strategic Director.
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Options for Joint Working	The Council works in partnership with Gloucestershire Rural Community Council to identify rural exceptions sites and support parish councils to bring forward affordable housing to meet local need. Commuted sums must be spent within the District, so there is limited opportunity to work with other authorities.
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<p>Background Information</p> <p>1. <u>General Background</u></p> <p>In accordance with the emerging Cotswold Local Plan Policy for affordable housing, in exceptional circumstances the Council may opt to enter into a Section 106 Agreement with the developer to make a payment to the Council in lieu of the provision of on-site affordable housing. These funds are known as Section 106 commuted sums. The Section 106 Agreement specifies: the amount of the commuted sum; the date for payment; the time by which the sum is to be spent (failure to spend within the time limit invokes an obligation on the Council to repay the developer the sum plus interest); how the sum may be spent (ring fenced for affordable housing); and where the affordable housing may be provided with the use of the sum.</p>
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2 Position Statement as at November 2016

2.1 Attached at **Appendix 'A'** is a position statement, as at November 2016, on the Section 106 Agreements relating to all affordable housing commuted sums. This report deals with the four commuted sums which have been received from developers (shown in orange) to provide affordable housing off-site.

2.2 The balance of Section 106 commuted sums held by the Council is £744,519.36.

3. Proposals for Expenditure of Section 106 Commuted Sums Received

3.1 Sum One - Hoopers Court (formerly Newcombe Yard), Cirencester

A commuted sum of £36,900 was received as the vendor was unable to identify a purchaser with a local connection for the resale of a low cost home at 70% of its open market value (OMV). Under the terms of Unilateral Undertaking, the vendor was able to sell at 100% OMV to a purchaser without a local connection, with 30% OMV being payable to the Council towards affordable housing in the District. As these funds do not have a timescale attached, it is proposed to set them aside for future sites.

3.2 Sum Two - Sheep Street, Chipping Campden

3.2.1 A total commuted sum of £469,005 was received (negotiated as £475,000 minus the costs of the District Valuer's fees). Different options have been investigated for expending the commuted sum within Chipping Campden; provision of additional affordable housing on developer-led sites (over and above the policy compliant 50%) during the planning process; reduction of affordable housing rent levels on sites with planning consent but not yet built; and the acquisition of sites suitable for delivery of affordable housing within the Parish.

3.2.2 Developers and land owners with sites in the planning process were approached. However, they would not entertain more than 50% affordable housing on their proposed sites.

3.2.3 The option of offering a grant to a Housing Association to reduce the rent levels of affordable housing on a site with existing planning consent was also considered. However, this was rejected because the grant would not increase the number of homes delivered overall, and would not be equitable for tenants allocated homes on other developments coming forward.

3.2.4 The 2012 Chipping Campden Parish Housing Needs Survey (HNS) identified 22 households in need of affordable housing, both rented and low cost home ownership. Only four of the households were on the Housing Register. 29 additional households, who had not participated in the survey, were registered on Gloucestershire Homeseeker, making a total of 51 households in need of affordable housing at that time. There are currently four sites with planning approval in Chipping Campden with on-site provision for affordable housing - Berrington Mill Nurseries (13 units); Badgers Field (8 units); land at the Hoo, Backends (2 units); and Aston Road (20 units). The first two are currently under construction, the third has outline consent and the fourth is awaiting signing of the Section 106 Agreement. These four sites include a total of 43 affordable homes for local people.

3.2.5 With the support of Chipping Campden Town Council and Gloucestershire Rural Community Council's (GRCC) Rural Housing Enabler, a number of sites were investigated for the development of affordable housing within the Parish. However, with the presumption in favour of sustainable development, introduced within the National Planning Policy Framework (NPPF), the privately-owned sites identified are able to come forward with some or all market provision, increasing the land value beyond the viability of an all-affordable housing scheme.

3.2.6 A small garage site, owned by Bromford Housing Association, has been identified as having potential for development (subject to planning permission). Bromford has agreed to investigate the potential of developing this site for affordable housing. Early discussions with Planning Officers indicate that the site could potentially accommodate a small number of bungalows. The scheme is progressing. However, a development of four units on land at nil cost (being already in Bromford's ownership) will not utilise the full amount of the commuted sum available from the Sheep Street development. Furthermore, the development is not likely to be in a position to utilise the Sheep Street commuted sum within the timescale for repayment (November 2017). This would put the commuted sum at risk of repayment to the developer.

3.2.7 It is therefore proposed that the sum of £469,005, plus interest accrued, is transferred to Cirencester Housing Association for the development of 12 affordable homes on a site in North Cerney. The scheme has the support of North Cerney Parish Council and is the preferred site of local residents, identified through public consultation. The Housing Association has agreed terms with the landowner and has a planning application ready to submit, subject to confirmation of the availability of commuted sum monies. Pre-application advice has been sought and the scheme has informal Officer support for a recommendation of approval. Subject to planning consent, it is anticipated that this development will start on site within the next six months, i.e. within the time limit for expenditure of the Sheep Street commuted sum.

3.3 Sum Three - Somerford Court, Cirencester

A commuted sum of £200,000 was received. It is proposed that all or part of the commuted sum be transferred to Bromford Housing Association for the development of the garage site in Chipping Campden (see paragraph 3.2.6 above). As the commuted sum does not have to be spent for four years, this will give sufficient scope to develop the Bromford project within the timescale for repayment. Officers will negotiate the amount of grant required to deliver as many affordable homes as the garage site will accommodate. As the commuted sum does not have to be spent for four years, it is proposed that any monies not committed to the Bromford scheme be set aside for future sites elsewhere.

3.4 Sum Four - Moorgate, Lechlade-on-Thames

A commuted sum of £19,565 was received. As these funds do not have to be committed for five years, and spent for seven years, it is proposed to set them aside for future sites.

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