

Chichester District Council

THE CABINET

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Allocation of Affordable Housing Commuted Sums

1. Contacts

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2. Recommendation

- 2.1 **That the Council approves the allocation of £165,000 commuted sum monies to Windsor and District Housing Association Ltd (Radian) to fund the delivery of eight additional affordable units at Flat Farm Hambrook.**

3. Background

- 3.1 Radian secured planning permission, under application CH/16/04148/FUL, in September 2017 to demolish an existing dwelling and develop eleven new residential units at Flat Farm, Hambrook. Three of these units were secured as shared ownership affordable housing in the Section 106 Agreement, with the remaining eight units to be developed as market sale homes.
- 3.2 Practical completion of the site is expected at the end of October 2018. However due to issues with mortgage availability on this site Radian is seeking to deliver all eleven units as affordable rented homes and have requested an amendment to the Section 106 Agreement to convert the three units to affordable rented.
- 3.3 As this scheme was acquired as a market site, subsidy is required to enable the viability of the scheme. Investment of £660,000 has been secured from Homes England and over £200,000 from Radian. However, there is a £165,000 shortfall.
- 3.4 There are currently 17 households on the Council's Housing Register who have claimed a local connection to the Parish of Chidham and Hambrook, of which 35% are in high priority housing need. There are currently no new affordable rented units in the pipeline for delivery in the parish.

4. Outcomes to be Achieved

- 4.1 Delivery of five two bedroom houses, four three bedroom houses and two four bedroom houses for affordable rent. These will meet the needs of the local people and contribute to the Council's Housing Strategy target.
- 4.2 Additional affordable rented housing to be let on Assured Tenancies. All units will be subject to a nominations agreement between the Council and Radian giving the Council 100% nomination rights.
- 4.3 The bid has been analysed to ensure it offers value for money. Over the last five years the average commuted sum received in lieu of an affordable housing unit on site has been £70,000 - £90,000 per unit. On average the subsidy granted by the Council on previous schemes is £30,000 per home. It is therefore considered that this bid is value for money with a grant requirement of £20,625 per additional home.

5. Proposal

- 5.1 To allocate £165,000 of commuted sums to Radian to enable the delivery of 11 affordable rented units. This is needed as without financial support from the Council the affordable homes will not be delivered.

6. Alternatives Considered

- 6.1 Grant from Homes England is on a fixed per unit basis and so Radian is unable to secure additional grant from the National Affordable Housing Programme.

7. Resource and Legal Implications

- 7.1 The Council currently holds £1,189,685 of commuted sums still to be allocated which can be used for this purpose. A further £ 475,480 of commuted sums is expected from current Section 106 agreements. Monies must be spent on affordable housing delivery within the specified timescales stated in the Section 106 Agreements of the donating sites. If a deadline is missed the developer may apply to have the agreement varied and the contributions returned.

8. Consultation

- 8.1 The Housing Strategy Review considered the future use of commuted sums following discussions with the Housing Delivery Partnership, the Corporate Management Team and at a Cabinet strategic briefing day. Consultation included the housing operations, planning policy and, economic development teams and other relevant officers.
- 8.2 On 12 January 2016 the Overview and Scrutiny Committee considered the Housing Strategy Review. It recommended that Cabinet supports the options for the future housing delivery and capital investment.

9. Community Impact and Corporate Risks

- 9.1 An equalities impact assessment has been undertaken for this proposal and concludes that it will have a positive impact. The proposals will increase the supply of, and access to affordable housing, particularly to local households unable to access the market due to low income.
- 9.2 The grant will be paid on completion of the units and subject to evidence of contract sum and contractual completion to ensure that funds are spent appropriately.
- 9.3 All commuted sum spending is monitored by the Council's Planning Obligations Monitoring and Implementation Officer. Progress of projects and expenditure are reported to Corporate Governance Committee annually.

10. Other Implications

Crime and Disorder	None
Climate Change and Biodiversity	None
Human Rights and Equality Impact	See 9.1 above
Safeguarding and Early Help	None
General Data Protection Regulations (GDPR)	None

11. Appendices

- 11.1 None

12. Background Papers

- 12.1 None