

Chichester District Council

THE CABINET

3 March 2020

Allocation of Commuted Sums to Deliver Affordable Housing

1. Contacts

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2. Cabinet recommends to Council:

- 2.1. **The allocation of grant of £438,750 to Worthing Homes to support the development of 9 social rented homes on a site at Middleton Close, Bracklesham, funded from commuted sums.**
- 2.2 **The allocation of grant of £160,000 to Chichester Greyfriars Housing Association to support the development of 8 social rented homes at Royal Close, Chichester, funded from commuted sums.**

3. Background

- 3.1. The Council's draft housing strategy 2020-25 aims to deliver 1,000 additional affordable homes. One of the ways in which this can be achieved involves using 'commuted sums' to grant fund new developments by Registered Providers. Commuted sums arise where, in exceptional circumstances, the Council negotiates a payment of a financial contribution from a private developer in lieu of providing affordable housing as part of a new scheme, i.e. where the provision of affordable housing on a specific site would be undesirable or impractical. A commuted sum is also accepted where the calculation of the affordable housing quota results in a fraction of a unit. Monies collected from private developers through this route are held and 'ring fenced' to support subsequent affordable housing schemes that meet the Council's housing priorities. As such, this funding cannot be used for other purposes and must be spent within a limited period of time
- 3.2. This report recommends using funding available from commuted sums to support two new developments by Registered Providers at:
 - Royal Close, Chichester and
 - Middleton Close, Bracklesham

4. Outcomes to be Achieved

4.1. Worthing Homes' scheme at Middleton Close will deliver 9 new homes at social rents as follows :

- 1 x 1 bedroom, 2 person, wheelchair accessible flat
- 6 x 1 bedroom, 2 person flat
- 2 x 2 bedroom, 4 person flat

Chichester Greyfriars' scheme at Royal Close will deliver

- 8 x 1 bedroom flats at social rents as part of their existing scheme, two of these will be wheelchair accessible.

4.2. The new homes at both schemes will be subject to a nominations agreement with the District Council, with lettings made available to applicants through the Council's Housing Register.

5. Proposals

5.1. **Middleton Close:** Worthing Homes successfully bid to acquire this site with an outline planning consent for 8 homes 2018. This is below the threshold at which there is a requirement for a quota of affordable housing.

5.2. Having reached an agreement to purchase the site Worthing Homes approached the Council with a view to delivering a slightly larger scheme of 9 homes. The original scheme comprised 8 homes with a mix of flats and bungalows. Worthing Homes' proposal is to deliver a slightly larger scheme of 9 homes incorporating two family homes as well as three flats which are suitable for residents with mobility needs (one of which is wheelchair accessible). This represents a better mix from the District Council's point of view, given the proven need on the Housing Register for this kind of accommodation.

5.3. Homes England has approved a grant of £630,000 towards this scheme on the basis that further funding of £438,750 could be made available by Chichester DC. Funding at this level is required in order to enable Worthing Homes to meet the cost of delivering the scheme at social housing rents (rather than higher affordable rents), and the additional costs associated with the mobility features which three of the flats will have.

5.4. Worthing Homes has exchanged contracts on the purchase of this site and expects to complete the acquisition in April 2020 with practical completion in June 2021.

5.5. **Royal Close:** Chichester Greyfriars' scheme involves the provision of 8 additional one bedroom flats for older people as part of their existing scheme for older people at Royal Close, Chichester.

5.6. The new flats will be provided as part of a wider scheme which involves the reconfiguration of existing car parking and amenity areas. Each of the flats are one bedroomed and will be let at social rents. Two of the new flats will be built to wheelchair accessible standard.

- 5.7. Chichester Greyfriars is able to meet approximately half of the build cost of the scheme from its own reserves but is seeking grants from Homes England and the District Council to meet the balance. This is a significant commitment for a small local association with less than 100 homes.
- 5.8. Homes England is currently considering an application for a grant of £560,000 towards the scheme with further grant of £160,000 required from the District Council.
- 5.9. The scheme will provide new homes at social rents in an area of high demand close to the City Centre, for which there is a proven need.
- 5.10. Subject to successful planning and funding applications Chichester Greyfriars anticipate commencing the scheme in June with completion by March 2021.

6. Alternatives Considered

- 6.1. **Middleton Close:** In the absence of any grant funding it would not be possible for a Registered Provider to bring this scheme forward as affordable housing. With a reduced level of funding it might be possible to deliver a scheme closer to market rents – as opposed to social rents – or to deliver a smaller scheme, perhaps without the additional mobility features which now form part of the specification and involve additional costs. The level of grant funding being recommended reflects the priority attached to providing homes at social rent levels and the specific features of the homes which will be provided.
- 6.2. **Royal Close:** It is unlikely that this scheme would be viable without the provision of grant from the Council. Although the District Council's contribution forms a relatively small proportion of the total scheme cost, it is nonetheless significant since it makes the scheme more attractive for Homes England funding.

7. Resource and Legal Implications

- 7.1. The Council has the capacity to fund both of these schemes at the level recommended from existing commuted sums which are available. This money must be used to support the provision of affordable housing in line with the original conditions on which it was paid.

8. Consultation

- 8.1. **Middleton Close:** the Parish Council is supportive of this scheme and wishes to see it meet local needs at social housing rents.
- 8.2. **Royal Close:** Chichester Greyfriars has conducted a residents' consultation on their proposals. Ward members have also been consulted and are supportive of the scheme.
- 8.3. Members representing the wards from which the commuted sums were generated have been consulted.

9. Community Impact and Corporate Risks

- 9.1. Both schemes will benefit the community by providing affordable homes at social rent levels in line with the Council's Housing Strategy.
- 9.2. The grants will be paid on completion of the new developments and the conclusion of satisfactory nominations agreement in favour of the Council.
- 9.3. All commuted sum spending is monitored by the Council's Planning Obligations and Monitoring Officer. Progress of projects and expenditure are subject to corporate reporting.

10. Other Implications

Are there any implications for the following? If you tick "Yes", list your impact assessment as a background paper in paragraph 13 and explain any major risks in paragraph 9		
	Yes	No
Crime and Disorder		X
Climate Change and Biodiversity		X
Human Rights and Equality Impact		X
Safeguarding and Early Help		X
General Data Protection Regulations (GDPR)		X
Health and Wellbeing		X
Other (please specify)		

11. Appendix

None

12. Background Papers

None