

# Affordable Housing Commuted Sums Expenditure Land To East of Highgate Hill And South of Copthall Avenue Hawkhurst

For Communities and Economic Development Cabinet Advisory  
24 January 2024

## Summary

**Lead Member:** Cllr Hugo Pound – Cabinet Member for Housing and Planning

**Lead Director:** Paul Taylor Director of Change & Communities

**Head of Service:** Gary Stevenson Head of Housing, Health & Environment

**Report Author:** Tobi Phillips – Affordable Housing and Enabling Officer

**Classification:** Public document (non-exempt)

**Wards Affected:** Hawkhurst, All Wards

Approval Timetable	Date
Cabinet Member for Housing and Planning	16/11/2023
Housing Advisory Panel	05/12/2023
Management Board	08/02/2024
Cabinet Advisory Board	24/01/2024
Cabinet	08/02/2024

## Recommendations

Officer / Committee recommendations as supported by the Cabinet Member for Housing and Planning:

That Cabinet:

1. agree the release of Section 106 funding for the affordable housing provision at Land To East of Highgate Hill And South of Copthall Avenue Hawkhurst Cranbrook Kent TN18 4LS totalling £1,140,000 held by the Council in lieu of affordable housing provision.

2. authorise the Head of Housing, Health and Environment, in consultation with the Cabinet Member for Housing and Planning and the Head of the Legal Partnership, to enter into a grant agreement and all associated legal documentation with Town & Country Housing to facilitate the delivery of a mix of 18 social rented flats & houses at Land To East of Highgate Hill And South of Copthall Avenue Hawkhurst Cranbrook Kent TN18 4LS Planning Reference: 20/02788/FULL, using the Section 106 funding released.

## **1. Introduction and Background**

- 1.1 This report seeks approval to use affordable housing commuted sums held by the Council to assist in the delivery of the affordable housing provision at Land To East of Highgate Hill And South of Copthall Avenue, Hawkhurst.
- 1.2 The affordable housing provision on the Highgate Hill site comprises 10 units of shared ownership dwellings and 18 rented units. The 18 rented units are a mix of size and type of properties, with there being 8 x one-bedroom flats, 4 x two-bedroom flats, 3 x two-bedroom houses, 2 x three-bedroom houses and 1 x four-bedroom house.

### **The need for Social Rented Housing in Hawkhurst**

- 1.3 There are currently 580 active households on the Housing Register in housing need in the Borough. Hawkhurst is a particularly high-demand area for many people.
- 1.4 There are 60 households who have stated that they want to live in Hawkhurst, and 50 households have a local connection to Hawkhurst or the surrounding parishes of Sandhurst, Cranbrook & Sissinghurst or Benenden.
- 1.5 The Highgate Hill site offers a good mix of different-sized bedroom units. Housing register waiting times for three to four-bedrooms household needs across the borough are significantly higher than that of one and two-bedrooms household needs.

## **2. Highgate Hill and Town & Country Housing Group**

- 2.1 Land To East of Highgate Hill And South Of Copthall Avenue Hawkhurst Cranbrook Kent TN18 4LS Planning Reference: 20/02788/FULL was approved in 2021 outlining planning permission for 71 Dwellings units in total. The affordable housing in accordance with the emerging Local Plan for Greenfield land type is 40% equating to 28 properties, with 65%, 18 units, allocated for the general need housing register, the remaining 10 units at an intermediate tenure as Shared Ownership.
- 2.2 The Developer (Dandara Southeast) have contacted several registers providers with only a couple citing any sort of interest to deliver the affordable housing provision on site, the lack of interest is mostly due to the low number of units within

- the affordable housing provision however Town and Country Housing (TCH) are the only register provider willing to deliver the site at a social rent tenure.
- 2.3 The section 106 agreement dated the 27 January 2022 defines the rent tenure for the on-site general needs affordable housing provision as “affordable rent”.
  - 2.4 The new emerging Local Plans sets out the council’s affordable housing objective of delivering genuinely affordable housing in the form of social rent.
  - 2.5 The council currently have £5,079,894 of affordable housing commuted sums, from several affordable housing contribution pots, of which to up £3.2M has been committed for use to acquire 15 properties at social rent levels under the Local Authority Housing Fund programme. There is £1,879,894 of commuted sums that has not yet been committed for use to support the delivery of genuinely affordable housing within the borough.
  - 2.6 TCH have received internal approval to progress with the scheme, and contract negotiations with Dandara are advanced. The scheme is fully funded by TCH, being that the affordable housing provision on the Highgate Hill site is secured via the section 106 planning agreement, it is not eligible for Homes England Grant Funding TCH have completed a Net Present Value (NPV) appraisal of the site. The appraisal shows that the cost to them of providing the units at social rent levels instead of the affordable rent levels secured within the section 106 agreement will cost them £1.9M. TCH have confirmed that it is not viable for them to provide the units at a social rent level without subsidy support.
  - 2.7 TCH have made an application to use the some of the commuted sums held by the Council to subsidise the 18 units as social rents. Their request is for the Council to fund 60% of the subsidy gap, a sum of £1,140,000, equating to an average of £63,333 per unit. The remaining 40% (£760,000) will be covered by TCH as an internal investment.
  - 2.8 The approved Affordable Housing Commuted Sums Spending Policy and procedure details potential uses for the spend of commuted as *‘To subsidise alternative developments to allow for a greater provision of affordable housing at social rent or to create a more favourable mix of social rented properties vs affordable rented/immediate/private rented properties’*, which the TCH request would fall under.
  - 2.9 TCH have stated the proposal will allow for 18 Social Rented homes to be delivered in a rural area of Tunbridge Wells, improving the affordability for those in housing need. In the current plans, several of the unit types ‘fail’ affordability checks on an affordable rent basis. This is of particular concern in regard to the 4-bedroom house on site, as rent capped at the Local Housing Allowance (LHA) for four-bedroom within the borough would equate to £1,4951.91 a month, in comparison, the same four-bedroom at social rent tenure would equate to a monthly cost of £879.62, which could potentially save a four bedroom household need on the Tunbridge Wells Housing register a total of £572.29 a month.
  - 2.10 Housing need is defined as either a person registered on the Borough Council’s housing register or those that approach a registered provider with interests in Low-

cost home ownership in the form of shared ownership. The use of the commuted sum is therefore consistent with the use it was collected for.

- 2.11 The Council will have nomination rights to all 18 units when constructed through the Housing Register, and a grant agreement would secure the units as social rent tenure in perpetuity.
- 2.12 The site has proposed practical completion date for August 2026.

### **3. Options Considered**

- 3.1 Option 1 -. To approve the use of section 106 commuted sums held by the Council to support TCH to subsidise the 18 units of affordable rented properties at the Highgate Hill site to be let at social rent levels. This supports the Council's strategic objective of delivering genuinely affordable housing and ensure that households in housing need and on low incomes will be able to afford these properties.
- 3.2 Option 2- To reject the application from TCH to support the subsidising the 18 units of affordable rented housing on the Highgate Hill site to social rent levels. TCH will not be able to provide the units at social rent levels and these will remain at affordable rent levels. Applicants who may be successful for an allocation of some of these units, in particular the four-bedroom house, may fail TCH's affordability checks for the properties and could be refused the an offer of these properties.

### **4. Preferred Option and Reason**

- 4.1 Option 1 is the preferred option.
- 4.2 Currently due to the financial landscape with high-interest rates and inflation to housing building costs, registered providers are increasingly finding difficulties to deliver new affordable housing, unfortunately, the current grant subsidies available through Homes England can't be used for affordable housing that is provided on Section 106 sites. The use of commuted sums is the only route through which 'grant' funding can be obtained to subsidise the delivery of the 18 units of affordable rented units at the Highgate Hill site at social rent levels.
- 4.3 The use of the subsidy equates to an average of £63,333 per unit and represents good value for money to secure 18 social rented homes with our main Registered Provider Partner, Town and Country Housing, who are committed to providing genuinely affordable housing in line with the objectives set out by the council.
- 4.4 The commuted sum to be released (£1,140,000), will be used in accordance with the terms of the affordable housing Section 106 Agreement in place. housing defined as 'Affordable rent'.

## 5. Consultation on Options

- 5.1 Consultation has taken place with the Housing Advisory Panel. Member of the panel supported the recommendations to Cabinet of the proposed commuted sum expenditure.

### Recommendation from Cabinet Advisory Board

- 5.2 The [committee name] Cabinet Advisory Board were consulted on [date of meeting] and agreed the following:

*Insert text from Cabinet Advisory Board minute, or request text from Democratic Services Officer.*

## 6. Implementation

- 6.1 Should Cabinet agree to the proposals outlined in this report then the capital sum of £1,140,000 a grant agreement will secure that the commuted sums will be used for affordable housing to deliver social rent tenure on site and the terms of payment between the Council and TCH.
- 6.2 A Deed of Variation would also need to be submitted by the developer in order to alter the affordable housing defined as 'Affordable rent'.

## 7. Appendices and Background Documents

Appendices:

- Appendix A: Highgate Hill Affordable Housing Funding Request Form

Background Papers:

- [Affordable Housing Commuted Sums Spending Policy Report](#)

## **8. Cross-Cutting Issues**

### **A. Legal (including the Human Rights Act)**

The lawfulness or otherwise of any proposed use of affordable housing contributions collected instead of on-site affordable housing provision would depend upon checking the terms of the planning agreement under which a contribution was collected and whether the terms reflect the proposed use.

Tracey Wagstaff Senior Lawyer Planning 15/02/2023

### **B. Finance and Other Resources**

There are no implications for the Housing budget as this is money already held by the Council in lieu of affordable housing provision This project will be added to the capital programme once approval has been given.

Jane Fineman Head of Finance and Procurement 15/01/2024

### **C. Staffing**

The commuted sum expenditure have no staffing implications

Tobi Phillips 04/01/2024

### **D. Risk Management**

Affordable Housing commuted sums often have to be spent within certain timescales and there is a possible risk for sums to be returned to developers if not spent before the expiratory deadline.

Tobi Phillips 04/01/2024

### **E. Environment (inc. Biodiversity) and Sustainability**

There are no further environment or sustainability implications as the Highgate Hill development has already been granted full planning approval.

## **F. Community Safety**

Not Applicable

Tobi Phillips Affordable Housing and Enabling 04/01/2024

## **G. Equalities**

The commuted sum expenditure does not have any implications on equalities.

Tobi Phillips Affordable Housing and Enabling 04/01/2024

## **H. Data Protection**

The commuted sum expenditure does not have any implications on data protection

Tobi Phillips Affordable Housing and Enabling 04/01/2024

## **I. Health and Safety**

The commuted sum expenditure does not have any implications on health & Safety

Tobi Phillips Affordable Housing and Enabling 04/01/2024

## **J. Health and Wellbeing**

No implications on health and Wellbeing. Genuinely affordable rent in the form of social rent may have a positive economic impact on household applications nominated towards as the units, as households will benefit from a less expensive rent when compared to affordable rent.

Tobi Phillips Affordable Housing and Enabling 04/01/2024