

Is the final decision on the recommendations in this report to be made at this meeting?

Yes

Affordable Housing Commuted Sums Expenditure

Final Decision-Maker	Cabinet
Portfolio Holder(s)	Councillor Lynne Weatherly – Portfolio Holder for Communities and Wellbeing
Lead Director	Paul Taylor – Director of Change and Communities
Head of Service	Adam Chalmers – Head of Partnerships and Engagement
Lead Officer/Report Author	Sarah Lewis – Housing Register and Development Manager
Classification	Non-exempt
Wards affected	Benenden & Cranbrook, Culverden, Paddock Wood East and Paddock Wood West

This report makes the following recommendations to the final decision-maker:

1. To release Section 106 funding for affordable housing totalling £313,526.64 held by the Council in lieu of affordable housing provision on site at the former Council offices, Cranbrook, (Planning permission TW/13/02502 applies);
2. That the sums are used as grant funding for two affordable housing projects, one at the Quakers Meeting House, Grosvenor Park and the other for affordable rented housing provision in Paddock Wood to be owned and managed by Habinteg; and
3. That the sum of £313,526.64 is subsequently transferred from as yet uncollected Section 106 Developer funding for affordable housing due from the Kent and Sussex development, (planning permission TW/10/04041 applies) in early 2018 for the provision of affordable housing in Cranbrook.

This report relates to the following Five Year Plan Key Objectives:

- A Prosperous Borough
The provision of affordable rented housing allows local households on low incomes to continue to live in the Borough and contribute to local prosperity
- A Green Borough
The housing projects are both centrally located close to all local amenities and public transport
- A Confident Borough
Households have appropriately priced housing allowing them to access employment and training

Timetable	
<i>Meeting</i>	<i>Date</i>
Management Board	26 October 2016
Discussion with Portfolio Holder	17 September 2016
Cabinet Advisory Board	16 November 2016
Cabinet	1 December 2016

Tunbridge Wells Committee Report, version: September 2016

Affordable Housing Commuted Sums Expenditure

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 To obtain Cabinet approval for affordable housing commuted sums to be released to assist in the provision of eight, bedsit flats for young people at Grosvenor Park, Tunbridge Wells and three, two bed houses for affordable rent, Paddock Wood
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2. INTRODUCTION AND BACKGROUND

- 2.1 The background issues that need to be addressed are a lack of affordable well managed shared accommodation homes for young people in the town centre and increasing the provision of affordable rented family housing.
- 2.2 We continue to see an increase in the numbers of households needing social rented housing on the TWBC Housing Register, (currently around 1000 applicants) and households approaching the Council as homeless. Currently we rely on housing associations to deliver additional affordable housing to meet these needs.
- 2.3 Traditionally capital funding has been available for housing associations to develop rented housing from the Homes and Communities Agency, (HCA). However the programme of funding for the next 5 years is only available for shared ownership and other low cost home ownership products.
- 2.4 In addition there have been enforced rent reductions across housing association stock, (-1% per annum), restricting their ability to develop new housing.
- 2.5 Due to an over supply of affordable rented sheltered housing in the Borough the Planning Policy requirement of 35% affordable housing was not sought on the Cranbrook Council offices site.
- 2.6 Instead the Council negotiated an off site affordable housing sum to provide affordable housing elsewhere in the Borough secured through the planning obligation agreement, (S106), attached at Appendix A.
- 2.7 We have been approached by two small housing associations who have requested a grant from the Council to enable them to bridge the gap in funding they have experienced due to the rent reductions and lack of government grant for rented homes. The viability of the schemes has been carefully examined and we are satisfied that the projects have progressed sufficiently to be completed in the required time scale for the spending of the S106 funding.

Project One

- 2.8 Housing and Planning Officers have been working for a number of years on an affordable housing project with the West Kent Quakers , Habitat for Humanity and the West Kent YMCA at the Friends Meeting House, Grosvenor Park
- 2.9 The West Kent Quakers own the building in which they worship in the centre of the town. However the building is Victorian and in a conservation area and the Quakers were finding it increasingly difficult to fund the maintenance of the building. They approached the Council to discuss their requirements for a new, smaller meeting hall and wanted to use the rest of the building to provide affordable housing and in particular for young, homeless households in Tunbridge Wells
- 2.10 The Quakers formed a partnership with West Kent YMCA who already provide and manage supported housing for vulnerable young homeless households at Ryder House.
- 2.11 Planning permission was subsequently sought and approved, (Appendix B refers) to provide eight bedsit flats for affordable housing together with new facilities for the Quakers
- 2.12 The bedsits will provide affordable rented housing with shared bathrooms for young people who have been living at the YMCA Ryder House supported housing and who are now ready to move into independent accommodation
- 2.13 The project has taken several years to develop. Appendix B is the Section 106 Agreement securing affordable housing following the grant of planning permission and Appendix C is the most recent letter of support for the management of the project by the YMCA
- 2.14 The scheme will not be as intensively managed as Ryder House but the YMCA facilities are close enough for them to continue to provide support to these young households in their first tenancies.
- 2.15 Rental values in the town are very high and this, combined with a lack of social housing, makes moving on from Ryder House very difficult. There is therefore a resultant lack of spaces at Ryder House.
- 2.16 The accommodation provided at Ryder House is regularly used by the Housing Needs department for placing young homeless households approaching us for assistance and is an extremely valuable resource. Having move-on accommodation will allow us to place further homeless young people.
- 2.17 The whole project, including the accommodation and new hall, is being developed by a charitable housing association, Habitat for Humanity as neither the Quakers or the YMCA have the skills or financial backing to undertake this type of re-development.
- 2.18 Habitat for Humanity has presented their appraisal for the project to us. The Quakers have raised £52,000 to assist with costs and Habitat for Humanity is contributing charitable reserves amounting to £200,000. However there is still a

shortfall in the costs mainly because the project is one of refurbishment in a conservation area therefore making it considerably more expensive

- 2.19 Grant of £250,000 will enable Habitat for Humanity to gain Board approval to progress works on site in January 2017 with expected completion one year later

Project Two

- 2.20 The second project has been presented to us by Habinteg Housing Association. Habinteg are a national association who own approximately 40 units of housing in the Borough. Their stock is mainly for disabled households which are built to exceptionally high standards in order to provide full accessibility for wheelchair users. We provide regular nominations to Habinteg properties for those needing this type of housing on the Housing Register
- 2.21 Habinteg have already purchased a site adjacent to their housing in the Old Kent Road, Paddock Wood and have planning permission to build three, two bedroom houses and one, two bedroom disabled adapted bungalow, (Appendix D)
- 2.22 The appraisal for the scheme from Habinteg was prepared prior to the changes to capital; funding from the HCA and the rent reduction mentioned previously at 2.3 and 2.4. The current scheme appraisal has been presented to us. Without the provision of £63,526 as a subsidy it is unlikely that Habinteg can proceed with the development
- 2.23 The grant required from TWBC amounts to £21,175 per two bedroom house, (they are not requesting a subsidy for the building of the wheelchair adapted bungalow) Habinteg themselves will also be providing a £400,000 internal subsidy
- 2.24 The Council will have full nomination rights to the homes when built via the housing register from Habinteg. There are currently fifty-five households registered for two bedroom social housing in Paddock Wood. With little prospect of other housing associations developing in the area then spending the affordable housing commuted sum represents an excellent opportunity for the Council to subsidise affordable housing and support local families.

3. AVAILABLE OPTIONS

- 3.1 **Option 1 'Do nothing'**- Appendix A of this report includes the Section 106 agreement for the former Cranbrook Council Offices. This states that the affordable housing contribution is to be used for the purpose of providing affordable housing in the Borough. The funds must be spent for this purpose within the specified five years, (by 2020), or be returned, with interest, to the developer. The funds therefore need to be spent or there is a risk of return to the developer with no additional affordable housing gained by the Council.

- 3.2 **Option 2** - wait for an affordable housing project to be available in Cranbrook. Having spoken with our housing association partners in the area and with planning colleagues, there are no projects sufficiently progressed in Cranbrook to achieve the deadline for spending the affordable housing sum by 2020. This option could also result in a return of funds to the developer and no gain in affordable housing.
- 3.3 **Option 3** - use the commuted sum of £313,526, received from the Cranbrook Council offices, to provide funding for affordable housing at Grosvenor Park and Paddock Wood, and to transfer the same sum from the expected commuted sums for the Kent & Sussex site for affordable housing in Cranbrook.
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4. **PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 4.1 The two affordable housing schemes proposed are not financially viable without capital funding subsidy. As previously mentioned grant funding for affordable housing was traditionally provided by the Homes and Communities Agency, (HCA). However funding has been significantly reduced over the past five years and currently the only schemes being funded are those that are for subsidised home ownership products such as shared ownership.
- 4.2 New rented affordable housing provision over the last 5 years has contributed substantially to assisting the Council in its Corporate priorities and fulfilling its statutory duties in tackling homelessness and reducing the numbers of households waiting for social housing.
- 4.3 By assisting in funding the two projects at Grosvenor Park and Paddock Wood the Council can assist in tackling homelessness and meeting local need for affordable rented housing for households on the Housing Register.
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5. **CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

- 5.1 The relevant Ward Members have been informed of these proposals

RECOMMENDATION FROM CABINET ADVISORY BOARD

- 5.2 The Communities Cabinet Advisory Board were consulted on this decision on 16 November 2016 and agreed the following recommendation:

That the recommendations set out in the report be supported subject to the following issues being taken into account by the Cabinet:

- That the report explain the extent to which Section 106 funds could be recovered should the recipients cease operating or the properties come onto the open market and that suitable legal agreements are put in place.

- 5.3 Paragraphs 6.2 and 6.3 have been subsequently added to the report
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6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 Should Cabinet agree to the proposals outlined then the capital sum of £250,000 will be paid to Habitat for Humanity for the Grosvenor Park scheme and £63,526 will be paid to Habinteg Housing Association from the commuted sum held. 60% of the funds will be paid at the start on site and the remaining 40% on completion of the projects
- 6.2 In response to the comments by Councillors at the Communities Cabinet Advisory Board a 'grant agreement' has been drafted by both parties to secure that the Section 106 monies will be used for affordable housing including a 'clawback' period of 15 years paid. We are obtaining internal legal advice on the agreement which will be in place prior to Section 106 funding being released to the two associations.
- 6.3 The grant agreement includes clauses to ensure that the accommodation is used for local people

7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Legal including Human Rights Act	<p>Section 106 planning obligation agreements provide a mechanism for collecting contributions from developers through the planning process. Section 106 contributions may only be used for the purpose specified in the agreement. The proposed use for the contributions in this instance are in accordance with the terms of the relevant agreements and the funding can be utilised as proposed.</p> <p>There are no consequences arising from the recommendation that adversely affect or interfere with individuals' rights and freedoms as set out in the Human Rights Act 1998.</p>	Keith Trowell Senior Lawyer (Corporate Governance) 17/10/16
Finance and other resources	<p>The funding is from Section 106 monies which are specifically allocated for affordable housing.</p> <p>The additional affordable housing will assist the Council in its statutory homelessness duty, reducing the need for emergency B & B housing and assist in managing local social housing demand.</p> <p>The project will be managed through existing budgets as part of the role of the Housing Development Manager working with the Service Accountant.</p>	Jane Fineman Head of Finance and Procurement 21/10/16

Staffing establishment	There are no staffing implications.	Sarah Lewis Housing Register and Development Manager 10/10/16
Risk management	This matter is not featured in the Risk Register. The risks of the project would be that the schemes don't get built. These risks will be minimised by releasing the S106 monies only when the project starts on site, (60%) and then the remainder when the project is complete	
Environment and sustainability	There are no implications because both projects already have planning permission where environmental implications would have been taken into account. Neither project are in the AONB.	
Community safety	There are no implications under the Crime and Disorder Act 1998. The young persons project should have a positive impact as it will provide good quality housing for young people managed by the YMCA.	
Health and Safety	There are no health and safety implications.	
Health and wellbeing	No implications. Providing affordable housing for both young people and families can have a positive impact on their mental health. Both projects are located in central areas which means that households can make healthy lifestyle choices by walking to local shops, schools and using public transport alongside contributing to the local community. The projects will improve the living conditions of residents who need access to more affordable homes.	
Equalities	Decision-makers are reminded of the requirement under the Public Sector Equality Duty (s149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups. The decisions recommended through this paper could contribute towards advancing equality of opportunity by taking steps to meet the needs of young people on low incomes who require affordable housing.	Sarah Lavallie West Kent Equalities Officer 18/10/16

8. REPORT APPENDICES

The following documents are to be published with and form part of the report:

- Appendix A: Section 106 Agreement for Cranbrook Council Offices
 - Appendix B: Section 106 Agreement for Friends Meeting House, Grosvenor Park
 - Appendix C Letter from YMCA dated 11th October 2016
 - Appendix D: Planning Permission for Habinteg scheme at Old Kent Road, Paddock Wood
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9. BACKGROUND PAPERS

- None