

Delegated Portfolio Holder Decision

Is the final decision on the recommendations in this report to be made via this function?

Yes

Spending of former Cranbrook Offices Affordable Housing Commuted Sum

Final Decision-Maker	Delegated Portfolio Holder Decision
Portfolio Holder(s)	Cllr Carol MacKonochie
Lead Director	Paul Taylor – Director of Change & Communities
Head of Service	Gary Stevenson – Head of Housing and Environment
Lead Officer/Author	Sarah Lewis Housing Register & Development Manager
Classification	Non-exempt
Wards affected	Cranbrook

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

1. It is noted that the sum of £313,526.64 was received in lieu of on site affordable housing in June 2015 from the former Cranbrook Offices site, (Planning permission TW/13/02502). As per the approved 2016 Cabinet Report, £250,000 was spent on the Friends Meeting House project in May 2017.
2. £13,000 from the affordable housing contribution received for the former Cranbrook Offices development was used to contribute to the funding of the Housing Needs Study 2017.
3. It is recommended in this report that £50,526.64 from the Cranbrook Offices Site contribution held by the Council in lieu of affordable housing is committed to affordable housing provision at Brick Kiln Farm, Cranbrook, (16/502860/OUT)

Explain how this report relates to the Corporate Priorities in the Five Year Plan:

- A Prosperous Borough – Affordable housing built as part of a Section 106 mixed tenure housing scheme assists with affordability pressures in the Borough.
- A Confident Borough - Providing affordable housing assists in addressing social deprivation.
- Providing affordable housing solutions for homeless and vulnerable households at rents they can afford.

Timetable

Meeting	Date
Agreed for publication by Portfolio Holder	16 June 2020
Agreed for publication by Head of Service	12 June 2020

Other committee(s)	N/A
Report published	19 June 2020
Decision due not before	29 June 2020

Tunbridge Wells PH Decision Report, version: December 2

Spending of former Cranbrook Offices Affordable Housing Commuted Sum

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The Council received an affordable housing commuted sum of £313,526.64 in June 2015 in lieu of on site affordable housing from McCarthy & Stone developers.
- 1.2 At Cabinet in December 2016 a decision was taken to release the sum towards subsidising two affordable housing projects – one at the Friends Meeting House built by Habitat for Humanity and the other an affordable housing scheme to be built by Habinteg Housing.
- 1.3 The Friends Meeting House sum of £250,000 was released to Habitat for Humanity in September 2017 for move-on accommodation for young people and has now been spent.
- 1.4 The Habinteg project, for which the council committed the remaining £63,526.64, did not go ahead.
- 1.5 £13,000 of the remaining £63,526.64 Cranbrook S106 sum was spent to part fund a Housing Needs study.
- 1.6 The remaining unspent sum of £50,526.54 needs to be committed to an affordable housing project within five years from the date of receipt. This expires therefore in June 2020.
- 1.7 Portfolio Holder agreement is sought for the remaining sum of £50,526.64 to be released to provide affordable housing at Brick Kiln Farm, Cranbrook.

2. INTRODUCTION AND BACKGROUND

- 2.1 Where new development projects are not able to provide affordable housing on site, planning policy allows for a commuted sum to be collected from the developer to provide affordable housing on an alternative site.
- 2.2 The sum of £313,526.64 was negotiated as an off site affordable housing contribution at the former Cranbrook Council offices, to be committed to the provision of affordable housing on an alternative site within 5 years of receipt: (June 2015.)
- 2.3 Two projects were identified to use the funding and gained Cabinet approval in December 2016. Subsequently only one of these projects went ahead - the Friends Meeting House development

- 2.4 In 2017 the Housing and Planning Policy teams jointly commissioned a Borough wide Housing Needs Study. This has been used to provide an evidence base for the emerging new Local Plan and in particular to strengthen future affordable housing policy. £13,000 of S106 funding from the Cranbrook Council Offices was used to part fund the study, given that accurate data on housing need helps inform affordable housing provision going forward.
- 2.5 Permission is sought to release the remaining funding of £50,526.64 to subsidise the provision of affordable housing at Brick Kiln Farm in Cranbrook. The funding would be used to convert the tenure of one of the homes being built from an affordable rent to a social rent. Social rents are lower than affordable rents, and given that the majority of our housing register applicants are on incomes of less than £1500 per month, a social rented property will be more affordable for local residents in housing need.
- 2.6 Brick Kiln Farm has planning permission for 165 homes, of which 58 will be affordable housing. The Section 106 Agreement reference 16/502860/OUT is included at Appendix C.
- 2.7 The site, which is to be developed by Persimmon, does not yet have a Registered Provider (RP) partner to deliver the affordable housing.
- 2.8 This report seeks approval for the remaining £50, 526.64 to be used to assist in subsidising whichever RP is successful in winning the affordable housing contract with Persimmon to provide social rented housing.

3. AVAILABLE OPTIONS

- 3.1 'Do nothing' This would risk the remaining S106 funding, (£50,526.64) being returned to the developer unspent.
- 3.2 Wait for a project to be available for spending the remaining funding. This would risk the funds remaining being unspent within the deadline of June 2020.
- 3.3 Commit the funding to the Brick Kiln Farm scheme. Whilst the development at Brick Kiln Farm does not yet have an RP partner, it is a firm scheme with planning permission and therefore will fulfil the requirements of the S106 agreement – namely, that the funds are committed within a five year period.

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 The option at 3.3 is the only course of action to avoid risking the unspent £50,526.64 being returned to the developer, McCarthy & Stone.

- 4.2 Once Portfolio Holder agreement is received we will contact all the RP Partners and Persimmon to get an update on progress for the affordable housing contract at Brick Kiln Farm.
- 4.3 The subsidy of £50,526.64 will be paid to the RP Partner to be used to subsidise a social rented unit to which the Council will have nomination rights.
- 4.4 A grant agreement will be drawn up between the RP and TWBC Legal Services to ensure the spending and monitoring of the sum for affordable housing.

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 Prior to the Cabinet report in 2016, consultation with Ward Members in Cranbrook was undertaken to ensure that Members were aware that the affordable housing contribution was to be spent in another part of the Borough from where the contribution was collected.
- 5.2 Ward Members in Culverden and Paddock Wood were also consulted on the affordable housing projects that the subsidy was to be spent on.
- 5.3 It is planned that Ward Members in Cranbrook will be informed of this report in the time leading up to publication.

6. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Legal including Human Rights Act	Section 106 planning obligation agreements provide a mechanism for collecting contributions from developers through the planning process. Section 106 contributions can 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 agreement and the funding can be utilised as proposed. Under the terms of the agreement if the funding is not committed before 22 June 2020 it will have to be returned to the developer	Keith Trowell, Team Leader Corporate Governance, MKLS
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 Procurement & Parking 19/06/20
Staffing	There are no staffing implications	Sarah Lewis

establishment		Housing Register & Development Manager 03/06/20
Risk Management	The majority of the commuted sum has been spent within the given timescale of 5 years from receipt at clause 1.3 of the Council's Obligations. The timescale expires on 22 nd June 2020 however so there is a risk that McCarthy & Stone ask for the remaining sum of £50,526 to be returned.	Sarah Lewis Housing Register & Development Manager 03/06/20
Data Protection	No implications.	Sarah Lewis Housing Register & Development Manager 03/06/20
Environment and Sustainability	There are no implications as the scheme in which the money is to be spent already has full planning approval	Sarah Lewis Housing Register & Development Manager 03/06/20
Community Safety	There are no implications as the scheme in which the money is to be spent already has full planning approval	Sarah Lewis Housing Register & Development Manager 03/06/20
Health and Safety	Not applicable	Sarah Lewis Housing Register & Development Manager 03/06/20
Health and Wellbeing	Not applicable – Health and Wellbeing will be promoted by the inclusion of affordable housing.	Sarah Lewis Housing Register & Development Manager 03/06/20
Equalities	The inclusion of affordable housing will have a positive impact on the Council's Equality Duty as it ensures that households in housing need can access good quality housing.	Sarah Lewis Housing Register & Development Manager

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7. REPORT APPENDICES

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

- Appendix A: Section 106 Agreement for former Cranbrook Council Offices
 - Appendix B: Cabinet Report Dated December 2016
 - Appendix C: Section 106 Agreement for Brick Kiln Farm
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