

Cabinet	
Meeting Date	11 July 2018
Report Title	Use of Affordable Housing Commuted Sum
Cabinet Member	Cllr Alan Horton, Cabinet Member for Housing and Safer Communities
SMT Lead	Emma Wiggins
Head of Service	Amber Christou
Lead Officer	Rebecca Walker, Strategic Housing & Health Manager
Key Decision	Yes
Classification	Open
Recommendations	1. To approve the allocation of £180,000 commuted sum to Optivo Housing Association towards the costs of delivering affordable housing on two Council owned sites at Evergreen Close, Iwade and Colegates Close, Oare.

1 Purpose of Report and Executive Summary

- 1.1 Resident Services has a total of £180,000 commuted sum that was received in lieu of affordable housing delivery at 'The Meads' Development. The S106 variation for this site stipulates that this money can only be used for the delivery of affordable housing. There is no spend-by date, or location specifications for where this money can be used, other than it must provide affordable homes in the Swale area.
- 1.2 One of the Council's current objectives is to consider how to support the increase of affordable housing in the borough, and therefore it is proposed that the available commuted sum of £180,000 be used to enable affordable housing delivery on two Council owned sites at Evergreen Close and Colegates Close.
- 1.3 A report was presented to Cabinet by Property Services on the 4 October 2017, and it was agreed that the freehold of both sites could be transferred to Optivo Housing Association for an agreed sum to enable the delivery of new affordable housing provision in the Borough.

2 Background

- 2.1 Commuted sum payments are paid to the Council by a developer in lieu of affordable housing delivery on sites where it has been agreed that on-site provision is not achievable. These sums are expected to be used on alternative sites solely to enable new-build provision of this tenure type.

- 2.2 As a non-stock holding authority, affordable housing in Swale is provided by Housing Associations who rely on public subsidy towards the capital costs of development. However, it is becoming increasingly difficult to meet the rising demand for these homes, and therefore, it is important to explore other options to increase supply, including utilising existing commuted sums to deliver additional 'off-site' affordable housing.
- 2.3 The Council undertook a landholding review and identified two suitable sites for the delivery of new affordable homes at Evergreen Close, Iwade and Colegates Close, Oare. Both of these sites are situated within former Council housing estates and were part of the stock transfer agreement completed in 1990 with Swale Housing Association, now known as Optivo. Therefore, these sites are significant as any successful development on them is reliant on the utilisation of adjacent land owned by Optivo.
- 2.4 Consideration was also given to any existing financial opportunities that could be utilised to help bring forward housing development on these sites. The remaining £180K commuted sum was identified as being suitable as it is designated for the delivery of affordable homes in Swale, although it was recognised that this sum alone would not deliver a viable scheme.
- 2.5 Discussions were held with Optivo Housing Association, and feasibility testing demonstrated that both sites have affordable housing development potential subject to the provision of the £180K commuted sum and planning permission.

3 Proposal

- 3.1 It is now recommended that the full amount of commuted sum is provided to Optivo as part of the previous agreement to sell them Evergreen Close, Iwade and Colegates Close, Oare. This will ensure the schemes remain viable and affordable homes are delivered in the borough.
- 3.2 Optivo have undertaken viability work on Evergreen Close and Colegates Close which has determined a total of 11 affordable homes can be provided across both sites:
 - Evergreen will provide four 3-bedroom homes. Each home requires £13,750 commuted sum, resulting in this site utilising £55,000 of the total commuted sum provided to Optivo.
 - Colegates will provide seven 2-bedroom homes. Each home requires £17,860 commuted sum, resulting in this site utilising £125,020 of the total commuted sum provided to Optivo.
- 3.3 Optivo have gained approval from their Procurement Appraisal Group to proceed with affordable housing development on these two sites, on the provision that the commuted sum is made available to them.

4 Alternative Options

- 4.1 The commuted sum could subsidise the delivery of affordable homes on a developer owned and approved site, above any s106 requirements. The affordable homes would be owned by a Housing Association who will retain all financial and management responsibilities for the dwellings
- 4.2 The commuted sum could be retained by the council to contribute towards the provision of one small new build affordable home delivered on council owned land, or as a contribution towards the conversion of a purchased empty home managed through a local Council housing company.
- 4.3 These options are not recommended because the council will have less control over the types of dwellings provided on a private development site and a full council scheme will have resource costs and management burdens.

5 Consultation Undertaken or Proposed

- 4.4 None required.

6 Implications

Issue	Implications
Corporate Plan	<p>A Borough to be proud of Commuted sums will encourage and support the delivery of additional affordable housing on identified schemes across the borough.</p> <p>A Community to be proud of Working in partnership with affordable housing providers and developers to deliver much needed affordable housing for local households, whilst working towards addressing the increasing gap between supply and demand of affordable homes.</p> <p>A council to be proud of The allocation of commuted sums to deliver affordable housing will booster the delivery of this much needed housing type. It also provides an opportunity for unused Council assets to be brought into use.</p>
Financial, Resource and Property	The delivery of additional affordable homes outside of the usual pathways of delivery will be secured using available commuted sum of £180,000. Any additional resourcing to enable delivery will need to be met through other government grant funding streams.
Legal and Statutory	The requirement for a commuted sum to be paid in lieu of on-site delivery of affordable housing is secured within a S106 legal agreement. It is necessary to adhere to any specific constraints such as a time limit for the sum to be spent, or restrictions around

	the locality of the homes.
Crime and Disorder	None.
Environmental Sustainability	Depending on the outcome of the agreement to spend the commuted sum, any subsequent scheme is likely to require planning consent.
Health and Wellbeing	Additional affordable housing within the Borough will have positive health and wellbeing impacts on community's and individual households, providing sustainable housing. This will have a positive impact improving mental health and physical wellbeing of those who move into new affordable and sustainable homes.
Risk Management and Health and Safety	None
Equality and Diversity	Committed sums provide a valuable opportunity to ensure that where delivery of affordable housing on a site is not possible, provision can contribute towards the councils' aims of delivering affordable homes to meet local need.
Privacy and Data Protection	Section 106 planning obligation is a legal agreement between the local planning authority and the applicant/developer and others that have an interest in the land. Any personal information held as part of a scheme or payment agreement will be protected from unauthorised access or disclosure as per council policy.

7 Appendices

None

8 Background Papers

None