



ADUR & WORTHING
COUNCILS

Executive Members for
Customer Services
11 July 2019

Decision to be taken on or after
19 July 2019

Key Decision: Yes

Release of the Affordable Housing Budget to Secure Additional Affordable Housing

Report by the Director for the Economy

Executive Summary

1. Purpose

- 1.1 This report considers the scope to provide funding to a Registered Provider to ensure the delivery of affordable rented housing on the Ropetackle North site. If funding is approved it will also help to ensure the delivery of 30% affordable housing, 8% more than secured through the planning process.

2. Recommendation

- 2.1 That £720,000 be released from 2019/20 affordable housing budget to deliver additional affordable housing on the Ropetackle North site as set out in Paragraph 4.4 of the report.

3. Context

- 3.1 Planning permission was granted in 2015 for the redevelopment of 12-18 Old Shoreham Road (Ropetackle North). Permission was granted for the Development of the site by erecting up to 120 houses and apartments,

riverfront cafe/70 bed hotel, range of commercial units including office space and local food store with associated parking and landscaping.

3.2 The Section 106 required the provision of 22% of the overall development to be affordable with the following tenure split:

- a) to comprise 65% housing at Affordable Rent and 35% Intermediate Housing or such other mix as may be agreed between the Owners, the Council and the relevant Registered Provider from time to time; and
- b) the housing at Affordable Rent to be comprised of 4 x 1 bedroomed flat; 6 x 2 bedroomed flat; 3 x 3 bedroomed flat and 3 x 2 bedroomed house and 1 x 3 bedroomed house; the Intermediate Housing to comprise 4 x 1 bedroomed flat, 3 x 2 bedroomed flat and 2 x 2 bedroomed house.

3.3 Planning Committee accepted that the development could not deliver the full 30% affordable housing required by the Local Plan in view of the high infrastructure costs of developing the site, including the flood defence wall. Independent Consultants employed by the Council at the time accepted the viability position submitted by the applicants.

3.4 The site was then sold to the Hyde Group and in connection with the approval of reserved matters a Deed of Variation was signed.

3.5 Prior to commencing the development last year, the developer (The Hyde Group) indicated that, due to further viability concerns, it would not be able to deliver the rented accommodation and meet all the infrastructure payments required in the S106 Agreement. As a number of the infrastructure payments were committed (including paying for the flood wall installed by the Environment Agency, providing a pedestrian crossing and funding for Swiss Gardens School), the Head of Planning and Development agreed to consider varying the S106 Agreement provided the applicant agreed to a detailed review of its viability appraisal.

3.6 The submitted viability appraisal has demonstrated that without additional funding, the scheme could not deliver the rented accommodation set out in the s106. The Head of Planning and Development has employed an independent viability Consultant to review the case submitted by Hyde and they have confirmed that the financial position has worsened since outline

permission was granted, particularly in relation to construction costs and predicted sales values.

4. Issues for consideration

- 4.1 In parallel with the discussions with Planning, the Head of Housing has discussed the use of grant aid to increase the level of affordable housing to provide 14 rented apartments. In addition, the developer has committed to increase the overall level of affordable housing on site to 30%. Whilst, an informal agreement was reached this was not progressed at the time as the viability review was delayed.
- 4.2 Whilst, the development can proceed with the varied s106 Agreement resulting in the delivery of all shared ownership units, this would not help to meet the significant need for rented accommodation in the District. There is no control over who purchases shared ownership units and, as the Executive Member is aware, there is an urgent need to deliver more rented accommodation to reduce the current housing waiting list.
- 4.3 At present there is an unallocated budget for Grants to Social Landlords for the provision of affordable housing of £1,380,600 which is part funded by any unallocated S106 and 1-4-1 right to buy receipts.
- 4.3 It is recommended that £720,000 be released from this budget to secure 14 rented apartments on this site.

Accommodation Mix

- 4.4 If the Council agrees to the request for funding, the Hyde Group has committed to deliver 30% affordable housing on the site although 10 of the shared ownership units would be delivered subject to Homes England (HE) providing additional grant. The proposed mix would be:
- ❑ 14 Affordable Rent units subject to a council grant of £720k. To be comprised of 4 x 1 bed flats and 10 x 2 bed flats.
 - ❑ 12 Shared Ownership (Intermediate) Affordable Units secured through s106 agreement. To be comprised of 3 x 1bed flats, 7 x 2 bed flats and 2 x 3 bed houses.
 - ❑ 10 Shared Ownership (Intermediate) Affordable Units provided with support of HE funding and not secured by s106 agreement. To be comprised of 3 x 1 bed flats and 7 x 2 bed flats.

5. Engagement and Communication

- 5.1 The Head of Service for Planning and Development and the previous Head of Housing had various discussions with the developers, Hyde Group and the principle of providing funding to deliver rented accommodation on the site subject to a viability was accepted in principle. Adur Cabinet has also discussed the importance of providing the necessary infrastructure contribution for the Adur Tidal Walls scheme which would potentially be threatened if the s106 is not varied to replace the rented accommodation with shared ownership (intermediate) housing.

6. Financial Implications

- 6.1 The Council's approved capital strategy requires a report to be presented to the Executive Member for schemes costing £250,000 outlining details of the scheme, the method of procurement (if applicable) and the capital and revenue implications.
- 6.2 The Council has an unallocated budget of £1,380,600 for awarding grants to Registered Social Landlords (RSLs) for the provision of affordable housing.
- 6.3 If the grant of £720,000 is approved, the residual budget available for this purpose in 2019/20 will be £660,600.
- 6.4 There are no unbudgeted revenue consequences of approving this scheme.

7. Legal Implications

- 7.1 S.11(6) of the Local Government Act 2003 provides that the Secretary of State and a local authority in England may enter into an agreement with the effect that Councils are permitted to retain all surplus RTB receipts if the receipts were used for one-to-one replacement housing.
- 7.2 Local authorities can spend their RTB receipts themselves, to fund the development costs associated with the provision of social rented housing, as defined in Section 68 (1) (a) of the Housing and Regeneration Act 2008 or can provide the RTB receipts as grants to bodies in which they do not own a "controlling" interest. Any grant agreement could contain specific conditions to satisfy the terms of the 1-4-1 retention agreement and could include the receipt of nomination rights.

7.2 The Council is able to use Section 106 contributions and RTB receipts to fund elements of the proposals. There is more discretion in the use of Section 106 contributions than for RTB receipts, the conditions for which are more restrictive. Most notably the use of RTB receipts can only be for specific development costs incurred in the provision of new social and affordable rented accommodation and not intermediate ownership tenures. The financial arrangements should be structured so that the Council makes best use of these sources of funding and at the same time complying with any restrictions. RTB receipts could be used to fund up to 30% of the cost of purchasing the social rent units.

7.3 The Council has a general power of competence under Section 1 Localism Act 2011 and specific powers under the Housing Act 1985 and the Local Government Act 1988 to provide financial assistance to facilitate the provision of housing. Grants should be allocated in accordance with the criteria in which it has been received, "For the delivery of affordable housing".

Background Papers

S106 Agreement dated 12th June 2015

Deed of Variation dated 14th March 2017

Planning Application Reference AWDM/0935/13 and AWDM/1006/16

Officer Contact Details:-

James Appleton

Head of Planning and Development

01903 221334

james.appleton@adur-worthing.gov.uk

Akin Akinyebo

Head of Housing

01273 263 232

akin.akinyebo@adur-worthing.gov.uk

Sustainability & Risk Assessment

1. Economic

The proposal would help to deliver the funding required for the construction of the Adur Flood Wall scheme which helps to protect a number of homes and businesses in the town centre.

2. Social

2.1 Social Value

The provision of affordable rent would be a significant benefit to the local community helping to address existing and future housing needs.

2.2 Equality Issues

Matter considered and no issues identified.

2.3 Community Safety Issues (Section 17)

Matter considered and no issues identified.

2.4 Human Rights Issues

The planning application for the development addressed any human rights issues.

3. Environmental

Matter considered and no issues identified.

4. Governance

Matter considered and no issues identified.