



## Services Overview Committee

**Thursday, 13 June 2019 at 6.30 pm**

**Large & Small Committee Room, King George V House, King George V Road, Amersham**

### **S U P P L E M E N T A R Y   A G E N D A   1**

Item

11 Affordable Housing Contributions Update (*Pages 3 - 8*)

The Committee is asked to consider and comment on the attached Cabinet report.

**Note:** All reports will be updated orally at the meeting if appropriate and may be supplemented by additional reports at the Chairman's discretion.

**Date of next meeting – Thursday, 19 September 2019**

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<b>SUBJECT:</b>	<i>Affordable Housing Contributions Update</i>
<b>RELEVANT MEMBER:</b>	<i>Councillor Liz Walsh, Portfolio Holder for Healthy Communities</i>
<b>RESPONSIBLE OFFICER</b>	<i>Martin Holt – Head of Healthy Communities</i>
<b>REPORT AUTHOR</b>	<i>Michael Veryard – Housing Manager michael.veryard@chilternandsouthbucks.gov.uk</i>
<b>WARD/S AFFECTED</b>	<i>Not Ward Specific</i>

## 1. Purpose of Report

- 1.1. To Provide Cabinet with an update on the receipt and expenditure of Section 106 Affordable Housing Contributions in accordance with the requirements of the Council's Affordable Housing Supplementary Planning Document.

## RECOMMENDATIONS

1. That the contents of the report be noted.
2. That the following allocations of Affordable Housing Contributions are agreed:
  - (i) Strategic Funding Agreement with Paradigm Housing (Various sites) = £1,000,000
  - (ii) Other affordable housing schemes approved on a scheme by scheme basis = £674,045.70

## 2. Reasons for Recommendations

To meet the requirements of the Council's Affordable Housing Supplementary Planning Document and to secure agreement for the continued use of Affordable Housing Contributions to support the provision of additional affordable housing.

## 3. Content of Report

- 3.1. The Council's Core Strategy makes provision in certain circumstances for developers to make a financial contribution in lieu of providing affordable housing on site.
- 3.2. Since 2011/12 (the year that the Core Strategy was adopted) the Council has received Affordable Housing Contributions totalling £3,152,169.70.

3.3. The Council has utilised this income to support the cost of funding additional affordable housing provision in Chiltern district. The Table below summarises the actual and committed expenditure to date:

<b>A. Expenditure (Completed Schemes)</b>			
<b>Scheme</b>	<b>Number of Units</b>	<b>Date Completed</b>	<b>Expenditure (CDC contribution)</b>
<b>A1</b> - Property Acquisition Programme (Paradigm)	15	2014	£375,000
<b>A2</b> -The Chequers, Chesham (Hightown)	22	2015	£365,124
<b>A3</b> - Springett Place, Amersham (Paradigm)	7	2018	£280,000
<b>Total Expenditure (Completed Schemes)</b>			<b>£1,020,124</b>
<b>B. Committed Expenditure (Current)</b>			
<b>B1</b> - Hodds Wood Road, Chesham (Paradigm)	4	Not yet completed	£88,000
<b>B2</b> - Birch Close/Raans Road, Amersham – 2 sites (Paradigm)	6	Not yet completed	£210,000
<b>B3</b> - Enabling Opportunities to develop Council owned-land for affordable housing	Not yet confirmed	Not applicable	£50,000
<b>B4</b> - Enabling Opportunities to acquire land for the development of affordable housing	Not yet confirmed	Not applicable	£110,000
<b>B5</b> - Support the change of tenure from shared ownership to affordable rented	Not yet confirmed	Not applicable	£482,000
<b>B6</b> -Develop affordable housing units on site at LHA (Local Housing Allowance) rate	Not yet confirmed	Not applicable	£560,000
<b>Total Committed Expenditure</b>			<b>£1,500,000</b>

3.4. The above expenditure and commitments leaves a balance of £632,045.70 from Affordable Housing Contributions income that is currently uncommitted.

### **Future Allocations**

3.5. In 2018, the Council entered into a Principles of Co-operation Agreement with Paradigm Housing which committed both parties to "Work together with the aim of increasing the supply of affordable homes for the people of Chiltern District". The Agreement included commitments by Paradigm to "Maximise the development potential of land within its ownership" and by the Council to "Consider allocating capital funding and/or commuted sums to support PHG to fund and deliver new rented housing".

3.6. Paradigm has been working with the Council to explore the potential for development within its existing footprint of land and has identified a number of garage sites and infill sites that show development potential. Paradigm is also acquiring sites for redevelopment where additional funding could increase the number of affordable homes that are being delivered. Individual schemes are now being brought forward as planning applications.

3.7. The Council can use some of its Affordable Housing Contributions to help find the delivery of affordable rented units on these sites. This will help to secure units that can be let directly to households who are on the Council's Housing Register or in its homelessness temporary accommodation. Without this funding, it is likely that many of the units will be sold on the market as shared ownership or outright sale.

3.8. It is proposed that the Council enters into a strategic funding agreement with Paradigm Housing, whereby Paradigm commits to delivering 28 affordable rented homes across a range of sites that it is bringing forward in Chiltern district in return for a funding commitment of £1,000,000 from the Council. This equates to £35,000 per unit and will allow Paradigm to operate flexibly by bringing forward sites and properties for funding as and when developments are ready to proceed. The agreement would operate on the basis that:

- (i) Funding support will only be agreed for schemes where planning permission has been secured
- (ii) Funding for individual schemes will be subject to approval in consultation with the Portfolio Holder for Health and Housing
- (iii) The programme agreement will run for a two year period and the 28 properties will be delivered within this period.
- (iv) The Council will have 100% nomination rights to initial and subsequent lettings

- (v) In the event that any properties are sold within 10 years of completion, the funding provided for that property will be repaid to the Council on a sliding scale (with the level of repayment reduced by  $\frac{1}{10}$  for each year following completion).

3.9. It is proposed that the funding of £1,000,000 for the Strategic Funding Agreement with Paradigm Housing will be met from items B5 (£482,000) and B6 (£518,000) in the table in Paragraph 3.3 above.

3.10. This will leave £674,045.70 of Affordable Housing Contributions that remains unallocated (made up of the figure of £632,045.70 referred to in Paragraph 3.4 plus the balance of £42,000 remaining on B6). This sum will be committed to support other affordable housing schemes that will approved on a scheme by scheme basis in consultation with the Portfolio Holder for Health and Housing (in accordance with the Affordable Housing Supplementary Planning Document).

3.11. The overall revised Committed Expenditure Programme will look as follows:

<b>C. Committed Expenditure (Revised)</b>			
<b>Scheme</b>	<b>Number of Units</b>	<b>Date Completed</b>	<b>Expenditure (CDC contribution)</b>
<b>C1</b> - Hodds Wood Road, Chesham (Paradigm)	4	Not yet completed	£88,000
<b>C2</b> - Birch Close/Raans Road, Amersham – 2 sites (Paradigm)	6	Not yet completed	£210,000
<b>C3</b> - Enabling Opportunities to develop Council owned-land for affordable housing	Not yet confirmed	Not applicable	£50,000
<b>C4</b> - Enabling Opportunities to acquire land for the development of affordable housing	Not yet confirmed	Not applicable	£110,000
<b>C5</b> – Strategic Funding Agreement with Paradigm Housing (Various sites)	28	Not applicable	£1,000,000
<b>C6</b> - Other affordable housing schemes approved on a scheme by scheme basis	Not yet confirmed	Not applicable	£674,045.70
<b>Total Committed Expenditure (Revised)</b>			<b>£2,132,045.70</b>

**4. Consultation**

Not Applicable

**5. Options (if any)**

Not applicable

**6. Corporate Implications**

6.1 **Financial** – Affordable Housing Contributions are secured through the planning process and are required to be utilised to support the delivery of affordable housing in accordance with the Affordable Housing Supplementary Planning Document. The actual and proposed financial commitments in this report will be met from existing income.

6.2 **Legal** – The process for allocating and monitoring the use of Affordable Housing Contributions is set down in the Affordable Housing Supplementary Planning Document which requires that payments are approved on a scheme by scheme basis in consultation with the Portfolio Holder for Health and Housing.

**7. Links to Council Policy Objectives**

Working towards safe and healthier local communities

**8. Next Steps**

The Council will proceed with utilising the Affordable Housing Contributions as set down in this report and with final approval being agreed on a scheme by scheme basis subject to consultation with the Portfolio Holder for Healthy Communities.

<b>Background Papers:</b>	None, other than those referred to in this report.
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