

<b>Item No.</b> 7.	<b>Classification:</b> Open	<b>Date:</b> 3 September 2013	<b>Meeting Name:</b> Planning Committee
<b>Report title:</b>		Approval for transfer of £160,000 from the S106 Affordable Housing Fund to provide 2 new affordable housing units at 1 - 2 Wade House, Dickens Estate, SE1	
<b>Ward(s) or groups affected:</b>		Cathedral, Grange and Riverside	
<b>From:</b>		Regeneration Initiatives Manager	

## RECOMMENDATION

That the Planning Committee authorises:

1. The expenditure of £160,000 from the S106 affordable housing fund being monies collated from the following s106 Planning Obligations:
  - £82,500 from Sarsons Vinegar Works, 169 Tower Bridge Road, SE1 01/AP/0970 a/n AFFHSG1
  - £13,014 from Part of Jacobs Island Site, Jacob Street SE1 97/AP/1131 AFFHSG7
  - £3,388 from 96/AP/0220 Springalls Wharf, Bermondsey Wall West, SE1 a/n 047
  - £61,098 from 97/AP/1082 18-20 New Globe Walk, SE1SE1 a/n 111

towards the provision of two new affordable housing units, 1 x 2 bed and 1 x 3 bed, at Wade House, Parker Row, Dickens Estate, SE1 2DN.

## BACKGROUND INFORMATION

2. Approval in respect of s106 funds over £100,000 for matters of strategic importance is a matter reserved to planning committee. Planning obligations under s106 of the Town and Country Planning Act 1990 are used to address the negative impacts caused by a development and contribute to providing infrastructure and facilities necessary to achieve sustainable communities. The council can enter into a legal agreement with a developer whereby the developer agrees to provide planning obligations. These obligations can take the form of financial contributions and can cover a range of facilities including the provision of affordable homes.
3. The council expects affordable housing to be provided by developers on-site. In exceptional circumstances where a developer has justified, in accordance with both the council's planning policy requirements and the London Plan, that the affordable housing cannot be built on-site, the affordable housing should be provided off-site. If this is not possible then the Council may allow a contribution to be secured by way of an in-lieu payment. All in-lieu payments received by the council in this way are combined to form the Affordable Housing Fund. This fund is ring-fenced to help finance social housing providers build new affordable housing schemes in the borough. The council's Housing Regeneration and Delivery team manages this fund and identifies appropriate schemes. The

funding of the units at Wade House are part of the council's commitment to provide new homes from existing assets through its Hidden Homes Programme.

#### **KEY ISSUES FOR CONSIDERATION**

4. This scheme referenced 12-AP-1402 which would be developed by Southwark council received planning consent on the 25 July 2012 and comprises of two properties, namely a 2 bed and a 3 bed for social rent.
5. The social rented units would be funded by the £160,000 from the Affordable Housing Fund. These units will be made available for social rent, and will contribute to the commitment to build 1000 new council homes by 2020.
6. These two units will be provided from non residential space within an existing housing block previously utilised as a GP surgery prior to its relocation to larger premises. The refurbishment works will be completed as part of a planned major works programme to the entire block. The scheme will be managed by the council's housing major works team who will manage the building timetable, standard of works and phasing of payments.
7. On completion these units will be made available for letting to households registered on the council's housing register.
8. An application for funding to The Mayor's Housing Covenant – building in the pipeline has secured indicative funding of £54,275 for the Wade House site subject to contract and certain conditions being met. It is anticipated that this process is likely to be concluded by the end of September 2013 at the latest.
9. The full amount of £160,000 is sought from the S106 Affordable Housing Fund to ensure the development of these units should the funds from the GLA not be forthcoming. In the event that these monies are made available for the scheme by the GLA, Members will be notified in a further report of the reallocation of the surplus S106 funds.
10. If Members do not approve the release of funds they will be retained in the Affordable Housing Fund until such time as approval is sought for the funding of future schemes.

#### **Policy implications**

11. The LPA seeks to secure, a provision of at least 35% affordable housing for all new housing within private developments in the Urban Density Zone in relation to schemes of 10 units or more or on sites larger than 0.5 hectares. The allocation of funds the subject of this report would secure a provision over and above the required 35% level.
12. Paragraph 3.10 of the Affordable Housing SPD provides that all in-lieu payments received by the council are pooled together to form an Affordable Housing Fund (AHF). This fund is ring-fenced to help fund the provision of affordable housing by social housing providers in the borough.

#### **Community impact statement**

13. As well as providing two new family homes for social rent, the units at Wade House will provide two new family homes for letting to residents in priority need

as well as utilising redundant space with the block reducing the risk of anti social behaviour or criminal damage.

14. The provision of this housing is in line with community needs and will create stronger communities. This in turn will improve the quality of life of people in Southwark and encourage community cohesion.

### **Resource implications**

15. The proposed expenditure of £160,000 from the AHF would be financed from the developers' s106 Agreement contributions.
16. These amounts have been paid into the affordable housing fund and the project is fully funded from this allocation. Officer time will be met from existing resources and commitments.
17. It is proposed to fund elements of this affordable housing scheme through S106 contributions already received from developers. This contribution to the scheme will form part of and be monitored through the Housing General Fund capital programme, and will form the council's only financial commitment to the scheme. There are no wider implications for the Housing Investment Programme.

### **Consultation**

18. The proposed scheme at Wade House has been subject to the normal planning consultation process. The Chair and the Vice Chair of the Bermondsey and Rotherhithe and Borough, Bankside and Walworth Community Council have been consulted, no response has been received.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Director of Legal Services**

19. Paragraph 12 of Part 3F of the council's Constitution provides that the planning committee will consider the expenditure of funds over £100,000.
20. The council is obliged to utilise any monies paid by a developer under the terms of each individual agreement. It would be unlawful for the council to spend monies on any other purpose than specifically provided for.
21. The section 106 manager has set out in the following paragraph of this report the references to the appropriate section 106 Agreements. It is confirmed that these Agreements contain such provisions and accordingly the proposal set out within this report is a lawful use of the monies.

### **Section 106 Manager**

22. The development at Sarsons Vinegar Works, 169 Tower Bridge Road, SE1 01/AP/0970 a/n AFFHSG1 secured £82,500 towards the provision of affordable housing. This payment has been received by the Council and is available from the AHF. This proposed allocation would provide acceptable new off-site affordable housing.

23. The development at Part of Jacobs Island Site, Jacob Street SE1 97/AP/1131 AFFHSG7 secured £263,014.00 towards the provision of affordable housing. This payment has been received by the Council and is held in the AHF. £250,000 has been spent leaving £13,014 available. This proposed allocation would provide acceptable new off-site affordable housing.
24. The development at 96/AP/0220 a/n 047 Springalls Wharf, Bermondsey Wall West, SE1 secured £43,500 towards the provision of affordable housing. This payment has been received along with a further £3,388.31 in interest. The £43,500 has been spent and the £3,388.31 interest is available. This proposed allocation would provide acceptable new off-site affordable housing.
25. The development at 97/AP/1082 18-20 New Globe Walk, SE1SE1 a/n 111 secured £245,000 towards the provision of affordable housing. This payment has been received by the Council and the £61,098 is available. This proposed allocation would provide acceptable new off-site affordable housing.

### **Strategic Director of Finance and Corporate Services**

26. This report is requesting the planning committee to authorise the release of £160,000 of S106 Affordable Housing funds secured via several legal agreements as detailed in paragraph 1 towards the provision of two new affordable housing units at Wade House, Parker Row, Dickens Estate.
27. It is noted that the S106 funds from the specified agreements have been received by the council and are available towards the cost of providing new affordable housing units.
28. Any staffing and other costs connected with this recommendation to be contained within existing departmental budgets.

### **AUDIT TRAIL**

<b>Lead Officer</b>	Maurice Soden, Housing Regeneration Initiatives Manager	
<b>Report Author</b>	Sonia Esnard, Housing Investment Strategy Manager	
<b>Version</b>	Final	
<b>Date</b>	24 July 2013	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments Included</b>
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
S106 Manager	Yes	Yes
<b>Cabinet Member</b>	No	No
<b>Date final report sent to Constitutional Team</b>	22 August 2013	