

Item No. 8.	Classification: Open	Date: 12 September 2016	Meeting Name: Planning Committee
Report title:		Transfer of £6,280,179.75 from below mentioned developments towards the cost of providing 27 new affordable housing units at Kipling Garages, Weston Street SE1	
Ward(s) or groups affected:		Grange	
From:		Chief Executive	

RECOMMENDATION

1. To authorise the release of £6,280,179.75 of section 106 funding, from the following agreements, to enable the development of land at Kipling Garages, Weston Street, SE1 for 27 affordable homes, let at Council rents:

Planning Ref	Account Number	Address	Amount
12/AP/1423	627	19 Spa Road, London SE16 3SA	£1,766,061.45
13/AP/4163	659	Former Valentine and Orson PH, 171 Long Lane SE1 4PN	£1,500,000
14/AP/1302	749	Fielden House, 28 - 42 London Bridge Street and 21 – 27 St Thomas Street, London SE1	£2,641,478.60
13/AP/2971	717	Calico House, 199 Long Lane, London SE1 4PN	£112,826.80
11/AP/0868	666	2 - 10 Steedman Street, London SE17 3AF	£259,812.90

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 mitigate 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 financial contributions and/or enter into various planning obligations. Section 106 obligations can include affordable housing, provision of open spaces, health and community facilities and employment training schemes.
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 the construction of new affordable housing schemes in the borough.

4. On the 19 July 2016 Cabinet authorised officers to agree the heads of terms of a housing grant agreement to enable the development of land on the Kipling estate, Weston Street, London SE1 ("the Property), by the Leathermarket Community Benefit Society Limited (CBS) to a maximum sum of £9,661.815. It further authorised the Head of Property to enter into a housing grant agreement covering the development and to release £3,381,633 from the Council's Housing Investment Programme (HIP) as part of the funding. It further noted that the Council's planning committee will receive a report requesting the release of s106 monies to part fund the scheme.
5. The Council's Cabinet on 16 September 2014 authorised the Cabinet member for finance, strategy and performance to agree the heads of terms and likewise the head of property to be authorised to both enter into an agreement for lease and grant a long leasehold interest in the property, to the (CBS) on the terms outlined in that report.
6. All site investigations were carried out some time ago. The planning application 15/AP/2721 was submitted on the 1 July 2015 after being presented to the Council's design review panel in May 2015. It is understood that this application will be determined shortly by planning officers now that the negotiations for a s106 planning agreement have been completed. It is proposed that thereafter and subject to the satisfaction of the conditional matters, one of which is that 'the CBS have sufficient funding in place', that the lease can be drawn down and entered into simultaneously with the s106 agreement.
7. The proposed development will comprise 27 units of accommodation arranged over a part three, part five and part seven storey building together with three car parking spaces for disabled residents. The unit breakdown is as follows:

Bedroom size	Number of units
One bed	4
Two bed	13
Three bed	10

8. The scheme has been designed by Southwark based Bell Phillips architects in conjunction with the residents of the Kipling estate. The scheme development has been through a rigorous design process with each stage the subject of consultation with the residents of the estate.
9. The properties will be let on assured tenancies in accordance with the social rent levels approved by the Council's Cabinet on 19 July 2016. These rent levels are specifically referred to in a schedule to the s106 agreement any 'right to buy' provisions will consequently not apply to these units therefore protecting these assets for future generations.

KEY ISSUES FOR CONSIDERATION

10. The homes provided through this development will contribute to the Council's commitment to deliver 11,000 new homes by 2043 and to deliver 1,500 of those new

homes by 2018.

Community Impact Statement

11. The new homes created as part of this resident led scheme will enable some households to move from over crowded conditions whilst others will be downsizing allowing the release of a range of different sized units to be relet for others in housing need. The CBS has carried out an equalities impact assessment to assess the implications of the proposed scheme. Council officers have also undertaken equality analysis of the proposal.
12. The development of the site, on what currently contains single storey domestic garages, will have wider regenerative benefits for the local community.
13. Three of the homes are fully wheelchair accessible and all twenty seven are designed to lifetime homes standard.
14. No residents will be displaced as a result of the scheme.

Consultation

15. The scheme is the product of a well supported community led initiative and its development has been through a rigorous design process with each stage the subject of consultation with the residents of the estate.
16. The planning application was subject to the statutory consultation process.
17. Ward councillors are aware of this scheme and have been advised of the contents and recommendations arising from this report.

Resource implications

18. Staffing and any other costs connected with this recommendation are to be contained within existing departmental revenue budgets.

Policy implications

19. The scheme is fully supported by the Council as evidenced in the Cabinet resolutions made on the 19 July 2016 and 16 September 2014.
20. The development of this site will provide much needed genuinely affordable housing built to the highest of standards in terms of both design and energy efficiency. In particular the architects have been careful to adhere to the Council's own planning policies as well as the London Housing Design Guide.
21. The properties will be built to code level 4 of the code for sustainable homes and therefore will have to reduce carbon emissions, conserve fuel and energy as set out in building regulations (Part L) 'Value the Environment'.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

22. The recommendation seeks to allocate funds totalling £6,280,179.75 from five separate developments situated at 19 Spa Road; 171 Long Lane; Fielden House in St Thomas Street; Calico House, Long Lane; and 2 - 10 Steadman Street. The relevant planning application references are included at paragraph 1 of this report.

23. Any s106 monies received must be expended strictly in accordance with the terms of the relevant s106 agreement and also in accordance with the tests as set out in regulation 122, Community Infrastructure Levy Regulations 2010 (as amended) which provide that the required obligation must be (i) necessary to make the development acceptable in planning terms; (ii) directly related to the development; and (iii) fairly and reasonably related in scale and kind to the development.
24. The five s106 agreements which are listed in this report have been reviewed in order to ensure that the proposals for expenditure are in accordance with the purposes for which the identified contributions were made. In these agreements, the requirement is to use the funds which were paid in lieu of the provision of affordable housing on-site or a specific off-site affordable housing scheme towards the construction, provision or delivery of new affordable housing within the borough. This in lieu payment was permitted in accordance with planning policy.
25. In this instance, the rent levels are at socially rented levels at the rates which have been previously approved by Cabinet. Accordingly the proposed expenditure is in accordance with the terms of the individual agreements.
26. The expenditure of s106 monies is a matter reserved for Planning Committee where the proposed sums exceed £100,000 and the project is of strategic importance. Subject to taking into account the above considerations, Members are advised that they may approve the proposed expenditure.

Director of Planning

Permission Ref	Account No	Purpose	Principle Amount	Indexation/Interest
12/AP/1423	627	HSAH	£1,766,061.45	N/A
13/AP/4163	659	HSAH	£1,500,000	N/A
14/AP/1302	749	HSAH	£2,600,000	£41,478.60
13/AP/2971	717	HSAH	£111,000	£1,826.80
11/AP/0868	666	HSAH	£500,000.00	£34,970.86

27. The above mentioned developments secured £6,555,337.71, combined in contributions towards affordable housing. All £6,555,337.71 is currently unallocated and available. This report seeks to release only £6,280,179.75 of that available.
28. The proposed allocation accords with the above mentioned agreements and would provide appropriate mitigation for the impacts of the specific and future developments.

Director of Finance and Governance

29. This report requests the planning committee to approve the release of £6,280,179.75 s106 funds from the legal agreements listed in the first paragraph of this report towards the cost of providing 27 new affordable housing units at Kipling Garages, Weston Street.
30. The Strategic Director of Finance and Governance notes the Council has received the related s106 funds and that they are available for the development outlined in this report. Contribution of £3,381,633 from Housing Investment Programme towards the overall cost of the development is also noted.
31. The allocation of funding for this development represents an increase in the Council's

capital expenditure and will be reflected as a budget variation in the next capital monitoring report to Cabinet.

32. Staffing and any other costs associated with this recommendation are to be contained within existing departmental revenue budgets.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Copies of s106 legal agreements	Planning Division, 160 Tooley Street, London SE1	Jack Ricketts 020 7525 5464

APPENDICES

No.	Title
None.	

AUDIT TRAIL

Lead Officer	Eleanor Kelly, Chief Executive		
Report Author	Paul Davies, Principal Surveyor		
Version	Final		
Dated	1 September 2016		
Key Decision	No		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title	Comments Sought		Comments included
Director of Law and Democracy	Yes		Yes
Director of Finance and Governance	Yes		Yes
Director of Planning	Yes		Yes
Date final report sent to Constitutional Team			1 September 2016