

Item No. 8.	Classification: Open	Date: 8 November 2016	Meeting Name: Planning Committee
Report title:		Transfer of £11,507,000 from the developments at land adjacent to Lambeth College and Potters Field (a/n 560) and Neo Bankside (a/n 339A) towards the cost of providing 378 new affordable housing units as part of the Southwark Regeneration in Partnership Programme	
Ward(s) or groups affected:		Peckham, The Lane, Grange, Camberwell Green and East Dulwich	
From:		Director of Regeneration	

RECOMMENDATIONS

1. That the planning committee authorise the expenditure of £11,507,000 from the section 106 Affordable Housing Fund (AHF), being monies from the developments at land adjacent to Lambeth College and Potters Field (a/n 560) and Neo Bankside (a/n 339A) noted in paragraph 26, towards the provision of 378 new affordable housing units of the council's award of the Southwark Regeneration in Partnership Programme (SRPP) – Lot B to Affinity Sutton Homes Ltd.

BACKGROUND INFORMATION

2. In July 2014, the council renewed its pledge to deliver a fairer future for all in Southwark in a set of 10 new fairer future promises as well as specific commitments, some of which include:
 - a. Deliver value for money across all services
 - b. Build more quality affordable homes of every kind across the borough
 - c. Become an age friendly borough
 - d. Improve standards across schools
 - e. Provide enough places to offer young people and families, including those who are vulnerable, the right support
 - f. Revitalise neighbourhoods
 - g. Support local people into work.
3. These promises are recognition of the need for new housing supply whilst improving existing housing, educational and health provision across the borough. The Southwark Regeneration in Partnership Programme (SRPP) has the potential to make a significant contribution to that objective.
4. The New Southwark Plan is being prepared in consultation with residents, land owners, developers, employers, local organisations and other groups over the next two to three years. It will set out the strategy to bring the full benefits and opportunities of

regeneration to all Southwark's residents.

5. The overall objective is to develop a range of regeneration programmes in line with the Plan to revitalise our neighbourhoods, making them places in which we can all be proud to live and work and to build more quality affordable homes of every kind.
6. A move towards more efficient and higher quality provision must be considered against the financial constraints faced by the council as it prepares for further reduction in our funding from central government. As reported to cabinet on 9 February, since 2010 Southwark council has had to make £156m of budget savings, equivalent to a third of our budget. Despite being one of the most deprived areas of the country, the council has faced some of the largest reductions in government funding for local authorities, and further indicative savings of £69m over the next three years. As such, the council is exploring ways it can continue to deliver value for money for residents and businesses by making even better use of its resources.
7. The council holds significant assets and sites and there will be opportunities to work with developers to achieve the best possible outcome for our residents and to enhance their long term value. This is already occurring on individual sites and regeneration areas and the council has a strong track record of attracting private sector investment to secure better outcomes for the local community.
8. The programme will enable more efficient use of assets, deliver more quality homes of every kind and create new opportunities to enhance the quality of service provision and maximise value of council buildings across the borough, through partnership working with developers and registered providers.
9. A report to cabinet on 27 January 2015 set out the aims and objectives for the SRPP to identify a number of council owned sites of varying size and development potential, which would be packaged to create viable opportunities for development and regeneration. These sites could be developed for a range of mixed use schemes, including housing that would maximise the utility and value of these assets by leveraging in the investment and expertise of established developers through a joint partnership.
10. A further report to cabinet on 20 October 2015, approved the use of the Greater London Authority (GLA) London Development Panel (LDP) framework for the procurement of the development partners to deliver 18 sites in two lots through the SRPP and the procurement process undertaken followed the requirements of the approved framework
11. On 23 February 2016, a report to the cabinet member for regeneration and new homes approved the recommendation by the director of regeneration for the final blend of sites and tenure variations for 8 sites in Lot A and 10 sites in Lot B (listed in paragraph 12). The tender for Lot A was not successful and the site in that package are being repackaged for a new tender.
12. Six of the following Lot B sites are being progressed to planning consent by the council.

Table 1

Lot B	Site Name	Submission Date (a)	Projected Decision Date (e)
1	The Flaxyard site, Sumner Road SE15 (Council led submission)	Nov. 2016	Feb. 2017
2	Sumner House, Sumner Road SE15 (Council led submission)	Nov. 2016	Feb. 2017
3	Car Park, Copeland Road SE15 (Council led submission)	24/08/2016	23/11/2016
4	Land at Library Square, Peckham High Street SE15 (Council led submission)	03/08/2016	02/11/2016
5	233/247 Old Kent Road SE1 (Council led submission)	Nov. 2016	Feb. 2017
6	21/23 Parkhouse Street SE5 (Council led submission)	Nov. 2016	Feb. 2017
7	Land at Wyndham Road/Redcar Street SE5 (Developer led submission)	Mar. 2017	
8	Fred Francis Day Centre, Lordship Lane SE22 (Developer led submission)	Sept. 2017	
9	Land at Angel Oak School, Longhope Close SE15 (Developer led submission)	Mar. 2017	
10	Wickway Community Centre, St George's Way SE15 (Developer led submission)	Jul. 2017	

13. On 20 September 2016, the council's cabinet approved, subject to securing the funding requirement noted in paragraph 2 of the recommendations, the award of the Southwark Regeneration in Partnership Programme (SRPP) Lot B to Affinity Sutton Homes Ltd to deliver 606 new homes (of which 284 will be council owned), 4,132m² of commercial space/community facilities that will be retained by the council and associated infrastructure for a total development cost of around £153m.
14. A subsidy of £19.347m is required to enable the delivery of the 284 council homes. £7.84m of the requirement will be met through Housing Zone funding leaving a balance of £11.507 which is the subject of this report.
15. In overall terms the programme provides good value for money for the council,

securing 284 new homes an average notional cost in the region of £155,000 per home. This is better value for money than other means of procurement and transfers the majority of the development and construction risk to the developer.

KEY ISSUES FOR CONSIDERATION

16. Lot B comprises 10 schemes. The council will seek planning consent for 6 of these schemes. The programme aims for planning permission to be granted for these schemes by February 2017. Affinity Sutton will seek planning consent for the remaining 4 schemes. The schemes comprised the following homes:

Table 2

Lot B	Site Name	Social Rent	Intermediate	Market	Total
1	The Flaxyard site, Sumner Road SE15	97	24	0	121
2	Sumner House, Sumner Road SE15	0	0	48	48
3	Car Park, Copeland Road SE15	24	18	25	67
4	Land at Library Square, Peckham High Street SE15	6	3	10	19
5	233/247 Old Kent Road SE1	11	0	12	23
6	21/23 Parkhouse Street SE5	10	2	20	32
7	Land at Wyndham Road/Redcar Street SE5	74	0	40	114
8	Fred Francis Day Centre, Lordship Lane SE22	16	0	16	32
9	Land at Angel Oak School, Longhope Close SE15	26	32	27	85
10	Wickway Community Centre, St George's Way SE15	20	15	30	65
	Total	284	94	228	606

17. All the social rent homes will be owned by the council and will be let at council rents to households on the councils' housing register. The proportions of homes to be delivered as percentages are as follows:

Table 3

Social Rent (Council Homes)	47%
Intermediate	16%
Market	38%
Total	100%

Funding structure

18. The total cost of developing the seven sites listed above is £49,347,000 of which

£11,500,000 is being sought from the affordable housing fund, and an estimated £7.84m of GLA grant funding through their Housing Zones programme. The schemes that attract the GLA funding are Flaxyard site, Library Square, Old Kent Road, Angel Oak School and Wickway Community Centre.

19. It is proposed that draw down of Affordable Housing Fund monies will be requested via a report to Planning Committee on the following basis:

a) At start on site per proposed programme:

	Start on Site	Completion
Car Park, Copeland Road SE15	July 2017	December 2018
Library Square, Peckham High Street SE15	July 2017	December 2018
Petrol Station, 233-247 Old Kent Road	July 2017	December 2018
The Flaxyard site, Sumner Road SE15	October 2017	March 2019
21/23 Parkhouse Street	October 2017	March 2019
Land at Angel Oak School, Longhope Close SE15	January 2018	March 2020
Land at Wyndham Road/Redcar Street SE5	July 2018	June 2020
Sumner House, Sumner Road SE15	January 2019	June 2020
Fred Francis Day Centre, Lordship Lane SE22	January 2019	June 2020
Wickway Community Centre, St George's Way SE15	October 2019	March 2021

b) With payments made to Affinity Sutton Homes Ltd following:

- their application of the Housing Zone grant funding and
- their achievement of prescribed milestones.

20. A development agreement will be entered into between the council and Affinity Sutton Homes Ltd. This agreement will address the quality of the homes to be built, the building timetable, the phasing of payments and the monitoring of the programme. The quality standard to be met will include:

- The London Housing Design Guide
- Southwark Council Design Values
- Southwark Council Design Standards
- South East London Housing Partnership – Wheelchair Homes Design.

21. 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. However, the period during which the council can spend these contributions is limited in the case the One Tower Bridge agreement.

Policy implications

22. 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 on 10 units or more or on sites larger than 0.5 hectares. The allocation of funds that are the subject of this report would secure a provision over and above the

required 35% level.

23. 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. This fund is ring-fenced to help fund the provision of affordable housing by social housing providers in the borough.

Community impact statement

24. Under the Equality Act 2010's Public Sector Equality Duty (PSED), as a public body we must have due regard to the need to:
- a) Eliminate unlawful discrimination, harassment and victimization
 - b) Advance equality of opportunity between different groups
 - c) Foster good relations between different group.
25. A community impact statement has been undertaken for two of the quick win sites, which are appended as Appendix 3, in preparation for planning submission and a similar exercise will be undertaken for the remaining Lot B sites prior to planning submission. The statements capture community priorities, issues and needs, in particular groups displaced or impacted by the development proposal. The community impact statement focused on two distinctive communities:
- a) Geographical communities - people living, accessing or working close to the development
 - b) Community of identity – groups that share characteristics such as the older people, minority ethnic groups, faith groups, people with disabilities and young people, etc. Indicative groups we seek to consult and assess with will be service users, internal stakeholders and affected businesses.
26. Officers will undertake a full equalities impact assessment with the development partner once they are in place and to be completed prior to commencement of works on the first site. This is to ensure that there is no disproportionate or discriminatory impact on groups with protected characteristics.

Resource implications

27. The proposed expenditure of £11.507m will be met from the section 106 agreements attached to the planning permissions for the following development sites:

Table 4

Development Name	PA No.	Amount £
LAND ADJACENT TO LAMBETH COLLEGE and POTTERS FIELDS, LONDON SE1	10/AP/1935 (a/n 560)	£11,000,000
BANKSIDE INDUSTRIAL ESTATE, 118-122 SOUTHWARK STREET, 44 HOLLAND STREET, 47 HOPTON STREET, LONDON SE1 OSW	11/AP/0912 (a/n 339A)	£507,000
Total		£11,507,000

Consultation

28. All schemes in Lot B will have at least three public consultation events before the planning application is submitted. These will be held locally and online.
29. Each site has been subject to the usual planning consultation process and would appear to be acceptable in planning terms and it is anticipated that planning permission is likely to be granted for each site.
30. The chair and vice chair of the local community council and the local ward councilors have been consulted and comments will be report in the addendum.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

31. This report requests that the planning committee approves the release of £11,507,000 (eleven million five hundred and seven thousand pounds) from the section 106 funds received in relation to the two developments which are detailed and which are now known as One Tower Bridge and Neo Bankside
32. The monies are required to assist in the building of 378 new affordable housing units. It is a requirement that any contributions held as a result of obligations imposed in section 106 agreements must be expended strictly in accordance with the terms of the relevant agreement. It is also necessary to satisfy the policy tests set out in Regulation 122 of the Community Infrastructure Levy Regulations 2010 which provide that such obligations must be (i) necessary to make the development acceptable in planning terms; (ii) directly relate to the development; and (iii) fairly and reasonably relate in scale and kind to the development
33. The two section 106 agreements have been reviewed. The significant majority of the funds being released relate to the One Tower Bridge agreement which provides that the contribution is to be utilised for the purpose of “off-site affordable housing”. There is an obligation on the council to commit to the expenditure within five years of the date of the payment to the council. Since it is understood that this was made in April 2015, there is still considerable time for the development to be progressed although there must be a construction contract in place for the sites before April 2020.
34. The monies being taken from the Neo Bankside agreement are relatively much less being £507,000. The original agreement was subject to variations whilst the developer over a period of time attempted to find suitable sites for the off-site affordable housing. The council may expend the monies on affordable housing in any part of the borough.
35. The decision to consider and approve section 106 agreement expenditure exceeding £100,000 is reserved to planning committee in accordance with part 3F of the constitution.

Strategic Director of Finance and Governance

36. This report requests that the planning committee approve the release of £S106 funds, secured from the legal agreements listed on table 4 above, towards the cost of providing 378 new affordable housing units.

37. It is noted that all funds from these agreements have been received by the council and are available towards the intended projects. Use of the monies will be monitored as part of the council's capital programme.
38. Any staffing and other costs connected with this recommendation will be contained within existing budgets.

Director of Planning

Table 5

Permission Reference	Account No.	Purpose	Principle amount	Indexation / Interest
10/AP/1935	560	HSAH	£10,510,000	£490,000
11/AP/0912	339A	HSAH	£10,001,998	N/A

39. The above mentioned developments secured £21,001,998 combined in contributions towards the provision of affordable housing of which £15,739,000 is currently unallocated and available.
40. The proposed allocation accords with the above mentioned agreements and would provide appropriate mitigation for the impacts of the specific and future developments.
41. The affordable housing contributions received can only be used for new affordable housing beyond what is required by the donor site. The affordable housing requirements for the identified donor sites have been calculated and the proposed allocation will be to the additional affordable housing beyond what is required. These accords with the justification for the contribution and the legal agreement.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None.		

APPENDICES

No.	Title
None.	

AUDIT TRAIL

Lead Officer	Simon Bevan, Director of Planning		
Report Author	Neil Loubser, Senior Planning Officer		
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Key Decision?	Yes		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		Comments sought	Comments included
Director of Law and Democracy		Yes	Yes
Strategic Director of Finance and Governance		Yes	Yes
Cabinet Member		Yes	Yes
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