

Item No. 7.	Classification: Open	Date: 4 February 2013	Meeting Name: Planning Committee
Report title:		Report seeking approval for transfer of £311,364 from the section 106 Affordable Housing fund to provide 3 new affordable housing units at Tapley House, Dombey House and Nickleby House, Dickens Estate, George Row SE16 4UW / Wolseley Street SE1 2BL	
Ward(s) or groups affected:		Grange, Riverside	
From:		Regeneration Initiatives Manager	

RECOMMENDATION

1. That the planning committee authorises the expenditure of £311,364 from the section 106 (S106) affordable housing fund, being monies collated from the following developments at 7-25 Bermondsey Street/2-10 Magdalen Street SE1 97/AP/1503 a/n 137 towards the provision of three new affordable housing units, 1 x 1 bed, and 1 x 3 bed and 1 x 2 at Tapley House, Dombey House and Nickleby House, Dickens Estate, SE1 2BL and SE16 4UW.

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 (AHF). 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.
4. The units at Tapley House, Dombey House and Nickleby House are part of the council's commitment to provide new homes from existing assets through its Hidden Homes Programme.

KEY ISSUES FOR CONSIDERATION

5. These properties referenced as follows will be developed by Southwark Council:
 - 13-AP-2738 Tapley House received planning consent on the 17 October 2013 and comprises of a 1 bed unit.
 - 13-AP-2736 Dombey House received planning consent on the 18 October 2013 and comprises of a 3 bed unit.
 - 13-AP-2758 Nickleby House received planning consent on the 11 October 2013 and comprises of a 2 bed unit.
6. These units will be wholly funded by the £311,364 from the AHF broken down as follows.
7. On completion all of the units will be made available for social rent and will contribute to the council's commitment to build 1,000 new homes by 2020.
8. These units will be provided from non residential space within an existing housing block that was previously utilised as drying rooms. The refurbishment works will be completed as part of a planned major works programme to the block and will be managed by the council's housing major works team who will oversee the building timetable, standard of works and phasing of payments.
9. On completion these units will be made available for letting to households registered on the council's housing register.
10. An application for funding to the Mayor's housing covenant 'Building in the Pipeline' has secured funding for each of the units as follows:
 - Tapley House - £10,855
 - Dombey House - £32,565
 - Nickleby House - £27,710
11. A total of £71,130 is therefore anticipated from this funding stream, subject to contract and certain conditions being met. This sum is to be paid on completion of the development.
12. The full amount of £311,364 is therefore sought from the S106 affordable housing fund to ensure the development of these units should the funds from the Greater London Authority (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.
13. If members do not approve the release of funds they will be retained in the AHF until such time as approval is sought for the funding of future schemes.

Policy implications

14. Paragraph 3.10 of the affordable housing supplementary planning document (SPD) provides that all in-lieu payments received by the council are pooled together to form an AHF. This fund is ring-fenced to help fund the provision of affordable housing by social housing providers in the borough.

Community impact statement

15. As well as providing three new homes for social rent, the units on the Dickens Estate will provide new family homes for letting to residents in priority need as well as utilising redundant space within the block, therefore reducing the risk of anti-social behaviour or criminal damage.
16. 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

17. The proposed expenditure of £311,364 from the AHF would be financed from the developers' S106 agreement contributions.
18. These amounts have been paid into the AHF and the project is fully funded from this allocation. Officer time will be met from existing resources and commitments.

Consultation

19. The proposed schemes at Tapley House, Nickleby House and Dombey House have been subject to the normal planning consultation process. The chair and the vice chair of the Bermondsey and Rotherhithe community council have been consulted and no responses have been received.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of legal services

20. Paragraph 6 of part 3F of the Southwark constitution, which details the roles and functions of the planning committee, states that planning committee can 'consider the expenditure of section 106 monies.' Under matters specifically reserved for decision by planning committee, paragraph 2 states that planning committee can 'consider the expenditure of funds over £100,000 for matters of strategic importance secured through legal agreements under section 106 of the Town and Country Planning Act.' The approval of affordable housing funds would therefore satisfy the strategic importance criteria and the sum of £311,364 is over the £100,000 threshold.
21. The £311,364 is coming from the AHF and is made up of a contribution from the S106 agreement for planning application reference 97-AP-1503 in relation to a development at Bermondsey Street/Magdalen Street. The S106 agreement specifies an affordable housing contribution in the amount of £450,000 to be used by the council towards the provision of affordable housing and this lower figure of £311,364 can easily be met by the affordable housing contribution.
22. Subject to taking account of the above considerations, the committee is advised to approve the expenditure which would be consistent with the terms of the S106 agreement, together with the legal and policy tests relating to validity and expenditure of S106 contributions.

Section 106 manager

23. The development at 7-25 Bermondsey Street/2-10 Magdalen Street SE1 97/AP/1503 a/n 137 secured £450,000 towards off site affordable housing. This contribution has been received by the council and is currently unallocated.
24. The proposed allocation of £311,364 of affordable housing contributions to provide 3 new units (namely a 1 bed, a 2 bed and a 3 bed unit) is in accordance with the agreements and policies to secure new additional affordable housing units.

Investment implications

25. 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.

Strategic director of finance and corporate services

26. This report is requesting the planning committee to authorise the allocation of £311,364 from 7-25 Bermondsey Street/2-10 Magdalen Street SE1 agreement number 97/AP/1503 for the provision of new affordable housing units at Tapley House, Dombey House, and Nickleby House, Dickens Estate, George Row, SE16 4UW / Wolseley St SE1.
27. It is noted that £450,000 of S106 funds from the specified agreement has been received by the Council and is available towards the cost of providing new affordable housing units.
28. The report also indicates that £71,130 of funding from the Mayor's housing covenant 'Building in the Pipeline' has been secured against the above development, which will reduce the funding requirement from above S106 allocation, once the contract and grant conditions are complied. It is therefore noted that once this grant is received by the council, the appropriate funds will be released back into the S106 AHF for allocation towards other schemes which be subject to further reports.
29. Any staffing and other costs connected with this recommendation are to be contained within existing departmental budgets.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Section 106 papers	160 Tooley Street	Zayd Al-Jawad 020 7525 7309

AUDIT TRAIL

Lead Officer	Maurice Soden, Housing Regeneration Initiatives Manager	
Report Author	Sonia Esnard, Investment Strategy Manager	
Version	Final	
Date	27 November 2013	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments sought	Comments included
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Section 106 Manager	Yes	Yes
Cabinet Member	No	No
Date final report sent to Constitutional Team	20 December 2013	