

CHESHIRE EAST COUNCIL

SOUTHERN PLANNING COMMITTEE

Date of meeting: 16th Movember 2011
Report of: Planning and Development Manager
Title: Report in Relation to Section 106 Agreement for Demolition of Existing Buildings and Erection of New Buildings and Redevelopment of Existing Link House to Provide 35 Apartments and Two Retail Units with Associated Infrastructure on land at 2 & 4 Heathfield Avenue and 29, 29A & 31 Hightown

1.0 Purpose of Report

1.1 To seek the approval of the Committee for alterations to the terms of the Section 106 Agreement for the above development. The original section 106 agreement sought a commuted sums payment towards improvement of public open space and the provision of 12 affordable units. This was amended on 9th June 2010 to increase the number of affordable units to 14 as Wulvern Housing wishes to purchase additional units. The applicants now wish to undertake three alterations to the terms of the section 106 agreement which are as follows:-

1. Need to change ward titles (in the context of priorities for the nomination of occupiers for the affordable housing units to be provided as part of the development concerned) as these related to the old ward titles prior to the reorganization of the ward boundaries. The wording of the agreement needs to be updated to reflect these changes.
2. The original committee report made specific reference that the units be “subject to a rent which is accepted as affordable by the Homes and Communities Agency”. At that time, social rented housing was defined by the DCLG as rented housing owned and managed by Local Authorities and Housing Associations for which guideline target rents are determined through the national rent regime. In April 2011, the government changed the funding of social housing which resulted in a reduced grant to support the new supply of affordable homes which was designed to be bridged through enhanced revenues provided by “affordable rents” which may be set at up to 80% of the local market rent value.

1.2 The effect of the variation would be to allow Wulvern Housing to set rents higher than that the capped ‘target rent’ set by the Homes and Community Agency – up to 80% of the local market rent.

2.0 Decision Required

2.1 To approve the variations to the term of the Section 106 Agreement relating to the 'Demolition of Existing Buildings and Erection of New Buildings and Redevelopment of Existing Link House to Provide 35 Apartments and Two Retail Units with Associated Infrastructure' in the manner set out in paragraph 6.4 of this report.

3.0 Financial Implications for the Council

3.1 Costs for staff time to vary the Agreement. However charges for the legal costs will be payable to the Council by the applicant.

4.0 Legal Implications for the Council

4.1 None

5.0 Risk Assessment

5.1 None.

6.0 Background and Report

6.1 A report on planning application P09/0014 for the Demolition of Existing Buildings and Erection of New Buildings and Redevelopment of Existing Link House to Provide 35 Apartments and Two Retail Units with Associated Infrastructure was considered by the Southern Planning Committee in July 2009. The application was recommended for approval subject to the applicant signing a Section 106 Agreement to provide 12 affordable units and a commuted sums payment in respect of public open space.

6.2 An amendment to the terms of the Section 106 agreement to enable the provision of 14 affordable units was granted by the southern Planning Committee in June 2010.

6.3 The detail of the Section 106 agreement required the submission of a commuted sums payment of £17,500 and the following terms in respect of the affordable housing:-

- A trigger for delivery of the affordable housing which will be that the first affordable block on site 2 be completed first and that the 12th unit be provided prior to the first occupation of the private market housing at site 1;
- A 'cascade' will need to be included to ensure that first priority is given to those in housing need who are resident in or who have connections to the

wards of Crewe (wards of Alexandra, Coppenhall, Delamere, Grosvenor, Leighton, Maw Green, St Barnabas, St Johns, St Marys, Valley, Waldron, Wells Green, Willaston, Wistaston Green) followed by the whole of the Borough of Crewe and Nantwich;

- Provision for nomination rights to be given to Cheshire East Borough Council;

- The affordable units shall be units to rent, subject to a rent which is accepted as affordable by the Homes and Communities Agency for the Borough area which shall, so far as the law allows, exclude any right which the lessee may otherwise have to acquire the freehold or long leasehold interest in such units.

6.4 The applicant is seeking to vary the terms of the Section 106 Agreement so that the ward titles reflect the reorganisation of wards within the Crewe town area. The implications of this are limited given that the relevant areas have all been renamed.

6.5 It is also proposed to alter the last criteria so that Wulvern Housing can set the 'affordable rent' anything up to 80% of the local market rental value. This is to enable Wulvern to receive enhanced rents on new build affordable housing to bridge the gap left by the reduction in grant support from the Homes and Communities Agency.

6.6 This change may exclude those in greatest housing need and is therefore less desirable than the current terms of the Section 106 Agreement. That said, Wulvern has indicated that the changes in the national grant funding regime have undermined the viability of the scheme and the alteration to affordable rents is the only prospect of Wulvern securing funding for the scheme. Whilst not ideal, the changes to the section 106 agreement would still facilitate the provision of 14 affordable units at the site and without this necessary change to the terms of the section 106 agreement the scheme may falter. In this regard, there have been no objections expressed from the Housing Team.

7.0 Reasons for Recommendation

7.1 The amended terms of the section 106 agreement would not reduce the amount of affordable housing. On this basis it is not considered reasonable or necessary to refuse to alter the terms within the Section 106 agreement.

For further information:

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Background Documents:

Planning File and correspondence reference P09/0014

Email from G Allen dated 12 October 2011

Documents are available for inspection at: Municipal Buildings, Earle Street,
Crewe CW1 2BJ