

CHESHIRE EAST COUNCIL

SOUTHERN PLANNING COMMITTEE

Date of meeting: 31 October 2012
Report of: Development Management and Building Control Manager
Title: Proposed Deed of Variation to the Section 106 Agreement to Allow for a Reduction in the Number of Affordable Units at Marsh Farm, Newcastle Road, Congleton (09/4240C).

1.0 Purpose of Report

- 1.1 To consider a proposed Deed of Variation to the Section 106 Agreement agreed to by Southern Planning Committee in respect of application 09/4240C.
- 1.2 The report is presented to Southern Planning Committee because the original application for a residential development of 52 houses was approved by the Committee on 21st July 2010.
- 1.3 Members considered the variation on 27th June 2012 and requested that officers undertake further discussions with the developers and the Registered Social Landlord. These discussions have now been concluded.

2.0 Decision Required

- 2.1 To agree to the amendments to the previous resolutions as stated in this report.
- 2.2 The principle of the residential development has already been established by the previous resolution and this report does not provide an opportunity to revisit that issue. This item relates solely to the proposed amendment to the requirements of the Section 106 Agreement.

3.0 Background

- 3.1 The application relates to a 1.66ha site which was farmland and a farmhouse but now contains the 52 dwellings approved on 21st July 2010.
- 3.2 To the northeast of the site is Astbury Mere Country Park; to the south is a care home, to the north a church and to the west residential properties and a garage.
- 3.3 The site is designated as being within the settlement zone line of Congleton, in the adopted local plan.

4.0 Previous Planning Permission

- 4.1 Members may recall that in July 2010, Southern Planning Committee resolved to grant full planning permission for a residential development of 52 units on Marsh Farm, Congleton.
- 4.2 The resolution to approve on 21st July 2010 was subject to the completion of a Section 106 Agreement making a number of provisions including, the provision of 15 affordable homes comprising 5 two bedroom and 3 three bedroom homes for social rent and 7 three bedroom homes for discounted for sale (30%) sale.
- 4.3 At the meeting on 27th June 2012, the developer was seeking to amend this by reducing the number to 14 by allowing 2 of the discounted for sale (30%) to be changed to shared equity, 1 to be changed to social rent and one to be released for the open market. The proposed changes also included the option for open market sale of the 2 shared equity units, with 30% of the sales proceeds being paid back to the Council upon sales completion, as a commuted sum payment. This coming into being if a buyer has not exchanged contracts after a marketing period of 20 weeks from the completion of the Deed of Variation.
- 4.4 The variation proposed by the developer now comprises the change of tenure of plot 44 from discounted for sale housing to social rented and the loss of plot 35 as discounted for sale housing.

5.0 Officer Comment

- 5.1 The application has come forward after discussions between the Housing Section and the developers.
- 5.2 Bloor Homes began marketing the discounted for sale units in May 2011. This advertising took the form of local press advertisements, several property websites and the Cheshire Homechoice website.
- 5.3 Between May and October the Council were only able to nominate 3 people who had applied as eligible for the scheme.
- 5.4 Bloor Homes approached the Council to discuss the variation to the Section 106 Agreement due to the difficulties they were experiencing in finding buyers. This is due to the fact that discounted for sale mortgages are limited, in this case only one lender will give mortgages for properties on the site. This particular lender requires a 20% deposit, meaning that purchasers would have to be able to provide a deposit of approximately £23,800. For shared equity units, the lender only requires a deposit of 5%.
- 5.5 There is a demonstrable need for social rented housing in Congleton and plot 44 has now been transferred to Plus Dane and is occupied. Plot 35 has been sold under the Governments called 'First Buy' initiative which is funded by an affordable mortgage with help from the Homes and Communities Agency and

the developer. In addition plot 38, which is not part of the s106 Agreement, has been sold under the 'First Buy' initiative.

5.6 The revenue that is achieved by the developer as a percentage of market value is 70% for discounted for sale 3 bed housing and 47% for 3 bed social rented housing.

5.7 The Housing Section is supportive of the variation of the Agreement.

6.0 Conclusion

6.1 On the basis of the above, the proposed Deed of Variation to the Section 106 Agreement is considered to be acceptable.

7.0 Recommendation

7.1 That the Southern Planning Committee resolve to agree to a Deed of Variation the Section 106 Agreement linked to application 09/4240C to allow for the plot 44 to be allocated as social rented housing and plot 35 to be released for open market sale.

8.0 Financial Implications

8.1 There are no financial implications.

9.0 Legal Implications

9.1 The views of the Borough Solicitor have been sought and an update will be provided prior to Committee.

10.0 Risk Assessment

10.1 There are no risks associated with this decision.

11.0 Reasons for Recommendation

11.1 To allow the Deed of Variation to the Section 106 to be progressed as the resultant gain of a social rented unit represents a gain to the Council in terms of meeting affordable housing need.

For further information:

Portfolio Holder: Councillor Rachel Bailey
Officer: Philippa Cockroft – Senior Planning Officer
Tel No: 01270 686757
Email: philippa.cockroft@cheshireeast.gov.uk

Background Documents:

- *Application 09/4240C*