

CHESHIRE EAST COUNCIL

PORTFOLIO HOLDER FOR HOUSING AND PLANNING

Date of Meeting: 29 March 2016

Report of: Executive Director of Economic Growth & Prosperity

Subject/Title: Payment of commuted sum to Adactus Housing Group Ltd.

Portfolio Holder: Councillor Ainsley Arnold

1.0 Report Summary

- 1.1 The Council's policy on commuted sums was approved by Cabinet on 1 July 2014 which outlined the process for spending commuted sums for affordable housing provision across Cheshire East. When it is accepted that developments are either unable or unsuitable to provide on-site delivery of affordable housing then off-site contributions may be acceptable to be used to help enable affordable housing to be delivered elsewhere in the local area.
- 1.2 In July 2013 Cheshire East Council received a payment of £239,400 as an off-site contribution towards affordable housing. This payment was agreed by way of Section 106 of the Town & Country Planning Act 1990. The terms of the payment provided a cascade which meant that the monies should firstly be spent within the parish of Smallwood. In line with the Council's policy on commuted sums this could then be spent within the wider area if no suitable sites were available in Smallwood at the time of expenditure.
- 1.3 In February 2014, Planning Application 13/2427C - Land off, Congleton Rd, Smallbrook, Sandbach, Cheshire, CW11 2YH, received Full Planning Permission. This is a development of 14 dwellings, 11 of which are to be affordable. Whilst this is a Rural Exception Site and should provide 100% affordable housing without the 3 dwellings for open-market sale the site is undeliverable. This information was supported by a financial viability assessment submitted with the original planning application.
- 1.4 We have been informed by Adactus Housing Group Ltd. a Registered Provider of Social Housing (RP) that they have agreed to purchase the 11 affordable dwellings on this development. By way of a letter received by the Council on 28th January 2016, an application has been made by Adactus to use the available commuted sum to enable the delivery of these affordable dwellings.

2.0 Recommendations

- 2.1 It is recommended that:
- 2.2 Payment of the £239,400 commuted sum is made to Adactus Housing Group Ltd. to enable the delivery of affordable housing in Smallwood.

3.0 Reasons for Recommendations

- 3.1 The payment of this sum would ensure the delivery of affordable housing in Smallwood on a site which has not yet been developed - despite it gaining planning approval in early 2014. We are aware that the developer, MCI Developments, have approached a number of RPs who are active within Cheshire East, but until now have not received a suitable offer which would enable the development to be built.
- 3.2 In 2012 a Rural Housing Needs Survey was carried out for Smallwood which evidenced that there was a local need for affordable housing within the parish. Information taken from the Strategic Housing Market Assessment 2013 (SHMA) and from Cheshire Home Choice also demonstrates that there is a current need for affordable housing within Smallwood.
- 3.2 As the money is to be spent towards affordable housing delivery on a site within the parish of Smallwood it satisfies the terms of the Planning Obligation and falls within the first cascade of this agreement. The use of this sum also meets the criteria set out in the Council's policy for commuted sums.

4.0 Wards Affected

- 4.1 Brereton Rural.

5.0 Local Ward Members

- 5.1 Cllr J Wray.

6.0 Policy Implications

- 6.1 The use of this commuted sum towards this development meets the criteria outlined in the agreed Planning Obligation and the Council's policy for commuted sums.
- 6.2 The Interim Planning Statement: Affordable Housing, outlines that sums received from developers for off-site provision of affordable housing should be spent where there is an identified housing need. The evidence that there is a need for affordable housing in Smallwood is provided by the SHMA and the Rural Housing Needs Survey for Smallwood which was carried out in 2012.

7.0 Financial Implications

- 7.1 The money received for off-site provision of affordable housing was secured by way of a Planning Obligation originally signed in 2011 and the Council took payment of the agreed sum of £239,400 on 30th July 2013. It is the intention for this amount to be paid in full to Adactus Housing Group Ltd. towards the

delivery of Affordable Housing in Smallwood on completion of the works in accordance with the Council's policy on commuted sums.

8.0 Legal Implications

- 8.1 Section 106 of the Town and Country Planning Act 1990 allows for a local planning authority to enter into a planning obligation requiring a developer to make a contribution to make their development acceptable in planning terms. This obligation identifies the way in which the commuted sum for the affordable housing is to be spent, and the cascade provision that applies to the spend of this money is also contained within the obligation.
- 8.2 The Council has a policy on how commuted sums for affordable housing that are received through the planning process are to be used which was approved by Cabinet on 1 July 2014. This application and payment would comply with that policy document.
- 8.3 This policy states that in the first instance commuted sums should be spent on developing Council owned sites however it is not always possible for the Council to spend commuted sums for affordable housing on developing and building out their own schemes and alternatives to assist in the provision of affordable housing need to be found. In this case there is no Council owned site in Smallwood which would be suitable for use of this commuted sum and as such existing planning applications in Smallwood have been considered, in line with the policy on commuted sums (this conforms with the second priority set out in the policy).

9.0 Risk Management

- 9.1 Risk that the properties will go to people who are not local to the area or are unaffordable will be managed by ensuring that the affordable housing is available in perpetuity to people with a connection to Cheshire East. The homes will be owned and operated by an RP who will allocate the properties to those with a local connection to the area.
- 9.2 Should the money not be provided to Adactus Housing Group, there is a real possibility that the affordable housing proposed for this site will not be brought forward and the permission will lapse.

10.0 Background

- 10.1 An off-site affordable housing payment of £239,400 was received by the Council in July 2013 following planning approvals on the site Land at, Moss End Farm, Smallwood (11/0627C & 12/2197C). The details of the Planning Obligation firstly state that this sum should be spent to allow delivery of affordable housing within the Smallwood parish.

- 10.2 The site for which this report proposes use of the commuted sum for affordable housing delivery lies within the Smallwood parish and received Full Planning Permission (13/2427C) in February 2014.
- 10.3 This is a Rural Exception Site and the development will provide 11 much needed affordable homes for people with a local connection to Cheshire East. Without the use of this commuted sum this site would not be financially viable and could not be developed. Recent announcements from the Homes and Communities Agency mean that there will no longer be any available funding for social/affordable rented properties and as such this sum is required to ensure that these dwellings are built.
- 10.4 On 28th January 2016 the Council received an application from Adactus Housing Group Ltd. for use of the commuted sum towards affordable housing delivery at this site following their agreement to purchase the affordable dwellings from the developer.
- 10.5 It is determined by the Council's Strategic Housing department that this site is the most suitable for the use of this commuted sum due to the location of the site and level of housing need within the local area.

11.0 Access to Information

- 11.1 The background papers relating to this report can be inspected by contacting the Report writer:

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