

CHESHIRE EAST COUNCIL

SOUTHERN PLANNING COMMITTEE

Date of meeting: 6th January 2010
Report of: Head of Planning and Policy
Title: Report in Relation to Section 106 Agreement for Planning Application for Residential Development on land off Barony Road, Nantwich.

1.0 Purpose of Report

- 1.1 To seek the approval of the Committee for alterations to the Definitions and Interpretation in the Section 106 Agreement for the affordable units currently under construction in Barony Road Nantwich, which was the subject of planning application P06/1458. The effect of the variations would be to allow residents to occupy the units for rent now, with a view to occupying the flats on a shared ownership basis in the future under the “Rent to Homebuy” scheme.

2.0 Decision Required

- 2.1 Members approve the variations to the definitions contained in the Section 106 Agreement relating to Barony Road 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.

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 P06/1458 for the Erection of Two Apartment Blocks Containing 47 Apartments was considered by the Development Control Committee of the former Crewe and Nantwich Borough Council on 8th February 2007. The application was recommended for approval subject to the applicant signing a Section 106 Agreement to deliver 35% affordable units on site and also to

deliver a commuted sum payment of £23, 500 towards the Nantwich Town Centre Access Strategy.

- 6.2 The Section 106 agreement was completed, signed and the planning permission issued on the 21st November 2007 and the development is reaching the final stages of construction.
- 6.3 The section 106 agreement required the provision of 9 affordable shared ownership units made up as follows: 6x 2 bed apartments and 3x 1 bed apartments. The section 106 agreement also required the provision of 7 rented units although the current request concerns only the shared ownership units. The developer is contracted to sell all of the affordable units to Wulvern Housing upon practical completion of the building. Wulvern Housing is a registered social landlord.
- 6.4 An application has been submitted to vary the terms of the section 106 agreement to allow the shared ownership units to be provided for intermediate rent under the "Rent to Homebuy Scheme" as well as under a standard shared ownership lease. Intermediate rent is defined as a rent which is equivalent to 80% of the market rent achievable on the property. The applicant is also seeking to provide additional definitions for "Assured Short-hold Tenancy" and "Rent to Homebuy Unit". The definitions relate to requirements set out in the Homes and Communities Agency Capital Funding Guide and as such are required in order to permit lettings under the Rent to Homebuy scheme. These arrangements fall outside the normal definitions of affordable housing although are a recent initiative in response to current market conditions.
- 6.5 The flats would still be offered to persons with a local connection as required by the original terms of the Section 106 Agreement and would be targeted at those persons who could afford to pay the intermediate rent.
- 6.6 The Rent to Homebuy Scheme is designed for use by residents who are unable to meet the financial requirements of a shared ownership unit at present and are seriously interested in acquiring a share in the lease in the near future. Tenancies will be reviewed annually with the intention that the residents transfer to shared ownership after a period of three years. If at the end of this period the tenant is not able to transfer to shared ownership Wulvern Housing indicate that the tenant will be asked to relocate. Wulvern Housing have however stated that they would be prepared to extend this period to five years.
- 6.7 Essentially Wulvern Housing do not consider it likely that they will be able to sell any of the properties on a shared ownership basis in the current economic climate which means that the units will stand empty. It would normally be a requirement to provide evidence of marketing of the units for shared ownership prior to accepting such a request to vary the terms of a section 106 agreement. Wulvern Housing have not

marketed these particular units but have marketed shared ownership units on a nearby development at Bowkersfield, Davenport Avenue which is approximately 450m to the south. That development includes 12 comparable shared ownership units which have been marketed without success since July 2008. The units have subsequently been converted to Rent to Homebuy units. The applicant also points out that the marketing of the Bowkersfield development amounted to £14, 700. On this basis it is not considered reasonable or necessary to require specific marketing of the Barony Road units prior to allowing a variation to the section 106 agreement.

7.0 Reasons for Recommendation

- 7.1 The applicant is unlikely to be able to sell any of the approved affordable units on a shared ownership basis in the current economic climate and this is demonstrated by recent attempts to market shared ownership units at the nearby Bowkersfield development on Davenport Avenue. There is therefore no objection to the variation of the section 106 agreement to include for Rent to Homebuy arrangements.

For further information:

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Background Documents:

*Planning File and correspondence reference P06/1458
Letter and accompanying documents from Wulvern Housing dated 24th November 2009
Documents are available for inspection at:Municipal Buildings, Earle Street, Crewe CW1 2BJ*