

Report to: **Executive**
Date: **11th March 2021**
Title: **Release of S106 funds for an Affordable Housing project at Butterpark, Ivybridge**
Portfolio Area: **Homes Cllr Hilary Bastone**
Wards Affected: **Ivybridge East and West**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken: **Upon the expiry of the Scrutiny Call-in period (5.00pm on Monday, 22 March 2021)**

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RECOMMENDATION

That the Executive approves the allocation of s106 funds for Affordable Housing projects as set out below:

- a) £167,200 – from the contribution from Cornwood Road, Ivybridge to spend on an affordable housing project for adults with learning disabilities at Butterpark, Ivybridge on land owned by Ivybridge Town Council subject to planning approval.**

1. Executive summary

The Council has a key role as Local Planning Authority in securing funds for appropriate mitigation projects in relation to development granted by planning permission. These funds can be deployed either directly on Council projects or released to community groups and other organisations to develop affordable housing projects. The current mechanism for securing funds is through Section 106 (s106) of the Town and County Planning Act 1990. Affordable Housing requirements

are set out in the Plymouth and South West Devon Supplementary Planning Document, adopted July 2020.

The Council has secured s106 funds for affordable housing projects. The Council's Financial Procedure Rules require that where expenditure is proposed from the s106 finding for over £30,000 that this be authorised by the Executive. The purpose of this report is to request the release and allocation of s106 funds over £30,000 (£167,200) for a community housing project being developed by South Hams District Council.

2. Background

The Council's Supplementary Planning Document (SPD) July 2020 sets out when the Council will ask for an off-site commuted sum (via a S106) rather than on-site provision of affordable housing from a developer.

The SPD states that where off site provision is the agreed contribution, the contribution will be used solely for the purpose of affordable housing in accordance with the housing need priorities at the time. Contributions will be applied to meet housing need across the South Hams District. In practice this may mean that contributions in lieu arising from one location may be applied to meet housing need elsewhere in the South Hams subject to consultation with local Ward Members.

Background to Cornwood Road, Ivybridge S106 contribution

The s106 agreement for this development dated 11th December 2017, secured an off-site affordable housing contribution of £167,200. The planning application number is 2208/16/FUL.

3. Outcomes/outputs

Payments received in lieu of affordable housing on site will be held in the Affordable Housing Fund. Such payments will be used to meet the Council's affordable housing objectives in accordance with Circular 05/2005 and the following criteria:

- That the proposal fulfils the scope of the relevant Section 106 agreement, the Affordable Housing Policy and any relevant case law and Government guidance.
- That the proposal fulfils the aims of the current Housing Strategy statement and any other relevant documents.

4. Options available and consideration of risk

The Council has a legal obligation to spend the s106 funds in accordance with the agreements. There are two main alternative approaches for expenditure of the s106 funds:

Option 1 – SHDC to develop and deliver housing projects

The first option is for SHDC Officers to develop and deliver projects. This allows more control over project plans and certainty.

Option 2 – SHDC pass funds to community groups/other groups to develop and deliver housing projects

The second option is to pass s106 funds to community groups/other organisations to develop and deliver projects.

Where SHDC has done this in the past the offer of grants have been made with the appropriate terms and conditions securing the interest of the Council and ensuring that the requirements of the s106 agreements are adhered to.

5. Proposed Way Forward

The proposal is Option 2, SHDC pass S106 funds of £167,200 to Ivybridge Town Council, to develop an affordable housing project at Butterpark, Ivybridge subject to planning approval. This funding will be secured via a legal agreement with terms and conditions on how the money is spent and payment milestones.

Ivybridge Town Council purchased the land occupied by the former residential care home, Butterpark in Brook Road, Ivybridge from Devon County Council in 2018. They purchased it at a discounted rate of £201,250. The purchase was supported by South Hams District Council with a payment of £129,136 affordable housing S106 money from developments within Ivybridge, (see Executive report dated 14th September 2017 minute reference E.22/17). The balance was met from Ivybridge Town Council reserves. During this Executive meeting, a number of Members paid tribute and congratulated Ivybridge Town Council for leading upon and progressing this initiative. In taking the point a step further, Members also hoped that other town councils could follow the lead of Ivybridge Town Council and progress similar schemes in their own towns.

The proposal is to build 6 units of accommodation for people with learning disabilities, plus a 3 bed learning/training house. Dialogue has been ongoing with Devon Social Services to enable a supported living package to be offered to residents.

The development of the site was put out to tender to seek a mix of private sector development, which it was hoped would part fund the cost of the units, as well as delivering additional affordable housing for the town. This was unsuccessful and led to a time delay of approximately 12 months.

In 2019 Live West stepped in with a proposal for a 100% affordable housing scheme. A pre-application planning enquiry was submitted with a positive dialogue. A legal agreement is now ready to be signed with Live West to provide a total of 28 units consisting of 21 affordable rent/shared ownership homes to be owned by Live West, and 7 units to be owned by Ivybridge Town Council which will be 6 affordable rent 1 bedroom homes for independent adults with learning disabilities and a training house/hub to support their transition to independent living. The training house/hub will be run in partnership with a suitable organisation.

This requested s106 money of £167,200 will specifically fund these 7 properties for adults with learning disabilities. The rest of the site will be owned and managed by Live West.

The planning application and development will be carried out by Live West and they will commence this as soon as the legal agreement is signed with Ivybridge Town Council. Ivybridge Town Council cannot sign the legal agreement until they are able to show that funding for this element of the development is in place – this s106 funding application, a Public Works Loan Board loan and funding from their own reserves.

If agreed, this expenditure of £167,200 from South Hams District Council represents very good value for money. Including the £129,136 spent in 2017, it equates to a grant rate of £10,500 per affordable unit (28 affordable units in total) from South Hams District Council.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	S106 agreements are secured under Section 106 of the Town and Country Planning Act 1990 to support projects that mitigate the impact of the development granted by planning permission. The Council has an obligation to spend the funds in accordance with the terms of the agreement. The Affordable Housing Supplementary Planning Document 2008 sets out the policy basis for collection of offsite financial contributions towards affordable housing.
Financial	Y	The Council's Financial Procedure Rules require that

		where expenditure over £30,000 is proposed that it needs to be agreed at Executive.
Risk	Y	<p>There is a risk of funds not being spent in accordance with the s106 agreement. To address this, where any s106 funds are passed to community groups to develop and deliver projects, offers of grants will be made with appropriate terms and conditions securing the interest of the Council and ensuring that the requirements of the s106 agreements are adhered to.</p> <p>Some s106 agreements have clauses allowing the developers to be re-paid the money if it is not spent within a certain timeframe. Thus there is a risk of communities losing out if money is not spent within the specific timeframes. Careful monitoring by the Council's S106 Monitoring Case Manager, Julie Rowdon will prevent this from happening.</p> <p>There is a risk that the requirements of the Council's Financial Procedure Rules will not be met. All payments will be made in accordance with the Rules and contracting/tendering procedures where relevant.</p>
Supporting Corporate Strategy		<p>Homes and Communities</p> <ul style="list-style-type: none"> • Enabling homes for all incomes and tenures • Helping to sustain a community by building housing for local people
Climate Change – Carbon / Biodiversity Impact		<ul style="list-style-type: none"> • Corporate carbon footprint review and sustainability plan in progress.
Comprehensive Impact Assessment Implications		
Equality and Diversity	Y	Projects need to address accessibility issues to ensure access to all wherever reasonable and practicable.
Safeguarding	N	There are no safeguarding implications.
Community Safety, Crime and Disorder	N	There are no community safety, or Crime and Disorder implications as a result of these recommendations.
Health, Safety and Wellbeing	Y	Increasing the provision of affordable housing is closely linked with improved health and wellbeing.
Other implications	N	

Supporting Information

Appendices:

None

Background Papers:

Overview and Scrutiny Panel – 6th July 2017 – Section 106 Agreements
Executive – 14th September 2017 - Release of S106 funds for Affordable
Housing projects