

Proposed variation to affordable housing provision 17/01389/FUL: Butlers Cottage 11 Somerby Road Pickwell LE14 2RG

Corporate Priority:	Delivering sustainable and inclusive growth in Melton
Relevant Ward Member(s):	Cllr L Higgins, Somerby Ward
Date of consultation with Ward Member(s):	8 October 2020
Exempt Information:	No

1 Summary



- 1.1 Planning permission was granted for construction of 5 "Alms Style" 2 storey dwellings and associated garden and garaging in March 2019. The decision was accompanied by a s106 setting out provision for affordable housing only, specifying it should comprise 1 x 2 bedroom houses as affordable rent, with rent level of 80% of Open Market Value, with 'local connection' priority.
- 1.2 The provision of affordable housing was key to the granting of planning permission. The minutes from the relevant Committee meeting explain:
- "It is considered that the development of 5 houses to replace one dwelling would be of significant benefit which would outweigh the harm of the siting of a development in this unsustainable location.
- The proposed development would provide an element of affordable housing for local people, the application form has stated that the development would be for market housing. On the balance of the issues, there are benefits accruing from the proposal when assessed as required under the guidance in the NPPF in terms of housing supply. However, the balancing issues – the poor sustainability of the village and the conflict with the Pre Submission version of the Local Plan – are considered to be of limited significance and outweighed by the benefits".
- 1.3 The proposal now seeks a 'Deed of Variation' to allow for a different approach to affordable housing and replace on site provision with a commuted sum, payable to the Council, for investment in affordable housing provision.

RECOMMENDATION(S)

1. It is recommended that the request to vary the s106 in relation to affordable housing provision to a 'commuted sum' of £59,000 is approved.

2 Reason for Recommendations

- 2.1 The proposed Deed of Variation is within the scope of the Council's approach to affordable housing provision as set out in the Housing Mix and Affordable Housing Supplementary Planning Document (SPD) July 2019.
- 2.2 There is little prospect that a Registered Provider would acquire a single unit on the site and financial provision is considered to be a more effective way of ensuring delivery and long term sustainability of Affordable Housing.
- 2.3 There is concern that there is insufficient demand within the defined area to take advantage of the type of affordable housing proposed in the original Agreement.

Key Factors

2.4 Reason for Committee Determination

- 2.4.1 The proposal gives rise to issues which, in the opinion of the Director of Growth and Regeneration (in consultation with the Chair) should be considered by the Committee.
- 2.4.2 Specifically, that the decision made in 2019 was significantly influenced by the nature of affordable housing provided.

2.5 Relevant Policies

- 2.5.1 The Melton Local Plan 2011-2036 was adopted on 10th October 2018 and is the Development Plan for the area.
- 2.5.2 No inconsistency with the NPPF has been identified that would render Local Plan policies 'out of date'.
- 2.5.3 The Somerby Parish Neighbourhood Plan was made in May 2021 and carries full weight.
- 2.5.4 Please see appendix E for a list of all applicable policies.

2.6 Main Issues

- 2.6.1 The sole main issue is considered to be the desirability of replacing on site, discounted market rent provision of Affordable Housing with a commuted sum.

3 Report Detail

3.1 Position under the Development Plan Policies

- 3.1.1 Policy C4 of the adopted Local plan encourages affordable housing based on identified needs. Although it indicates on site provision is preferred, it recognises other forms of delivery – including commuted sums- may be more practical after taking into account a series of considerations.
- 3.1.2 The Housing Mix and Affordable Housing Supplementary Planning Document (SPD) July 2019 complements Policy C4 and provides detail on how commuted sums will be configured. The calculation in this instance, recognising that Somerby falls within 'value area 1' is £59,000.
- 3.1.3 Somerby Parish Neighbourhood Plan was made on 23rd June 2021 following successful Referendum. Policy H5 refers to affordable housing and states "If it is not possible to provide affordable housing on site, in exceptional circumstances it will be acceptable to provide funding in lieu of affordable housing on-site if this leads to the provision of additional affordable housing in the Parish".
- 3.1.4 The Housing Policy Officer has advised that there are anticipated to be difficulties attracting a Registered Provider for a single house within a scheme of 5 terraced houses. The sum required is £59,000, in accordance with the SPD.

4 Consultation & Feedback

- 4.1 The Ward Councillor is supportive of the proposal (see Appendix A below)

5 Financial Implications

- 5.1 The commuted sum would be paid to the Council and would be 'ring-fenced' for the delivery of affordable housing only. It would, in all likelihood, be combined with proceeds from similar approaches elsewhere to deliver housing as part of a project or in the context of a proportion of a private development.

Financial Implications reviewed by: Not applicable

6 Legal and Governance Implications

- 6.1 The revised approach would require a 'Deed of variation; to amend the existing s106 agreement.

Legal Implications reviewed by: Tom Pickwell (Solicitor)

7 Background Papers.

- 7.1 Planning Application 17/01389/FUL
- 7.2 Planning Committee report and minutes, 15 March 2018

8 Appendices

- 8.1 A : Consultation replies

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Chief Officer Responsible:	As above
Chief Officer Contact Details:	See above

Appendix A : Consultation replies summary

Ward Member:

I can confirm I am happy with this approach. Subject to a commuted sum being for the Rural Area (ideally geographically in or near my Ward) and one which is a workable and reasonable amount to the professional officers.

This may be outside of policy, but I would be prepared to make the case to the Chair and subsequent Committee should I continue to think this is a proactive solution to this.

The scheme is of high quality value and on this part of the merit it will be welcome housing supply to the village and Ward, but with fabulous architecture. If we secure some public benefits such as a commuted sum this meets the spirit of what we are all trying to achieve.

Housing Policy Officer:

- It would be very difficult for the 1 affordable housing property to be bought by an affordable housing registered provider because the management of singular properties are very expensive and on a practical basis also difficult.
- For the property to be let on a private rented basis is difficult to monitor to ensure it remains affordable in perpetuity.
- Option 1 – the property to be sold as Discounted Market Sale

The property would need to be sold at no greater than 65% OMV, as set out in the Housing Mix and Affordable Housing SPD, 2019 Appendix 7. This differs to the private rental maximum rent of 80% OMV, required in the s.106 agreement, because these are calculated on a different basis. The discount on market housing is based on the lower quartile house prices and incomes and has to take into account a deposit which is required (at 10% of the lower quartile property price). For a deviation from the 65% OMV, viability evidence will need to be provided. A covenant would need to be attached to the deeds of the property to ensure that this discount remains in perpetuity, requiring it to be passed from one buyer to the next.

- Option 2 - an off-site financial commuted sum

On site affordable housing provision is preferable, as set out in the NPPF and in the Housing Mix and Affordable Housing SPD. However, if viability evidence demonstrates that an onsite Discounted Market Sale property is not possible, an off-site financial commuted sum is an option. Using Appendix 6 from the Housing Mix and Affordable Housing SPD, the required amount of the financial commuted sum based on 1 x 2 bedroom property in Value Area 1, where the site is situated, is £59,000. These figures are derived from the Melton Borough Council Commuted Sums for Affordable Housing, Andrew Golland Associates, report (dated April 2019).