

- 3.3 Planning Permission was granted on 5th February 2015 following completion of the agreed s106 agreement.
- 3.4 The developer wrote to the Council on 31 August 2016 advising that their chosen Registered Social Landlord (Affinity Sutton) had pulled out of their agreed deal to purchase the affordable units within the development. Furthermore, their under bidder (Hyde Housing) had also withdrawn their interest.
- 3.5 The developer has advised that this is the result in part of government budget changes in relation to rent caps for affordable rent accommodation, and in part due to the nature of the development whereby the affordable units form a small number within a larger block where the RSL would not have complete management control.
- 3.5 In terms of other possible RSL providers, the developer has advised that a further 4 did not wish to bid for this development. A fifth (Guinness) placed a significantly lower bid subject to their board approval. Those RSLs that did not bid did so on the grounds that not only were the number of units (8) too low, but that the requested mix was too heavily weighted on affordable rent units.
- 3.6 With the remaining Guinness bid, the developer has now confirmed in a letter dated 23 September 2016 that they are no longer interested in the site. Furthermore, the developer has advised that their significantly lower offer would have led to viability issues with the whole development.
- 3.7 In summary, the developer has advised that there are now no viable offers for the affordable housing from any RSL.
- 3.8 Policy CP20 of the City Plan Part One requires development of the scale proposed to provide 40% affordable housing onsite, which may be applied more flexibly where justified having regard:
- i. local need in respect of the mix of dwelling types and sizes including the city's need to provide more family-sized affordable housing;
 - ii. the accessibility of the site to local services and facilities and public transport;
 - iii. the costs relating to the development; in particular the financial viability of developing the site (using an approved viability model);
 - iv. the extent to which the provision of affordable housing would prejudice the realisation of other planning objectives; and
 - v. the need to achieve a successful housing development
- 3.9 The Council's Affordable Housing Brief identified that the greatest need in the city is for additional rented affordable housing. The 2012 Assessment of Affordable Housing Need indicated the following tenure breakdown in terms of need:
- 8.5% intermediate
 - 32.5% affordable rent; and
 - 59% social rent

3.10 However, the Brief recognises that this split is unlikely to be achieved due to the considerable changes in the funding regime for providing affordable housing. Therefore, for practical purposes, the Brief sets out following broad tenure split as a citywide objective:

- 55% rented (social rent or affordable rent)
- 45% intermediate (for example shared ownership)

4. PROPOSAL

4.1 The developer has written to the Council to request that the affordable housing be delivered by alternative means, including by way of a commuted sum rather than an onsite provision.

5. COMMENT

5.1 The Local Planning Authority, in discussions with the Housing Strategy team, is satisfied that there is now no opportunity to provide onsite affordable housing within the development that accords with the priorities of policy CP20 of the City Plan Part One and the Affordable Housing Brief.

5.2 The developer initially offered three solutions. The first was to provide 8 intermediate housing units only to be provided by Affinity Sutton (subject to their board approval). The second was that the developer retain the 8 affordable units and sell them at 60% of open market value with covenants in place to ensure resale at this percentage in perpetuity. The third solution was to pay a commuted sum to the Council to provide affordable housing off site.

5.3 The first solution would not provide a suitable mix of affordable housing to meet the requirements of the Affordable Housing Brief, with the development to now include no affordable rent units. The second solution would again not meet the requirements of the Affordable Housing Brief.

5.4 Following discussions with the Housing Strategy team it was agreed that the third option represented the best way to meet the Affordable Housing Brief and secure affordable rent units.

5.5 In terms of the commuted sum, the main planning application was subject to viability appraisal which concluded that a 17% provision only was viable. This equated to 8 units split 6 affordable rent and 2 shared ownership. As a commuted payment, this equates to a figure of £1,218,000.

5.6 The Council's Housing Strategy team and Policy team consider this to be the optimum method for ensuring this development provides for a level of affordable housing that best complies with policy CP20 of the City Plan Part One and the Affordable Housing Brief.

Background Documents:
Planning Application BH2015/02917.

