Havering LONDON BOROUGH	**Delegated Report**

Application Reference:	**P0109.20**
Location:	**307-309 South Street, Romford**
Ward:	**St Albans**
Description:	**Deed of Variation to S106 Agreement.**
Case Officer:	**Simon Thelwell**

1 BACKGROUND

1.1 Planning permission was granted on 15th October 2021 for the following:

> Redevelopment of site to provide mixed-use scheme with 47 self-contained apartments, ground floor commercial space (Use Classes B2/B8 with ancillary trade counter) built over 4 - 7 storeys, and associated car parking and landscaping

1.2 The planning permission included a S106 Unilateral Undertaking which sought to secure the following:

- Affordable housing – 14 units (9 affordable rent, 5 shared ownership)
- Affordable housing – Early stage review
- Controlled Parking Zone contribution – £112 per unit
- Bus-stop relocation contribution – £15,000
- Traffic management contribution – £4,794
- Travel plan monitoring fee contribution – £5,000
- Carbon offset contribution – subject to calculation
- Restriction on obtaining parking permits
- Residential travel plan
- Employment and apprenticeship during construction
- Monitoring fee - £8640

1.3 The developer has contacted the Council in relation to the provision of affordable housing, claiming that they have not been able to find any registered provider (RP's) to take on the affordable units. RP's have expressed reservation in regard to the low number of units. The search for an RP and lack of interest has been verified by officers in Housing Services who suggested additional RP's to contact, one (Peabody) was discounted by the developer due to their knowledge that they do not manage/own small developments. None of the other RP's were willing to take on the units.

1.4 The developer had sought to use a model used by "RentPlus" who would manage the units at an affordable rent for 20 years. However, this does not meet the perpetuity test for rental products and was not something Housing were willing to consider.

1.5 Given the above, it is considered unlikely that on-site affordable housing can easily be delivered on site and a commuted sum can be considered.

1.6 The amount of commuted sum has been subject to negotiation, with the Council appointing consultants (BPS) to appraise the viability of the development and value added through not providing the affordable on site. Negotiation has concluded that a contribution of £941,130 would be required.

1.6 In relation to the affordable housing clause in the completed S106, the following changes are sought:

i. Deletion of clauses in original UU relating to provision of affordable housing
ii. Payment of £941,130 (indexed) for off-site provision of affordable housing
iii. Affordable housing payment to be made on or before occupation of 65% of the units
iv. Late stage review to determine if any changes to assumed profit levels and payment of any surplus as further off-site provision
v. Legal fees
vi. Monitoring fee of £10,000

2 MATERIAL PLANNING CONSIDERATIONS

2.1 Policy 4 of the Local Plan states that the priority for affordable housing is to be provided on-site and off-site provision should only be considered where it is robustly demonstrated that on-site provision is not possible or appropriate. The policy also requires that provision on a donor site be identified rather than cash in lieu payment.

2.2 In this case, it is considered that the developer has adequately demonstrated that there is no RP who would be willing or able to provide the affordable housing on site and this has been agreed by the Housing Department. The developer did offer an alternative model for on-site provision but, in accordance with legal advice, this was not considered to be suitable in ensuring the units would be maintained as affordable. The developer does have an interest in other sites in the Borough which have planning permission, but these are similarly relatively small sites and so would likely not be able to be attractive to RSL's and act as a donor site. In these circumstances, it is considered that an in-lieu payment would be acceptable in this case and in accordance with policy.

2.3 The quantum of the contribution has been calculated on the basis of the difference between the value of the 14 units on the open market and the affordable housing value with an allowance for additional developer costs (CIL, Marketing, Sales Fees and Finance). This ensures that the contribution is equivalent to what should have been delivered. The Council appointed a consultant who has agreed that this is a reasonable figure.

Conclusions

2.2 It is therefore recommended that the deed of variation requested be approved. Under Section 3.8.4 of the Councils constitution, the Assistant Director Planning and Public Protection is authorised to agree the DoV.

Authorising Officer:

Date: 26 May 2023