

Report for:	Shadow Executive
Meeting Date:	18 February 2020

Title of Report:	USE OF SECTION 106 ACCRUED FUNDS FOR AFFORDABLE HOUSING
Responsible Officer	Brian Daly, Housing Services Manager, Wycombe District Council.
Officer Contact / report author:	Brian Daly (Brian.Daly@wycombe.gov.uk 01494 421601
Recommendation:	That the Shadow Executive endorse the November 2019 decision of Wycombe District Council’s Cabinet to award funding of £800,000 to Paradigm Housing Association on the terms set out in paragraph 7 below.
Corporate Implications:	The accrued s106 funding must be spent on additional affordable housing within 10 years of receipt. If the funding is not utilised for the agreed purpose within the time limit, the developer may seek repayment with any accrued interest.
Options: (If any)	Shadow Executive may either agree or disagree with the recommendation.
Reason:	<p>The Spending Protocol requires approval from the Shadow Authority to award the grant of £800,000 to Paradigm Housing.</p> <p>If approved, the grant will secure nomination rights on 35 new build affordable rented units at the former ‘Needham Bowl’ site in High Wycombe.</p> <p>The Buckinghamshire Council will benefit from these nomination rights in perpetuity. The new units will assist in meeting affordable housing need in Buckinghamshire and relieve pressure on temporary accommodation budgets and capacity.</p>

Purpose of Report

1. In November 2019 (see attached report) Wycombe District Council’s Cabinet approved a request to grant fund Paradigm Housing (A Registered Provider of Housing- RP) £800,000 to develop 35 additional affordable rented homes at the former ‘Needham Bowl’ site in High Wycombe.



2. These units will be in addition to the planning policy requirement of 24 units, and secured using a Section 106 planning agreement. In total there will be a total of 59 affordable homes on the site.
3. These additional units will be subject to formal nomination rights in perpetuity on behalf of the Council and may be offered to eligible residents on the Bucks Home Choice waiting list.
4. This report seeks approval from the Chief Officers Implementation Group (CIG) prior to onward passage to the Shadow Executive for approval, as per the Spend Protocol.

Content of Report

Background to S106 Affordable Housing Funds

5. Wycombe District Council has been provided with various financial contributions in lieu of on-site affordable housing provision for a number of sites in the Wycombe District. These funds can only be used for 'additional' affordable housing delivery in the district and should be spent within ten years of collection.
6. If the funds are not spent in accordance with their respective timescales and for the purpose of affordable housing, the contributing developer may seek a return of their contribution and any accrued interest.
7. Legal services at Wycombe have provided clear advice that these funds can only be used for additional affordable housing and cannot be used for any other purpose.

Options and Proposals

Proposals

8. Paradigm Housing are requesting grant funding totalling £800,000 in return for nomination rights in perpetuity for 26 two bedroom units and 9 one bedroom units (total of 35) which they will develop at the former Needham Bowl site in High Wycombe. These units will be offered to applicants on the Bucks Home Choice housing register at an affordable rent, capped at local housing allowance levels.
9. The units may also be used for direct allocations to homeless households, so relieving pressure on temporary accommodation and reducing revenue expenditure on temporary units, and bed and breakfast accommodation.
10. The grant award equates to £22,000 per unit which compares favourably with £131,000 per unit agreed previously for Bucks Housing Association (for a social rented property) and approximately £63,000 per unit for Hightown Housing Association (for affordable rented property).



11. Reasons for the differences in grant level sought
12. **Hightown** will charge an affordable rent for their units up to 80% of market rents. However, to ensure the rent level is affordable in practical terms, these will be capped at Local Housing Allowance (LHA) levels as a grant condition. (Hightown are able to utilise their own recycled capital grant fund (RCGF) obtained from previous schemes funded by the Housing Corporation/ Homes and Communities Agency (now Homes England) to fund the remainder of the costs.)
13. **Bucks Housing Association** sought a higher contribution per unit as they do not have any recycled housing grant available to use and will be charging *social* rent which is significantly less than both social and market rent. (Social rent levels are determined by a formula defined by Homes England)
14. **Paradigm** are able to seek a lower grant level as they have additional funding from a number of sources including their own RCGF and funding from 'Homes England'. They have advised that they are seeking £55,000 grant per unit from Homes England; £10,000 per unit RCGF as well as £22,000 per unit from Wycombe District Council for the additional units.

Legal Implications/ Monitoring Officer

14. Affordable housing contributions are collected under s106 of the Town and Country Planning Act 1990 in connection with developments where affordable housing is not being provided on site. The Council is required to expend these funds on provision of affordable housing in the District. [as per WDC Cabinet Report, November 2019]

Other Key Risks

15. If the contributions remain unspent 10 years post receipt, the developer may seek repayment along with any accrued interest.

Equalities Implications

16. The recommendation does not result in any equality impacts.

Next Steps

17. Subject to Shadow Executive approval, work will commence upon formal legal funding and nomination agreements with Paradigm housing.

Background Papers	Wycombe District Council's Cabinet Report November 2019
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