

Item No. 6.	Classification: Open	Date: 20 July 2020	Meeting Name: Planning Committee
Report title:		Release of £39,519,515.72 from S106 agreements across the borough to support Housing Investment	
Ward(s) or groups affected:		All	
From:		Director of Asset Management	

RECOMMENDATION

1. That the planning committee agrees the release of funds totaling £39,519,515.72 of S106 Affordable Housing funding, received against the legal agreements set out in Appendix A, to the S106 Affordable Housing Fund in order to deliver affordable housing across Southwark.

BACKGROUND INFORMATION

2. Planning obligations are used to mitigate the negative impacts caused by a development and contribute towards providing infrastructure and facilities necessary to achieve sustainable communities. In order to achieve this, the council enters into a legal agreement with a developer whereby the developer agrees to provide planning contributions and/or enters into various planning obligations. These obligations may take the form of financial contributions, including towards affordable housing.
3. The council expects affordable housing to be provided by developers on-site. In exceptional circumstances where a developer has justified, in accordance with both the council's planning policy requirements and the London Plan, that the affordable housing cannot be built on-site, the affordable housing should be provided off-site. If this is not possible then the council may allow a contribution to be secured by way of an in-lieu payment. All in-lieu payments received by the council in this way and approved by planning committee are combined to form the S106 Affordable Housing Fund. This fund is ring-fenced to help finance the council's New Homes Programme.
4. The planning committee approved a release report for S106 for the council's housing programme in March 2018. The funds released by that report have helped support the New Homes Programme. The units provided by this programme will deliver new affordable homes and contribute towards the council's commitment to build 11,000 new council homes by 2043, as per the Council Plan 2018-22. 2,500 of these homes will be built by 2022.
5. This release of S106 funding to the S106 Affordable Housing Fund will enable the council to support the cost of delivering affordable homes included within the council's housing investment programme. Different schemes are at different stages of development, although the Capital Programme Refresh report presented to Cabinet in September 2019 showed that the New Builds programme expects to spend £651 million between 2019-20 and 2028-29. This is expected to be financed from several sources, such as Right-to-Buy receipts, the Section 106 Affordable Housing Fund, and external borrowing within prudential limits.

KEY ISSUES FOR CONSIDERATION:

6. Subject to Planning Committee approval, the Section 106 sums described in Appendix A will be added to the S106 Affordable Housing Fund and be used to help finance the council's New Homes Programme. The S106 sums released since 2012 have contributed to the delivery of 344 new affordable homes to the council. By way of an example as to the progress of the New Homes programme, recently the council has delivered the Sumner Road (Blossom Court) development completed in April 2019, providing 67 new council homes, as well as 3 homes from shared equity to assist with decanting leaseholders from Aylesbury and Ledbury estates.
7. The council's New Homes Programme, to which these S106 sums will be contributing, has a total programme pipeline of 2,842 homes, and the council is making significant steps towards its ambitious commitment for 11,000 new council homes by 2043 .
8. The S106 Affordable Housing Fund of which these sums being released will form a part, will help to contribute to the following schemes, which are currently on site:

Location	Ward	No. of New Council Homes
Meeting House Lane	Nunhead & Queens Road	29
Pelier Street	Newington	17
Tenda Road	South Bermondsey	12
Lakanal Shops New Build	St Giles	28
Chilton Grove Rooftop Development	Rotherhithe	44
Copeland Road Car Park	Rye Lane	24
Daniels Road	Nunhead & Queens Road	19
Tustin Hidden Homes	Old Kent Road	13
Ivy Church Lane	Faraday	21
Joseph Lancaster	London Bridge & West Bermondsey	40
Redbridge Gardens	St Giles	3
Comber House Drying Rooms	Camberwell Green	6
Welsford St Garages	South Bermondsey	10
Total:		266

And also to the following schemes which have received planning permission and are expected to commence over the next twelve months:

Project	Ward	No. of New Council Homes
Nunhead Lane	Rye Lane	12
39-44 Rutley Close	Newington	25
Linden Grove	Peckham Rye	27
Bassano St Garages	Goose Green	4
Commercial Way	Old Kent Road	74
Goschen Estate	Camberwell Green	17
Haddonfield Estate	Rotherhithe	14

Project	Ward	No. of New Council Homes
Heaton House	Rye Lane	8
Henslowe Road Garages	Dulwich Hill	3
Maydew Build on top	North Bermondsey	24
Rye Hill Park	Peckham Rye	23
Salisbury Estate	North Walworth	26
Sedgemoor Place	St Giles	13
Thaxted Court / Damory House (Building on top)	North Bermondsey	28
Tissington, Silverlock Estate	Rotherhithe	35
Underhill Road	Dulwich Hill	3
Total:		336

9. Resources from the S106 Affordable Housing Fund will be necessary in order to complete the financing for 11,000 new homes by 2043, of which these new homes projects are a part. It is for this reason that this report recommends that the Planning Committee release the sums described in Appendix A.
10. These projects will help deliver our Fairer Future Commitments by making Southwark a more connected and sustainable borough to live in.
11. The New Homes Programme particularly supports the second Fairer Future Commitment, *A Place to Belong*.

Community impact statement

12. The 2014 Strategic Housing Market Assessment demonstrated a continuing need for affordable housing, with the borough experiencing very high house prices that are outside the reach of many of its residents. It has the highest house prices in the housing sub-region (the average 2 bedroom flat being sold for £360k in 2013). At the time of the 2011 census there were 18,547 overcrowded households in Southwark, a higher number, and a higher percentage (15.3%), than any of the other four boroughs in the sub-region. Over the period 1981- 2012 the population of Southwark increased by 34%, the fastest growth in the sub-region by some margin. This helps to demonstrate a continuing need for more homes and particularly for affordable homes in the borough.
13. This proposal to increase the supply of affordable homes in the borough will benefit households in housing need from all Southwark's communities.
14. The provision of this housing is in line with community needs and will create stronger communities. This in turn will improve the quality of life of people in Southwark and encourage community cohesion.
15. It is not considered that the proposal has any impact on any particular age, disability, faith or religion, race and ethnicity and sexual orientation.
16. The Public Sector Equality Duty requires public bodies to consider all individuals when carrying out their day to day work, in shaping policy, in delivering services and in relation to their own employees. It requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their activities. The council's consultation with residents on the 11,000 council homes programme

has been specifically designed to be inclusive of all the borough's communities and provide a range of mechanisms to provide residents with the opportunity to engage.

17. The New Homes team undertakes full equalities impact assessments for each project within the programme, to be completed prior to commencement of works on each site. This is to ensure that there is no disproportionate or discriminatory impact on groups with protected characteristics.
18. By providing a stronger link between the new build programme and working with the Great Estates agenda and utilising social regeneration indicators linked to council plan objectives, the programme will help target those most in need to deliver community benefits.

Resource implications

19. The developments set out in Appendix A secured of £39,519,515.72, combined, in contributions towards the provision of Affordable Housing. All of £39,519,515.72 is currently unallocated and available.
20. The proposed allocation accords with the S106 agreements and would provide appropriate mitigation for the impacts of the specific and future developments.
21. Subject to Planning Committee's approval, this sum of £39,519,515.72 will be ring-fenced as S106 Affordable Housing Fund monies.

Consultation

22. Each site has been subject to the usual planning consultation process and has been assessed as being acceptable, with planning permission being granted for each site.
23. Consultation is a key part of the New Homes Programme, and will be undertaken in respect of the stakeholders concerned with each housing development at multiple stages during the project lifecycle. Some of the New Homes projects are not yet at the consultation stage, but these will in their turn be subject to the same processes of consultation and community involvement.
24. Consultation on individual sites is being undertaken in line with the council's Charter of Principles and continues to provide mechanisms for current and prospective residents to engage with the development of new homes.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Planning

25. The proposed allocation accords with the above mentioned agreements and would provide appropriate mitigation for the impacts of the specific and future developments.
26. The affordable housing contributions received can only be used for new affordable housing beyond what is required by the donor site. The affordable housing requirements for the identified donor sites have been calculated and the proposed allocation will be to the additional affordable housing beyond what is required. These accords with the justification for the contribution and the legal agreement.

Director of Law and Democracy

27. This report requests that planning committee authorises the release of an amount of £39,519,515.72 from the various planning obligations agreements ("section 106 Agreements") listed in Appendix A. Paragraph 3 of the report refers to an earlier release of funds in March 2018 to facilitate an earlier phase of the build programme.
28. As members have been previously advised, it is essential that monies held in accordance with section 106 Agreements are expended in accordance with both the terms of the specific agreement and also Regulation 122 of the Community Infrastructure Regulations. Each section 106 Agreement mentioned has been reviewed and it is considered that the proposed expenditure is in accordance with its terms and also the relevant Regulation mentioned above and is otherwise reasonable in all other respects.
29. As an example, the first affordable housing payment for the development at Ludgate House has recently been paid. The relevant agreement relating to this was dated 28 March 2014 and required the financial obligation "*to be paid to the council into a managed pool of funds operated and utilised for the purpose of the construction, provision or delivery of new Affordable Housing with the objective of creating mixed communities within the Borough via the council's Direct Delivery Programme or such other successor programme*"
30. Paragraph 11 of the report mentions the overall benefits of the scheme and a full equalities assessment will be undertaken later which should reassure Members that they will safely comply with the Public Sector Equality Duty if they decide to reach this decision
31. The decision to consider and approve the expenditure of section 106 monies is a matter reserved to the Planning Committee in accordance with the council constitution.

Strategic Director of Finance and Governance CAP19/050

32. This report requests the planning committee to approve the release of £39,519,515.72 Section 106 Affordable Housing funds from the agreements set out in Appendix A, towards the delivery of council's affordable housing programme.
33. The strategic director of finance and governance notes the resource implications at paragraphs 15-18, the supplementary advice at paragraphs 21-22, confirms the council has received the related funds, and they are available for the purposes outlined in the body of this report.
34. Staffing and any other costs associated with this recommendation are to be contained within existing budgets.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Copies of S106	160 Tooley Street London SE1 2QH	Martha Dankwa 020 7525 3734
Council Plan 2018-22	160 Tooley Street London SE1 2QH	Matthew Little 0207 525 0388
Link: http://www.southwark.gov.uk/council-and-democracy/fairer-future/council-plan		
Capital programme refresh for 2018-19 to 2027-28	160 Tooley Street London SE1 2QH	Rob Woollatt 020 7525 0614
Link: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=132&MId=6096&Ver=4		

APPENDICES

No.	Title
Appendix A	S106 agreements delineated by funds available and intended purpose

AUDIT TRAIL

Lead Officer	Stuart Davis, Director of New Homes	
Report Author	James Gilliland, CIPFA Trainee	
Version	Final	
Date	12 June 2020	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Director of Planning	Yes	Yes
Cabinet Member	No	No
Date final report sent to Constitutional Team		1 July 2020

APPENDIX A

Profit Centre	Planning Reference	Ward	Address	Sum available
W01371	97/AP/1503	London Bridge & West Bermondsey	7-25 Bermondsey Street & 2-10 Magdalen Street	106,794.95
W01111	97/AP/1082	Borough & Bankside	18-21 New Globe Walk	177,080.00
W07485	14/AP/2332	North Bermondsey	23 Paradise Street	211,231.32
W06661	11/AP/0868	North Walworth	2-10 Steedman Street	275,157.96
W02441	04/AP/1765	Champion Hill	Land adjoining 6 Dog Kennel Hill	319,206.00
W08161	16/AP/3612	London Bridge & West Bermondsey	Marshall House, 6 Pages Walk	340,000.00
W07721	14/AP/1862	St George's	128-150 Blackfriars Road	5,329,657.06
W07331	13/AP/3791	Borough & Bankside	1,3-5, 7-19 Valentine Place & 21, 27-31 Webber Street	504,950.10
W05791	13/AP/1403	Borough & Bankside	Kings Reach Tower	508,847.00
W07111	13/AP/2405	North Bermondsey	19 Queen Elizabeth Street	713,500.00
W06861	12/AP/1308	Camberwell Green	1-6 Camberwell Green	753,351.71
W07551	14/AP/4693	North Walworth	Old Station House, 1 Carter Place	843,354.00
W03051	06/AP/1882	Borough & Bankside	Union Works, 60 Park St & 16 New Globe Walk	1,372,050.26
W07201	13/AP/3059	London Bridge & West Bermondsey	6-14 Melior Street	1,648,819.40
W03391	11/AP/0912	Borough & Bankside	Bankside Industrial Estate	6,657,160.47
W05791	11/AP/1071	Borough & Bankside	Kings Reach Tower	7,502,463.43
W06811	11/AP/2012	Borough & Bankside	Brandon House	330,000.00
W07291	13/AP/3815	Borough & Bankside	The Music Box, 235-241 Union Street	1,699,998.00
W07141	13/AP/2075	Borough & Bankside	67-69 Southwark Street (Isis House)	421,518.99
W07491	14/AP/1302	London Bridge & West Bermondsey	Fielden House, 235-241 Union Street	1,326,762.00
W08281	14/AP/3104	Dulwich Village	To the rear of 25 Dulwich Village	219,675.93
W07421	14/AP/0830	North Walworth	237 Walworth Road	593,816.00

Profit Centre	Planning Reference	Ward	Address	Sum available
W07121	12/AP/3940	Borough & Bankside	Sampson & Ludgate	7,379,989.00
W08741	18/AP/3167	London Bridge & West Bermondsey	151-157 Tower Bridge Rd	284,132.14
TOTAL				39,519,515.72

Source of funding by ward

Ward	S106 generated
Borough & Bankside	26,554,057.25
Camberwell Green	753,351.71
Champion Hill	319,206.00
Dulwich Village	219,675.93
London Bridge & West Bermondsey	3,706,508.49
North Bermondsey	924,731.32
North Walworth	1,712,327.96
St George's	5,329,657.06