

Report of the Head of Strategic Investment

HUDDERSFIELD PLANNING SUB-COMMITTEE

Date: 7th March 2019

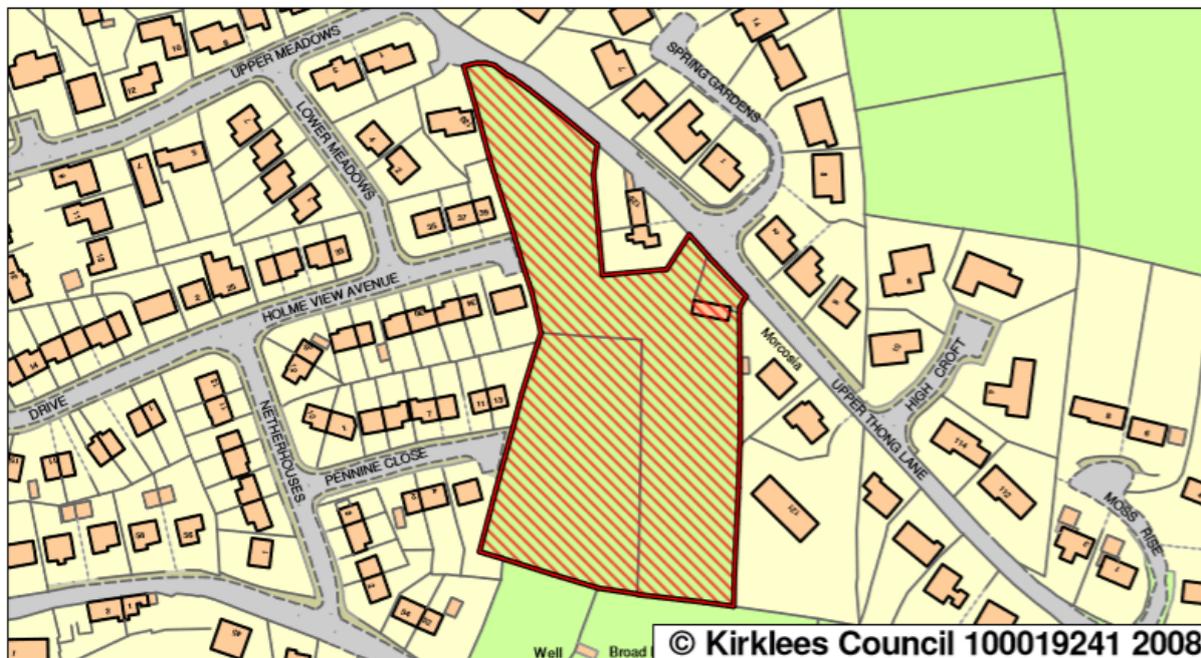
Subject: Planning Application 2013/93879

Previous grant of permission for erection of 27 dwellings Land at land adjacent Bird Riding 109 Upperthong Lane Upperthong, Holmfirth:

Clarification and revisions to provision of Affordable Housing Secured by Section 106 Agreement

Grid Ref: 413051.0 408274.0

Ward: Holme valley South



Location plan- not to scale; for identification purposes only

Electoral Wards Affected:

Holme Valley South

RECOMMENDATION:

DELEGATE authority to the Head of Strategic Investment to secure a Deed of Variation to the Section 106 Agreement as earlier authorised by Committee on 20 February 2014 in respect of application 2013/93879 to confirm the following matters:

- 1. Duration of the Affordable Housing Scheme as 20 years to align with an agreement between KNH (Kirklees Neighbourhood Housing)and QSH governing the provision of the Affordable Housing.**
- 2. To include reference to QSH (Quality Starter Homes) or PACE Trustees as Provider or Alternative Provider**
- 3. To permit the transfer at the expiry of the period during which tenants may purchase their dwelling of any remaining unsold dwellings to the Council or other Registered Provider or other providing organisation as may be agreed by the Council.**

1.0 INTRODUCTION

1.1 This report summarises proposed changes to confirm the duration of the affordable housing arrangements to align with housing management arrangements; and to further enable the provision of the affordable housing by a new provider. Due diligence undertaken by the intended new owner and provider of the stock has led to clarifications being sought, which have highlighted an inconsistency between the scheme management arrangements and the planning arrangements as set out in the section 106 agreement. These are matters which did not form part of members' consideration of the development proposals in 2014, and the issues are brought to Sub-committee for consideration.

2.0 BACKGROUND

The scheme as agreed

2.1 Following the grant of planning permission for the development, 15 Affordable family homes have been built on this site, secured through a Section 106 Agreement pursuant to delegated authority. The affordable housing has been acquired from the developer and is being provided by Quality Starter Homes, and is being managed by the Council's housing management company, Kirklees Neighbourhood Housing.

2.2 The S106 Agreement and subsequent deeds of variation allowed for affordable housing provision by a Registered Provider (e.g. Housing Association) and also by Quality Starter Homes, as the named 'alternative provider'. The management of the 15 homes in a 'rent – to- buy' scheme is being provided by Kirklees Neighbourhood Housing, following a similar model to pilot schemes provided in Scholes (Cleckheaton) and Chickenley.

2.3 At the time of considering the proposals, a presentation was given to Planning Sub-Committee by a representative of QSH, to outline the scheme and its operation. No reference was made in the planning application submission or presentation to Sub-Committee regarding the duration of the scheme, and consequently the affordable housing scheme as secured in the S106 Agreement is not bound by any time limitations. However, as this is a 'rent-to-buy' scheme where tenants may elect to buy their home, it is technically possible that all 15 homes on the site will be acquired by tenants within a 5 year period, or for some homes to have been sold, and others remaining tenanted.

Management agreement

2.4 The specific management arrangements for the provision of this affordable housing model were agreed after the sub-committee decision in a management agreement between QSH and Kirklees Neighbourhood Housing ('KNH').

2.5 The management arrangement as agreed between QSH and KNH provides for a 5 year period during which residents may elect to buy their home, with a discount provided from the amount of rental fees that they have paid to the landlord. Those residents not electing to buy their home may then remain as a tenant. The management agreement runs for 20 years from the date of the provision on the homes in 2017. At the end of the period, the owner (QSH) is free to dispose of the properties.

Transfer to a new provider

2.7 As is permitted in the management agreement, QSH as the investor-owner of the properties may transfer their current or remaining properties to any other owner. QSH are transferring their portfolio to another organisation, PACE Trustees Limited ('the buyer'). Consequently, this organisation will need to be recognised as the provider of the affordable housing in a new deed of variation to the S106 Agreement. KNH are retained as the property manager and this does not affect tenants' right to buy their home or remain within the management period as a tenant.

Issues for consideration

2.8 The main issue for consideration by for the Sub-Committee is to consider whether the proposed alignment of the duration of the scheme with the Management Agreement between QSH and KNH is satisfactory, namely the provision and management of the affordable housing scheme at 20 years from its delivery.

2.9 As the scheme is a "rent to buy model" with a 5 year period for residents to buy their home, it is possible –and expected – that in such a scheme the 15 homes could be acquired over time by sitting tenants, and that the units become a private market scheme.

2.10 It is possible, in uncertain market conditions or rising house prices, that some or all residents may elect to remain as tenants. Consequently, consideration needs to be given to what happens to sitting tenants of affordable homes at the end of the 20 year period. The owner can elect to retain or sell the stock, and as established in the agreement between KNH/QSH, the owner will offer the stock to KNH or the council to acquire. Consequently, there may be some sitting tenants whose circumstances and housing needs mean that they still need to live in an affordable home.

2.11 In this case, the Service Director for Housing and Growth has committed to acquire remaining affordable housing stock, which would retain the stock in the affordable housing pool. As a Registered Provider, the Council may already acquire the stock in reference to the S106 Agreement.

2.12 From a risk to the Council perspective, the nature of this transitional "rent to buy scheme", the risk is considered to be sufficiently low as to enable a recommendation of approval to revised arrangements in a deed of variation to the S106 Agreement. The acquisition of remaining unsold stock by the Council or KNH would have two benefits: the retention of the homes as affordable stock and avoid a situation where tenants may otherwise face uncertainty with a market landlord.

Next steps

2.13 If sub-committee agree to these changes, a Deed of Variation to the S106 Agreement will need to be agreed between the parties having an interest in the development comprising the

planning unit, namely the developer, current and intended owner of the properties, and the Council's management company KNH.

3.0 RECOMMENDATION

3.1 It is recommended that Sub-Committee:

- (i) Agree to the proposed revisions to align the affordable housing scheme to that as agreed between KNH/QSH and currently governing the operation of the affordable housing scheme;
- (ii) Note the commitment of the Service Director for Housing and Growth to pursue the acquisition of stock;
- (iii) Agree to PACE Trustees being named as a provider of the affordable housing on this site in addition to QSH , as the Provider or Alternative Provider of affordable housing;
- (iv) Delegate authority to the Head of Strategic Investment to secure a Deed of Variation to the Section 106 Agreement as earlier authorised by Committee on 20 February 2014 in respect of application 2013/93879 to secure the matters referred to in (i) and (iii) above.