

Decision Number: 25 (2018/19)

## Portfolio Holder Executive Decision Statement

### The Local Authority (Executive Arrangements)(Meetings and Access to Information)(England) Regulations 2012

#### Subject:

The transfer of £2.75m to *Quercus Housing* from Section 106 (S106) affordable housing developer contributions.

#### Details of Decision taken:

The transfer of £2.75m to *Quercus Housing* from S106 affordable housing developer contributions in order that it can complete the acquisition of fourteen self-contained flats as part of a joint venture project with *Quercus 7*.

#### Reason for Decision:

In 2011, the District Council adopted its *Core Strategy Development Plan Document (CSDPD)*. As part of the (then) new planning framework, the District Council also adopted an *Affordable Housing Supplementary Planning Document (AHSPD)* which set out the more detailed requirements in relation to the provision of affordable housing in the District - whether this be on-site or in another form agreed by the District Council.

The AHSPD (and new Draft AHSPD) included/includes provision for financial payments in lieu of on-site affordable housing provision (if a particular situation requires such an approach) and with a set of criteria for the subsequent spending of any funds, which are: 1) Provision of new affordable housing in the District via a Registered Provider (RP) or other provider (including adding to affordable housing provision on development sites, new and stand-alone schemes and existing property purchases); 2) Initiatives to make better use of the existing housing social/affordable housing stock; 3) Managing future needs for affordable housing, including homelessness prevention and benefit advisory services; 4) Assisting those in need to access low-cost home ownership; and 5) Supporting the development of rural exceptions sites to meet identified local housing needs.

*Quercus Housing* has identified a block of fourteen new flats being marketed in a single two-storey block in the District. These flats were developed through a change of planning use from existing office to residential accommodation. Of these fourteen flats, *Quercus Housing* intends to purchase nine and designate as affordable tenures, according to demand. These include 'Affordable Rented' tenure (set at a maximum threshold of the High Weald LHA) and 'Intermediate Rented' tenure (set at 80% of local OMR). The remaining five apartments are to

When completed a copy of this record must be sent to the Democratic Services Section by e-mail and a signed copy by internal mail

Decision Number: 25 (2018/19)

be designated as 'Private Rented' tenure (set at 100% of local open market rents and these will be purchased by *Quercus 7* on long leases and as part of a joint venture.

The apartment block will provide housing solutions for a range of client groups and income levels, therefore, and consequently contribute to the delivery of the District Council's *Community Plan* and *Housing Strategy*, as well as achieving wider commercial aims in the *Council Plan*. Being jointly owned by *Quercus Housing* and *Quercus 7*, the District Council will also have the flexibility to switch tenures in the future (should it be required to meet changing demographics and related housing needs).

The flats were created through the conversion of an existing commercial property and secured through permitted development rights (i.e. not through a planning application bound by Local Plan policy). The space standards of the flats are below what is sought on new-build affordable housing developments (Nationally Described Space Standards). Under current Local Plan policy, these standards are recommendations only and, as such, the District Council is able to exercise its discretion on this issue (as it has done so on this particular project and in order to secure much-needed affordable accommodation without lengthy planning and development timeframes). Going forward, the new Local Plan will require these standards as a minimum on all tenures of new-build housing. However, new accommodation achieved through conversion under permitted development rights will remain unaffected.

The total sum required for the *Quercus Housing* element of the project is £2.75m and, subject to approval, this is the amount required to be transferred through to *Quercus Housing* in order to complete its element of the overall purchase cost.

**All Documents considered:**

Community Plan; Housing Strategy; CSDPD; AHSPD; Quercus Housing Business Plan

**Details of any alternative options considered and rejected by the Member when making the Decision:**

The property was looked at by both *Quercus 7* and *Quercus Housing* as a single acquisition rather than a joint venture. As a joint venture, this scheme is able to meet the requirement of the business plans of both companies and there were added benefits of having a mixed tenure. This approach also means that *Quercus Housing* has the funds to acquire affordable housing in other parts of the District and therefore spread the benefits.

When completed a copy of this record must be sent to the Democratic Services Section by e-mail and a signed copy by internal mail



Decision Number: 25 (2018/19)

<p><b>Financial implications</b></p> <p>All funds would be via S106 affordable housing developer contributions and with no impact on District Council budgets. S106 affordable housing developer contributions must be spent within 10-years of being received and so there is added pressure to invest these funds within the required timeframes whilst ensuring AHSPD spending criteria is also fully met.</p>
<p><b>Legal Implications and Risk Assessment Statement</b></p> <p>Full Due Diligence will be completed on the property acquisition prior to purchase. This includes legal title, property surveys and risk assessments.</p> <p><i>Quercus Housing</i> has been set up with the intention of providing affordable housing in the District and external legal advice was obtained to ensure that it was set up correctly.</p>
<p><b>Equality Impacts (Consideration of impacts under the Public Sector Equality Duty)</b></p> <p>For the Affordable/Intermediate rented tenures, lettings will be administered through the South-East <i>Zone Agent</i> and/or <i>Kent HomeChoice</i> - with both options providing easy access and use of services for all client groups, including those on low-income or in receipt of benefits. The <i>Quercus Housing</i> element of this project will provide affordable housing solutions for local low-income 'Essential Workers', local people on low incomes or those in receipt of benefits. There will be a positive impact on end-users, therefore.</p>
<p><b>Local Member (s), other Portfolio Holders and/or Directors/Heads of Service Consulted</b></p> <ul style="list-style-type: none"><li>- Cllr Michelle Lowe, Portfolio Holder for Housing and Health;</li><li>- Cllr Robert Piper, Portfolio Holder for Planning;</li><li>- Cllr Diana Esler; and</li><li>- Cllr Maskell.</li></ul>

When completed a copy of this record must be sent to the Democratic Services Section by e-mail and a signed copy by internal mail

(For Democratic Services use)

Decision Number: 25 (2018/19)

<p>Details of any conflicts of interest</p> <p>a) declared by any executive member who is consulted by the Decision Taker</p> <p>For transparency, Executive Members declared that the District Council is the sole shareholder of <i>Quercus 7 Ltd</i> and guarantor of <i>Quercus Housing Ltd</i>. The Executive Members sit on the Trading Board of <i>Quercus 7 Ltd</i> and Guarantor Board of <i>Quercus Housing Ltd</i>.</p> <p>b) and any details of dispensations granted by the Chief Executive in respect of any declared conflict</p> <p>No dispensations required.</p>	
Decision taken by:	<ul style="list-style-type: none"><li>- Cllr Michelle Lowe, Portfolio Holder for Housing and Health; and</li><li>- Cllr Robert Piper, Portfolio Holder for Planning</li></ul>
Signed by Portfolio Holder	<ul style="list-style-type: none"><li>- Cllr Michelle Lowe, Portfolio Holder for Housing and Health: </li><li>- Cllr Robert Piper, Portfolio Holder for Planning: </li></ul>
Date of Decision	30/4/19
Record made by:	George Lewis
Date of record:	1 May 2019

When completed a copy of this record must be sent to the Democratic Services Section by e-mail and a signed copy by internal mail