

## Agenda Item

**Executive Board**

**13 December 2006**

**JG/MH**



### **Affordable Housing – Fortfield Hotel, Sidmouth**

#### **Summary**

This report sets out an affordable housing proposal for a small scheme of four rented homes in Sidmouth. The development scheme is ready to commence construction, but requires an element of public subsidy to make it viable. It looks likely that the Housing Corporation will provide some capital funding, and this report proposes a way of bridging the funding gap using some of commuted sum payments available for affordable housing.

#### **Recommendation**

**To provide a capital grant of £80,000 to the Guinness Trust to provide affordable rented housing, on the Fortfield Hotel site, to be funded from the commuted sum budget.**

#### **a) Reasons for Recommendation**

To enable the delivery of an affordable housing scheme.

#### **b) Alternative Options**

Not to enable the scheme with grant funding.

#### **c) Risk Considerations**

The loss of much needed affordable housing.

#### **d) Policy and Budgetary Considerations**

The provision of affordable housing is a corporate priority for the Council. The financial implications will be covered through a commuted sum payment which was secured to deliver affordable housing.

#### **e) Date for Review of Decision**

Within six months of the Executive Board's decision.

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## **1 Affordable housing proposal**

- 1.1 The Council successfully negotiated the requirement for four affordable housing units on the back of the development at Fortfield Lawn, off Manor Road Sidmouth. The requirements are set out in a Section 106 planning agreement in the form of a Unilateral Undertaking, and a small in-fill site between the Fortfield Hotel and the Manor Pavilion car park was identified as a suitable location for the affordable homes. The site used to accommodate the hotel fitness centre.

- 1.2 A Unilateral Undertaking proposed four homes for rent to be occupied on an Assured Tenancy basis, with the Council nominating the tenants.
- 1.3 The affordable housing scheme is for 2 no. 3 bedroom 5 person homes, which will be constructed as three storey town houses with a garage, and 2 no. 4 bedroom 6 person with associated car parking. The properties will meet the Eco-home very good standard, and rents are likely to be approximately £88 per week.
- 1.4 Planning Permission and Building Regulation approval is in place. The Section 106 agreement requires the developer to sell the land to a Registered Social Landlord (RSL) or enter into a building contract before 50% of the Fortfield Lawn scheme is occupied.
- 1.5 Guinness Trust has been negotiating with the developer, Devon Contractors, on a way of delivering the affordable homes. Guinness Trust bid for Housing Corporation capital funding in the 2006/08 bid round but was unsuccessful. Guinness Trust rebid recently for an 'in year' allocation and are likely to be successful.
- 1.6 A site plan and elevation drawing of the proposed affordable housing scheme is shown in **Annex 1**.
- 1.7 The planning agreement requires that the homes are made available to people with a "strong local connection with Sidmouth". This local connection being family association, period of residence or employment in the area. If we are unable to nominate suitable applicants from the area, the homes can be offered to people from surrounding areas.
- 1.8 The estimated costs associated with the scheme are as set out below:
- |   |                 |
|---|-----------------|
| Price paid to the developer for completed units | £460,000        |
| Guinness Trust will fund the scheme by:         |                 |
| Guinness Trust loan/private finance             | £220,000        |
| EDDC capital grant                              | £80,000         |
| Housing Corporation grant                       | £160,000        |
| <b>Total funding package</b>                    | <b>£460,000</b> |
- 1.9 The contribution proposed from the Council of £20,000 per unit can be financed from the commuted sum payment received in respect of the Woolbrook development in Sidmouth from developer Wain Homes. Here a sum of £240,000 was paid in lieu of affordable housing, and is for the provision of affordable housing elsewhere.
- 1.10 Guinness Trust has attempted to negotiate a grant free scheme with the developer but the project requires an element of public subsidy to make it financially viable. Therefore, to enable the scheme to be delivered I am proposing that we use an element of the commuted sum budget.
- 1.11 The construction works can commence in March 2007, and it is anticipated that the homes will be completed by December 2007.
- 1.12 The scheme will make an important contribution towards meeting the need for family size rented housing.

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**Legal Implications**

There are no legal implications identified in this report.

**Financial Implications**

There are no financial implications arising from this report other than those mentioned in paragraphs 1.8 and 1.9.

**Consultation on Reports to the Executive**

None.

**Background Papers**

- ❑ Guinness Trust Housing Corporation bid.
- ❑ Section 106 Unilateral Obligation.

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