



Haringey Council

Agenda item:

[No.]

Planning Sub Committee

12th March 2012

Report Title. **624 High Road Tottenham - Proposed Variations to Section 106 Agreement**

Report of **Head of Development Management**

Signed :

Contact Officer : **Paul Smith, Head of Development Management Telephone 020 8489 5507**

Wards(s) affected: **Tottenham Hale**

Report for: **Sub-Committee**

1. Purpose of the report

- 1.1. To consider the proposal by One Housing Group for a variation of the current s106 agreement for the 624, High Road Tottenham development as agreed in January 2010. No other changes to the planning application are sought.

2. Summary

- 2.1. Planning Consent was granted In January 2010 to One Housing Group for a 42 residential unit development at 624 High Road, including units for social rent and shared ownership. A Social Housing Grant Allocation of £1,770,000 was made in respect of the scheme, but this has subsequently been withdrawn by the HCA, thus, the project at the assumed rates is no longer viable. One Housing Group are committed to the project and seek a variation to the s106 Agreement attached to the original planning permission in order to make the scheme viable and progress with construction.

3. Recommendation

- 3.1. That the Committee agrees the following variations to the existing s106 Agreement attached to planning permission (HGY/2009/1532) for the development of 624 High Road, Tottenham.

4.0 Changing the Section 106 Agreement – National Guidelines

Background

- 4.1 The Council's planning policies aim to promote development in appropriate locations and, as far as possible, in ways and for uses that will provide significant benefits for the wider area. Impacts of developments need to be mitigated adequately. In considering the form of a development, the mix and type of uses and the degree to which the impacts of that development are mitigated, it is reasonable to take into account the potential benefits, in planning terms, of the whole development.
- 4.2 Promoting regeneration in High Road, Tottenham has long been a Council priority but even more so since the riots last summer. Since then many local people have been saying to the Council that they want to see change and improvements happening in the area. They want to see the image of Tottenham improved.
- 4.3 The Minister for Decentralisation and Cities' 'Statement on Growth' in March 2011 calls for local authorities to review existing s106 agreements on schemes that are unviable. Where necessary and possible, obligations should be modified to allow development to proceed provided this continues to ensure that the development remains acceptable in planning terms.
- 4.4 The Draft National Planning Policy Framework (July 2011) also encourages local planning authorities to avoid non-essential conditions or obligations when they would undermine the viability of development proposals.

5.0 Detailed Considerations

The Scheme

- 5.1 Planning consent was granted in January 2010 for a 42 unit residential development, including 14 units for social rent and 4 shared ownership (a total of 18 affordable units, see Table 1), in addition to 24 private units. A Social Housing Grant Allocation of £1,770,000 was made in respect of the scheme, but this has subsequently been withdrawn by the HCA. Due to various circumstances, mainly the governments' comprehensive spending review, grant funding for the project at assumed rates is no longer available. As a consequence of this loss of funding, the scheme as consented is no longer viable.
- 5.2 One Housing Group is committed to delivering a residential scheme on this site, which has been vacant since 2005 and has a detrimental impact on the surrounding area. In order to improve viability, One Housing Group has worked both to reduce costs and to increase revenue. Through a process of negotiation and design development, the applicant has worked with the developer to modify the tenures by **increasing the private element of the scheme from 24 to 30 units** (see Tables 1 & 2), thereby increasing the scheme return.
- 5.3 The impact of this second change is to **reduce the affordable housing from 18 to 12 units, as well as converting the proposed social rented housing to affordable rent**. On this basis the scheme generates a residual land value, which although lower than the residual value of the consented scheme assuming grant, is sufficient to indicate a viable scheme. This recommendation was made by consultants, Jones Lang LaSalle who undertook an affordable housing viability study on behalf of One Housing Group.

5.4 **A variation to the s106 agreement imposed on the original planning consent is recommended** as the most suitable option to ensure the development becomes viable now that grant funding is no longer available.

5.5 The existing s106 agreement permitted the following residential tenure:

Table 1. Existing split of residential units in original, proposed scheme.

Unit Type	Private for Sale	Shared Ownership (affordable)	Social Rent (affordable)
1 Bed	10 (20)	0	3 (6)
2 Bed	9 (27)	4 (12)	1 (3)
3 Bed	5 (20)	0	7 (28)
4 Bed	0	0	3 (15)
Total	24 (67)	4 (12)	14 (52)
		Total Units	42 (131)

() – Habitable Rooms

5.6 Following the withdrawal of the grant, the applicant is seeking to revise the tenure mix in order to maintain the viability of the scheme (see Table 2 below).

Table 2. Proposed split of residential units under variation of Section 106.

Unit Type	Private for Sale	Shared Ownership (affordable)	Affordable Rent (affordable)
1 Bed	11 (22)	0	2 (4)
2 Bed	13 (39)	1 (3)	0
3 Bed	6 (24)	1 (4)	5 (20)
4 Bed	0	0	3 (15)
Total	30 (85)	2 (7)	10 (39)
		Total Units	42 (131)

() – Habitable Rooms

6.0 Existing Section 106 Agreement Clauses Requested for Variation

The officers recommend that the principle of the following variations are accepted:

6.1 Affordable Housing - Definition

Subsidised housing that will be available to persons who cannot afford to rent or buy housing generally available on the open market which shall include Social Rented Housing, Affordable Rented Housing and Intermediate Housing. This is in line with the revised PPS3 (June 2011) to reflect the introduction of Affordable Rent.

6.2 Affordable Housing Units - Definition

That part of the development comprising not less than 55 habitable rooms (i.e. not less than 38% of the habitable rooms) making up the development and comprising 3 no. 4

bed units for 'Discounted Affordable Rent' and 9 units for 'Affordable Rent' or Intermediate Housing.

6.3 New - Affordable Rented Housing - Definition

Rented housing let by registered providers of social housing to households who are eligible for social rented housing at a rent of no more than 80 per cent of the local market rent.

7.0 **Recommendation**

7.1 Through discussions between One Housing Group and the officers, it is agreed that in order to make the proposed development at 624 High Road, Tottenham viable, a variation to the existing s106 obligations attached to the existing planning permission should be agreed.

7.2 This variation is sought due to the removal of grant funding for the project at assumed rates. Thus, the officers recommends that the Committee accept the changes to the housing tenure (Table 2) and the variation to the clauses to the original s106 Agreement as outlined above.

