

Rother District Council

Report to: Cabinet

Date: 31 October 2022

Title: Section 106 funds to support Community Led Housing – Cemetery Lodge, Bexhill

Report of: Joe Powell, Head of Housing and Community Services

Cabinet Member: Councillor T. Byrne

Ward(s): Bexhill St Stephens

Purpose of Report: To approve the allocation of s106 funds to facilitate the development of affordable housing

Decision Type: Key Decision

Officer

Recommendation(s): **Recommendation to COUNCIL:** That subject to 1) and 2) below the Capital Funding programme to be updated accordingly; **AND**

It be **RESOLVED:** That:

- 1) a grant of £200,000 to Bexhill Community Land Trust be approved from the S106 Affordable Housing Funding for the delivery of six affordable homes at Cemetery Lodge, Bexhill, match funding funds already secured by the Community Land Trust; and
- 2) the Head of Housing and Community Services be granted delegated authority to agree the final terms of grant in consultation with the Cabinet Portfolio Holder for Housing and Homes.

Reasons for Recommendations: To increase the supply of affordable housing. The Housing, Homelessness and Rough Sleeping Strategy (HH&RSS) identifies an objective of delivering affordable community led housing (1.2) under priority one: 'Increasing the supply of housing'. The Corporate Plan commits to increase affordable housing, to deliver 400 affordable rented homes across the district and use of council owned sites to bring Rother above a 5-year land supply by end 2023.

Introduction

1. This report makes a request to use Section 106 (S106) funds received by the Council through developer contributions that are ringfenced for affordable housing development. The funds requested will facilitate the delivery of new affordable housing provision, via a community led housing (CLH) scheme in Bexhill, which is also utilising a Council-owned site at Cemetery Lodge.
2. The development is being led by Bexhill Community Land Trust (BCLT). Community land trusts (CLTs) are democratic, non-profit organisations that own and develop land for the benefit of the community. They typically provide

affordable homes, community gardens, civic buildings, pubs, shops, shared workspace, energy schemes and conservation landscapes. BCLT aim to help Bexhill residents' access affordable homes in perpetuity so that they help create vibrant communities with access to educational, recreational and job opportunities

3. In seeking approval, officers have considered alternative funding options, including the allocation of the remaining Rother Community Housing Fund (CHF) grant, that is ring-fenced to enable a pipeline of CLH schemes in Rother, as explained later in this report. Use of the remaining CHF grant on this scheme would exhaust the CHF completely, and mean we are not able to support any further projects for community-led housing or exception sites.
4. The planned development of the Cemetery Lodge site for affordable community-led housing for local people has been long established and forms a significant project included in the Council's Community Led Housing Programme. Members have received annual updates on this programme, most recently in September 2021 (CB21/31) and through the annual Housing Homelessness and Rough Strategy Review 2019-2024 (HH&RSS).

S106 Affordable Housing Payments

5. The Council currently holds £377,797.49 in S106 planning contributions (or 'commuted sums') paid by developers instead of providing onsite affordable housing. For example, commuted sums are negotiated when the affordable housing planning policy does not round up to a whole house or flat. This funding is ringfenced to facilitate the development of new affordable housing provision in Rother.
6. Although there are no time limits attached to any of the payments currently held, with the oldest payment received in October 2018, there is nevertheless an expectation these funds are allocated within a reasonable timescale. Typically, these funds have been used to support viability gaps on registered provider housing schemes and to support delivery of small schemes including delivery of the former rural exception site programme; see Figure 1 below for further details of previous S106/commuted housing allocations. These payments have tended to be made in rural areas, partly as they have supported our exception site programme and due to site viability issues in rural areas.

Site	Parish/Ward	Year	Number of homes	Amount spent
Tresco House	Old Town & Worsham	2008	14	245,000
Udimore Road	Rye	2009	54	130,000
Hollenden House	Bexhill Central	2009	42	500,000
Dixter Lane	Northiam	2011	8	120,000
Hop Gardens	Staplecross	2012	8	50,000
The Orangery	Sidley	2014	58	295,000
Morris Close	Burwash	2015	10	65,000
Dairy Close	Hurst Green	2015	10	65,000
Ostlers Field	Brede	2016	13	150,000

The Maltings	Peasmarsh	2018	36	133,000
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Figure 1 - previous S106/commuted housing allocations

Cemetery Lodge, Bexhill

7. Capital funding totalling £200,000 is needed to enable BCLT to deliver the new build and refurbishment scheme of Cemetery Lodge, Bexhill and provide six new affordable homes for local people of Bexhill, as per planning application RR/2022/1233/P. It is proposed that £200,000 of the above S106 affordable housing allocation be granted to deliver this scheme.
8. This sum is required to support the considerable refurbishment costs of retaining the lodge as part of any future scheme, based on initial surveys of the building and the expertise of the Sussex Community Housing Hub (SCHH). The proposed funding streams for the scheme are set out below. All funding has been secured and agreed in principle with lenders (subject to this grant) supported by the SCHH. Any funding agreement between the Council and BCLT will be made subject to BCLT being able to demonstrate having secured the remaining funds required to deliver the whole scheme.

RDC s106/Commuted Sums	£200,000
RDC Community Housing Revenue fund (Match funding provided by HE in 2020) (received)	£11,017
Homes England Community Housing Fund (received)	£109,323
Bexhill CLT Loan	£904,814
Total funding	£1,225,154

9. Subject to planning approval (expected in November 2022) and final terms of sale of the site to BCLT (CB21/31), Cemetery Lodge will now progress to the development phase where other funding options have been established. The current indicative programme for delivery is shown below:

Cemetery Lodge	
Pre Planning Phase	Quarter 4 - 2021 / 2022
Planning Application Submission	Quarter 1 - 2022 / 2023
Start On Site	Quarter 4 - 2022 / 2023
Practical Completion	Quarter 3 - 2023 / 2024

Community Led Housing Programme

10. Nationally, funding of the community led sector remains very uncertain. There is currently no new CHF to replace the former scheme and no sign as yet, of any renewal under the new Government administration; meaning current and new CLH schemes are at risk of being aborted at critical pre-development stage. As such, Local Authority support for both revenue and capital funds, and in any form, is critical for CLH projects to be able to progress.

11. While it is recognised there are enough CHF funds remaining to deliver this scheme (total £203,200.28), this would mean there is no funding left to support smaller revenue bids on future CLH schemes, where funding is most needed. A depletion of CLH funds may undermine our Community Led Housing Programme and devalue our service level agreement with the SCHH by reducing our shared ability to achieve agreed performance indicators included in the HH&RSS. A full breakdown of the CHF allocations to date are summarised at Appendix A.

Conclusion

12. The affordable housing S106 budget currently remains unallocated and is recommended that further investment in the CLH programme and the Cemetery Lodge site offers the best opportunity to deliver new affordable housing provision that is driven locally, and accordance with our housing policy and corporate priorities.
13. Officers propose £200,000 of grant funding to BCLT from Council S106 Affordable Housing Fund to ensure BCLT have the remaining capital finance needed to progress this scheme to deliver six much needed affordable homes.
14. The Council's Corporate Plan sets out that 400 homes for Affordable Rent will be delivered during the plan period. This small development site is a good opportunity to move further towards meeting this ambitious target. As the development climate becomes increasingly challenging and proposed national planning reforms potentially reduce the provision of affordable housing, it is important that opportunities within the Council's control are fully realised.

Financial Implications

15. The Council is required to use S106 funding ringfenced for affordable housing through developer contributions for the purposes of delivering new affordable housing in Rother. Failing to use this fund could risk the funding being withdrawn for failure to use, especially where a time limit has been agreed for spend.

Environmental & Sustainability

16. Full design for the Cemetery Lodge redevelopment and extension is being produced. There is a clear intention from BCLT with their development partners to incorporate renewable technologies in the scheme. Construction methods that promote affordable warmth are also being considered. This is in line with the HH&RSS.

Legal Implications

17. A grant application for these funds has been made by BCLT. Members have previously given delegated authority to the Director of Place and Climate Change to sell the site of Cemetery Lodge to Bexhill Community Land Trust and final terms of sale, for the purposes of delivering a Community Led Housing scheme, subject to achieving full planning permission and incorporating Cemetery Lodge as part of any final scheme

Human Resources Implications

18. None.

Crime and Disorder

19. This empty building is at risk of vandalism and attracting further anti-social behaviour in the vicinity of Bexhill Cemetery. Development of the site will mean it is occupied.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	Yes	Consultation	No
Environmental	Yes	Access to Information	No
Sustainability	Yes	Exempt from publication	No
Risk Management	No		

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Appendices:	A Previous Community Housing Fund spend
Relevant Previous Minutes:	CB21/31
Background Papers:	Housing Homelessness & Rough Sleeping Strategy 2019-24
Reference Documents:	

Appendix A

Total spend to date from Community Housing Fund (CHF)

Capital and Revenue spend

Organisation	Capital	Revenue
Bexhill CLT		£12,066
Ickelsham Parish CLT	£297,000	£30,000
Pett & Guestling PCs	£6,633	
Sussex Community Housing Hub (SLA)	£100,000	
Sub Totals	£403,632.62	£42,066
Total	£445,698.62	