

## **Report to the Cabinet**

**Report reference: C-114-2007/08.**  
**Date of meeting: 10 March 2008.**



**Portfolio: Housing.**

**Subject: Social Housing Grant – The Quarter, Ongar.**

**Responsible Officer: Alan Hall (01992-564004).**

**Democratic Services Officer: Gary Woodhall (01992-564470).**

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### **Recommendations/Decisions Required:**

**(1) That a further payment of £35,000 social housing grant be paid to London & Quadrant (L&Q) Housing Trust, in accordance with the legal agreement between the Council and L&Q, in respect of the conversion of tenures and rents at The Quarter, Chipping Ongar from market rented to social rented, previously agreed by the Cabinet; and**

**(2) That the remaining balance of £255,000 outstanding to L&Q be paid, in accordance with the legal agreement, as and when further financial contributions are received from developers in accordance with Section 106 Planning Agreements, without further reference to the Cabinet**

### **Report:**

1. At the meeting of the Cabinet held on 13 November 2006, it was agreed that Social Housing Grant (SHG) of £710,000 should be provided by the Council to London & Quadrant (L&Q) Housing Trust, to enable the rents of 18 out of their 24 properties at The Quarter, Chipping Ongar to be converted from market rents to affordable rents.

2. It was also agreed that further SHG totaling £290,000 should be provided to L&Q when additional provision for SHG is made available within the Housing Capital Programme in the future, in order to convert the rents of the remaining 6 properties from market rents to affordable rents. Normally a development of this nature would require around £1.8million of Social Housing Grant to convert the rents from market rates to affordable levels. However, following discussions with L&Q, they offered to provide around £800,000 from their own reserves.

3. Subsequent to the Cabinet meeting, L&Q agreed to convert the rents of all 24 properties to affordable levels at the same time, in advance of them receiving the balance of £290,000, with L&Q funding the interim revenue shortfall themselves. However, this was subject to L&Q:

(a) receiving the balance of funding from the Council when it became available (particularly from financial contributions received from developers in respect of obligations within Section 106 planning agreements); and

(b) reserving the right - after a period of 3 years - to charge market rents again on the first six properties that become vacant (and re-let to Council nominees), if the Council has not provided the £290,000 balance of SHG funding by that time. If the Council has provided part of the balance within this period, less properties will be converted to market rents, with the number linked to the amount of additional grant provided.

4. This arrangement was incorporated within the legal agreement entered into between

the Council and L&Q for the payment of grant and conversion of the tenures.

5. Since the time the first payment was made, one financial contribution of £25,000 has become available for use by the Council in accordance with the requirement of a Section 106 Agreement relating to the development at a site at Monkams, Buckhurst Hill. In addition, £10,000 interest has accrued within the ring-fenced account for S106 financial contributions. In accordance with the legal agreement with L&Q, this £35,000 must be paid to L&Q.

6. It should be noted that four further Section 106 Agreements or unilateral undertakings have been entered into with developers, or have been agreed in principle, which require them to pay the Council financial contributions towards the provision of affordable housing in the District, as follows:

Site	Amount	Trigger Date
Grange Farm, Chigwell	£280,000	50% prior to implementation 50% prior to occupation of 20 properties
Fyfield Hall, Fyfield	£70,000	On implementation of the development
High House Farm, Stapleford Abbots	£100,000	Prior to first occupation
High Street, Epping	£435,000	Prior to first occupation
<b>Total</b>	<b>£885,000</b>	

7. As can be seen, there should be sufficient financial contributions received over the next few years to pay L&Q the remaining balance of funding (£265,000), with the remaining income available to fund other affordable housing developments elsewhere in the District. Since the Council is legally contracted to pay the outstanding funding owed to L&Q, it is recommended that the Cabinet agrees to this being paid as and when further contributions are received, up to the total amount committed, without further reference to the Cabinet.

8. It should be noted that the Cabinet has previously agreed that it will undertake an annual review of the amount of social housing grant that should be included within the Housing Capital Programme. This will be considered at the Cabinet's next meeting, once the outcome of the funding bids by housing associations to the Housing Corporation are known.

#### **Statement in Support of Recommended Action:**

9. The Council is legally obliged to pay L&Q the balance of funding committed, from financial contributions received from developers in accordance with Section 106 Planning Agreements.

#### **Other Options for Action:**

10. The Council does not have an option not to pay the balance. However, the Cabinet could require a report before every future payment is made.

#### **Consultation Undertaken:**

11. None.

#### **Resource Implications:**

**Budget Provision:** Payment of £35,000 from the Housing Capital Programme.

**Personnel:** Nil.

**Land:** Nil.

**Council Plan 2006-10/BVPP Reference:** Meeting Housing Need.

**Relevant Statutory Powers:** Housing Act 1985.

**Background Papers:** Housing Policy File H619.

**Environmental/Human Rights Act/Crime and Disorder Act Implications:** Nil.

**Key Decision Reference (if required):** Not a key Decision.