



# REGULATORY SERVICES COMMITTEE

# REPORT

21 June 2012

**Subject Heading:**

**Proposed variation of Section 106 agreement dated 29<sup>th</sup> March 2012 in connection with planning permission P1558.11 Former Whitworth Centre, Noak Hill Road, Romford:**

**Demolition of existing buildings and redevelopment of the site to create 144 residential units plus associated roads, paths, car parking, garages, other ancillary structures and landscaping.**

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**Policy context:**

Local Development Framework  
The London Plan  
National Planning Policy  
Statements/Guidance

**Financial summary:**

None

**The subject matter of this report deals with the following Council Objectives**

- |  |                                     |
|--|-------------------------------------|
| Clean, safe and green borough  | <input type="checkbox"/>            |
| Excellence in education and learning                                 | <input type="checkbox"/>            |
| Opportunities for all through economic, social and cultural activity | <input type="checkbox"/>            |
| Value and enhance the life of every individual                       | <input checked="" type="checkbox"/> |
| High customer satisfaction and a stable council tax                  | <input type="checkbox"/>            |

## SUMMARY

This report relates to proposals for residential development for 144 residential units on land at former Whitworth Centre, Noak Hill Road, Romford. The site has the benefit of planning permission (under planning reference 1558.11) which was subject to a Section 106 legal agreement completed on 29<sup>th</sup> March 2012 (the original agreement). The Section 106 agreement should include a travel plan and the original agreement will be varied to include that planning obligation.

A request has been made to the Council to vary under Section 106A of the Town and Country Planning Act 1990 the legal agreement to amend the definition of 'Shared Equity' in the original agreement to read *"Shared Equity means the sale of a 100% interest in the reversionary title of a residential dwelling to an Approved Person (or such other purchaser as may be permitted pursuant to Schedule Five) at such price as is below market price (as per the definition of Intermediate Affordable Housing within Annex 2 of the National Planning Policy Framework (27 March 2012) but which is otherwise as the Developer and the said Approved Person (or such other purchaser as may be permitted pursuant to Schedule Five) shall agree and provided further that such price shall be paid in part cash payment and part Shared Equity Charge pursuant to paragraph 5 of Schedule Five"*.

Further a definition of 'a Person in Housing Need' suitable to the Council will be added to the definitions in Schedule 5 of the original agreement.

## RECOMMENDATIONS

It is recommended that the variation of the Section 106 agreement dated 29th March 2012 pursuant to planning permission reference number P1558.11 by Deed of Variation under Section 106A of the Town and Country Planning Act (as amended), be approved:

1. the definition of 'Shared Equity' in the original agreement to be amended to read *"Shared Equity means the sale of a 100% interest in the reversionary title of a residential dwelling to an Approved Person (or such other purchaser as may be permitted pursuant to Schedule Five) at such price as is below market price (as per the definition of Intermediate Affordable Housing within Annex 2 of the National Planning Policy Framework (27 March 2012) but which is otherwise as the Developer and the said Approved Person (or such other purchaser as may be permitted pursuant to Schedule Five) shall agree and provided further that such price shall be paid in part cash payment and part Shared Equity Charge pursuant to paragraph 5 of Schedule Five"*.

2. a definition of 'a Person in Housing Need' be inserted in the definitions in Schedule Five of the original agreement which is acceptable to the Council.
3. a planning obligation be inserted requiring the production of a travel plan to encourage the use of sustainable modes of transport, including requirements for the submission of a scheme to encourage use of sustainable modes of transport, implementation, monitoring and review of such scheme as required by the Council
4. the Developer and/or Owner to bear the Council legal costs in respect of the preparation of the legal agreement irrespective of whether or not it is completed
5. the variation of the original agreement to include any consequential changes resulting from 1-3 above and otherwise save as varied as above the original agreement dated 29 March 2012 shall remain in full force and effect.

The planning obligations recommended in this report have been subject to the statutory tests set out in Regulation 122 of the Community Infrastructure Levy Regulations 2010 and the obligations are considered to have satisfied the following criteria:-

- (a) Necessary to make the development acceptable in planning terms;
- (b) Directly related to the development; and
- (c) Fairly and reasonably related in scale and kind to the development.

## REPORT DETAIL

1. The site to which this proposal refers is the Former Whitworth Centre Centre, Noak Hill Road, Romford. The site has planning permission for residential development comprising the demolition of existing buildings and redevelopment of the site to create 144 residential units plus associated roads, paths, car parking, garages, other ancillary structures and landscaping (under planning permission reference P1558.11). Permission for the development was granted subject to a number of planning conditions, as well as a Section 106 legal agreement signed and dated 29th March 2012.
2. Subsequent to the finalisation of the original agreement pursuant to planning permission under application reference P1558.11, the definitions of affordable housing in the relevant annex to PPS 3 Housing were deleted and replaced by the definitions in Annex 2 of the National Planning Policy

Framework (NPPF). The NPPF now defines 'Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Intermediate housing is defined as homes for sale or rent, but below market levels subject to the criteria in the affordable housing definition. These can include shared equity (shared ownership and equity loans) other low cost homes for sale and intermediate rent, but not affordable rented housing.

3. The shared equity dwelling which fall under the definition of "Shared Equity" in the original agreement fall within the extended definition of affordable housing in Annex 2 of the NPPF. The prospective purchaser of such intermediate affordable dwelling units may therefore purchase through shared ownership or equity load. The applicants in the original agreement have made provision for a scheme designed to provide equity loans.
4. The shared equity product will be made available through a scheme which offers a maximum of a 15% equity loan. The prospective purchaser will need to meet the costs of the remaining 85% of the sale price. The 15% equity loan will be interest free for the first five years, with a fixed interest rate of 1.75% introduces in the sixth year and increasing in line with the Retail Price Index plus 1% on an annual basis thereafter for a maximum of 10 years. Households would be expected to have secure 100% equity within 15 years of purchase.
5. This shared equity product broadly aligns with the Homes and Communities Agency (HCA) First Buy product.
6. Staff have considered the proposed changes which fall within the amended definition of affordable housing in Annex 2 of the National Planning Policy Framework (NPPF). The proposed changes do not alter the proposed shared equity product that is to be delivered as part of the original agreement but make necessary changes to insert the required definition of 'a Person in Housing Need', insert a required Travel Plan obligation and a definition of Shared Equity which is in line with the revised definitions of affordable housing in Annex 2 of the NPPF of March 2012.

## 9. **Conclusion**

- 9.1 Staff consider that the proposed variation of the original agreement is broadly acceptable and in line with the revised definitions in Annex 2 of the NPPF of March 2012.

## IMPLICATIONS AND RISKS

### **Financial implications and risks:**

No direct financial implications or risks

### **Legal implications and risks:**

Legal resources will be required for the variation of the legal agreement.

### **Human Resources implications and risks:**

None.

### **Equalities implications and risks:**

The Council's planning policies are implemented with regard to Equalities and Diversity. The proposal will assist in the provision of affordable housing within the Borough and contributes to the Council's equality objectives by providing accommodation tailored towards the specific needs of Borough residents.

## BACKGROUND PAPERS

1. Report to Regulatory Services of 15<sup>th</sup> March 2012 pursuant to planning reference P1558.11.