

Report to: *Cabinet*

Date of meeting: **08 July 2024**

Report author: **Housing Enabling and Development Manager**

Report sponsor: **Associate Director of Housing and Wellbeing**

Portfolio Holder: **Councillor Jennifer Pattinson**

Report title: **Proposed use of Commuted Sums to deliver Social Rented homes – Sydney Road**

1.0 Executive summary

- 1.1 The Elected Mayor has delegated authority to approve expenditure on schemes from section 106 monies, which includes delegated authority to approve the expenditure of Housing commuted sums.
- 1.2 The Mayor has approved £375,000 of the commuted sums to deliver five Social Rented homes on the site known as 'Land to rear of 1-43 Sydney Road and 7-9 Sydney Road (Humphreys)' as detailed in this report.
- 1.3 Following the Mayor's approval, Cabinet is asked to recommend that Council approves the contribution of £0.375m to be made via a capital grant to Watford Community Housing, as part of the council's Capital Programme.

2.0 Recommendations

- 2.1 Cabinet recommends that Council, as part of the Capital Programme, approves a contribution of £375,000 of the commuted sums to secure the delivery of five Social Rented homes on the site known as 'Land to rear of 1-43 Sydney Road and 7-9 Sydney Road (Humphreys)'.

3.0 Report pathway

- 3.1 Next review body: *Council*
- 3.2 Indicative date: 16 July 24

Further information:

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Reviewed and signed off by: Justine Hoy, Associate Director of Housing and Wellbeing

4.0 Detailed Proposal

- 4.1.1 The site at Sydney Road is a private development with planning approval requiring the delivery of 53 new affordable homes. Watford Community Housing (WCH) has been successful in securing these units from the developer.
- 4.1.2 WCH has since varied the section 106 and has approval for the 23 Shared Ownership units to become Affordable Rented homes.
- 4.1.3 This variation is supported as it will deliver 23 additional Affordable Rented units to which the council will have nomination rights. The additional rented units will be used to assist those on our Housing Register and those threatened with homelessness, or homeless and in temporary accommodation.
- 4.1.4 The council also proposes the conversion of five family sized units (2 x 2 bed and 3 x 3 bed) from Affordable Rent to Social Rent, using commuted sums to subsidise the lower rents in relation to social housing. The cost to achieve this is £375,000.
- 4.1.5 This option is considered a good use of commuted sums and delivers value for money.
- 4.1.6 The five additional Social Rented units would be used to house homeless households and would contribute towards reducing B&B revenue pressures and the number of households in temporary accommodation.
- 4.1.7 The units would count towards the target of delivering at least 120 new Social Rented homes by 2026.

Table 1 Previous Original Mix	1 bed	2 bed	3 bed	4 bed	Total
Social Rented	14	4	10	2	30
Affordable Rented	0	0	0	0	0
Shared Ownership	18	2	3	0	23
Total	32	6	13	2	53

Table 2 Current Approved Mix	1 bed	2 bed	3 bed	4 bed	Total
Social Rented	14	4	10	2	30
Affordable Rented	18	2	3	0	23
Shared Ownership	0	0	0	0	0
Total	32	6	13	2	53

Table 3 Proposed Mix if Commuted Sums Used	1 bed	2 bed	3 bed	4 bed	Total
Social Rented	14	6	13	2	35
Affordable Rented	18	0	0	0	18
Shared Ownership	0	0	0	0	0
Total	32	6	13	2	53

4.2 Commuted Sums

4.2.1 The Mayor has approved £375,000 of the commuted sums funds to be committed to this project.

4.2.2 The council's 'Commuted Sums for the Provision of Affordable Housing SPD' sets out how commuted sums are calculated and how they can be spent. The funds must be spent on delivering Affordable Housing. The SPD defines Affordable Housing as 'social rent and intermediate housing through shared ownership, shared equity and submarket rent'. The proposal set out within this paper delivers social rented units and fits within the intended use and definition.

4.2.3 Practical completion of the site is expected in December 2025, so expenditure of the £375,000 is anticipated in Q3 or Q4 2024/25.

4.2.4 Currently, £2.4 million of receipted commuted sums are available. A further £2 million is anticipated over the next 12 months (the amount may vary due to possible viability reviews) so there are sufficient funds for the £375,000 required.

4.2.5 This proposal creates a model that could be replicated. The council has commenced work on a project seeking to identify other Registered Provider partners (RPs) to come forward with similar proposals on alternative sites.

5.0 Implications

5.1 Financial

5.1.1 £375,000 spend would be required, probably in Q3 or Q4 2024/25. The delivery of 23 extra rented homes, of which five would be social rented, will contribute to reducing the forecast B&B revenue pressures.

5.1.2 The Chief Finance Officer comments that the contribution of £0.375m will be made via a capital grant to Watford Community Housing. This will form part of the council's Capital Programme.

5.2 Legal (Monitoring Officer)

5.2.1 As with all new affordable housing sites, a nomination agreement would be in place to protect nomination rights to the units. In addition, a funding agreement would be needed to protect the commuted sum investment and ensure the units remain social rented.

A Local Lettings Plan would also be developed in relation to the letting of the five social rented units.

Similar agreements are in place for the sites which form part of the previous social rented programme with WCH, and could be adapted to cover this proposal.

5.3 Risks

5.3.1

Nature of risk	Consequence	Suggested Control Measures	Response (treat, tolerate, terminate or transfer)	Risk Rating (combination of severity and likelihood)
No additional units delivered in 2024/25 via commuted sum funds.	Fewer households move out of TA. Resulting in increased B&B costs.	Approve this proposal, plus further communications inviting other RPs to bring forward proposals.	Treat	Likelihood = 2 Severity = 3 Total risk = 6

5.4 Equalities, Human Rights and Data Protection

5.4.1 Equalities

5.4.1.1 Having had regard to the council's obligations under s149, it is considered that there is no impact from this report.

5.4.2 Human Rights

5.4.2.1 Having had regard to the council's obligations under the Human Rights Act, it is considered that there is no impact from this report.

5.4.3 Data Protection Impact Assessment

5.4.3.1 Having had regard to the council's obligations under the General Data Protection Regulation (GDPR) 2018, it is considered that officers are not required to undertake a Data Processing Impact Assessment (DPIA) for this report.

5.5 Sustainability

5.5.1 There are no sustainability impacts from this report.

5.6 People Implications

5.6.1 There are no people impacts from this report.

5.7 Community Safety/Crime and Disorder

5.7.1 There are no community safety/crime and disorder impacts from this report.

5.8 Property

5.8.1 There are no property impacts from this report.

6.0 Next steps should recommendations be approved

6.1 Report to be submitted to Council for budget allocation within the capital programme.

7.0 Appendices

None

8.0 Background papers

None