

NORTH DEVON COUNCIL

Report to: EXECUTIVE

Portfolio Holders: LOCAL PLAN AND REGENERATION

Date: 7 JANUARY 2019

Topic: HOUSING INFRASTRUCTURE FUND PROJECT
UPDATE: ILFRACOMBE SOUTHERN EXTENSION

Report By: HEAD OF PLACE

Author: REGENERATION MANAGER

1 INTRODUCTION

- 1.1 The Housing Infrastructure Fund (HIF) is available for local authorities to fund infrastructure that will unlock new homes in areas of greatest housing demand but where developments are marginally viable.
- 1.2 In February 2018 the Council was advised that it had been successful with a bid. The Council was awarded £6,500,000 (subject to appropriate financial checks) to bring forward the primary school on the Ilfracombe Southern Extension.
- 1.3 An update was provided to members at Executive on the 5th November 2018. This report provides further update and clarifies points made in the earlier report.

2 RECOMMENDATIONS

- 2.1 Members to note progress.

3 REASONS FOR RECOMMENDATIONS

- 3.1 It was considered necessary to provide members with an update of this project and to clarify key points raised by Executive in November.

4 REPORT

- 4.1 Since the report to members in November, the Council has received clarification from Homes England on the conditions originally recommended and we have now received a revised draft set of conditions, which state:

Pre-Contract	Condition	Date
1.	First Phase of Southern Urban Extension (350 units) - NDDC to undertake viability testing to maximise	

	affordable housing provision in first phase of 350 units on the basis that the Section 106 contributions for the primary school are not levied.	
Post-Contract		
1.	Provide evidence of the contract between NDDC and DCC for delivery of the school, including provision for the drawdown of funding.	
2.	Second Phase - See below.	

4.2 What the second condition is trying to capture is the following:

- a) If the later phases are not capable of delivering a policy compliant level of affordable housing, the Section 106 contributions for the school will not be levied and this will improve the viability of the scheme and enable the scheme to deliver a higher level of affordable housing
- b) If the later phases come forward and are capable of delivering policy compliant affordable housing, the Section 106 contributions in relation to the delivery of the school will be utilised to unlock and accelerate other housing.

4.3 The Section 106 Agreement for the Ilfracombe Southern Extension sought the payment of £3,000.67 per dwelling for the eastern land i.e. Phase 1. This would equate to a total of £1,050,234.50 and would be the maximum amount of money that would be available from Phase 1 to recycle. Rather than be repaid to NDDC, the proposed condition requires the monies to be re-invested into the scheme to increase the provision of affordable housing on the site. A development appraisal would need to show how the money would be used to increase the provision of affordable housing from the 11% currently secured.

4.4 The second condition will claw back the remaining Section 106 contributions secured across the site. This would be for the remaining 353 dwellings on the later phases. The current condition states that if the scheme is not capable of delivering a policy compliant scheme, then these contributions should be re-invested to deliver a higher level of affordable housing. Should the scheme be able to deliver a policy compliant scheme then the contributions should be repaid to the Council to unlock and accelerate other housing. The education contribution for the later phases is not known but DCC advise that they would currently ask for £4005 per family dwelling together with a land contribution. It is likely to be approximately £1.6 million.

4.5 The maximum amount that the Council could ask the scheme to repay would be the amount the scheme would otherwise be contributing towards the provision of a school at this site i.e. approximately £2.7m. The Council would not be able to secure the entire £6.5m. In this case, rather than being repaid to NDDC, the monies would be re-invested into the scheme to increase the provision of affordable housing on the site (unless it can be shown that the later phases could deliver policy compliant schemes).

4.6 Officers are currently working with Homes England, the developer and Devon County Council to deliver the school and to accelerate housing delivery on this site and to finalise the details of the Grant Agreement between the parties.

5 RESOURCE IMPLICATIONS

5.1 Internal resource will be required from Economic Development to project manage the process. Additional resource will be required from DCC Highways, DCC Education, Legal, Finance and Planning.

6 CONSTITUTIONAL CONTEXT

Article or Appendix and paragraph	Referred or delegated power?	Key decision?
Article 7.12	Appendix 4, para 17	No

7 STATEMENT OF CONFIDENTIALITY

7.1 This report contains no confidential information or exempt information under the provisions of Schedule 12A of 1972 Act.

8 BACKGROUND PAPERS

- 8.1 The following background papers were used in the preparation of this report:
- o The adopted North Devon and Torrington Local Plan
 - o Housing Infrastructure Fund Prospectus and bidding documents

The background papers are available for inspection and kept by the author of the report.

9 STATEMENT OF INTERNAL ADVICE

9.1 The author confirms that advice has been taken from all appropriate Councillors and Officers.

Executive Member: Councillor Barker/Councillor Yabsley
 Author: SJ Mackenzie-Shapland
 Date: 7 December 2018
 Reference: