

Update Report

BY THE EXECUTIVE DIRECTOR FOR ECONOMIC GROWTH AND NEIGHBOURHOOD SERVICES
READING BOROUGH COUNCIL
PLANNING APPLICATIONS COMMITTEE: 28 APRIL 2021

ITEM NO. 10 Page 101

Ward: Battle

App No: 201391/FUL

Address: Land At, 362 Oxford Road, Reading, RG30 1AQ

Proposal: Erection of a mixed-use development comprising of two commercial units on the ground floor (157.5 sqm), 26 residential units (including 30% affordable housing), associated landscaping, car and cycle parking (amended description).

Applicant: Stonegate Homes

RECOMMENDATION:

Delegate to the Head of Planning, Development and Regulatory Services (HPDRS) to:

- i) **GRANT** full planning permission, subject to the satisfactory completion of the Section 106 agreement;

The S106 to include the following heads of terms (amendment shown in ***bold italics***):

- Secure the agreed level of on-site affordable housing consisting of 2 x 1-bed, 5 x 2-bed, 1 x 3-bed, of which x5 would be for affordable rent and x3 shared ownership.
- ***In the event that a Registered Provider is not secured for the provision of the Affordable Housing, the Units to be offered to the Council to be provided by the Council as Affordable Housing.***
- ***In the event that an Affordable Housing provider is not secured. The developer to pay to the Council the sum equivalent to 30% of the Gross Development Value of the development for provision of Affordable Housing elsewhere in the Borough. To be calculated (the mean average) from two independent RICS valuations to be submitted and agreed by the Council prior to first occupation of any market housing unit. To be paid prior to first occupation of any market housing unit and index-linked from the date of valuation.***
- £64,700 Open Space contribution to improve and extend facilities within the Thames Parks - payable before first occupation;
- Secure a construction phase Employment Skills and Training Plan or equivalent financial contribution. As calculated in the Council's Employment Skills and Training SPD (2013) - payable on commencement.

The S106 to also include a Mortgagee Exemption Clause.

All financial contributions index-linked from the date of permission.

1. Changes to S106 Agreements

- 1.1 The main report explained a change required to the S106 agreement to address the possibility of the affordable units not being provided on site from the first occupation of the building. This should be a standard approach for all S106 agreements securing affordable housing on site. Officers recommend that Members agree to the inclusion of this provision in S106 agreements.

- 1.2 This update report also brings to your attention a further change that has been requested by the developer, which is to include a Mortgagee Exemption Clause.
- 1.3 The effect of a mortgagee exemption clause is to release the mortgagee from having to retain the affordable housing on site in the unlikely event of the Registered Provider (RP.s) of affordable housing collapsing and an alternative affordable housing provider or the Council not being able to step in to take on the units. This exemption has a beneficial impact in valuation terms by increasing the value of the site and thereby making it easier for RP.s to borrow funding to develop more affordable housing.
- 1.4 In effect a balance needs to be made between the potential of providing more affordable dwellings now and the small risk, we are told, of some units being sold as private housing at some time hence if the RP fails and no-one else can step in.
- 1.5 Officers have sought independent advice on the matter to better understand the risks of including the clause or of excluding it. The advice provided offers reassurance that the risk is small and is backed by many other local authorities agreeing to the clause. Officers therefore recommend that Members agree to the inclusion of the Mortgagee Exemption Clause in the S106 legal agreement and any others where on site affordable housing is being secured.

Case Officer: Julie Williams.