

Meeting:	Strategic Planning Committee
Date:	25 July 2007
Subject:	Variations to Section 106 Agreement relating to 29-33 Pinner Road, Harrow
Key Decision:	No
Responsible Officer:	Head of Planning
Portfolio Holder:	Cllr M Ashton, Planning, Development and Enterprise
Exempt:	No
Enclosures:	Appendix 1: Letter dated 8 <sup>th</sup> March 2007 from Portfolio Development Consultancy Appendix 2: Letter dated 6 <sup>th</sup> June 2007 from Home Group Appendix 3: Schedule of Areas of Accommodation for Affordable Housing

## **SECTION 1 – SUMMARY AND RECOMMENDATIONS**

This report relates to land at 29—33 Pinner Road Harrow (the Land) and seeks the committee's approval to vary the Section 106 Agreement dated 4<sup>th</sup> May 2005 (the Principal Agreement) made between the Council, Filebrick Limited (the Developer) and Home Group Limited (the RSL).

### **RECOMMENDATIONS:**

The Committee is requested to AGREE a variation of the Principal Agreement in the manner set out below:

1. amend clause 3 of the Second Schedule of the Principal Agreement by increasing the maximum price to be paid by the RSL purchasing the affordable housing units from £1,319,000 to £1,384,950

2) amend the total floor areas allocated to the affordable housing units from 597.42 sq metres to 606 sq metres as shown on Appendix 3.

**Reason:** (For recommendation – Executive-side reports only)

## **SECTION 2 - REPORT**

On 28<sup>th</sup> July 2004, the Development Control Committee granted planning permission for redevelopment of the Land to provide 34 flats (including 12 affordable housing units) in a 3/4 storey building with basement car parking subject to completion of a section 106 Agreement. The section 106 Agreement was executed on 4 May 2005.

The development is currently under construction and was reported to the last Strategic Planning Committee to agree variations of various conditions precedent. The Developer has now written to the Council (Appendix 1) to request a variation of the Principal Agreement as follows:

Firstly, the Developer seeks to increase the price to be paid by the RSL purchasing the 12 affordable housing units. Clause 3 of the Second Schedule of the Principal Agreement sets the maximum price to be paid by the RSL at £1,319,000. However, the clause contains no provision for this figure to be increased in line with the Building Cost index.

Building costs have continued to rise since construction commenced almost two years ago. The Developer now seeks to increase the purchase price to reflect the changes in inflation. The price will be capped at £1,384,950 leaving room for the Developer and the RSL to negotiate a purchase price within the capped bracket.

The RSL in question (Home Group Limited) has indicated in writing (Appendix 2) that it is agreeable in principle to the increased sum subject to approval by its board.

The Developer is also seeking to increase the total floor area allocated to the 12 affordable housing units from 597.42 sq metres to 606 sq metres. Appendix 3 provides details of the current and proposed changes to the floor areas for the individual units.

If the committee is minded to agree the variations, the parties to the Principal Agreement will need to execute a Deed of Variation in order for the variations to take effect. If any of the parties fail or decline to execute the Deed of Variation, the amendments proposed will have no legal effect and the relevant provisions of the Principal Agreement will remain in force. This affords further protection to the RSL in the event that it is unable to agree an increased purchase price with the Developer.

### **Financial Comments**

No objection provided all costs borne by developer and no costs incurred by Council.

### SECTION 3 - STATUTORY OFFICER CLEARANCE

Name: ...Sheela Thakrar.....	<input type="checkbox"/>	on behalf of the* Chief Financial Officer
Date: 14 June 2007.....		
Name: Jessica Farmer	<input type="checkbox"/>	on behalf of the* Monitoring Officer
Date: 19 June 2006		

\*Delete the words "on behalf of the" if the report is cleared directly by Myfanwy or Hugh.

### SECTION 4 - CONTACT DETAILS AND BACKGROUND PAPERS

**Contact:** Roger Pidgeon, X 6158, Major Cases Team Leader

#### **Background Papers**

Section 106 Agreement executed 4 May 2005.

Letter dated 8<sup>th</sup> March 2007 from Portfolio Development Consultancy (Appendix 1)

Letter dated 6<sup>th</sup> June 2007 from Home Group (Appendix 2)

Schedule of Areas of Accommodation for Affordable Housing (Appendix 3)