

## Appendix 2

### COMMUTED SUM PAYMENT EXAMPLE TWO

#### Land at 77 Station Road, Stow-cum-Quy

This is an in-fill site where an application was made for two dwellings which was refused by this Council and the decision upheld on appeal. One of the issues before the appeal was the need to provide one of the units as an affordable unit, and the applicants offer to pay a commuted sum in lieu of that provision.

Although the Council resisted the payment of a commuted sum a figure was agreed with the applicant on a “without prejudice” basis and the agreed figure was arrived at with the assistance of Anglia Housing Association, which is working on a scheme for affordable housing elsewhere in the village.

Based on identified housing need it was agreed that if an affordable home were to be provided on site it would be a two-bedroom house available for rent. In addition in view of the current funding regime set out by Housing Corporation it was agreed it would be unlikely that grant funding would be available.

On this basis and the information available to Anglia Housing the commuted sum payment calculation is as follows:

Cost of plot for two bedroom house	£ 50,000
Construction cost	£ 75,000
On costs (fees, interest etc)	£ 10,000
Total Cost	£135,000

Current value of rental income over a 30 year period after deducting maintenance, repair and management costs	£ 66,000
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Grant equivalent commuted sum	£ 69,000 (Cost minus income)
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It was agreed that in terms of open market value the house would have a value of approximately £160,000 and if it were to be available as a shared ownership home the grant equivalent commuted sum would be approximately half of that calculated for a rented unit.