



Mr Dave Harris (Chief Planning Officer)
Medway Council
Gun Wharf
Dock Road
Chatham, ME4 4TR

26 February 2024

Dear Dave,

RE: Letter of Commitment – S106 Affordable Housing – Esquire Developments Medway Sites.

Further to our recent meetings in relation to delivering S106 affordable housing across all sites (Kent and industry wide) at present, I write to confirm our position specifically relating to our schemes at View Road, Cliffe Woods (MC/21/1694) and Seymour Road, Rainham (MC/23/2466).

As we outlined in our meeting of Wednesday 29th November 2023, with yourself, Mark Breathwick, Cllr Hubbard and Cllr Curry present, the industry in general is facing an immediate and serious issue with contracting out S106 affordable housing on sites all across Kent. As you appreciate, there are a number of consents in Medway ready to build, however a key prerequisite of any commencement, not least for the purposes of appeasing funders, is to ensure that the S106 affordable housing is contracted with a registered provider. Unfortunately, since the market downturn (the “mini budget” in October 2022), added with the compound effect of registered providers financial budgets stripped out to improving existing housing stock (EPC ratings, mould/damp treatment and cladding defects), we find ourselves in a position where no registered providers in Medway are wanting, or able to offer on S106 affordable housing. We are finding in some local authorities that a handful of very local and “pet” providers are still offering, however they are being incredibly selective and cautious with their offers – unfortunately this doesn’t apply whatsoever in Medway, with no provider willing to offer. On speaking with a number of registered provider partners, we are of this view that this issue is here to stay for at least the short/medium term, and therefore we need to seek an immediate solution working with Medway as the local authority to release these currently stuck sites.

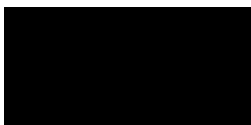
The solution we have sought to establish with you and your team is to enter into a Deed of Variation to the existing S106 agreements, effectively removing the affordable housing provisions. This will allow the registered providers to apply Homes England Grant Funding, to effectively “top up” their financial position alleviating some of the cash flow burdens they are facing. We are pleased to say that in relation to View Road, Cliffe Woods and Seymour Road, Rainham, we have sought a solution adopting this approach with Moat, who I know hold significant housing stock in Medway and have a proven track record. I am pleased to attach the offers provided to us by Moat, which details the terms of each site, and most importantly the tenure proposed. As you will see the tenures proposed for both sites is in

accordance with the original S106 agreements, however has in fact improved the rented offer from “Affordable Rent” to “Social Rent”, which both ourselves and Moat feel is a welcome local benefit.

To give you further comfort, and in the event that the Deed of Variation is executed, however then for any reason the affordable housing isn't to be delivered in accordance with the Moat offers, you have a commitment from us that we will work with Medway to seek alternative viable ways to deliver the affordable housing on site. This may be by way of example; via another registered provider, Medway Development Corporation/Housing Revenue Account (HRA), Discount Market Sale or as a failsafe an off-site contribution. It is however our fullest intention to deliver the affordable housing on site, working in partnership with Moat, however I thought it important to confirm or commitment to flexibility in the unlikely event that it is required.

As always, and as an SME, our focus is always on quality and delivery. We can ill afford to land bank sites, tying up valuable resource and capital and therefore it is imperative that we work together to resolve this situation. Esquire is a brand built on honesty and integrity, traits we hold ourselves very accountable to maintain, not least because reputation is hard earned and very quickly lost. We'd like to think that we have built a fantastic reputation in Medway and grown some invaluable relationships. It is therefore without question that I can personally stand by our commitments outlined above and assure you and Members that we will abide by our word of this agreement. We appreciate that in these challenging times, that we need to work together to find solutions and we are thankful that we can have open and honest dialogue with you, your team and Members to find dynamic solutions. It is incredibly important to us to maintain this, and we will do all we can to ensure this is the case throughout of our long life of delivering in Medway.

Yours sincerely,



Paul Henry
Managing Director