

DECISION ITEM

| REPORT OF | MEETING | DATE | ITEM NO |
|---|---|---------------|---------|
| DEVELOPMENT SERVICES DIRECTORATE | ENVIRONMENT, HEALTH AND HOUSING COMMITTEE | 17 MARCH 2020 | 7 |
| EXPRESSION OF INTEREST IN SECTION 106 FUNDS PROGRESS HOUSING BUY BACKS OF EXISTING STOCK SOLD UNDER THE RIGHT TO BUY | | | |

PUBLIC ITEM

This item is for consideration in the public part of the meeting.

SUMMARY

The Affordable Housing S106 project in 2016 recommended that future S106 funds could be targeted in a strategic manner by delivering high quality affordable housing on more marginal brown-field sites, providing local regeneration, whilst at the same time providing much needed affordable homes on a small scale in areas of priority need.

In order to develop this strategic approach to the allocation of future S106 funds Committee received an Information Item on the 11th June 2019 advising Registered Providers in future will submit expressions of interest for consideration, prior to submitting full funding applications request for Section 106 funding.

Expressions of Interest for Section 106 funds have been received from Progress Housing for two buy backs, from existing stock sold under the Right to Buy. The proposals for both units would give PHA greater control in the management of the housing stock in each area. Section 106 funds are requested for 37% of the purchase price for Property 1 and 33% for Property 2. The remaining funding is to be met from internal funding and Progress would have all management and repairing responsibilities going forward.

RECOMMENDATION

Committee are requested to:

1. Approve the Expression of interest by Progress Housing for the use of Section 106 funds for the two units available as buy backs into social housing stock in Fylde,
2. To invite Progress Housing Association to submit a full application for S106 funding, to include a financial appraisal with purchase price and the property inspection report.

SUMMARY OF PREVIOUS DECISIONS

Cabinet 26th November 2014

It was RESOLVED:

1. To approve the use of S106 monies to facilitate the appointment of the temporary project officer/consultant on the terms outlined in the report;
2. To approve the appointment of a temporary project officer/consultant for a maximum period of 6 months to produce a deliverable S106 funded Affordable Housing Programme for the Borough; and
3. To approve a fully- funded revenue budget increase for the total sum of £25,000 (£16,000 in 2014/15 and £9,000 in 2015/16) to fund the costs of the temporary project officer/consultant for a maximum period

of 6 months to be met from the S106 Affordable Housing receipts in respect of the agreements as identified at Appendix 2 of the report.

Environment, Health and Housing Committee 7th June 2016

Information Item – Outcome from Section 106 Affordable Housing Project

The purpose of the information report was to update members on progress regarding the use of existing and future Affordable Housing committed sum reserves. Attached as an appendix to the report was the outcomes from the Section 106 Affordable Housing Project which had been delivered by way of a 6 month temporary appointment of an external housing consultant with a particular background in the development and delivery of Affordable Housing. The project recommended that future S106 funds could be targeted in a strategic manner by delivering high quality affordable housing on more marginal brown-field sites, providing local regeneration, whilst at the same time providing much needed affordable homes on a small scale in areas of priority need.

Environment, Health and Housing Committee 11th June 2019

Information Item – Expressions of interest for future S106 funding

In order to develop a strategic approach to the allocation of future S106 funds the Housing Service are requesting Registered Providers submit expressions of interest for consideration, prior to submitting full funding applications. This will assist in developing a strategic approach to the allocation of future funds in line with the recommendations made.

CORPORATE PRIORITIES

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| Spending your money in the most efficient way to achieve excellent services (Value for Money) | ✓ |
| Delivering the services that customers expect of an excellent council (Clean and Green) | ✓ |
| Working with all partners (Vibrant Economy) | |
| To make sure Fylde continues to be one of the most desirable places to live (A Great Place to Live) | |
| Promoting Fylde as a great destination to visit (A Great Place to Visit) | |

REPORT

EXPRESSION OF INTEREST SECTION 106 FUNDS

PROGRESS HOUSING ASSOCIATION

1. The objective of this expression of interest form is to aid Fylde Borough Council in developing a deliverable affordable housing programme funded from existing and anticipated S106 monies held by the council.
2. Expressions of interest (EOI) are assessed and taken before the Environment, Health and Housing committee to determine if a full request for S106 funding can be submitted.
3. Progress Housing Association are a registered provider registered with MyHomeChoice Fylde Coast.
4. Progress Housing Association (PHA) has a total of 2141 units in the Borough of Fylde of which 1,584 is general needs, 398 is Independent Living, 71 Supported Living properties, 10 homeless units with the remainder being leasehold. Their development target is to deliver 200 units per annum with the Borough of Fylde being a priority area for delivery. They are currently engaging with a number of developers to acquire units on wider sites whilst also looking at land-led development which will enable us to build their own affordable house-types.
5. This EOI is for two buy backs, from existing stock sold under the Right to Buy.

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| Organisation: | Progress Housing Association |
| Address | Sumner House 21 King Street Leyland PR25 2LW |

PROPERTY 1

Preesall Close, St Annes. This unit is a two-bedroom flat, ex local authority owned stock on the Heyhouses estate a substantial amount of which is owners and managed by PHA since the transfer from New Fylde Housing. The unit is in a block of 4 cottage flats and the other 3 are in PHA ownership, therefore the acquisition would allow them control of the block and so increase their presence in the area. The Housing Management team have confirmed there is high demand for units of this type in the area. A financial appraisal has been completed, the property has been inspected and the current owners has accepted a conditional offer.

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| Property 1: Site location | 1 Preesall Close, St Annes FY8 3PN |
| Brownfield Site | Yes |
| Planning Reference (if applicable) | N/A |
| Local regeneration outcomes – environmental, economic and social wellbeing that will lead to community sustainability | Bringing this unit back into PHA's ownership will allow us to have control of the block which makes it easier for improvement works to be carried out if necessary. |
| Number of units and size of units | 1 x 2 bedroom flat 83m2 |
| Tenure of units | Affordable Rent |
| S106 Funds required | £40,000 |
| Internal funding | £67,552 |
| Homes England funding | £0 |

PROPERTY 2

Everest Court, Wesham. This unit is a 3 bedroom house, ex local authority stock and a substantial amount of properties in the area are still owned and managed by PHA since the transfer from New Fylde Housing. PHA's Housing Management team have confirmed there is high demand for units of this type in the area. The unit is in a block of terraced houses, the majority of which are owned by PHA so this acquisition would allow us control of the block and to further increase our presence in the area. A financial appraisal has been completed, the property has been inspected and the current owners has accepted a conditional offer.

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| Site location | 5 Everest Court, Wesham PR4 3BD |
| Brownfield Site | Yes |
| Planning Reference (if applicable) | N/A |
| Local regeneration outcomes – environmental, economic and social wellbeing that will lead to community sustainability | Bringing this unit back into PHA's ownership will allow us to have control of the entirety of Everest Court which makes it easier for improvement works to be carried out if necessary. |
| Number of units and size of units | 1 x 3 bedroom terraced house 79m2 |
| Tenure of units | Affordable Rent |
| S106 Funds required | £40,000 |
| Internal funding | £80,967 |
| Homes England funding | £0 |

CONCLUSIONS

6. Fylde Council have not previously used S106 funds for the buy-back of properties sold under the Right to Buy or Right to Acquire. However, the funds can be used for facilitating affordable housing provision which can include purchasing the buy-back of such units.
7. The proposals for both units would give PHA greater control in the management of the housing stock in each area. Property 1, 1 Preesall Close in St Annes, would give Progress Housing Association control of a block of 4 cottage flats where other 3 are in PHA ownership, therefore the acquisition would allow them control of the block. The proposal for Property 2, 5 Everest Court in Wesham is in a block of terraced houses where the majority of which are owned by PHA.
8. Funding required is 37% of the purchase price for Property 1 and 33% for Property 2. The remaining funding is to be met from internal funding and Progress would have all management and repairing responsibilities going forward.
9. Clarity is required as to whether the units will qualify for the Right to Acquire. This is where housing association tenants, if their home has been built or brought by a housing association after 1 April 1997 and paid for through a social housing grant, can exercise their right to acquire their home. Discounts range from £9,000 to £16,000. Tenants would have held the tenancy for 3 years.
10. The recommendation is to approve the EOI for the use of Section 106 funds for the two units available as buy backs into social housing stock in Fylde,
11. Progress Housing Association be invited to submit a full application request for S106 funds to be made, to include a financial appraisal with purchase price and the property inspection report.
12. Progress Housing Association will be required to enter into a funding agreement with Fylde Council where funding can be applied for when contracts for the transfer of the properties have been exchanged.

| IMPLICATIONS | |
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| Finance | There are no financial implications arising at this stage. Financial implications may arise at a later stage if and when a full funding application is submitted. This will be the subject of a subsequent report to seek approval for the release of S106 funding for this purpose. |
| Legal | None until full funding application is submitted |
| Community Safety | None arising directly from this report |
| Human Rights and Equalities | None arising directly from this report |
| Sustainability and Environmental Impact | None arising directly from this report |
| Health & Safety and Risk Management | None arising directly from this report |

| LEAD AUTHOR | CONTACT DETAILS | DATE |
|-----------------|--------------------------|------------|
| Kirstine Riding | Email & Tel 01253 658569 | 03/03/2020 |

| BACKGROUND PAPERS | | |
|-------------------|------|--------------------------------|
| Name of document | Date | Where available for inspection |
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