

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
DEVELOPMENT SERVICES DIRECTORATE	ENVIRONMENT, HEALTH AND HOUSING COMMITTEE	1 SEPTEMBER 2020	4
EXPRESSIONS OF INTEREST AND REQUEST FOR SECTION 106 FUNDING FOR LYTHAM ROAD, WARTON FROM JIGSAW HOMES GROUP			

PUBLIC ITEM

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

SUMMARY

In June 2019 Fylde Council developed a strategic approach to the targeting on S106 funding from developer contributions towards affordable housing delivery within Fylde. Future S106 funds are be targeted on marginal brown-field sites that will provide local regeneration, whilst at the same time providing much needed affordable homes, on a small scale, in areas of priority need. Registered Providers are required to submit an Expressions of Interest (EOI) for consideration for S106 funding, prior to submitting a full detailed funding application that could be unsuccessful.

In June 2019, Adactus (Jigsaw Homes Group) submitted an EOI for the development of 26 affordable homes at Lytham Road, Warton. At that time the EOI was unsuccessful. The scheme included shared ownership units which cannot be funded with S106 funds and Adactus (Jigsaw Homes Group) did not have sufficient stock in the area. In addition, Adactus (Jigsaw Homes Group) did not have local management arrangements to be able to allocate the units via MyHomeChoice Fylde Coast.

The scheme has now been revised and will deliver 26 units of 100% affordable rented accommodation. Adactus (Jigsaw Homes Group) have formally become members of Fylde Coast Housing providers Group and have full access to MyHomeChoice Fylde Coast for the allocation of accommodation. They currently have 44 units of affordable accommodation within Fylde, 15 are general needs for affordable rent and the remainder are shared ownership. They have a forward development programme of 90 units to be delivered by November 2022, and by that time will have stock of 134 units of affordable accommodation within Fylde.

The purpose of this report is to request committee re-consider and approve an EOI from Adactus (Jigsaw Housing Group) for a revised scheme delivering 26 affordable homes, a mixture of one and two bedroom apartments, two and three bedroom houses and two bedroom bungalows, all for affordable rent.

This report also recommends approval for this scheme for S106 funding and inclusion to the Capital Programme phased equally over two financial years (2020/21 and 2021/22) for £260,000 to be fully funded from a portion of the balance of S106 developer contributions for affordable housing currently held by the Council for this purpose (from Agreement ref: 12/0717 - Moss Farm, Cropper Road, Westby).

RECOMMENDATIONS

Committee is requested to consider and:

1. Approve the Expression of Interest by Adactus (Jigsaw Homes Group) for the use of Section 106 funds for the delivery of 26 affordable homes at Lytham Road, Warton.
2. Recommend to full Council approval of a fully funded addition to the Capital Programme – “Affordable Housing Scheme at Lytham Road, Warton” phased over two financial years (2020/21 and 2021/22) for

£260,000 to be met from a portion of S106 developer contributions for affordable housing currently held by the Council for this purpose (from Agreement Ref: 12/0717 - Moss Farm, Cropper Road, Westby); and

3. To authorise drawdown of the expenditure (subject to approval by Council to the addition to the Capital Programme) phased equally over two financial years (2020/21 and 2021/22) for £260,000 to Adactus (Jigsaw Homes Group) after regard and consideration of the compliance with the financial regulations covered within the body of the 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 commuted 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 objectives of the contract were set out in the report together with details of the background to the project, the changing national situation and the positive outcomes of the S106 project.

Environment, Health and Housing Committee, 11th June 2019

Decision Item - It was RESOLVED

1. To note the contents of the report; and
2. To approve the adoption of a strategic approach to the allocation of future S106 funds by requesting Registered Providers of Affordable Housing submit Expressions of Interest prior to full funding submissions being made.

Following approval of the previous item, Kirstine Riding, Housing Manager presented two expressions of interest for two proposed developments. The first was from Adactus (Jigsaw Homes) for 26 units of housing on Lytham Road, Warton. There were concerns regarding the number of units proposed. Additionally the proposed shared ownership did not meet the criteria for S106 funding. Miss Riding reported that Adactus were new to the area and currently did not have any housing stock in Fylde, or any management arrangements in place. Furthermore the proposal was only allocating £10k per unit of internal funding to the scheme.

The second scheme was from City West Housing Trust (For Viva Housing) for 41 affordable units at Phase 3 of the Sunnybank Mill redevelopment. Pre application planning advice had concerns regarding the high density of units, however the scheme was from an active Registered Provider, it met the criteria for redevelopment of a brownfield site, regeneration, a demonstrated housing need, affordable rent and value for money, as the provider had committed to £86,500 funding per unit.

It was RESOLVED

1. To decline the Expression of Interest in S106 funds from Adactus (Jigsaw Homes) for the scheme at Lytham Road, Warton; and
2. To approve the Expression of Interest in Section 106 funds from City West Housing Trust (For Viva Housing Association) and consent to a full application request for S106 funds to be made once planning permission has been applied for.

CORPORATE PRIORITIES

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 and request for S106 funding fro Lytham Road, Warton from Adactus (Jigsaw Homes Group)

Expression of Interest S106 funding, Lytham Road, Warton

1. In June 2019, Adactus (Jigsaw Homes Group) submitted an EOI for the development of 26 affordable homes at Lytham Road, Warton. At that time the EOI was unsuccessful. The scheme included shared ownership units which cannot be funded with S106 funds and Adactus (Jigsaw Homes Group) did not have sufficient stock in the area. In addition Adactus (Jigsaw Homes Group) did not have local management arrangements to be able to allocate the units via MyHomeChoice Fylde Coast.
2. The scheme has now been revised and will deliver 26 units of 100% affordable rented accommodation. Adactus (Jigsaw Homes Group) have formally become members of Fylde Coast Housing providers Group and have full access to MyHomeChoice Fylde Coast for the allocation of accommodation.
3. Adactus (Jigsaw Homes Group) currently have 44 units of affordable accommodation within Fylde, 15 are general needs for affordable rent and the remainder are shared ownership. They have a forward development programme of 90 units to be delivered by November 2022, and by that time will have stock of 134 units of affordable accommodation within Fylde.

EOI S106 funding proposed Scheme

Site location	Lytham Road, Warton
Allocation of properties via MyHomeChoice Fylde Coast	Members of Fylde Coast Housing providers Group and have full access to MyHomeChoice Fylde Coast for the allocation of accommodation
Planning Reference (if applicable)	19/0541 Approved at Planning Committee 24/06/2021
Current delivery in Fylde	Adactus (Jigsaw Homes Group) has stock of 44 units in Fylde at present; of these 15 units are affordable rented with the remainder shared ownership. They are also in legals' with a number of developers regarding acquired s106 plots across Fylde new build developments. There are 90 properties in the pipeline for Fylde which will be delivered by November 22.
Brownfield site	Yes
Number of units, size and tenure	100% Affordable Rent 10 no. 1 bed apartments 4 no. 2 bed apartments 2 no. 2 bed houses 2 no. 2 bed bungalows 8 no. 3 bed houses

Local regeneration outcomes	The development site is a housing allocated site in the Local Plan to 2032
S106 Funds required	£260,000 (£10,000 per unit)
Internal funding	£780,000 (£30,000 per unit)
Homes England funding	£1,027,000 (bid submitted) (£39,500 per unit)
Stage the proposal is at	Adactus (Jigsaw Homes Group) are working in collaboration with Casey (principal contractor), Brewster Bye (architect), Carley Daines (structural engineer) and Poole Dick (employers agent). Contracts have been exchanged contracts to purchase the site and planning approved on the 24 th June 2021, 19/0541 pending s106 agreement. Acquisition will take place following the end of the judicial review period. Bid submitted for grant funding from Homes England as well as request for s106 funding from Fylde. Following confirmation JCT Design and Build Contract will be entered to construct 26 affordable homes.

4. Proposed scheme would meet the needs of households registered for re-housing across Fylde with a mixture of 1 bed, 2 bed and 3 bed properties made up of apartments, houses and bungalows. The scheme will deliver 100% affordable rented accommodation. The site is on a brownfield site and allocated as development land within the local plan. Planning has been approved on the 24th June 2020.
5. The request for S106 funding is £10,000 per unit. Internal funding is being provided at £30,000 per unit and a funding bid has been submitted to Homes England for £39,500 per unit. Therefore the scheme provided value for money in regard to the use of S106 funding.
6. Officer recommendation is to approve the EOI for Section 106 funds for Lytham Road, Warton from Adactus (Jigsaw Homes Group).

Request for Section 106 funding

7. S106 funds arise where developers may be required to make 'off site' affordable housing provision in lieu of provision 'on site'. This is normally achieved by S106 fund contributions towards the provision of affordable homes in areas of higher need. S106 funds may be used to meet all the Affordable housing required or part of the total required with some being delivered on site. Additionally, in the early stages of a large scale development, S106 funds may be taken in lieu of on site provision, until infrastructure is put in place as the development progresses e.g. schools, roads, shops and transport links.
8. In June 2019 Fylde Council developed a strategic approach to the targeting on S106 funding from developer contributions towards affordable housing delivery within Fylde. Future S106 funds are be targeted on marginal brown-field sites that will provide local regeneration, whilst at the same time providing much needed affordable homes, on a small scale, in areas of priority need. Registered Providers are required to submit an Expressions of Interest (EOI) for consideration for S106 funding, prior to submitting a full detailed funding application that could be unsuccessful.
9. Fylde Council currently have £2,296,630 Section 106 funding available as of 31/03/2020. The majority of which there is no payback date if the funds have not fully spent within a certain period.
10. The proposed scheme at Lytham Road, Warton 19/0541 received planning approval on the 24/06/2021 for the erection of 26 affordable dwelling with new access from Lytham Road. Appendix 1 contains the proposed site layout for the scheme.
11. A S106 planning obligation is pending that will restrict the units to households with a local connection to Fylde, as defined under the consistent assessment policy of MyHomeChoice Fylde Coast.

The method and cost of financing the scheme

12. The request is for Fylde BC S106 funds to contribute to the 26 unit scheme which equates to a capital contribution rate of £10,000 per unit totalling £260,000.

13. Adactus (Jigsaw Homes Group) have arranged additional borrowing on the site totalling £1,807,000. Total scheme costs are £2,067,000.

The future revenue budget impact

14. There are no additional revenue or capital implications to this proposal as the scheme on completion will be owned and managed by Adactus (Jigsaw Homes Group). A S106 planning obligation will be in place, as a requirement of any planning permission that is granted, to ensure the affordable housing will be available in perpetuity, subject to a Mortgagee in Possession exemption clause.

Relevant value for money issues

15. Off-site S106 funding for affordable housing are usually in the region of £50,000 per unit, and this amount is then re-cycled into affordable housing projects at a capital contribution rate of up to £50,000 per unit or 50% of the total scheme costs. The capital contribution requested for total scheme costs of 26 units is £260,000. Unit funding requested is £10,000 per unit, which equates to 12.5% of unit costs. Therefore the schemes provided value for money for S106 funding.

Risk Assessment

16. Grant funding will be paid in two stages; 50% when the scheme is on site and 50% on completion. The risks associated with letting and managing the properties will be Adactus (Jigsaw Homes Group) responsibility.
17. An agreement for the payment of grant will be entered into to protect Fylde BC investment and ensure the properties remain as Affordable Housing in perpetuity.
18. The proposal is on a brownfield site and would locally regenerate this part of Warton. The scheme is ideally located close to all local facilities and served by excellent public transport links.

Viable alternatives

19. Adactus (Jigsaw Homes Group) have identified the site and taken the scheme forward.

Objectives, outputs and outcomes

20. The strategic approach to the targeting on S106 funding from developer contributions towards affordable housing delivery within Fylde prioritises marginal brown-field sites that will provide local regeneration, whilst at the same time providing much needed affordable homes, on a small scale, in areas of priority need. Registered Providers are required to submit an Expressions of Interest (EOI) for consideration for S106 funding, prior to submitting a full detailed funding application that could be unsuccessful.
21. This scheme provides 26 units of affordable rented accommodation within Fylde on a brownfield site, identified for housing development within the Fylde Local Plan to 2032.

Conclusion

22. Approve the Expression of Interest by Adactus (Jigsaw Homes Group) for the use of Section 106 funds for the delivery of 26 affordable homes at Lytham Road, Warton.
23. Recommend to full Council approval of a fully funded addition to the Capital Programme – “Affordable Housing Scheme at Lytham Road, Warton” phased over two financial years (2020/21 and 2021/22) for £260,000 to be met from a portion of S106 developer contributions for affordable housing currently held by the Council for this purpose (from Agreement Ref: 12/0717 - Moss Farm, Cropper Road, Westby); and
24. To authorise drawdown of the expenditure (subject to approval by Council to the addition to the Capital Programme) phased equally over two financial years (2020/21 and 2021/22) for £260,000 to Adactus (Jigsaw Homes Group) after regard and consideration of the compliance with the financial regulations covered within the body of the report.

IMPLICATIONS

Finance	<p>Recommend to full Council approval of a fully funded addition to the Capital Programme – “Affordable Housing Scheme at Lytham Road, Warton” phased over two financial years (2020/21 and 2021/22) for £260,000 to be met from a portion of S106 developer contributions for affordable housing currently held by the Council for this purpose (from Agreement Ref: 12/0717 - Moss Farm, Cropper Road, Westby); and</p> <p>To authorise drawdown of the expenditure (subject to approval by Council to the addition to the Capital Programme) phased equally over two financial years (2020/21 and 2021/22) for £260,000 to Adactus (Jigsaw Homes Group) after regard and consideration of the compliance with the financial regulations covered within the body of the report.</p>
Legal	S106 planning obligation when planning is sought that ensures properties remain as affordable housing in perpetuity. Agreement for the payment of grant.
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
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BACKGROUND PAPERS

Name of document	Date	Where available for inspection
Planning Application 19/0541	24/06/2020	Planning Committee 24/06/2020
MyHomeChoice Fylde Coast Consistent Assessment Policy	2021	MyHomeChoice Fylde Coast

Attached Documents

Appendix 1 – Proposed Site Plan Lytham Road, Warton