



DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
DEVELOPMENT SERVICES DIRECTORATE	ENVIRONMENT, HEALTH AND HOUSING COMMITTEE	17 MARCH 2020	5
FYLDE AFFORDABLE HOUSING DELIVERY PROGRAMME			

PUBLIC ITEM

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

SUMMARY

This report provides an update on the delivery of affordable housing in Fylde. Within Fylde there has been a 90% growth in affordable housing delivery between 2015/16 and 2018/19. This has been achieved by taking forward the recommendations made following the employment of an Affordable Housing consultant between September 2016 to February 2017. These included: a pipeline of schemes to take forward S106 funding opportunities; co-ordinating the efforts of Partner Register Provider and Developers to secure affordable housing delivery; and, tackling the volume of Affordable Housing units on private sector housing sites across Fylde without Registered Providers identified to take these units.

Due to this growth there is now a need to effectively manage the administration of affordable housing delivery in Fylde going forward. This includes monitoring the market values and eligibility of occupants accessing low cost home ownership options, administering the resale of discounted market units and the discount is secured on the units for future resales and monitoring delivery of affordable housing in line with S106 agreements and the corresponding Affordable Housing Statements. There is a necessity to ensure tenures delivered are meeting the current and future needs of households on low to middle incomes in Fylde.

A separate report is being presented to this same Committee requesting approval to redirect Face 2 Face YMCA Rent Bond Scheme funding from Community Grants into the Housing Service to create a permanent part time Affordable Housing Post focussed on improving the administration, monitoring and management of affordable housing delivery in Fylde. This will include liaison with the private rented sector to provide an affordable option for clients who cannot access affordable housing provided by Registered Providers.

The growth in delivery has also resulted in a need to update evidence the local authority holds to inform the types of tenures being delivered and ensuring these meet the current and future housing needs of Fylde residents. The report recommends an addition to the Capital Programme 2020/21 in the sum of £60,000 to undertake a district wide Housing Needs Assessment that considers housing need, different types of affordable housing tenures required and the economic needs/income levels the tenures should meet. Funding is to be met from S106 developer contributions held by the Council to facilitate the provision of affordable housing in the administrative area of Fylde, to be taken from delivery to be taken from 12/0717 Moss Farm, Cropper Road, Westby.

RECOMMENDATION

Committee are requested to:

1. Note the contents of the report and the changes in approach to delivery of affordable housing in the borough, and the increase in units delivered;
2. Recommend to the Finance and Democracy Committee approval to an addition to the Capital Programme for 2020/21 in the sum of £60,000 to undertake a district wide Housing Needs Assessment that considers current and future housing need, different types of affordable housing tenures required and the economic needs/income levels the tenures should meet. Funding will be met from S106 developer contributions held by the Council to facilitate the provision of affordable housing in the administrative area of Fylde, to be taken from delivery to be taken from 12/0717 Moss Farm, Cropper Road, Westby; and
3. Approve the draft consultation response to MHCLG on "First Homes, Getting you on the ladder" – Consultation on the design and delivery of First Homes running until the 3rd April 2020.

SUMMARY OF PREVIOUS DECISIONS

Cabinet 26th November 2014

Approved the appointment of a temporary project officer/consultant funded through the use of S106 monies to facilitate the development of an affordable housing delivery programme in the borough for 6 months and a fully funded revenue budget increase for the total sum of £25k to be met from affordable housing S106 receipts.

Environment, Health and Housing Committee 7th June 2016

Information item outcomes from Section 106 Affordable Housing project.

Environment, Health and Housing Committee 11th June 2019

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.

Environment, Health and Housing Committee June 2019

It was RESOLVED

1. To note the contents of the report
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.

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 ON THE DELIVERY OF AFFORDABLE HOUSING IN FYLDE

- 1. Development of an affordable housing programme**
- 2. Strategic approach to the allocation of future S106 grant funding**
- 3. Affordable housing delivery and district wide housing need assessment**
- 4. Planning policy for affordable housing delivery**
- 5. National Government priority to low cost home ownership options**

1. DEVELOPMENT OF AN AFFORDABLE HOUSING PROGRAMME

1.1 The Section 106 affordable housing project ran from September 2016 to February 2017. The project developed a deliverable Affordable Housing Programme funded from existing and anticipated S106 monies held by the Council, which at that time stood at £2.4m. The project focussed on several key areas to improve affordable housing delivery in Fylde; a pipeline of schemes to take forward S106 funding opportunities; co-ordinating the efforts of Partner Register Provider and Developers to secure affordable housing delivery; and, tackling the volume of Affordable Housing units on private sector housing sites across Fylde without Registered Providers identified to take these units.

1.2 Outcomes from the project included:

- Successfully identified a number of deliverable development opportunities on brownfield sites in areas of strategic priority need that would use up all of the available Section 106 reserves for affordable housing provision, rejecting other potential schemes which were deemed undeliverable or represented poor value for money.
- Proposed a strategy for the ongoing use of Section 106 reserves as these are generated in future. The emphasis has been to use Section 106 reserves in a targeted manner on small scale 'in-fill' brownfield sites particularly where these schemes have a regenerative impact on local areas.
- Doubled the number of Housing Associations actively developing and acquiring new homes for rent and sale within Fylde. This has significantly impacted on the number of sustainable offers being made to developers for affordable housing on private sector sites.
- Moving forward with the Government focus on development of Low Cost Home Ownership options the Section 106 funds can also be used to enable subsidy for affordable rented delivery on S106 sites to ensure a mix of tenures.

1.3 Appendix 1 contains development sites where affordable housing has been delivered in Fylde since 2015/16 and Table 1 breaks down delivery by tenure in the financial years from 2015/16 to the end of Quarter 3 2019/20. A map on delivery across the borough is available following the [link](#) and this should be read using Appendix 2 as a guide to the different tenures.

1.4 The increase in delivery has been achieved by increasing the number of registered providers we actively work with to maximise all opportunities for S106, 30% affordable housing delivery on site, supporting 100% affordable housing schemes and providing S106 funds for brownfield regeneration sites.

1.5 The Council's approach to deliver the 30% S106 affordable requirement on site was traditionally 80% Affordable Rent and 20% intermediate tenures in the main shared ownership. This was acting as a barrier to securing Registered Provider interest in sites.

1.6 As a result, Fylde BC approach has changed to enabling a 'basket of tenures' on larger sites to meet a range of household incomes. We now look to deliver 50-60% affordable or social rented units and 50-40% intermediate tenures, however there is flexibility in this approach in order to secure provision on site.

TABLE 1 – Affordable Housing delivery	2015/16	2016/17	2017/18	2018/19	2019/20 up to end of Qtr 3
Affordable rent	23	47	77	186	79
Shared Ownership	0	18	13	32	64
Discounted market sale	0	0	17	14	14
TOTAL UNITS DELIVERED	23	65	107	232	157

1.7 The Registered Provider Partnership consists of housing associations in the borough who actively develop and manage housing stock providing both shared ownership and affordable rented tenures and currently there are eight providers: Progress Housing, Great Places, ForHousing, Community Gateway, Muir, Places for People, Jigsaw and YMCA.

1.8 There are additional registered providers of social housing who operate within the area who are not invited to attend the partnership. They do not have a direct management presence in the borough for their housing stock and contract it to other registered providers with a presence in the borough (Sage and Legal and General Homes) or focus their activity on shared ownership and do not provide an affordable rented option (Heylo and Step Forward).

1.9 The £2.4m of S106 funds held in 2016 have been committed and provided 88 units of affordable rented accommodation in Kirkham and St Annes. Table 2 details the units delivered from 2015/16 with a contribution of Section 106 funding held by Fylde Council for this purpose.

Table 2 – Schemes completed with S106 grant funding from 2015/16

Section 106 funds allocated	Development	Registered Provider, tenure and units	Year completed
£375,000	Kwik Save Site, St Davids Road South, St Annes	Great Places, 15 affordable rent, 7x 2 bed house, 8x 3 bed house	2015/16
£562,697	YPAD, Patterson House, St Albans Road, St Annes	YMCA, 12 affordable rent, 12 x 1bed flat	2017/18
£840,000	Keenans Mill, Lord Street, St Annes	Progress Housing, 26 affordable rent, 10x 1 bed flat, 11x 2 bed flat, 2 x 2 bed house, 3x 3 bed house	2018/19
£920,000	Sunnybank Mill, Kirkham	ForHousing, 23 affordable rent, 10x 2 bed house, 7x 1 bed house, 6x 3 bed house	2018/19
£105,000 (purchase) £112,974 (Refurb)	93 St Albans Road, St Annes	ForHousing, 2 affordable rent, 1x 2bed flat, 1 x 1bed flat	2018/19
£550,000	Church Road Methodist Church, Church Road, St Annes	Great Places, 10 affordable rent, 6x 1 bed flats, 2x 2 bed houses, 2x 3 bed houses	2019/20

2. STRATEGIC APPROACH TO THE ALLOCATION OF FUTURE S106 GRANT FUNDING

2.1 The 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.

2.2 In June 2019 Environment, Health and Housing Committee approved 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. Submissions would need to demonstrate how the proposed project delivered 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.

2.3 The council currently holds £2,503, 238 (December 2019) S106 grant funding for the provision of affordable housing.

3 AFFORDABLE HOUSING DELIVERY AND DISTRICT WIDE HOUSING NEED ASSESSMENT

3.1 Within Fylde there has been a 90% growth in affordable housing delivery between 2015/16 and 2018/19. There has been a growth in low cost home ownership options, shared ownership and discounted market sale that assist low to middle income earners into home ownership.

3.2 This has created a need to manage the administration of affordable housing delivery in Fylde going forward, to;

- Monitor the market values and eligibility of occupants accessing low cost home ownership options,
- Administer the resale of discounted market units to ensure applications for discounted market sale are accurately assessed and the discount is secured on the units with restrictive covenants for future resales
- Monitor delivery of affordable housing in line with S106 agreements and the corresponding Affordable Housing Statements
- Ensure tenures delivered are meeting the current and future needs of households on low to middle income in Fylde using available data sources
- Collate statistical evidence from available sources to inform affordable housing delivery and tenures required to meet current and future housing need
- Assist registered providers and developers in promoting intermediate tenures and ensure affordable rented units are meeting identified housing needs
- Promote community led/self-build opportunities across Fylde
- Work with the private rented sector to provide an affordable option for clients who cannot access affordable housing provided by Registered Providers by re-establishing the Rent Bond Guarantee Scheme.
- Have the ability when required, specifically for rural housing schemes, to undertake 100% housing need surveys to inform tenure mix.

3.3 This proactive approach will ensure we are securing sites for affordable housing provision and supporting the registered providers to ensure properties are allocated according to local connection requirements.

3.4 A report is being presented to this same Committee requesting approval to redirect Face 2 Face YMCA Rent Bond Scheme funding from Community Grants, into the Housing Service to create a permanent part time Affordable Housing post focussed on improving the administration, monitoring and management of affordable housing delivery in Fylde. This will include liaison with the private rented sector to provide an affordable option for clients who cannot access accommodation provide by Registered Social Landlords.

3.5 The growth in delivery has also resulted in a need to update evidence the local authority holds to inform the types of tenures being delivered and ensuring these meet the current and future housing needs of Fylde residents. Evidence currently available is from the SHMA Addendum 1, 2014, and statistics on households registered for rehousing with MyHomeChoice Fylde Coast.

3.6 The report recommends an addition to the Capital Programme 2020/21 in the sum of £60,000 to undertake a district wide housing needs assessment that considers; current and future housing needs; different types of affordable housing tenures required; and, the economic needs/income levels the tenures should meet.

Funding to be met from S106 developer contributions held by the Council to facilitate the provision of affordable housing in the administrative area of Fylde, to be taken from delivery to be taken from 12/0717 Moss Farm, Cropper Road, Westby.

- 3.7 The tender documents for this research will be informed by consulting with registered providers and developers operating in Fylde, and from this a steering group will be formed to receive and comment on regular updates as the research is underway.

4 PLANNING POLICY FOR AFFORDABLE HOUSING DELIVERY

- 4.1 The need for affordable housing in Fylde is quantified in the Fylde Coast Strategic Housing Market assessment (SHMA) 2014. The provision of affordable housing in order to contribute to meeting the needs identified, is an element of Strategic Objective 1 of the Fylde Local Plan to 2032. The SHMA (including its Addenda) identified a high level of affordable housing need in the Borough, of 249 affordable homes per annum for the remainder of the plan period (SHMA Addendum 1, 2014).
- 4.2 The context of the Borough of Fylde means that the provision of affordable housing is critical in the delivery of sustainable, mixed communities within Fylde. Fylde has higher house prices that generally elsewhere in the North West region or the Fylde Coast sub-region. Although incomes are typically higher than the region and sub region, the affordability of homes for lower income groups is poor. The lower- quartile ratio is very high at 6.67, meaning that the lower-quartile property ranked by price costs 6.67 times the lower-quartile gross annual income (of those working in the borough).
- 4.3 A draft Supplementary Planning Document (SPD) on Affordable Housing has been prepared and the consultation ran from 7th November 2019 to 5th December 2019 (4 weeks)¹. The main objective of the Affordable Housing SPD is to provide greater detail with respect to the requirement for affordable housing on development sites and other issues relating to the provision of affordable housing.
- 4.4 The current stock for Registered Providers in April 2018 was 3,248 units, 619 of which have been built under a S106 agreement.
- 4.5 Policy H4 in the Local Plan, Affordable Housing details the requirement for on-site provision of affordable housing requires all market housing schemes of 10 or more homes will be required to provide 30% affordable housing. For residential developments within or in close proximity to the Key Service Centres, the provision of affordable housing will be to meet the requirements identified for borough wide needs. For developments within rural areas, the provision will be primarily to meet the requirements identified for the closest Tier 1 Larger Rural Settlements: ie. Newton, Staining and Wrea Green or Tier 2 Smaller Rural Settlements: ie Clifton, Elswick, Singleton and Weeton.

5 NATIONAL GOVERNMENT PRIORITY TO LOW COST HOME OWNERSHIP OPTIONS

- 5.1 Government policy now places much greater emphasis on the delivery of Low Cost Home Ownership (LCHO) as a proportion of the overall amount of Affordable Housing delivered.
- 5.2 Under the National Planning Policy Framework² social rented, affordable rented and intermediate housing, are provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.
- 5.3 **Social rented and affordable rented housing is owned by local authorities and registered providers of affordable housing** (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the

¹ <https://new.fylde.gov.uk/wp-content/uploads/2019/11/Draft-Affordable-Housing-SPD.pdf>

² <https://www.gov.uk/government/publications/national-planning-policy-framework--2>

Homes and Communities Agency. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).

- 5.4 **Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above.** These can include shared equity (shared ownership and equity loans), other low-cost homes for sale and intermediate rent, but not affordable rented housing.
- 5.5 Appendix 2 illustrates the tenure differences in affordable housing delivered in Fylde and should be cross referenced with the map of delivery across the borough in 1.3.
- 5.6 Shared ownership affordable housing is funded and leased under the Homes and Communities Agency SOAHP 2016-21 (Shared Ownership and Affordable Homes Programme). Government believes in shared ownership and it is one way to meet household's needs to aspire for home ownership in a different way. A Shared Ownership home allows the purchaser to buy a share in the equity while paying rent on the non-purchased share.
- 5.7 Government has broadened access to Help to Buy: Shared Ownership for potential purchasers. Outside London, anyone with a household income of less than £80,000 is now eligible, and there are no nationally or locally defined prioritization criteria (occupancy eligibility). This is secured via the Homes England Capital Funding Guide for shared ownership units³.
- 5.8 This applies to both grant and non-funded grant shared ownership schemes being supplied under the HCA lease by registered providers. The direct impact if the occupancy restriction are not lifted is that shared ownership properties are not deliverable.
- 5.9 Within Fylde the local occupancy restriction was lifted on Little Tarnbrick, Kirkham following consultation with Councillors in June 2017 and it was agreed the local connection criteria for shared ownership should reflect Homes and Communities Agency SOAHP eligibility criteria. This has been the approach adopted on all new build shared ownership schemes. It may be that subsequent funding programmes allow the local authority to reintroduce eligibility criteria under the funding programme.
- 5.10 Since 2017/18 in Fylde there has been a growth in discounted market units within Fylde. Properties are directly sold by the Developer to eligible households. Eligible households have to be able to demonstrate a local connection to Fylde, either by employment, close family or having lived in the area. The property needs to be affordable based on income and savings.
- 5.11 The scheme is predominately for first time buyers, however other circumstances are also considered, for example, relationship breakdown and part owners having insufficient equity to re-enter the housing market and households that have previously owned, but have been in tied accommodation. Owners are required to live in the accommodation as their only and principal home and have no other interest in property in the UK or abroad.
- 5.12 The sale of discounted market housing is managed by the housing service. Discounts are normally 20% from the open market value, accessed by a qualified RICS surveyor and a restrictive covenant is placed on the property with Land Registry to ensure future re-sales meet the same discount and eligibility criteria.
- 6 MHCLG have recently announced a consultation on "First Homes, Getting you on the ladder"⁴ – Consultation on the design and delivery of First Homes running until the 3rd April 2020. The consultation seeks the views on the First Homes scheme and covers the design and delivery of First Homes; ensuring affordability and eligibility; supporting first homes scheme; supporting competitive mortgage lending; restrictions on letting; delivering the Armed Forces Covenant; and setting developer contributions of First Homes, delivering through exception sites, equality impact of the scheme and community infrastructure levy exemptions.
- 7 Appendix 3 contains a draft response from Fylde Council, for approval by this Committee to MHCLG. First Homes are in essence the current discounted market sale units enabled in Fylde.

³ <https://www.gov.uk/guidance/capital-funding-guide/1-help-to-buy-shared-ownership>

⁴ <https://www.gov.uk/government/consultations/first-homes>

RECOMMENDATIONS

- 8 Committee are requested to note the contents of the report, changes in approach to percentage of tenures for on-site delivery and required occupancy changes for shared ownership provision that has resulted in an increase in the number of affordable units delivered. Discounted market sale units are subject to occupancy restrictions.
- 9 A report is being presented to this same Committee requesting approval to redirect Face 2 Face YMCA Rent Bond Scheme funding from Community Grants, into the Housing Service to create a permanent part time Affordable Housing post focussed on improving the administration, monitoring and management of affordable housing delivery in Fylde. This will include liaison with the private rented sector to provide an affordable option for clients who cannot access accommodation provide by Registered Social Landlords.
- 10 Recommend to the Finance and Democracy Committee approval to an addition to the Capital Programme for 2020/21 in the sum of £60,000 to undertake a district wide Housing Needs Assessment that considers housing need, different types of affordable housing tenures required and the economic needs/income levels those tenures. Funding will be met from S106 developer contributions held by the Council to facilitate the provision of affordable housing in the administrative area of Fylde, to be taken from delivery to be taken from 12/0717 Moss Farm, Cropper Road, Westby.
- 11 This Committee approve the draft consultation response on “First Homes, Getting you on the ladder” – Consultation on the design and delivery of First Homes open until the 3rd April 2020.

IMPLICATIONS	
Finance	This report requests that the Committee recommend to the Finance and Democracy Committee approval to an addition to the Capital Programme 2020/21, in the sum of £60,000, to undertake a district wide housing needs assessment, this to be funded by S106 developer contributions held by the Council for this purpose.
Legal	None arising directly from this report
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	26 th February 2020

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Affordable housing delivery in Fylde 2014 to 2019	November 2019	https://new.fylde.gov.uk/wp-content/uploads/2019/11/A2-map-Affordable-Housing-Sites.pdf
Update MyHomeChoice Fylde Coast Environment, Health and Housing Committee 3 rd September 2019	September 2019	https://fylde.cmis.uk.com/fylde/MeetingsCalendar/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1097/Committee/19/SelectedTab/Documents/Default.aspx
Homes and Communities Agency, Shared Ownership	2016	https://www.gov.uk/government/collections/shared-ownership-and-affordable-homes-programme-2016-to-2021-

Affordable Homes Programme (SOAHP) 2016-2021		guidance
Analysis of Housing Need in light of the 2012 Sub-National Population Projections Fylde Coast Strategic Housing Market Assessment – Addendum	November 2014	https://new.fylde.gov.uk/wp-content/uploads/2019/09/Fylde-Coast-SHMA-Addendum-1-November-2014-.pdf

Attached Documents

Appendix 1 – Affordable Delivery Tables

Appendix 2 – Affordable Tenures

Appendix 3 – Consultation Response