



## INFORMATION ITEM

REPORT OF	MEETING	DATE	ITEM NO
DEVELOPMENT SERVICES DIRECTORATE	PLANNING COMMITTEE	10 MARCH 2021	6

### AFFORDABLE HOUSING DELIVERY IN FYLDE 2015/16 TO 2020/21

#### PUBLIC ITEM

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

The purpose of this report is to provide Planning Committee with a strategic overview of affordable housing delivery in Fylde together with an overview of the delivery of key schemes since 2015/16. The report addresses:

1. The need for affordable housing in Fylde
2. Planning and the delivery of affordable housing
3. Affordable tenures
4. On-site provision
5. Section 106 contributions in lieu of affordable housing on site
6. Programme of delivery using section 106 contributions
7. Assessing current and future delivery needs for affordable housing
8. National government priorities for affordable housing
9. Committee decisions

#### SOURCE OF INFORMATION

The report has been compiled using information held by the Planning & Housing Service, previous decisions of Fylde Council and national guidance and legislation relating to planning and housing matters.

#### LINK TO INFORMATION

Links to committee reporting included in the report.

[Analysis of Housing Need in light of the 2012 Sub-National Population Projections](#)  
[Fylde Coast Strategic Housing Market Assessment – Addendum](#)

[Homes and Communities Agency, Shared Ownership Affordable Homes Programme \(SOAHP\) 2016-2021](#)

#### WHY IS THIS INFORMATION BEING GIVEN TO THE COMMITTEE?

To provide members of the Planning Committee with an understanding of the council's strategic housing responsibilities which were recently passed to the Planning Committee by the Environment, Health and Housing Committee.

## **FURTHER INFORMATION**

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### **REPORT ON THE DELIVERY OF AFFORDABLE HOUSING IN FYLDE**

1. The need for affordable housing in Fylde
2. Planning and the delivery of affordable housing
3. Affordable tenures
4. On-site provision
5. Section 106 contribution in lieu of affordable housing on site
6. Programme of delivery using section 106 contributions
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#### **1. The need for affordable housing in Fylde**

- 1.1 Within the Borough of Fylde the provision of affordable housing is critical in the delivery of sustainable, mixed communities. Generally speaking, Fylde has higher house prices than elsewhere in the North West region or the Fylde Coast sub-region.
- 1.2 Fylde has the highest overall median house price in Lancashire at £196,995 with an overall median-earnings of £31,093 compared to median earnings across the North West of £28,487 and across England of £30,661<sup>1</sup>.
- 1.3 Although this is slightly off set by incomes also being typically higher than the wider region and sub-region, the affordability of homes for lower income groups is poor. The lower-quartile median house price to earnings affordability 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).
- 1.4 The housing stock profile is slightly larger than average, but includes a limited supply of smaller, lower value homes suitable for first-time buyers.
- 1.5 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).

#### **2. Planning and the delivery of affordable housing**

- 2.1 Policy H4 in the Local Plan, Affordable Housing details the requirement for on-site provision of affordable housing, it requires all market housing schemes of 10 or more homes 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.
- 2.2 On the 11<sup>th</sup> September 2019 Planning Committee approved a draft Affordable Housing Supplementary Planning Document (SPD) for consultation. Consultation ran from 7<sup>th</sup> November 2019 to 5<sup>th</sup> December

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<sup>1</sup> [House price to earnings ratios - Lancashire County Council](#)

2019 (4 weeks)<sup>2</sup>. 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.

2.3 This document is now in final draft form and work is underway with Officers from Housing, Planning Policy and Development Management to ensure the final document reflects consistency across each of the service areas.

### 3. What are the different types of affordable housing in Fylde

3.1 **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 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).

3.2 **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.

Table 1: Type or tenure	Description
Social rent	These properties are provided by local authorities and some registered providers. The rent for these properties will be set at a level dictated by the national rent regime. Social rented properties are the most affordable being approximately 55% of private rents. Applicants must have a local connection to Fylde and be resident as their only and main home.
Affordable rent	These properties are provided by local authorities and registered providers and are subject to a control that requires the rent to be no more than 80% of local market rent. Affordable rent properties are let in the same way as social rented properties via <a href="#">MyHomeChoice Fylde Coast</a> . Applicants must have a local connection to Fylde and be resident as their only and main home.
Rent to Buy	The property is rented for up to 5 years from a registered provider during which time the tenant saves enough for a deposit to purchase the property at the end of the rental term. The units are rented as an Assured Shorthold Tenancy. If the tenant is unable to purchase the property after the 5 year period they are referred into homelessness and housing advice services. Applicants must have a local connection to Fylde and be resident as their only and main home.
Discounted Market Sale	This is a term covering different affordable purchase products, it is also sometimes referred to as low cost home ownership and can be included under an intermediate housing definition. Usually the discount is around 20% from open market value and a covenant is placed on the property with the land registry to ensure on resale local eligibility and affordability criteria are applied. Applicants must have a local connection to Fylde and be resident as their only and main home.
Shared ownership	Previously known as 'part buy, part rent', households buy a share of the property and the remaining share is rented. In time, future shares can be purchased and the property could be brought outright, however this option is restricted to 80% if the

<sup>2</sup> <https://new.fylde.gov.uk/wp-content/uploads/2019/11/Draft-Affordable-Housing-SPD.pdf>

Table 1: Type or tenure	Description
	<p>property is within a parish with a Designated Protected Area Status, usually Tier 2 rural settlements (2.1) to ensure it is kept affordable in perpetuity. Homes England Qualifying criteria apply for shared ownership:</p> <ul style="list-style-type: none"> <li>• Household earns £80,000 a year or less (or £90,000 a year or less in London)</li> <li>• You are a first time buyer</li> <li>• You used to own a home, but cannot afford to buy one now</li> <li>• You are an existing shared owner</li> <li>• Applicants must be resident as their only and main home</li> </ul>
Help to Buy equity loan	The Government provides households with an interest free loan of 10% or 20% of the cost of a new home for a period of five years, purchasers require a mortgage and at least a 5% deposit.
Shared equity	The applicant purchases a share in the property and no rent is paid on the remaining share, but the purchaser is able to buy further shares in the property until it is owned outright.
Help to Buy ISA	Help to Buy ISAs were introduced to help first-time buyers get on the property ladder. For every £200 saved, the Government will 'top up' your savings to a maximum of £3,000.

#### 4. On Site provision

- 4.1 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.
- 4.2 The Council's approach has changed to enabling a 'basket of tenures' on larger sites of 15 or more affordable units 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.
- 4.3 Within Fylde there has been a 90% growth in affordable housing delivery between 2015/16 and 2018/19. This has been achieved with a growth in low cost home ownership options, shared ownership and discounted market sale that assist low to middle income earners into home ownership.
- 4.4 The increase in delivery up until 20/21 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.
- 4.5 Table 2 breaks down delivery by tenure in the financial years 2015/16 to 2021/21. A map on delivery across the borough is available following the [link](#) and this should be read using Appendix 1 as a guide to the different tenures.
- 4.6 The Coronavirus pandemic has impacted on the delivery during 20/21 with handover dates of units delayed to the autumn of 2021.

<b>TABLE 2 – Affordable Housing delivery</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Affordable rent	23	47	77	186	123	41
Shared Ownership	0	18	13	32	90	28
Discounted market sale	0	0	17	14	14	21
<b>TOTAL UNITS DELIVERED</b>	<b>23</b>	<b>65</b>	<b>107</b>	<b>232</b>	<b>227</b>	<b>90</b>

4.7 The Registered Provider Partnership now 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.

4.8 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).

## **5. Section 106 contribution in lieu of affordable housing on site**

5.1 The presumption is that affordable housing will be provided on the application site so that it contributes towards creating a mix of housing.

5.2 In circumstances where the Council considers that affordable housing would be most appropriately provided off-site, for instance in relation to applications for residential park homes or where services and facilities are minimal, the Council will require contributions of 43% of the number of market homes to be built on site, this being equivalent of providing 30% affordable housing on-site.

## **6. Programme of delivery using section 106 contributions**

6.1 Fylde Council 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.

6.2 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.

6.3 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.

6.4 The £2.4m of S106 funding held in 2016 by Fylde Council has been committed and provided 88 units of affordable rented accommodation in Kirkham and St Annes. The Council currently holds £2,453,443.44 Section 106 funds. Table 2 details the units delivered with a contribution of Section 106 funding from 2015/16 and in the pipeline to 2021/22. Appendix 1 provides photographs of five schemes funded by Fylde Council from S106 funding.

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

<b>Section 106 funds allocated</b>	<b>Development</b>	<b>Registered Provider, tenure and units</b>	<b>Year completed</b>
£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 Appendix 1	YPAD, Patterson House, St Albans Road, St Annes	YMCA, 12 affordable rent, 12 x 1bed flat	2017/18
£840,000 Appendix 1	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 Appendix 1	Sunnybank Mill, Kirkham (see Appendix 1)	ForHousing, 23 affordable rent, 10x 2 bed house, 7x 1 bed house, 6x 3 bed house	2018/19
£105,000 (purchase) £112,974 (Refurb) Appendix 1	93 St Albans Road, St Annes	ForHousing, 2 affordable rent, 1x 2bed flat, 1 x 1bed flat	2018/19
£550,000 Appendix 1	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
£57,500	1 Preesall Close, St Annes 5 Everest Court, Wesham	Buybacks Progress Housing Association 1 x 2 bed flat 1 x 3 bed house	2020/21 Expected Qtr 4 20/21
£260,000	Lytham Road, Warton	Jigsaw Homes 26 units 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	November 2022 Delivery expected
£60,000	District Wide housing need survey		21/22 – progress delayed due to Covid 19. Delivery expected 21/22

- 6.5 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 brownfield sites, providing local regeneration, whilst at the same time providing much needed affordable homes on a small scale in areas of priority need.
- 6.6 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 brownfield sites, providing local regeneration, whilst at the same time providing much needed affordable homes on a small scale in areas of priority need.

## **7. Assessing current and future delivery needs for affordable housing**

- 7.1 In March 2020, Environment, Health and Housing Committee recommended the approval to Finance and Democracy Committee of £60,000 from section 106 funds 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.
- 7.2 Within Fylde there has been a 90% growth in affordable housing delivery between 2015/16 and 2018/19. This has been achieved with a growth in low cost home ownership options, shared ownership and discounted market sale that assist low to middle income earners into home ownership.
- 7.3 This has created a need to manage the administration of affordable housing delivery in Fylde going forward:
- 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.
- 7.4 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.
- 7.5 A report was presented to the 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.
- 7.6 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 tenures 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.

- 7.7 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. The project will include qualitative evidence gathering on the impact of market tenures that have been enabled and the background of households accessing these properties.
- 7.8 The Coronavirus pandemic has impacted on the delivery of this project due to a need to undertake community engagement events.

## **8. National government priorities for affordable housing**

- 8.1 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.
- 8.2 Under the National Planning Policy Framework<sup>3</sup> 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.
- 8.3 **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 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).
- 8.4 **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.
- 8.5 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.
- 8.6 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 units<sup>4</sup>.
- 8.7 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.
- 8.8 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.
- 8.9 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

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<sup>3</sup> <https://www.gov.uk/government/publications/national-planning-policy-framework--2>

<sup>4</sup> <https://www.gov.uk/guidance/capital-funding-guide/1-help-to-buy-shared-ownership>

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.

8.10 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.

8.11 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 the Land Registry to ensure future re-sales meet the same discount and eligibility criteria.

## **9. Committee decisions**

### **9.1 Cabinet 26<sup>th</sup> 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.

### **9.2 Environment, Health and Housing Committee 7<sup>th</sup> June 2016**

Information items on Outcomes from the Section 106 Affordable housing project.

### **9.3 Environment, Health and Housing Committee 11<sup>th</sup> June 2019**

#### **Decision Item - Expression of Interest to allocate future Section 106 funds**

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.

### **9.4 Planning Committee 11<sup>th</sup> September 2019**

#### **Draft Affordable Housing Supplementary Planning Document**

It was RESOLVED: That the draft Affordable Housing Supplementary Planning Document as set out in appendix 1 of the report be approved for public consultation purposes.

### **9.5 Environment, Health and Housing Committee 17<sup>th</sup> March 2020**

#### **Decision Item - Fylde Affordable Housing Delivery Programme**

It was therefore RESOLVED:

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;
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 3<sup>rd</sup> April 2020;
4. To formally thank the Housing Services team for all their efforts in delivering significant growth of available

Affordable Housing across the borough.

**Decision Item - Administration of Affordable Housing Delivery in Fylde**

It was therefore RESOLVED:

1. Note the contents of the report and the impact of the Homeless Reduction Act 2018 and Welfare Reform Act 2012 has had on the operation of the Rent Bond Scheme by Face to Face YMCA; and
2. Recommend to Finance and Democracy Committee approval to a fully-funded increase to the Housing Services budget in the sum of £30,000, to be met from an equivalent reduction in the Community Grants budget. The additional Housing Services budget would provide for the employment of an Affordable Housing Officer post to develop affordable housing opportunities within both the social and private rented sectors.