

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
DEVELOPMENT SERVICES DIRECTORATE	ENVIRONMENT, HEALTH AND HOUSING COMMITTEE	5 SEPTEMBER 2017	4
REFURBISHMENT OF 93 ST ALBANS ROAD, ST ANNES - UPDATE			

PUBLIC ITEM

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

SUMMARY

This purpose of this report is to provide an update to the committee on the proposed refurbishment of 93 St Albans Road funded from S106 develop contributions. The works will transform the property from a single dwelling over three floors to a two self-contained affordable housing units.

The Environment, Health and Housing Committee on the 21st February 2017 requested an addition to the Capital Programme in the sum of £147,890 (subject to sufficient Section 106 funding being in place to deliver the scheme) and subject to such approval, authorised expenditure in this amount for the scheme to be delivered.

Officers were instructed to approach Registered Providers of Affordable Housing with a view to a possible jointly-funded venture, subject to sufficient Section 106 funding being available. Such an arrangement has been achieved and there is a revised structure to the scheme which is now to be delivered through a jointly-funded venture with ForViva Housing Association, resulting in a reduced requirement for S106 funding by Fylde Council, and a corresponding contribution from the Registered Provider, such that the overall scheme cost remains the same.

The Council acquired the property through a compulsory purchase order (CPO) on the 2nd June 2016. The Statement of Reasons that supported the CPO contemplated that the Council would transfer the property to New Progress Housing Association. New Progress have now withdrawn from the scheme.

A report was considered by the Environment, Health and Housing Committee on the 21st February 2017.

RECOMMENDATION

The Committee is requested:

1. To note the current position with regard to the proposed development at 93 St Albans Road as detailed within this report and the revised structure of the proposed scheme;
2. To recommend to the Finance and Democracy Committee approval to an addition to the Capital Programme in 2017/18 in the sum of £147,890 in respect of the St Albans Road scheme, to be met from S106 developer contributions held by the Council for affordable housing in the sum of £112,794 and a contribution from ForViva Housing Association of £35,096, as detailed within this report.

SUMMARY OF PREVIOUS DECISIONS

On **4th July 2012**, the Portfolio Holder for Finance and Resources in consultation with the Portfolio Holder for Planning and Development approved the following:

1. *The portfolio holder agrees to the request from New Fylde Housing for s106 affordable housing monies to support the purchase of 93 St Albans Rd St Annes as phase one of a comprehensive scheme of improvement to*

the property.

2. The portfolio holder approves a revenue budget increase for 2012-13 of £85,000 to fund the payment to New Fylde Housing fully funded from the s106 affordable housing monies held by the council.

Cabinet, **25 June 2014:**

1. Seek further to engage with the property owner with a view to acquiring the property voluntarily as mandated by previous decisions

2. If a voluntary sale is not achieved within a reasonable time, make a compulsory purchase order to acquire 93 St Albans Road, St Annes for the purposes of part II of the Housing Act 1985 for redevelopment to deliver 2/3 affordable housing units.

Environment, Health and Housing Committee, **5 January 2016:**

1) Recommend to the Finance & Democracy Committee a fully funded addition of £105,000 to the Councils 2015/16 Capital Programme for the compulsory purchase of 93 St Albans Road to be met from a Section 106 contribution (Agreement Ref: 03/0157 – Queen Mary School Development) held by the council paid under planning obligations for affordable housing of the same amount.

2) Approve, subject to the Finance and Democracy Committee having accepted recommendation 1), the making of a general vesting declaration in respect of the property and the onward transfer of 93 St Albans Road to New Fylde Housing Ltd (or another company in the Progress Housing group) for nil consideration.

Finance and Democracy Committee, **25th January 2016:**

1) The Committee RESOLVED to approve a fully funded addition of £105,000 to the Council's 2015/16 Capital Programme for the compulsory purchase of 93 St Albans Road to be met from a Section 106 contribution (agreement ref:03/0157 – Queen Mary Development) held by the Council paid under planning obligations for affordable housing of the same amount.

Environment Health and Housing **21st February 2017:**

Following detailed consideration of this matter it was RESOLVED:

1. To instruct officers to approach Registered Providers of Affordable Housing within Fylde, with a view to a possible jointly funded venture for the scheme being sought, with respect to the refurbishment of 93 St Alban's Road, St Annes;
2. To authorise an addition to the Capital Programme in the sum of £147,890 - "Affordable Housing Scheme at 93 St Albans Road" for 2017/18 to be met from a portion of the balance of S106 developer contributions for affordable housing currently held by the Council for this purpose (totalling £75,950 from Agreement Ref: 03/0157 Queen Mary School Development, and a further £71,940 when funds become available) to deliver 2 units for affordable rent at 93 St Albans Road, St Annes to a Registered Provider of Affordable Housing;
3. To authorise expenditure in a sum not exceeding £147,890 (includes a 5% contingency allowance of £7,040) to a Registered Provider of Affordable Housing in relation to the scheme as described within the report after due regard and in compliance with the financial regulations as covered within the body of the report; and
4. To agree to the scheme proceeding in line with the above subject to sufficient Section 106 funding being in place to deliver the scheme.

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

COMPULSORY PURCHASE ORDER

1. Following a compulsory purchase order ("CPO"), the council owns 93 St Alban's Road, Lytham St Annes FROM 2ND June 2016.
2. The CPO was intended to bring the property back into use as affordable housing, as set out in the council's statement of reasons in support of the CPO:

"The Council's proposals are intended to secure that the Order Land provides one or two net additional units of affordable housing accommodation. The Order Land, which is unoccupied and in an extremely poor state of repair, does not presently contribute towards meeting the acknowledged shortfall in both market and affordable housing provision in the Council's district. The Council proposes to transfer the Order Land to an identified Registered Provider of Social Housing, which will repair and improve the house to provide two or three 1 and 2- bedroom affordable flats."

Further:

"The Council will work with Progress, a registered provider of social housing, to bring forward the Order Land for conversion into 2 or 3 self-contained flats, which Progress will operate. To that end, the council will purchase the Order Land and transfer it to Progress."

THE PROPERTY AND ITS POTENTIAL

3. The property, which has been secured and cleared is currently set out as a single dwelling over three floors. Council officers have worked with Progress Housing Association and recently ForViva Housing Association, to bring forward proposals for the provision of affordable housing.
4. The preferred option is to create two self-contained flats, a one bedroom two person flat to the ground floor and a two bedroom four person flat over the first and second floors. The two flats would be accessed via the main front door with communal hall and staircase. There would also be access to the rear yard from the ground floor hall. Floor plans of the two-unit scheme are available in Appendix 1.
5. An option to create three units of accommodation was not taken forward because the top floor flat could not achieve compliance with design guide standards.
6. Fylde Council are currently incurring costs for the dwelling for Council Tax, gas and electricity standing charges and Buildings Insurance. In addition Housing staff are visiting the property regularly to ensure the property is safe and there is no dumped rubbish.

COSTS TO REFURBISH 93 ST ALBANS

7. Progress Housing Association estimated the cost of the scheme to be £211,750 and Officers obtained a comparison costing from another registered provider, ForViva Housing Association of £147,890. Both costings are broken down in table 1, rounded to the nearest pound.

Table 1: Quotes for total scheme costs 93 St Albans Road

Quote Two Bedroom Unit	Cost breakdown of the scheme
Progress Housing Association	Measured works (MW) £161,884.40 Provisional Sums (PS) £13,480.00 (8.3%) Preliminaries @ 15% (MW + PS) £26,304.66 Total works costs (excluding fees and VAT) £201,670 Contingency @ 5% = £10,080 Total scheme costs = £211,750
For Viva Housing Association	Measured works (MW) £113,090.00 Provisional Sums (PS) £9,386.47 Preliminaries @ 15% (MW + PS) £18,371.47 Total works costs (excluding fees and VAT) £140,850 Contingency @ 5% = £7,040 Total scheme costs = £147,890

8. There is a cost difference of £63,860.00 between the two proposals. Based on the comparison quote, officers are confident that the scheme can be provided for the lower quotation of £147,890 and there would be interest from alternative registered providers.
9. The Environment, Health and Housing Committee were advised in February 2017 that Progress Housing Association has now indicated that they do not consider that the scheme fits with their financial model and have withdrawn their interest.
10. At this Committee Officers, were instructed to approach other Registered Providers of Affordable Housing within Fylde to bring the scheme forward, with a view to a possibly jointly funded venture. Officers have approached For Viva Housing Association.
11. For Viva Housing Association have confirmed that they would be willing to jointly fund the venture and deliver the scheme based on the lower cost estimate of £147,890. They would be willing to fund up to 25% of total scheme costs.

SECTION 106 FUNDS AVAILABLE

12. Appendix 2 provides details of the current position of Affordable Housing S106 funds. There is currently non-committed funds of £221,450 available.
13. It is recommended the remaining funds from 03/0157 Queen Mary School Development of £1,303 and 14/0327 Orchid Court 35-37 South Promenade, Lytham St Annes of £111,491 be used to fund the scheme. Totalling £112,794 with a contribution of £35,096 from For Viva Housing Association provides the full scheme costs of £147,890.

THE FUTURE REVENUE BUDGET IMPACT

14. There are no additional revenue implications to this proposal as the units on completion will be owned and managed by a Registered Provider.

RELEVANT VALUE FOR MONEY ISSUES

15. Fylde Council receive off site S106 contribution rates of £50,000 per unit of affordable housing required on a site. Therefore the capital contribution rate for affordable units delivered using S106 funds is usually up to £50,000 per unit or 50% of the total scheme cost, however, this is not set in policy and the council can approve a higher percentage subsidy.
16. Costs for conversion into flats are always higher than simply de converting into a house as there is a need to consider sound proofing to walls and floors and the provision of additional utilities. Insulation levels and associated costs are also high to comply with Building Regulations.
17. The capital contribution rate requested on this site is for £56,397 per unit. Therefore the scheme is within normal grant limits, enabled via the jointly funded venture with For Viva Housing Association,

RISK ASSESSMENT

18. It is proposed that the capital contributions will be paid in two stages; 50% when the scheme is on site and 50% on practical completion.
19. The risks associated with letting and managing the properties will be the responsibility of the Registered Provider.
20. An agreement for the payment of a capital contribution will be entered into to protect Fylde Council's investment and ensure the properties remain as Affordable Housing in perpetuity.

VIABLE ALTERNATIVES

21. Until the scheme works are commenced, the building continues to be empty and unsightly and a magnet to fly-tipping.

22. Fylde Council are currently incurring costs for the dwelling for Council Tax, gas and electricity standing charges and Buildings Insurance. In addition Housing staff are visiting the property regularly to ensure the property is safe and there is no dumped rubbish.

OBJECTIVES, OUTPUTS AND OUTCOMES

23. The conversion works will contribute towards the improvement of the local area and provide affordable homes for local people.

24. The conversion works will enable the Order Land, which is unoccupied and in an extremely poor state of repair, to be brought into use to meet the acknowledged shortfall in affordable housing within the borough.

IMPLICATIONS	
Finance	This report provides an update with regard to the proposed development at 93 St Albans Road; and recommends to Finance and Democracy Committee approval to an addition to the Capital Programme in 2017/18 in the sum of £147,890 in respect of the St Albans Road scheme to be met from S106 developer contributions held by the Council for affordable housing in the sum of £112,794 and a contribution from ForViva Housing Association of £35,096.
Legal	S106 planning obligation when planning is sought to convert the property from a single to a two unit property that ensures the property remains as affordable housing in perpetuity. Agreement for the capital contribution will be in place.
Community Safety	Refurbishment of a property which has been in a poor state of repair for a number of years
Human Rights and Equalities	None arising directly from this report
Sustainability and Environmental Impact	Refurbishment of a property which has been in a poor state of repair for a number of years
Health & Safety and Risk Management	None arising directly from this report

LEAD AUTHOR	CONTACT DETAILS	DATE
Kirstine Riding	Kirstine Riding kirstine.riding@fylde.go.uk 01253 658569	21/08/2017

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
None		

Attached documents

Appendix 1 – Conversion design for 93 St Albans Road two units of affordable housing.

Appendix 2 – Affordable Housing S106 Funds Summary – 30/06/2017

		Total Affordable Housing		Queen Mary		Other Sites
S106 Income Received		- 5,608,409.44		- 3,000,000.00		- 2,608,409.44
Section 106 Expenditure:						
New Fylde Housing	182,250.00					182,250.00
Richard Dunbreck Trust Singleton	300,000.00					300,000.00
F2F YMCA	299,999.57			2,999.57		297,000.00
GPHG - re 451 Clifton Drive North	250,000.00			250,000.00		
NFH (Heyhouses) Pilling Ave development	416,000.00			416,000.00		
Explore first time buyers scheme	3,000.00					3,000.00
NFH - 50% payment towards purchase of 17 Hunter Road	21,500.00					21,500.00
NFH _ 2nd payment 50% towards purchase of 17 Hunter Road.	21,500.00					21,500.00
NFH - St Davids Roads Depot. First contribution of 50%	307,507.00					307,507.00
NFH - St Davids Road Depot, second contribution of 50%	307,506.00			297,000.00		10,506.00
Great Places- Former Kwik Save Site	300,000.00					300,000.00
106 project officer payment	12,680.72					12,680.72
	12,319.28					12,319.28
Great Places Housing Association	75,000.00			75,000.00		
Ypad YMCA - Council 12/10/15	450,157.60			450,157.60		
St.Albans Rd Capital Scheme - spend at 31/03/17	6,108.53			6,108.53		
		2,965,528.70		1,497,265.70		1,468,263.00
S106 Monies Remaining		-		-		-

		2,642,880.74		1,502,734.30		1,140,146.44
Commitments:						
St.Albans Rd CPO - F&D Committee 25/01/16	98,891			98,891.00		
Ypad YMCA - Council 12/10/15	112,539			112,539.40		
Sunnybank Mill - Council 04/07/16	920,000					920,000.00
Church Rd Methodist Church, St.Annes - Council 17/10/16	550,000			550,000.00		
Church Rd Methodist Church, St.Annes - Community Housing Fund Report to Council 17/07/17 - £100k reduction in S106 funding of scheme to be met with CHF	-100,000			-100,000.00		
Keenans Mill - F&D 16/02/17	840,000			840,000.00		
St.Albans Rd Refurbishment - Report put back until Sept Cycle						
		2,421,430.87		1,501,430.40		920,000.00
Monies Available for Future Projects		-221,449.87		-1,303.90		-220,146.44