

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
DEVELOPMENT SERVICES DIRECTORATE	ENVIRONMENT, HEALTH AND HOUSING COMMITTEE	11 JUNE 2019	5
EXPRESSIONS OF INTEREST FOR FUTURE SECTION 106 FUNDING			

PUBLIC ITEM

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

SUMMARY

During 2016 a Consultant was appointed to establish approaches the local authority could adopt to deliver affordable homes using existing committed sum reserves. A report on the outcomes from this project was presented to Environment, Health and Housing Committee for information on the 7th June 2016. These funds have now been spent or committed, resulting in delivery of 109 affordable rented units within Fylde since 2014/15.

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

In order to develop this strategic approach to the allocation of future S106 funds the Housing Service are requesting Registered Providers of Social Housing submit expressions of interest for consideration, prior to submitting full funding applications. This approach is presented to this Committee as an Information Item.

Two Expressions of Interest for Section 106 funds have been received and are detailed in this report:

- Adactus (Jigsaw Homes) Lytham Road, Warton
- City West Housing Trust (For Viva Housing) Sunnybank Mill Phase 3

RECOMMENDATION

The Committee is recommended to:

1. Decline the Expression of Interest in S106 funds from Adactus (Jigsaw Homes) for the scheme at Lytham Road, Warton; and
2. 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.

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.

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 S106 FUNDING

1 LYTHAM ROAD, WARTON

Registered provider details:

Adactus Housing Association (part of Jigsaw Homes Group), Turner House, 56 King Street, Leigh, Wigan, WN7 4LJ

Ability to allocate properties through MyHomeChoice	Adactus have not developed previously in the borough and do not have a partnering arrangements with a current member of the Choice Based Lettings scheme, MyHomeChoice Fylde Coast.
Pre application planning advice or planning application submitted	Have been in pre application advice on 25 th January 2018
Current delivery in Fylde	Adactus have not previously developed in the borough
Proposed scheme	Lytham Road, Warton
Brownfield Site	Yes
Number of units and size	<p>Proposal to develop 26no. affordable properties as follows:</p> <p>Affordable Rent</p> <p>9 no. 1 bed flats</p> <p>4 no. 2 bed flats</p> <p>3 no. 2 bed houses</p> <p>2 no. 3 bed houses</p> <p>Shared Ownership</p> <p>2 no. 2 bed houses</p> <p>6 no. 3 bed houses</p>

Local regeneration outcomes	The development site is a housing allocated site in the Local Plan 2032
Tenure	18 Affordable Rent and 78 shared ownership
S106 Funds required	£570,000 £25,000 per affordable rented unit and £15,000 per shared ownership unit
Internal funding	£180,000 £10,000 per Affordable Rented unit and £32,000 per Shared Ownership unit
Homes England funding	£886,000 £35,000 per Affordable Rented unit and £32,000 Shared Ownership unit
Stage the proposal is at	Working in collaboration with Casey (principal contractor), Brewster Bye (architect) and Poole Dick (employer's agent). Adactus Housing Association have agreed heads of terms with the vendor of the site and have commissioned a phase 2 intrusive site investigation, which is currently under way with the aim of being in a position to submit a full planning application.
Evidence of need for affordable housing provision in this location	Analysis of active applicants registered with MHC as at May 2019 Number of active applicants - 1641 My Home Choice – 1482 My Home Need – 159 Band A – 4 Band B – 89 Band C – 66 Household Size 1 bed – 946 2 bed – 442 3 bed – 207 4+ bedrooms - 46
<p>Officer Comments:</p> <p>The 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. The site is on a brownfield site and allocated as development land within the local plan. Pre-application advice has been sought and there are concerns regarding the number of proposed units on the site. The proposed Shared Ownership units are not eligible for Section 106 funding. Adactus do not currently have any stock in the area and do not have any local management arrangements or arrangements to allocate the properties via My Home Choice Fylde Coast. Internal funding per unit is £10,000 compared to external funding requests. Other schemes funded using S106 funds have provided internal funding at higher levels.</p> <p>Recommendation: The recommendation is to decline this EOI in Section 106 funding. Fylde Council welcome their interest in the area and activity in sourcing sites for affordable housing provision and the purchase of S106 units.</p>	

2 SUNNYBANK MILL, KIRKHAM – PHASE 3

Registered provider details:

City West Housing Trust Limited (For Viva Housing Association), 52 Regent Street, Eccles, Manchester, M30 0BP

Ability to allocate properties through MyHomeChoice	Local management arrangements are in place and they are a registered partner with My Home Choice Fylde Coast and can advertise and allocate properties directly through the scheme.
Pre application planning advice or planning application submitted	Have been in pre application advice and planning have commented on the density of units on the site being too high.
Current delivery in Fylde	The organisation currently owns and manages 170 homes in Fylde and over the last three to five years the group has continued its push to build new homes, and acquire new stock in the borough via S106 sites. Most recently the organisation has completed phase 1 of Sunnybank Mill, a mixture of houses and apartments for affordable rent, and has started phase 2 – due for completion later this year. The majority of the stock they own and manage in Fylde is rented, and they will continue that trend within their future development programme. The group has also committed to acquiring further S106 stock from Miller Homes at Church Road in Warton.
Proposed scheme	Sunnybank Mill, Phase 3, Kirkham PR4 2JE
Brownfield Site	Yes
Number of units and size	Proposal to develop 41 no. affordable properties as follows: Affordable Rent 20 no. 1 bed flats 6 no. 2 bed flats 3 no. 2 bed houses 12 no. 3 bed houses
Local regeneration outcomes	The development site is a housing allocated site in the Local Plan 2032. This site is the third phase of development of 100% affordable rented accommodation. This scheme is on a derelict mill site and industrial units to the rear of the site, regenerating the whole area. Section 106 funding was approved for Phase 1 at £920,000 for 26 units at a rate of £35,000 per unit. The Association then went on to develop Phase 2 without a request for additional S106 funding, a scheme of 9 x 2 bed houses.
Tenure	41 units of Affordable rent
S106 Funds required	£1,230,000 £30,000 per affordable rented unit
Internal funding	£3,547,261 £86,500 per Affordable Rented unit
Homes England funding	£984,000 £24,000 per Affordable Rented unit
Stage the proposal is at	Pre planning application advice has been provided.

Evidence of need for affordable housing provision in this location	<p>Analysis of active applicants registered with MHC as at May 2019</p> <p>Number of active applicants - 1641</p> <p>My Home Choice – 1482</p> <p>My Home Need – 159</p> <p>Band A – 4</p> <p>Band B – 89</p> <p>Band C – 66</p> <p>Household Size</p> <p>1 bed – 946</p> <p>2 bed – 442</p> <p>3 bed – 207</p> <p>4+ bedrooms - 46</p>
<p>Officer Comments:</p> <p>The 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. Fylde Council have worked with City West Housing Trust to work up a scheme that will regenerate what was a redundant Mill and outbuildings in the centre of Kirkham. Section 106 funds have been used for Phase 1 at a value of £35,000 per unit. There was no request for Phase 2. This request is for Phase 3 at a rate of £30,000 per unit. The Association are providing funding at a value of £86,500 per unit and Home England funding has been sought at a value of £24,000 per unit. Therefore the scheme does represent value for money in the use of S106 funds. This request will complete the regeneration of the wider area.</p> <p>ForViva have been one of the most active registered providers in Fylde over the past 3 years, purchasing 144 S106 units of affordable housing to enable on-site delivery. Due to levels of stock in Fylde they are now a partner organisation with My Home Choice Fylde Coast and able to allocate via the choice based lettings scheme. This shows commitment to the area and a willingness to work with the local authority to provide affordable housing to meet local needs.</p> <p>Recommendation: The recommendation is to accept this EOI and once planning permission has been submitted a full request be made.</p>	

IMPLICATIONS	
Finance	There are no financial implications arising from this report at this stage. If the Committee approve the Expression of Interest from City West Housing Trust (For Viva Housing Association) a further report requesting approval to direct s106 funding to the proposed scheme may follow if and when the scheme receives planning consent.
Legal	None
Community Safety	Funding focussed on regeneration of areas
Human Rights and Equalities	None
Sustainability and Environmental Impact	Funding focussed on regeneration of areas
Health & Safety and Risk Management	None

LEAD AUTHOR	CONTACT DETAILS	DATE
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BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
None		

Attached documents

Appendix 1 – Proposed site plan Adactus (Jigsaw Homes) - Lytham Road, Warton

Appendix 2 – Proposed site plan City West Housing Trust (For Viva Housing Association) – Phase 3 Sunnybank Mill