

DECISION ITEM



REPORT OF	MEETING	DATE	ITEM NO
DEVELOPMENT SERVICES DIRECTORATE	COUNCIL	17 OCTOBER 2016	9
APPROVAL FOR S106 FUNDED SCHEME – CHURCH ROAD METHODIST CHURCH, ST ANNES			

PUBLIC ITEM

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

SUMMARY

This report provides details of an affordable housing scheme at Church Road Methodist Church, St Anne's comprising 10 units: 2x 3 bed houses, 2x 2 bed houses and 6x 1 bed flats. The Environment, Health and Housing Committee on 6th September 2016 agreed the scheme and request to Council the inclusion of a fully funded addition to the Capital Programme to deliver the scheme and authorise expenditure in the sum of £550,000 to Great Places Housing Association. The scheme is being fully-funded from the balance of S106 developer contributions for affordable housing designated to be spent in Lytham and St Anne's (held by the Council for this purpose).

RECOMMENDATION

To approve:

1. A fully funded addition to the Capital Programme in the sum of £550,000 - "Affordable Housing Scheme at Church Road Methodist Church " for 2017/18 to be fully-funded from part of the balance of S106 developer contributions for affordable housing currently held by the Council for this purpose (from Agreement Ref: 03/0157 - Queen Mary School Development: a total capital contribution of £550,000 to deliver 10 units for affordable rent at Church Road Methodist Church, St Annes to Great Places Housing Association); and
2. To authorise expenditure in the sum of £550,000 to Great Places Housing Association in relation to the scheme after regard and consideration of the compliance with the financial regulations covered within the body of the report.

SUMMARY OF PREVIOUS DECISIONS

Minutes of Cabinet, 26th November 2014

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.

Minutes of Environment Health and Housing Committee, 6th September 2016

Following detailed consideration of this matter it was RESOLVED to recommend to full Council:

1. A fully funded addition to the Capital Programme for 2017/18 in the sum of £550,000 in order to allow Great Places Housing Association to deliver 10 units for affordable rent at Church Road Methodist Church, St Annes to be fully-funded from part of the balance of S106 developer contributions for affordable housing currently held by the Council for this purpose (from Agreement Ref: 03/0157 - Queen Mary School Development); and
2. To authorise expenditure in the sum of £550,000 to Great Places Housing Association in relation to the scheme after regard and consideration of the compliance with the financial regulations covered within the body of the report.

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

BACKGROUND

1. Members had previously approved the temporary appointment of an external housing consultant, specifically to identify affordable housing development opportunities within Fylde. These opportunities were to be worked up to an advanced stage and specific RSL partners engaged to deliver the projects. These would be available to meet Housing Need within the Borough with a priority being given to schemes within Lytham St Annes.
2. The project sought to enable affordable homes to be delivered which would receive capital contributions using existing S106 fund reserves.
3. 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, until infrastructure is put in place as the development progresses ie schools, roads, shops and transport links.
4. The proposed development opportunity at Church Road Methodist Church, St Annes has been identified and detailed scheme worked up. The scheme is considered to be achievable with land available; a Housing Association has been identified willing to commit to developing the site and a scheme design worked up ready to be submitted to Planning subject to funding being confirmed.

5. The project has specifically sought to identify 'Brownfield' development opportunities in order to make best use of available land resources and achieve localised regeneration as well as providing low cost homes for local people.
6. Off-site S106 affordable housing off site contribution rates per unit are £50,000 provided by the developer, 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, however, this is not set in policy and the council can approve a higher percentage subsidy.
7. This capital contribution request is for £55,000 per unit totalling £550,000. Total scheme costs (Table 2) are £1.85m, 54% of which will be funded by Great Places borrowing and the request is for the remaining 46%.
8. The project had a wider remit to improve community facilities available to the public at the Methodist Church to become a 360 day pa activity venue which include;
 - a. Accessible design for all
 - b. Moveable chairs
 - c. Community kitchen for catering
 - d. Community meeting facilities
 - e. Premises for the Fylde Foodbank and storage area for food
 - f. Multi-use space layouts in the Church Hall and Community Hall (see Appendix x)
 - g. External landscaping to improve the appearance of the Church and make the area accessible for all
9. Current groups that meet at the Church that will benefit from the improved facilities include; Mums and toddlers, Rainbows, Brownies, Junior Youth Club, Teenagers Hub, School Holiday Clubs, Exercise Group for older persons, Drama Groups, Choir rehearsals and Worship Groups.
10. Appendix 1 contains the Church Road Methodist Church, church and buildings initial layout.
11. The Church Road Methodist Church site is outside of Fylde Borough Councils Regeneration framework area (September 2010) for St Annes which is an eight year programme of physical regeneration of the public realm of the town centre and is therefore not eligible for additional S106 funds to improve the building or landscaping¹.
12. Fylde BC Parks and Landscaping at Fylde BC have agreed in order to keep the landscaping at a reasonable cost they will undertake soft landscaping at cost. All landscaping options will still be explored as a landscaping contractor may prove more cost effective than an 'in-house' bid.
13. On the 13th July 2016 the principal behind the project was approved by the Methodist Church Council in Fylde. The next stage is for the proposal to go to the Methodist Church Circuit Meeting on the 19th September.

Church Road Methodist Church, St Annes

CAPITAL CONTRIBUTION REQUIREMENT £550,000

SCHEME DETAILS

14. This is a small scheme on land and out-buildings currently adjoined to Church Road Methodist Church and hall. This would provide 6 x 1 bed 2 person flats; 2 x 2 bed 4 person houses and 2 x 3 bed 5 person houses. All of these homes would be available to rent to single households, couples and families with a local connection to the Borough.

¹ <http://www.fylde.gov.uk/business/regeneration-urban-design/>

15. The purchase of this church land would have the spin-off benefit of making a contribution towards the repair and improvement of the church and adjoining church hall for ongoing community benefit. The Church need to raise from the sale of the site in the region of £240,000 to contribute towards improvement works.
16. The proposal would locally regenerate this part of St Annes. The scheme is ideally located close to all local facilities and served by excellent public transport links. The project brings together a number of social and community benefits – affordable housing, multi-use community spaces and landscaping to make the exterior of the building more attractive.
17. The Methodist Church, Great Places and local contractor RP Tyson are working jointly to prepare a scheme to enable affordable housing to be provided where unused Church Buildings currently stand and the funding from the sale of this land be used to refurbish the main church building as a community facilities.
18. Within Fylde there is increasing need for one bedroom accommodation and the proposed property type of 6x 1 bedroom units and two and three bedroom houses is a good mix of property to meet the identified need in the Fylde Area Lettings Plan 16/17. This information is based on households registered on MyHomeChoice Fylde Coast in March 2016. Table 1 is taken from the Area Lettings Plan 2016/17 and details the number of people in each household requiring accommodation.
19. Currently within Fylde there is significant demand for single and two person households. Demand for three and four bedroom accommodation remains high, with accommodation for 5+ bedrooms being less.

Table 1: Number of household members

No. of Household Members	Q1	Q2	Q3	Q4
1	564	570	567	615
2	393	384	403	445
3	202	183	193	100
4	101	100	109	115
5	50	49	53	64
6	16	14	15	14
7	6	9	8	9
8	3	2	3	3
9	0	0	0	0
10+	0	0	0	0
Blank	1	2	0	1
Total	1336	1313	1351	1,366

20. The Analysis of Housing Need in light of the 2012 Sub National Population Projections, an addendum to the Fylde Coast Strategic Housing Market Assessment, November 2014 is included in Appendix 2. This illustrates that Lytham and St Annes is the highest area of housing need within the authority, with a net new household need of 155, and net affordable household need of 160.
21. Local contractors RP Tyson Construction have secured an option to purchase the land with outbuildings from the Methodist Church, and Great Places have signed up to, to deliver the scheme and manage the accommodation. As with the previous schemes, all homes would be available only to applicants with a strictly controlled local connection.

22. It is intended that the scheme would use local labour, local contractors and consultants to contribute to the local economy of Fylde. Great Places operate an Employment and Training programme linked to their development activity called Toolbox. Based on experience across the North West and engaging with their contractor partners, Great Places maximise the employment and training outcomes of construction work, focussing on local people and Great Places tenants. Opportunities include work experience, apprenticeships and support to achieve relevant qualifications. Great Places and Tyson's have a rich history of delivering real improvements to people's lives in this way in St Anne's and across the Fylde Coast.
23. A consultation event will be held in September/October 2016 with the local community and local Councillors. Croft Goode Architects, Great Places Housing Association, Tyson Construction and Fylde BC Housing Team will be in attendance to talk residents through the scheme and gather their views and concerns regarding the scheme.
24. Appendix 3 contains the initial site layout of the affordable housing scheme.
25. Appendix 4 contains an Affordable Housing S106 summary as at 26/07/2016 that identifies there is sufficient monies in the Ref: 03/0157 - Queen Mary School to fund the Church Road Scheme.
26. The S106 Agreement related to Queen Mary School was made on the 10th March 2005 and Part 2 Affordable Housing, Pages 9-10, paragraph 6 comments;
- "No development other than that specific in paragraph 7 shall take place on the site until the Landowner has paid to the Council £1,200,000 (one million two hundred thousand pounds) in addition to the sums payable under paragraphs 2 and 4 as a further contribution towards the provision of affordable housing in Lytham St Annes district."

Table 2 - A COST BREAKDOWN OF THE SCHEME

Cost Heading	Description	Net Figure (£)
Acquisition	Land purchase price	200,000
Works	Design and Build works contract with Tyson construction	875,000
On-costs	Fees associated with acquisition, design, project management, construction	85,482
Interest	Borrowing costs for development period	24,804
Total Project Costs		1,185,286
Fylde S106 Capital contribution		550,000
Great Places borrowing		635,286

THE METHOD AND COST OF FINANCING THE SCHEME

27. The request is for Fylde BC S106 funds to fund the 10 unit scheme which equates to a capital contribution rate of £55,000 per unit totalling £550,000.
28. Great Places have arranged borrowing on the site totalling £635,286.

THE FUTURE REVENUE BUDGET IMPACT

29. There are no additional revenue implications to this proposal as the scheme on completion will be owned and managed by Great Places Housing Association. A S106 planning obligation will be in place, as a requirement of planning, to ensure the affordable housing will be available in perpetuity, subject to a Mortgagee in Possession exemption clause.

RELEVANT VALUE FOR MONEY ISSUES

30. Fylde BC 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.
31. The capital contribution rate requested on this site is for £55,000 per unit, however the overall funding requested based on total scheme costs is 46%. 54% of total scheme costs will be funded by Great Places.

RISK ASSESSMENT

32. Capital contributions will be paid in two stages; 50% when the scheme is on site and 50% on practical completion. The risks associated with letting and managing the properties will be Great Places Housing Association responsibility.
33. An agreement for the payment of a capital contribution will be entered into to protect Fylde BC investment and ensure the properties remain as Affordable Housing in perpetuity, subject to a Mortgagee in Possession exemption clause.

VIABLE ALTERNATIVES

34. The use of the site is restricted to the strategic objectives of The Methodist Church in Great Britain ("The Methodist Church") and they are:
1. Worship – to increase awareness of God’s presence and to celebrate God’s love;
 2. Learning and Caring – to help people to learn and grow as Christians, through mutual support and care;
 3. Service – supporting community development and action for justice, especially among the most deprived and poor - in Britain and worldwide; and
 4. Evangelism – developing confidence in evangelism and in the capacity to speak of God and faith in ways that make sense to all involved.

PROCUREMENT PATH (AND ANY DELEGATIONS AS REQUIRED)

Not applicable.

OBJECTIVES, OUTPUTS AND OUTCOMES

35. The S106 project specifically sought to:
- a. Identify ‘Brownfield’ development opportunities in order to make best use of available land resources and achieve localised regeneration as well as providing low cost homes for local people,
 - b. develop an Affordable Housing Programme funded from existing and anticipated S106 monies held by the Council
36. This new build housing scheme would provide a mix of 10 one bedroom flats and two and three bed family houses.
37. The schemes meets the following Corporate priorities;
1. Spending your money in the most efficient way to achieve excellent services (Value for Money)
 2. Delivering the services that customers expect of an excellent council (Clean and Green)
 3. Working with all partners (Vibrant Economy)
 4. To make sure Fylde continues to be one of the most desirable places to live (A Great Place to Live)

DRAWINGS AND PLANS

See Appendix 1 and Appendix 3.

CONCLUSION

38. The scheme has been identified as a result of the S106 project and will provide 10 units of affordable housing on a brownfield site, replacing disused church buildings.
39. The scheme will regenerate this area of St Annes and make a contribution towards the repair and improvement of the church facilities and adjoining church hall for ongoing community benefit.

IMPLICATIONS	
Finance	This report requests that full Council approve a fully funded addition to the Capital Programme in the sum of £550,000 - "Affordable Housing Scheme at Church Road Methodist Church " ifor 2016/17 and 2017/18 to be fully-funded from part of the balance of S106 developer contributions for affordable housing currently held by the Council for this purpose (from Agreement Ref: 03/0157 - Queen Mary School Development: a total capital contribution of £550,000 to deliver 10 units for affordable rent at Church Road Methodist Church, St Annes to Great Places Housing Association) and, on the basis that the scheme is included in the approved capital programme, authorise expenditure in the sum of £550,000 to Great Places Housing Association in relation to the scheme after regard and consideration of the compliance with the financial regulations covered within the body of the report.
Legal	S106 planning obligation when planning is sought that ensures properties remain as affordable housing in perpetuity. Agreement for the capital contribution will be in place.
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	TEL	DATE	DOC ID
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LIST OF BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Analysis of Housing Need in light of the 2012 Sub-National Population projections – Fylde Coast SHMA Addendum, November 2014	Nov 2014	Fylde Coast Strategic Housing Market Assessment 201, page 143, http://www.fylde.gov.uk/council/planning-policy--local-plan-/local-development-framework/evidence-base/fylde-coast-strategic-housing-market-assessment/

Attached Documents

Appendix 1 - Appendix 1 contains the Church Road Methodist Church, church and buildings initial layout.

Appendix 2 – Analysis of Housing Need in light of the 2012 Sub-National Population projections – Fylde Coast SHMA Addendum, November 2014
Appendix 3 - Initial site layout of the affordable housing scheme.
Appendix 4 – Affordable Housing S106 latest position 26/07/2016.