

## The Highland Council

### Finance, Housing and Resources Committee 28 August 2013

Agenda Item	15
Report No	FHR/ 100/13

## Housing Development Initiatives

### Report by Depute Chief Executive/Director of Housing and Property

#### Summary

This report seeks approval for property transactions from the General Account to HRA which will contribute to the overall housing programme and to sell specific low cost home ownership properties as part of the agreed programme. This report also seeks approval for use of the Council's Landbank to provide loan funding for a specific project.

## 1 Background

- 1.1 The Council holds a Landbank Fund which is used to enable affordable housing to be delivered either through loans and grants to our partner housing organisations or directly to part fund the provision of new council housing. The Landbank Fund can be used to acquire land, properties, fund infrastructure, forward fund projects ahead of finance being available and part fund specific or high cost projects which would otherwise not proceed.
- 1.2 The shortage of housing and affordable housing in particular, has been identified as a major constraint in the social and economic growth in the Highlands. At a special Council meeting held in Aviemore in April 2004 it was agreed that all surplus Council property and land in stressed areas be prioritised for housing use.

## 2 Property transfers within the Council

- 2.1 **Broadford, Former Fish Factory.** This site is surplus in terms of operational need and is available for alternative use or disposal. A feasibility study has identified that once cleared the site could accommodate up to twelve new housing units. Local Members within Ward 11; Eilean a' Cheò, have been consulted on this proposal. No negative comments have been received.
- 2.2 **Fort William, Former Angus Centre.** Committee has previously agreed that the site be developed to provide ten units for affordable rent and four for Shared Equity.
- 2.3 **Glenborrodale, Former School.** Committee has previously agreed that the existing building be developed to provide two units for affordable rent.
- 2.4 All these properties are held on the General Account. It is proposed that they be transferred to the Housing Revenue Account at a value which reflects the development costs and enables affordable housing to be developed within the agreed bench mark values set for affordable housing. Detailed feasibilities are being carried out on all the sites to confirm the residual valuations.

### **3 Property Disposals – Low Cost Home Ownership**

- 3.1 Committee has previously agreed a programme of new build affordable housing that includes properties which will be sold under the Low cost Initiative for First Time buyers (LIFT), shared equity scheme. A proportion of the LIFT units are within new Council house developments e.g. the recently completed project at St Valery Park where six units were designated for LIFT. **Appendix A** of this report confirms the agreed projects where LIFT forms part of a Council project.
- 3.2 LIFT units are marketed through Albyn Enterprises who are the agents for the Scottish Government. As agents they are responsible for identifying potential purchasers, confirming their eligibility and assisting them with securing mortgage finance. Purchasers are expected to raise between 55 and 80% of the value of the completed property (depending on their ability to borrow), Scottish Government grant meets the remainder. In return for grant the Scottish Government retain an equity share which allows the property to be retained as affordable at any subsequent sale.
- 3.3 It is proposed that the LIFT properties are sold to qualifying purchasers as nominated by Albyn Enterprises, with the purchase price being met through a combination of Scottish Government grant and monies borrowed by the purchaser. The combined receipt to the Council will equal the market value determined by an independent surveyor. Given that these properties are owned by the Council and held on the Housing Revenue Account, the consent of Scottish Ministers will be required prior to any disposal.

### **4 Forward Funding Loan**

- 4.1 The Council has been approached by the Highlands Small Communities Housing Trust to provide a loan to forward fund the development costs of houses being constructed under the Greener Homes Initiative. The loan is required to bridge the construction period up to the point when Scottish Government grant is released. On this basis any loan will be repaid on completion of the houses or at the latest by September 2014. The projects under development are located in Arisaig, Daviot, Dornoch and Lochcarron. It is proposed that a loan of up to £0.350m be offered, on the basis that repayment will be by September 2014, on terms to be agreed by the Depute Chief Executive/Director of Housing and Property.

### **5 Implications arising from this report**

- 5.1 **Legal:** Increasing the supply of affordable housing will help the Council meet its legal obligations in relation to housing and homelessness.
- 5.2 **Financial:** The Landbank Fund loan proposals contained within this report total £0.350m and can be funded through the Landbank Fund. Currently the net funding available for the Landbank including commitments agreed, but not yet funded and including the £6.960m commitment for new council housing, stands at £11.253m. A total of £26.551m has been loaned to date with £14.642m repaid.

- 5.3 It is unlikely that the residual affordable housing valuations for the properties transferred within the Council from the General Account to the Housing Revenue Account will match the open market valuations for the sites. Once the detailed feasibilities have been completed members will be notified of the discounted valuations at a future committee.
- 5.4 **Climate Change/Carbon Clever:** There will be implications in delivering a new build programme, but the housing stock provided will be to a high standard of energy efficiency and will help address fuel poverty.
- 5.5 **Equality:** All new build programmes will take account of the need for housing for specific community care groups.

## **6 Recommendations**

- 6.1 It is recommended that Finance Housing and Resources Committee agree that the land and property at Glenborrodale, Fort William and Broadford as detailed within section three of this report be transferred to the Housing Account, at a value which will enable affordable housing to be developed within the agreed Bench Mark values.
- 6.2 It is recommended that Finance Housing and Resources Committee agree, subject to the appropriate consent of Scottish Ministers, to sell LIFT properties identified within **Appendix A** of this report; on the basis that sales will be at market value to nominees of Albyn Enterprises who have been assessed as being eligible under the Scottish Government LIFT scheme.
- 6.3 It is recommended that Finance Housing and Resources Committee agree that a short term loan of up to £0.350m be offered to the Highlands Small Communities Housing Trust to assist in developing projects in Arisaig, Daviot, Dornoch and Lochcarron; utilising the Landbank Fund, and on terms to be agreed by the Depute Chief Executive/Director of Housing and Property.

Signature:

Designation Depute Chief Executive/Director of Housing and Property

Date 20 August 2013

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Background Papers:

FHR - 10 April 13 – Temporary Accommodation

FHR - 30 Jan 13 - Housing and Property Developments and Initiatives Greener Homes

Shared Ownership (LIFT) properties within Council Developments

Appendix A

Based on Programme agreed 28 November 2012

Housing Market Area /Project	Council Rent	LIFT Units	TOTAL	Estimated Completion
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**Badenoch and Strathspey**

Boat of Garten	8	2	10	December 14
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**Inverness**

Ardersier	8	2	10	November 13
Inverness, Huntly House	16	5	21	March 15
Inverness, St Valery Park	20	6	26	Completed
Inverness, Kintail Crescent	10	2	12	March 14
Inverness, Parks Farm	14	4	18	August 14

**Lochaber**

Fort William, Angus Centre Site	11	2	13	November 14
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**East Ross**

Invergordon, Shore Road	8	2	10	November 14
Tain, Scotsburn Road	8	4	12	December 13

**Mid Ross**

Conon Bridge, Braes of Conon	26	4	30	March 14
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**Wester Ross**

Ullapool, Garve Road	11	4	15	November 14
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<b>Totals</b>	140	37	177	
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