

## THE HIGHLAND COUNCIL

Finance, Housing and Resources Committee – 22 January 2014

Agenda Item	13
Report No	FHR/10/14

### Housing Developments and Initiatives

#### Report by Interim Director of Housing and Property

##### Summary

This report informs members of an increase in funding from the Scottish Government for delivery of affordable housing and outlines proposals within the Council house build programme, seeking consent to an increased programme. In addition the report seeks consent to sell five houses at Balloan Road, Inverness to Houses for Heroes Scotland and for the purchase of land required to undertake the additional projects identified within the increased programme.

The proposals contained within this report will in part contribute to meeting the Council's increased commitment to deliver an additional 688 Council houses by 2017.

## 1 Introduction

- 1.1 The Council has produced a programme of action, which set out its priorities between 2012-17 "Working together for the Highlands". Within the Programme the Council will work with the Scottish Government, Housing Associations, and the private sector to help to deliver 5,000 new homes by 2017 which will include at least 688 Council houses and other affordable homes (increased due to additional funding for shovel ready projects by full Council on 7 March 2013).
- 1.2 Within this report there is reference made to consultation having been carried out with Local Members in relation to individual proposals. It should be noted that the consultations have been in respect of the proposals contained within the report and have not sought any view in relation to the Planning merit of any potential development.

## 2 Council House Build Programme

### 2.1 Programme

- 2.1.1 An indicative programme of new build council houses was previously agreed at FHR Committee on 10 April 2013, which includes the development of a number of projects in collaboration with housing associations. In addition the programme includes projects being delivered through the Council's affordable housing policy. The indicative Highland programme agreed for 2012/15, based on available Scottish Government Grant, identified a total of 531 units; 353 for rent by the Council, 107 for housing association rent and 71 for shared equity.
- 2.1.2 In addition to the mainstream programme FHR Committee has agreed a programme of new build supported by the Scottish Government's Greener Homes Innovation Scheme. This will deliver 7 homes for rent by the Council and 11 for low cost home ownership by the Highlands Small Communities Housing Trust.

2.1.3 The Scottish Government has announced additional grant funding that will result in a revised total for Highland of £29.95m, enabling projects to be brought forward from the slippage programme. The grant is offered on the basis that all the new housing has to be complete by 31 March 2015. A breakdown of the proposed programme, including the additional units, is shown in Appendix 1. The proposed projects which are additional to those included in the April 2013 report are identified within the appendix by use of an asterisk \*. The list of developments, which will deliver an additional 68 houses, was determined by targeting those areas in greatest housing need as well as consideration of deliverability and value for money; all in accordance with the Council's Strategic Housing Investment Plan (SHIP), previously approved by Members.

2.1.4 A summary of the previously approved programmes and proposed programme split between the Council, housing associations and Shared Equity is shown below:

	Nov 2012	April 2013	Proposed Jan 2014
Council Rent (Mainstream)	257	353	392
Council Rent (Shovel Ready)	0	19	19
Council Rent (Greener Homes)	0	7	7
<b>Sub Total Council Rent</b>	<b>257</b>	<b>379</b>	<b>418</b>
Housing Association Rent	69	107	132
<b>Total Rent</b>	<b><u>326</u></b>	<b><u>486</u></b>	<b><u>550</u></b>
Shared Equity	59	71	75
<b>TOTAL UNITS</b>	<b><u>385</u></b>	<b><u>557</u></b>	<b><u>625</u></b>

## 2.2 Land Transactions for Council House Build Indicative Programme

2.2.1 Subject to FHR Committee approval of the proposed programme, outlined in section 2.1.4, it will be necessary to purchase or dispose of land, depending on which organisation currently holds title. In addition Design and Build contracts will be entered into with developers in cases where there is a planning requirement to provide affordable housing within a development. The proposed transactions and any contractual arrangements are outlined within the following paragraphs:

- a) **Inverness, Wester Inshes:** Subject to the developer gaining necessary consents it is proposed that the Council enter into a Design and Build contract with the developer delivering 8 units which will be for affordable rent with the Council purchasing the land prior to funding any of the build costs. Local Members within Ward 20; Inverness South, have been consulted on this proposal.
- b) **Inverness, Church Street:** Subject to the developer gaining necessary consents it is proposed that the Council enter into a Design and Build contract with the developer delivering 10 units which will be for affordable rent, with the Council purchasing part of the land prior to funding any of the build costs. Local Members within Ward 15; Inverness Central, have been consulted on this proposal.
- c) **Invergordon, Fleming Way:** Subject to the developer gaining necessary consents, it is proposed that the Council enter into a Design and Build contract with the developer to deliver 12 rented properties as part of the Council House build

programme, rather than the 6 previously approved. It is intended that the Council purchase the land prior to funding any of the build costs. Local Members within Ward 07; Cromarty Firth, have been consulted on this proposal.

- d) **Ainess, Dalmore:** It is proposed that the Council enter into a Design and Build contract jointly with Albyn Housing Society which will deliver a total of 37 new homes of which 10 will be for affordable rent by the Council, with the Council purchasing the land prior to funding any of the build costs. Local Members within Ward 07; Cromarty Firth, have been consulted on this proposal.
- e) **Lochyside:** It is proposed that the Council enter into a Design and Build contract jointly with Lochaber Housing Association which will deliver a total of 7 homes for affordable rent of which 1, for a particular client, will be owned by the Council. The Council will purchase the land prior to funding any of the build costs. Local Members within Ward 12; Caol and Mallaig, have been consulted on this proposal.

### **3 Disposals**

- 3.1 The Council has been working with Houses for Heroes Scotland (HfH) with the aim to provide homes for veterans within Inverness. HfH have secured monies from various sources which would meet most of the development costs of up to 5 new properties.
- 3.2 FHR Committee has previously agreed a project on Balloan Road, Inverness that will provide 26 new units for affordable rent. This area has been held on the Housing Account for over 20 years. Planning consent has been obtained and tenders received. It is anticipated that works will start on site in February 2014 with completion by early 2015.
- 3.3 Within the development 5 properties have been identified that would suit the range of needs often present within the client group served by HfH. It is proposed that these 5 units be sold to HfH at build cost, less the costs of adaptations required to meet the needs of a disabled person and with the land being transferred at nil value. The transfer of land at nil value will require the specific consent of Scottish Ministers.
- 3.4 Local Members within Ward 16; Inverness Ness-side, and Councilor Carolyn Caddick (as Armed Forces and Veterans' Champion) have been consulted on this proposal.

### **4 Implications arising from this Report**

- 4.1 A summary of the implications are set out below arising from the recommendations contained within this report.
- 4.2 **Resource Implications**
  - 4.2.1 There are implications both for the Landbank Fund and the Housing Revenue Account Capital Programme.
  - 4.2.2 The new Landbank proposals contained within this report total £0.780m, based on the contribution towards the proposed additional 39 Council houses, and can be funded from the Landbank Fund. Currently the net available, taking into account

commitments, stands at £10.752m. A total of £27.265m has been loaned to date of which £14.823m has been repaid. Loans are repaid as land and property is resold or when funding is available from the Government's investment programme. There are two further reports to Committee relating to Landbank proposals. If the proposals contained within all three reports are approved the available Landbank will be £6.749m.

4.2.3 At the FHR Committee of 27 November 2013, Members agreed to amend the rent structure to increase the new build supplement to £10 per week and increase the Landbank contribution to £20,000 per unit. The report concluded that this would result in no additional impact to existing council house rents.

4.3 **Legal, Equality and Climate Implications.** There should be no legal, equality or climate change implications arising from this report.

4.4 **Risk Implications.** It is considered that there are no significant implications arising from the recommendations contained within this report.

## **5 Recommendations**

5.1 It is recommended that Finance, Housing and Resources Committee agree the increased programme as detailed within Appendix 1 of this report.

5.2 It is recommended that Finance, Housing and Resources Committee agree, on terms and conditions to be agreed by the Depute Interim Director of Housing and Property that the land and property described in section 2.2.1 of this report is purchased for affordable housing.

5.3 It is recommended that Finance Housing and Resources Committee agree that 5 properties developed at Balloan Road, Inverness be sold, subject to gaining the consent of Scottish Ministers, to Houses for Heroes on terms and conditions to be agreed by the Interim Director of Housing and Property.

Designation: Interim Director of Housing and Property

Date 14 January 2014

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Background Papers;

FHR, 10 April 2013 Housing & Property Development and Initiatives - Programme

FHR, 30 January 2013 Housing & Property Development and Initiatives – Greener Homes

FHR, 27 November 2013 Funding for New Council Housing

Indicative Mainstream Programme (excluding Greener Homes and Shovel Ready) January 2014 indicating status of projects

Housing Market Area /Project	Council Rent	H Ass Rent	Low Cost Ownership	TOTAL	Indicative/Actual Completion Date		Current Status
					2013/14	2014/5	
<b>Badenoch and Strathspey</b>							
Aviemore, Central	20			<b>20</b>		20	On site
Boat of Garten	8		2	<b>10</b>		10	Design & Build contract under negotiation
Grantown on Spey	6			<b>6</b>		6	Design & Build contract under negotiation
<b>Inverness</b>							
Ardersier	8		2	<b>10</b>	10		Due to complete February 2014
Beauly	8			<b>8</b>		8	Design & Build contract under negotiation
Inverness, Church Street	10*			<b>10</b>		10	Design & Build contract under negotiation
Inverness, Huntly House	16		5	<b>21</b>		21	Tenders invited
Inverness, Kintail Crescent	10		2	<b>12</b>		12	On site
Inverness, Leachkin Road		2		<b>2</b>	2		Completed
Inverness, Milton of Leys	22			<b>22</b>		22	On site
Inverness, Westercraigs	12	24	10	<b>46</b>	20	26	Due to start on site February 2014
Inverness, Parks Farm	14		4	<b>18</b>		18	On site
Kirkhill	2			<b>2</b>	2		Completed
Inverness, Smithton		14	8	<b>22</b>		22	Tenders invited
Inverness, Craigton Avenue	16			<b>16</b>		16	Proposals being developed
Inverness, Caulfield Road	6		4	<b>10</b>		10	Design & Build contract under negotiation
Inverness, Balloch	8			<b>8</b>	8		On site
Inverness, Balloan Road	21	5		<b>26</b>		26	Due to start on site February 2014
Inverness, Glendoe Terrace	15			<b>15</b>		15	Due to start on site February 2014
Gorthleck		4		<b>4</b>		4	Proposals being developed
Inverness, Resaurie	4	8		<b>12</b>	6	6	First 6 units completed
Inverness, Wester Inshes	8*			<b>8</b>		8	Design & Build contract under negotiation
<b>Lochaber</b>							
Corpach		5		<b>5</b>	5		Completed
Fort William, Angus Centre Site	11		2	<b>13</b>		13	Due to start on site February 2014
Lochyside, Phase 3	1*	6*		<b>7</b>		7	Design & Build contract under negotiation
Fort William, Inverlochy	15			<b>15</b>		15	Due to start on site February 2014

Fort William, Former Distillery	4			4	4		Completed
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#### Nairn

Nairn, Lochloy	6	14	4	24		24	Planning application lodged
Nairn, Town Centre	16			16		16	On site

#### East Ross

Alness, Teaninich		2		2	2		Completed
Invergordon, Shore Road	8		2	10		10	Committee has agreed to sell as carpark
Tain, Scotsburn Road	8		4	12	12		Completed
Alness, Dalmore, Phase 1	10*	21*	6*	37		37	Out to tender
Alness, Lindlay Bank		8	4	12		12	Design & Build contract under negotiation
Alness, Kendal Crescent	12			12		12	Design being finalised
Invergordon, Fleming Way	12 (6*)			12		12	Planning application lodged

#### Mid Ross

Conon Bridge, Braes of Conon	26		4	30	14	16	First 14 completed remainder on site
Dingwall, North	6			6		6	Design & Build contract under negotiation
North Kessock		12	4	16	12	4	Completed
Fortrose	2			2	2		Completed

#### Wester Ross

Ullapool, Garve Road	11		4	15		15	Due to start on site February 2014
Lochcarron	6			6		6	Due to start on site January 2014
Kishorn		3		3		3	Design being finalised

#### Skye and Lochalsh

Balmacara, Former Dairy	8			8		8	Due to start on site February 2014
Portree, Home Farm	4	4	4	12	8	4	On site
Broadford, Broadford House	6			6		6	Planning application lodged

#### Sutherland

Dornoch	6			6	6		On site
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<b>Totals</b>	<b>392</b>	<b>132</b>	<b>75</b>	<b>599</b>			
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Total of additional units*	35*	27*	6*	68*			
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\* indicates additional units included within Total of **599**