

The Highland Council

Planning, Development and Infrastructure Committee

14 May 2014

Housing Development Investment

Report by Director of Development and Infrastructure

Agenda Item	5
Report No	PDI 2/14

Summary

This report provides an update on the new build housing investment programme seeking approval that the revised programme be adopted as part of the Highland Strategic Housing Investment Plan. The proposals contained within this report will in part contribute to meeting the Council's commitment to deliver an additional 688 Council houses by 2017.

1 Introduction

- 1.1 The Council has produced a programme of action which sets 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.
- 1.2 Within this report there is reference made to consultation having been carried out with Local Members in relation an individual proposal. 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 agreed at the Finance, Housing and Resources (FHR) Committee on 22 January 2014, which includes the development of a number of projects in collaboration with housing associations and the Highlands Small Communities Housing Trust (HSCHT). The indicative Highland programme agreed for 2012/15, based on available Scottish Government grant, identified a total of 625 units: 418 for rent by the Council, 132 for housing association rent and 75 for shared equity.
- 2.1.2 In addition to the mainstream programme, FHR Committee had agreed a programme of new build supported by the Scottish Government's Greener Homes Innovation Scheme, and 2 projects supported by "Shovel Ready" investment secured by the Council. The Greener Homes initiative will deliver 7 homes for rent by the Council, and 11 for low cost home ownership by HSCHT. The "Shovel Ready" investment has been used to complete an additional 19 units for rent within

AIness and Inverness.

- 2.1.3 The Scottish Government has invited proposals for projects which will be taken forward in 2015/16 within an overall grant investment programme of £16.642m. The Council holds a slippage programme of projects, which can be progressed if any proposed projects do not proceed or if slippage occurs elsewhere in the Scottish Government's programme. It is proposed that this programme is used to form the basis of an indicative programme as outlined within **Appendix 2** of this report.
- 2.1.4 A summary of the previously approved programme and proposed programme (as included within **Appendix 1** and **2**) split between the Council, housing associations and shared equity is shown below:

	Agreed Jan 2014	Proposed May 2014
Council Rent (Mainstream)	392	512
Council Rent (Shovel Ready)	19	19
Council Rent (Greener Homes)	7	7
Sub Total Council Rent	418	538
Housing Association Rent	132	265
Total Rent	<u>550</u>	<u>803</u>
Shared Equity	75	106
TOTAL UNITS	<u>625</u>	<u>909</u>

- 2.15 If approved the 538 new Council houses within the proposed programme, added to the 126 within previous programmes results in a total of 664 against the target of 688. Further projects will be identified for inclusion within the 2016/17 programme.

2.2 Land Transactions for Council House Build Indicative Programme

- 2.2.1 Subject to 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 following paragraph describes one such transaction and contractual arrangement, proposals for further projects will be reported to Committee as and when the proposals for individual schemes are developed:

Inverness, 92/94 Academy Street.

It is proposed that the Council enter into a design and build contract with the developer to deliver 14 units which will be for affordable rent, with the Council purchasing the land prior to funding any of the build costs. The remaining 17 units on the site will be developed by the Highland Housing Alliance under the National Housing Trust Initiatives. Local Members within Ward 15, Inverness Central, have been consulted on this proposed transaction.

3 Implications arising from this Report

3.1 A summary of the implications arising from the recommendations contained within this report are set out below.

3.2 Resource Implications

3.2.1 There are implications both for the Landbank Fund and the Housing Revenue Account Capital Programme.

3.2.2 The new Landbank proposals contained within this report total £1.880m, based on the contribution towards the proposed additional 94 additional Council houses, and can be funded from the Landbank Fund. Currently the net available, taking into account commitments, stands at £10.850m. 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.

3.2.3 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. Thus the report concludes that this would result in no additional impact to existing council house rents.

3.3 Legal, Equality and Climate Implications

There should be no legal, equality or climate change implications arising from this report.

3.4 Risk Implications

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

Recommendations

It is recommended that Planning, Development and Infrastructure agree:-

- an amended programme of new build housing;
- that a site at 92/94 Academy Street, Inverness be purchased, on terms and conditions to be agreed by the Director of Development and Infrastructure, as part of the proposed programme; and
- that the amended programme be submitted to the Scottish Government as part of an agreed Housing Investment Programme.

Designation: Director of Development and Infrastructure

Date 15 May 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.

FHR, 22 January 2014 Amended Programme agreed.

HIGHLAND NEW BUILD HOUSING PROGRAMME 2012 – 15

Appendix 1

Approved Housing Programme - May 2014 - indicating status of projects (excludes projects within previous programmes)
Amended May 2014 to reflect the position in relation to projects which will no longer proceed or where numbers have been refined.

Housing Market Area /Project	Council Rent	H Ass Rent	LIFT	NHT *	TOTAL	Indicative/Actual Completion Date		Current Status
						13/14	14/15	
Badenoch and Strathspey								
Aviemore, Central	20				20		20	On site
Boat of Garten	8		2		10		10	Design & Build contract under negotiation
Grantown on Spey	6				6		6	Design & Build contract under negotiation
Inverness								
Ardersier	8		2	12	22	22		Completed
Beauly	4				4		4	Tender accepted
Inverness, Church Street	10				10		10	Design & Build contract under negotiation
Inverness, Huntly House	16		5		21		21	Redesign underway
Inverness, Kintail Crescent	10		2		12		12	On site
Inverness, Leachkin Road		2			2	2		Completed
Inverness, Milton of Leys	22				22		22	Due to complete July 2014
Inverness, Westercraigs	16	24	6	48	94		94	On site
Inverness, Parks Farm	14		4		18		18	Due to complete July 2014
Kirkhill	2				2	2		Completed
Inverness, Smithton		14	8		22		22	Tenders received
Inverness, Craigton Avenue	16				16		16	Proposals being developed
Inverness, Caulfield Road	7		4		11		11	Design & Build contract under negotiation
Inverness, Balloch	7				7	7		Due to complete June 2014
Inverness, Balloan Road	21	5			26		26	Due to start on site May 2014
Inverness, Glendoe Terrace	15				15		15	On site
Gorthleck		4			4		4	Proposals being developed
Inverness, Resaurie	4	8			12	4	8	First 4 units completed
Kiltarlity				12	12		12	On site
Inverness, Wester Inshes	8				8		8	Design & Build contract under negotiation
Lochaber								
Corpach		5			5	5		Completed
Fort William, Angus Centre Site	11		2		13		13	Due to start on site May 2014

Lochyside, Phase 3	1	6			7		7	Design & Build contract under negotiation
Fort William, Inverlochy	21				21		21	On site
Fort William, Former Distillery	4				4	4		Completed

Nairn

Nairn, Lochloy	6	14	4		24		24	Due to start on site May 2014
Nairn, Town Centre	16				16		16	On site

East Ross

Alness, Teaninich		2			2	2		Completed
Invergordon, Shore Road								Agreed to sell as car park
Tain, Scotsburn Road	8		4		12	12		Completed
Alness, Dalmore, Phase 1	15	16	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				12		12	Due to start on site May 2014

Mid Ross

Conon Bridge, Braes of Conon	26		4		30	14	16	First 14 completed remainder on site
Dingwall, North	8				8		8	Design & Build contract under negotiation
North Kessock, Phase 3		12	4		16	12	4	Completed
Fortrose	2				2	2		Completed

Wester Ross

Ullapool, Garve Road	10		4		14		14	On site
Lochcarron	6				6		6	On site
Kishorn		3			3		3	Design being finalised

Skye and Lochalsh

Balmacara, Former Dairy	8				8		8	Due to start on site June 2014
Portree, Home Farm	4	4	4		12	8	4	On site
Broadford, Broadford House	6				6		6	Tender being documents being prepared

Sutherland

Dornoch	6				6	6		Completed
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Totals	396	127	69	72*	664
Total excluding NHT	592				

*NHT included for information but does not form part of the affordable housing programme

HIGHLAND NEW BUILD HOUSING PROGRAMME 2015 – 16

Appendix 2

Indicative Housing Programme - May 2014 - indicating status of projects

Housing Market Area /Project	Council Rent	H Ass Rent	LIFT	NHT *	TOTAL	Indicative/Actual Completion Date		Current Status
						15/16	16/17	
Badenoch and Strathspey								
Aviemore, Inverdrue		5			5		5	Designs being finalised
Aviemore, Garnish Way	8				8	8		Design & Build contract under negotiation
Carrbridge	10				10		10	Planning pending
Inverness								
Ardersier, Nairn Road, phase 2				9	9	9		On site – possible completion Jan 2015
Inverness, Academy Street	14			17	31	31		Due to start on site June 2014
Inverness, Balvonie, Albyn				9	9	9		Tender under consideration
Inverness, Balvonie, NHT				6	6	6		Planning pending
Inverness, Parks Farm, phase 2		12			12	12		Design & Build contract under negotiation
Inverness, Ness Castle		16	4		20		20	Site purchase progressing
Inverness, Slackbuie		18	6		24	12	12	Design & Build contract under negotiation
Inverness, Tower Road		12	4		16	16		Design & Build contract under negotiation
Inverness, Woodside	16				16	16		Design & Build contract under negotiation
Lochaber								
Fort William, High Street	12		4		16	16	16	Site purchase imminent
Fort William, to be confirmed		12	4		16			Site options being considered
Kilchoan		3			3	3		Designs being finalised
East Ross								
Invergordon, Cromlet Drive		8			8		8	Designs being finalised
Invergordon, to be confirmed	12				12		12	Site options being considered
Mid Ross								
Cromarty, Townlands		6	6		12		12	Viability being investigated
Culbokie		5			5	5		Designs being finalised
Dingwall, Tulloch Square		16			16	16		Design & Build contract under negotiation
North Kessock, phase 4		10	3		13	13		Design & Build contract under negotiation
Muir of Ord	20				20		20	Site options being considered
Rosemarkie	12		6		18	10	8	Site options being considered

Skye and Lochalsh

Broadford, Former Fish Factory	12				12	12		Planning application lodged
Kyle, to be confirmed		8			8		8	Viability being investigated
Portree, Home Farm		7			7	7		Tender being documents being prepared

Totals	116	138	37	41*	332
Total excluding NHT	291				

*NHT included for information but does not form part of the affordable housing programme