

THE HIGHLAND COUNCIL
PLANNING, DEVELOPMENT AND INFRASTRUCTURE
COMMITTEE

Agenda Item	16
Report No	PDI 33/14

20 AUGUST 2014

HOUSING DEVELOPMENT INITIATIVES

Report by Director of Director of Development and Infrastructure

Summary

This report confirms the purchase of a site in Fort William, seeks approval for a further site purchase and for loans to be offered to support development of affordable housing. The report also seeks approval to proceed with a development of 8 flats in Alness. The proposals contained within this report will contribute to meeting the Council's increased commitment to deliver an additional 688 Council houses by 2017.

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 fund was originally set up using a £5million grant from the then Scottish Executive and £5million from housing land sales. The Landbank is supplemented each year through income from Council Tax monies from second and holiday homes. It is a condition of both the original grant from the Scottish Government and the Council Tax income that the funds must be used to provide additional affordable housing directly or indirectly. 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. It is proposed that the following projects be funded from the Landbank.

2 Acquisitions

2.1 Fort William, Former Whisky Centre

An opportunity arose to purchase a derelict shop in Fort William for a very competitive price of £147,500. Officers secured this purchase and the site has now been included in the proposed Council House Build Programme. Following demolition the site could accommodate up to 16 new flats. The purchase was completed under powers delegated to the Head of Property Partnerships, following consultation with Local Members.

2.2 Fort William, Former Belhaven Ward

An opportunity has arisen to purchase the former Belhaven Ward which is well located to provide affordable housing to meet part of the needs of Fort William. Agreement has been reached with NHS Highland to purchase the site for £200,000. Following demolition, depending on mix of houses and flats, the site could accommodate up to 16 new flats. Members are asked to approve the use of the Landbank Fund for this purchase. Local Members within Ward 22: Fort William and Ardnamurchan, have been consulted on this proposal.

3 Loans

3.1 Kyle of Lochalsh, Main Street

Lochalsh and Skye Housing Association seek a loan to assist in the purchase of a derelict shop in Main Street. The Association seek to redevelop the site and adjoining land to form a total of 12 flats above new ground floor retail units. Although there are no fixed timescales for the redevelopment, securing the site will enable the proposals to be progressed and ultimately will contribute to the regeneration of the village centre. It is proposed to offer the Association a loan of up to £54,000 to assist in purchase of the land and buildings. Any loan advanced will be repaid on development of the site or within 5 years. Local Members within Ward 06: Wester Ross, Strathpeffer and Lochalsh, have been consulted on this proposal.

3.2 Alness, Newfield

The Highlands Small Communities Housing Trust has secured funding to develop a number of houses for low cost home ownership in part funded through the Greener Homes Initiative. Included within this the Trust will deliver 4 houses within the Newfield development. The Trust seeks development funding finance to fund the scheme during construction on the basis the loan will be repaid on sale of the properties. It is proposed to offer the Trust a loan of up to £240,000 to assist in purchase of the land and buildings. It is expected the properties will be completed and sold by March 2015, at which time any loan will be repaid. Local Members within Ward 07: Cromarty Firth, have been consulted on this proposal.

4 Alness, New Build

4.1 Committee has previously agreed redevelopment of the former builder's yard as part of the Council House Build Programme. The adjoining site, formerly a Council depot, is held on the Housing Account. It is proposed that this be redeveloped to provide 8x1 bed flats, although separate from the builder's yard it is very much part of the same area with the 2 sites delivering a total of 18 units within a broad mix of units including 1, 2 and 3 bedroom flats and houses.

4.2 Rather than adopting a traditional approach it is proposed to partner with a local developer, JNE Space systems, to deliver the units by off-site assembly of the units as "modules" which will be completed in factory conditions in Invergordon and transported to/ assembled on site. This approach contributes to meeting one of the objectives contained within the Council's Programme of "Working together for the Highlands", which is to utilise innovative, environmentally sustainable methods to build new council houses. The pilot, following evaluation, may be replicated elsewhere. Benefits of this approach should include: greater cost certainty, improved quality control, less dependence on weather at crucial stages within the construction programme and less activity on site, hopefully resulting in a reduction in potential nuisance to neighbours; e.g. once site works are completed it is possible that each block will be completed within a week of arriving on site. The draft programme estimates that the project could be completed within 30 weeks of the Council accepting a tender, of which around 13 weeks would be on -site servicing/site works.

4.3 It is proposed that the project be approved as part of the Council's new build programme, contributing to the target of increasing the number of 1 bedroom units available for affordable rent. Local Members within Ward 07: Cromarty Firth, have been consulted on this proposal.

5 Implications arising from this report

5.1 Resources

The proposals contained within this report total £0.494m can be funded through the Landbank Fund. Currently the net funding available for the Landbank including agreed commitments stands at £8.395m. A total of £27.569m has been loaned to date with £17.391m repaid.

5.2 Legal

Increasing the supply of affordable housing will help the Council meet its legal obligations in relation to housing and homelessness.

5.3 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.

5.4 Equality

All new build programmes will take account of the need for housing for specific community care groups and will be constructed in accordance with the standards defined within Housing for Varying Needs.

5.5 Rural

The proposals for Kyle will contribute to the regeneration of the village.

Recommendations

The Committee is asked to note the purchase of the former Whisky Centre, High Street, Fort William and approve on terms and conditions to be agreed by the Director of Development and Infrastructure:

- i. the purchase of the former Belhaven Ward, Belford Road, Fort William for £200,000;
- ii. that a loan of up to £54,000 be offered to Lochalsh and Skye Housing Association to support redevelopment a site on Main Street, Kyle;
- iii. that a loan of up to £240,000 be offered to The Highlands Small Communities Housing Trust to assist in development of 4 houses in Alness; and
- iv. a development of 8 flats be progressed on a site at Kendal Crescent, Alness through partnership with JNE Space systems.

Designation: Director of Development & Infrastructure

Date: 4 August 2014

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