

The Highland Council

Planning, Development and Infrastructure Committee 19 August 2015

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| Agenda Item | 19 |
| Report No | PDI/ 57/15 |

Housing Development Investment

Report by Director of Development and Infrastructure

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. In addition the report seeks consent to allow 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 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. The target was subsequently amended to 888 to take account of the requirement for additional one bed accommodation.
- 1.2 Committee agreed a Strategic Housing Investment Plan (SHIP) 2015 – 2020, at the meeting held on 18 February, noting that a planned investment programme for 2016/17 would be presented to Committee at a later date.
- 1.3 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 development.

2 Affordable Housing Programme

- 2.1 The Scottish Government has invited proposals for projects which will be taken forward in 2015/16 and 2016/17 within an overall grant investment programme of approximately £17m per annum. Following discussion with housing association partners an indicative programme has been prepared, reflecting the agreed SHIP.
- 2.2 A summary of the proposed programme (as included within **Appendix 1**) split between the Council, housing associations and shared equity is shown below:

| | Proposed |
|---|-------------------|
| Council for rent | 324 |
| Housing association for rent | 210 |
| Shared equity (low cost home ownership) | 99 |
| Total Units | <u>633</u> |

2.3 The figures within paragraph 2.2 include previously agreed projects as indicated within Appendix 1. Of the 633 units 177 have been agreed previously. If approved the 324 Council houses within the proposed programme results in a total of 868 against the target of 888. Further projects will be identified for inclusion within the 2016/17 programme and reported to Committee as appropriate with an expectation that the target of 888 will be achieved.

3 Land Transactions for Council House Build Indicative Programme

3.1 Subject to Committee approval of the proposed programme, outlined in section 2.2, it will be necessary to purchase 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:

- **Boat of Garten:** 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 for affordable rent and 2 for Shared Equity, with the Council purchasing the land prior to funding any of the build costs. Local Members within Ward 21; Badenoch and Strathspey, have been consulted on this proposal.
- **Grantown on Spey, Spey Avenue:** Subject to the developer gaining necessary consents it is proposed that the Council enter into a Design and Build contract with the developer delivering 4 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 21; Badenoch and Strathspey, have been consulted on this proposal.
- **Inverness, Caulfield Road:** Subject to the developer gaining necessary consents it is proposed that the Council enter into a Design and Build contract with the developer delivering 11 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.
- **Inverness, Glenurquhart Road:** 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 14; Inverness West, have been consulted on this proposal.
- **Inverness, Raining's Stairs:** Subject to the developer gaining necessary consents it is proposed that the Council enter into a Design and Build contract with the developer delivering 12 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 15; Inverness Central, have been consulted on this proposal.
- **Inverness, Tower Road:** Subject to the developer gaining necessary consents it is proposed that the Council enter into a Design and Build contract with the developer delivering 12 units for affordable rent and 4 for Shared Equity, with

the Council purchasing the land prior to funding any of the build costs. Local Members within Ward 18; Culloden And Ardersier, have been consulted on this proposal.

- **Kiltarlity, Balgate Mill:** 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 the land prior to funding any of the build costs. Local Members within Ward 13; Aird and Loch Ness, have been consulted on this proposal.
- **Portree, Dunvegan Road:** 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 11; Eilean a' Cheò, have been consulted on this proposal.

4 Implications arising from this Report

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

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 £5.080m, based on the agreed contribution of £20,000 per unit towards the proposed 254 additional Council houses, and can be funded from the Landbank Fund. Currently the net available, taking into account commitments, stands at £11.829m. A total of £29.546m has been loaned to date of which £18.017m has been repaid. Loans are repaid as land and property is resold or when funding is available from the Government's investment programme.

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 to 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.

4.3 Legal, Equality, Rural, Gaelic and Climate Implications.

There should be no legal, equality, rural, Gaelic, 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.

Recommendations

It is recommended that the Committee agree:

- (i) an amended programme of new build housing as indicated with **Appendix 1**;
- (ii) that the land and property described in section 2.2.1 of this report is purchased for affordable housing, on terms and conditions to be agreed by the Director of Development and Infrastructure;
- (iii) that the Council enter into Design and Build contracts, on terms and conditions to be agreed by the Director of Development and Infrastructure, so as to secure the affordable housing detailed within section 3.1 of the report; and
- (iv) 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: 4 August 2015

Authors: Allan Maguire, Head of Property Partnerships
John McHardy, Housing Development Manager

Background Papers:

Planning, Development and Infrastructure Committee 18 February 2015:
"Highland's Housing Investment Plan (SHIP) 2015–2020"

Planning, Development and Infrastructure Committee 14 May 2014:
"Housing Development Investment"

Finance, Housing and Resources Committee 27 November 2013:
"Funding for New Council Housing"

Indicative Mainstream Programme August 2015

| Housing Market Area /Project | Council Rent | H Ass Rent | Low Cost Ownership | TOTAL | Indicative/Actual Completion Date | | Current Status |
|------------------------------------|--------------|------------|--------------------|-------|-----------------------------------|---------|----------------------------|
| | | | | | 2016/17 | 2017/18 | |
| Badenoch and Strathspey | | | | | | | |
| Aviemore, Milton Crescent | 12 | | 6 | 18 | | 18 | Designs being finalised |
| Aviemore, Granish Way * | 8 | | | 8 | 8 | | Start on site imminent |
| Aviemore, Inverdrue * | | 5 | | 5 | | 5 | Designs being finalised |
| Boat of Garten | 8 | | 2 | 10 | 10 | | Start on site imminent |
| Grantown on Spey | 4 | | | 4 | | 4 | Contract under negotiation |
| Inverness | | | | | | | |
| Drumnadrochit | 6 | | | 6 | | 6 | Contract under negotiation |
| Inverness, Academy Street * | 14 | | | 14 | 14 | | On site |
| Inverness, Ness Castle * | | 30 | 12 | 42 | | 42 | Contract under negotiation |
| Inverness, Church Street | 10 | | | | | 10 | Contract under negotiation |
| Inverness, Caulfield Road | 11 | | | 11 | 11 | | Contract under negotiation |
| Inverness, Glendoe Terrace | 34 | | 10 | 44 | | 44 | |
| Inverness, Glenurquhart Road | 8 | | | 8 | 8 | | Contract under negotiation |
| Inverness, Huntly House * | 20 | | | 20 | 20 | | On site |
| Inverness, Parks Farm | | 27 | 10 | 37 | 15 | 22 | Contract under negotiation |
| Inverness, Raining Stairs | 12 | | 8 | 20 | 20 | | Detail design |
| Inverness, Smithton, Murray Rd | 8 | | | 8 | 8 | | Initial design |
| Inverness, Slackbuie | | 6 | | 6 | 6 | | Contract accepted |
| Inverness, Tower Road * | 12 | | 4 | 16 | 16 | | Detailed design |
| Inverness, Woodside | | 16 | | 16 | 16 | | Contract accepted |
| Foyers | | 4 | | 4 | 4 | | Detailed design |
| Gorthleck | | 4 | | 4 | 4 | | Tender underway |
| Kiltarlity | 10 | | | 10 | 10 | | Planning |
| Lochaber | | | | | | | |
| Duror, Achindarroch | | 2 | | 2 | 2 | | Detailed design |
| Lochyside, Phase 4 | | 10 | | 10 | 10 | | Contract accepted |
| Fort William, Former Belhaven Ward | 5 | 8 | | 13 | 13 | | Detailed design |
| Fort William, Tweeddale | 16 | | 6 | 22 | 22 | | Tender underway |

| | | | | | | | |
|---------------------------|----|----|---|-----------|--|----|-----------------|
| Fort William, Mull Court | | 17 | 4 | 21 | | 21 | Tender underway |
| Fort William, High Street | 12 | | | 12 | | 12 | Detailed design |

Nairn

| | | | | | | | |
|-------------------------|---|--|--|----------|---|--|----------------------------|
| Nairn, Lochloy, Phase 2 | 8 | | | 8 | 8 | | Contract under negotiation |
|-------------------------|---|--|--|----------|---|--|----------------------------|

East Ross

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|----------------------------|----|----|---|-----------|----|----|-----------------|
| Alness, Lindley Court | | 10 | | 10 | 10 | | Planning |
| Alness, Novar Road | 6 | | | 6 | 6 | | Planning |
| Invergordon, Cromlet Drive | | 8 | 8 | 16 | 16 | | Tender underway |
| Invergordon, High Street | 18 | | | 18 | | 18 | Detailed design |

Mid Ross

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|------------------------------------|----|----|---|-----------|----|----|----------------------------|
| Avoch, Memorial Field | 6 | | 2 | 8 | | 8 | Feasibility |
| Conon Bridge, Bridge View, Phase 2 | | 10 | | 10 | 10 | | Detailed design |
| Cromarty, Townlands * | | 6 | 4 | 10 | | 10 | Feasibility |
| Dingwall, Achany Road | 12 | | | 12 | | 12 | Feasibility |
| Dingwall, Gladstone Avenue | 1 | | | 1 | 1 | | Detailed design |
| Dingwall, St Andrews Road, Phase 2 | 9 | | | 9 | 9 | | Contract accepted |
| Dingwall, Tulloch Court * | | 16 | 4 | 20 | 20 | | Contract under negotiation |
| Muir of Ord, Former Care Homes | 16 | | 6 | 22 | | 22 | Detailed design |
| North Kessock, Phase 4 * | | 10 | 3 | 13 | 13 | | Contract accepted |
| Rosemarkie, Greenside, Phase 1 * | 4 | | 2 | 6 | | 6 | Planning |

Wester Ross

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|-------------------------------|---|---|---|-----------|---|----|----------------------------|
| Poolewe, Sydney's Way | | 2 | | 2 | 2 | | Contract under negotiation |
| Ullapool, North Road, Phase 1 | 6 | | 4 | 10 | | 10 | Planning |

Skye and Lochalsh

| | | | | | | | |
|-------------------------------|----|----|---|-----------|----|---|----------------------------|
| Broadford, Broadford House | 8 | | | 8 | | 8 | Detailed design |
| Broadford, Harrapool * | 12 | | | 12 | 12 | | On site |
| Kyle, Main Street | | 8 | 4 | 12 | 12 | | Planning |
| Portree, Home Farm, Phase 7 * | | 11 | | 11 | 11 | | Planning |
| Portree, Dunvegan Road | 8 | | | 8 | 8 | | Contract under negotiation |

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|---------------|------------|------------|-----------|------------|------------|------------|--|
| Totals | 324 | 210 | 99 | 633 | 355 | 278 | |
|---------------|------------|------------|-----------|------------|------------|------------|--|

* Indicates projects previously agreed by Committee held on 14 May 2014 = 177 units of which 70 are Council for rent. Thus the increase in Council for rent is **254** (324-70)