

Agenda Item	14
Report No	PLA 29/17

## HIGHLAND COUNCIL

**Committee:** Places Committee

**Date:** 16 August 2017

**Report Title:** Housing Development Investment Report

**Report By:** Director of Development and Infrastructure

### 1 Purpose/Executive Summary

- 1.1 The Housing Development Investment report seeks approval from Members that a loan be offered to Cromarty Community Council which will allow purchase of a building in Cromarty. The report also seeks approval to the award of a grant to support housing development in Ardgay.

### 2 Recommendations

- 2.1 Members are asked to approve :
- the use of £13,000 of Landbank Funding to provide a loan to Cromarty Community Council to assist in the purchase of the Townlands Barn, Cromarty on terms and conditions to be agreed by the Director of Development and Infrastructure and the Director of Finance; and
  - the use of £20,000 of Landbank Funding to provide a grant to Albyn Housing Society to assist in the development of affordable housing in Ardgay on terms and conditions to be agreed by the Director of Development and Infrastructure and the Director of Finance.

### 3 Background

#### 3.2 Landbank Fund

3.2.1 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 £5m grant from the then Scottish Executive and £5m 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.

3.2.2 The Landbank Fund has been used effectively for a variety of purposes to assist the delivery of affordable housing in the Highlands. This has included:

- costs in relation to disposal of Council owned sites to deliver affordable housing e.g. demolition costs;
- acquisition of sites;
- site servicing costs, including abnormal infrastructure costs;
- house building costs;
- part funding high cost projects in areas of housing shortage; and
- part funding council house build programmes.

3.2.3 The underlying principle behind the use of the Landbank Fund is to unlock sites which would otherwise have not been developed or have been significantly delayed, in order to ensure the delivery of affordable housing in high priority areas.

### 4 Funding Proposals

4.1 It is proposed that the following projects are funded from investment available within the Landbank Fund:

4.1.1 **Ardgay, The Square.** The site of the former Lady Ross Hotel is under redevelopment to provide a Village Square, community business HUB and affordable housing. The affordable housing will be developed by Albyn Housing Society all 4 of which will be available for rent. The cost of the development is above the benchmark set for affordable housing, threatening delivery of the project. Albyn Housing Society has requested a grant of up to £20,000 to assist in meeting part of the cost of the development. It is proposed that a grant of up to £20,000 is awarded to Albyn on the basis of this being a high cost scheme, utilising funding available within the Landbank Fund. Local Members within Ward 1; North, West and Central Sutherland, have been consulted on this proposal.

4.1.2 **Cromarty, Townlands Barn.** The former Townlands Barn (adjacent to the Victoria Hall) is one of the oldest buildings in Cromarty. The building is currently privately owned but a legal agreement entered into with the former owners (The Highlands Small Communities Housing Trust) requires the current owner to sell the building should they not progress redevelopment. Under the terms of the agreement, the Community Council are able to nominate a purchaser, at an agreed fixed price of £10,000, and have nominated themselves (for transfer to a new vehicle which will be a community Trust). Purchase by the Community will allow them to have a greater influence over the future use of the building and surrounding land – parts of which are owned by The Highland Council and parts by Albyn Housing Society. Securing the land between the

Barn and the Victoria Hall will allow easier access to the housing lands to the rear of the Hall.

- 4.1.3 If the Community Council is successful in completing purchase of the Barn, they intend to launch a consultation exercise within Cromarty that will seek views on uses of the building and other lands.
- 4.1.4 To move this forward the Community Council have asked if the Highland Council would provide a loan to enable purchase of the Barn to take place, with the loan being repaid on development or onward sale. The loan requested amounts to £13,000 (purchase + fees) which could, with approval of Committee, be funded from resources available within the Council's Landbank Fund. The proposal will assist the Council and its partners to develop affordable housing to the land to the rear of Barn.
- 4.1.5 Local Members within Ward 9; Black Isle, have been consulted on this proposal.

## **5 Implications**

- 5.1 Resource – The proposals contained within this report total £33,000, which can be funded from the Landbank Fund. Currently the net available, taking into account commitments, stands at £6.322m. A total of £31.329m has been loaned to date of which £20.194m has been repaid. Loans are repaid as land and property is resold or when funding is available from the Government's investment programme.
- 5.2 Legal - no significant legal issues.
- 5.3 Community (Equality, Poverty and Rural) - This report will assist in the delivery of affordable housing in a rural area.
- 5.4 Climate Change/Carbon Clever - neutral impact.
- 5.5 Risk – It is considered that any risk to the Council will be covered by the security over the land that is the subject of any loan.
- 5.6 Gaelic - no impact.

Designation: Director of Development and Infrastructure

Date: 08 August 2017

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