

Agenda Item	10
Report No	EDI/22/18

HIGHLAND COUNCIL

Committee: Environment, Development and Infrastructure

Date: 17 May 2018

Report Title: Housing Investment Report

Report By: Director of Development and Infrastructure

1 Purpose/Executive Summary

- 1.1 This report updates Members on the Scottish Government's Housing Investment Programme for 2018/19 and outlines The Highland Council's funding and development strategy to meet this programme and the Scottish Government's target of 50,000 new affordable homes for 2016/2021.
- 1.2 The report seeks approval to offer loan funding which will assist in delivery of the indicative affordable housing programme.

2 Recommendations

- 2.1 Members are asked to note the affordable housing investment programme as set by the Scottish Government and agree:
 - i. the 2018/19 indicative affordable housing programme as detailed with **Appendix 1** of this report; and
 - ii. that any proposed changes to the indicative affordable housing programme be discussed with the Chairman of EDI Committee and appropriate Local Members with the outcome of any discussions reported to Committee in future reports.

3 Background

- 3.1 The Scottish Government announced in 2016 that they were going to invest £3billion to deliver 50,000 new affordable units over a five year period. This represented a 67% increase in affordable housing supply with 70% of the new target being for social rent. The Scottish Government also announced that it had exceeded its existing five year target of 30,000 new affordable houses.
- 3.2 The Highland Council's share of the Scottish Government's housing investment has increased significantly over the last few years. The figures for previous years and projections up to 2020/21 are:
- 2015/16 - £17.200 million
 - 2016/17 - £27.362 million
 - 2017/18 - £28.900 million
 - 2018/19 - £40.100 million
 - 2019/20 - £42.473 million
 - 2020/21 - £45.314 million
- 3.3 At the Planning, Development and Infrastructure Committee of 11 May 2016, Members agreed to a financial package which would enable 2,500 new affordable homes to be built between 2016 and 2021, based on the above housing investment levels from the Scottish Government and this has formed part of the Council's Programme for the Administration.

4 Housing investment Update

- 4.1 At the meeting of Environment, Development and Infrastructure Committee held on 8 November 2017 Members agreed the Highland's Strategic Housing Investment Plan (SHIP), which sets out proposals for affordable housing investment during 2018–2023, reaffirming the commitment to deliver 500 new affordable homes per annum of which 70% will be for affordable rent and 30% for intermediate affordable housing (e.g. low cost home ownership or mid-market rent), in line with the overall Scottish Government targets. In 2016/17 there were 510 tender approvals against a target of 500 new homes.
- 4.2 In 2017/18 there were 602 tender approvals against a target of 500 new homes. The grant investment out turn spend was £28.573 million against a target of £28.761 million.
- 4.3 Spend figures can lag behind approval figures dependent upon when schemes start on site in any particular financial year. Projects can be programmed to start early in the financial year but can be held up due to delays in obtaining statutory approvals e.g. road construction consents, Scottish Water technical consents or due to tenders coming in higher than estimates and cost savings having to be negotiated.
- 4.4 The spend target for 2018/19 of £40.1million is extremely ambitious. This is the Scottish government spend only which is under 50% of the overall spend. Total scheme costs include HRA and land bank resources on Council housing and private Finance on housing association projects.
- 4.5 For Council house projects Committee, at the meeting held on 11 May 2016, agreed a level of funding for the new build programme based on the following assumptions per

home:

	Amount	% of Total
Scottish Government Grant	£59,000	44%
Landbank Funding	£14,000	10%
Prudential Borrowing (funded from rental income)	£62,000	46%
Total	<u>£135,000</u>	

- 4.6 In order to try and meet these targets, officers work closely with a range of partners, through various processes to drive forward delivery and in particular the Highland Housing Development HUB through which the Council, their housing association partners and Scottish Government meet to monitor the investment programme and agree site priorities based on the draft Housing Strategy and SHIP. Invariably sites will drop out of the programme if they become non deliverable whilst others will be brought into the programme.
- 4.7 The approved strategy is targeted to meet the housing needs throughout the Highlands based on the Council's Housing Need and Assessment.
- 4.8 The area with the greatest housing need is Inverness which is also the area with the least amount of economically deliverable land. There is a variety of constraints for the delivery of affordable housing in the Inverness area:
- dependency upon private developers progressing quickly with their developments to release affordable housing sites through section 75 agreements;
 - difficulties for the Council competing with private developers on potential sites due to high land values;
 - constraints due to school capacity issues;
 - developer contributions on affordable housing projects making some schemes potentially unviable;
 - community concerns over perceived loss of public green space; and
 - significant infrastructure / abnormal costs on certain available sites.
- 4.9 These constraints are having a significant impact on our ability to deliver new affordable housing particularly within Inverness.
- 4.10 The indicative programme for 2018/19 is outlined within section 5 of this report. Officers will report back to Members throughout the year on progress within the programme.

5 Indicative Affordable Housing Development Programme 2018/19

- 5.1 The Housing Development HUB has prepared an indicative programme based on the priorities described within the Strategic Housing Investment Plan. The programme is detailed within **Appendix 1** of this report.
- 5.2 **Appendix 1** provides information on projects which have either previously been approved or intended for approval during 2018/19. The overall number of units totals 1,390, reflecting a degree of over programming. The programme will be subject to change should projects prove to be undeliverable within the timeframe of the programme. Conversely new projects, which accord with the agreed strategic priorities, may be included within the programme. Projects not progressed within 2018/19 will be prioritised within the programme for future years. It is intended that proposed changes will be discussed with

the Chairman and appropriate Local Members with the outcome of any discussions reported to Committee in future reports.

6 Implications

- 6.1 Resource – the investment required for the affordable housing programme is available within previously agreed funding supported by grant funding from the Scottish Government.
- 6.2 Legal - no significant legal issues
- 6.3 Community (Equality, Poverty and Rural) - This report will assist in the delivery of affordable housing in a rural area. The housing land proposals contained within this report will assist in meeting part of the aims expressed within 'Local Voices/Highland Choices', namely that the Council will provide homes across the Highlands that are responsive to local needs.
- 6.4 Climate Change/Carbon Clever - neutral impact
- 6.5 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.
- 6.6 Gaelic - no impact

Designation: Director of Development and Infrastructure

Date: 08 May 2018

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Projects either on site or intended for approval during 2018/19

Project	Developer	UNITS				Comments/Status
		Social Rent	Mid Market Rent	LIFT	Total	
Alness, Dalmore ph 2 (cluster)	AHS	16			16	Complete May 18
Alness, Dalmore, Phase 4	AHS	23	8		31	Tender negotiation
Alness, Kendall Cres ph2	THC	11			11	Due to complete Jul 2018
Alness, Lindlay Court	AHS	8		2	10	Sue to complete Aug 2018
Alness, Perrins Road	THC	6			6	Due to complete Jan 2019
Ardgay, Lady Ross site	AHS	2	2		4	Tender negotiation
Aultbea	HSCHT		4		4	Tender negotiation
Aviemore, Inverdrue	AHS	6			6	Tender negotiation
Aviemore, Low Burnside	AHS	6	3		9	Due to complete Jan 2019
Aviemore, Sluggans Road	AHS	10	4		14	Completed May 2018
Aviemore, Speyhouse	AHS	20	2	4	26	Tender negotiation
Avoch, Memorial Field	Cairn	16	8		24	Planning under consideration
Beauly - Firestation site	AHS	8	2		10	Tender negotiation
Bettyhill - RtB / RHF	HSCHT			2	2	Out to Tender
Broadford, Campbells Farm	LSHA	24			24	Due to complete October 2018
Carrbridge	THC	9		4	13	Programme to be agreed
Conon Bridge, Braes, Phase 5A	AHS	39	14	4	57	Due to complete Aug 2018
Cromdale - RtB	HSCHT		2		2	Due to complete Aug 2018
Dingwall, Achanny Road	THC	11			11	Due to complete March 2019
Dingwall, Old Evanton Road	THC	8			8	Due to start on site July 2018
Dingwall, Ross House	THC	12			12	Due on site October 2018
Dingwall, Tulloch Square	AHS	16	4		20	Tender negotiation
Dornoch, Pat Munro	AHS	9	2		11	Tender negotiation
Dornoch, Springfield	AHS	10			10	Tender negotiation
Drumnadrochit	AHS	11		4	15	Due to complete November 18
Drumnadrochit	HHA		5		5	Due to complete November 18
Drumnadrochit, Former Med Centre	THC	4			4	Due to complete Dec 18
Dulnain Bridge	THC	8			8	Tender negotiation
Dulnain Bridge	HHA		10		10	Tender negotiation
Durness	HSCHT		3		3	Tender negotiation
Edderton - RtB	HSCHT		2		2	Tender negotiation
Flodigarry	HSCHT		2		2	Tender negotiation
Fort William, Fort Whisky Shop	THC	12			12	Due to complete March 2019
Fort William, Lochyside school	THC	25	6		31	Due to complete March 2019
Fort William, Lochyside school	LHA	23		6	29	Due to complete March 2019
Gairloch - RtB	HSCHT		2		2	Due to complete March 2019
Grantown on Spey, Beachan Court ph1	THC	10			10	Due to complete June 2018
Grantown, Beachan Court ph2	THC	5	8		13	Tender negotiation
Grantown, Market Street (Police St)	AHS	2	2		4	Due to complete Feb 2019
Invergordon, Joss Street	THC	5			5	Due to complete Jan 2019
Inverness, Academy Street, former CAB	THC	4			4	Due to complete Nov 2018
Inverness, Balloan Rd Phase 2	HHA		6		6	Due on site June 2018
Inverness, Balloan Rd Phase 2	THC	8			8	Due on site June 2018
Inverness, Balvonie ph3	AHS	36	9	4	49	Due on site July 2018
Inverness, Castle Street	THC	8			8	Feasibility underway
Inverness, City Centre - 79 Academy Street	HHA		14		14	Due to start on site July 2018
Inverness, City Centre -79 Academy Street	THC	23			23	Due to start on site July 2018
Inverness, East of Milton of Leys Primary School	AHS	10			10	Programme to be agreed
Inverness, Essich	Caled			3	3	Due to complete August 2018
Inverness, Glendoe Terrace	THC	35		18	53	Due to complete late 2018
Inverness, Kenneth Street	THC	6			6	Planning under consideration
Inverness, Former Social Work Office (Kinmylies)	THC	26	10		36	Design underway
Inverness, Midmills	THC	30			30	Due to complete Jan 2019
Inverness, Murray Road, Smithton	THC	8			8	Programme to be agreed
Inverness, Ness Castle (MacRaes land)	AHS	30		12	42	Design underway
Inverness, Ness Castle ph2	AHS	27			27	Tender negotiation
Inverness, Ness side ph1	AHS	19	6		25	Programme to be agreed
Inverness, Parks Farm ph5	AHS	25		8	33	Due to complete Feb 2019

Inverness, Raining Stairs	THC	6			6	Due to complete October 2018
Inverness, Raining Stairs	HHA		10		10	Due to complete October 2018
Inverness, Slackbuie (ASDA)	HHA		15		15	Contract negotiaton
Inverness, Slackbuie (ASDA)	Caled	42		8	50	Contract negotiaton
Inverness, Slackbuie, Kirkwood	Caled	14			14	Completion due March 2019
Inverness, Stratton (West, Barn Church Rd)	AHS	40	4	4	48	Due on site Feb 2019
Inverness, Towerhill	THC	21		6	27	Due to complete June 2018
Inverness, Wester Inshes (Tullochs)	THC	8	4		12	Tender negotiation
Kilbeg, SMO	THC	6		4	10	Programme to be agreed
Kiltarlity, sawmill site ph7	THC	9			9	Due to complete July 2019
Kirkhill	AHS	8		2	10	Due to complete Nov 2018
Kyle	LSHA	13			13	Due to complete March 19
Kyle, Hydro shop	LSHA	5			5	Tender negotiation
Kyleakin Feus	LSHA	14			14	Tender negotiation
Maryburgh, Donald Cameron Crt ph2	AHS	12			12	Design underway
Maryburgh, former school site	THC	8			8	Design underway
Muir of Ord, Broomhill	Cairn	4			4	Due to complete December 18
Muir of Ord, Broomhill - extra units	Cairn	2			2	Due to complete December 18
Muir of Ord, Station Road	Cairn	10			10	Due to complete June 18
Munlochy, Cameron Crescent	HHA		6		6	Due to complete November 2018
Munlochy, Cameron Crescent	THC	4			4	Due to complete November 2018
Nairn, Cawdor Road	AHS	22			22	Design underway
Nairn, High Street	THC	4			4	Due to complete August 2018
Newtonmore	Caled	8			8	Tender negotiation
Newtonmore	AHS		6		6	Tender negotiation
OTS - Balmacara NTS	LSHA	7			7	Purchase being negotiated
Portree (Old DAFS Shed site)	LSHA			3	3	Feasibility underway
Portree, Northview, Struan Road	LSHA	16			16	Design underway
Portree, Rapsons	LSHA	17			17	Site purchased
Portree, Struan Road (Council site)	LSHA	12			12	Design underway
Portree, Woodpark	THC	9			9	Design underway
Rosemarkie, Greenside Farm	AHS	7	6		13	Awaiting developer timescales
Spean Bridge	LHA	20			20	Due on site mid 2018
Staffin	LSHA	2	2	2	6	Out to tender
Tain Scotsburn Road	THC	17			17	Scheme design
Torvean phase 1	THC	30	6	4	40	Planning underway
Uig	LSHA	4			4	Feasibility underway
Ullapool, former Glen Hotel, Phase 1	THC	2			2	Completion due Mid 2019
Ullapool, former Glen Hotel, Phase 1	HHA		6		6	Completion due Mid 2019
Ullapool, former Glen Hotel, Phase 1	Cairn	8			8	Completion due Mid 2019
Totals		1,081	205	104	1,390	