
Report to: Council

Date of Meeting: 13 October 2016

Subject: Strategy & Regeneration Update

Report by: Head of Housing & Community Safety

1.0 Purpose

- 1.1. This report provides an update on the affordable housing programme and reports on the recent legislative changes introduced by the Housing (Scotland) Act, 2014.

2.0 Recommendations

- 2.1. It is recommended that Council:

2.1.1. Approves the draft Strategic Local Programme, including the shadow programme, for 2016/17 onwards to deliver new affordable housing as detailed in the report.

2.1.2. Approves Clackmannan as the preferred location for the site to be supported by the pension fund.

2.1.3. Approves £230,000 of the 2016/17 Housing Revenue Account budget of £1,530,000 to be earmarked to cover the refurbishment costs of properties purchased.

2.1.4. Notes the remainder of the report, commenting and challenging as appropriate.

3.0 Affordable Housing Supply Update

3.1. Since 2012 a total of around 370 houses have been, or are being, added to the stock of affordable housing in Clackmannanshire. 191 new builds were completed and 80 acquired through “off the shelf” purchase.

3.2. Included in this total of 370 are 130 units which could be added in 2016/17. 40 units have been completed to date, and 48 are on site at Alva. It is hoped that up to a further 42 can be acquired through off the self purchase. This looks to be the highest total of completions since at least 1997, which is as far back as can be checked with the records available.

	New homes complete	OTS complete	On site	Total
Council	86	78	0	164
RSL	77	2	85	143
National Housing Trust	28	0	14	42
Total	191	80	99	370

4.0 Affordable housing budget 2015/16

4.1. The total grant claimed at 31 March 2016 was £2,294,807, almost £96,000 over the original budget allocation of £2,199,000. The Town Centre Regeneration Fund allocation of £782,000 was also fully spent. Clackmannanshire was supported by the Scottish Government to overspend budget due to additional funds being made available. Spend for 2015/16 is fully broken down below.

Site	Tenure	Mix	Completion Date	Budget spend 2015/16
Redwell Place, Alloa	RSL KHA	1 unit 1 x 3 bed adapted	Dec 2015	£126,250 (+/- £0)
Delph Road, Tullibody	RSL KHA	27 units 6 x 1 bed flat 8 x 2 bed flat 9 x 2 bed hse 4 x 3 bed hse	Feb 2016	£912,805 (+/- £0)
Off the Shelf (OTS)	Council	15 units 3 x 1 bed 3 x 2 bed 8 x 3 bed 1 x 4 bed	March 2016	£614,750 (+£14,750)
Off the Shelf (OTS)	RSL OVHA	2 units	March 2016	£60,000 (- £30,000)
Ann Street, Tillicoultry (former community centre)	RSL KHA	4 units 4 x 2 bed flat	June 2016	£250,800 (- £29,200)
Primrose Place, Alloa	RSL KHA	16 x flats Mid market rent	TBA	£142,702 (- £47,298)
Delph Road, Tullibody Ph 2	RSL KHA	28 TBA	TBA	£187,500 (land) (+£187,500)
			TOTAL	£2,294,807

5.0 Affordable Housing Programme

- 5.1. The Affordable Housing Investment Programme (AHIP) allocation for Clackmannanshire for 2016/17 is £3.654 million, an increase of two thirds on the budget for last year. The overarching Strategic Housing Investment Plan (SHIP), which sets the strategic policy context for the development programme, is due to be updated and submitted to the Scottish Government by 30 November 2016. The revised document will be reported to the next Council. The outline programme based on the current SHIP (2014/19) is set out below and is recommended for approval (along with the shadow programme) set out at paragraph 5.4. The tables below shows the projected programme for the next four years, including the allocation for 2016/17 and the Resource Planning Assumption (RPA) for future years (this allocates a minimum budget, which is likely to increase, but which allows some certainty to help with commissioning the future programme). The Scottish Government is looking for a 25% over-commitment to the programme.

Projects by Year

2016-17		Allocation £3,654,000		
Project	Units	Site Start	Completion	
Kingdom HA Primrose Place	16	May-16	May-17	
Council OTS	15	July-16	March-17	
Ochil View OTS	6	Sept-16	March-17	
Kingdom Park Street, Tilli	8	June 17	2018/19	
Pension Fund Clackmannan	35	Feb -17	2019/20	
Kingdom Delph Road Ph 2	31	Mar-17	June 2018	
45-51 Nethergate (Council refurb)	4	Feb-17	March-17	
Kingdom OTS newbuild	21	Nov-16	March-17	
OVHA Todd's Yard Ph 2	12	March-17	2018/19	
Total	148		Est Spend	£4,353,000

2017-18			RPA* £2,923,000	
Project	Units	Site Start	Completion	
Lock-up sites (Paragon HA)	20	2017/18	2018/19	
Kingdom Park Street, Tilli.	8	June-17	2018/19	
Kingdom Delph Road, Ph2	31	Mar- 17	June 18	
OVHA Todds Yard, Ph 2	12	March- 17	2018/19	
Kingdom Clackmannan	12	2017-18	2018/19	
Total	83		Est Spend	£3,721,000

2018-19			RPA* £2,192,000	
Project	Units	Site Start	Completion	
Paragon Lock-up sites	20	2017-18	2018/19	
Kingdom Primrose St, Ph 1	25	2018-19	TBA	
Kingdom - Clackmannan	12	2017-18	2018/19	
The Pension Fund, Clackmannan	35	Feb- 17	2019/20	
Total	92		Est Spend	£4,173,000

2019-20			RPA* £1,462,000	
Project	Units	Site Start	Completion	
Kingdom Primrose St, Ph 1	25	2019-20	2020-21	
OVHA Elm Grove, Ph 1	20	2019-20	2020-21	
Total	45		Est Spend	£3,330,000

*RPA Resource Planning Assumption

- 5.2. The following paragraphs provide a brief update on each of the projects, which are either completed or planned to start in the next year.

- 5.2.1. Fairfield, Sauchie. The 19 units on this site were completed and handed over to the Council at the beginning of August 2016.
- 5.2.2. Primrose Place, Alloa. The development of 16 mid market rent flats on this town centre site is underway, with a projected completion date of May 2017.
- 5.2.3. Council OTS purchases. Six 'Off the Shelf' properties have been bought to date with more in the pipeline.
- 5.3. Brief details of the projects planned beyond 2017 are set out below.
- 5.3.1. Ochil View OTS. At its meeting in November 2015, the Housing, Health and Care Committee supported Ochil View Housing Association's proposal to acquire up to 3 properties on the open market. Ochil View successfully purchased two properties in 2015/16 and Members are asked to note proposals for the AHIP to fund Ochil View to acquire up to 6 more properties. This has been supported in principle by the Scottish Government and will help to maximise the grant spend and units achieved in Clackmannanshire, attracting a Government grant of around £40,000 per unit purchased.
- 5.3.2. Pension Fund. The Scottish Government remains supportive of the Falkirk Pension Fund mandate to invest £30m into affordable housing. It has not proved possible to reach agreement on the site previously considered at Sauchie West. Discussions are now underway regarding a private site in Clackmannan and Castle Rock Edinvar, the RSL responsible for the project, is optimistic that negotiations to deliver the 35 units will shortly be concluded. Details are commercially sensitive but can be supplied to members separately. The Scottish Government may also be required to provide additional infrastructure grant to enable the development to proceed.
- 5.3.3. Members are asked to approve Clackmannan as the preferred location for the affordable housing supported by the pension fund. This would be the first new social housing units to be built in Clackmannan in some years. The Pension Fund monies will deliver around 35 units as part of a larger site with capacity for around 70 units. Members are asked to note that the ongoing discussions have highlighted that there is potential for some additional social rented units on the site, which could be funded from the mainstream SLP budget. Details will be reported to a future meeting should negotiations be successful.
- 5.3.4. Delph Road, Tullibody phase 2. Kingdom Housing Association purchased this site in March 2016 to deliver a second phase of housing and has produced plans for a further 31 units. A site start is scheduled for February 2017.
- 5.3.5. 45 - 51 The Nethergate, Alva. Barony Housing Association (now part of the Wheatley Group) has agreed to transfer this four in a block property to the Council at nil value, and the legal process is underway. The Scottish Government has indicated it will provide around £35,000 in grant funding to the Council to support the refurbishment of the four properties to meet the Scottish Housing Quality Standard.
- 5.3.6. Lock-up site at Gartmorn Road, Sauchie. A feasibility study will be commissioned for this site, which will be developed by Paragon Housing

Association, who own adjacent properties. It is possible that the land sale can be concluded prior to the end of the financial year, which could increase our budget spend if necessary.

- 5.3.7. Park Street, Tillicoultry. This small site was formerly known as Ann Street Phase 2. Land assembly is progressing, with acquisition of two areas of land underway, to allow Kingdom to develop 8 units on the site.
- 5.3.8. Primrose Street, Alloa. This site, effectively phase 2 of the town centre redevelopment, will follow on from development at Primrose Place, currently on site with Kingdom. Feasibility work continues on the options for phase 2.
- 5.3.9. Todd's Yard, Sauchie, phase 2. This site is owned by Ochil View, who completed 16 houses on the site in 2012. Ochil View is seeking to work in partnership with Kingdom to develop a further 12 units on this site, starting early in 2017/18.
- 5.3.10. Clackmannan. Kingdom is looking at opportunities to provide around 10 units in the town.
- 5.3.11. Elm Grove, Alloa. This site, owned by Ochil View, was removed from the programme at the Housing, Health and Care Committee in April 2015. However, it is now felt that a mixed tenure development, potentially including mid-market rent and low cost home ownership, would assist with the ongoing regeneration of the area whilst making a contribution to unmet housing needs. Ochil View is seeking to work in partnership with Kingdom Housing Association on this.

Shadow Programme (Potential Sites)

- 5.4. It is inevitable that some priority sites will prove unable to be developed for various reasons, such as ground conditions or financial viability. To help avoid slippage in the main programme, or in the event of additional Scottish Government funding being made available, potential sites are included in the 'shadow' programme. These sites, which Members are approving in principle as part of the programme, may be substituted or added to the main programme, should the opportunity arise.
- 5.5. The Scottish Government is very much in favour of this approach as it allows us additional flexibility to help ensure that the number of units and spend in Clackmannanshire is maximised. Below is a list of sites identified to date, however, it should be noted that the Council and its RSL partners are actively looking for further opportunities. Other proposals, including purchasing units from a developer, may be brought forward in addition to those listed. Any such sites will be reported to Council.
- 5.5.1. The Orchard, Tullibody. This HRA-owned site was in the main programme but has been placed in the shadow programme pending further consultation and agreement on school provision in the area. The site capacity is around 12 units to replace the demolished block of flats.

- 5.5.2. Forest Mill. The section 75 agreement sets a requirement for 22% of the 1,250 homes to be affordable. There are no affordable homes programmed by the developer in phase 1 or 2, so it is likely that it will be several years before affordable housing can be expected on this site.
- 5.5.3. Former FV College, Sauchie. A section 75 agreement for 7 affordable houses exists for this site, which currently has no active developer.
- 5.5.4. Craigview Shop, Sauchie. There is a commitment to conduct a feasibility study on this site. This could be progressed with Ochil View as it owns adjacent properties.
- 5.5.5. Devonpark Mills, Devonpark. This is a small site that has previously been in the programme but was removed because of site constraints. It is currently being marketed for sale by the Council, but has been placed on the shadow programme in case an affordable development solution can be delivered.
- 5.5.6. Burnside, Clackmannan. As highlighted in 5.4.3 above, there is potential for additional social rented units to be added to the pension fund houses being progressed by Castle Rock Edinvar.

Other Developments

- 5.6. It should also be noted that the following two affordable housing sites are funded over and above the main programme:-
 - 5.6.1. Tigh Grian, Alva. The 48 highly energy efficient 'greener' homes are scheduled for completion by November 2016. The development is a joint project through the developer Tigh Grian with Link and Paragon Housing Associations.
 - 5.6.2. The Glen, Coalsnaughton, NHT phase 2. Hadden Construction is due to start on site with a further 14 units for Mid Market Rent, with completion in 2017/18.

6.0 Progress Against Target Spend

- 6.1. The welcome increase in funding for development does provide some challenges in finding sites and bringing forward developments quickly enough to ensure the annual target spend is met. The Scottish Government's priority is for in-year spend and it has confirmed that any underspend will have to be diverted to another council area early enough in the financial year to enable national targets to be met.
- 6.2. Following the delay in developing the site at the Orchard, Tullibody, the Council approved an increase in the off the shelf programme, using budget previously identified for lock-up development sites, to maximise its contribution to meeting the spend target. At present, there is spend commitment of around £2.6M. The additional steps being taken to address the potential shortfall are set out below.

Development Partners

- 6.3. In 2013, following Ochil View's withdrawal from actively developing new projects when grant rates were reduced, a new RSL partner was required. Kingdom Housing Association took on that role and has proved to be a very able, flexible and innovative partner, both in building its own units and assisting the Council complete the units at Tillicoultry in a very short timescale. The intention, as will be set out the Strategic Housing Investment Plan (SHIP) is to continue to work with Kingdom in order to increase its housing stock to enable it to become a significant landlord in the area.
- 6.4. As reported in March, the Scottish Government has doubled the housing development budget for Clackmannanshire for this year, up from £1.8M to £3.65M. At the same time grant rates were increased. The three person equivalent grant rate is now £70k per unit for RSLs (£72k for energy efficient, greener standard properties) and £57k per unit for local authorities.
- 6.5. Following this increase in grant rates Ochil View expressed a desire to build more new units. In furtherance of this aim, it has entered into an agreement for Kingdom to manage its development work, instead of appointing its own in-house team. At this time, Ochil View can assist to meet the increased development target with the sites currently in its ownership at Todd's Yard, Sauchie and Elm Grove, Alloa. It is intended that these sites should be added to the strategic programme.
- 6.6. Kingdom has also been asked to accelerate its on site and planned development, to maximise spend. In addition, it is actively pursuing other options including potential purchase of some off the shelf units direct from a developer to ensure the spend target is met.

7.0 Infrastructure Fund

- 7.1. The Scottish Government has created an Infrastructure Fund to support housing development. Up to £50 million will be made available this financial year to help unlock sites to maximise house building activity. A number of local sites which could benefit from this funding have been identified and are actively being discussed with the Scottish Government and RSL partners.

8.0 Third Party Referrals to Private Rented Housing Panel

- 8.1. The Housing (Scotland) Act, 2014 introduced an amendment to existing Repairing Standard legislation, the minimum standard required of a private rented property. The amendment allows a Third Party, specifically a local authority, to make an application to the Private Rented Housing Panel (PRHP) on behalf of a tenant (with or without their consent) where it is felt the property does not meet the minimum standard. Previously an application could only be made by the tenant.
- 8.2. Following an application, a decision will be taken by the PRHP on whether the landlord has complied with the duty. If necessary the Panel may instruct the

landlord to carry out necessary repairs and a range of enforcement powers can be put in place if the landlord does not comply.

- 8.3. This new power available to the Council could be beneficial in certain situations but is not a statutory requirement. At present, Housing Services is not adequately resourced to make applications on behalf of private tenants, given the volume of work which will be involved in the process. This position will be reviewed in the future but, in the meantime, we will continue to advise private tenants how to make their own applications to the PRHP.

9.0 Sustainability Implications

- 9.1. The supply of new affordable housing helps in the Council's commitment to reduce carbon emissions from inefficient housing. The Tigh Grian project in Alva will provide 48 new homes to gold energy standards and the Council will pursue the inclusion of renewable technology in newbuild where feasible.
- 9.2. The RSL units in the programme are being built to particularly high energy standards which comply with the Scottish Government's 'greener' standard, which attracts an additional £2,000 grant per unit.

10.0 Resource Implications

Financial Details

There are a number of opportunities being explored which will enable the Council to expand the 2016/17 programme to fully spend the Scottish Government allocation of £3.654m.

The forward programme shown in 5.2 demonstrates that the Council is working to develop a strong future programme where we will be in a better position to take advantage of additional funding made available. Indeed, the Scottish Government has requested that councils over-commit programmes by 25% to allow for slippages elsewhere. In the past, this Council has benefitted from taking up slippage from other areas.

In June 2016, Council approved the transfer of £1.53m from the 2017/18 HRA Capital Budget to 'Off the Shelf' house purchases in 2016/17. To enable an extension to the OTS refurbishment contract with external company Keepmoat, it is recommended that elected members approve a split in the budget. It is proposed that the £1,530,000 budget is split to include budgets of £1,300,000 for house purchases and £230,000 to cover refurbishment costs.

- 10.1. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes
- 10.2. Finance has been consulted and has agreed the financial implications as set out in the report. Yes

Staffing

10.3. There are no staffing implications arising from this report

Exempt Reports

10.4. Is this report exempt? Yes (please detail the reasons for exemption below) No

Declarations

10.5. The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box)

- | | |
|--|-------------------------------------|
| The area has a positive image and attracts people and businesses | <input checked="" type="checkbox"/> |
| Our communities are more cohesive and inclusive | <input checked="" type="checkbox"/> |
| People are better skilled, trained and ready for learning and employment | <input type="checkbox"/> |
| Our communities are safer | <input type="checkbox"/> |
| Vulnerable people and families are supported | <input checked="" type="checkbox"/> |
| Substance misuse and its effects are reduced | <input type="checkbox"/> |
| Health is improving and health inequalities are reducing | <input checked="" type="checkbox"/> |
| The environment is protected and enhanced for all | <input type="checkbox"/> |
| The Council is effective, efficient and recognised for excellence | <input checked="" type="checkbox"/> |

(2) **Council Policies** (Please detail)

11.0 Equalities Impact

11.1. Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes

No

12.0 Legality.

12.1. It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers.

Yes

13.0 Appendices

13.1. None

14.0 Background Papers

14.1. Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered).


Yes (please list the documents below)

No

Author(s)

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Approved by

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