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**Report to:                   Housing, Health & Care Committee**

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**Date of Meeting:   21st August 2014**

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**Subject:                    Strategy and Regeneration Update**

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**Report by:                Head of Housing & Community Safety**

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## **1.0   Purpose**

- 1.1.   The Housing Strategy and Regeneration Report of 20th March 2014 provided an update on the housing supply programme. The purpose of this report is to present Committee with an update and to inform the process for agreeing the Strategic Housing Investment Plan 2015/20 for Clackmannanshire.

## **2.0   Recommendations**

- 2.1.   Members are asked to APPROVE:-
- 2.1.1. the sale of the garage site at Redwell Place, Alloa to Kingdom HA at a value agreed in consultation with the District Valuers Service.
- 2.1.2. the demolition (and associated costs) of 21-39 The Orchard, in preparation for replacement housing of up to 12 new cottage-type units.
- 2.1.3. working with the developer of the Sauchie West site to provide around 60 affordable housing units to facilitate the wider development of this site in accordance with the section 75 agreement.

## **3.0   Background**

- 3.1.   Members should note that the Council is required to submit a SHIP by 28th November 2014 to cover the period 2015/16 - 2019/20.
- 3.2.   Following submission of the SHIP a Strategic Local Programme (SLP) is then required by the end of March 2015. The SLP sets the programme of housing projects that will be funded over the next 3 years. Once agreed this will form the basis of individual housing association and local authority programme agreements.
- 3.3.   The Scottish Government advised local authorities of their Resource Planning Assumptions (RPA) for the period 2015/16 to 2018/19 in October 2013. This is used as the basis for this Development Update and will be the basis of the forthcoming SHIP. Local authorities are encouraged to "over-programme" by up to 20% from 2015/16 to accommodate slippage or budget change.

- 3.4. The RPA for Clackmannanshire at present is £9.144m including this financial year. The spend identified against projects at this time is £10,756m, which remains within the 20% tolerance recommended by guidance, as identified in Table 1;

Table 1

Affordable Housing Supply Budget RPA		
Year	Budget	Planned Spend
2014/15	£2,818,000	£2,952,000
2015/16	£2,199,000	£2,292,000
2016/17	£1,799,000	£2,600,000
2017/18	£1,379,000	£1,992,000
2018/19	£919,000	£920,000
Total	£9,114,000	£10,756,000

- 3.5. The Council has a commitment to finance a range of projects within the overall programme and the HRA Business plan shows a budget potential on new build within its capital programme of £6.693m. This includes an assumed budget spend for 2013/15 of £3.588m.
- 3.6. The Council is currently working with Kingdom Housing Association to develop a clear programme of activity to establish their presence in Clackmannanshire. The indicative programme includes a housing association private finance contribution of £11,310m, of which £6,373m relates to Kingdom HA over 5 years.

#### **4.0 Housing Supply programme - On site / approved.**

- 4.1. As shown in Appendix 1, in addition to projects already approved or on site, the projects agreed for the financial year 2014/15 contain a unit output of 62 new homes. It is expected that these projects will enable the Council and its partner Kingdom Housing Association to meet the £2.8m grant spend target.

##### Hallpark, Sauchie.

- 4.2. At the time of writing, the 25 units were due for practical completion and handover. The building is to be let in phases to ensure any teething problems with the facility are manageable.

##### The Glen, Coalsnaughton - Coalsnaughton NHT 2012 LLP

- 4.3. The Mid Market Rent project with Hadden Construction through the Coalsnaughton NHT 2012 Limited Liability Partnership (LLP) is nearing completion. The first phase of 16 units has now been fully allocated and signed up and the final phase of 12 units, which are under offer, will be completed and let between 29th August and the 26th of September.

- 4.4. The Council has provided finance to the Coalsnaughton NHT 2012 LLP in the form of a loan. Interest costs are met by the LLP from its rental income and capital is recovered fully when the properties are sold between 5 and 10 years. This loan is secured against the individual units and is further backed by means of a Guarantee from the Scottish Government. In the event of any shortfall or default the Council can draw full repayment from the sale of the units and the Scottish Government
- 4.5. Members should note that the final project account was £86,352 (3%) over the expected cost of £2,889,600 as reported to Council in August 2012. On 8th April 2014, Scottish Ministers gave consent for the Council to borrow the increased amount required to lend to Coalsnaughton NHT 2012 LLP, up to a maximum value of £2,975,952. All other conditions of the consent remain the same.

#### 'Off the Shelf' Acquisitions

- 4.6. As reported to Committee in March 2014, the Council successfully acquired 20 "off the shelf" properties for the HRA in 2013/14. For 2014/15 the target is 15 units, and one property has been acquired to date. A range of properties have been discussed with local estate agents and it is expected that the unit target will be met.

#### Tillicoultry Library

- 4.7. In June 2011 the Council agreed to redevelop the existing Library/CAP in Tillicoultry as '3 social houses for rent'. These works were funded by the General Fund, but the properties will transfer to the HRA. The works are now complete, some months over the original expected handover date. The properties have now been let and the new residents are arranging to move in.

#### Fairfield, Sauchie.

- 4.8. A site start for the Council's next phase of new build at the former Fairfield school site is expected in October 2014. The site will deliver 19 new affordable rented homes by September 2015.

#### Former School Site, Alva

- 4.9. Link Housing Association is finalising arrangements for the development of 48 affordable rented units on the site of the former Alva school, with the developer (Tigh Grian Limited) and the Scottish Government. The project has been significantly delayed whilst negotiations take place between the parties regarding financial risks. The Council is not a direct party to these negotiations, and remains ready to transfer the site when the parties have reached agreement.
- 4.10. The project will deliver homes for both Link and Paragon Housing Association. The 'Greener Homes Initiative' development is benefiting from £2.879m funding from the Scottish Government.

#### Kingdom Housing Association New Build

- 4.11. In accordance with the Council decision, part of the former Tullis site, Tullibody, was sold to Kingdom HA in March 2014. Kingdom has completed

its consultation with local residents and the planning process is underway. It is hoped that a site start can be achieved in November 2014 for completion of the 27 affordable rented homes by October 2015.

- 4.12. In addition to the above, an additional unit is proposed for a family in urgent need of a fully accessible wheelchair property. Major adaptations to their current council-owned property was not considered a viable proposition, and a new build is considered the best solution to meet the family's needs. Kingdom HA has agreed to build the property and the Scottish Government will provide grant support.
- 4.13. A garage site in Council ownership held on the Housing Revenue Account (HRA) at Redwell Place Alloa (see appendix 2) was identified as a suitable location for this new build, meeting the family's needs and making better use of this land. Their existing property will then be available for re-let as mainstream accommodation. This is a highly unusual case, and is not intended to establish a precedent.
- 4.14. The Committee is therefore asked to approve the transfer of the garage site at Redwell Place Alloa to Kingdom HA at a value to be agreed with the District Valuer.
- 4.15. The leases of the 5 garage pitches currently located on the site will be terminated. If possible alternative locations may be offered to the site occupiers.

## **5.0 Future Housing Supply programme.**

- 5.1. The overall potential capacity for the 5 years programme to 2019 shows a total unit output of 224 homes funded from the Affordable Housing Supply Programme (AHSP). These projects are discussed below.

### Pension Fund Investment

- 5.2. The Falkirk Pension Trust has decided to invest £15m in the Housing Fund for Scotland. Castle Rock Edinvar Housing Association has been selected by the Fund as its preferred housing association partner. Early discussions propose that the funding will deliver 203 homes across Forth Valley at 80% benchmark grant support rate. The pro-rata Clackmannanshire share has not been formally agreed but is likely to be 30/40 units. This programme when agreed is part of the SLP and should complete by 2017/18. Committee is asked to note progress and approve inclusion of the development in the affordable housing programme. It should be noted that whilst the private finance comes from the pension scheme, the grant contribution will come from the existing Scottish Government's Resource Programme Agreement for Clackmannanshire and is not additional to that.

### Planning Gain Sites - Sauchie West

- 5.3. The forward programme contains five sites in private ownership with planning obligations under section 75 of the Town & Country Planning Act 1997. The first opportunity is at the Sauchie West site which was the subject of a planning submission in November 2013 from Allan Water Developments for the development of around 800 units. Development of this site requires the

developer to provide a new Primary School, with a Scottish Futures Trust contribution required by 2017.

- 5.4. To support this corporate objective and facilitate site development it is proposed to commit one Kingdom Housing Association development of around 30 units, and the Castle Rock pension fund supported project discussed at 5.2 above, also of around 30 units. This would mean around one quarter of the 224 units planned in the 5 years Affordable Housing Supply Programme being committed to this site. Members are asked to confirm this approach is acceptable.

#### Alva Glen Hotel: Town Centre Housing Fund

- 5.5. The property is subject to a compulsory purchase order (CPO) currently with the Scottish Government. The Report of the Hearing was submitted to Ministers on 1st July 2014. The target time for the decision is two months from that date.

#### Primrose Street, Alloa

- 5.6. The site in Alloa town centre at Primrose Street is owned by the Alloa Development Co Ltd with Planning Permission for 39 residential and 4 commercial units. Development of this prominent brownfield site will contribute to town centre regeneration and meet housing needs. The site may be suitable for both social rented housing and mid market rent housing, possibly developed in two phases. Kingdom Housing Association has been asked to consider if the site can be included in its programme, and is negotiating the acquisition directly with the site owners.

#### Tillicoultry Community Centre

- 5.7. The Former Tillicoultry Community Centre has been demolished and a site investigation is underway. The development feasibility study will consider whether it is worthwhile extending the area for development to include the neighbouring council owned garage sites. The preferred option at this stage would be for a mix of special needs housing, but this is subject to a more detailed demand assessment.

#### The Orchard

- 5.8. As discussed at the March committee meeting, the project at 29-41 The Orchard Tullibody was delayed due to design issues relating to compliance with sound transmission requirements and, in view of this delay, it was intended to reconsider the project appraisal.
- 5.9. As an alternative to refurbishment, a cleared site is estimated to have capacity for around 12 cottage flats similar to those recently developed by the Council adjacent at The Maltings. These have proved very popular with local people. It is proposed therefore that the block at 21- 39 The Orchard be demolished and considered as a Council new build opportunity. As new build the site would have the additional benefit of attracting £552,000 in Government grant if developed for social rented housing and will better compliment regeneration activity. It is also felt that such investment would better complement the proposed Making Clackmannanshire Better initiatives in Tullibody.

Demolitions costs have been estimated to be in the region of £115K and are included in the capital plan.

- 5.10. Members are asked to approve immediate demolition, with associated costs, of the block 21-39 The Orchard, for future redevelopment, currently proposed for next financial year.

#### Mid Market Rent

- 5.11. As well as the standard grant supported social rented homes provided by the local authority or one of its RSL partners, mid-market rented properties can meet the needs of a different proportion of those looking for new housing. This can be seen at Coalsnaughton where the "National Housing Trust" model has proved popular. Mid-market rented housing can achieve a better outcome in providing more units for the financial support offered as well as providing the tenure diversification that can be beneficial for some communities. It is intended to explore the various options available to see if mid-market rent should be recommended for inclusion on any of the sites proposed in the AHSP.

### **6.0 Sustainability Implications**

- 6.1. The supply of new energy efficient affordable housing will assist the Council's commitment to reduce carbon emissions. Every attempt will be made to negotiate enhanced home energy standards with developers and partners. The Government grant rate for greener homes is £4,000 higher per unit for Council's and RSL's as an incentive. The Council, where feasible, will also investigate renewable technologies in the developments it supports.

### **7.0 Resource Implications**

- 7.1. This report confirms that at present the resources committed set out in full for the period 2014/19 at Appendix 1 are;

Affordable Housing Supply Grant	£9.114m
HRA capital	£6.693m*
GF capital	£0.897m
Housing Association private finance	£11.310m
Greener Homes Initiative	£2.268m
Town Centre Housing fund	£0.782m
Total	£30.572

\*HRA Budget figures for 2018/19 not projected at this point.

- 7.2. The shadow programme is set out as part of Appendix 1 and demonstrates a pipeline of potential replacement of 11 additional sites with a gross value of over £30m. It is these sites which will provide an initial replacement option to the programme.
- 7.3. 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 ☒

- 7.4. Finance have been consulted and have agreed the financial implications as set out in the report. Yes ☒

## 8.0 Exempt Reports

- 8.1. Is this report exempt? Yes ☐ (please detail the reasons for exemption below) No ☒

## 9.0 Declarations

**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 checked="" type="checkbox"/> |
| Vulnerable people and families are supported                             | <input checked="" type="checkbox"/> |
| Substance misuse and its effects are reduced                             | <input checked="" type="checkbox"/> |
| Health is improving and health inequalities are reducing                 | <input checked="" type="checkbox"/> |
| The environment is protected and enhanced for all                        | <input checked="" type="checkbox"/> |
| The Council is effective, efficient and recognised for excellence        | <input checked="" type="checkbox"/> |

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

## 10.0 Equalities Impact

- 10.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?  
Yes ☒ No ☐

## 11.0 Legality

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

## 12.0 Appendices

- 12.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix 1 - Development Programme

Appendix 2 - plan of Redwell Place, Alloa Garage Site.

### 13.0 Background Papers

13.1 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 ☐

#### Clackmannanshire Housing Strategy 2013 - 18

##### Author(s)

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##### Approved by

NAME	DESIGNATION	SIGNATURE
Ahsan Khan	Head of Housing & Community Safety	Signed: A Khan
Garry Dallas	Executive Director	Signed: G Dallas



**appendix 1**

Appendix 1																	
2014/15	Project	Developer	Sub area	Rented Units	General Needs	Particular Needs	LCHO/mid rent Units	Unit size	Total Units	AHSB	Private Finance	HRA	other capital	Total Cost	Site Acquisition	Site Start Date	Practical Completion Date
Sites to Progress																	
2014/15	Fairfield School	Council	Sauchie	19	19	0	0	1,2,3 bed flats & houses	19	£874,000	£0	£1,286,000	£0	£2,160,000	complete	Oct-14	Sep-15
2014/15	Delph Road	Kingdom HA	Tullibody	27	20	7	0	1,2 bed flat, 2,3 bed house	27	£1,566,000	£1,450,000	£0	£0	£3,016,000	complete	Nov-14	Oct-15
2014/15	Redwell PI	Kingdom HA	Alloa	1	0	1	0	3 bed specialist	1	£62,000	£88,000	£0	land	£150,000	Oct-14	Jan-15	Aug-15
2014/15	Off the Shelf	Council	Clacks	15	15	0	0	1,3 bed flat/houses	15	£450,000	£0	£975,000	£0	£1,425,000	n/a	Apr-14	Mar-15
AHSP 2013/15									62	£2,952,000	£1,538,000	£2,261,000	£0	£6,751,000			
													GF Capital				
2013/15	Pine Grove	Council	Alloa	20	10	10	0		20	£0	£0				on site		Sep-14
2014/15	Alva School	Tigh Grian/Link HA	Alva	48	46	2	0	1,2 bed flats/houses	48	£0	£2,879,000	£0	£2,268,000	£5,147,000	Delayed	Delayed	Oct-15
2014/15	Alva Glen Hotel	Council	Alva	17	0	17	0	1,2 bed flats	17	£0	£0	£897,000	£782,000	£1,679,017	CPO	Mar-15	Aug-15
Local Programme 2013/15									85	£0	£2,879,000	£897,000	£3,050,000	£6,826,017			
Total programme 2013/15									147	£2,952,000	£4,417,000	£3,158,000	£3,050,000	£13,577,017			

appendix 1

2015/19	Project	Developer	Sub area	Rented Units	General Needs	Particular Needs	LCHO/mid rent Units	Unit size	Total Units	AHSB	Private Finance	HRA	other capital	Total Cost	Site Acquisition	Site Start Date	Practical Completion Date
Sites to Progress																	
2015/16	Parkhead	Kingdom HA	Sauchie West	30	20	10	0	1,2,3 bed flats/houses	30	£1,740,000	£1,710,000	£0	£0	£3,450,000	Apr-15	Jan-16	Dec-16
2015/16	The Orchard	Council	Tullibody	12	12	0	0	1, 2 bed flats	12	£552,000	£0	£828,000	£0	£1,380,000	tbc	tbc	tbc
2016/17	Tillicoultry Community Centre	Council	Tillicoultry	25	0	25	0	1, 2 bed specialist	25	£1,150,000	£0	£1,725,000	£0	£2,875,000	Jun-15	Mar-16	Mar-17
2016/17	Primrose St	Kingdom HA	Alloa	25	25	0	*tbc	1,2 bed flats	25	£1,450,000	£1,425,000	£0	£0	£2,875,000	Sep-16	Jul-17	Jun-18
2017/18	Primrose St 2	Kingdom HA	Alloa	20	0	0	20	1, 2 bed flats	20	£600,000	£1,700,000	£0	£0	£2,300,000	tbc	tbc	tbc
2017/18	Parkhead	CastleRock HA	Sauchie West	30	20	0	10	1,2,3 bed flats	30	£1,392,000	£2,058,000	£0	£0	£3,450,000	tbc	tbc	tbc
2018/19	Lock up sites	Council	Various	20	10	10			20	£920,000		£1,380,000					
AHSP 2015/18									162	£7,804,000	£6,893,000	£3,933,000	£0	£16,330,000			

AHSB RPA		Spend		Cumulative		HRA 2013/15		£2,261,000		HRA Budget	
2014/15	£2,818,000	£2,952,000	-£134,000	HRA 2015/18		£3,933,000	Per unit		2013/15	£2,261,000	
2015/16	£2,199,000	£2,292,000	-£227,000	Total HRA		£6,194,000	RSL social	£58,000	2015/16	£1,350,000	
2016/17	£1,799,000	£2,600,000	-£1,028,000				RSL greener	£62,000	2016/17	£1,280,000	
2017/18	£1,379,000	£1,992,000	-£1,641,000	GF 2014/15		£897,000	Council	£46,000	2017/18	£1,280,000	
2018/19	£919,000	£920,000	-£1,642,000	RSL		£11,310,000	Council greener	£50,000		£6,171,000	
RPA 15/19		£9,114,000	Spend 15/19	£10,756,000	Net Budget 15/19	-£1,642,000					
Additional Programme opportunities											

**appendix 1**

2014/18 SHIP	Project	Developer	Sub area	Rented Units	General Needs	Particular Needs	LCHO/mid rent Units	Unit size	Total Units	AHSB	Private Finance	HRA	other capital	Total Cost	Site Start Date
	2017 Forrestmill 1	Private	Rural	30	20	10			30	£1,740,000	£1,710,000			£3,450,000	2017/18
	2018 Forrestmill 2	Private	Rural	30			30		30	£900,000	£2,550,000			£3,450,000	2018/19
	2017 Todds Yard 2	Ochil View HA	Sauchie	14	10	4			14	£812,000	£798,000			£1,610,000	2017/18
	2018 Elm Grove	Ochil View HA	Alloa	40		10	30		40	£1,480,000	£3,120,000			£4,600,000	2018/19
	2016 Coalsnaughton North	Private	Coalsnaughton	30	15	5	10		30	£1,320,000	£2,130,000			£3,450,000	
	2017 Branshill Road	Private	Sauchie	10	10				10	£460,000		£690,000		£1,150,000	2017/18
	2016 Lower Mill Street	Private	Tillicoultry	18			18		18	£540,000	£1,530,000			£2,070,000	2016/17
	2016 The Glen Phase 3	Private	Coalsnaughton	25			25		25				£2,875,000	£2,875,000	2016/17
	2017 The Shore	Private	Alloa	20			20		20	£600,000	£1,700,000			£2,300,000	
	2018 Earlsfield West	Private	Alloa	30			30		30	£900,000	£2,550,000			£3,450,000	
2015/18	HRA lock ups	Council	Various	20	15	5			20	£920,000		£1,380,000		£2,300,000	
									<b>267</b>	<b>£9,672,000</b>	<b>£16,088,000</b>	<b>£2,070,000</b>	<b>£2,875,000</b>	<b>£30,705,000</b>	





ga-redwell lock up jul14.mxd

0 5 10 15 Metres


Scale :1:500  
Paper Size : A4

Date: 25 July 2014

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**Council Garage Site  
Redwell Place  
Alloa  
FK10 2BT**

 Site Area = 463 sqm or 0.11 acres

 **Clackmannanshire Council**  
[www.clacksweb.org.uk](http://www.clacksweb.org.uk)

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