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**Report to:** Housing Health and Care Committee

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**Date of Meeting:** 4 June 2015

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**Subject:** Strategy & Regeneration Update

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

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## **1.0 Purpose**

- 1.1. The report provides an update on the progress of the lock up strategy and the strategic housing programme, and makes specific recommendations for support of new projects.

## **2.0 Recommendations**

- 2.1. Members are asked to:

2.1.1. Agreed to consult on the disposal of the lockup sites as detailed at section 3.7 of the report.

2.1.2. Approve, subject to assurances on borrowing capacity, discussions with Hadden Construction Ltd and the Scottish Futures Trust to explore the possibility of extending the existing National Housing Trust scheme at Coalsnaughton, with a further report to Council should participation in the scheme be recommended.

2.1.3. Approve the transfer of £45,000 from Private Sector Housing budget earmarked reserves to area improvement works at Tron Court, Tullibody.

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

## **3.0 Lock ups**

- 3.1. Following approval by Committee of a Lock-Up Strategy on 30 October 2014, an action plan was prepared. Sites identified previously in the report as A or A1, in good condition with demand, are now predominantly let. Several lets have been made to local community groups.

- 3.2. 26 sites have been actively marketed over the past 6 months. Of the 377 units on these sites, 334 (89%) are now let compared to 287 (76%) in October 2014. Of the remaining voids, 16 are to be repaired and the others are being advertised. 24 lock-ups in these sites were vacated over the past 3-4 months, with users citing the increased rent.

- 3.3. Overall, 97 new lets have been agreed between November 2014 and April 2015. In the same period, 55 lock-ups have become void, 31 of those in March 2015, around the same time as rent increase letters are issued. There remains a net increase in rental income from lock-ups of around £16k per annum (42 additional annual rents at approximately £393).
- 3.4. Four of the poorest performing sites, coded C1, have been prioritised for disposal or redevelopment, and the occupants given their preference for alternative lock-up sites. A small number of leaseholders have opted to remain and pay rent until the sites are either sold or demolished.
- 3.5. Over these 4 sites, a total of 99 lock-ups will potentially be removed from stock, reducing the total number of lock-ups from 1,313 to 1,214. The sites are:
- 3.5.1. Chapelhill, Clackmannan
- Four of the nine units are let with no waiting list for the empty lock ups. The site has development potential for 1-2 dwellings.
- 3.3.2. Gartmorn Road, Sauchie
- Of the 43 lock-ups on this site, 10 remain occupied. The site is in poor condition and would require a large investment. All units contain asbestos.
- 3.3.3. Mansfield Avenue, Sauchie
- The site is in poor condition. Last year, 62% (18 of 29) units were void, there are currently 5 leaseholders remaining on the site.
- 3.3.4. Shawpark Avenue, Sauchie
- This site is in poor condition and is being used by only 2 tenants. It has development for 1-2 dwellings.
- 3.6. In addition to these 4 sites, approval was granted at the Council meeting on 14 May 2015 for the lock up area in Craigview, Sauchie to be declared surplus. This site will be marketed along with the adjacent redundant shop unit.
- 3.7. Scottish Government guidance on the disposal of these Housing Revenue Account assets will be followed, alongside guidance on the Scottish Social Housing Charter. We will continue to consult with lock-up tenants and other parties who will have an interest, including the Tenants and Residents Federation and other Council departments. Approval is sought to consult on the five sites mentioned above. Following this consultation, recommendations for future use will be made to Council.
- 3.8. A further 3 sites have been coded C1 as poor, Gavin's Road and Gordon Drive, both Alloa and Chapelle Crescent, Tillicoultry. A lack of alternative sites in both Alloa and Tillicoultry means that some additional investigation is required.

#### **4.0 National Housing Trust - Mid Market Rent, Coalsnaughton**

- 4.1. Last year saw the completion of 28 homes through the National Housing Trust (NHT) innovative Mid Market Rent (MMR) development in Coalsnaughton, developed by Hadden Construction Ltd, in partnership with the Council and the Scottish Futures Trust (SFT).
- 4.2. The aim of the project is to provide new, high quality houses at a rent between social and private levels, to people who might otherwise find it difficult to buy their own home. The properties are held by a Limited Liability Partnership (LLP) comprising Hadden, SFT and the Council. Tenants contribute to a savings plan whilst renting the house, and have the first option to purchase when the developer decides to sell the houses (between 5 and 10 years after completion).
- 4.3. The Council funds part of the development (65-70%) via a loan to the LLP, which will have interest charged at a rate reflective of the PWLB rate on the date contracts are signed. The Scottish Government underwrites any shortfall in the repayment of the council loan when the houses are sold through the provision of a guarantee. The only element not underwritten is a change in the estimated interest rate at the time of signing the contract and the actual interest rate when the funds are drawn down from the PWLB (approximately £25,000 per year based on a 1% rate change on £2m).
- 4.4. The developer and site was procured through a national tender exercise run by the SFT, and approval was given by Council for Hadden's Coalnaughton scheme on 16 August 2012. At that time, for the 28 units, the Council was required to draw down £2.89 million from the PWLB.
- 4.5. Following the success of the project, Hadden has approached the Council and the SFT with a proposal to extend the existing scheme. Hadden has an option on the adjacent site, which is to expire shortly. The site could accommodate around 30 units, a proportion of which could be made available for the NHT initiative. The exact number will depend on how many units the Scottish Government are prepared to cover within the guarantee, and the capacity for Council to borrow additional funding. SFT have indicated that they are happy to approach the Scottish Government to see if the on-lending consent and Government guarantee would be available for increasing the scheme.
- 4.6. Subject to confirmation of borrowing capacity, Members are asked to approve entering into discussions with Hadden and the SFT for a second phase of the NHT project, and that a report then be submitted to Council for approval to participate in the scheme. Within the Council's borrowing strategy there is capacity to undertake additional borrowing for projects such as these. Once the amount of loan is confirmed, the additional amount of borrowing required will be revisited to ensure it is within the Council's borrowing limit.

## **5.0 Private Sector Housing: Area Improvement, Tron Court Tullibody.**

- 5.1. The Council, as the strategic housing authority, is expected to ensure that house conditions in the private sector are reasonable and sets out assistance available to private owners through the 'Scheme of Assistance' (required under section 72 of the Housing (Scotland) 2006 Act).

- 5.2. Following the area improvement works which have been carried out in Sauchie Town Centre, plans are underway to improve the flats at 2-32 Tron Court in Tullibody, which are part of the overall improvements for the area. The proposed refurbishment works for the block, which will be consulted upon, are estimated to cost £66,700, which will be shared between the 3 council tenancies, 5 private and 8 commercial properties. Of the 5 privately owned flats, one private landlord owns two flats, and there is one other private landlord. The estimated cost per residential property is around £5,200.
- 5.3. £45,000 has been carried forward into Earmarked Reserves from the underspend from the Sauchie Town Centre initiative. Members are asked to consider transferring these funds to support the Tullibody initiative at Tron Court, a corporate area based improvement works.

## 6.0 Affordable Housing Programme

### 2014-15 Programme

- 6.1. As reported to Committee in the Strategy and Regeneration Update of 2 April 2015, end of year actions limited grant under-spend to just £78k. Spend against budget is shown in table 1 below.

Table 1

<b>Affordable Housing Supply Budget Spend 2014/15</b>			
<b>Site</b>	<b>Original grant allocation</b>	<b>Actual claim</b>	<b>Over / (-Underspend)</b>
Fairfield, Pompee Road, Sauchie	£874,000	£877,395	£3,395
Off the shelf properties - 20 properties	£450,000	£666,000	£216,000
Stirling Road, Tullibody	£1,734,264	£821,458	(-£912,806)
Primrose Place, Alloa (Land acquisition by Kingdom HA)	£0	£120,000	£120,000
Primrose Street, Alloa (Land acquisition by Clacks Council)	£0	£495,000	£495,000
<b>Total</b>	<b>£2,890,000</b>	<b>£2,827,643</b>	<b>(-£78,411)</b>

### 2015-16 Programme

- 6.2. The Strategic Local Programme (SLP), as reported to committee in April 2015, has been submitted to the Scottish Government and confirmation is expected shortly. The budget target for spend is £2,199,000 to 31 March 2016. The full programme of spend for 2015/16 is set out in Appendix 1. A monthly monitoring programme with the Government has been set up to provide early indication of any potential programme slippage and underspend.

- 6.3. The intention is to have a wider range of site options to be able to divert resources if projects are delayed, which is common occurrence particularly in the early stages of new build. This might also present opportunities to take up any additional funding that may be available in the region.

#### **On site Projects**

- 6.4. Delph Road, Tullibody is being developed by Kingdom Housing Association. There was some under spend on the site in 2014/15 and the remaining £912k will be spent out during 2015/16 with 27 units due for completion in March 2016.
- 6.5. Ann Street, Tillicoultry (former community centre). Kingdom is managing the development of this site using the HubCo framework and will be on site by the end of May, with 21 completed units by March 2016. In addition to the town centre funding of £782k, there will be a grant allocation of £232k.
- 6.6. Fairfield, Sauchie. The 17 units being built by Marshalls through Hubco are due for completion by the end of the financial year.

#### **Pipeline Projects**

- 6.7. Redwell Place, Alloa. This former garage site is being redeveloped by Kingdom for a single, adapted bungalow. The tender for this project is currently with the Scottish Government for approval and, pending their decision, should attract a grant of around £170k. (As this is over 'benchmark' funding, particular scrutiny is applied to ensure value for money is achieved).
- 6.8. The Orchard, Tullibody is due for demolition by early July 2015, costs associated with demolition and fees will mean a spend of at least £100k. The site will provide 12 new council properties for rent.
- 6.9. Primrose Place, Alloa, bought by Kingdom Housing Association, is programmed in for a site start in October 2015. The plot requires demolition and site investigation prior to development and Kingdom have advised that there will be substantial spend prior to April 2016.
- 6.10. Former Alva Academy Site. Work is expected to start in June on the 48 'greener homes' being built by Link and Paragon Housing Associations.

#### **Future Projects**

- 6.11. Pension Fund The site programmed in the SHIP for the pension fund units, being developed by Castle Rock Edinvar Housing Association, is Sauchie West. There is uncertainty over the timescale of this site, however, because of the announcement that the power station at Longannet is to close. Discussions have taken place with the association, who are considering alternative sites, including the recently acquired Primrose Street site in Alloa.

### **7.0 Home Energy Efficiency Programme Area Based Schemes (HEEPS: ABS) 2015/16**

- 7.1. The bid for Home Energy Efficiency Programme: Area Based Schemes (HEEPS:ABS) 2015/16, which was detailed in the report to Committee in April, has now been approved by the Scottish Government. The Council has

been awarded £794,777 to install energy efficiency measures to 664 traditional and non traditional homes.

- 7.2. The scheme will incorporate the provision of external wall insulation on 114 non traditional houses (31 Council and 83 owners) located in Alva, Coalsnaughton and Tullibody and the installation of loft insulation and cavity wall insulation into 540 home owners properties located in areas of identified fuel poverty.
- 7.3. The value of this programme is estimated at £2,155,724, with the bulk of the funding coming from Scottish Government HEEPS programme (£794,776) and Energy Company Obligation (ECO) monies (£790,371). The Council has committed £356,000 in the Housing Revenue Account, from underspend in the 2014/15 programme, to be carried forward to pay for work to Council owned properties. Home owners, including registered private landlords, can apply for a Scottish Government HEEPS loan if required.
- 7.4. Options for the 2016/17 programme are already under consideration. As in previous years, the project will target energy inefficient private properties in designated fuel poverty areas. Wherever possible Council housing will be included within the scheme, helping to ensure that they meet the new Energy Efficiency Standard for Social Housing (ESSH) which will be introduced in 2017. Further details will be presented to Committee once properties and costs have been identified.

## **8.0 Renewable Energy Challenge Bids**

- 8.1. To help maximise income to the Council, improve energy efficiency, reduce carbon emissions and alleviate fuel poverty, a number of initiatives are under consideration:

### Geothermal feasibility study

- 8.2. A bid has been made for Scottish Government funding to carry out a feasibility study into the use of geothermal energy and the establishment of a Geothermal Energy Hub. This will bring together a number of ambitious projects aimed at establishing Clackmannanshire as the Scottish centre for eco-innovation. Each project will seek to utilise existing operational and/or decommissioned industrial infrastructure as a basis for driving economic sustainable growth. A response is expected from the Scottish Government in June.

### Solar Photo Voltaic (PV) Panels

- 8.3. The feasibility of installing Solar P.V. on 3,000 Council owned properties is being considered. Financial options are being considered along with opportunities for European funding. If feasible, this opportunity could:
  - provide a long term reliable income source to the Council and establish it as the largest generator of solar electricity in domestic properties in Scotland.
  - assist the Council to meet ESSH
  - significantly contribute to the reduction of fuel poverty
  - reduce carbon emissions to help meet the Council's Carbon Reduction commitments

### Hydro feasibility study

- 8.4. A bid is being prepared for Scottish Government Local Energy Challenge funding to carry out a feasibility study into the potential use of hydro power in the Hillfoots. The bid deadline is 25 May with a response expected in mid July. The vision is to open up the hydro renewable energy potential of the Ochil Hills and associated natural hydro networks, and simultaneously help the community to secure affordable, sustainable, low carbon electricity. This will improve the existing energy infrastructure and also help tackle fuel poverty, as well as potentially generating income for the Council.

Home Energy Advice Champions

- 8.5. Big Lottery 'Life Transactions' funding is being looked at as potential to establish community energy champions, who would work in partnership with the Council and Third Sector partners to deliver advice and support for those in fuel poverty.

**9.0 Resource Implications**

9.1. *Financial Details*

- 9.2. 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

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

9.4. *Staffing*

- 9.5. Any staffing implications are included within existing resources, or within funding bids.

**10.0 Exempt Reports**

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

**11.0 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
- Our communities are more cohesive and inclusive
- People are better skilled, trained and ready for learning and employment
- Our communities are safer
- Vulnerable people and families are supported
- Substance misuse and its effects are reduced
- Health is improving and health inequalities are reducing
- The environment is protected and enhanced for all

The Council is effective, efficient and recognised for excellence



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

**8.0 Equalities Impact**

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

Yes  No

**9.0 Legality**

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

**10.0 Appendices**

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

Appendix 1 Strategic Local Programme

**11.0 Background Papers**

11.1 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)

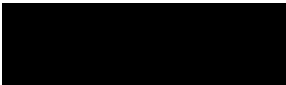
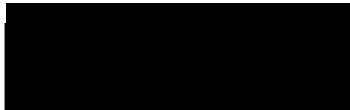
Yes  (please list the documents below) No

Scheme of Assistance (as amended) - 21st August 2014  
Local Housing Strategy 2012-2017

**Author(s)**

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**Approved by**

NAME	DESIGNATION	SIGNATURE
Ahsan Khan	Head of Service	
Nikki Bridle	Depute Chief Executive	



Planned Spend - Affordable Housing Budget 2015/16

Appendix 1

Site		Tenure			Start year					Completions year					Total Grant £m	Target Grant spend 2015/16	Total HRA / RSL £m	Total cost £m *
		Soc Rent	MMR /LCO	Tot	15/16	16/17	17/18	18/19	19/20	15/16	16/17	17/18	18/19	19/20				
Delph Road, Tullibody	RSL	27		27						27					£1.734	£0.912	£1.450	£3.184
Redwell Place, Alloa	RSL	1		1	1					1					£0.170	£0.170	£0.069	£0.239
The Orchard, Tullibody	C	12		12	12						12				£0.552	£0.100	£0.828	£1.380
Ann Street, Tillicoultry (M06)	C	21		21	21					21					£0.232	£0.232	£1.486	#£2.500
Primrose Place Alloa	RSL	24		24	24						24				£1.392	£0.978	£0.408	£1.800
Fairfield, Sauchie	C	19		19						19					£0.874	£0	£1.286	£2.160
<i>Total yrs 1</i>		<i>104</i>		<i>104</i>	<i>58</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>68</i>	<i>36</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>£4.954</i>	<i>**£2.392</i>	<i>£5.527</i>	<i>£11.263</i>

\*may contain costs incurred in other years

# includes £782k Town Centre funding

\*\* Target grant spend more than £2.199m allocation to help accommodate slippage/additional resources

C: Council RSL: Registered Social Landlord

D: Developer

MMR: Mid Market Rent

**Provisional/planned Estimated Spend - Affordable Housing Budget 2016 / 2018**

Site		Tenure			Start year					Completions year					Total Grant £m	Target Grant spend 2016/18	Total HRA / RSL £m	Total cost £m
		Soc Rent	MMR /LCO	Tot	15/16	16/17	17/18	18/19	19/20	15/16	16/17	17/18	18/19	19/20				
The Orchard, Tullibody	C	12		12	12						12				£0.552	£0.452	£0.828	£1.380
Primrose Place Alloa	RSL	24		24	24						24				£1.392	£0.414	£0.408	£1.800
Ann Street, Tillicoultry P2	RSL	8		8		8						8			£0.496	£0.496	£0.457	£0.953
Sauchie West (Pension)	RSL	30		30		30						30			£0.885	£0.885	£1.230	£3.000
Primrose Street Phase 1	RSL	20		20		20						20			£1.160	£1.160	£0.840	£2.000
<b>Total yrs 2 &amp; 3</b>		<b>94</b>		<b>94</b>	<b>36</b>	<b>58</b>					<b>36</b>	<b>58</b>				<b>£3.407</b>		

Indicative grant allocation from Scottish Government 2016/18 is £3.178m

C: Council    RSL: Registered Social Landlord    D: Developer    MMR: Mid Market Rent