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**Report to Council**

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**Date of Meeting: 16 December 2010**

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**Subject: Strategic Housing Investment Plan and Lead RSL Developer**

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**Report by: Head of Community & Regulatory Services**

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**1.0 Purpose**

- 1.1. This report presents the annual Strategic Housing Investment Plan (SHIP) which has been submitted to the Scottish Government in draft subject to Council approval. This details the publicly funded affordable housing priorities for investment in Clackmannanshire over the next five years.
- 1.2. The report also details the Scottish Government's proposals to reform the affordable housing investment system by introducing a 'lead developer' to each council area. The Registered Social Landlord (RSL) selected jointly by the Council and Scottish Government will develop the new RSL housing built using Housing Association Grant (HAG) allocated by the Government.

**2.0 Recommendations**

- 2.1. It is recommended that the Council:-
  - (a) approve the final SHIP 2011/16 to be submitted to the Scottish Government, a full copy of which has been made available to Members in Group Rooms.
  - (b) approve the selection of Ochil View Housing Association as the Council's Preferred RSL partner to deliver Affordable Housing Investment Programme expenditure in Clackmannanshire, as outlined in the report.
  - (c) instruct officers to prepare a framework agreement with Ochilview which, among other things, will require
    - (1) the establishment of an operational Common Housing Register by end November 2011 and
    - (2) any enhanced contribution to tackling Homelessness by the lead developer.

### **3.0 Considerations**

- 3.1. The main purpose of the SHIP is to show how identified needs and priorities in relation to affordable housing will be tackled. The emphasis will be on how projects will be delivered within the resources available and within development constraints. The SHIP is primarily a submission for Housing Association Grant (HAG) through the Government's Affordable Housing Investment Programme (AHIP), although it requires acknowledgement of other potential funding sources, such as the Council's own new build programme.
- 3.2. The SHIP aims to ensure that funding is targeted to support the priorities in the Local Housing Strategy (LHS) and sets out how affordable housing can be delivered realistically within the level of funding available. Based on recent trends, the anticipated programme for the next five years is around £14million, allowing around 200 units to be built or refurbished. Revised guidance on preparing SHIPs was issued by Scottish Government in August 2009 and the 2011/16 SHIP reflects the revision.
- 3.3. The SHIP uses data from the detailed Housing Needs and Demand Assessment (HNDA), carried out in-house. This provides the evidence base for housing supply targets in the LHS and land release within the development plan process. Over the next 5 years, the HNDA has estimated the need for affordable housing in Clackmannanshire at around 2,363 units. At an average of around 472 per year, this is well over the publicly funded affordable housing programme of approximately 50 per year. This ever increasing deficit will be a priority issue to be addressed in the forthcoming Local Housing Strategy and Local Development Plan. Further detail on the HNDA is contained in the Main Issues Report paper reported separately on the agenda.
- 3.4. The Clackmannanshire Housing Investment Partnership (CHIP), a multi agency group which has overall responsibility for the SHIP, involves key stakeholders including several Council Services, local RSLs and the Scottish Government. The group approves the SHIP before submission to Scottish Government and the Council, ensuring that revised guidance and policy changes are taken into account and considers linkage with other plans.
- 3.5. In addition to this, the Planning and Development Group, and its sub group looking specifically at potential development sites, consider sites identified through the Local Development Plan process and through arising development opportunities. Sites are assessed as part of the SHIP against a priority framework, looking at criteria such as deliverability and value for money. Feedback from Scottish Government suggested we develop this good practice further by incorporating a more sophisticated scoring system, and this has been developed for the 2011/16 SHIP.
- 3.6. The allocation of Housing Association Grant (HAG) funding from the Scottish Government for 2010/11 amounts to £3.082m, which will attract an additional £1.4m in private finance. The allocation for 2011/12 has yet to be announced, but it is anticipated that there will be a reduction in funding. In consultation with the Housing Investment division, we are estimating an annual HAG allocation of £2.8m. As well as new provision, the AHIP includes

around £160,000 each year for disabled adaptations to existing RSL properties.

- 3.7. The scale of housing need in the area is significant and, with limited resources available to tackle these needs, priority developments for HAG will be social rented housing.
- 3.8. The proposed programme for future years is contained in the SHIP. The development at Hallpark Annexe is due to start on site September 2011 and consists of 25 homeless temporary accommodation units and a reception centre. For the first time the programme includes the Council's new build programme of 24 units, approved by Council at its meeting on 23 September 2010.
- 3.9. The SHIP programme for the next five years is heavily influenced by the available land supply as set out in the most recent Housing Land Audit. We aim to achieve a spread of developments over the Council's area, taking into account the distribution of the population and also the Council's regeneration areas. The HNDA looks at an indicative distribution of affordable housing across the Council's 3 housing market sub areas, pointing to a requirement of almost two thirds in the Alloa sub market area (covering Alloa, Sauchie, Tullibody, Fishcross and Clackmannan). The proposed programme reflects this, with around 70% of development programmed for this area.
- 3.10. The proposed programme is, particularly for the latter years of the 5 year programme, subject to the usual permissions and negotiations, such as Planning Approval.
- 3.11. The shadow programme, which Scottish Government has indicated is a key strength, is also contained within the SHIP. It enables projects to be brought forward to address slippage in the main programme and was successfully used last year when the development at Greygoran, Sauchie was brought in to cover delays with Hallpark Annex. This provided spend for the year and unit output, which prevented Clackmannanshire losing HAG funding.

#### **4.0 Preferred Development Partner**

- 4.1. The Scottish Government last year consulted widely on Affordable Housing Investment Reform proposals, which outlined plans for the introduction of 'Lead Developers' and a more regionally orientated and more strategic sector, which works more closely with local authorities and ensures that maximum value is obtained from the public expenditure available for affordable housing.
- 4.2. The intention is for the Scottish Government, RSLs and local authorities to work together to identify what works well for their area. We have been asked by the Scottish Government, therefore, to select a preferred RSL partner(s) to deliver AHIP expenditure in the Clackmannanshire Council area. The Government has designed a framework brief which is to be used to select a Development Partner to deliver the AHIP programme for the three year period 2011/12 to 2013/14.
- 4.3. The framework allows for the selection of the preferred RSL developer to be carried out on a competitive or negotiated basis. The decision will be

considered jointly by the local authority and the Scottish Government, against the principles and criteria provided by the Government. The preferred RSL developer will undertake to comply with a programme agreement, jointly agreed between the Council and the Government's Housing Investment division. This will include agreed Key Performance Indicators which will be used to annually monitor the performance of preferred partners against the agreed aims and objectives. A full review will take place before the end of year 3 and, since the agreement is simply a statement of principle and not intended to be of a contractual nature, either party can terminate the arrangement with 6 months notice.

- 4.4. Ochil View Housing Association has been the Council's principal developing RSL to date, constructing around 40 units per year using HAG. Responding to the Scottish Government's desire for greater efficiency Ochil View has, since April 2010, entered into a housing partnership with 2 other locally-based housing associations in the Stirling area. The Strath For (Gaelic for 'Forth Valley') Housing Alliance is made up of Ochil View, Forth and Rural Stirling Housing Associations. By combining their skills, experience and resources they hope to deliver an increased number of houses and enhanced value for money.
- 4.5. Strath For Housing Alliance has set out its plans in a Statement of Intent, which includes exploring the benefits of a joint approach to development. Although each association is still currently retaining an independent development function, they are sharing staff resources and streamlining the approach to development policy and practice, continuing to work towards a preferred developer arrangement.
- 4.6. The amount of HAG available annually is limited and for Clackmannanshire this has meant that we have only ever had enough HAG for a relatively small programme. The Council has developed a strong partnership with Ochil View as its developing Association and has discussed a proposal with Stirling Council and the Government's Housing Investment division to agree support for the Strath For Alliance. Given the level of funding available for development Stirling Council have indicated that Forth and Rural Stirling Housing Associations will continue to deliver the HAG programme in Stirling, either as independent developers or combined through Strath For.
- 4.7. It is proposed that a framework is established, the principal purpose of which is to govern the efficient delivery of the development and investment process and enforce our strategic priorities. We will require, for example, an operational Common Housing Register within 12 months and an enhanced contribution to tackling homelessness.
- 4.8. Although Ochil View will be the preferred developer for Clackmannanshire, final ownership of properties may lie with another association. It is anticipated that the two principal RSLs in the area, Ochil View and Paragon, will be the recipients of units delivered.

## 5.0 Sustainability Implications

- 5.1. Strategic Environmental Assessment screening has been carried out as part of this report. New housing developments will be built to the necessary high standards.

## 6.0 Resource Implications

- 6.1. The SHIP programme and associated financial information is included in appendix 1 to this report.
- 6.2. The Council's financial contribution to the Council new build programme is fully set out in the report approved by Council on 23 September 2010.
- 6.3. 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 ✓
- 6.4. Finance have been consulted and have agreed the financial implications as set out in the report. Yes ✓
- 6.5. There are no staffing implications.

## 7.0 Exempt Reports

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

## 8.0 Declarations

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

- (1) **Our Priorities 2008 - 2011** (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 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)

## 9.0 Equalities Impact

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

Yes  No

## 10.0 Legality

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

## 11.0 Appendices

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

Appendix 1, SHIP Programme 2011/16

## 12.0 Background Papers

12.1 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


**Strategic Housing Investment Plan 2011/16**

**Housing Needs and Demands Assessment 2010**

### Author(s)

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|--------------|-----------------|--------------------|
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### Approved by

| NAME           | DESIGNATION                             | SIGNATURE   |
|----------------|---|---|
| John Gillespie | Head of Community & Regulatory Services |  |
| Garry Dallas   | Director of Services to Communities     |  |

## Strategic Housing Investment Plan - Main Programme 2011/16

| DRAFT MAIN PROGRAMME                             | Unit types  | Housing Market Area | Site ownership    | Total Cost £m | HAG/AHIP £m   |
|--|---|---------------------|-------------------|---------------|---------------|
| <b>2011/12</b>                                   |   |                     |                   |               |               |
| RSL Adaptations                                  | Annual RSL stage 3 adaptation budget <sup>1</sup> . |                     |                   |               | 0.160         |
| Hallpark Annex, Sauchie                          | 25 specialist                                       | Alloa               | FV College        | 3.095         | 1.872         |
| Todds Yard (phase 2), Sauchie                    | 14 general needs                                    | Alloa               |                   | 1.578         | 0.998         |
| Newmills phase 3 (Council new build)*, Tullibody | 16 general needs                                    | Alloa               | Council           | 1.713         | 0.400         |
| Dalmore centre (Council new build)*, Alva        | 8 specialist/general                                | Hillfoots           | Council           | 0.998         | 0.200         |
| <b>2012/13</b>                                   |   |                     |                   |               |               |
| RSL Adaptations                                  | Annual RSL stage 3 adaptation budget <sup>1</sup> . |                     |                   |               | 0.160         |
| ELM Grove, Alloa                                 | 21<br>19 general needs<br>2 specialist              | Alloa               | Ochil View HA     | 2.372         | 1.512         |
| Sauchie Scout Hall, Sauchie                      | 5 specialist  | Alloa               | Council           | 0.365         | 0.365         |
| <b>2013/14</b>                                   |   |                     |                   |               |               |
| RSL Adaptations                                  | Annual RSL stage 3 adaptation budget <sup>1</sup> . |                     |                   |               | 0.160         |
| Holton Court, Sauchie                            | 3 specialist  |                     | Key               | 0.287         | 0.225         |
| Elm Grove (phase 2), Alloa                       | 44<br>22 general needs<br>22 LCHO                   | Alloa               | Ochil View HA     | 3.303         | 1.763         |
| <b>2014/15</b>                                   |   |                     |                   |               |               |
| RSL Adaptations                                  | Annual RSL stage 3 adaptation budget <sup>1</sup> . |                     |                   |               | 0.160         |
| Coalsnaughton North                              | 25<br>22 general needs<br>3 specialist              | Hillfoots           | Private Developer | 1.875         | 1.875         |
| Alloa North West (planning gain)                 | 40<br>20 general/specialist<br>20 LCHO              | Alloa               | Multiple Owners   | 3.882         | 2.211         |
| <b>2015/16</b>                                   |   |                     |                   |               |               |
| RSL Adaptations                                  | Annual RSL stage 3 adaptation budget <sup>1</sup> . |                     |                   |               | 0.160         |
| Forestmill                                       | 39 general needs                                    | Alloa/Dollar        | Private Developer |               | 2.800         |
| <b>TOTAL</b>                                     | <b>240</b><br>190 general<br>50 specialist          |                     |                   | <b>23.068</b> | <b>15.021</b> |

<sup>1</sup> All RSL adaptations over £100 can be claimed through this budget.

## Strategic Housing Investment Plan - Shadow Programme 2011/16

| SHADOW PROGRAMME             | Unit Description           | Housing Market Area | Site Ownership     | Total £m      |
|------------------------------|----------------------------|---------------------|--------------------|---------------|
| Bedford Court, Alloa         | -2 specialist              | Alloa               | Ark HA             | 1.16          |
| Tullibody Working Men's Club | 12 general                 | Alloa               | Private Developer  | 1.44          |
| Carsebridge Row, Sauchie     | 22 general                 | Alloa               | Multiple Ownership | 2.68          |
| South Earlsfield, Alloa      | 25 mid market rent or LCHO | Alloa               | Private Developer  | 3.0           |
| Earn Court, Bowmar, Alloa    | 18 general or LCHO         | Alloa               | Council            | 2.16          |
| Hilton Road, Alloa           | 29 general or LCHO         | Alloa               | Private Developer  | 3.405         |
| The Shore, Alloa             | 20 general or LCHO         | Alloa               | Multiple Ownership | 2.5           |
| Helensfield, Clackmannan     | Further details to follow  | Alloa               | Private Developer  |               |
| <b>TOTAL</b>                 |                            |                     |                    | <b>16.345</b> |

**LCHO** Low Cost Home Ownership

**Housing Market Areas** as per defined in the Housing Needs and Demand Assessment:

**Alloa HMA** - Alloa, Sauchie, Tullibody, Fishcross, Clackmannan, Kennet Village and Forestmill.

**Hillfoots HMA** - Menstrie, Alva, Tillicoultry, Coalsnaughton and Devonside.

**Dollar HMA** - Dollar and Muckhart.