

FALKIRK COUNCIL

Subject: STRATEGIC HOUSING INVESTMENT PLAN UPDATE
Meeting: EXECUTIVE
Date: 20 OCTOBER 2015
Author: DIRECTOR OF CORPORATE & HOUSING SERVICES

1. INTRODUCTION

- 1.1 This report provides updated information in relation to the Strategic Housing Investment Plan (SHIP) and highlights potential future affordable housing proposals for Member consideration.

2. BACKGROUND

- 2.1 The Local Housing Strategy (LHS), the Local Development Plan (LDP) and the SHIP are the key statements of housing development priorities in the Local Authority area and guide funding for new affordable housing development. Members will recall previous reports to Executive in January and April 2015 on the SHIP and also investment from Falkirk Council's Pension Fund.
- 2.2 Central to the development of the SHIP is the Resource Plan Assumptions for Grant Subsidy provided by the Scottish Government. It is a Scottish Government requirement that Local Authorities provide a Strategic Local Programme (SLP), listing project priorities in the SHIP which effectively forms a new build development programme for RSL partners and the Council. To date over 650 additional affordable homes have been completed by both the Council and RSL's, through the SLP:

	COMPLETE
Falkirk Council New Build 2012-15	338
Falkirk Council Buy-Backs	206
RSL's 2013-15	112
TOTAL	656

3. POSITION UPDATE

- 3.1 The report to Members in April 2015 agreed proposals to bring forward c£2.35m Affordable Housing Grant (RPA) to facilitate the funding of new build developments at Bellsdyke and Redding, as part of the Council's Pension Fund investment in Social/Affordable Housing.

- 3.2 Since this report, further discussions have taken place with the Scottish Government. Based on these discussions and the Council's record in relation to delivering new affordable housing, additional resources of c£2.9m have been identified, which will be available for affordable housing in the following ways:
- Scottish Government will provide an additional £1.8m towards buy backs in 2015-16;
 - Scottish Government grant subsidy will now fund previously identified new build projects i.e.: second homes council tax funds and Affordable Housing Policy contributions previously identified to fund Council developments at Stenhousemuir and Denny, will no longer be required. This effectively means that c£1.1m from these resource streams can now be used for additional/new proposals to deliver affordable housing.
- 3.3 The above proposals will all lead to greater capacity within the SHIP and additional resources for affordable housing in future years. The revised SLP is shown in Appendix 1 and it is anticipated that a further 305 additional affordable homes will be provided over the next 3 years. As such, a total of just under 1,000 additional new homes are anticipated to be provided by 2017/18.
- 3.4 Going forward however there continues to be pressure identifying suitable sites for Council new build and a limited number of options have been identified by RSL partners. With this in mind, a number of additional options to maintain the delivery of affordable housing are outlined in the following sections of the report.

4. BUY BACK SCHEME FUTURE PROPOSALS

- 4.1 Members will be aware that the Local Housing Strategy 2011-16 Outcome 1 is "Best use is made of existing and new affordable housing to address local needs". The buy-back scheme is a key action from LHS Outcome 1 designed to provide additional affordable housing.
- 4.2 The buy-back scheme is now in its third year, with over 200 properties purchased to date. The buy-back scheme has focused on purchasing one and two bedroom former Council properties. The emphasis on purchasing smaller properties is to meet the clear need for the majority of those requesting Council housing i.e.: single people or smaller households.
- 4.3 The current property selection criteria are as follows:
- Properties advertised for sale with an up to date Home Buyer report where alternative arrangements for re-housing have been made.
 - Smaller properties of 1 or 2 bedrooms
 - A weighting priority is awarded to sub areas with greatest shortfall for affordable housing
 - The costs required to bring the property up to the SHQS or letting standard
 - The extent to which the property meets other relevant factors e.g.: brings the Council back into majority ownership in a block or aligns with the Council's future investment programmes.

- 4.4 It is however proposed going forward to widen the buy-back scheme to houses (not flatted accommodation) with more than two bedrooms. It is recommended using the definition of a house as that set out by the Scottish Government below:

“A house is a dwelling divided vertically from every other dwelling and with its principal access from ground level. Includes detached, semi-detached and terraced houses.” (Scottish Government stock return).

- 4.5 The Housing Need and Demand Assessment has identified a need for larger family type housing. It is therefore considered that by extending the scope of the buy-backs scheme to include larger houses, it will help to address overcrowding and meet the demand for such accommodation.
- 4.6 The Local Housing Strategy also includes an action on adding extensions and converting existing properties in order to provide larger adapted accommodation. However, this option has proved complex and costly, with only seven extensions/conversions completed and a further two underway.
- 4.7 Extending the buy-back scheme to larger properties will provide a less complex and more cost effective option to conversions and extensions. It is however recognized that conversions and extensions allow individuals to remain in a settled community, with minimal disruption to schooling; childcare etc. A key criteria for purchasing larger houses will therefore be to seek to identify properties in localities with clear identified over-crowding need.
- 4.8 It is therefore proposed that the Buy Back scheme be extended to houses with more than two bedrooms using the Scottish Government definition.

5. NEW BUILD HOUSING PROPOSALS

- 5.1 As Members will be aware, Falkirk Council originally approved an Affordable Housing Policy (AHP) in March 2007 through the Local Plan. The Council reviewed this in 2011 where it was agreed to approve a revised interim policy on affordable housing pending the adoption of the Falkirk Local Development Plan (LDP). The market slowdown in recent years has meant that no sites to date have come under the provisions of the AHP.
- 5.2 The LDP which was adopted on 16 July 2015 contains a number of allocated housing sites which will be subject to Policy HSG02 Affordable Housing and Affordable Housing Supplementary Guidance (SG12). Development Services advise that these could deliver over 700 units of affordable housing in the next 5 years subject to when construction starts. Once a planning application is made, negotiation on the delivery of the affordable housing element of each site can begin with a number of delivery mechanisms being considered. The phasing of allocated sites is reviewed each year by Development Services through the Housing Land Audit and in discussion with house builders and Homes for Scotland.

- 5.3 Given the limitations on identifying suitable sites for Council new build, as outlined in para 3.4 above, Members are asked to give consideration to a proposal to purchase units from developers on sites under the AHP. This would enable Scottish Government grant subsidy to be combined with the AHP contribution and the second homes council tax funding to purchase units below market value.
- 5.4 It is therefore recommended that officers commence discussions with Homes for Scotland and Development Services (Planning and Asset Management Divisions) to identify potential development site options. It would be proposed that the following criteria be applied when considering potential developments:
- Prioritising lower priced options;
 - Purchasing in areas where there is a shortfall of affordable properties according to the Housing Need and Demand Assessment;
 - Considering sites which fall under the AHP;
 - The District Valuer surveys and values the site;
 - The price paid for properties is not above benchmark costs of Council new build when taking account of design costs, site constraints, developer contributions and site acquisition costs;
 - Recognise the requirement for properties to meet the Scottish Housing Quality Standard and the Energy Efficiency Standard for Social Housing (EESSH).
- 5.5 Following discussions, it would be proposed that a further report be brought back to Members for their consideration, prior to any acquisitions taking place.

6. REDESIGN PROPOSALS

- 6.1 As outlined above, although there is a clear demand for larger properties there continues to be reluctance from families to live in larger flatted accommodation. As such, a redesign of flatted accommodation at Kersiebank Avenue Grangemouth has been undertaken. This accommodation was previously low-demand and the project has remodelled and refurbished the flatted accommodation, to better meet demand.
- 6.2 It is proposed that further projects such as this are considered for low demand properties.

7. CONCLUSION

- 7.1 In conclusion, recent discussion with Scottish Government has indicated that there are additional resources available in the Falkirk Council area. Given the continued need for affordable housing, Members are therefore asked to give consideration to a range of options to provide additional affordable housing to meet housing need, as outlined in sections 4, 5 and 6 above.

8. RECOMMENDATIONS

It is recommended that Members agree:

- Agree the revised Strategic Local Programme as outlined in Appendix 1
- The Buy Back criteria be amended to include houses (per Scottish Government definition) with more than two bedrooms;
- To commence discussions with Homes for Scotland and Development Services to identify potential opportunities to purchase units from developers on sites under the Affordable Housing Policy and thereafter bring a report back to Executive; and
- To remit the Director of Corporate & Housing Services to identify opportunities to redesign low demand flatted accommodation and thereafter bring a report back to Executive

DIRECTOR OF CORPORATE & HOUSING SERVICES

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Appendix 1 - Summary of Scottish Government Grant Resource Planning Assumptions and SLP spend

LIST OF BACKGROUND PAPERS

1. Report to Policy and Resources Committee Buying Back Ex-Local Authority Housing (12/2/13)
2. Report to Executive – Strategic Housing Investment Plan 2013-18 (13/1/15)
3. Report to Executive – Pension Fund Social / Affordable Housing Investment (28/4/15)
4. Report to Executive – Review of Care Homes for Older People (9/6/15)
5. Appendix 1 Methods to provide affordable housing – background information

APPENDIX 1

Table 1 Summary of Scottish Government Grant Resource Planning Assumptions and SLP spend

Year	Projects	Units	Minimum S Govt grant assumptions	Anticipated S Govt grant assumptions	Spend	Update/ changes to SLP approved
2013/15	Mechiston Phase 2, Auchincloch, Bellsdyke Ph 3; Denny Police Station;					
Total			£6,725,000	£10,005,662	£10,005,662	S Gov. have agreed to wipe off variance if spending brought forward in 2015/16
2015/16	Bellsdyke (Pension Fund)	62			£1,541,965	Previously funded from 2017/18 RPA
	Buybacks (Falkirk Council)	90			£1,800,000	New funding
	Stenhousemuir Police Station (Falkirk Council)	15			£550,000	*Previously £138k required 2nd Homes Council Tax, now grant funding for all units
	Carrick Place (WESLO)	20			£1,222,640	As previous reports
Total		187	£4,153,000	£6,091,000	£5,114,60	
2016/17	Westquarter (Hanover)	14			£812,000	Discussions on viability ongoing
	Haugh Gardens (Falkirk Council)	6			£276,000	As previous reports
	Dunipace (Kingdom)	22			£1,233,080	As previous reports
	Duke Street (Falkirk Council)	19			£874,000	Previously 20 units with no grant subsidy and funded 2nd homes CT and AHP

	Stenhousemuir Police Station (Falkirk Council)	3			£278,000	See * above
	Overton (Pension Fund)	34			£810,098	Previously funding 2018/19 RPA
Total		98	£3,527,000	£4,447,000	£4,283,17	
2017/18	Woodend Farm (Falkirk Council)	20			£920,000	Previously indicated Bellsdyke
Total		20	£2,799,000	£2,799,000	£920,00	
2018/19	no projects					Previously included Overton
Total		0	£1,866,000	£1,866,000	£0	
2019/20	no projects		£1,866,000			
		305	£1,866,000	£1,866,000	£0	
Total			£20,936,000	£27,074,662	£20,323,445	

Source: Falkirk Council Strategy and Development team analysis