

FALKIRK COUNCIL

**Subject: STRATEGIC HOUSING INVESTMENT PLAN & COUNCIL HOUSE
NEW BUILD**
Meeting: EXECUTIVE
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1. INTRODUCTION

- 1.1 This report provides an update in relation to progress with affordable housing projects as part of the Council's Strategic Housing Investment Plan (SHIP). In addition, the report provides details of project proposals to form a 2015-2018 Strategic Local Programme to be submitted to the Scottish Government.

2. BACKGROUND

- 2.1 The Local Housing Strategy (LHS), the Local Development Plan (LDP) and, specifically, the SHIP are the key statements of housing development priorities in the Local Authority area and guide the application of Government (and other) funding for new Council house building, as well as Registered Social Landlord (RSL) development for both rent and low cost home ownership. The Council has submitted a Strategic Housing Investment Plan (SHIP) to the Scottish Government annually since 2007.
- 2.2 The preparation of the SHIP is undertaken reflecting guidance from the Scottish Government, prioritising investment based on a range of factors including relative need, land availability and development constraints. The LHS and SHIP seek to ensure a twin track approach is in place at a local level to ensure the money available is spent to best effect.
- 2.3 The SHIP is developed through partnership working within Corporate and Neighbourhood Services, Development, Social Work and Finance Services. In addition, external partners particularly RSLs who sit on the local RSL Forum are also involved.
- 2.4 In May 2012 the Scottish Government issued the Resource Planning Assumptions (RPAs) for each local authority area. Falkirk Council's allocation for the Affordable Housing Supply Programme was confirmed as £9.194m for the period 2012/13-2014/15. This allocation included a significant carry forward of £6.465m for year 1 (2012/13), leaving £2.728m for new projects for both RSL and Council new build for years 2 and 3 (2013/14 and 2014/15).
- 2.5 The £9.194m budget for 2012-15 is well below the funding allocated to Falkirk compared with previous years funding e.g.: in the period 2008/11 the total programme spend equated to £20.521m, meaning the allocation for 2012-15 represents a 55% reduction in funding.

2.6 In addition to the issuing of the RPAs, the Scottish Government announced a requirement for local authorities to provide a Strategic Local Programme (SLP), listing projects prioritised in the SHIP which could form a three year development programme with a requirement for the programme to be completed by March 2015. Approved SLPs are required to be submitted annually to the Scottish Government

2.7 The 2012-15 SLP aims to utilise the allocation of Affordable Housing Supply Programme resources to best effect and at current subsidy levels supports the construction of around 86 units. The key projects of Falkirk Council's SLP are outlined as follows:

- Merchiston, Falkirk - Phase 2 (Falkirk Council) 27 units
- Auchincloch, Banknock (Link Group) 30 units
- Glenfair Nursery, Camelon (Falkirk Council) 10 units
- Denny Police Station (Falkirk Council) 9 units
- Tinto Drive, Grangemouth (Falkirk Council) 10 units
(part funding of full site development of 56 units)

TOTAL 86 units

3. COUNCIL HOUSE NEW BUILD

3.1 Members will be aware of the Council's on-going programme of new-build. A total of 132 new properties have now been built. Work is also progressing in respect of 3 further sites at old Maddiston Primary school; old St Mungo's High school (Ph1) and Summerford, Falkirk. In total, a further 104 properties will be built on these sites.

3.2 As outlined in paragraph 2.7 above, the SLP identifies a further 4 Council new build projects. Whilst these projects will attract Scottish Government funding (£1.68m), the Council will require to meet the balance of costs of c£8.9m in respect of these projects. Funding is contained within the 3 year HRA capital programme for these projects and also the new build development on the full site of the old Grangemouth High school (Tinto Drive) i.e.: 56 units.

3.3 In summary, a total of 338 units will have been provided by the Council since the start of the new build programme. Of which, 132 have been completed and a further 206 are planned to be completed by 2015.

3.4 Members will be aware of the Housing Need and Demand Assessment which identified an annual shortfall in affordable housing of 233, which 100 should be met through new build affordable housing units over the next ten years. Therefore, notwithstanding the limitations on government financing, there is a clear need to consider the potential to continue to provide additional affordable housing to help meet the identified housing need going forward.

- 3.5 Two key considerations require to be made in continuing a new build programme i.e.: site availability/feasibility and affordability. In terms of site availability/feasibility, Members will be aware of the on-going site appraisal work previously reported to Committee. 9 potential sites were identified as potential further new build opportunities.
- 3.6 As agreed by Housing and Social Care Committee in August 2012, further work has been undertaken on the feasibility and affordability of these sites. In summary, the appraisal work has identified the following:
- Restricted government funding available
 - Significant additional costs in terms of site acquisition and developer contributions required
 - Development on the 9 sites would cost approximately £50m i.e.: an average unit cost of c£131,000
 - Housing Charter necessitates that HRA funds are utilised in the best interests of all tenants. High development costs will require increased rent levels across all tenants
 - Planning and school capacity issues to be addressed
 - Topography and other physical site constraints
- 3.7 Taking the above factors into account, it is proposed that the sites are progressed as follows:

Potential Site	Approach	Comment
Seabegs, Road, Bonnybridge	Private	Development of site would be costly and is likely to cause future infrastructure problems. Capital receipt assumed in GS Capital Programme of £1m
Denny High School	Private/HRA	Site provides opportunity for large scale development of various marketing strategies of affordable mixed tenure housing. Site could be marketed for private residential use, with Council consideration on purchase of affordable housing provision element
Stenhousemuir Police Station	HRA	Highest demand sub area with greatest need for affordable housing. Prime town centre location close to amenities. Low build cost, with additional funding available via earmarked S75 consent. <i>Include in 2015-18 SLP</i>
Falkirk High School	Private	Highly desirable area making this a prime site for private development, with the potential to generate a capital receipt.

Torwood Primary School	Private	A range of constraints and development costs in relation to the site. Site suited for less densely built private development and thereby generate capital receipt.
California Road, Maddiston	Private/Alternative use	Further development in area would cause additional pressures with regard the capacity and provision of local education, community facilities and infrastructure.
Oxgang Road, Grangemouth	Alternative Use	Potential site for new school
Denny Town Centre Sites 1 & 2	HRA (site 1 only) Private (site 2)	Include site 1 in 2015-18 SLP, as part of the Denny Town Centre regeneration. This would assist in addressing the shortfall of affordable housing in the Denny/Bonnybridge sub area for a growing population with particular housing requirements. Site 2 to be marketed for private development to increase tenure diversification
The Rumlie, Slamannan	Private/Alternative use	Due to topography, site constraints and loss of current open space, development of this site would be financially prohibitive in an area with low demand.

- 3.8 It is proposed that those sites which are identified as not progressing as housing development are either marketed or identified for another use.
- 3.9 In recognising the difficulties and costs of development on Council owned sites, consideration has been given to the potential of purchasing new homes, as part of the affordable housing element of private home developments. In particular, consideration to this approach has been given as a means of assisting the marketing and pump priming of sites e.g.: the Denny High School site and various SIRR projects. Whilst, specific acquisition prices would require to be negotiated in respect of each development, an indicative cost in the region of £100,000 is considered a reasonable assumption. Acquisition would be subject to District Valuer assessment and would provide a more viable option, due to higher costs associated with development on Council sites, the planning and other development constraints on the sites and the opportunity to provide more mixed developments. Following more detailed appraisal work, a further report on this approach will be provided to Members for their consideration.
- 3.10 Consideration of acquiring privately owned land for Council house development has also been identified as another approach to meeting housing need. Currently no approval is in place for such an approach. Should Members be minded to consider this as an option, further consideration of factors such as acquisition costs; site selection criteria and planning and development risks would be required. The over-arching consideration would be one of whether such an approach would be best value to tenants. It is considered that

similar issues and costs would be applicable to private site acquisition, as those identified in paragraph 3.6 above.

4. STRATEGIC LOCAL PROGRAMME 2015 - 2018

- 4.1 The Scottish Government advised the resource planning assumptions for 2015–2018 in March 2013. A total of £5.545m of funding was identified to support the supply of additional affordable housing, over the 3 year period 2015-18. A Strategic Local Programme (SLP) for 2015-18 now requires to be submitted to the Government aligned to the identified funding. Subsequently in July 2013 the Scottish Government advised that benchmark grants for new build social rented properties had been raised by £16,000 per unit for new build social rented units i.e.: to £46,000 per unit. The Scottish Government also advised at this time that an additional £0.691 million has been added to the resource planning assumption for years 2012-15.
- 4.2 In considering the SLP 2015-18, consideration has also been given to the utilisation of 2nd Homes Council Tax monies and also Affordable Housing Policy Contributions received by the Council. A total of £1.774m is available from these sources to further support funding of new affordable homes. It is proposed to utilise these monies to potentially support the acquisition of new homes, as outlined in para 3.9 above and where necessary top-up funding on RSL developments to ensure the delivery of specific projects.
- 4.3 Following consideration of the project proposals advised by RSL's and also by the Council and subsequent evaluation against criteria outlined in the SHIP, the following projects have been identified for inclusion in the SLP. The projects detailed below are based on preliminary design options. Further detailed design work and appropriate local consultation on design options will however be required before finalisation.

Strategic Housing Investment Plan 2013/14 to 2017/18

Year	PROJECT	UNIT NO'S	FUNDING
1 and 2	Merchiston Avenue, Falkirk - Falkirk Council	27	£810,000
1 and 2	Auchincloch Banknock	30	£1,615,409
1 and 2	Glenfair Nursery	10	£300,000
1 and 2	Denny Police Station	9	£270,000
1 and 2	Tinto Drive, Grangemouth	56	£1,165,591
1 and 2	Canal Walk, Bonnybridge	28	£795,000
1 and 2	Bellsdyke Phase 3	28	£1,056,000
Total 1 and 2		188	£6,012,000
3	Stenhousemuir Police Station (Falkirk Council)	15	£450,000
3	Carrick Place (WESLO)	20	£1,160,000
3	Denny Town Centre – Site 1 (Falkirk Council)	18	£828,000
3	Seaview Place, Bo,ness (Falkirk Council)	3	£90,000
Total 3		56	£2,528,000
4 and 5	Westquarter (Hanover)	14	£812,000
4 and 5	Bellsdyke Phase 4 (Link)	32	£1,240,000

4 and 5	Falkirk Road, (former Bonnybridge hospital) Bonnybridge (Link)	24	£1,056,000
4 and 5	Buy backs	3	£85,000
Total 4 and 5		73	£3,193,000
Overall	TOTAL	317	£11,733,000

- 4.4 Reference will also be made in the SLP for buy-back funding, as a potential slippage project. This approach will enable additional buy-back acquisitions to be funded, should there be slippage with SLP projects or where potential additional Scottish Government funding announcements are not sufficient to deliver full projects. In addition, other projects have also been identified as potential slippage projects within the SLP, these are:

- *Glenburn Road Hallglen, Loretto*
- *Williamson Street Falkirk*

5. CONCLUSIONS

- 5.1 Provision of additional affordable homes continues to be a priority, in light of the continued demand for affordable housing. Additional affordable homes are provided via a number of routes including:

- Direct provision by the Council and RSL's
- National Housing Trust (NHT) initiative
- Buy-back of former Local Authority homes

- 5.2 Notwithstanding the financial constraints associated with provision of additional homes, the following summarises the position in terms of the SLP 5 year period 2013-2018:

- 104 Council new build homes in progress (para 3.1)
- 317 Council & RSL new build homes 2013-18 (para 4.3)
- 27 homes provided through NHT development
- 100 buybacks by end of 2014/15 (based on 2 year approved programme)

- 5.3 A total of approximately 548 additional homes are therefore planned to be delivered by 2017/18.

- 5.4 In addition, there are also sites which may come forward before 2017/18 through the Affordable Housing Policy, of these 3 already have planning applications recommended for approval by the Council subject to reaching a legal agreement.

6. RECOMMENDATIONS

It is recommended that the following is considered:

- 6.1 Agree the approach proposed to future development of Council new build outlined in paragraph 3.7**
- 6.2 Agree the SLP detailed in paragraph 4.3**

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