



REPORT TO: HOUSING AND COMMUNITY SAFETY COMMITTEE ON 7 MAY 2024

SUBJECT: MORAY AFFORDABLE HOUSING INVESTMENT PROGRAMME

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)

1. REASON FOR REPORT

- 1.1 To inform the Committee of progress on the Affordable Housing Investment Programme in Moray.
- 1.2 This report is submitted to Committee in terms of Section III G (10) of the Council's Scheme of Administration relating to the preparation and implementation of strategic housing plans.

2. RECOMMENDATION

2.1 It is recommended that the Committee:-

- i) notes the resource planning assumption received from the Scottish Government and its implications for the development programme;**
- ii) scrutinises and notes progress on the Moray Affordable Housing Investment Programme;**
- iii) scrutinises and notes progress on delivery of housing at Bilbohall, Elgin; and**
- iv) scrutinises and notes progress on the delivery of the Council's new build and acquisition programme.**

3. BACKGROUND

- 3.1 The Council receives an annual resource allocation from the Scottish Government to fund the supply of new affordable housing in Moray. The Council's Strategic Housing Investment Plan (SHIP) determines how this funding will be used to plan and deliver the affordable housing priorities of the Local Housing Strategy. The investment and project priorities set out in the SHIP form the basis of an annual Strategic Local Programme Agreement

(SLP) between the Council and the Scottish Government. The SLP details the projects that will be funded during the year, the affordable housing developers who will deliver them, the targets for grant expenditure and the milestones by which progress on delivery will be measured. The Council and Registered Social Landlords (RSLs) are the principal developers of affordable housing in Moray.

- 3.2 On 15 July 2021, the Scottish Government provided the Council with a Resource Planning Assumption (RPA) of £46.2m for 2021/22 to 2025/26.

Year	2021/22	2022/23	2023/24	2024/25	2025/26	Total
Moray	£10.357m	£8.927m	£8.902m	£8.933m	£9.981m	£46.200m

- 3.3 On 21 November 2023, this Committee approved the Council's SHIP (paragraph 8 of the draft Minute refers).

- 3.4 On 13 February 2024, this Committee was advised of the likelihood that the previously advised RPA would be reduced for 2024/25 (paragraph 9 of the draft Minute refers), and agreed a rationale for reprioritisation and reprofiling of projects anticipated to start during 2024/25/26. The agreed priorities are:

- corporate and strategically important projects, i.e. Bilbohall; Speyview, Aberlour
- supported housing for people with learning disabilities i.e. Woodview2, Lhanbryde; Western Village, Elgin South
- Growth Deal Housing Mix Project developments i.e. South Street/High Street, Elgin; Dallas Dhu, Forres
- NHS key worker housing, to be agreed following the publication of NHS Housing Need Assessment currently in development
- Open market acquisition of long term empty homes

MORAY STRATEGIC LOCAL PROGRAMME (SLP)

Outturn 2023/24

- 4.1 The spend achieved in 2023/24 was £7.091m against RPA of £8.902m. This underspend is a change in trend, where for many years RPA has been exceeded. The underspend is attributable to delayed site starts at Speyview, Aberlour where there were delays in securing the necessary statutory consents from Transport Scotland, and Garmouth Road, Lhanbryde (Woodview2) where unviable costs have resulted in Grampian HA retendering the project.

- 4.2 New build completions during 2023/24

Site	Town	No of units	Landlord	Completion date
Fyvie Green, Elgin South	Elgin	17	Moray Council	May 2023
Banff Road Phase 1	Keith	33	Moray Council	Jul 2023
Knockomie (R1)	Forres	28	Cairn HA	Oct 2023
Findrassie Ph2b	Elgin	18	Grampian HA	Mar 2024

Total	96
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Resource Planning Assumption 2024/25 (RPA)

4.3 On 28 March 2024, Moray Council received notification of the RPA for 2024/25 i.e. £6.556m. This RPA is reduced from that expected and detailed in Para 3.2 above, but is consistent with reductions in RPA across Scotland following the Scottish Government budget announcement on 19 December 2023.

4.4 The following tables illustrate the affordable housing programme where either Scottish Government funding has been secured, or where the project fits with the prioritisation described at Para 3.4 above:

Currently under construction

Site	Town	No of units	Landlord	Completion date (est)
Banff Road Phase 2	Keith	26	Moray Council	Jan 2025
Ferrylea R3 Phase 2	Forres	43	Grampian HA	May 2024
Kinneddar Meadows	Lossiemouth	10	Osprey Housing	Jul 2024
Findrassie Ph2b	Elgin	16	Grampian HA	tbc
Total		95		

Site start expected during 2024/25

Site	Town	No of units	Landlord	Site start (est)
Speyview Phase 1	Aberlour	39	Moray Council	May 2024
Western Village, Elgin South	Elgin	44	Grampian HA	Jun 2024
Bilbohall Phase 1 (R2)	Elgin	106	Moray Council	Jan 2025
	Total	189		

4.5 Officers intend to begin a programme of engagement with partners and stakeholders key to the delivery of the affordable housing programme, to discuss the implications for them of the reduced RPA and uncertainty regarding future years.

4.6 Officers will continue to maintain a substantial shadow programme of developments. Should additional grant funding become available, officers will be able to bring a project(s) forward from the shadow programme, in accordance with the priorities set out at Para 3.4 and in the SHIP.

4.7 Progress on programme delivery will be reported to this Committee on a biannual basis.

5. COUNCIL NEW BUILD PROGRAMME

Bilbohall, Elgin

- 5.1 Planning consent was granted for 194 units and associated shared infrastructure on 23 March 2021. The tender exercises completed after planning approval have not resulted in a commercially viable construction contract. Officers have appointed a multi-disciplinary Design Team who are developing and costing an alternative site design for Phase 1 with a density comparable to commercial housebuilders. **It is anticipated that a planning application will be submitted by 30 April 2024** and that, following a tender process, site start during winter 2024/25 is achievable.

Speyview, Aberlour Phases 1 and 2

- 5.2 Moray Council acquired the land for 30 units, with the support of Scottish Government funding, from Springfield Properties in March 2022. Planning consent was granted on 19 December 2023. Contractual negotiations with Springfield Properties are concluded. It is anticipated that Phase 1 (39 units) plus shared infrastructure will achieve site start before during May 2024. However, this is dependent on Transport Scotland consenting processes relating to improvements to the A95. Acquisition of Phase 2 land already has secured an allocation of Scottish Government funding, and will progress under delegated authority during summer 2024.

6. COUNCIL ACQUISITION PROGRAMME

- 6.1 The SHIP provides facility to purchase properties from the open market for provision of affordable housing, where strategic and value for money criteria have been met.
- 6.2 Open market purchases will be prioritised as follows:
1. Where the purchase will assist the Council with delivery of SHQS/ EESSH/ capital improvements.
 2. Where the purchase will assist the Council to meet housing need in pressured areas and/or where new affordable housing development is constrained.
 3. Where the purchase will assist the Council to meet specialist housing need.
 4. Where the purchase will bring an empty property back into occupation.
- 6.3 Open market acquisitions approved to proceed:

Housing Market Area (HMA)	completion 2023/24	completion 2024/25(est)
Buckie HMA		1
Elgin HMA		3
Forres HMA		
Keith HMA		
Speyside HMA	1	
Cairngorms National Park HMA		

7. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

Addressing the shortage of affordable housing in Moray is a key priority of the Corporate Plan and 10 Year Plan, the Council's Local Housing Strategy and Strategic Housing Investment Plan (SHIP) and the Housing and Property Service Plan. The Strategic Local Programme reflects priorities for investment in the provision of new affordable housing to meet need identified in the Local Housing Strategy.

The affordable housing programme supports the aims of the 10 Year Plan by providing new affordable housing for an increasing population and a growing and diversifying economy. The target of 50 Council house completions per annum will be delivered within the investment planning and funding framework provided by the programme.

(b) Policy and Legal

The affordable housing supply programme contributes to meeting the Council's statutory duties to address homelessness and meet housing need in Moray.

(c) Financial implications

The report provides details of the resources being made available by the Scottish Government to part-fund affordable housing in Moray. The Council has agreed that 50 new council houses will be built per annum. The current HRA Business Plan has made provision for the level of borrowing required to part-fund the Council's housebuilding programme. The Housing Service intends to complete a further review of the HRA Business Plan by Dec 2024.

(d) Risk Implications

There is a risk that slippage or reduction in the programme will result in loss of Scottish Government More Homes Division grant funding to Moray, with the funds diverted to other LAs.

The programme may be impacted by economic and market conditions and site-specific issues as developments proceed. In particular, interest rates will impact on the cost of borrowing. There are processes in place to manage these risks and mitigations considered.

(e) Staffing Implications

There are no staffing implications arising from this report.

(f) Property

The report details the ongoing programme for development of additional affordable housing in Moray in response to strategic needs and specifically the Council new build programme to increase the Council's own supply of affordable housing.

(g) Equalities/Socio Economic Impact

The housing needs of equalities groups are identified in the Local Housing Strategy (LHS). The Moray Affordable Housing Programme seeks to deliver the housing priorities identified in the LHS.

(h) Climate Change and Biodiversity Impacts

The aims of the affordable housing programme are closely aligned to the Council's Climate Change Strategy, and Local Heat and Energy Efficiency Strategy (LHEES).

(i) Consultations

This report has been subject to consultation with the Depute Chief Executive (Economy, Environment and Finance), the Head of Housing and Property Services, Legal Services Senior Solicitor (Georgina Anderson), the Property Asset Manager, the Head of Economic Growth and Development, the Strategic Planning and Development Manager, the Chief Financial Officer and Lissa Rowan, Committee Services Officer.

8. CONCLUSIONS

- 8.1 The report provides details of an update on the current and future affordable housing investment programme, including the recently received Resource Planning Assumption for 2024/25. The report also provides an update on the Council's own new build and acquisition programme, including an update on development of Bilbohall, Elgin and Speyview, Aberlour.**

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Background Papers: with author
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