



REPORT TO: HOUSING AND COMMUNITY SAFETY COMMITTEE ON 25 JUNE 2024

SUBJECT: MORAY AFFORDABLE HOUSING INVESTMENT PROGRAMME

BY: DEPUTY 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; and**
- ii) **notes the outcomes from the engagement with partners and stakeholders detailed in paragraphs 4.5 & 4.6 and approves the proposed prioritisation of the Housing Investment Programme set out in Appendix I.**

3. BACKGROUND

- 3.1 The Council receives an annual resource planning assumption (RPA) from the Scottish Government's More Homes Division 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 21 November 2023, this Committee approved the Council's SHIP (para 9 of the Minute refers).
- 3.3 On 13 February 2024, this Committee was advised of the likelihood that the previously advised RPA would be reduced for 2024/25 (para 9 of the 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 and Levelling Up Fund 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; and
 - Open market acquisition of long-term empty homes.
- 3.4 On 7 May 2024, this Committee was advised that, as anticipated, the RPA for 2024/25 had been substantially reduced to £6.556m (para 10 of the draft Minute refers).

4. MORAY STRATEGIC LOCAL PROGRAMME (SLP)

Resource Planning Assumption 2024/25 (RPA)

- 4.1 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.
- 4.2 On 22 May 2024 the Scottish Government advised that the RPA had been increased slightly to £6.758m for 2024/25. There is no indication of RPA for 2025/26 or beyond.
- 4.3 At the time of writing, the distribution of the funds announced by the First Minister on 26 April 2024, i.e. additional £80m over two years, has not yet been finalised by the Scottish Government. It is understood that these additional funds are to be used for open market purchases only, not new build development.
- 4.4 The following tables illustrate the affordable housing programme where construction has already commenced, or where the project fits with the prioritisation previously agreed, and where the 2024/25 RPA has not been exceeded:

Currently under construction

Site	Town	No of units	Landlord	Completion date (est)
Banff Road Phase 2	Keith	26	Moray Council	Jan 2025
Kineddar Meadows	Lossiemouth	10	Osprey Housing	Jul 2024
Speyview Phase 1	Aberlour	39	Moray Council	Jun 2025
Findrassie Ph2b	Elgin	16	Grampian HA	Sept 2024
Western Village, Elgin South	Elgin	44	Grampian HA	TBC
Total		135		

Site start expected during 2024/25

Site	Town	No of units	Landlord	Site start (est)
High St/ South St redevelopment	Elgin	38	Places for People	Nov 2024
Bilbohall Phase 1 (R2)	Elgin	TBC	Moray Council	Jan 2025
Total		TBC		

- 4.5 Officers completed 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 In summary, through this engagement programme, it has become clear that there are some conflicting priorities competing for a finite amount of funding, but where potential solutions could be a combination of:
 - determining organisations' capacity to front fund development, i.e. consider the increased borrowing costs until Scottish Government grant can be accessed;
 - phasing/rephasing of development; and
 - considering alternative sources of funding.
- 4.7 The detail of how each development previously planned to start during 2024/25 and 2025/26 are potentially impacted along with the outcomes from those engagement discussions are set out in **APPENDIX I**.
- 4.8 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 agreed by this Committee in May 2024 (para 10 of the draft Minute refers) and set out in Para 3.3 above.
- 4.9 Progress on programme delivery will be reported to this Committee on a biannual basis.

5. BILBOHALL

- 5.1 The R7 site which forms part of the Bilbohall Masterplan (formerly The Firs), is not part of the planning application currently under consideration. However, the existing buildings at The Firs continue to attract antisocial behaviour and vandalism. The site has been secured with Heras fencing, but occasional antisocial behaviour has caused nuisance to the neighbouring homeowners at Fairfield Avenue.
- 5.2 Officers have instructed the Bilbohall design team to develop a feasibility study providing options for development. This feasibility study has provided 5 options which include a combination of retention/demolition of some/all of the existing buildings, and retention of the existing road/development of the consented new road through the site.
- 5.3 In December 2023, officers included redevelopment of The Firs in options presented to NHS Grampian to meet their key worker housing need.
- 5.4 Officers intend to survey the existing buildings in more detail, complete a value for money assessment of these options, and reach a decision on the future of the existing buildings by the end of 2024.

6. 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

The lack of RPA beyond 2024/25 is a significant risk to larger developments where construction costs may extend beyond one financial year. Moray Council and RSL Boards may be unable to commit to a project if the Scottish Government funding commitment is unconfirmed.

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 and potential front funding will impact on the cost of development. 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.

7. CONCLUSIONS

7.1 The report provides details of an update on the current and future affordable housing investment programme, including the recently revised Resource Planning Assumption for 2024/25. The report

provides a summary of a series of stakeholder engagement discussions with details of the implications for individual developments presented in APPENDIX I.

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Background Papers: with author
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