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**REPORT TO: COMMUNITIES COMMITTEE ON 27 AUGUST 2019**

**SUBJECT: COUNCIL NEW BUILD HOUSING PROGRESS**

**BY: CORPORATE DIRECTOR (ECONOMIC DEVELOPMENT,  
PLANNING AND INFRASTRUCTURE)**

**1. REASON FOR REPORT**

- 1.1 This report provides the Committee with an update on progress with the Council's new build housing programme.
- 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 Communities Committee:-**

- (i) **considers and notes progress on the Council's new build housing programme;**
- (ii) **considers and notes the challenges of delivering new affordable housing at locations across Moray;**
- (iii) **agrees to the procurement of consultants for the proposed new build project at Spynie Hospital, Elgin;**
- (iv) **considers and notes progress on the Bilbohall masterplan development proposals; and**
- (v) **agrees that further reports on programme progress will be presented to this Committee.**

**3. BACKGROUND**

- 3.1 The Council receives an annual resource planning assumption from the Scottish Government to fund the provision of new affordable housing in Moray. On 5 February 2019, the Communities Committee approved the Council's Strategic Housing Investment Plan (SHIP) for submission to the

Scottish Government (paragraph 6 of the Minute refers). The investment priorities set out in SHIP determine how the resource assumption is allocated to fund the housing investment programmes of both the Council and its housing association development partners. The SHIP priorities underpin the annual Strategic Local Programme Agreement between the Council and the Scottish Government. The agreement identifies all the affordable housing projects that will be funded during the year as part of the Moray Affordable Housing Supply Programme.

- 3.2 On 28 May 2019, this Committee was given details of the outturns on the Council's 2018-19 Programme Agreement (paragraph 9 of the draft Minute refers).
- 3.3 On 28 May 2019, this Committee was given details of the draft Strategic Local Programme Agreement for 2019/20 (paragraph 9 of the draft Minute refers). These details included the Resource Planning Assumption for the year of £9.080m as well as the projects and opportunities to be progressed as part of the Council's housing development programme.

#### **4. MORAY COUNCIL NEW BUILD PROGRAMME 2018/19**

- 4.1 The Moray Affordable Housing Supply Programme is delivered by a number of affordable housing providers, including the Council and housing associations. Each provider enters into a separate programme agreement with the Scottish Government.
- 4.2 The agreement for the Council's 2019/20 programme makes provision for spend of £6.485 on new housing supply with approval and site starts for 67 units and completion of 28 units. Details of progress on delivery of the programme are provided in the table below:

<b>Project</b>	<b>Unit</b>	<b>Status</b>	<b>Site Start</b>	<b>PC*</b>	<b>Spend Target 2019-20</b>	<b>Spend to date</b>	<b>Spend year-end</b>
Elgin South Ph1(South Glassgreen)	50	On site	May 2019	Jan 2021	£2.600	£0.790	£2.600
Hopeman, Forsyth Street	22	On site	April 2019	April 2020	£1.046	£0.635	£1.046
Mosstodloch Ph1	30	On site	Aug 2019	Sep 2020	£1.639	£0.260	£1.639
Keith, Banff Road Ph1	37	Tender	Oct 2019	Oct 2020	£0.800	£0.000	£0.800
Speyview, Aberlour	30	Planning	Mar 2020	April 2021	£0.400	£0.000	£0.400
Buckie, Letterfourie	28	Complete	Sep 2018	July 2019	£0.000	£0.000	£0.000
<b>Total</b>					<b>£6.485</b>	<b>£1.685</b>	<b>£6.485</b>

\**practical completion*

### Shadow programme

Project	Unit	Status
Former Spynie Hospital, Elgin	50-70 (estimated)	Design/planning/ acquisition
Dufftown	6	Design/planning

- 4.3 Programme progress to date has been generally good with Elgin South Phase 1 and Mosstodloch Phase 1 achieving site starts. Good progress has been made on site at Forsyth Street in Hopeman and the project at Letterfourie in Buckie achieved practical completion in July 2019.
- 4.4 It is anticipated that the terms of the purchase of the site at the former Spynie Hospital in Elgin will shortly be agreed with NHS Grampian. The purchase will be conditional upon the Council obtaining planning consent for new housing on the site. To meet this condition, the Council will require the services of a design team to prepare and submit a detailed planning application. It is proposed that the Council conduct a competitive procedure to procure a design team. To avoid any abortive consultancy costs, the design team would not be appointed until the Council has concluded missives for the purchase with NHS Grampian.
- 4.5 The project at Banff Road, Keith has been subject to an ongoing delay due to cost viability issues associated with the high cost of site servicing and infrastructure. The developer obtained planning consent in June 2019 for revised proposals incorporating additional land within the development and an amended road layout. On the basis of the amended consent, revised proposals are awaited from the developer for Phase 1 of the Council's new build programme on the site. It is expected that these proposals will be available for this Committee's consideration at the October 2019 meeting.
- 4.6 The project at Speyview, Aberlour will form part of the developer's affordable housing contribution. The developer has applied for planning consent and it is anticipated that this will be considered at the August 2019 meeting of the Planning and Regulatory Services Committee. Progress and timescales for this project will be reviewed following the outcome of the planning application.
- 4.7 At this point in the year, it is anticipated that the Council will spend the full amount of its programme allocation of £6.485m. The critical path to achieving this expenditure will require good progress on the projects at Banff Road, Buckie, Speyview, Aberlour and the former Spynie Hospital in Elgin.
- 4.8 To date, the Council's 2019-20 programme has achieved 28 house completions. These were at Inchgower in Buckie.
- 4.9 On the basis of the projects already included in the programme agreement, the anticipated completions over the next three years are detailed below:

Year	2019-20	2020-21	2021-22	Total	Avg per year
<b>Completions</b>	28	139	30	197	65

The total number of completions achieved across the years is in line with the Council's target to build 70 houses per annum.

## 5. **HISTORIC PROGRAMME**

### **Project Completions**

- 5.1 Details of the developments completed through Phases 5, 6 and 7 (to date) are shown in the table below. Most of the projects were the result of affordable housing contributions required by local planning policy. As such, the Council has limited control over the pre-construction programme as this is determined by the developer's plans to build private housing for sale on the wider site. However, once site starts were agreed, all projects were completed within the construction programme.

<b>Phase</b>	<b>Development</b>	<b>Town</b>	<b>No of units</b>	<b>Occupied from</b>
5	MC29B Alba Road	Buckie	29	Mar-Aug 2016
	MC8F Corries Way	Forres	8	Jan 2016
	MC16F Burdshaugh	Forres	16	Apr 2017
6	MC15B Alba Road	Buckie	15	Oct 2017
	MC16E Linkwood Steadings Ph1	Elgin	16	Feb-Mar 2018
	MC20F Ferrylea	Forres	20	Jun-Jul 2018
	MC12F Strathcona	Forres	12	Oct 2018
	MC15E Linkwood Steadings Ph 2	Elgin	15	Oct-Nov 2018
	MC21E Driving Range	Elgin	21	Jan-Feb 2019
7	MC28B Inchgower	Buckie	28	May-Jul 2018

### **Budgets**

- 5.2 Previous reports to this Committee have confirmed that all Phase 5 projects have been delivered within the approved budget. Final Accounts have been agreed for all Phase 6 projects apart from the Driving Range. All Final Accounts are within budget. There have been no additional costs on the Driving Range project and the Final Account will be within budget. All of these developments have been delivered through Design and Build contracts. This type of contract minimises the risk to the Council associated with cost overruns as the contract price is fixed at the outset and the developer is responsible for all unanticipated costs.

### **Tenant feedback**

- 5.3 Officers routinely post feedback surveys to all new build tenants approximately 6 months after the property was completed. From Phase 5 and 6, a total of 110 post occupation surveys have been sent out to date. Of this group, 27 responses were received (25%). The low number of responses means that statistical analysis is not robust but of those who provided a response, 100% were very satisfied/satisfied with the quality of the builder, 70% were very satisfied/satisfied with the repairs service during the defects liability period. When asked what they particularly like about their new home, tenants frequently mention space, light, warmth and accessibility as positive features.
- 5.4 Officers keep the design and specification of new build properties under continual review and seek to learn lessons and improve layouts on an ongoing

basis. Feedback from tenants and other stakeholders such as the Occupational Therapy service are used to inform design/specification changes. As a result of this approach, the following changes were introduced during Phases 5 and 6, and will be reflected in forthcoming developments:

- Triple glazing to improve the thermal efficiency of properties.
- Introduction of direct access from kitchen to garden wherever possible, following feedback from new build tenants.
- Variable height kitchen surfaces fitted as standard in wheelchair accessible bungalows to provide for the varying needs of multiple occupants, both current and future.
- Powered door entry systems fitted as standard in wheelchair accessible bungalows to improve amenity for the likely occupants, both current and future.
- Larger level access shower areas following feedback from Housing Occupational Therapist.
- Additional step in shower in 3 bed bungalows to meet the needs of larger families where one family member has a disability, following feedback from the Housing Allocations Team.

## **6. NEW HOUSING DELIVERY CHALLENGES**

- 6.1 At the meeting of this Committee on the 28 May 2019, the Acting Head of Housing and Property undertook to provide a report to a future Committee on the challenges faced in providing new affordable housing in Moray. This followed a discussion on why development had not progressed in some villages and areas where land had been set aside for new housing in the Local Development Plan (paragraph 8 of the draft Minute refers).
- 6.2 One of the key challenges in delivering new affordable housing is securing suitable sites for development. Historically, the source of the large majority of development opportunities for the Moray affordable housing programme has been the developer affordable housing contributions required by planning policy. Over the years, the focus of developer housebuilding activity has predominantly been the main settlement areas of Elgin, Forres and Buckie. This has meant that opportunities to deliver new housing via affordable housing contributions have been relatively low in some areas. This has been particularly evident in villages and in rural areas where development is often very small scale and incremental with uncertain delivery timescales. These factors can present challenges when programming the delivery of affordable housing contributions.
- 6.3 An alternative delivery route to affordable housing contributions would be for the Council or other affordable housing providers to purchase sites for development. Over the years, officers have explored opportunities for acquiring sites across Moray but with limited success. Actions have included advertising for sites and conducting procurement procedures for development opportunities and potential purchases. Unfortunately, responses from landowners and developers to these market enquiries have been negligible. Where sites have been offered, issues of infrastructure and servicing constraints have adversely impacted on the financial viability of development. Despite these challenges, it is evident that the acquisition of sites for

development would be the most effective way of delivering affordable housing in areas where affordable contributions have not been forthcoming.

- 6.4 To identify potential acquisition opportunities, officers will carry out a review of available housing sites outwith the main settlement areas in Moray, including the coastal villages and rural locations in Speyside. The review will be informed by the development opportunities coming forward as part of the proposed Moray Development Plan 2020. The proposed plan is currently progressing through the adoption process but proposed sites, unless they are subject to examination by the Scottish Government, can be treated as a material consideration for development management purposes. This will help broaden the range of sites that can be included in the review. In carrying out the review, officers will be working closely with colleagues in Development Plans to identify suitable opportunities.
- 6.5 The review of sites and the development opportunities that emerge will inform the preparation of the Council's next SHIP which will be submitted to the Scottish Government later in November 2019. Details of the SHIP will be submitted to this Committee for consideration in October 2019.
- 6.6 As well as socially rented housing, there are other options for delivering affordable housing in smaller settlements. These options include self-build and support from the Rural Housing Fund. These initiatives are aimed at providing intermediate tenure housing such as low cost home ownership and mid-market rent are intended to address the specific housing needs arising in small communities. Applications to the Rural Housing Fund are made directly to the Scottish Government by local community groups with funding available for local housing need assessments as well as for investment in new housing supply. To date groups in the Carbrach, Findhorn and Tomintoul have received support from the Rural Housing Fund.

## **7. BILBOHALL DEVELOPMENT PROGRAMME**

- 7.1 On 2 April 2019, this Committee agreed that officers could progress the procurement of technical consultants to advance the delivery of the Bilbohall masterplan proposals, with details of the proposed appointment to be presented to Committee in October 2019 for approval (paragraph 11 of the Minute refers). The commission is currently being advertised through Public Contract Scotland and the outcome of the tender process will be presented to this Committee in October 2019.

## **8. 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 the Housing and Property Service Plan. The Council's new build housing programme supports priorities for investment in the provision of new affordable housing to meet need identified in the Local Housing Strategy.

The Council's new build 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 70 Council house completions per annum will be delivered within the investment planning and funding framework of the Moray Affordable Housing programme.

**(b) Policy and Legal**

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

**(c) Financial implications**

The report provides details of the funding being made available by the Scottish Government for the Council's housebuilding programme. Funding design team consultancies associated with Bilbohall and former Spynie Hospital, Elgin are available from within existing budgets.

The Council has agreed that 70 new council houses will be built per annum over three years to 2020. The Housing Business Plan has made provision for the borrowing required to fund the Council's housebuilding programme. A review of the Business Plan will be carried out later this year and will assess the capacity of the Business Plan to fund the programme going forward.

**(d) Risk Implications**

There are no risk implications arising from this report.

**(e) Staffing Implications**

There are no staffing implications arising from this report.

**(f) Property**

There are no property implications arising from this report.

**(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 contained in the LHS.

**(h) Consultations**

This report has been subject to wider consultation with the Corporate Director (Economic Development, Planning and Infrastructure), the Acting Head of Housing and Property, the Head of Direct Services, the Head of Development Services, the Legal Services Manager, Deborah O'Shea (Principal Accountant), the Payments Manager, the Principal Planning Officer (Planning & Development), the Transportation Manager and Caroline Howie, (Committee Services Officer). Any comments received have been reflected in the report.

## **9. CONCLUSION**

**9.1 The report sets out progress on the Council's new build programme and considers some of the challenges of delivering affordable housing in Moray.**

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Background Papers: Held by HSPM

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