



REPORT TO: COMMUNITIES COMMITTEE ON 17 DECEMBER 2019

SUBJECT: THE MORAY AFFORDABLE HOUSING 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) 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 Moray Strategic Local Programme 2019/20;**
- ii) agrees to bring forward the development opportunities detailed at paragraph 4.8 into the 2019/20 programme;**
- iii) considers and notes progress on the Bilbohall masterplan area; and**
- iv) agrees that further reports on programme progress will be presented to this Committee.**

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 Plans (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 between the Council and the Scottish Government. The agreement 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 28 May 2019, the Communities Committee considered a report detailing the 2018/19 outturn on the Strategic Local Programme (SLP) for 2018/19, progress on the SLP for 2019/20, and progress on the procurement of consultants to develop a planning application for houses and infrastructure within the Bilbohall Masterplan area (paragraph 9 of the Minute refers).

4. MORAY STRATEGIC LOCAL PROGRAMME 2019/20

- 4.1 On 30 April 2019, the Scottish Government wrote to the Council confirming that the Council's Resource Planning Assumption (RPA) for the 2019/20 Moray affordable programme would be £9.080m. The Government also confirmed a resource allocation of £9.633m for 2020/21.
- 4.2 As in previous years, the Moray programme will be delivered by a combination of the Council and the RSLs, Hanover Housing Association, Grampian Housing Association, Cairn Housing Association, and Osprey Homes.
- 4.3 There have been significant changes to the previously reported programme:
- 4.3.1 The planned purchase of the former Spynie Hospital site, Elgin has been postponed pending development of detailed planning application and revaluation of the site. This development is the subject of a separate report elsewhere on this agenda.
- 4.3.2 Some sites have progressed well and have spent more than previously anticipated i.e. Elgin South Glassgreen, Mosstodloch Phase 1, Hopeman and Highland Yard, Buckie. Spend on Spynie/Hamilton Gardens is likely to be more than anticipated but this is in part due to the increased number of units from 37 to 45.
- 4.3.3 A tender for the first phase of development at Banff Road, Keith has come forward and is the subject of a separate report on this agenda. Significant service diversions are required prior to the commencement of the housing itself. Pending approval, it is expected that works will commence in February 2020 with the housing completed in March/April 2021.
- 4.3.4 The former Bishopmill House site, Elgin has a reduced projected spend from £648k to £150k, as it is likely that only a site acquisition will be achieved this financial year.
- 4.3.5 Progress with affordable housing at Speyview, Aberlour has been delayed pending agreement between the developer and Scottish Water on the extent of infrastructure improvements.
- 4.4 The impact of these changes on the Strategic Local Programme is shown at **APPENDIX I**. Taken together, these changes to the programme would result in a projected spend of £8.931m at year-end, an underspend of £820k on 2019/20 RPA.

- 4.5 Officers have investigated options for bringing projects forward to compensate for this underspend. However, the assessment has indicated that most of the projects identified in the Acquisitions and Shadow programme are not at a sufficiently advanced stage to be brought forward. Although a developer has been appointed, the Phase 1 development at Findrassie has not yet achieved detailed planning consent. Taigh Farrais, Forres has now been excluded from the programme as the site has been sold for a non-affordable housing use. The delivery of affordable housing at Sunbank, Lossiemouth is not expected until 2021/22.
- 4.6 The only project suitable to be brought forward from the Acquisition and Shadow Programme is the purchase of the site at Garmouth Road, Lhanbryde. On 27 November 2019, Moray Council approved the sale of the site to Grampian Housing Association, who plan to provide specialist housing for people with learning disabilities in this location (Paragraph 17 of the draft Minute refers). It is anticipated that the sale will be concluded before March 2020.
- 4.7 Officers have investigated options amongst those projects identified as high priority in the Strategic Housing Investment Plan (SHIP) and have identified the second phase of development at Mosstodloch and the purchase of R12/6 Bilbohall, Elgin as opportunities that can achieve spend in 2019/20. It is anticipated that Mosstodloch Phase 2 could commence in January 2020 with phased completions expected up to July 2021. The Bilbohall acquisition would be added to the Council's landbank and developed as part of the wider Bilbohall Masterplan area, on a phased basis, over several years. Mosstodloch Phase 2 and Bilbohall are both the subject of separate reports on this agenda.
- 4.8 It is proposed that the development opportunities at Garmouth Road, Lhanbryde, Mostodloch Phase 2 and R12/6, Bilbohall are added to the 2019/20 Strategic Local Programme. The impact of these additional items on the programme is detailed at **APPENDIX I**.
- 4.9 The value of the amended projected spend, including those projects brought forward into the 2019/20 programme, would total £10.535m and comfortably exceed the Resource Planning Assumption. This over-commitment has the support of the Scottish Government as an opportunity to take advantage of programme slippage in other local authority areas and to contribute to the Scottish Government's target to build 50,000 new affordable homes by March 2021.
- 4.10 As a contingency against slippage, officers and local development partners will continue to take steps to ensure that a sufficient pipeline of alternative development opportunities is available. These will be mainly sites already in the programme.
- 4.11 Progress on programme delivery will be reported to this Committee during 2020/21.

5. BILBOHALL MASTERPLAN

- 5.1 The Scottish Government have provided an approval in principle on Moray Council's Expression of Interest to the Housing Infrastructure Fund. Following this approval, the Bilbohall Consortium have concluded procurement of a multi-disciplinary design team, pending tender approval, with the aim of achieving detailed planning consent for the infrastructure and housing by March 2020 at the latest. The Bilbohall development now includes the opportunity to acquire an additional site (R12/6) from Scotia Homes for affordable housing. This tender and potential acquisition is the subject of a separate report elsewhere on this agenda. When full planning consent has been achieved, it will be possible to provide more details on the phasing and timing of development of housing, in conjunction with provision of the infrastructure. It is anticipated that works at Bilbohall will not commence on site until autumn/winter 2020/21 at the earliest.

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 70 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 housing need in Moray.

(c) Financial implications

The report provides details of the resources being made available by the Scottish Government to fund affordable housing in Moray.

The Council has agreed that 50 new council houses will be built per annum over the next three years. The Housing Business Plan has made provision for the level of borrowing required to fund the Council's housebuilding programme.

(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 Depute Chief Executive (Economy, Environment and Finance), 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 Strategic Planning and Development Manager, the Transportation Manager and Caroline Howie (Committee Services Officer). Any comments received have been reflected in the report.

7. CONCLUSIONS

- 7.1 The report provides an update of progress on the Moray affordable housing programme 2019/20 and makes recommendations to bring forward development opportunities into the programme. The report provides an update of progress on delivery of housing in the Bilbohall Masterplan area.**

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Background Papers: with author
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