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**REPORT TO: COMMUNITIES COMMITTEE ON 28 MAY 2019**

**SUBJECT: THE AFFORDABLE HOUSING PROGRAMME IN MORAY**

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

**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 the outturns on the Moray Affordable Housing Supply Programme 2018-19;**
- ii) considers and notes the Moray Resource Planning Assumption for 2019/20 and 2020/21;**
- iii) considers and notes the draft Moray Strategic Local Programme 2019/20 programme;**
- iv) considers and notes progress on the implementation of the Bilbohall masterplan; 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 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 26 June 2018, the Communities Committee approved the Council's Strategic Local Programme Agreement for 2018/19, and agreed that the Council could progress procurement of consultants to develop a planning application for houses and infrastructure within the Bilbohall Masterplan area (paragraph 15 of the Minute refers).

3.3 On 5 February 2019, the Communities Committee approved the Council's SHIP for submission to the Scottish Government (paragraph 6 of the Minute refers).

#### **4. MORAY STRATEGIC LOCAL PROGRAMME 2018/19**

4.1 The outturns for the 2018/19 programme are provided at **APPENDIX I**.

4.2 At year-end, outturn spend was £6.195m (78%) against the Grant Planning Target (GPT) of £7.983m.

4.3 During 2018/19 the programme achieved 90 completions against a target of 93 completions.

4.4 During the course of the year, significant adjustments were made to the programme with spend opportunities being brought forward to compensate for slippage on other projects. In the Council's programme, the projects subject to the greatest slippage were Elgin South Phase 1, Stynie Road, Mosstodloch and Banff Road, Keith. Stynie Road, Mosstodloch has been subject to a protracted design process to ensure that the proposals met the Council's requirements and complied with local planning policy. Construction is expected to commence in July 2019. Banff Road, Keith has been subject to a redesign following viability concerns. This resulting in a revised planning application due for determination later this year, with a site start thereafter. The delays at Elgin South Phase 1 were associated with a revised Section 75 Agreement and the discharge of key planning conditions on the wider Elgin South Masterplan area. Construction at Elgin South will commence in June 2019. Phase 1 at Mosstodloch is programmed to start on site in June 2019.

4.5 In the RSL programme, the project with the greatest slippage was Findrassie, Elgin where for several years, provision has been made for development of a first phase of affordable housing as part of the wider Findrassie masterplan. Although a developer has been appointed by the landowner, and a partner RSL has been identified, the proposals were not at a sufficiently advanced stage to result in any spend during 2018/19. Other RSL projects where slippage has occurred are Spynie, Elgin (Phase 2) and Bogton, Forres where ongoing contractual negotiations have caused delay.

4.6 To compensate for slippage in its programme, the Council brought forward the developments at Forsyth Street, Hopeman and Barhill Road, Buckie, which

are both currently under construction. Osprey Homes' development of 6 units at Archibald Grove, Buckie was a further addition to the programme. However, despite best endeavours, the Council was unable to progress the purchase of programmed sites. NHS Grampian, the vendor of the site at Spynie Hospital was not in a position to complete the sale before year-end and the developer of the site at Speyview, Aberlour had not yet obtained planning consent for the proposals.

## **5. MORAY STRATEGIC LOCAL PROGRAMME AGREEMENT 2018/19**

- 5.1 On 30 April 2019, the Scottish Government wrote to the Council confirming that the Council's Resource Planning Assumption for the 2019/20 Moray affordable programme would be £9.080m. The Government also confirmed a resource allocation of £9.633m for 2020/21.
- 5.2 On 30 April 2019, the Scottish Government issued the Council with a draft Strategic Local Programme Agreement for 2019/20. This was based on the resource allocation of £9.080m. Details of the programme are provided in **APPENDIX II**.
- 5.3 The programme agreement makes provision for the following projects to achieve tender approval during the year:
- Moray Council: Stynie Road, Mosstodloch Phase 1, Banff Road, Keith Phase 1, Bilbohall, and Speyview, Aberlour
- RSL: Findrassie, Elgin Phase 1; Highland Yard, Buckie, Spynie Phase 2, Elgin; and former Bishopmill House, Elgin,
- 5.4 Site purchases at the former Spynie Hospital, Elgin and Taigh Farrais, Forres have also been included in the 2019/20 programme. A shadow programme of tentative development opportunities has also been identified and includes projects at Findrassie, Elgin; Pinegrove, Elgin and Sunbank, Lossiemouth.
- 5.5 As in previous years, the Moray programme will be delivered by a combination of the Council and the RSLs, Hanover Housing Association, Osprey Homes and Cairn Housing Association.
- 5.6 The carry-over spend from the projects approved before 2019/20 will be £5.407m. This leaves £3.673m for expenditure on new tender approvals, acquisitions and the shadow programme. Total estimated spend on carry-over projects and projects identified for tender approval is £9.951m. The value of projects in the 2019/20 programme exceeds the Resource Planning Assumption but this over-commitment will ensure spend is maximised should any unforeseen slippage occur. The large carry-over of committed spend from previous years will mean that the achievement of target will be less challenging, as there is more certainty in the programme.
- 5.7 In delivering the programme, officers will continue to work with local development partners to progress investment opportunities. The Committee should note, however, that the programme continues to be largely dependent on opportunities provided planning policy H8. This presents an element of programme uncertainty with timescales for key projects being determined by

the plans of partner private housing developers rather than the affordable housing providers themselves. This has been particularly evident for projects in Elgin, a priority area for investment, where, for various reasons, the delivery of affordable housing on the major key sites of Findrassie and Spynie have not come forward within anticipated timescales anticipated. As a contingency against slippage, officers and local development partners will be taking steps to ensure that a sufficient pipeline of alternative development opportunities is available. These will mainly be sites already in the programme.

- 5.8 Progress on programme delivery will be reported to this Committee during 2019/20.

## **6. BILBOHALL MASTERPLAN**

- 6.1 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 begun procurement of a multi-disciplinary design team with the aim of achieving detailed planning consent for the infrastructure and housing by March 2020 at the latest. It is anticipated that works at Bilbohall will not commence on site until 2020/21.

## **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 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 70 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 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 Tracey Sutherland (Committee Services Officer). Any comments received have been reflected in the report.

**8. CONCLUSIONS**

- 8.1 The report provides an update of progress on the Moray affordable housing programme, including the outturns on the 2018/19 Strategic Local Programme Agreement and details of the 2019/20 programme agreement. The report provides an update of progress on delivery of housing in the Bilbohall Masterplan area.**

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Background Papers: with author  
Ref: