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**REPORT TO: COMMUNITIES COMMITTEE ON 2 APRIL 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 progress on the Bilbohall masterplan proposals;**
- (iii) **agrees that officers can progress the procurement of technical consultants to advance the delivery of the Bilbohall masterplan proposals, with details of any proposed appointment presented to this Committee for approval; and**
- (iv) **agrees that further reports on programme progress will be presented to this Committee.**

**3. BACKGROUND**

- 3.1 The Council receives annual resource allocations from the Scottish Government to fund the provision of affordable housing in Moray. On the basis of the investment priorities set out in the Strategic Housing Investment Plan (SHIP), the Council enters into an annual Strategic Local Programme

Agreement with the Government. The agreement lists all the affordable housing projects that will be funded during the year as part of the Moray Affordable Housing Supply Programme.

- 3.2 Under the More Homes Scotland initiative, the Scottish Government has committed to building 50,000 new affordable houses by 31 March 2021. To achieve this priority, the Government is providing councils with increased resources for their affordable housing supply programmes. On 26 June 2018, this Committee considered details of the Moray Affordable Housing Supply Programme for 2018/19, including the Scottish Government's resource allocation of £7.983m (paragraph 15 of the Minute refers).
- 3.3 On 25 September 2018, this Committee considered progress on the Council's new build programme (paragraph 10 of the Minute refers). The report provided details of the Council's 2018/19 Programme Agreement with the Scottish Government.
- 3.4 On 13 November 2018, the Planning and Regulatory Services Committee approved the final Bilbohall Masterplan as Supplementary Guidance to the Moray Local Development Plan (2015) (paragraph 12 of the Minute refers).
- 3.5 On 12 December 2018, the special meeting of Council agreed to accept a tender for the new build project at Forsyth Street in Hopeman (paragraph 8 of the Minute refers).
- 3.6 On 5 February 2019, this Committee considered details of the Council's most recent SHIP submission to the Scottish Government (paragraph 6 of the draft Minute refers). The SHIP covers the period 2019-2024.

#### **MORAY COUNCIL NEW BUILD PROGRAMME**

- 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. The Council's 2018/19 Programme Agreement makes provision for spend of £3.848m on new housing supply with approval and site starts for 163 units and completions of 68 units. Details of progress on delivery of the programme are provided in the table below:

| <b>Project</b>          | <b>Units</b> | <b>Status</b> | <b>Start</b> | <b>End</b> | <b>Spend Target 2018-19<br/>£0.000m</b> | <b>Spend to date 2018-19<br/>£0.00m</b> | <b>Projected Spend 2018-19<br/>£0.00m</b> |
|-------------------------|--------------|---------------|--------------|------------|---|---|---|
| Strathcona Road, Forres | 12           | Complete      | Oct 2017     | Oct 2018   | £0.105                                  | £0.105                                  |   |
| Ferrylea Ph2 Forres     | 20           | Complete      | Jan 2018     | Jun 2018   | £0.000                                  | £0.000                                  |   |
| Driving Range, Elgin    | 21           | Complete      | Jan 2018     | Feb 2019   | £0.310                                  | £0.310                                  |   |
| Linkwood Ph2, Elgin     | 15           | Complete      | Jan 2018     | Nov 2018   | £0.321                                  | £0.321                                  |   |

| Project                      | Units | Status          | Start    | End      | Spend Target 2018-19<br>£0.000m | Spend to date 2018-19<br>£0.00m | Projected Spend 2018-19<br>£0.00m |
|------------------------------|-------|-----------------|----------|----------|---------------------------------|---------------------------------|-----------------------------------|
| Barhill Road Ph.5, Buckie    | 28    | On site         | Oct 2018 | May 2019 | £1.342                          | £1.342                          |                                   |
| Forsyth Street, Hopeman      | 22    | On site         | Feb 2019 | Jan 2020 | £0.600                          | £0.252                          | £0.350                            |
| Elgin, South Glassgreen      | 50    | Tender Approval | Apr 2019 | Aug 2020 | £0.400                          | £0.000                          | £0.000                            |
| Stynie Road, Mosstodloch Ph1 | 30    | Tender Approval | Jul 2019 | Jun 2020 | £0.400                          | £0.000                          | £0.000                            |
| Banff Road Ph1, Keith        | 33    | Tender Approval | Sep 2019 | Sep 2020 | £0.370                          | £0.000                          | £0.000                            |
| <b>Total</b>                 |       |                 |          |          | <b>£3.848</b>                   | <b>£2.330</b>                   | <b>£0.350</b>                     |
| Speyview, Aberlour           |       | Purchase        |          |          | tbi                             | £0.000                          | £0.000                            |
| Spynie (NHS) Elgin           |       | Purchase        |          |          | tbi                             | £0.000                          | £0.000                            |

- 4.2 During 2018/19, good progress has been made on some projects whilst others have been subject to delay. The projects at Strathcona Road and Ferrylea in Forres and the Driving Range and both phases at Linkwood in Elgin all achieved completion during the year. The project at Barhill Road, Buckie Phase 5 has started on site and will complete during 2019/20. As required by the condition of planning consent, the project at Forsyth Street, Hopeman will commence on site on completion of off-site drainage works. At the time of writing, these works were ongoing.
- 4.3 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. To resolve these issues, the developer has sought to value engineer the site by incorporating additional land within the development proposals and by amending the housing and roads layout. The developer has applied for planning consent for the amended proposals and it is understood the application will be considered by the Planning and Regulatory Services Committee on 21 May 2019. However, a further site delivery complication has been added by the SSE's proposed North East Overhead Line upgrades which will include works to electricity cables in and around the site. Although final programme details have still to be confirmed, SSE has indicated that cables within the site could be upgraded during 2019/20. At the time of writing, officers were awaiting details from the developer as to how these works will affect the housing construction programme.
- 4.4 Phase 1 at Stynie Road, Mosstodloch has been the subject of a protracted planning application process to ensure that the proposals meet local planning policy. It is understood that the planning application will be considered by the Planning and Regulatory Services Committee on 26 March 2019. Subject to the outcome of the planning application, it is anticipated that a tender for the housing project will be considered by this Committee at the meeting on 28 May 2019.

- 4.5 Elgin South Phase 1 is part of a larger planning application which includes 870 houses as well as sports and educational facilities. The developer's amended planning application for the larger development was approved on 29 January 2019 (paragraph 8 of the Minute refers). This approval will allow the developer to bring forward the phasing of the Council's Glassgreen project. The report on tenders for Elgin South Glassgreen is a separate item on this Agenda and, subject to approval, the project will commence on site in April 2019.
- 4.6 The acquisitions included in the programme agreement will not be settled before year-end at 31 March 2019 and will be carried forward to next year. The site at Aberlour is at an early stage in the planning process and will not be considered for purchase until the development proposals have reached a more advanced stage. NHS Grampian, the owners of the site at Spynie Hospital, have not been in a position to achieve the sale by year-end but negotiations between both parties have progressed and officers expect the transaction to be settled early in 2019/20.
- 4.7 To date, the Council's 2018/19 programme has achieved 68 house completions. These were at Ferrylea, Forres (20 units), Strathcona Road, Forres (12 units) the Driving Range, Elgin (21 units) and Linkwood Phase 2, Elgin (15 units). As well as achieving the programme agreement target, this number of completions is in line with the Council's target to build 70 houses per annum over the next three years.
- 4.8 The projected outturn spend on the Council 2018/19 programme is £2.680m against the funding allocation of £3.848m. In consultation with the Scottish Government, officers have taken steps to allocate the shortfall to other provider projects within the wider Moray Affordable Housing Programme. A report on the 2018/19 outturn on Moray programme will be presented at the next meeting of this Committee.
- 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               | 2018/19 | 2019/20 | 2020/21 | Total      |
|--------------------|---------|---------|---------|------------|
| <b>Completions</b> | 68      | 50      | 113     | <b>231</b> |

In addition to the units included above, the Council holds a housing landbank which could deliver a further 140 units. This does not include any site purchases currently planned.

### **Budgets**

- 4.10 In terms of historic expenditure, final accounts have been agreed or are being agreed on the Phase 6 projects that achieved completion during 2018/19. There have been no cost overruns on these projects and all are expected to outturn within budget.

## **5. BILBOHALL MASTERPLAN**

- 5.1 Officers recently met with the Scottish Government to discuss the outcome of the Council's application to the Housing Infrastructure Fund (HIF) for grant towards the cost of service infrastructure identified within the Bilbohall Masterplan. The Council's HIF application seeks funding of £5.3m to meet the estimated cost of the infrastructure, which includes a new primary road connection, improvements to the surrounding road network, a new active travel bridge over the railway line and a sustainable drainage system. The Scottish Government has confirmed that the items included in the application are eligible for funding and also that the Bilbohall proposals have been included in the HIF programme. However, in terms of the HIF procedures, an offer of grant will not be made until the infrastructure works have been tendered and a funding application submitted on the basis of the tender costs.
- 5.2 Officers have now taken steps to procure the Bilbohall infrastructure works with a view to securing HIF grant towards the tender costs. As the works are shared developments costs, the procurement will be taken forward jointly with the other partners in the Bilbohall consortium. The delivery of affordable housing at Bilbohall is a key investment priority of the Council's SHIP and the procurement of the infrastructure will be progressed in tandem with the first phase of the Council's new build programme at Bilbohall. The programme will aim to achieve grant approvals for both the housing and infrastructure later in 2019/20. Progress will be reported to this Committee as part of the new build update reports.
- 5.3 The services of technical consultants will be required to prepare the tender documentation for the infrastructure works and to progress the first phase of the Council new build programme at Bilbohall to detailed planning stage. These services will include architectural and engineering services. The Committee is asked to agree that the officers can progress the procurement process for these services. If agreed, details of the proposed appointments, including costs, will be presented to this Committee for approval at a future meeting.

## **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 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.

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 during 2019-20. The review 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.

**7. CONCLUSION**

**7.1 The report sets out progress on the Council's new build programme, including the housing development proposals arising from the Bilbohall Masterplan.**

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Background Papers: Held by HSPM

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