

REPORT TO COMMUNITIES COMMITTEE – 20 DECEMBER 2018

CREATE HOMES ABERDEENSHIRE UPDATE

1 Recommendations

The committee is recommended to:

- 1.1 Comment on the update on Create Homes Aberdeenshire LLP.
- 1.2 Agree to receive a further report in six months to update on progress with the steps in 2.6 below and to review the long-term strategy for Create Homes.

2 Background / Discussion

- 2.1 Create Homes is a Limited Liability Partnership set up in 2015 by Aberdeenshire Council and the Scottish Futures Trust to provide mid-market rental properties in Aberdeenshire.
- 2.2 Create Homes is managed by a Board consisting of members from Aberdeenshire Council and the Scottish Futures Trust. Aberdeenshire Council has a majority of members. Create Homes has a Management and Maintenance Agreement with Aberdeenshire Council who are paid an annual management fee.
- 2.3 The Target Tenant Group is people on low to moderate income who are i) unable to buy or rent on the open market and /or ii) unable to access appropriate social housing.
- 2.4 Create Homes has 51 properties which are a mixture of one and two bedroom flats and three bedroom houses. The properties are located in three developments in Westhill, Ellon and Stonehaven.

Location	One bedroom flat	Two bedroom flat	Three bedroom house	Total
Westhill	12	4	8	24
Ellon		15		15
Stonehaven	4	4	4	12

2.5 Current Situation

- 2.5.1 Historically, the management was delivered across services including Strategy, Tenancy Services, Options and Asset Management and involved many Officers, generally operating outwith their area of expertise. It was felt that appointing a dedicated officer would ensure more efficient and effective service delivery.

- 2.5.2 A dedicated Housing Officer was appointed on 1st September, 2018 to lead on all management aspects of Create Homes.
- 2.5.3 Since its inception Create Homes has maximised occupancy and income levels and provided tenants with good quality homes. However, recent changes in the private housing sector have seen significant changes to market trends and reductions in average rent levels. This could potentially impact demand but will be monitored very closely.
- 2.5.4 As of 1 September 2018 there were 6 void properties and although the void level has not been ideal Create Homes is still projected to make a profit for 2018/19 of £20000, taking the cumulative profit to £8000. Significant headway has been made in dealing with the voids through intensified marketing and a robust marketing strategy is currently being developed to increase awareness and stimulate demand going forward. As of 29 November 2018 there are 5 void properties, but 4 of these have lets agreed within December.
- 2.5.5 Gumtree ads have proved to generate the most interest to date, and have resulted in one successful applicant taking on a tenancy. Several other applicants have not met the eligibility criteria which was previously determined. Initial investigations into other mid-market rent providers practices suggest we have been too narrow in defining our affordability criteria and this is being reviewed.
- 2.5.6 Since September the properties have been advertised on Gumtree, Facebook via Create Homes own page and on relevant selling pages and on Aberdeenshire Council's buy and sell yammer group. The website has been updated to include an online application form to make it easier for prospective tenants to apply.

2.6 Future Plans

- 2.6.1 To develop a robust marketing strategy including:
- Open Rent, which has been identified as a useful portal to allow advertising across Right Move, Zoopla, Gumtree and Facebook for a small fee.
 - City Lets - allows search by mid-market properties.
 - Direct marketing within and to local businesses.
 - The use of 'To Rent' signs and boards.
 - Development of the website to include a form which can be submitted directly, and that will allow supporting documents to be uploaded.
 - A dedicated phone number for Create Homes (excluding repairs).
 - Use of Apply for Homes application information to approach applicants who have expressed an interest in mid-market rentals.
 - Explore the replacement housing application system and use it to target potential tenants for vacancies.
- 2.6.2 An operational action plan is to be developed to bring functions under the remit of the Create Homes Housing Officer, starting with allocations. This will be followed by tenancy management and finally arrears. Currently Tenancy Services has 7 hours per week allocated to Create Homes, and Options and Homelessness 3 hours. These hours will be used to assist with visits locally and the use will be reviewed.

- 2.7 In the business case that was approved by Policy and Resources Committee on 15 January 2015, long term options for Create Homes were set out. After 10 years, the Scottish Futures Trust resign from the LLP. Aberdeenshire Council will determine an exit strategy which may include one or more of the following options (the following list is not exhaustive and may be subject to conditions within a Section 75): (a) continue the mid-market rent in LLP with other partner; (b) sell to sitting tenant; (c) HRA acquires stock; (d) sell to RSL; (e) sell units on open market (reinvest proceeds in HRA). It is envisaged that any surplus generated by the project will be reserved for future investment in affordable housing. Monitoring and evaluation will be continually carried out through life cycle of the project to ensure best value and continuous improvement. A further report on these options will be taken to committee in six months time.
- 2.8 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report and their comments have been incorporated in this report and are satisfied that the report complies with the Scheme of Governance and relevant legislation.

3 Scheme of Governance

- 3.1 The Committee is able to consider this item in terms of Section D7.1 of the List of Committee Powers in Part 2A of the Scheme of Governance as it relates to scrutiny of service delivery for a function related to its remit. Although Create Homes Aberdeenshire LLP has its own board as set out in 2.2, the Committee is responsible for the Strategic Housing Investment Plan which includes mid-market rent housing. Any comments from this Committee will be reported back to the Create Homes Aberdeenshire LLP Board.

4 Implications and Risk

- 4.1 An Equalities Impact Assessment is not required because the recommendations in this report do not have a differential impact on any of the protected characteristics.
- 4.2 There are no resource requirements arising from the recommendations in this report.
- 4.3 The following Risks have been identified as relevant to this matter on a Strategic Level as noted in the [Directorate Risk Registers](#): Lack of affordable house development sites means dependence on S75 agreements with developers; Oil and gas downturn impacts on rate of house building causing Government affordable housing targets to be missed; Fall in average cost of rental properties has made mid-market developments less desirable and more properties are becoming harder to let. This will be mitigated by the actions set out in 2.6 above to optimise the delivery of affordable housing across all tenures to meet housing need.

- 4.5 The recommendations in this report do not have an impact on the Town Centre First Principle. It should be noted that the principle has been embedded throughout the Strategic Housing Investment Plan and a Town Centre Impact Assessment was carried out with a potential positive impact noted. This was reported to the 8 November 2018 meeting of the Committee.

Stephen Archer
Director of Infrastructure Services

Report prepared by Julia Leonard, Private Sector Housing Officer (Mid Market Rents)
22 November 2018