

REPORT TO SOCIAL WORK AND HOUSING COMMITTEE – 12 JANUARY 2017

AFFORDABLE HOUSING

1 Recommendations

Social Work and Housing Committee is recommended to:

- 1.1 Comment on completion of Phase 5 Council's New Build Housing programme and approve Phase 6 updated New Build Housing development programme.**
- 1.2 Comment on progress regarding "Create Homes Aberdeenshire" – National Housing Trust Council Variant.**
- 1.3 Comment on and approve the Development Programme for 2016-2018 as detailed in Table 2.**

2 Progress during 2016/17

- 2.1 Over the period April 2016 – December 2016, 189 new affordable homes have been completed across Aberdeenshire across all partners:- 111 new homes for social rent; 48 for mid market rent; and 30 for low cost shared equity. A further 11 households accessed affordable home ownership through the 'resale' of existing low cost shared equity properties. Meantime work has commenced on site to deliver a further 149 units for social rent, 12 mid market and 12 for low cost shared equity across Aberdeenshire.

3 Council's New Build Programme

3.1 Phase 1 – Phase 4

Since 2010 the Housing Service has successfully delivered 163 new affordable homes in 10 different settlements across Aberdeenshire.

3.2 Phase 5

Phase 5 of the Council's new build housing programme has now been successfully completed with all 169 units, as previously approved by Social Work and Housing Committee, now part of the housing stock. The homes were delivered in settlements covering Peterhead, Fraserburgh, Banff, Inverurie, Westhill and Ballater.

3.3 Phase 6

An initial programme for Phase 6 of the Council's new build affordable housing developments was approved by Social Work and Housing committee 6th

November 2014. The undernoted updated table outlines the settlements and unit numbers anticipated to be delivered. An update on each development is provided below the table

Table 1 Phase 6 New Build Housing Programme	
Location	Unit Numbers
Huntly	12
Peterhead 1	8
Peterhead 2	30
Turriff 1 (Errol Court)	10
Turriff 2 (Meadowbank Place)	2
Oldmeldrum	26
Fraserburgh	6
Portlethen	1
TOTAL	95

Huntly

Located on both Deveron and George Street, the development will be located on a brownfield site, controlled by two different private owners. The development will provide 12 flatted units (1 and 2 bed properties) in a town centre location, addressing housing need and also contributing to the regeneration of Huntly town centre aligning with the Town Centre First principle. Planning consent has been achieved and the purchase agreement is approaching conclusion. Demolition and construction is anticipated to commence in February 2017.

Peterhead 1

Located on a Council owned site, at Clerkhill, Peterhead, it is proposed that a development of 8 no. affordable cottage style units will accompany a larger adjacent care development. Finalisation of the care element of the development brief is awaited before detailed design work on the cottage can be completed. It is anticipated that subject to the appropriate approvals the development will be at a stage to commence in 2018

Peterhead 2

Forming part of the above noted site, planning consent has been obtained for a development of 30 no. affordable housing units covering a wide range of property sizes and types. The site is owned by Aberdeenshire Council (part HRA, part General fund). The site presents substantial infrastructure costs in the initial stages of development however Property and Housing are working together to ensure value for money is achieved. Tender invitations are due to be issued early 2017, with the development completed by March 2018.

Turriff 1

Located on a site previously occupied by the Erroll Court, Sheltered Housing complex, this development will deliver 10 affordable housing units, across a mix of 1 – 3 bed properties, in an established residential area of Turriff. The site presents an opportunity to regenerate a brownfield site and utilise surplus council land assets. Planning consent has been obtained. Demolition of the

former sheltered housing building is to commence in December/January, with development work to commence April 2017 and completion by end of March 2018.

Turriff 2

The former Women's Aid Refuge at 17 Meadowbank Place, Turriff, is to be subdivided to form 2 separate affordable housing units. Work is anticipated to be completed by end of March 2017.

Oldmeldrum

A development of 26 affordable housing units, across a wide range of property size and types, on an Aberdeenshire Council owned site at Millburn Road, Oldmeldrum Planning Consent has been obtained with invitations to tender being issued in December. Construction is programmed to commence in April 2017 with completion programmed for end of March 2018.

Fraserburgh

Located on Castle Street in Fraserburgh, assessments are underway to establish feasibility of redevelopment of an existing Council housing site to provide additional, high quality homes to the area. Subject to confirmation on feasibility and receipt of all necessary consent, the development work could commence in September 2017

Portlethen

Comprising a single dwelling, currently sitting within the General Fund, the subject are to be converted to Council housing stock, with completion of work anticipated by end of March 2017.

4 Create Homes Aberdeenshire – National Housing Trust Council Variant

- 4.1 At its inception and following the receipt of all necessary Committee approvals, a Limited Liability Partnership (LLP) was established with the Scottish Futures Trust, named 'Create Homes Aberdeenshire LLP' to deliver mid-market rent housing with a view to further addressing the high and evidenced requirement for affordable housing within Aberdeenshire.
- 4.2 The first development, located in Westhill was completed January 2016 and this comprises 24 units ranging from 1 to 3 bedroom units. A further 15 flatted units have been delivered in Ellon, with an additional 12 units in Stonehaven contracted for completion Summer 2017.
- 4.3 The reduction in oil price and the subsequent downturn in the Aberdeen and Aberdeenshire employment market has in turn led to a reduction in market rent level and an increase in supply of residential property to lease. It was noted in a report to Committee on 1st September 2016 that the need for key worker housing had eased from its position in previous years. Levels of interest in Create Homes Aberdeenshire properties has been low, however officers have taken steps to minimise risk and secure tenancies, including appointment of marketing agents.
- 4.4 Officer will continue to pursue opportunities to deliver mid-market rent accommodation in Aberdeenshire, at a level and in locations where

development viability can be supported, including Cameron Street, Stonehaven and Blackhall Road, Inverurie.

5 Development Programme 2016/17 – 2017/18

- 5.1 Following on from the report to Social Work and Housing Committee 2 June 2016, officers have continued to work closely with partners across both the public and private sectors to maximise the delivery of affordable housing and optimise the Resource Planning Allocation (Scottish Government Grant). Table 2 below details the programme for 2016/17 and 2017/18. The development programme is subject to developments coming forward timeously and obtaining the necessary approvals and consents where appropriate.
- 5.2 Meantime Officers continue to identify further opportunities to deliver affordable housing to secure optimal outcomes for the current and future years funding, whilst minimising the risk of any potential under spend and will report back to committee in due course.

TABLE 2 DEVELOPMENT PROGRAMME 2016/2017 - 2017/2018									
Area	Development	Developer	Tenure and Number			Scottish Government Grant Projected Spend 2016/17 £000	Scottish Government Grant Projected Spend 2017/18 £000	Affordable Housing Reserve Fund £000	Anticipated/ Completion Date
			Social Rent	Mid Market Rent	LCHO				
B	Peterhead, Caley Building	Langstane HA	15			0.538	-	0.108	Sep-17
KM	Portlethen	Langstane HA	8	12		-	0.392	0.367	Mar-18
F	Turriff Errol Court	Council	10			0.250	0.322	0.120	Jun-17
M	Huntly	Council	12			0.280	0.428	0.200	Nov-17
F	Blackdog, Hareburn Road	Osprey		12		0.560	-	-	Dec-16
G	Inverurie, Uryside Phase 1	Grampian HA	14	17		1.914	-	0.065	Dec-16
BB	Fraserburgh, Cross Street/Mid Street - Ph.1	Grampian HA	34			0.140	2.236	0.350	Mar-18
G	Inverurie, Westgate Ph 1	Castlehill HA	38			0.898	-	-	Dec-17
G	Inverurie, Westgate Ph 2	Castlehill HA	20			1.544	-	-	Dec-17
F	Turriff, Former Womens Aid	Council	2			0.114	-	-	Mar-17
KM	Portlethen, 3 Easter Place	Council	1			0.057	-	-	Mar-17
KM	Marykirk	Sanctuary	9			0.300	1.030	0.095	Mar-18
BB	Portsoy	Sanctuary	30			0.500	1.660	-	Mar-18
B	Peterhead, Clerkhill, Phase 2	Council	30			0.750	0.630	0.300	Mar-18
F	Oldmeldrum	Council	26			0.500	0.982	-	Mar-18
BB	Portsoy, Burnside	Langstane HA	12			0.821	-	-	May-18
G	Kemnay	Grampian HA	16			0.760	0.551	-	Dec-17
KM	Stonehaven, Ury	Sanctuary	51	12	6	1.800	2.298	0.640	Sep-18
M	Lumphanan	Langstane HA	10			0.050	0.670	-	Mar-18
BB	Fraserburgh, Castle Street	Council	6			0.050	0.304	-	Mar-18
B	Peterhead, Clerkhill, Ph 1	Council	8			0.050	0.318	0.080	Mar-19
BB	Macduff, Lawhill	Langstane HA	14			1.080	-	-	Apr-18
B	Peterhead, Collieburn Ph 1	Grampian HA	16			1.120	-	-	Jun-17
F	Balmedie	Langstane HA	32			0.480	-	-	Mar-17
M	Alford, Wellheads	AHP	27			0.600	1.344	-	Apr-18
G	Insch	Grampian HA	12			0.200	0.664	-	Mar-18
F	Ellon, Academy Site	Council	25			0.200	1.225	-	Dec-19
M	Alford, Academy Site	Council	30			0.350	1.360	-	Dec-19
B	Peterhead, Collieburn Ph 2	Grampian HA	7			0.490	-	-	Oct-17
M	Ballater	Grampian HA	27			0.460	1.640	-	Mar-18
F	Foveran	Grampian HA	10			0.150	0.550	-	Mar-18
G	Sauchen	Osprey	6			-	0.420	-	Mar-18
F	Balmedie	Castlehill HA	30			-	1.050	-	Sep-18
B	Mintlaw	Castlehill HA	30			-	1.050	-	Sep-18
G	Inverurie	Create Homes Aberdeenshire		15		No SG Grant	No SG Grant	0.300	Sep-18
	TOTAL		618	68	6	17.006	21.124	2.625	
	ALLOCATION					17.167	15.555	4.000	

6 Innovation Reserve Fund

6.1 The updated programme is included in Table 2 above for approval.

7 Housing Infrastructure Fund

7.1 As part of the announcement on the Aberdeen City Region Deal bid on 28 January 2016, it was confirmed that a £20m housing infrastructure fund would be made available to support the delivery of affordable housing in Aberdeen City and Aberdeenshire. A fund of this nature had been proposed by the housing group supporting the development of the bid. The fund has become a ring-fenced element of a national £50m fund which was announced by the Scottish Government on 30 June 2016. It is available either as loan to private developers or as grant to local authorities or registered social landlords. Eligible works include physical infrastructure generally required to start a project, such as roads, sewers, SUDS ponds, decontamination, flood remediation and demolition work. Certain off-site infrastructure is eligible where a Section 75 obligation requires it. The fund will not support the provision of community infrastructure required as a consequence of new housing development such as funding for schools. It is expected that any projects will start on site by 2019 with affordable housing delivered by 2021.

7.2 The Scottish Government will administer the fund and approve any applications. Local authorities are expected to come forward with potential sites that align with the priorities identified in the Strategic Housing Investment Plans. Following engagement with the private sector, the following five expressions of interest have been submitted from developers and social housing providers in Aberdeenshire:

Project Location	Developer	Affordable Units	Timescale	Amount Requested	SHIP 2017-2022 Priority Level
Ellon	Scotia	160	TBD	£7,724,000	High
Balmedie	Castlehill	50	2017-2019	£500,000	Medium
Mintlaw	Castlehill	32	2017-2019	£400,000	Medium
Auchenblae	DLB Scotland	6	2020-2021	£960,000	Low
Kirkton of Maryculter	Goldcrest Highland	1	2017-2018	£200,000	Low

7.3 Expressions of interest in Aberdeen City and Aberdeenshire are to be reported through the Aberdeen City Region Deal Joint Committee. The two Strategic Housing Investment Plans should help to inform the Joint Committee to prioritise projects should the fund become over-subscribed.

8 Consultations

8.1 The Head of Finance and Monitoring Officers have been consulted in the preparation of this report and have no comments to make.

9 Equalities, Staffing and Financial Implications

- 9.1 An EIA has been undertaken for affordable housing as part of the Strategic Housing Investment Plan process as approved by Committee on 3 November 2016 and is attached as Appendix 1. There are no other implications arising from this report.
- 9.2 The staffing requirements relating to this report will be met within existing resources.
- 9.3 The Council's New Build Programme Phase 5 and Phase 6 Costs are detailed below in Table 3, which outlines the various projects and associated funding. These costs may have variances depending on any additional work required in each development. Table 3 demonstrates just over £44 million investment in affordable housing across Phase 5 & 6 which includes £13.545m Scottish Government funding, £23.744m HRA and £2.482m Planning Gain.

Table 3 Council's New Build Housing Costs							
	No. Of units	Total Development Costs (£000)	Scottish Government Grant (£000)	Planning Gain (£000)	2nd Homes Council Tax (£000)	HRA (£000)	Other Funding (£'000)
Phase 5							
Craigewan, Peterhead	42	5,744	1,932	190	1,000	2,481	141
Conglass, Inverurie	8	1,216	368	0	640	208	0
St James Place, Inverurie	24	5,165	1,104	589	1,100	739	1,633
Carmelite Street, Banff	3	454	195	56	0	82	121
Westhill	30	4,208	1,380	50	0	2,778	0
Barrasgate, Fraserburgh	30	8,092	2,135	362	0	4,812	783
Ballater	8	1,464	368	140	0	956	0
Martin Brae, Inverurie	24	3,340	1,104	140	0	2,096	0
Total	169	29,683	8,586	1,527	2,740	14,152	2,678
Phase 6							
Huntly	12	1,808	684	340	0	764	20
Erroll Court, Turriff	10	2,017	570	210	0	1,117	120
Clerkhill, Peterhead	30	6,797	1,710	19	0	4,688	380
Oldmeldrum	26	3,923	1,482	265	0	2,176	0
3 Easterplace, Portlethen	1	360	57	73	0	230	0
Meadowbank Place, Turriff	2	329	114	0	0	215	0
Castle Street, Fraserburgh	6	792	342	48	0	402	0
Total	87	16,026	4,959	955	0	9,592	520
Grand Total	256	45,709	13,545	2,482	2,740	23,744	3,198

Stephen Archer
Director of Infrastructure Services

Report prepared by:- Elaine Reid, Team Leader – Affordable Housing and Laumon Dougall, Affordable Housing Officer
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