

EAST RENFREWSHIRE COUNCILCABINET24 October 2019Report by Director of EnvironmentSTRATEGIC HOUSING INVESTMENT PLAN 2020 – 2025 AND COUNCIL NEW BUILD PROGRAMME**PURPOSE OF REPORT**

1. The purpose of the report is to (i) seek approval for the proposed Strategic Housing Investment Plan 2020/21–2024/25 and for its submission to the Scottish Government and (ii) update the Cabinet on the Council's New Build Housing Programme.

RECOMMENDATIONS

2. The Cabinet is asked to:
- (a) Approve the East Renfrewshire Strategic Housing Investment Plan 2020/21–2024/25 for submission to the Scottish Government;
 - (b) Note that a further report will be submitted to the Cabinet in relation to the resulting Strategic Local Programme Agreement with Scottish Government which will confirm the programme of housing projects to be funded locally over the next 2 years; and
 - (c) Note progress made to date with the Council House New Build Programme, the proposals for future developments and the significant challenges in delivery.

BACKGROUND

3. The Scottish Government's Affordable Housing Supply Programme (AHSP) aims to deliver 50,000 affordable homes by 2021.

4. In May 2018 the Housing Minister announced an AHSP allocation of £756m to councils for 2018/19. These figures were updated by the Scottish Government in April 2019, revising the available funding for the remaining years of the current AHSP, which has resulted in increased funding available for ERC.

5. AHSP funding is distributed to councils through Resource Planning Assumptions (RPAs). Details of anticipated AHSP funding for East Renfrewshire is set out in the table below:

Summary of Anticipated AHSP Funding

	2018/19	2019/20	2020/21	TOTAL
RPAs (announced April 2019)	5.579m	6.346m	6.732m	£18.657m

(2018/19 figure shown for comparison purposes)

6. The Scottish Government requires Councils to supplement their Local Housing Strategy with an annual review of the Strategic Housing Investment Plan (SHIP) setting out their affordable housing priorities for the next 5 years.

7. The SHIP is a 5 year plan, which takes us beyond the RPA announced in 2019. However, Scottish Government guidance advises that councils should plan for funding to continue at the 2019 AHSP funding level.

8. East Renfrewshire's SHIP identifies land, public subsidy and available resources that will be used to address affordable housing need in the Council area and drives allocation of the AHSP funding.

9. Members may wish to note that subsidy levels for Council house building differ for local authorities and for registered social landlords (RSLs). Councils receive a *basic* subsidy of £57,000 irrespective of the size of the property. RSLs receive a subsidy of £70,000 (based on a 3 person equivalent property) which will vary depending on the size of property being built.

10. In ERC's New Build Programme all homes are built to the 'greener standard' which attracts an enhanced subsidy of £59,000 per property. Registered Social Landlord (RSL) projects included in the SHIP are expected to meet this standard, attracting a subsidy of £72,000 per property on average. The SHIP funding assumptions takes this into account.

11. Preparations are underway for the Council to purchase 50 properties from the open market, in particular in the Eastwood area, to supplement new build projects. These purchases, known as 'Rental off the Shelf' (ROTS) will not add to the overall housing supply in East Renfrewshire but will add to the Social Rented Stock. These house purchases attract a subsidy from the Scottish Government, through the SHIP, of 50% of the purchase price, up to a maximum of £50,000 per purchase.

12. In addition to RPA funds received through the AHSP, the Council can also subsidise the building of affordable homes through finance raised from commuted sums and second home Council tax discounts.

13. In 2018/19 financial year, the Council completed 2 new developments in Robertson Street and Fenwick Drive, building:

- 4 semi-detached (3 bed) family homes and 9 amenity (1 bed) flats, including 1 fully adapted wheelchair flat, in Robertson Street; and
- 4 terraced family (3 bed) homes and 6 'own door' flats (1 bed) in Fenwick Drive.

14. During the 2019/20 financial year the Council will complete another new affordable housing project at Blackbyres Court, Barrhead. This will see 22 new homes being built, with 6 one bed flats and 16 three bedroom homes (one of which was adapted to accommodate a wheelchair user). Released in 4 phases, all homes are expected to be let by the beginning of October 2019. These three sites were particularly difficult to develop due to spatial constraints and required considerable planning and collaboration between Roads Services, Planning and Housing. In addition site remedial works such as requirements for decontamination, additional drainage and the creation of retaining walls were required. This added significant but unavoidable delays to the project.

REPORT

Strategic Housing Investment Programme (SHIP)

15. The proposed SHIP details our approach to prioritising projects, which focuses on:
- The delivery of social rented homes (including Council New Build);
 - Proposals for affordable housing to meet a range of needs, including smaller and family homes, and those suitable for the elderly and disabled;
 - Developments with the greatest certainty over timing and deliverability.
16. The proposed SHIP could deliver affordable homes from 2020/21 to 2024/25 as follows:
- 561 units of social rented housing.
 - 50 'Rent off the Shelf' purchases across the 5 year period.
 - A number of affordable properties for sale are also expected, but will largely be delivered through developer contributions (and without subsidy).
 - Approximately 10% of the new units programmed are expected to be suitable for particular needs (e.g. for wheelchair users, older people, etc) or adaptable to meet changing needs.
17. The SHIP 2020/21 to 2024/25 programme tables are attached at Appendix 1.
18. The proposed programme supports the delivery of the Community Planning Partnership's priorities outlined in the Local Outcome Improvement Plan. It also reflects the strategic housing priorities detailed in the Local Housing Strategy 2017-2022.
19. Following submission of our SHIP programme, the Scottish Government will use the details to prepare a Strategic Local Programme Agreement (SLPA), setting out the agreed programme of housing projects to be funded in East Renfrewshire through the AHSP over the next 3 years. The SLPA will be brought forward for Cabinet consideration in due course.
20. To help meet need and demand across the council area, the SHIP is intentionally weighted to building in the Eastwood area, with proposals to build approximately 299 social rented homes in Eastwood with the balancing 263 homes being built in Levern Valley.
21. Across the 5 years of the SHIP, the Council is planning to build approximately 248 new social rented homes in East Renfrewshire; RSLs plan to build approximately 207 new social rented homes; and there are 4 potential development sites identified where development partners are yet to be confirmed. Early investigation of these sites suggest space for up to 107 more social rented homes to be built.
22. The ROTS plans are also weighted to purchasing homes primarily in Eastwood, which will provide a further 50 homes across the Council area in the 5 years of the SHIP. Some purchases in Levern Valley should be expected to meet identified needs for specific types of housing.
23. The Council has over-committed funding in the SHIP by 25% to meet the Scottish Government minimum 'slippage factor' against each year's RPA. The requirement ensures the Council's allocation will still be spent if some of the planned projects stall. The SHIP tables at Appendix 1 include a number of projects beyond the RPA provision to provide this slippage.

24. Members should be aware that the SHIP Programme is heavily reliant on the private sector bringing forward developments, presenting an element of risk in delivery timescales which may result in uncommitted resources being redistributed by the Scottish Government. However, the partnership approach taken in the Barrhead South, North and Maidenhill development masterplan areas includes planned phasing of sites and firmer agreement on the affordable housing element to be delivered, improving certainty for these projects in the SHIP.
25. Whilst some of the sites in the SHIP are owned by the Council, some are brownfield sites, where significant abnormal works costs may be incurred on these sites. This has to be factored into the calculations when assessing if a proposed development is viable. As noted at paragraph 14 this resulted in some of the sites taking longer to develop than would be taken for a “cleaner” site.
26. In the Maidenhill masterplan area, the first site to be developed for Council housing, will deliver 39 social rented properties in partnership with Taylor Wimpey on the largest development site. This site is expected to break ground in early 2020. Properties will be acquired by ERC in a phased handover, with the last properties expected to be handed over in Spring 2021. Taylor Wimpey then plan to develop two further sites delivering approximately 43 social rented homes with a planning application expected in early 2020.
27. CALA Homes has also identified 3 sites for affordable housing on the large Maidenhill site. The 3 sites are earmarked for council house building and are expected to deliver approximately 100 homes.
28. There are a further 3 development sites in the wider Maidenhill masterplan area which will be taken forward by developers in partnership with Housing Associations. Members should be aware that significant development on these sites was restricted until the completion of the Maidenhill Primary School in order to ensure that the education estate was not compromised.
29. The Barrhead North Masterplan sites are currently being developed by ERC and Barrhead Housing Association (BHA), with some sites still to be allocated to a developer.
30. The Barrhead South Masterplan sites are being developed by ERC, BHA and Cube Housing Association (Cube HA), with some sites still to be allocated to a developer. With 12 new homes already delivered by Cube, the next development expected to complete in the Barrhead South Masterplan is the Council’s Balgraystone Road development of 47 new social rented homes due in 2020/21. Again the council house building programme was delayed due to the need to ensure the appropriate infrastructure such as roads were present. The provision of this infrastructure was a significant project involving multiple external agencies and partners.
31. To assist with all aspects of managing the increasing number of developments in East Renfrewshire, the Council have expanded the Council House New Build Team and employed a new member of staff to assist the Senior Development Officer who is leading the project.
32. ERC are also currently reviewing the HRA Business Plan with a view to extending the Council House new build programme. Depending on land availability and other relevant factors, the Council are exploring an extension to the current programme for 240 new council houses to deliver 360 new council houses. Further details will be provided to the Cabinet in the New Year.

FINANCE AND EFFICIENCY

33. In addition to RPA funds received via the AHSP, East Renfrewshire's Affordable Housing 'Pot', i.e. commuted sums and Council tax discounts, has also been fully committed to support the SHIP programme. This equates to more than £1.8m over the 5-year period with potential for additional contributions being received over this period. As additional receipts are collected consideration will be given to how these can support delivery of SHIP projects.

CONSULTATION

34. Consultation on the SHIP programme content was carried out with stakeholders, including local Housing Associations and Health and Social Care Partnership (HSCP). Comments received have been reflected in the finalised draft.

35. Consultation responses recommended working with Scottish Government to assure funding for the entire SHIP including exploration of the infrastructure fund; ensure robust demand information is available to direct resources effectively more effectively; collaborative working with partners; sharing knowledge, success and lessons learned; and promoting heavily social rented properties as a positive choice for the wider rental market in East Renfrewshire.

PARTNERSHIP WORKING

36. The SHIP includes a number of sites where the delivery partner (Council or Housing Association) has still to be confirmed. Expressions of interest have been invited for these sites and discussions are ongoing to identify the most suitable partner to take these forward in relation to locale, scale and the size and type of housing required in that area.

IMPLICATIONS OF THE PROPOSALS

37. The equality and sustainability implications associated with the SHIP programme are addressed in the relevant Equality Impact and Strategic Environmental Assessment reports undertaken for the Local Housing Strategy 2017-22 and Local Development Plan.

CONCLUSIONS

38. The proposed SHIP details how the council intends to spend its Resource Planning Allocation from the Scottish Government. Demand for new social rented housing, especially new council housing, continues to exceed supply. To address this the council has agreed an ambitious plan to build 240 new council houses and is currently in the process of reviewing it business plan with a stated aim of increasing this target to 360. The need to identify available sites is an on ongoing challenge and to assist with this additional staffing resources have been made available. However the private ownership of a number of sites means that development timescales cannot always be controlled by the council

RECOMMENDATIONS

39. The Cabinet is asked to:

- (a) Approve the East Renfrewshire Strategic Housing Investment Plan 2020/21–2024/25 for submission to Scottish Government;
- (b) Note that a further report will be submitted to the Cabinet in relation to the resulting Strategic Local Programme Agreement with Scottish Government, which will confirm the programme of housing projects to be funded locally over the next 2 years; and
- (c) Note progress made to date with the Council House New Build Programme, the proposals for future developments and the significant challenges in delivery.

Director of Environment

Further details can be obtained from Phil Daws, Head of Environment (Strategic Services), 0141 577 3186.

Convener contact details

Councillor Danny Devlin
(Convener for Housing and Maintenance Services)

Home: 0141 580 0288
Office: 0141 577 3107/8

September 2019

Appendix 1 - SHIP Tables 2020/21 to 2024/25

PROJECT	DEVELOPER	UNITS TENURE						Estimated Grant	SG
		Social Rent	2020/21	2021/22	2022/23	2023/24	2024/25		
Balgraystone Road, Barrhead	East Renfrewshire Council	47	2.773	0.000	0.000	0.000	0.000	2.773	
Barrhead Road, Newton Mearns	East Renfrewshire Council	18	0.962	0.000	0.000	0.000	0.000	0.962	
Maidenhill Area A1 (CALA)	East Renfrewshire Council	48	0.000	1.416	1.416	0.000	0.000	2.832	
Maidenhill Area A2 (CALA)	East Renfrewshire Council	34	0.000	1.003	1.003	0.000	0.000	2.006	
Maidenhill Area A3 (CALA)	East Renfrewshire Council	18	0.000	0.000	0.531	0.531	0.000	1.062	
Maidenhill Area A4 Taylor Wimpey	East Renfrewshire Council	22	0.000	0.000	0.000	0.200	1.098	1.298	
Maidenhill Area A5 Taylor Wimpey	East Renfrewshire Council	21	0.000	0.000	0.000	1.239	0.000	1.239	
Maidenhill Area A6 Taylor Wimpey	East Renfrewshire Council	39	1.888	0.413	0.000	0.000	0.000	2.301	
Walton Street, Barrhead	Barrhead HA	23	0.000	1.700	0.000	0.000	0.000	1.700	
Fereneze Inn, Barrhead	Barrhead HA	12	0.900	0.000	0.000	0.000	0.000	0.900	
Barrhead South, Lyoncross, Avant	Barrhead HA	12	0.864	0.000	0.000	0.000	0.000	0.864	

Dealston Road, Barrhead	Barrhead HA	8	0.650	0.000	0.000	0.000	0.000	0.650
Barrhead South, Netherton Farm Wallaceland	Barrhead HA	25	1.988	0.000	0.000	0.000	0.000	1.988
Blackbyres/ Grahamston Road, Barrhead (Bellway)	Barrhead HA	10	0.813	0.000	0.000	0.000	0.000	0.813
Chappelfield, Barrhead	Barrhead HA	25	0.000	0.000	2.000	0.000	0.000	2.000
Maidenhill - Malletsheugh Farm, Barratt Homes	Sanctuary HA	42	0.500	1.978	0.000	0.000	0.000	2.478
Maidenhill - Cherrybank Phase 1 McTaggart and Mickel	Link HA	10	0.300	0.000	0.000	0.000	0.000	0.300
Maidenhill - Cherrybank Phase 2 McTaggart and Mickel	Link HA	22	0.000	0.437	0.000	0.000	0.000	0.437
Kirkton Road, Neilston, Dawn Homes	Link HA	18	0.832	0.000	1.368	0.000	0.000	2.200
Barrhead South Masterplan, Springfield Road	TBC	46	0.000	0.000	2.000	1.600	0.000	3.600
Barrhead North Masterplan, Shanks Park, Crudens	TBC	36	0.000	0.000	0.250	2.342	0.000	2.592
Drumby Crescent, Clarkston	TBC	8	0.000	0.472	0.000	0.000	0.000	0.472
Maidenhill- Malletsheugh Inn- Developer still to be confirmed	TBC	17	0.000	0.000	0.200	0.974	0.000	1.174
Rental off the Shelf (ROTS) purchases	East Renfrewshire Council	50	0.500	0.500	0.500	0.500	0.500	2.500
Total		611	12.820	7.419	8.768	6.886	1.098	36.991