

EAST RENFREWSHIRE COUNCIL
AUDIT AND SCRUTINY COMMITTEE

21 January 2021

Report by Head of Environment (Strategic Services)

COUNCIL'S NEW BUILD DEVELOPMENT PROGRAMME

PURPOSE OF REPORT

1. To provide information to the committee on the Council's new build development programme.

RECOMMENDATION

2. It is recommended that the committee considers the report.

BACKGROUND

3. In September, further to the publication of the report by Audit Scotland on [Affordable Housing - The Scottish Government's Affordable Housing Supply Target](#) the committee considered a report by the Head of Environment (Strategic Services) providing comments on the local position on this issue.

4. The report summarised the findings of the Audit Scotland report; reported on progress towards the Scottish Government's affordable housing supply target and assessed what impact it had had; compared the Council's performance in relation to the national picture; and considered what more required to be done to support the continued increase in affordable housing for those in need. Amongst other things, barriers to the ongoing delivery of affordable housing were identified, which included access to suitable land; higher development costs; and uncertainty regarding future funding arrangements. It was clarified that the Scottish Government, councils and their partners were working to address these barriers, but challenges remained. Reference was also made to limited information from the Scottish Government on funding immediately post 2021 and related issues and challenges; the development by the Scottish Government of its Housing to 2040 vision; and the current review of the Council's Strategic Housing Investment Plan (SHIP) on which a report was subsequently submitted to the Cabinet in December 2020. The report confirmed that the two distinct areas of East Renfrewshire had very different requirements in terms of the need for affordable housing.

5. Having noted the challenges associated with the delivery of affordable housing locally and that delivery of the existing programme would depend on the Scottish Government's recovery plan going forward into 2021 along with that of developers upon whom the Council is reliant for project delivery, the committee agreed that the Head of Environment (Strategic Services) submit a further report to a future meeting outlining the challenges involved in delivering social housing in East Renfrewshire.

6. A report by the Director of Environment on this issue, providing an update on progress on the Council's ambitious new build housing programme, was considered and noted by the Cabinet on 26 November 2020, a copy of which is now attached to this report. It explains that over the past 40 years approximately 50% of rented housing stock owned by

the Council has been sold through the Right to Buy scheme, the greatest proportion of properties sold having been more popular family homes in sought after areas, leaving a stock of just under 3,000 homes. The report highlights that Council housing remains highly sought after, with many people opting for the Council as a landlord rather than a private landlord or housing association, and that the Council also remains the area's most affordable housing provider.

7. The report explains that the ambition for the new build development programme has grown in the past few years, with the Cabinet in November 2016 having approved a proposal to build up to 120 council houses in two phases subject to consultation. This included approximately 80 properties at four sites in Barrhead (Phase 1), and a further 30-40 on the Eastwood side of the authority (Phase 2). Subsequently, in January 2018, the Cabinet approved a proposal for Phase 3 to increase the new build project target from 120 to 240 units. It was recognised then that the delivery of new housing could take 2-4 years, depending upon the infrastructure developments required beforehand.

8. As referred to in the attached report, there were infrastructure delays at Phase 1 sites which impacted on delivery of the project. The Maidenhill sites in Phases 2 and 3 were not owned by the Council, with development times based on the progress of the landowners/house builders. The report clarifies that subsidy funding is only available in annual tranches.

9. Further details on progress made on each phase and site and on related issues is provided in the attached report, including the number of units to be built relative to the initial target set. Reference is also made to related procurement options and financial issues. It is also confirmed that the proposals for all sites were discussed with local Tenant & Residents Associations, and that Housing Services wrote to all residents in the surrounding areas for the first 3 completed sites inviting them to comment on proposals. Although this approach will continue, online methods might need to be used for this due to COVID-19 related restrictions on public gatherings.

10. The report concludes that the ambitious council house new build programme is on track to deliver the target of 240 new council homes which, on completion, will include approximately 141 new homes in Barrhead and 101 in Newton Mearns. The programme has been designed not only to meet local housing needs, but also to make best use of the land availability in the area. Whilst ambitions remain to extend the programme further, clarity on the level and availability of Scottish Government grant funding is required to determine the feasibility of doing so.

RECOMMENDATION

11. It is recommended that the committee considers the report.

Local Government Access to Information Act 1985

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Background Papers:- Audit Scotland Report – *Affordable Housing – The Scottish Government's Affordable Housing Supply Target and related report submitted to Audit and Scrutiny Committee in September 2020*

EAST RENFREWSHIRE COUNCILCABINET26 November 2020Report by Director of EnvironmentCOUNCIL NEW BUILD DEVELOPMENT PROGRAMME**PURPOSE OF REPORT**

1. To update the Cabinet on the progress of the Council's ambitious new build housing programme.

RECOMMENDATIONS

2. The Cabinet is asked to:
- a) Note progress made to date; and
 - b) Note proposals for future developments.

BACKGROUND

3. Over the past 40 years, approximately 50% of Council owned rented housing stock has been sold through Right to Buy. This has left a remaining stock of just under 3,000 homes. As might be expected, the greatest proportion of homes sold were more popular family homes in sought after areas.

4. Council housing remains highly sought after with many people opting for the Council as a landlord rather than a private landlord or housing association. The Council also remains the most affordable housing provider in the area.

5. The ambition for the programme has grown in the last few years. In November 2016, the Cabinet approved a proposal to build up to 120 Council houses in two phases subject to consultation. This included around 80 properties at four sites in Barrhead (phase 1) and a further 30-40 on the Eastwood side of the authority (phase 2). In January 2018, the Cabinet approved a proposal for a phase 3 to increase the Council new build project from 120 to a target of up to 240 units.

6. It was recognised at the time that the delivery of new housing can take 2-4 years depending upon what infrastructure developments may be required beforehand. The sites in phase 1 all have had infrastructure delays that have impacted on delivery times. It should also be noted that the sites at Maidenhill in phases 2 & 3 are not owned by the Council and development times are based on the development progress of the landowners/housebuilders. Also subsidy funding is only available in annual tranches.

REPORT

Phase 1

7. For Phase 1 following a procurement options appraisal, CCG (Scotland) Ltd was appointed in May 2017 to design and construct the first phase of ERC's new build programme.

8. Three sites have been completed to date which includes:

- Robertson Street/Cross Arthurlie Street –13 new properties (4 x 3 bedroom houses and 9 x 1 bedroom amenity flats for residents over 60. One ground floor property is adapted for wheelchair use).
- Fenwick Drive/Oakbank Drive –10 new properties (4 x 3 bedroom houses and 6 x 1 bedroom own door flats).
- Blackbyres Court/Corsemill Avenue – 22 new properties (16 x 3 bed terraced houses and 6 x 1 bed own door flats).

From these first three sites a total of 45 new homes were delivered.

9. There is a 4th site included as part of Phase 1. This site is part of the wider Barrhead South master plan area, known as Balgraystone Road. In order to begin the construction, key infrastructure elements such as water & drainage supplies and the construction of a new road had to be addressed. Unfortunately, there were unforeseen delays and considerable challenges with these infrastructure elements which delayed the commencement of this site.

10. The site at Balgraystone Road commenced September 2020 with estimated completion in Summer/Autumn 2021. The site comprises 47 new homes:

- 2 x 1 bedroom wheelchair adaptable flats
- 4 x 2 bedroom wheelchair adaptable flats
- 12 x 2 bedroom cottage flats
- 26 x 3 bedroom houses
- 3 x 4 bedroom houses

11. At the end of phase 1 a total of 92 new build units will be complete. This is 12 more units than anticipated due to better use of land space available.

Phase 2

12. The next phases of the Council house new build programme will primarily concentrate on the Eastwood side of the Council due to the significant need and demand and limited availability of affordable housing stock in that area. However, opportunities for development will continue to be considered across the authority. It should be noted that most of the sites in Eastwood are not owned by the Council and therefore delivery times are entirely dependent upon the development progress of the landowners/housebuilders.

13. As part of phase 2 Housing Services are currently developing 2 sites for new Council homes in the Eastwood area.

Maidenhill, Newton Mearns

14. As part of the CALA and Taylor Wimpey site at Maidenhill, 6 affordable housing areas have been agreed and secured through the planning process.

15. The first areas to be ready for development are sites A5 and A6. Both sites are currently owned by Taylor Wimpey. East Renfrewshire Council have agreed, in accordance with the Section 75 legal agreement, to purchase Council house properties direct from Taylor Wimpey.

16. The first affordable housing site known as A6 has commenced construction and will provide 39 new homes. Handovers to new Council tenants is expected to begin in March 2021 and end in August of the same year. The housing mix consists of:

- 12 x 1 bed cottage flats
- 8 x 2 bedroom cottage flats,
- 2 x 2 bedroom houses
- 16 x 3 bedroom houses
- 1 x 4 bed house.

Once this site is complete the total overall number of Council new build homes will be 131 since the programme started.

17. Housing Services are currently finalising the legal requirements to commence with the affordable housing site known as A5. This site was initially due to be developed in phase 3. However, Taylor Wimpey were able to develop this site sooner than planned. Construction is due to commence in Autumn 2020 with the handover to new Council tenants anticipated in summer and autumn 2021. The housing mix consists of:

- 12 x 1 bedroom cottage flats
- 4 x 1 bedroom cottage flats
- 13 x 3 bedroom houses
- 1 x 4 bed house

Once this site is complete the total number of Council new build homes will be 161. This is 41 more than the original target.

Phase 3

Barrhead Road

18. Barrhead Road, Newton Mearns is a site within Council ownership, located across from The Avenue Shopping Centre. Plans are being developed for 18 Council owned new build flats designed specifically for tenants over 60. These properties would not be sheltered accommodation but built to a specification to meet the needs of this age group. In order to develop this site, there will be significant infrastructure costs to provide additional drainage and traffic management systems. Housing Services are currently assessing additional funding streams to support these additional costs. Construction is unlikely to commence until at least Autumn 2021 and construction times are approximately 10-12 months.

Once complete this will bring the total number of Council new build homes to 179.

Commercial Road

19. Commercial Road is a site within Council ownership in Barrhead adjacent to St John's Primary School. The site is currently designated as protected urban greenspace in the Adopted and Proposed Local Development Plans, therefore any proposals would need to satisfy the requirements of Policy D5 of the adopted Plan and demonstrate no loss of access, amenity, recreation or landscape function and provide an appropriate level of mitigation. Initial site investigations are underway. Housing Services are currently at the early stages of

developing plans for the site which would provide up to 49 new Council homes and upgrade the existing Multi Use Games Area for the school. The construction is unlikely to commence until at least Summer 2021 and construction times are approximately 10-12 months.

Once complete these units would bring the total number of Council new build homes to 228 units.

Malletsheugh, Maidenhill

20. Robertson Homes are building new homes at a site referred to as Malletsheugh, which lies within the wider Maidenhill master plan area in Newton Mearns. 14 properties are being considered for new Council homes. The construction will not commence until at least Winter 2020/21. Housing Services are currently in discussion with Robertson Homes and await a full construction timetable.

Once completed these units would bring the total number of Council new homes 242 units.

Future Sites

21. The table below details the plans for the remaining 4 sites allocated for affordable housing at the CALA / Taylor Wimpey site at Maidenhill (A1-A4). As the land is not owned by the Council, estimated release dates are based on the development plans of CALA / Taylor Wimpey. It is the intention for Council homes to be delivered on these sites. This is subject to the availability of Scottish Government grant funding, the affordability of the 30 year Housing Service Business Plan and future Cabinet approval.

Site	Developer	Estimated New Units	Estimated Delivery of Affordable Housing
A1	CALA	48	April 2023
A2	CALA	34	June 2023
A3	CALA	18	March 2024
A4	Taylor Wimpey	13	June 2023
Total Units		113	

Procurement Options

22. When considering the procurement options Housing Services must consider value for money. However, value for money must address not only the final unit price but also the delivery methods.

23. For phase 1 & 2 the developer CCG was appointed through the Scottish Procurement Alliance (SPA) framework for a full design and build approach. To undertake a full tender exercise would have been a lengthy process and delayed significantly the delivery of the new Council homes.

24. For phase 3 the approach is site dependent. For Maidenhill, the properties are provided by Taylor Wimpey as part of their obligations under the section 75 agreement.

25. For the remaining sites at Barrhead Road & Commercial Road a contractor will be appointed using the Scotland Excel Framework.

FINANCE AND EFFICIENCY

26. Funding for all new build projects is provided by the Scottish Government Resource Planning Assumptions with funds supplied to the Council through the Affordable Housing Supply Programme. Funding from East Renfrewshire's Affordable Housing 'Pot' - i.e. commuted sums and Council tax discounts has also been identified to support the local SHIP programme.

27. For the completed sites in phase 1, Housing Services secured £2,723m of Scottish Government Grant funding based on the standard grant of £59k per unit. For the site at Fenwick Drive, Barrhead, Housing Services requested additional funding from the Scottish Government to cover abnormal costs associated with utilities and retaining walls. The grant award was increased to £72k per unit to cover these costs.

28. The final site at Balgraystone Road will have significant abnormal costs due to the particular infrastructure requirements involved at this location.

29. The grant levels from the Scottish Government remain unchanged at £59k per unit as compared to at least £79k per unit for Housing Associations. For all future sites Housing Services will seek additional Scottish Government funding where possible.

30. Affordable housing commuted sums and 2nd home Council Tax discounts have contributed towards development costs at Robertson St, Fenwick Dr and Blackbyres Road. Affordable housing commuted sums and 2nd home Council Tax discounts will continue to be utilised for all future development sites.

31. The Scottish Government has set a target to deliver 50,000 affordable homes including 35,000 for social rent by March 2021. Following the completion of all sites noted in this report, Housing Services will have met its target of delivering 240 new build Council homes.

32. The Housing Services 30 Year Business Plan is regularly reviewed to ensure that the existing programme of 240 units is affordable. The Business Plan is currently under review with the ambition of a revised target of 360 units. However, the lack of certainty on Scottish Government funding plans post - 2021 poses a risk to any future development. A paper will be submitted to Cabinet at a later date.

CONSULTATION

33. All sites proposals are discussed with local Tenant & Residents Associations and Housing Services wrote to all residents in the surrounding areas for the first 3 complete sites and invited them to comment on proposals.

34. This approach will continue. However, use of online methods may have to be used due to COVID 19 related restrictions on public gatherings.

PARTNERSHIP WORKING

35. The Council house new build programme is supported by colleagues from Accountancy Services, Planning and Roads, Legal and Procurement Services.

IMPLICATIONS OF THE PROPOSALS

36. This report does not have any implications in terms of property, legal, equalities, IT or sustainability. The financial implications are noted at paragraphs 26 to 33 above.

CONCLUSIONS

37. The ambitious Council house new build programme is on track to deliver the target of 240 new council homes. On completion this will include approximately 141 new homes in Barrhead and 101 in Newton Mearns.

38. The programme has been designed to meet local housing needs but also make best use of the land availability in the area.

39. Whilst ambitions remain to extend this programme further; clarity on the level and availability of Scottish Government grant funding is required to determine the feasibility of extending the new build programme.

RECOMMENDATIONS

40. The Cabinet is asked to:

- a) Note progress made to date; and
- b) Note proposals for future developments

Director of Environment

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

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