

## STRATEGIC HOUSING INVESTMENT PLAN 2016/17

### 1. Purpose of Report

The purpose of this report is to seek Members agreement to submit the final draft of the Council's 2016/17 Strategic Housing Investment Plan (SHIP) to the Scottish Government.

### 2. Recommendations

Members are asked to:-

2.1 agree to include the new sites set out at section 3.3 of this report in the Strategic Housing Investment Plan;

2.2 agree to submit the final draft of the 2016/17 Strategic Housing Investment Plan set out at **Appendices 1 and 2** of this report to the Scottish Government;

2.3 agree to prioritise a bid to the Scottish Government's Housing Infrastructure Fund that is focused on Gretna to unlock the supply of new affordable housing in this location as set out at section 3.5 of this report; and

2.4 note the actions taken to increase Dumfries and Galloway's capacity to deliver new affordable housing as described at sections 3.2 -3.2.4 of this report.

### 3. Considerations

#### 3.1 Strategic Housing Investment Plan

3.1.1 Increasing the supply of affordable housing is a key priority for the Scottish Government with a target to deliver at least 50,000 affordable homes by 2021. The majority of these are intended to be delivered through subsidy to Registered Social Landlords. However, the Scottish Government launched its Partnership Support for Regeneration initiative with the aim of assisting private developers to deliver new housing for sale in difficult markets. The core purpose of the SHIP is to set out the key strategic priorities for affordable housing development in our region which then informs Scottish Government investment decisions. The SHIP re-enforces the Council's role as Strategic Housing Authority and its delivery makes a significant contribution towards the Council priorities to "protect our most vulnerable people" and "build the local economy". **Appendix 1** of this report places the SHIP in its strategic context and describes the various factors that influence its ongoing development and delivery.

3.1.2 The Council transferred its housing stock to Dumfries and Galloway Housing Partnership in 2003 and primarily delivers new affordable housing supply through effective partnership arrangements with Registered Social Landlords (RSLs). The 11 October 2016 meeting of this Sub Committee noted that a Development Forum will be put in place to adopt "a proactive approach to the delivery of new affordable housing projects". Meetings of the Development Forum took place on 25 November 2016 and 18 January 2017. These meetings identified an urgent need to identify additional new development opportunities to make full use of the annual Resource Planning Assumptions (RPAs) allocated to this region. The 2016/17 RPA is £12,790,000.

#### 3.2 Increasing Development Capacity

3.2.1 Discussions have taken place between the Scottish Government and the Council to consider options to increase housing supply in our region. This resulted in a meeting with Cunninghame Housing Association on 7 December 2016. They expressed a strong desire

to develop in Dumfries and Galloway and were confident they could make a significant positive commitment to assisting the Council maximise spend against our RPAs. Their head office is in Ardrossan and they have built a strong track record of delivering a wide range of services. They aim to pursue a strategy of “Making our communities better places – More than just a landlord” and have the wider objectives of contributing to social and economic regeneration. They have now been invited to take part in the work of the Development Forum and have brought forward a range of new development proposals for Members consideration.

3.2.2 In addition, Irvine Housing Association requested a meeting with the Council on 21 December 2016. They confirmed they were in the process of seeking the necessary internal approvals to commence a new development programme of significant scale. Their aspiration is to deliver 400 new units over the next 5 years and they gave a commitment that a significant proportion of these (up to 200 units) could be constructed in Dumfries and Galloway. If these plans are realised, this will introduce further additional development capacity in our region. The Council already has a proven track record of working in partnership with Irvine Housing Association. During 1997 they took ownership of the Council’s housing stock in Stakeford following a ballot of tenants. They have the aim of “Transforming Lives/Revitalising Communities”. They have also now been invited to take part in the work of the Development Forum and it is anticipated they will come forward with new projects for Members consideration during the course of 2017/18.

3.2.3 Early exploratory meetings have taken place with the Scottish Futures Trust (SFT) to examine the possibility of seeking Council agreement to put in place innovative funding models to deliver low cost home ownership. These developments would be primarily targeted at the needs of first time buyers and older people. Some of the potential benefits of this new approach are listed below:

- Buyers can purchase a house without a mortgage at a fixed low price
- Access to low cost home ownership for young people without access to large deposits or the financial support of their parents
- Enhanced security of tenure because it is an ownership model
- Addressing the housing needs of older people currently living in unsuitable accommodation
- Tailored products for different housing market areas in our region

3.2.4 The funding model is similar to the National Housing Trust initiative. This delivered 69 mid-market rental properties at Marchfield, Dumfries. It has been very successful in meeting the housing needs of families on low incomes that are unable to access mortgage finance and have a low priority for social housing. If it is clearly established the funding model is robust and can make a contribution to the supply of new affordable housing in our region it will form the basis of a future report for Members consideration.

### 3.3 **New projects for inclusion in Strategic Housing Investment Plan**

3.3.1 Members are asked to agree the new projects listed below in the final draft of the 2016/17 SHIP:

- Former Carrs Billington Site, Annan (Cunninghame Housing Association)
  - Land at Watchall Road, Annan (Cunninghame Housing Association)
  - Land adjoining Elm’s Road and Lovers Walk, Annan (Cunninghame Housing Association)
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- Land between Hallmeadow Place and Elm Road, Annan (Cunninghame Housing Association)
- Land adjacent to Hazeldene, Springfield (Cunninghame Housing Association)
- Land North of Victory Avenue, Gretna (Cunninghame Housing Association)
- Halcrow Stadium, Gretna (Cunninghame Housing Association)
- Laverockhall, Lochmaben (Cunninghame Housing Association)
- Former Academy, Lockerbie (Cunninghame Housing Association)
- Park Place, Lockerbie (Cunninghame Housing Association)
- Scottish Power site, Dumfries (Cunninghame Housing Association)
- Cotton Street, Castle Douglas (Cunninghame Housing Association)
- Queens Road, Sanquhar (Cunninghame Housing Association)
- Currie European Depot, Heathhall, Dumfries (Dumfries and Galloway Housing Partnership)

3.3.2 Detailed descriptions of these developments are contained in the SHIP tables at **Appendix 2** of this report. If Members agree to progress these new developments this will represent a huge boost to the construction industry as well as the local economy.

#### 3.4 **Resource Planning Assumptions**

The Council has been informed RPAs will be provided for the next 3 financial years to assist our strategic planning processes. The Scottish Government has not yet confirmed their value. The final outturn position against the 2016/17 RPA of £12,790,000 will not be known until after 31 March 2017. However, current indications are spend is unlikely to exceed £7 million. At present the Council's RSL delivery partners are in the process of trying to conclude a number of site purchases. For example, Cunninghame Housing Association are currently negotiating the purchase of the Carrs Billington site in Annan. This site forms part of the Annan Regeneration Masterplan and is situated at the gateway to the town. If Members agree to include the new developments described at section 3.3 of this report in this years SHIP, they have the potential to maximise the use of the Council's RPA's in future years. They may also provide future opportunities to draw in additional funding if there is slippage in other Local Authority areas.

#### 3.5 **Housing Infrastructure Fund**

3.5.1 To support the delivery of the Scottish Government's housing target, a new Infrastructure Fund has been established. This fund operates at a national level with an initial budget allocation of £50 million. Local authorities have been invited, as part of the development of their SHIP's, to identify priority housing sites that could, with support from the fund, be unlocked to bring forward housing in the next 5 years. Housing infrastructure grant is made available for the delivery of affordable housing sites where the scale, and nature, of the costs would prevent it from being delivered through the Affordable Housing Supply Programme.

3.5.2 There has been a lack of spare capacity in Gretna's water supply for many years alongside poor water pressure for existing customers. This has effectively created a barrier to new large scale housing development. The most likely solution, which was agreed at Corporate Policy Committee on 5 May 2009, is to create a water service reservoir. Very early discussions have taken place with Scottish Water and they agreed to attend a future meeting of the Development Forum. This report recommends Gretna is agreed as the strategic priority for a future bid to the Housing Infrastructure Fund. A

solution to the lack of spare capacity in Gretna's water supply is required to facilitate the delivery of the affordable housing projects agreed through the SHIP.

#### 4. Governance Assurance

The Corporate Management Team, Director Corporate Services, Director Economy Environment and Infrastructure, Director of Children, Young People and Lifelong Learning, Chief Social Work Officer and Scottish Water have been consulted and are in agreement with the contents of this report.

#### 5. Impact Assessment

This report does not propose any change in policy and therefore an Impact Assessment is not required.

#### Author(s)

NAME	DESIGNATION	CONTACT DETAILS
Jim O'Neill	Housing Manager	01387 273150 Jim.O'Neill@dumgal.gov.uk

#### Approved by

NAME	DESIGNATION
Harry Hay	Head of Customer Services

#### Appendices – 2

Appendix 1 – Strategic Housing Investment Plan Annual Review 2016-17

Appendix 2 – Strategic Housing Investment Plan development tables

#### Background Papers –

5 May 2009 – Corporate Policy Committee – Item 5

<http://egenda.dumgal.gov.uk/aksdumgal/images/att12995.pdf>

11 January 2011 – Planning, Housing and Environment Services – Item 4

<http://egenda.dumgal.gov.uk/aksdumgal/images/att7244.pdf>

11 October 2016 – Strategic Housing Forum and Development Forum – Item 6 [Housing Sub Committee Minutes - Dumgal and Galloway Council](#)