

**REPORT TO: COMMUNITIES COMMITTEE ON 16 FEBRUARY 2010**

**SUBJECT: NEW BUILD COUNCIL HOUSING**

**BY: DIRECTOR OF COMMUNITY SERVICES**

**1. REASON FOR REPORT**

- 1.1 This report provides a progress report on the progress of new build council housing projects.
- 1.2 This report is submitted to Committee in terms of the Council's Administrative Scheme relating to its housing functions.

**2. RECOMMENDATION**

**2.1 It is recommended that the Communities Committee:-**

- (i) considers this progress report;**
- (ii) agrees the revised Rent Setting Policy detailed in APPENDIX I;  
and**
- (iii) agrees the approach to the bid for Phase 3 funding, as outlined in section 7 of this report.**

**3. BACKGROUND**

- 3.1 Reports on the development of new build council housing projects have been presented to the Committee over the past year. The last report to be considered by the Committee was at its meeting on 6 October 2009 (paragraph 10 of the Minute refers).

**4. PROGRESS – PHASE 1**

- 4.1 The development of 48 new council houses in Elgin is being progressed through a Steering group comprising representatives from the Council (Housing, Legal Services and Planning Services) and Springfield Properties Ltd. Phase 1 of the Council's new build housing projects was projected to be on site in January 2010. Planning permission was obtained in January 2010. Due to the adverse weather over the past few weeks, this is now projected to be early February 2010, with a projected completion date of December 2010.
- 4.2 In consultation with the Chairman of the Communities Committee, the potential for media events to mark the progression of the new build project will be considered.



- 4.3 On 6 October 2009, the Committee agreed the basis of consultation to be carried out on proposals to amend the Council's rent setting policy to take account of new build housing (paragraph 4 of the Minute refers).

## **5. RENT SETTING POLICY PROPOSALS**

- 5.1 Consultation on the proposed approach was carried out through the Council's newsletter to all tenants and discussion with tenant representatives. In response to this consultation, only 8 responses have been received. Of these, 5 agreed that the Council should increase the points rating on property type and bedroom ratio elements of the rent setting calculation.
- 5.2 In view of the response to consultation, the proposals are reflected in a revised Rent Setting Policy detailed in **APPENDIX I**. The proposals also reflect that only 8 comments were received regarding the proposals to charge additional rent for the installation of showers. Of these comments, 5 were in favour of the proposal, with 2 of the remaining 3 comments indicating it would be cheaper for tenants to make their own arrangements to fit showers.
- 5.3 The Committee also wished to have some details of the rent levels for new build properties elsewhere in Scotland. While it is not possible to provide a fully comprehensive comparison across Scotland, some information on rent comparisons for new build council housing has been gleaned from other Council's submissions for funding eg. in Dundee, new council house rents will range from £93.75 to £125.98 per week on a 48 week year. Officers have also contacted 11 Councils to seek information. Of these Councils, 4 are increasing the rents for new build housing by around 25%. Some Councils will be setting rent levels in line with their existing rent setting policy. In some cases, this is based on Gross Annual Values which are likely to be set at a higher level than houses built some years ago.
- 5.4 On the basis of current rent levels, the proposed changes to the Rent Setting Policy will result in new build rent levels ranging from £45.69 to £75.46 per week (48 week basis).

## **6. PHASE 2**

- 6.1 In September 2009, the Council submitted a bid for Phase 2 New build Housing. A verbal report on the unsuccessful outcome of this bid was given to the Special Council meeting held on 16 December 2009 (paragraph 5 of the Minute refers).
- 6.2 That report indicated that the primary issue for the Scottish Government was the timing of the bidding process in relation to the Council's tendering exercise. The Scottish Government indicated that the view of the assessment group was that the Council would be in a strong position for any future support for council new build.

## **7. PROPOSED BID – PHASE 3**

- 7.1 In December 2009, Officers contacted the Scottish Government regarding the future timing of a Phase 3 bidding process for new build council housing. Through reports provided to CoSLA, the Council now understands that an invitation to bid for further resources will be issued in early February 2010.
- 7.2 The Council faces a more difficult task than most other local authorities in the submission of a bid, as it essentially has no landbank available for development in the areas agreed as priority for investment, whereas other local authorities have suitable land. The Council therefore relies more heavily on positive responses from developers who own much of the developable land in Moray. Of the five tenders received by the Council in November 2009, two – Forres and Keith - have potential for further negotiation to enable the inclusion of proposed works in the next phase of bidding. The other tenders were considered to be unsuitable due to concerns about land ownership and planning risks affecting site deliverability.
- 7.3 A further invitation to tender was issued on 15 January 2010 with a return date on 10 March 2010. This tender seeks bids from developers to provide land and construction services for houses in Elgin and around 10 houses in Speyside.
- 7.4 It is therefore proposed that the Phase 3 Bid comprise new build projects in Keith, Forres, Elgin and Speyside, dependent upon the submission of suitable tenders.
- 7.5 The review of the Council's Housing Business Plan in 2009 identified that the Council could afford additional borrowing to fund a further 80 – 100 new build properties. It is therefore proposed that the Phase 3 bid should be for around this level of properties, dependent upon the submission of suitable tenders. In the event that tender submissions do not allow this level of investment, it is proposed that a new build project on Council owned land in Buckie be submitted as part of the bid.
- 7.6 In view of the likely timing for submission of a Phase 3 bid, a progress report on the development of the Council's bid can be presented to the next Communities Committee meeting on 13 April 2010.

## **8. SUMMARY OF IMPLICATIONS**

### **(a) Single Outcome Agreement/ Service Improvement Plan**

Both the Single Outcome Agreement and the Service Improvement Plan identify the provision of new affordable housing as a priority in Moray.

**(b) Policy and Legal**

There are no policy and legal implications arising from this report.

**(c) Resources (Financial, Risks, Staffing and Property)**

The review of the Council's Housing Business Plan in 2009 has identified the feasibility of the Council borrowing prudentially to meet the cost of around 80 – 100 new build council houses. The revised Rent Setting Policy will increase the income the Council receives through rents which will offset the additional costs of prudential borrowing to support the new build programme.

**(d) Consultations**

Consultation on this report has been carried out with the Chief Executive, the Director of Community Services, the Principal Accountant (Deborah Bosworth), the Housing Programmes Manager and the Housing Strategy and Policy Manager.

**9. CONCLUSION**

- 9.1 This report presents progress in developing the new build council housing project and in the submission of a further bid to the Scottish Government for resources to assist a further phase of new build council housing in Moray. It also presents the outcome of consultation on the draft Rent Setting Policy and presents a revised draft policy for agreement.**

Author of Report: Jill Stewart, Chief Housing Officer and Iain Terry, Housing Programmes Manager  
Background Papers: Held by CHO  
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