

# Report

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Report to:	<b>Housing and Technical Resources</b>
Date of Meeting:	<b>12 October 2011</b>
Report by:	<b>Executive Director (Housing and Technical Resources)</b>

Subject:	<b>Council New Build Housing Projects - Funding from Scottish Government's Innovation and Investment Fund</b>
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## 1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ provide an update on the outcome of bids made by the Council and local Housing Associations in May 2011 to the Scottish Government's Innovation and Investment Fund to support new affordable housing developments in South Lanarkshire.

## 2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the Councils grant award of £1.23 million to support the development of 2 purpose built sheltered housing complexes in Rutherglen and Cambuslang be noted.
- (2) that the Councils successful bid for £1.25 million to support the purchase of up to 50 former Right to Buy Council properties acquired by developers through part exchange private house sale incentives be noted.
- (3) that the intention to develop detailed terms and conditions for the purchase of up to 50 former Right to Buy properties in consultation with the Head of Legal Services as set out in paragraph 7.2 in this report be noted.
- (4) that the successful award of funding of £3.578million to deliver a further 92 RSL homes in support of the Council's strategic housing objectives be noted.
- (5) that a report on progress on the acquisition and development of new housing be provided to a future meeting of this Committee.

## 3. Background

3.1. The Scottish Government invited bids for the £50 million Innovation and Investment Fund to support affordable housing development in March 2011. Bids were submitted by the 31 May 2011. A key requirement was that successful projects would have to be on site by 31 March 2012.

3.2. The £50 million IIF budget was divided into three funding streams as follows:

- ◆ £20 m Local Authority Building
- ◆ £20 m Registered Social Landlord (RSL) Building
- ◆ £10 m Innovation funding competition - open to all providers of housing including private developers and social landlords for all forms of affordable housing.

- 3.3. All 3 categories were heavily oversubscribed with over 300 bids submitted for projects pledging to deliver over 9000 new homes. The Scottish Government announced the successful bids for the first IIF budget on the 15 of September, at which time they also confirmed their intention to make further awards following the spending review. On the 22 September, a further announcement was made on the allocation of second tranche of £56 million IIF bringing the total IIF Budget to £111 million, pledging to deliver 3,462 affordable homes across Scotland.
- 3.4. South Lanarkshire Council submitted 3 bids. 2 bids were for funding through the Council New Build category and 1 bid from the £10 million Innovation category. All 3 bids for funding have been successful with a total of £2.48 million secured to help provide a minimum of 91 new affordable homes for rent in priority need areas in South Lanarkshire.
- 3.5. A total of 8 bids were submitted by four Housing Associations in South Lanarkshire for funding in the RSL Build category. A total of 5 projects were approved pledging to deliver a range of 92 affordable homes for rent through RSL partners in East Kilbride, Hamilton and Cambuslang.
- 3.6. The following paragraphs provide a summary of the outcome of bids submitted across each category for the South Lanarkshire area.

#### **4. IIF Council New Build Category**

- 4.1. The Council submitted 2 bids for grant funding in the Council New Build category to support the delivery of two sheltered housing developments in the Cambuslang and Rutherglen areas.
- 4.2. There is an acute shortage of purpose built sheltered housing and amenity house types for the growing elderly population. In particular, the Rutherglen and Cambuslang area which has a significant shortfall of sheltered housing compared to its population aged 65+ years old, with one sheltered property for every 54 people aged 65 or over.
- 4.3. Both bids were approved and the grant award of £1.23 million will make a positive contribution to the cost of the new sheltered housing developments to be provided including 24 units at the former fire station site at Clydeford Road, Cambuslang and 17 units at the former David Walker House, Main Street, Rutherglen.
- 4.4. The 41 new housing units will fill a significant gap in the provision of specialist sheltered housing in Rutherglen and Cambuslang providing high quality, accessible barrier free housing to meet the needs of frailer older residents. Both projects are expected to start in the spring of next year.

#### **5. Innovation Fund**

- 5.1. The Council's successful Innovation bid proposal secured £1.25 million of Innovation grant funding to support the purchase of 50 former RTB properties acquired by developers through new build part exchange deals. The funding will be augmented by funding of up to £2.33 million from within the HRA capital programme for 2011/12 and 2012/13
- 5.2. The main objective of the proposal is to purchase former RTB properties in areas of priority housing need at a discounted rate directly from private developers. The aim of the bid is to increase the supply of Council stock, whilst helping generate movement in the wider housing market and facilitating new development.

- 5.3. Initial discussions with private developers indicate there would be considerable support for the proposal. It is anticipated that the purchase scheme will be implemented in October 2011 and deliver outputs during the remainder of the current financial year and in the next financial year.

## **6. RSL New Build Fund**

- 6.1. There were 8 bids submitted for funding through the £20m RSL new build category to delivery approximately 144 new homes for rent in South Lanarkshire. The bids were prepared in consultation with the Council and reflect the priorities set out in the Local Housing Strategy. Five of the 8 bids were successful securing £3.578 million grant funding for the delivery of 92 new RSL homes for rent across 5 sites including:-

◆ Clyde Valley Housing Association	-	16 units, Lindsayfield, East Kilbride
	-	6 units, Pollock Lane, East Kilbride
◆ West of Scotland Housing Association	-	28 units, Hamilton Rd, Cambuslang
◆ Rutherglen & Cambuslang HA	-	29 units, Overton Rd, Cambuslang
◆ Hanover Housing Association	-	13 units, Chantinghall Rd, Hamilton

- 6.2. In accordance with the grant funding criteria, all 5 projects are expected to achieve a site start in the current financial year. A mix of housing will be provided including 67 general needs housing for rent and 25 barrier free amenity homes. All the new housing will comply with Housing for Varying Needs standards

## **7. Next Steps**

- 7.1. The Council has already commenced work to ensure that the two new sheltered housing developments are on site by spring 2012. It is anticipated that the 41 new sheltered homes will be completed early in 2013.
- 7.2. It is anticipated that the Council's Innovative purchase scheme will come into effect as soon as possible following receipt of the Scottish Governments formal Grant Offer. Detailed purchase arrangements will be developed in consultation with the Council's Head of Legal Services and the outcome of the scheme will be reported to a future Committee.

## **8. Employee Implications**

- 8.1. There are no employee implications.

## **9. Financial Implications**

- 9.1. The grant funding support of £1.23 million, will assist the funding of this development, with the remaining balance being met from the Housing Capital Programme across the financial years 2011/12 and 2012/13. Final costs will be subject to a future report to Committee once the outcome of the tender process is known.
- 9.2. The total cost of purchasing 50 ex RTB council homes as set out in the Council's Innovation Fund bid is estimated to be £3.58 million. This cost will be met through £1.25 million Scottish Government grant funding with the balance of £2.33 million funded through the Housing Capital Programme in 2011/12 and 2012/13.

## **10. Other Implications**

- 10.1 It is estimated that the total £6.058 million Innovation and Investment grant funding secured by the Council and RSL partners for projects in South Lanarkshire will help generate over £20 million investment in the construction sector and deliver 183 new affordable homes for rent over the next 2 years.

10.2 The risk of not actively bidding for and developing these projects is that the Council will be unable to meet the demand for affordable housing.

10.3 There are no particular issues arising from this report in terms of sustainability.

## **11. Equality Impact Assessment and Consultation Arrangements**

11.1 The areas of priority housing need, and the priority for development of sheltered housing in the Cambuslang/Rutherglen area has been widely consulted on as part of the Local Housing Strategy. An equalities impact assessment was also carried out on the Local Housing Strategy.

11.2 Appropriate consultation has taken place with stakeholders.

**Lindsay Freeland**  
**Executive Director (Housing and Technical Resources)**

23 September 2011

### **Link(s) to Council Values/Improvement Themes/Objectives**

- ◆ Improving the quality, access and availability of Housing
- ◆ Develop services for older people
- ◆ Tackling disadvantage and deprivation
- ◆ Improve the quality of the physical environment
- ◆ Making best use of Resources

### **Previous References**

- ◆ Executive Committee 8 June 2011
- ◆ Housing and Technical Resource Committee 8 December 2010

### **List of Background Papers**

- ◆ Report to Executive Committee Affordable Housing Catacol Grove, 8 June 2011
- ◆ Report to Housing and Technical Resource Committee, Sheltered Housing Development, Cambuslang and Rutherglen Areas

### **Contact for Further Information**

If you would like to inspect the background papers or want further information, please contact:-

Lori Darroch, Development Officer

Ext: 4588 (Tel: 01698 454588)

E-mail: [lori.darroch@southlanarkshire.gov.uk](mailto:lori.darroch@southlanarkshire.gov.uk)