ABSTRACT: This report updates Members on the Council’s application to the Scottish Government for funding Council-led and Innovative mechanisms for increasing affordable housing provision.

1. RECOMMENDATION

1.1 It is recommended that Members:

(i) note the contents of the report.

2. BACKGROUND

2.1 Members will be aware of the Council’s 2 previous successful applications to the Scottish Government which resulted in the award of a total of £2.24m of funding towards the first phases of the new-build Council house programme.

2.2 In this application round, the Government’s Fund has an Innovation element which is open for application to Councils and any other party, including developers, and which to some extent may run in tandem with the Council’s Survive and Thrive Agenda. Members will be aware that discussions have taken place between Council officials and developers which have identified potential sites in all Housing Market Areas of Angus and with a wide range of potential funding models that may sit equally well in either the Innovation Fund or the Survive and Thrive Agenda.

3. SUBMISSION TO THE INNOVATION AND INVESTMENT FUND

3.1 The Council intend to submit applications to 2 parts of the fund. Application 1 will be for a maximum grant of £30,000 per unit for up to 51 houses through the Local Authority bid route. The sites to be submitted for development funding will be Newmonthill, Forfar, and Noran Avenue A in Arbroath, but also may include sites at Dungmans Tack Phase 2, Montrose, and Inveralnie, Tealing. Houses built with funding assistance from this submission will be owned and managed by Angus Council as affordable rented accommodation and form part of the normal Council housing stock.

3.2 One of the Council’s aims in the new build programme is to increase safety in the home – to this end, the Council intend to implement the recommendations of the policy document “Can the home ever be safe” produced by RoSPA, in all new homes to be built and owned by the Council. Application 1 is intended to:

- Reduce pressure on the housing waiting list;
- Help address the lack of family sized housing for rent in Forfar;
- Provide much needed additional housing in the rural area;
- Help complete the re-generation of North Arbroath;
- Continue the townscape enhancements in Montrose;
- Make best use of existing HRA assets whilst removing liabilities;
- Provide value for money for public investment;
- Improve safety in homes.
3.3 Application 2 will be through the Innovation bid route and will be more wide-ranging in terms of partners and housing tenure. The Council sites to be submitted, for a maximum grant of £20,000 per unit, will be for up to 12 units at Noran Avenue B in Arbroath and 12 units in Glenclova Terrace, Forfar. Houses built with funding assistance from this submission will follow a shared equity model:- The proposal is that Angus Council will fund (with assistance from the Scottish Government) the creation of starter homes and then sell a majority share of the homes to first time buyers. Angus Council and the Scottish Government will each initially retain a stake in the homes, essentially as an interest free loan, but it will be a condition of the sale that the buyer must purchases these stakes in full after 10 -15 years. The returning funds can then be re-cycled as added investment in further affordable housing. This model would require ministerial consent for the sale of HRA assets, but this is not seen as an impediment which cannot be resolved.

3.4 Application 2 will also make reference to funding bids being submitted by other local developing organisations. These are likely to be for shared equity and long term leasing schemes in both rural and town locations across Angus. Council Officers have been working closely with Housing Associations and developers through the Council’s Survive and Thrive Agenda and have offered assistance with the preparation of submissions to the Scottish Government Innovation fund. Cross referencing between the several bids from Angus will show a high degree of collaborative working which should enhance the chances of success for each applicant. Each organisation, however, is responsible for submitting its own application, all be it inclusive of evidencing support from the Council in terms of meeting housing need and demand and the strategic aims of the Local Housing Strategy. Application 2 is intended to:-

- Reduce pressure on the housing waiting list;
- Help complete the re-generation of North Arbroath;
- Help diversify tenure choice in North Arbroath and South Forfar;
- Help first time buyers on to the property ladder;
- Make best use of existing HRA assets whilst removing liabilities;
- Use innovative and collaborative working;
- Provide value for money for public investment.

4. FINANCIAL IMPLICATIONS

4.1 There are no direct financial implications at this time until the outcomes of the submissions are known. The Council’s bids have been fully costed using the Housing Division’s business model as outlined in Report No.114/11.

4.2 Should the Council be successful in securing funding as a result of these applications, there will of course, be consequences for the HRA capital programme in the form of funding the balance of the project expenditure and the resultant revenue costs (e.g. borrowing charges and ongoing maintenance).

4.3 The affordability of the Council’s bids has, therefore, been assessed using the Housing Division’s business model process as outlined in Report No.114/11. Allowing for some possible (but relatively minor) realignment of the HRA Financial Plan and within the context of possible future rent rises as outlined in Section 10 of Report No. 113/11, this assessment has confirmed that if the Council is successful, the consequences for the HRA capital programme are affordable.

5. HUMAN RIGHTS IMPLICATIONS

5.1 There are no Human Rights implications for the Council arising directly from this report.

6. EQUALITIES IMPLICATIONS

6.1 The issues dealt with in this report have been the subject of consideration from an equalities perspective and the report is regarded as exempt.

7. SINGLE OUTCOME AGREEMENT
7.1 This report contributes to the following local outcomes contained within the single outcome agreement for Angus:-

- Sustainable business growth in Angus is achieved (National Outcome 1);
- The Housing Needs of Angus are met (National Outcome 7);
- The places in which we live in Angus develop in a sustainable manner (National Outcome 10)

8. CONSULTATION

8.1 The Chief Executive, the Directors of Corporate Services, Infrastructure Services, Social Work & Health and the Heads of Finance and Law & Administration have been consulted on the content of this report. Consultation has also taken place with tenant and local developer representatives.

9. CONCLUSION

9.1 The Council's submission to the Scottish Government's Innovation and Investment Fund, if successful, will provide additional investment into the local construction industry, and at the same time is a further demonstration of the Council's commitment to increasing the supply of affordable housing.

RON ASHTON
DIRECTOR OF NEIGHBOURHOOD SERVICES

NOTE: The following background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparation of this report:-

- R542/10 Award of grant funding for further phases of Council house new build programme. Neighbourhood Services Committee 19/08/10;
- R262/11 Scottish Government's Innovation and Investment Fund. Neighbourhood Services Committee 14/04/11

Hsg/NS/AMcK/JM