
PROPOSED FINANCIAL ASSISTANCE TO WAVERLEY HOUSING TO PURCHASE FORMER RIGHT TO BUY FLATS.

Report by Service Director Regulatory Services & Chief Financial Officer

EXECUTIVE COMMITTEE

16 OCTOBER 2018

1 PURPOSE AND SUMMARY

- 1.1 This report recommends that the Council financially assists Waverley Housing to acquire up to 6 privately owned "Right to Buy" flats in Upper Langlee Galashiels, through the use of the Council's Affordable Housing Investment Budget.**
- 1.2 Waverley Housing proposes to embark upon a housing-led regeneration of part of Upper Langlee in Galashiels where they are the majority owner. This large scale regeneration project is dependent on demolition of a number of unpopular housing blocks which in turn is predicated on Waverley Housing acquiring 6 privately owned flats, in order that it build an estimated 115 new build homes through a phased re-development approach. This is a high cost project funded via housing association grant and high levels of private sector borrowing by Waverley Housing. Scottish Government however, has indicated that it is unable to grant assist flat purchases to facilitate demolitions therefore it is recommended that the Council through the use of the Council's Affordable Housing Investment Budget grant assist Waverley to acquire these flats in order to demolish.
- 1.3 The recommendations in this report are consistent with the Council's previous decisions and approach to assisting Scottish Borders Housing Association to progress the regeneration of the Stonefield area in Hawick.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Executive Committee**
- (a) Approves the contribution of up to £300k by way of grant funding from the Council's Affordable Housing Investment Budget to Waverley Housing to fund the acquisition of up to 6 flats in Upper Langlee Galashiels, on condition that it enables the demolition of the Block.**
 - (b) Agrees to delegate authority to the Chief Financial Officer to liaise with Waverley Housing to agree arrangements to make payment to dovetail with project spend profile requirements.**

3 BACKGROUND

- 3.1 The Council's Local Housing Strategy (LHS) 2017-22 is a statutory requirement that provides the strategic direction to tackle housing need and demand and informs future investment in housing and related services across Scottish Borders Council's area.
- 3.2 The Council's current Strategic Housing Investment Plan (SHIP) 2018-23 trailed the strategic intention to work with Waverley Housing and the local community to develop a master plan for a housing-led regeneration of part of Upper Langlee, where Waverley Housing is the majority owner. The study area was agreed as most of Beech Avenue, Larch and Laurel Groves, and part of Hawthorn Road. (See appended site location plan)
- 3.3 The new Strategic Housing Investment Plan 2019-24 (SHIP) is being presented to The Executive on 16 October to endorse its submission to Scottish Government by 26 October 2018. This has been prepared by Officers through discussions with representatives from locally active Registered Social Landlords. The SHIP informs the development of the Strategic Local Programme Agreement (SLPA) by Scottish Government which translates SHIP projects into programming and grant allocation to assist individual projects.
- 3.4 The SHIP 2019-24 identifies and sets out regeneration proposals from Waverley Housing to refurbish, demolish and build new homes in part of Upper Langlee. Langlee is a large housing estate on the eastern edge of Galashiels, and was developed on a phased basis by predecessor Councils and the former Scottish Special Housing Association. This is reflected in the range of differences in the built form of the various phases of development. Consequently it consists of a number of distinct neighbourhoods and communities. In the main it is a popular area and contains many 'Right to Buy' houses.
- 3.5 However, part of Upper Langlee remains less popular and has been recognised as having significant investment requirements by Waverley Housing who is the main RSL landlord in this area. There is a willingness to adopt an asset management strategy approach which is consistent with the potential conditions for housing-led area regeneration. This can be traced back to when the Council was investigating its Large Scale Voluntary Stock Transfer, and which ultimately led to prioritised efforts being concentrated through a partnership approach to tackle the Stonefield area of Hawick. However, the Stonefield initiative is now nearing completion with a single block remaining in as built condition pending demolition.
- 3.6 In order to progress matters in anticipation of identification of additional Affordable Housing projects for inclusion in future Strategic Housing Investment Plans (SHIPs), Affordable Housing Policy Developer Contributions were used to fund a Masterplanning exercise. The project focussed on a broadly rectangular area consisting of most of Beech Avenue, Larch Grove, Laurel Grove and Hawthorn Road, where Waverley Housing owns the majority of the housing. The Council led on the Procurement and the appointment of the consultants. A consultant's brief was drafted and agreed. A Steering Group was established and chaired by the Group Manager, Housing Strategy and Services. The Steering Group brought together representatives from the Council, Waverley Housing, Eildon Housing Association and Scottish Borders Housing Association and Langlee Residents Association.

- 3.7 The final report has been completed and this makes a number of recommendations in order to assist Waverley Housing to progress planning the delivery of this proposed regeneration work, including more detailed financial analysis and further tenant and resident engagement. Waverley is now able to bring forward project proposals which have been considered and included in the Council's new Strategic Housing Investment Plan 2019-2024.
- 3.8 Waverley's Board considered the report at a Special Board Meeting on 21 June 2018 and in principle agreed to progress with the Consultant's recommendation of Option 3 as a realistic and achievable way forward for the regeneration of its housing stock in Upper Langlee, as it was felt that of this option provided the best outcomes financially, technically and operationally. In addition, feedback from residents on the estate has been overwhelmingly in favour of the regeneration proposals. Langlee Residents Association is also in favour of the regeneration proposals, 3 local Ward Councillors have also indicated their support.
- 3.9 Scottish Government More Homes Division officials have been engaged in discussion regarding the consultancy work and the emerging proposals, and have indicated in principle support of Waverley Housing plans to regenerate parts of the estate.
- 3.10 Waverley Housing has indicated that 6 privately owned flats are located within the proposed demolition area. It is understood that the acquisition of these flats will not attract Scottish Government Grant. Therefore it is proposed that the Council agrees to grant assist Waverley Housing up to £300k as a contribution towards to purchase and transaction costs associated with these proposed acquisitions. This approach is consistent with existing precedents whereby the Council has grant assisted Scottish Borders Housing Association to acquire 8 privately owned flats to facilitate necessary demolitions in the context of the Stonefield regeneration in Hawick.

4 IMPLICATIONS

4.1. Financial

- (a) This is a high cost regeneration project with estimated costs of delivering the preferred option 3 around £21.6 million. This regeneration is likely to be delivered over a number of financial years through an anticipated 3 or 4 phases of development. It is anticipated that this will be led by Waverley Housing and funded from a mix of grant funding from the Scottish Government, Waverley Housing Association's private finance, and potentially support from the Council through the use of 2nd Homes Council Tax as is being proposed.
- (b) Council Officers are conscious of the programme commitments of the Affordable Housing Budget for the delivery of the Extra Care Housing projects set out as part of the new Integrated Strategic Plan for Older People's Housing, Care and Support in the Borders. However, this regeneration project will also deliver new amenity housing for older people, including one or two wheelchair standard housing which aligns with the aims and objectives of the new strategy.
- (c) Should the Committee decide to grant assist Waverley Housing, this will help Waverley to secure the privately owned flats and thereby provide much greater confidence and certainty in project delivery and therefore securing grant assistance from the Scottish Government

grant Allocation to Scottish Borders Council area.

- (d) If the Committee agrees to assist Waverley Housing, it is proposed that the Chief Finance Officer will liaise with Waverley Housing regarding agreeing timing and payment arrangements in due course.

4.2 **Risk and Mitigations**

Again with a project of this magnitude it is envisaged that Waverley will undertake a thorough and robust risk assessment not only in relation to the financial elements of the project, but also in relation to operational, technical and legal elements of the project. Projects considered for SHIP inclusion must meet the criteria set out in the Affordable Housing Delivery Priority Weighting Assessment and deliverability and strategic fit are two main weighting factors.

4.3 **Equalities**

- (a) It is considered that there are no adverse equalities implications arising from the recommendations of this report.
- (b) Houses produced by Registered Social Landlords will be allocated according to their individual allocations policy and procedures. As a consequence, the RSLs are subject to the weight of Statutory Scrutiny via Regulation and Inspection by the Scottish Housing Regulator.

4.4 **Acting Sustainably**

- (a) All SHIP documents are subject to a pre-screening assessment in accordance with Section 7 of the Environmental Assessment (Scotland) Act 2005 using the criteria specified in Schedule 2 of the Act. The pre-screening assessments identified no, or minimal, negative effects in relation to the environment, hence SHIPs have been exempt from Strategic Environmental Assessment (SEA) requirements under Section 7(1) of the Act.
- (b) By seeking to deliver more new affordable houses, the Council's current SHIP 2018-23 and SHIP 2019-24 both promote sustainable communities and address many of the housing mismatch supply challenges faced locally.
- (c) There are no adverse economic or social effects resulting from the recommendations of this report. In addition, SHIP project delivery and potential environmental effects from new build housing will be addressed through the Planning process which will apply National policies and standards.

4.5 **Carbon Management**

- (a) It is considered that there are no direct effects on the Council's carbon emissions arising from the report recommendations.
- (b) New additional affordable housing will have a general effect on the region's carbon footprint however these are addressed within the planning process, and in meeting the housing requirements and standards as set out by the Scottish Government. RSLs aim that their new housing will be built to "Silver Standard" which exceed current basic Scottish Building Standards.

4.6 Rural Proofing

- (a) Rural proofing applies to all areas of Scottish Borders classified by Scottish Government as 'remote rural' or 'accessible rural'. This applies to all areas of Scottish Borders outwith the towns of Hawick, Galashiels/Tweedbank, Peebles, Selkirk, Eyemouth, Jedburgh and Kelso. Therefore rural proofing does not apply to this report.
- (b) The SHIP Project Working Group carries out a rural proofing exercise as part of the preparation of each SHIP. It is determined that the delivery of all SHIP projects will not have an unforeseen adverse impact on the rural areas and that the needs of rural areas have been properly taken into account.

4.7 Changes to Scheme of Administration or Scheme of Delegation

There are no changes to be made.

5 CONSULTATION

- 5.1 The SHIP Working Group has been consulted and contributed to this report.
- 5.2 The Chief Financial Officer, the Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, and the Clerk to the Council have been consulted and their comments have been incorporated in the final report.

Approved by

Brian Frater

Service Director Regulatory Services Signature.....

David Robertson

Chief Financial Officer

Signature.....

Author(s)

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**Background Papers: Strategic Housing Investment Plan 2018-23.
Upper Langlee Master Plan – Final report by ARK Consulting – July 2018.
Previous Minute Reference: None.**

Note – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Jacqueline Whitelaw can also give information on other language translations as well as providing additional copies. Contact us at Scottish Borders Council, Council Headquarters, Newtown St Boswells, Melrose, TD6 0SA, Tel 01835 824000 ext 5431, email jwhitelaw@scotborders.gov.uk.

Appendix 1

