

**REPORT TO: HOUSING, DUNDEE CONTRACT SERVICES AND ENVIRONMENT SERVICES COMMITTEE - 10TH JANUARY 2011**

**REPORT ON: NEW BUILD COUNCIL HOUSING - 3RD ROUND SCOTTISH GOVERNMENT FUNDING TO KICK START COUNCIL HOUSE BUILDING 2010/11**

**REPORT BY: DIRECTOR OF HOUSING**

**REPORT NO: 12-2011**

**1. PURPOSE OF REPORT**

1.1. This report seeks approval for the Council to enter into agreement with Hillcrest Housing Association within the newly appointed Lead Developer Framework approved by Committee on the 6th December for the construction of a housing development at Ann Street, Hilltown to include the 8 units for which Scottish Government Grant funding is being made available.

**2. RECOMMENDATIONS**

2.1. It is recommended that Committee approve the Council entering into agreement with Hillcrest Housing Association within the newly appointed Lead Developer Framework approved by Committee on the 6th December for the construction of a 12 unit housing development at Ann Street, Hilltown to include these 8 units.

**3. FINANCIAL IMPLICATIONS**

3.1. Provision has been made within the 5 year Housing Revenue Account Capital estimates for the provision of the funding necessary to undertake the project.

**4. THE PROJECT**

4.1. The Scottish Government has now made available three rounds of funding to kick start council house building across Scotland. Dundee City Council has bid for funding under each of these rounds. In 2009/10 the City Council was successful in obtaining £800,000 towards the building of 32 wheelchair units and these units are currently under construction within the Council's new council house build programme. The Council submitted a bid for £240,000 towards the construction of a further 8 new build units in April 2010 under round 3 of the Scottish Government funding and the City Council has been successful in obtaining this award of grant.

4.2. In seeking funding from each round of the Scottish Government funding to kick start council house building the Council has been attempting to maximise the resources available to it to provide new social rented housing within the City within the context of reducing resources under the affordable housing investment programme (AHIP) and within restricted HRA capital resources given the need to invest in our own stock to meet the Scottish Housing Quality Standard by 2015.

- 4.3. The initial bid made to the Scottish Government in April 2010 for the third round of funding was for the development of 8 units in the Hilltown. This was due the area being a priority within the Local Housing Strategy and the low level of AHIP funding delaying the provision of new build social rented housing within the area. This has consequent effects on the re-housing of tenants from properties scheduled for demolition who have a strong desire to remain in the area.
- 4.4. Due to the nature of this 'challenge' funding and the timescales for submission of the bids the proposal related to the construction of these units on an area of land at William Street currently used as open space subject to planning consent. There has now been the opportunity for pre planning consultation to have been completed by Dundee City Council City Development which has determined that this land is valued by local residents as open space and therefore planning objections would be made should the Council seek permission to develop housing at this location.
- 4.5. The Council has undertaken a review of other possible development opportunities to effectively utilise the grant funding awarded in order to meet the original project objectives, fit the Local Housing Strategy and Planning objectives and comply with the timescales required to meet grant funding criteria.
- 4.6. Within the Hilltown Regeneration area City Development requires the development of a signature building on the currently council owned vacant site on the corner of Ann Street/Nelson Street, the former site of the Nelson bar. This site is adjacent to tenemental properties in the ownership of Hillcrest Housing Association. For some time Hillcrest Housing Association has been trying to develop the site to accommodate a block containing 12 flats but due to the lack of resources within the AHIP programme has been unable to do so. Hillcrest Housing Association would perform the development function. The block of 12 flats will be owned and managed by the City Council.
- 4.7. The Council has recently appointed DOMUS as one of the Lead developers for the delivery of the affordable housing programme within Dundee, Hillcrest Housing Association is a member of the DOMUS consortium. The Lead Developer framework (paragraph 9) provides for Council new build activity to be included within this process.
- 4.8. Given the need to meet grant requirements to achieve a site start by the end of financial year 2010/11 and to meet the necessary strategic and planning objectives the most effective delivery of the development of the site would be for Council to enter into agreement with Hillcrest under the Lead Developer Framework subject to a satisfactory agency agreement being put in place. The City Architectural Services Officer has been consulted and has no objection to this proposal.
- 4.9. Provision for funding of the capital expenditure in addition to the grant obtained the from the Scottish Government for the development of this site has been made within the current 5 year HRA capital estimates.

## 5. **POLICY IMPLICATIONS**

- 5.1. This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti Poverty, Equality Impact Assessment and Risk Management. There are no major issues.

6. **CONSULTATIONS**

- 6.1. The Chief Executive, Depute Chief Executive (Support Services), Director of Finance and all other Chief Officers have been consulted on this report. No concerns have been expressed.

7. **BACKGROUND PAPERS**

8. Housing, Dundee Contract Services and Environment Services Committee Report Number 228-2010, 26th April 2010 - Scottish Government £25M. Funding to Kick Start Council House Building 3rd Round 2010/11 - Dundee City Council Bid.

Elaine Zwirlein  
**DIRECTOR OF HOUSING**

December 2010