

REPORT TO: HOUSING, DUNDEE CONTRACT SERVICES AND ENVIRONMENT SERVICES COMMITTEE - 9TH MARCH 2009

REPORT ON: PROVISION OF NEW BUILD COUNCIL HOUSING

REPORT BY: DIRECTOR OF HOUSING

REPORT NO.: 142-2009

1. PURPOSE OF THE REPORT

1.1. The purpose of the report is to seek Committee approval to the mechanisms for providing the new build Council housing programme.

2. RECOMMENDATIONS

2.1. It is recommended that Committee approve a developer partnership model for the provision of the Council housing new build programme and that the Council continues to consider open market purchases where properties meet the necessary criteria.

3. FINANCIAL IMPLICATIONS

3.1. The Council has approved capital expenditure of £18.232 M. over 2008/09 to 2010/11 to build 135 new Council houses. £7.633 M. capital expenditure is budgeted for 2009/10.

3.2. The Council has bid for £704,000 from the Scottish Government's £25 M. fund to Kick Start Council Housing. If successful funding will become available in 2009/10.

4. MAIN TEXT

4.1. Report No. 624-2007 (10th December 2007) agreed the provision of 135 new build Council houses over 2008/09 to 2010/11. Provision has been made within the Housing Capital Budget approved on 23rd June 2008 for the expenditure.

4.2. An options appraisal has been completed to determine the most appropriate mechanism to provide the new build Council housing.

Project Objectives And Constraints

Objectives

4.3. Meeting the needs of applicants on the waiting list for adapted housing.

4.4. Meeting the needs of applicants for general needs family sized accessible housing.

4.5. Delivering 135 new Council houses, 95 general needs, barrier free, family houses and 40 wheelchair accessible houses within budget/timescale.

4.6. Providing energy efficient sustainable high quality housing to Council standards.

- 4.7. Contributing to the creation of sustainable communities.
- 4.8. Achieving best design, specification and obtaining value for money under the Council's partnering procedures.
- 4.9. Maximising use of suitable Council sites identified within the Local Plan.

Constraints

- 4.10. Availability of new build properties on the market within budget cost constraints.
- 4.11. Meeting the needs of applicants in relation to specific house type/size/location.
- 4.12. Delivering high quality sustainable housing minimising long term maintenance expenditure.
- 4.13. Maximising use of sites available from land currently held on the Housing Revenue Account to minimise per unit cost and achieve value for money.

Options

- 4.14. Option 1 - Continue to use existing, available Council and Housing Association houses.

Assessment - this will not meet identified demand. Not feasible.

- 4.15. Option 2 - Expand Social Rented Development Plan by 40 Units per year over the next three years.

Assessment - not feasible. No capacity due to lack of available development funding, Housing Association Grant, land and development resource.

- 4.16. Option 3 - Open market purchases from developers.

Assessment - not feasible to deliver the balance of 120 units. However the Council has successfully purchased 15 properties from a developer in 2008 to contribute to the programme. Future options for open market purchases will be considered as appropriate. Individual options appraisals including a full financial analysis would be completed for each project.

- 4.17. Option 4 - Provide houses through a Council new build programme using traditional procurement.

Assessment - not feasible to deliver required numbers of properties within required timescales. This option would not derive the benefits of design and build route. May not deliver best value.

4.18. Option 5 - Provide houses through Council/Private Developer Partnership route.

Assessment - feasible. This route has significant benefits:

- Council can provide existing resources including sites which will assist in meeting budget unit costs.
- Council can exert control over location/size/type and standards of houses to ensure objectives are met.
- Benefits of bringing developers with track record and success in designing and building high quality housing suitable for social renting.
- Minimising timescale for delivery of new build housing.

4.19. Achieving best value for budgeted funding.

Impact Statement

OBJECTIVES	OPTION				
	1	2	3	4	5
Meeting the needs of applicants for adapted and accessible family housing	X	X	X	v	v
Delivering 135 new Council houses including 95 general needs barrier free houses and 40 wheelchair houses within costs	X	X	v	X	v
Delivering 135 new Council houses including general needs barrier free houses and 40 wheelchair houses within timescales	X	X	X	X	v
Providing energy efficient, sustainable housing to Council standards	X	X	v	v	v
Contributing to the creation of sustainable communities	X	X	v	v	v
Achieving best design, specification and obtaining value for money under Council's partnering procedures	X	X	v	X	v
Maximising use of suitable Council sites identified within the Local Plan	X	X	X	v	v

4.20. The preferred options emerging are for the Council to enter into Partnership Agreements for development of a number of individual sites, each with appropriate developers who can demonstrate a successful track record in the provision of new build houses for social rent and for the Council to consider open market purchases where appropriate.

Developer Partnership Model

- 4.21. The benefits of such partnership arrangements are:
- The Council can achieve best value by providing sites for development.
 - The Council will specify the house types/sizes and housing mix for the sites.
 - The Council will specify the design standards and ensure that high quality houses with sustainable design features are provided.
 - The process will be capable of providing houses within a relatively short development period therefore maximising delivery within timescales.
 - Construction costs will be minimised by use of standardised house types ensuring value for money.
 - For wheelchair housing individual household requirements can be incorporated in kitchens/bathroom designs.
- 4.22. Site appraisals have been completed. In order to ensure that there is suitable provision across the city a number of diverse sites will be required. None of the sites are large enough to permit developments larger than 15-20 units, around £2.5 M. in value. Architectural Services Division will seek expressions of interest from suitable developers from the Council's open tender list for the development of the sites in line with Council Standing Orders.
- 4.23. Preferred developers will be selected by application of an assessment matrix including relevant factors. Following completion of this exercise developers will be appointed on a per site basis. The potential to enter into partnership with a number of developers will enable the Council to ensure a competitive market demonstrating value for money.
- 4.24. Following completion of this process the target timescale is to achieve a first site start by July 2009.

Open Market Purchases

- 4.25. The Council has already successfully completed the purchase of 15 new build houses at Bridgend Gardens from a local private developer towards the 135 unit new build target.
- 4.26. A full options appraisal including a financial assessment would be completed for each proposed purchase.
- 4.27. The Scottish Government Regeneration Directorate supports open market purchase by RSLs from private developers.
- 4.28. Continuing to consider suitable off the shelf purchases meets the Council's aim of supporting the local construction market during the current economic downturn.

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 and Risk Assessment. There are no major issues.

6. **CONSULTATIONS**

- 6.1. The Chief Executive, Depute Chief Executive (Support Services), Depute Chief Executive (Finance), Head of Finance, Assistant Chief Executive and all other Chief Officers have been consulted on this report.

7. **BACKGROUND PAPERS**

- 7.1. None.

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February 2009