

**Council House Building Programme  
Progress Update February 2020****Report by Kevin Anderson, Executive Director, Place****1 Purpose of Report**

To update the Council on the status of the overall housing programme on approved sites and proposed new sites for the Council building programme and other initiatives for the target delivery.

**2 Housing Building Programme and Planned Works****2.1 Council Housing Programme – Phase 1 & 2 Sites**

The first phase provided 864 additional houses within Midlothian over a period of 7 years with a total budget of £108,700,000 and is now complete.

Phase 2 targeted providing a further 412 additional homes within Midlothian with a budget of £77,121,000 funded from the Housing Revenue Capital Account and Scottish Government grant funding.

A total of 289 units (167 homes not included in 1,000 home target) have been constructed to date.

**2.3 Council Housing Programme - Phase 3 & 4 Sites**

Phase 3 & 4 is targeting a further 789 additional homes within Midlothian with a budget of £171,374,000 which comprises the balance from Phases 1 & 2 of £34,116,000 and the balance funded from the Housing Revenue Capital Account and Scottish Government grant funding.

The following Phase 3 & 4 sites have commenced on site;

- Site 47 Kirkhill, Penicuik delivering 21 homes, completion August 2020
- Site 53 Morris Road delivering 79 units – enabling works altering utility supplies commenced – main works planned to follow on June 2020
- Site 110 Clerk Street, Loanhead delivering 28 homes, completion September 2020
- Site 115 Castlelaw Terrace, Bilston delivering 10 homes, completion March 2020.

- Site 118 Shawfair, Danderhall delivering 47 homes under a turn-key arrangement with Bellway Homes. Commenced January 2020.
- Site 134, Paradykes, Loanhead delivering 21 homes under a turn-key arrangement with Barratt Homes. Commenced on site November 2019. Completion September 2020.
- Site 144: Roslin delivering 13 homes under a turn-key arrangement with Barratt Homes. Commenced on site January 2020.

The following Phase 3 & 4 sites will commence on site in 2020;

- Site 26 – 32/38 Buccleuch Street, Dalkeith – delivering 10 homes. Demolition of existing building completed. Likely site start in December 2020.
- Site 32/34 Newbyres – delivering 75 homes - delayed due to ongoing IMT requests for further gas testing and monitoring outwith the control of Midlothian Council. It is intended that recent design solution proposals will allow commencement of works on site in 2020.
- Site 39 Crichton Avenue, Pathhead – delivering 10 homes. Contractor appointed. Site start anticipated January/February 2020.
- Site 109 Conifer Road, Mayfield – 72 homes – currently held up due to Scottish Water infrastructure capacity issues which are outwith Council control – the revised date of commencement is late 2020.
- Site 116 Newmills Road, Dalkeith – 92 homes comprising 40 extra care flats and 8 extra care bungalows together with 44 new homes for rent. Contractor appointed under two stage tendering with enabling works (not requiring planning) enabling works starting on site earliest March 2020. Main works to follow on
- Site 114 Old Dundas/St Marys PS site – Intermediate Care Facility and 30 Extra care homes planned on combined site – currently under design development – demolition to commence asap after St Marys relocation to new Hopefield PS followed by Site Investigations – main works start on site expected December 2020
- Site 117 Hopefield Yard, Bonnyrigg – 16 homes Site start anticipated December 2020
- Site 122 81 High Street, Bonnyrigg – delivering 20 homes – demolition completed. Site investigation to follow on. Start on site envisaged December 2020
- Site 128 Shawfair – delivering 48 homes under a design & build contract arrangement with MacTaggart & Mickel – site start to be confirmed but anticipated Autumn 2020
- Site 131 Hopefield, Bonnyrigg - retail unit plus planned 21 homes – commencement on site expected September 2020
- Site 130 Phase 1 Old Newbattle HS site – delivering 75 homes – at early design stage – likely start on site December 2020
- Site 140 Dalhousie Mains, Bonnyrigg - delivering 70 homes under a design & build contract arrangement with Springfield Homes – site start to be confirmed but anticipated mid-2020

Based on the above an additional 552 homes commence on site in 2020. Of these, four sites (totalling 131 homes) are procured in contract with a developer (procuring the affordable element).

It is anticipated that the bulk of the larger sites listed above will be procured via a two-stage tender process with a Design and Build procurement method. The benefits of this are

- 1) Reduced tendering costs – making it more attractive to the marketplace – gaining greater interest and more competition/better value
- 2) the introduction of the contractor at an earlier stage in the design process using a collaborative approach addressing technical challenges and speedier programme delivery.

Utilisation of the Scotland Excel (SXL) Housing Framework is also being considered however. A site will be chosen to pilot this as an alternative delivery solution. In addition, where it may be deemed more suitable, smaller sites or sites that may involve refurbishment could potentially be tendered via traditional bills of quantities and tender pricing.

A masterplan is proposed for the former Newbattle High School (Site 130 – Phase 2) site to identify the options for a mix of tenures on this site in addition to 75 new council housing units (Phase1). This will be coordinated with the Learning Estates Strategy and the proposed new primary school on the adjacent site. Mixed tenure housing provides a more sustainable approach to placemaking.

## **2.4 Sites for development following Council building closures**

- Site 121 Stobhill Depot affordable provision (50 homes) - any plans for this site are currently on hold pending resolution of other sites such as prospective Hopefield Resource Facility
- Site 114 (St Mary's Primary School), Bonnyrigg (30 homes) - referred to above.

## **2.5 Proposed Affordable Housing Provision from External Developers**

As noted above it is proposed to either enter into land purchase/Design & Build contracts with these developers or purchase completed houses from external developers as a procurement route to achieve completed homes as soon as possible.

Sites with Developers for completed home purchases (turn-key) or Land Purchase/Building D & B Contracts are located at:

### **Sites progressing 2020**

- Site 118 Danderhall, Shawfair – Bellway (47 homes)
- Site 128 Shawfair - Mactaggart and Mickel (48 homes)
- Site 134 Paradykes Loanhead – Barratt Homes (21 homes)
- Site 140 Dalhousie Mains, Bonnyrigg – Springfield (70 homes)
- Site 144 Roslin – Barratt (13 homes)

### **Future potential sites (tbc)**

- Site 146 Wester Cowden, Dalkeith – Bellway (27 homes)
- Site TBC Shawfair – Barratt (33 homes)
- Site TBC Shawfair – Stewart Milne (28 homes)
- Site TBC Auchendinny – Avant Homes (units tbc)
- Site TBC Penicuik – Cala (units tbc)

## 2.6 Grant Funding

Officers continue to pursue available grant monies to assist in land purchases/construction of Council housing in Midlothian. More detail on grant funding is available in Midlothian's Strategic Housing Investment Plan. Regular meetings with the Scottish Government are undertaken to update programme and ensure spend is maximised.

## 2.7 HRA Rent Setting

In February 2018 Midlothian Council agreed a 3% per annum rent increase to all council housing (including temporary accommodation and garage rents) for the period April 2019 until March 2022. A consultation will take place in 2021 with tenants and housing list applicants over the rent strategy for April 2022 and beyond. Prior to this it is proposed that rental charges for temporary accommodation and garages are reviewed. In order to ensure transparency over HRA expenditure a change to these rents will require consultation with tenants and service users before any decision is taken.

## 2.8 Temporary Accommodation Rents

A report published by the Chartered Institute of Housing in 2019 noted that:

"The average cost of a temporary furnished flat in Scotland is £318.94 per week but depending on the location, type of accommodation and whether support services are provided, can cost up to £494.38."

Temporary accommodation is generally more expensive than council housing because of higher void turnover, repairs and furnishings & fixtures to temporary properties. In addition, between 2005 and 2010 in Midlothian, 139 of self-contained temporary flats and houses were purchased by the Council for use as temporary accommodation and it was necessary that the rent charges for these units reflected the additional cost of purchasing properties without placing a burden on other council house tenants.

Recent research including *Temporary Accommodation in Scotland, Social Bite* (2018) and *Transforming the Use of Temporary Accommodation in Scotland* (2018) recognises that the high cost of temporary accommodation can cause significant disadvantages to a homeless household. This includes:

- Many homeless households who are employed cannot afford the cost of homeless accommodation.

- Many homeless households living in temporary accommodation who want to work or seek training or further education are disadvantaged in doing so because of the cost of their accommodation.
- Due to significantly higher rents homeless households are at risk of accruing high debt levels in the event they are unable to pay their rent.

Consequently a recommendation from the Housing and Rough Sleeping Action Group is that Rents should be set at a level similar to the Local Housing Allowance rate in order to provide a more equitable system and provide a clearer path for people to move on from Temporary Accommodation. The table below shows the current monthly rent for a 2 bedroom furnished temporary accommodation and the proposed change.

The new rent level would mirror the rents charged for new build properties, reflecting the higher costs for managing temporary accommodation. In addition, depending on the type of accommodation a homeless household resides in, a service charge will continue to apply to temporary accommodation which covers things like housing support, furnishing, grass cutting etc. It is not proposed that this service charge is amended.

**Table 1: Current and Proposed Monthly Rents for Temporary Accommodation**

Current Monthly Rent	£623
Proposed Monthly Rent	£360

## 2.9 Lock Up Garage Rents

Midlothian Council owns 700 lock up garages across Midlothian (usually located within council estates). At present approximately 220 lock ups are vacant. Midlothian Council does consider the demand for garages and where it has been possible has made use of the land for new build development. At present there are three existing garage sites which are being used to build new build housing on in Phase 2 and 3 of development in Pathhead, Bilston and Dalkeith. In addition demolition of the garage site has been proposed at Stone Place, Mayfield due to lack of demand and risk of vandalism.

It is likely that the cost of lock up garages has become a disincentive to tenants or residents in the area renting these units – a tenant would currently pay £698.88 per year. Non- council tenants can also rent a lock up but they incur a further 20% charge for VAT. The effective use of lock-ups can be beneficial in reducing vandalism and easing parking pressures in an estate. The table below shows that Midlothian lock up rents are very high in comparison to other local authorities and sets a proposed change to the rental charge.

**Table 2: Lock Up Garage Rents**

<b>Current</b>	£13.44
<b>Proposed</b>	£7.73
<b>Glasgow</b>	£5.55
<b>Stirling</b>	£7.42
<b>Aberdeen</b>	£7.57
<b>Fife</b>	£8.61
<b>Dundee</b>	£8.77

### **3 Report Implications**

#### **3.1 Resource**

All the costs of employing the necessary members of staff are included in the project budgets.

#### **3.2 Risk**

The risk of failure to achieve the Council's target of 1,000 homes by March 2022 due to lack of available sites and availability timescales is being mitigated by the proposed purchase of sites, the purchase of completed houses from Developers and open market acquisitions. It is also proposed to continue the delivery of new homes as quickly as possible by inviting open tenders from a wider number of contractors than previously through the Framework. The adoption of the Two Stage tendering approach allows earlier engagement with contractors and offers earlier start/completion on site. The SXL Housing Framework is also to be utilised and tested as an alternative delivery model.

In terms of proposed consultation on changing rents for both temporary accommodation and lock up garages, a financial projection has been undertaken to determine the affordability of these changes in the long-term. Financial projections confirm that the proposed changes can be implemented without having a detrimental impact on the maintenance programme of existing buildings or current or potential new build programmes beyond 2022.

#### **3.3 Single Midlothian Plan and Business Transformation**

Themes addressed in this report:

- Adult Health Care and Housing
- Sustainable Growth

#### **3.4 Impact on Performance and Outcomes**

The proposed works support the Council's Local Housing Strategy and accord with Midlothian Council's Corporate Priorities.

#### **3.5 Adopting a Preventative Approach**

Reviewing and utilising different procurement options in order to promote early delivery.

### **3.6 Involving Communities and Other Stakeholders**

Consultations internally and externally continue to be carried out with all appropriate stakeholders ensuring input/comment on the proposed layouts / house types and mix. This will be undertaken for the additional sites.

### **3.7 Ensuring Equalities**

An Equalities Impact Assessment was completed for Midlothian Council's Strategic Housing Investment Plan 2020/21 – 2024/25. This document, which is updated annually, sets out all new affordable housing investment plans in Midlothian (including assessing need and demand for housing including specialist housing provision).

### **3.8 Supporting Sustainable Development**

The new build housing programme will comply with all current building regulations and follow best practice in line with the Council's policies on the environment. A number of meetings have been held to review and discuss "zero carbon footprint" and incorporate passivhaus construction opportunities across all new housing sites. Future involvement of BMS and other stakeholders in any of these initiatives is fundamental to their success and the merits of each site will be addressed as appropriate.

### **3.9 IT Issues**

Building Information Modelling is being utilised to deliver the projects. Models exist for the generic house types and flat types. It is proposed that these models will be used for the completion of all Phases. Additional technology has been adopted for Site 116 Newmills Road allowing 3-dimensional "fly through" of the site and buildings thus allowing staff and public a better understanding of how the completed development will look. This has already been presented at a recent Planning Public Consultation which was well received by the public.

## **4 Recommendations**

Council is recommended to:

- a) Note the content of this report and the progress made on Phases 2 to 4.
- b) Note the new sites proposed to complete Phase 3 and Phase 4
- c) Note the proposals to acquire houses from private developers.
- d) Agree to a consultation on proposed changes to rents for temporary accommodation and lock up garages.

**30 January 2020**

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