

Purchasing new properties in Midlothian for use as Council Housing**Report by Eibhlin McHugh, Joint Director, Health and Social Care****1 Purpose of Report**

The purpose of this report is to seek elected member's agreement to reallocate available resource from the Housing Revenue Account to purchase additional properties for use as social rented housing by the Council. Consideration of this report will require the suspension of Standing Orders as Cabinet agreed to the use of this funding on 27 May, 2014 towards an identified development at Wester Cowden, Dalkeith.

2 Background

- 2.1** In October 2013 the Scottish Government announced an additional allocation of £27 Million of funding to support affordable housing development, with £400,000 unallocated in Midlothian, and if not utilised in Midlothian this grant funding will be reallocated to another local authority area.
- 2.3** The Scottish Government's Housing Investment Division have accepted the use of affordable investment funding for purchasing units from the open market as a means of increasing the supply of affordable housing in Midlothian.
- 2.4** Cabinet agreed to the use of this funding on 27 May, 2014 towards an identified development at Wester Cowden, Dalkeith. This report requests that the same resource is now used towards additional units to be provided for alternative housing in Midlothian, resulting from the need to relocate households from Newbyres Crescent and Gore Avenue, Gorebridge as a result of the Council decision on 17 June, 2014 to demolish those properties affected by CO2 gas emissions.
- 2.5** As residents require to be re-housed, this could be achieved in appropriate cases for housing options cases where required either through Phase 2 of the New Social Housing Programme or through the purchase of replacement properties, which would require approximately an additional £9 million to be incorporated in the HRA Capital Plan. Consequently, the option to purchase properties at Wester Cowden will not now proceed.

3 Report Implications**3.1 Resource**

- 3.1.1** In order to finance the purchase of additional properties, it is proposed that this be funded through the Housing Revenue Account (HRA) Capital Plan. Financial modelling suggests that the HRA can support

this extra investment and is affordable without having to impose any further increases in weekly rents. However depending on the number of properties required and the outcome for the proposal for the demolished site unallocated New Social Housing Phase 2 budget may be required to be utilised.

- 3.1.2** There will be a requirement to continue to allocate significant resources to this project, and specifically on the contractual aspects which are being considered separately. External and internal resources are being expended and recorded for inclusion in any liability claim which the Council could pursue.

3.2 Risk

A Risk Register has been compiled for this project.

3.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- ☐ Community safety
- ☒ Adult health, care and housing
- ☐ Getting it right for every Midlothian child
- ☐ Improving opportunities in Midlothian
- ☒ Sustainable growth
- ☐ Business transformation and Best Value
- ☐ None of the above

3.4 Impact on Performance and Outcomes

It will support the Council's Local Housing Strategy Outcomes (2013-2017):

- Households have improved housing options across all tenures.
- Homeless households and those threatened with homelessness are able to access support and advice services and all unintentionally homeless households able to access settled accommodation.

3.5 Adopting a Preventative Approach

The recommended actions are intended to assist in re-housing requirements to resolve the CO2 gas exposure problem on-site.

3.6 Involving Communities and Other Stakeholders

Outcomes which deliver an increased number of housing options for households, including increased provision of affordable housing, were strongly supported by stakeholders during consultation on the Council's Local Housing Strategy 2013 – 2017.

The proposal has been discussed with the Council's Finance, Housing Maintenance, Legal, Procurement and Construction Teams and also the Scottish Government's Housing Investment Division.

3.7 Ensuring Equalities

An EQIA was carried out for the Council's Strategic Housing Investment Plan 2013/14 – 2017/18 and this recognised that there may be provision for "off the shelf" purchases. It also recognised the need to ensure that the needs of equality strands have been assessed to ensure that there are no discriminatory practices in terms of the suitability of accommodation being provided for those with particular needs and in the allocation of properties.

3.8 Supporting Sustainable Development

Significant numbers of households living in housing need impacts negatively on the community, therefore investing in affordable housing will ensure the well-being, and provide a better quality of life for people living in Midlothian and will also ensure that Midlothian remains an attractive place of choice for living and working.

3.9 IT Issues

There are no IT issues.

4 Recommendations

It is recommended that Cabinet:

- (a) Notes the contents of the Report, and that the available resource will no longer be used for purchases at Wester Cowden, but utilised as required for housing options for tenants at Newbyres Crescent and Gore Avenue
- (b) Agrees to the Council increasing the supply of new housing by funding the purchase of units for use as council housing, subject to agreement of satisfactory contracts overseen by the Council's Legal Section.

Date: 4 August 2014

Report Contact:

Name: Kevin Anderson, Head of Customer and Housing Services

Tel No: 0131 271 3225

E-mail: kevin.anderson@midlothian.gov.uk