**Community & Housing Services Committee**

**All Committee meetings were cancelled with effect from 23rd March, 2020 due to the COVID-19 emergency.**

**The recommendations in this report were approved by an Executive Director of the Council, acting under delegated authority in terms of paragraph 2.1.1 of the Council’s List of Officer Powers**

**Community and Housing Services Committee**

9th April, 2020 (CANCELLED)

***Approved by Executive Director, Communities -***

***20th April, 2020***

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| Affordable Housing Programme: Private Sector Engagement - 35 New Units, over 2 developments |
| Report by: John Mills, Head of Housing Services  Ken Gourlay, Head of Assets, Transportation & Environment  Morag Ferguson, Head of Legal & Democratic Services  Caroline MacDonald, Procurement Service Manager |
| Wards Affected: 16, 21 |

Purpose

As part of the ongoing implementation of Phase 3 (2017-22) of the Fife Affordable Housing Programme, this report seeks authority to continue negotiations and conclude legally binding agreements to purchase newly constructed units with Mellow Homes Limited and Ladybank Homes Limited as outlined at 2.1 below:

1. To acquire the sites for the development of new affordable council houses for rent; and
2. For the construction of new affordable council houses for rent (recognising the stated figures may be adjusted as the detail in the proposals is worked through); and

Recommendations

The Committee is asked to note the contents of this report and note that a private paper detailing the (commercial) terms are to be considered later in the agenda.

Resource Implications

The Council has identified capital borrowing capacity within the 30-year Housing Revenue Account (HRA) Business Plan for the delivery of new Council housing. In addition, the Scottish Government has allocated housing subsidy funding to assist in the delivery of new affordable housing. Hence there is adequate funding available to deliver these projects.

Legal & Risk Implications

Competence & Vetting

Developers undergo technical competence and financial vetting assessment as part of the pre-award process.

Land Acquisition

The contracts for the acquisition of the land will be subject to:

1. the Developers exhibiting a valid title to their site to the Councils satisfaction; and
2. the Developers obtaining full planning permission and any other necessary consents for the construction of the units; and
3. Terms being agreed for the award of the proposed construction contracts to the Developers.

Procurement

The Developments at Rosemount Grove and Commercial Crescent fall within the exemption for the acquisition of land and are therefore exempt from having to comply with the Procurement Regulations.

The risk of a legal challenge to the award of these contracts on the ground they will be not publicly advertised, competitive procurement is low.

The Official Journal of the European Union (OJEU) threshold for works contracts is £4,7M. As the developments are below the threshold, a Contract Award Notice will be published within 30 days of the contract being signed.

Impact Assessment

An Equalities Impact Assessment is not required because the report does not propose a change or revision to existing policies and practices as set out in the Strategic Housing Investment Plan.

Consultation

The Committee Convener and Members for the wards have been consulted.

Consultation has also taken place with the members of the Affordable Housing Programme Board.

**1.0 Background**

* 1. The Council and its partners are committed to delivering 3,500 new affordable homes by May 2022.
  2. To achieve this goal the Council is developing or redeveloping land/buildings in Council ownership; working with key partners including the Fife Housing Association Alliance (FHAA) and the Scottish Government; and, as in this case, engaging with private sector landowners, their agents and Developers.
  3. This report focuses upon proposals to deliver new council homes for social rent that has emerged from the process of private sector engagement which will continue throughout the life of the Affordable Housing Programme.
  4. There is considered to be further scope to deliver additional units by similar means although the precise mechanisms and the associated risks will vary and will be assessed on a case by case basis.

**2.0 Issues and Options**

2.1 Detailed information regarding the proposed developments is contained within the relevant Appendices. The developments proposed are:

* Mellow Homes Limited, Rosemount Grove, Leven (9 new units).
* Ladybank Homes Limited, Commercial Crescent, Ladybank (26 new units).

2.2 To ensure that all potential Developers are aware of, and how to access, the affordable housing programme Fife Council periodically advertises on Public Contracts Scotland to invite contact from appropriately skilled and experienced Developers who can construct housing which meets the Council’s requirements on their own land within Fife. The notice was last published on 11 Jul 18 with no respondents. Previous similar notices were published in 2017, 2014, 2013 & 2010.

2.3 Inflation costs within housing construction have increased 16% since the latter developments of Phase II of the programme were approved (*source BCIS Q1 2015 to Q3 2019*). Compounding factors include:

* The ongoing recovery in the housebuilding sector in Fife (increase house completions in Fife in all sectors 805 [2013-14] to 1,923 [2017-18]. *Source Scottish Government new build completions*).
* An expansion of affordable housing construction throughout Scotland (increase in completions from 7,012 [2013-14] to 8,534 [2017-18] *Source Scottish Government, Affordable Housing Supply Programme: new affordable housing approvals: 2000-01 to 2017-18*).

**3.0 Conclusion**

3.1 These proposals offer an opportunity to deliver much needed new affordable housing within the parameters of the programme as well as supporting ongoing development.

3.2 Further work is required to conclude the proposed deals. Initial investigations and negotiations have assumed an ability to deliver these projects, but remaining risks and issues will be managed as the project moves forward.

**Background Papers**

The following papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act, 1973:

* Housing Needs and Demand Assessment 2014 (HNDA)
* Strategic Housing Investment Plan 2017/18-21/22 (SHIP)

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