

**LOCAL HOUSING STRATEGY – STRATEGIC HOUSING FUND – APPLICATION
FOR CONTRIBUTIONS FROM THE ARGYLL COMMUNITY HOUSING
ASSOCIATION AND WEST HIGHLAND HOUSING ASSOCIATION**

1. SUMMARY

- 1.1 This paper outlines the requests for contributions from the Council's Strategic Housing Fund that have been received from the Argyll Community Housing Association and West Highland Housing Association in respect of their proposed projects at Croft Avenue, Oban and the Mull Progressive Care Centre, Craignure.
- 1.2 Both projects have been developed to reflect priorities outlined within the Council's Local Housing Strategy.

2. RECOMMENDATION

- 2.1 Members are asked to:

(a) Agree in principle to the allocation of:

- £130,000 in support of the Argyll Community Housing Association project which has an approved cost plan value of £1.218m.
- £360,000 in support of the West Highland Housing Association project which has an overall cost plan value of £2.837m.

(b) Note that the recommended allocations will be conditional on the projects falling within the cost plans indicated and being delivered by both housing associations.

3. DETAIL

- 3.1 **Background:** Members are reminded that the Council established a Strategic Housing Fund to support the development of affordable housing. A set of procedures for its operation were also agreed by the Executive in September 2007.
- 3.2 Discussions have been ongoing with the Argyll Community Housing Association and West Highland Housing Association

regarding their proposed developments at Croft Avenue, Oban and the Mull Progressive Care Centre, Craignure. Both projects have been developed within the context of the Council's Local Housing Strategy and have been subject to cost plan approval by the Government's Housing Investment Division. Arising from this and having taken account of the extent of the Government's commitment to the projects in the form of Housing Association Grant together with private borrowing and other grants, the contributions outlined within the following section have been requested from the Council's Strategic Housing Fund to enable the projects to progress.

3.3 These contributions have been requested in principle at this stage as both projects are still subject to tendering.

(a) **Argyll Community Housing Association,
Croft Avenue, Oban**

Shortly after the stock transfer, the Argyll Community Housing Association received circa £50,000 of Early Action Funding to enable the demolition of 4 houses and related site clearance work at Croft Avenue, Oban. The necessity for the demolition had previously been highlighted by the Council in view of the poor ground conditions that had led to failure of the foundations.

The association now plan to re-develop the cleared site and adjacent land, providing 8 much needed family sized houses for social renting. They have obtained cost plan approval from the Government's Housing Investment Division for the project which has been valued at £1.218m. This process has included the application of the Government's New Indicative Costs calculation which takes account of factors such as site location and condition. Arising from this, the Government has indicated that they will be in a position to offer a total of £665,901 in the form of Housing Association Grant in support of the project. This in turn will promote the leverage of £398,824 in the form of private finance together with a solar panel grant of £19,320. The Council is being asked to fund the shortfall of £130,000 in the form of a contribution from its Strategic Housing Fund.

(b) **West Highland Housing Association – Mull Progressive
Care, Craignure**

As Members will be aware, from my report to the Executive of November 2008, the Council is working in collaboration with the Scottish Government, NHS Highland, Mull & Iona Progressive Care Company and West Highland Housing Association to promote the replacement of the existing Health & Care facility at Dunaros.

In overall terms, the project will include a replacement hospital facility with a joint base for Community Health and Social Work staff. It will also have 12 two person housing units built to barrier free and safe design standards with SMART technology. A flexible design has been established for the housing to allow occupation by a range of residents from the frail elderly to dementia sufferers. The housing component will cont...

also have a communal lounge, kitchen and separate dining area together with assisted bathing facilities. Two staff houses and a flat will also be provided.

The overall cost of the housing component is predicted to be around £2.837m. This element has been subject to cost plan approval by the Government's Housing Investment Division who have indicated that they will be in the position to provide a total of £1.905m in the form of Housing Association Grant to support the development. A contribution of £45,000 is envisaged from Scottish Water with a further £527,000 being levered in in the form of private finance. This leaves a shortfall of approximately £360,000 which the Council is being requested to contribute from the Strategic Housing Fund.

- 3.4 Having evaluated the requests received from both associations, including verification of the Government's commitment, I am satisfied that they fulfil the qualifying criteria for the allocation of funding previously set by Members. Specifically, I can also confirm that both projects fit within the context of the Local Housing Strategy and will secure the provision of much needed affordable housing in Oban and Mull. I, therefore, recommend approval of the funding. In making this recommendation, I have taken account of the fact that the Council's contribution across both projects of £490,000 will help to secure leverage of a total funding package of £4.055m.

4. CONCLUSION

- 4.1 The Argyll Community Housing Association has developed proposals for the development of 8 much needed family sized houses for affordable renting at Croft Avenue in Oban. West Highland Housing Association similarly propose to provide 12 two person houses and 3 staff units as their contribution towards the multi agency project that will ultimately lead to the development of the Mull Progressive Care Project.
- 4.2 The Scottish Government's Housing Investment Division has granted cost plan approval to both projects and has agreed to provide £2.570m of Housing Association Grant in support of them.

After taking account of the private finance and other grant contributions, the Council is being asked to provide a total contribution of £490,000 from its Strategic Housing Fund to enable the projects to proceed.

5. IMPLICATIONS

- Policy:* The proposed projects fully comply with Local Housing Strategy priorities.
- Finance:* The recommended contribution of £490,000 from the Strategic Housing Fund would help to secure leverage of a total funding package of £4.055m.
- Personnel:* Nil.
- Legal:* The recommendations are subject to both associations obtaining all statutory and regulatory permissions for the projects to proceed.
- Equal Opportunities:* Nil.

Director of Community Services
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