

Members' Library Service Request Form

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Originator	Head Of Development
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Document Title	New Housing at Gilsland Farm North Berwick

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Authorised By	Douglas Proudfoot
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REPORT TO: Members' Library Service

MEETING DATE:

BY: Depute Chief Executive – Partnerships and Community Services

SUBJECT: New Housing at Gilsland Farm, North Berwick

1 PURPOSE

- 1.1 To note the decision to purchase new affordable housing at Gilsland Farm, North Berwick from CALA Homes. This housing will provide mid-market rented accommodation.

2 RECOMMENDATIONS

- 2.1 Cabinet is asked to note the decision of the Head of Development to purchase 10 completed new build units from CALA Homes. The first 8 units will be purchased for the average sum of £117,750 per unit. Two further properties will be purchased for £148,650 each and will be immediately sold on to previously identified purchasers under the discounted sale model. These purchasers had previously been unsuccessful in obtaining mortgages when the properties were marketed, but were subsequently able to do so. However this was after ELC had concluded missives for the purchase of all 10 properties

3 BACKGROUND

- 3.1 Gilsland Mews, North Berwick is one of East Lothian Local Development Plan's strategic sites and has planning consent to deliver 49 houses, of which 12 are required to be affordable in line with the Council's Affordable Housing Policy. The Council have been liaising with CALA Homes for a number of years in relation to the delivery of the 12 affordable units through discounted sale.
- 3.2 Under the affordable housing agreement the cascade model used for discounted sale housing the Council and CALA would market and aim to sell the properties to purchasers who met the criteria for the discounted sale scheme. If all the properties did not sell at a discount then the fallback arrangement was that the Council would become the default purchaser for any unsold properties. As the discounted houses are located amongst private houses whose purchasers had been advised that the affordable units were to be for discounted sale it was agreed that these properties would not be for Council social rent but would be for mid-market rent.

As East Lothian cannot offer midmarket rent short assured tenancies, arrangements are being put in place for the units to be managed on behalf of East Lothian Council by Lowther Homes which is the mid-market rent arm of Dunedin Canmore Housing Association, part of the Wheatley Group. This arrangement will be for a three year period.

3.3 In this instance only two of the twelve properties were sold under the CALA/East Lothian Council Low Cost Home Ownership arrangement.

3.4 ELC will purchase 10 properties consisting of the following affordable housing mix:

5 person / 4 apartment / 3 bedroom house -	2 Nr **
4 person / 3 apartment / 2 bedroom bungalow -	2 Nr
2 person / 2 apartment / 1 bedroom cottage flat –	3 Nr
4 person / 3 apartment / 2 bedroom tenement flat –	3 Nr

** sold on

Of the above mix –ELC will, on completion, immediately sell both of the 5P/4A Houses to individual purchases as noted in 2.1. The remaining 8 properties will be part of the Council’s housing stock, but will be leased to Lowther Homes as noted in 3.2.

3.5 Cabinet is asked to note that the purchase prices of the units are as noted below together with the appropriate savings against the District Valuer valuation of the properties;

5Person / 4Apartment / 3 bed house -	£148,250**	31% saving
4Person / 3Apartment/ 2 bed bungalow -	£156300	29% saving
2Person / 2Apartment/ 1 bed cottage flat –	£91,694	27% saving
4Person / 3Apartment/ 2 bed tenement flat -	£114,617	40% saving

3.6 Scottish Government Subsidy of £320,000.00 has been approved for the purchases and this will be paid during 2016/17.

4 INTEGRATED IMPACT ASSESSMENT

4.1 An Integrated Impact Assessment is still to be carried out.

5 POLICY IMPLICATIONS

- 5.1 The construction of these houses will assist in delivering one of the Council's core priorities "Provision of Affordable Housing". The provision of this new type of rented housing will enable local people, who cannot afford to buy, to access good quality rented accommodation at 85% of the local housing allowance.

6 RESOURCE IMPLICATIONS

- 6.1 Financial – The total expenditure for the development of 8Nr new housing units will not exceed £965474, and can be itemised as follows:

Category	Estimated Costs (£)
<u>Purchase Costs</u>	
4P / 3A/ 2 bed bungalow - 2 No.	£312,600
2P / 2A/ 1 bed cottage flat – 3 No.	£275,082
4P / 3A/ 2 bed tenement flat - 3 No.	£343,851
<u>Other Costs</u>	
Land and Buildings TransactionTax	£11,377
Instructed Variations	£14,750*
Internal Fees – clerk of works	£7,814
<u>Section 75 Payments</u>	
Planning Gain Contributions	Nil (Paid by developer)
TOTAL	£965,474
Average Unit Cost	£120,684

* includes turfing to rear gardens, improvements to electrical consumer units and formation of wet floor showers in bungalows

The development cost per unit is £120,684 which is reasonable in comparison to other recent developments (see below).

Project	Date of tender acceptance	Cost per m2		Cost per unit	
		Actual	3p equiv.	Actual	3p equiv.
Hallhill, Dunbar	June 2015	1,722	1,648	123,169	117,865

Rotary Court, Haddington	May 2013	1,577	1,577	115,088	115,088
Nethershot Road, P'pans	Jan 2013	1,487	1,536	108,556	112,145
Monktonhall Terrace, Musselburgh	Dec 2013	2,084	2,029	153,978	149,930
Law View, North Berwick	Aug 2012	1,614	1,585	140,704	138,216
Russell Walk, North Berwick	Sep2016	1,743	1,543	160,094	141,802
Gilsland, North Berwick		1,775	1,737	120,684	118,086

This expenditure will be contained within the budget allocated for New Affordable Housing in the Council's Capital Investment Plans for 2016/2017

6.2 Personnel – None.

6.3 Other – None.

7 BACKGROUND PAPERS

7.1 None

AUTHOR'S NAME	Douglas Proudfoot
DESIGNATION	Head of Development
CONTACT INFO	Neil Gibbs – Ext 7521 NG – 9 th January 2017