

**A P S E**

**'ADDRESSING THE AFFORDABILITY  
CRISIS'**

**Midlothian Council**

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Principal Architect  
10 September 2008**



# Where is Midlothian?



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# Context

- 8 miles from Edinburgh
- Second smallest authority in Scotland
- 80,000 residents
- 34,000 houses
- 6,100 Council houses , 2,000 HA houses
- Average house price (2007) - £190,000

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# Background

- LHS identified housing need – 2,000 shortfall of affordable housing
- Rising homelessness presentation
- Limited HAG programme
- Sound financial position
- Commitment to housing for rent

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# Local Housing Strategy

- 2,000 affordable houses currently needed

- **How?**

Wait for  
Scottish Executive  
- Community Scotland  
(HAG)

Wait for % of  
affordable homes via  
S.75 planning agreements  
(S106)

Build our own

50%

50%

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# Build Our Own - Finance

- Late 1980's strategy was to maintain stock quality with low rents
- Debt rescheduling opportunity taken to reduce loan charges
- S94 enforced repayment of debt from capital receipts. Further reducing loan charges.
- By 2005 over 50% of original stock sold. Debt down to £1.8m or around £300 per house.
- Some of lowest rents in Scotland

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# Build Our Own - Finance

- New house rents would need to be over £100 per week to support building costs by themselves.
- A reasonable balance has to be struck between rents for current and new stock. Rents for new stock carry a 25% premium.
- This requires rents to rise by about 4% per year until 2014/15 when average rents are likely to be £55.00 per week for current stock and £65.00 per week for new stock.

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# Build Our Own – Key Elements

- Low debt
- Rent Increase
- Little purchase of land – pockets
- Right to Buy – Change in rules limiting discounts and stretching minimum tenancy period

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# Project History

- 2004 – Council decision / Feasibility Studies
  - Housing mix
  - Design/Standards
  - Utilities (Water) /SI's
  - Planning and Procurement
- 2006 Start on Site
- 2007
  - April 2007 - first handovers
  - Allocation policy review – LLI (transfer led)
  - On site with 400 homes
- 2008
  - 136 homes handed over
  - Currently Planning secured for a further 225 homes

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# Aims and Objectives

- To build 1,000 new houses as soon as possible
- £110M budget including inflation and S75 contributions
- Good accommodation standards/low maintenance
- Very good Eco Homes standard
- Housing for Varying Needs
- Later phases will have to incorporate increased insulation to accord with Sustainability Policy

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# Mechanisms

- Partnership with consultants/contractors
- Clear design standards
- Project management/procedures across project
- Issue resolution protocol
- Share suppliers with parallel upgrading programme for current stock
  - Doors
  - Kitchens
  - Sanitaryware

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# Project Partners

- 4 Consultants
- 2 Contractors
- 3 Suppliers
  - Doors
  - Kitchen Units
  - Sanitary

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# Progress

## Progress to Date

- 11 Sites with Planning Permission - 622 units
  - 2 Completed
  - 8 Currently on Site
  - 3 more on site in 2008

## Planned Starts

- 227 units in 2006/7
- 292 units in 2007/8
- 371 units in 2008/9
- 110 units in 2009/10

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# First Completion - 2007

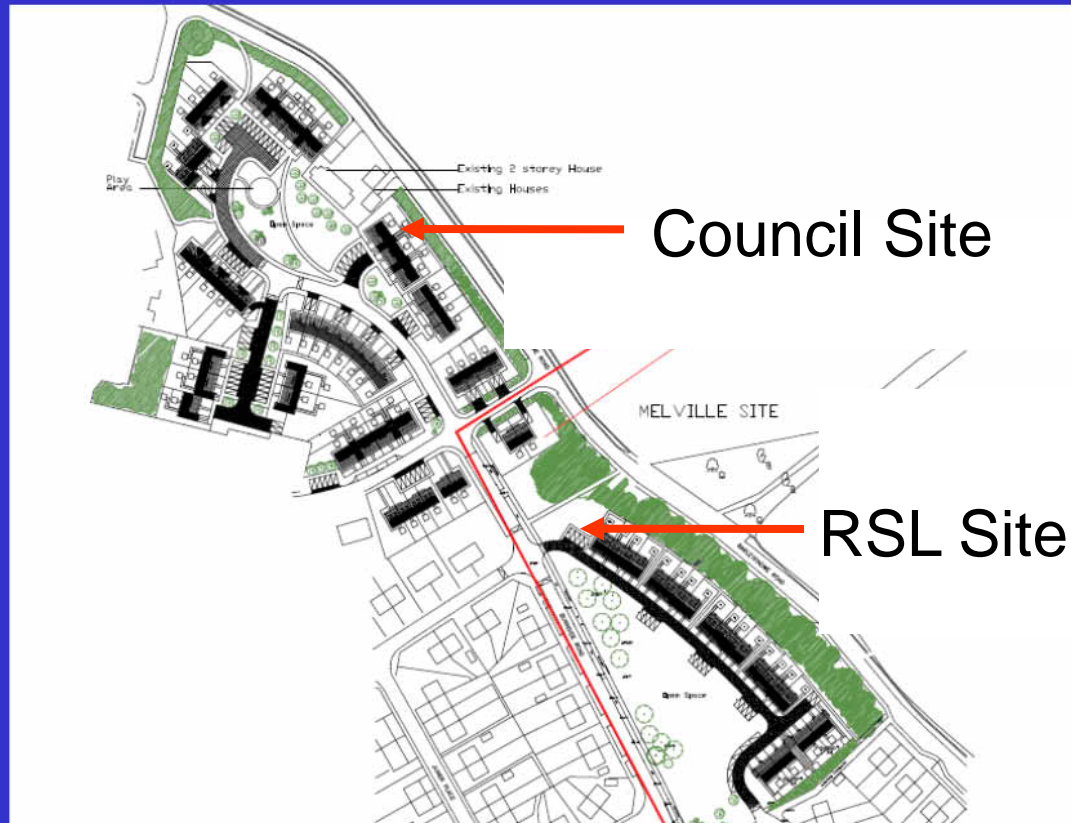


28 houses in April 2007

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# Joint Ventures

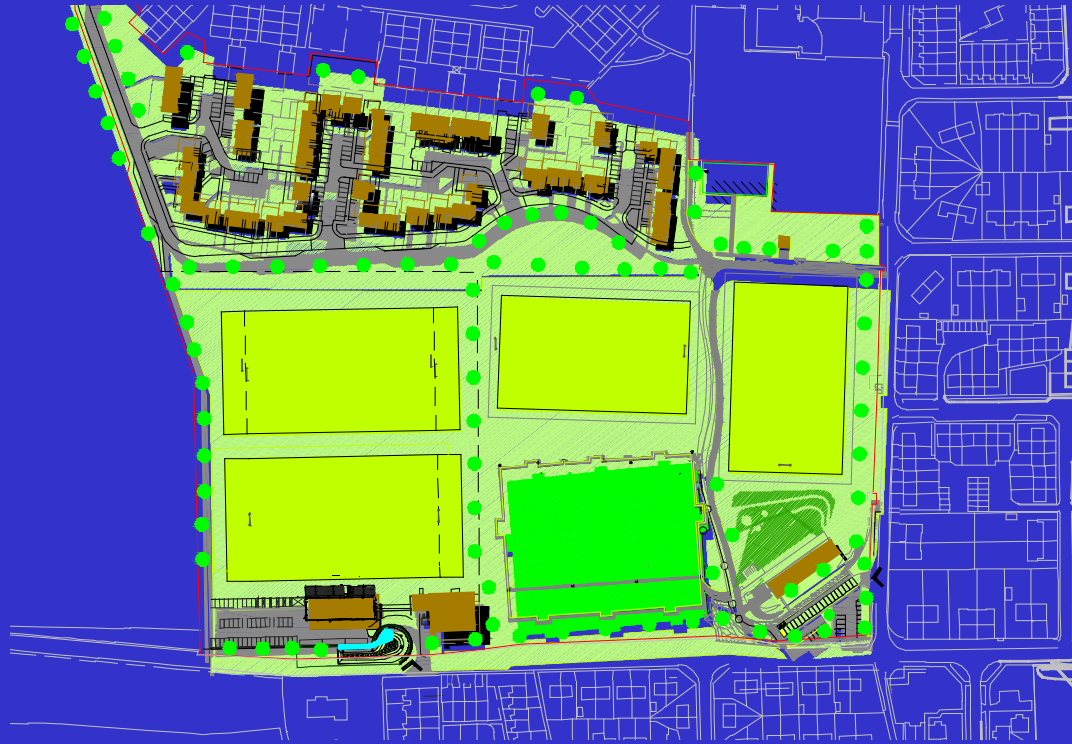


**JV with Local Housing Association**

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# Joint Ventures



JV with Local Rugby Club

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# Challenges

- Project Brief
- Planning and public perceptions
- Procurement
- Utilities
- Site Availability/Opportunity Cost
- Increasing Construction Costs
- Internal and External Resourcing
- Capacity of Contractors
- Contribution to S75 (planning gain)

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# Finished Product



Council Site



RSL Site



# Finished Product



# Summary

- *First time Midlothian Council has been able to build general needs council houses since the early 1970's*
- *First new homes - March 2007*
- *Homes built to a high specification in terms of energy efficiency, security, space*
- *Flexibility to incorporate design features for people with special needs*

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# QUESTIONS

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