

To: Council

On: 17 December 2020

Report by: Chief Executive, Director of Communities, Housing and Planning Services and Director of Finance and Resources

Heading: Housing-led Regeneration and Renewal Programme for Renfrewshire

1. Summary

- 1.1 This report outlines ambitious proposals for a major programme of investment in housing-led regeneration and renewal in Renfrewshire that will not only significantly enhance the Council's housing stock but will also contribute to the wider transformation of Renfrewshire as a place, and will be central to the economic and social recovery of Renfrewshire. The investment programme will bring forward additional investment of at least £100 million over the next ten years to deliver modern, high quality, energy efficient, affordable housing. The programme has been developed by a team led by Housing and drawn from across the Council including senior officers from Regeneration, Children's Services, Environment and Infrastructure, Finance, Policy and Commissioning and the Health and Social Care Partnership.
- 1.2 Authority is sought to progress a 10-year programme of investment in Council housing which will involve enhanced investment in existing housing (including works to the external fabric of properties and environmental improvements) as well as the construction of new Council housing. This programme of housing investment will be taken forward as a key Council priority, having regard to the wider condition and socio-economic context of each of the areas identified and designed to ensure maximum benefit for local communities and Council-wide services.
- 1.3 Renfrewshire Council is the landlord for a stock of some 12,000 homes located in communities across Renfrewshire. In delivering this role, good quality, affordable, safe and warm housing is fundamental to the health and well-being of individuals and families as well as the sustainability of local communities and the success of the local economy.

- 1.4 Over the past decade the Council has delivered major programmes of investment in its housing stock, most notably the Scottish Housing Quality Standard, a £147m 5-year investment programme that was delivered over the period from 2010 to 2015.
- 1.5 Beyond this through the Strategic Housing Investment Plan, supported by the Scottish Government's Affordable Housing Programme, more than 1,000 new affordable homes will have been completed in Renfrewshire by the Council and its RSL partners in the period to 2022, including over 200 new Council homes.
- 1.6 During the last year, officers have been progressing a fundamental review of the financial model underpinning the Housing Revenue Account's 30 year business plan, supported by advice from external housing finance consultants. Alongside this, a strategic review of housing stock performance and long-term sustainability was also undertaken. This considered current operating costs as well as capital investment requirements and demand and turnover issues across the whole of the Council's housing stock and identified that around 15% of the housing stock is poorly performing and in need of intervention to address issues of low demand, neighbourhood quality and to better meet the needs of current and future tenants.
- 1.7 The review of the HRA business plan has highlighted that an opportunity exists to support a transformational programme of additional investment in Council housing of at least £100m over the next 10 year period. This is in addition to investment of £75 million in the approved HRA Capital Investment Plan for the three year period to 2022/23.
- 1.8 The investment will deliver a step change in housing conditions for tenants of Council homes in the areas in scope and will also support the delivery of wider Council Plan, Community Plan and Local Housing Strategy priorities, including:
- providing a pipeline of construction work with opportunities for job creation, community benefits, training and benefits to the local supply chain as a means of contributing to the COVID-19 **economic recovery** plan and with the potential to lever in external investment.
 - contributing to the COVID-19 **social renewal** plan, with the investment programme providing a catalyst for engagement with local communities in the development and delivery of these ambitious plans.
 - ensuring the design and specification of improvements maximises opportunities to future proof homes, including the use of technology where practical and appropriate, and improve the **health and wellbeing** of tenants. Improving the quality of housing and the places people live helps to improve the quality of people's lives, with positive benefits for both physical and mental health and general wellbeing.

- enhancing the **quality of environment** in estates, addressing issues such as bin storage, back courts, common entrances, and open spaces to promote their positive use and to enhance recycling activity.
- contributing to the Council's **placeshaping** agenda, providing a framework for improving the quality of the places where people live and supporting local communities to be actively involved in shaping change, impacting positively on the attractiveness of Renfrewshire as a place to live and encouraging economic investment.
- improving the quality and appearance of **neighbourhoods** and delivering a consistent and cost effective approach to the maintenance and management of estates. As well as benefiting local tenants and residents, this will bring positive benefits for a range of Council services, such as open space maintenance, waste collection and recycling. Improvements to the physical environment will encourage more people to use outside spaces (this is particularly important in the context of Covid) and encourage physical activity.
- contributing to the achievement of **climate change** ambitions and the Council's Climate Emergency Action Plan and addressing fuel poverty through the use of the highest standards of energy efficiency practices in newbuild construction and retrofit technologies, along with a proposed demonstration innovation project.

1.9 This first phase of investment will be targeted to around 1,100 Council homes located in eight areas across Renfrewshire as detailed in paragraph 4.11 below. Comprehensive regeneration place plans will be developed, individually tailored to each area, and subject to a process of consultation and engagement with local communities, tenants, residents and owners. Initial assessment of the eight areas has indicated that the regeneration proposals will include a mix of improvements and retention of existing housing, some demolition, and investment in around 300 new build Council homes.

1.10 The report notes that further areas for regeneration and renewal investment have been identified and that proposals will be brought forward for housing in these areas as a second phase of the overall 10-year programme of investment.

2. Recommendations

2.1 It is recommended that Council:

- (i) agree to a 10 year programme of investment in improvements and regeneration of Council housing as set out in this report;
- (ii) approve the investment, of some £86 million in the comprehensive regeneration and improvement of the Council's housing stock, including around 300 new homes, and note that this constitutes around £29 million from existing financial plans and around £57 million from the new financial additional investment capacity identified in the long term business plan;

- (iii) authorise the Director of Communities, Housing and Planning to put in place the necessary arrangements and resources for the planning and delivery of this investment, with future reports being brought forward to the Communities, Housing and Planning Board;
 - (iv) note that the first phase of this regeneration programme will focus on 8 areas as set out in the report and notes that work will continue on scoping future phase of housing regeneration which will be reported to the Communities, Housing and Planning Policy Board;
 - (v) note that this programme of investment will contribute to the achievement of climate change targets by significantly improving the energy efficiency performance of the homes within the regeneration areas; and
 - (vi) agree that a funding proposal to support the proposed demonstration project as outlined in Section 5 of this report should be presented to the Climate Change Sub-Committee for consideration.
-

3. Strategic Context

- 3.1 It is widely recognised that housing is a key driver of public health. A 2019 study published by Glasgow Centre for Population Health advocated that: “Housing is not just a physical shelter, but also a foundation for social, psychological and cultural wellbeing”.
- 3.2 This is also recognised at a local level in both the Renfrewshire Community and Council Plans, in which access to good quality affordable housing is viewed as being central to the work of the Council and its partners in building strong and resilient communities.
- 3.3 As elected members will be aware, Renfrewshire is an area in which significant inequalities exist. Approximately 25% of local communities (or datazones) are ranked amongst the 20% most deprived within Scotland, and there are significant differences in life expectancy, wellbeing and wider life outcomes being experienced. In terms of income and deprivation, a high proportion of local people are employed in low income and insecure employment, with 16% of children identified as living in low income households.
- 3.4 The Council has been working to address these inequalities with partners and had made significant progress in recent years, including in areas such as educational attainment and some aspects of health and wellbeing as well as ongoing improvements to housing and the provision of newbuild affordable housing. The COVID-19 pandemic has had a major impact on people across Renfrewshire, with initial evidence indicating that many groups of people across the area have experienced disproportionate impacts, in terms of loss of or reduction in income and employment, mental health and wellbeing and increasing levels of social isolation and loneliness.

- 3.5 The importance of place and of being rooted within a supportive community environment has become more important than ever before, and there is a real opportunity to support communities as they respond to the longer term impact of COVID-19 by ensuring that people have enhanced access to good quality and affordable housing which meets the changing needs of local people. This includes the ability to support learning and work in a home environment, improved physical and digital connectivity, the flexibility to change with the needs of the household over time and good quality outdoor spaces.
- 3.6 In addition, the critical role that high quality and sustainable housing can make to the wider climate change aspirations of the Council has been identified through the work of the climate emergency working group. There is an opportunity to build and invest in housing to significantly reduce carbon emissions and ongoing fuel costs for residents. The Scottish Government in its recent Programme for Government outlined plans to enhance standards for Scottish Government grant-funded homes for carbon, greenspace, homeworking space and digital connectivity. This will be detailed in the 'Housing to 2040' route map which is expected to be published early next year. Section 5 of this report includes details of how this proposed programme of investment will help support the achievement of climate change and energy efficiency targets.

4. Housing Investment and Housing-led Regeneration Programme

- 4.1 The Housing Revenue Account (HRA) Business Plan covers a 30-year period and while it is primarily a financial document that focusses on activities that are relevant to the management of the Council's housing portfolio it is underpinned by a Strategic Asset Plan which sets out priorities for the physical care and improvement of the stock and related assets, using housing stock condition information to inform the framework within which decisions on investment are made.
- 4.2 Over the past year work has progressed on a fundamental review of the financial model underpinning the HRA 30 year business plan as well as a review of stock performance. As previously outlined to members, a number of factors continue to have a positive financial impact on the HRA's long term 30 year business plan. These include:
- accelerated payment of existing HRA debt linked to asset lifecycle planning and prudent financial management,
 - better than expected performance in core housing management areas including rent collection and the management of rent arrears
- 4.3 As a consequence, the HRA has financial capacity that is expected to emerge over a medium to longer term basis. The absolute scale of this more positive financial outlook will be subject to a range of influencing factors over the long term including ongoing rent levels. However, at this stage it is anticipated that the more positive financial outlook will confidently allow £100 million of additional investment over and above the existing programme of investment contained within the HRA business plan. Additionally, longer term financial modelling has confirmed that this additional investment capacity is able, on a sustainable basis, to be made available to support an enhanced programme of investment over the next 10 years.

- 4.4 In this financial context, there is the opportunity to support a transformational investment programme to both fundamentally address conditions in the poorest performing elements of the Council's existing housing stock and support additional investment in a substantial new build Council housing programme over the next 10 year period.
- 4.5 The 30 year HRA business plan contains allowances for lifecycle replacements and capital investment in each property amounting currently to some £17m per annum for existing stock, with £24m allocated to support new build and regeneration in the three-year period to 2022/23. This proposal represents a step change in the level of investment in new build and regeneration with an additional £100m allocated to this over the next decade, more than trebling the planned investment in housing regeneration and new build.
- 4.6 As a parallel exercise, external consultants carried out work to assist the Council in developing a Strategic Asset Management framework to inform future capital investment decisions in the Council's housing stock. Using a mixed range of indicators relating to current costs (void rent loss, responsive repairs, void repairs and management costs), future investment costs and housing demand factors (turnover, low demand), all properties were assessed in terms of stock performance and impact on the HRA. Around 16% of the housing stock was identified as having high current and future costs, poor demand profile and unsustainable for the HRA in the current form.
- 4.7 Further work was undertaken to consider the spatial location of this housing, identify the main groupings of the lowest performing stock and develop a sound understanding of the key drivers influencing stock performance and the extent to which these factors could potentially be addressed through management activity or investment.
- 4.8 From this work, an initial list of eight areas of Council housing was identified for the programme of housing-led regeneration. These areas include properties which tend to be unpopular with tenants and prospective tenants, failing to meet current aspirations with higher turnover rates, higher management costs and low demand. The areas include a range of different stock types of varying quality, some of which have layouts and attributes that are dated, difficult to maintain, and no longer meet modern day expectations. External environmental factors, common areas and perceptions about the local neighbourhood can also contribute to low demand and high turnover.
- 4.9 While drawing heavily on the evidence base of the Strategic Asset Management framework, this work was further validated through site visits and engagement with operational managers, drawing on their local knowledge and experience, to confirm that the areas most in need of intervention were identified for the proposed housing regeneration and renewal programme.

4.10 To further strengthen this approach, more detailed analysis was undertaken to review these areas against the latest Scottish Index of Multiple Deprivation (SIMD) data which was published in January 2020. This demonstrated a strong link between poorly performing housing stock and deprivation, with all or part of each of the eight areas identified within the 5% or 5-10% most deprived areas in Scotland. Housing factors have a very low weighting in the SIMD calculation (only 2%) and are therefore not a determining factor in the overall SIMD assessment. People living in the most deprived areas are likely to experience income and employment deprivation and poorer health. Therefore, in addition to investing in housing in these areas, there is also a need for a holistic approach, with input from a range of Council and HSCP services to address underlying deprivation and health inequalities.

4.11 The eight areas identified for the first phase of the proposed housing-led regeneration programme are:

Area	House Types	Indicative Property Numbers	Main Date of Construction
Moorpark, Renfrew	Tenement flats and 4-in-a-block flats	170 Council, 94 private	1930s-1950s
Thrushcraigs, Paisley	Tenement flats	90 Council, 6 private	1930s
Broomlands, Paisley	Deck Access flats, tenement flats	141 Council, 94 private	1960s, 1919
Howwood Rd area, Johnstone	Mainly own door flats	286 Council, 87 private	1930s
Waverley Rd, Foxbar	Tenement flats	115 Council, 5 private	1950s
Howard St area	Tenement flats	134 Council, 41 private	1930s
Auchentorlie / Seedhill	Tenement flats	61 Council, 17 private	1930s
Springbank Rd area	Deck access flats and maisonettes	149 Council, 103 private	1960s

4.12 Over the last six months, potential investment options have been developed by a corporate team involving chief officers from across Council services including Housing, Regeneration, Policy & Commissioning, Finance, Children's Services, Environment & Infrastructure and the Health and Social Care Partnership to ensure that this housing-led programme of investment is shaped by the Council's wider policy priorities and delivered as a core corporate programme of investment.

4.13 The investment options being considered are designed to improve both housing provision and the quality of places across the eight identified areas. In developing and assessing options, the corporate team has reviewed a wide range of housing-related information about the areas and has taken account of wider factors relating to:

- Housing demand
- Area regeneration and sustainable communities
- Economic well-being objectives
- Social well-being objectives
- Opportunity to leverage additional funding
- Integration across Council services, priorities and outcomes
- Deliverability

4.14 The investment proposals will be tailored to take account of each of the specific areas, the needs of current and prospective tenants, and also the tenure mix in the area. Options will include a mix of new build, selective demolition, and investment in the external and internal fabric of the buildings, including common areas where appropriate, and the external environment. An options appraisal exercise concluded that with appropriate investment addressing factors such as energy management, and dealing with problematic areas such as common closes, backcourts, bin stores etc, much of this stock can become attractive and meet the needs and demands of current and future tenants.

4.15 It is recognised that, to achieve the transformation required, this needs to be a programme that goes beyond investment in the physical nature of the stock. To be successful, this programme will need to address not only the fabric of the buildings, and the general environment, but also require a step change in the quality of estate management, and seek at the same time to improve quality of life, and health and wellbeing of the residents.

5. Climate Change, Investment in Energy Efficient Homes and Tackling Fuel Poverty

5.1 The investment programme is set in the context of national climate change commitments including the target for all social housing stock to achieve EESSH2 (SAP rating B) by 2032 and the Council's target of net zero by 2030.

5.2 Housing is a key source of carbon emissions. Evidence and data gathered by the climate emergency working group estimated that 900,000 tonnes of Co2 was emitted in Renfrewshire in 2017, of which 20-30% related to domestic or household emissions from for example heating or waste.

5.3 The Council provides housing for some of the lowest income households in the area and it is estimated that around 44% of social rented sector tenants in Renfrewshire are living in fuel poverty. The COVID-19 pandemic, which is having a disproportionate impact on lower income households and people in insecure employment, will be compounding difficulties for people who were struggling to heat their homes before March 2020. Home Energy Scotland have estimated the impact of COVID-19 as an increase of 37% on fuel bills as people stay at home more. This translates to an extra £32.31 per month on fuel bills.

- 5.4 Through investment in fabric improvements and energy efficiency measures, the Council is making good progress towards achievement of EESSH1 targets with 80% of Council housing stock meeting the Band C rating by December 2020. Plans are actively being developed to ensure all Council housing meets the EESSH2 target by 2032 with an estimated 10% of existing stock already meeting this standard as a result of improvements delivered through ongoing External Wall Insulation works.
- 5.5 The Housing Capital Plan includes allowances for lifecycle replacement of building elements that will contribute toward the achievement of this enhanced standard, and members will be aware that the Council has been awarded over £18.4 million to date in HEEPS:ABS funding through the Scottish Government. This has enabled over 3,500 homes across Renfrewshire to benefit from external insulation and has brought 1,430 Council homes up to EESSH1. A reduction of around 250,000 tonnes of carbon is estimated as an output from this work, contributing to climate change objectives.
- 5.6 The investment in retained stock in these 8 priority areas will contribute to the achievement of the EESSH2 standard, and where practical the use of innovative construction technologies for whole house retrofit will be considered to achieve EnerPHit standards. Given the range of property types, the design of the fabric improvements will necessarily be tailored to each property type. The long term benefit of this investment will provide tenants with significantly reduced energy bills and reduced future maintenance costs to the HRA.
- 5.7 Newbuild Council homes are currently built to a minimum 'Silver Standard Active' level, as set out in the Building Regulations, with a SAP rating at the higher end of the 'B' rating and above the 2032 EESSH standard. Based on standard assumptions about energy usage, it is anticipated that the total cost of heating, hot water and lighting will be around one-third lower for newbuild Council homes than the current average cost for existing Council properties.
- 5.8 As the available technologies advance, heating systems will continue to be installed which are affordable to tenants in order to address fuel poverty, while also maximising opportunities for carbon reduction. Where practical, the aim will be to achieve Gold Standard and net zero operational carbon homes in the future.
- 5.9 Proposals will be developed for a demonstration innovation project which seeks to work with the construction industry as well as research and academic institutions, drawing on international best practice, to build a small number of prototype houses, using the latest energy efficiency technologies, and which would be added to the housing stock on completion, to demonstrate achievable benefits in terms of carbon reduction, reduced fuel costs for tenants and deliverable construction methods. It is proposed that funding is allocated from the Councils approved Climate Change Fund to support the development of this project.

6. Implementation and Delivery

- 6.1 The scope of works which will be included in the proposed investment programme is necessarily complex and for each area a master planning and community engagement approach will be required to inform the development of the detailed investment and regeneration proposals. Developing the planning framework for these proposals will commence as a first stage in the process with area-based proposals being brought forward for each area to future meetings of the Communities Housing and Planning policy board for approval.
- 6.2 The work will continue to be progressed with cross service input at a senior level as we move from planning to implementation and delivery, ensuring appropriate alignment of the housing regeneration work to broader council priorities.
- 6.3 Over the following months more detailed analysis and planning will be taken forward with early engagement with communities and residents and with the involvement of other Council services. This will inform the local investment proposals and the development of a phasing plan and development plan for each of the areas.
- 6.4 The Council has recent experience in delivering high quality newbuild housing as part of the regeneration project at Johnstone Castle which can be drawn upon to inform broad indicative timeframes for the proposed new programme of investment. Where projects are complex and involve the rehousing of existing tenants, acquisition of private housing, demolition and newbuild, plans may be taken forward for an area in different phases and will take a number of years to complete. Where possible, indicative delivery timescales will be included in reports to the Communities, Housing and Planning Policy
- 6.5 Based on the strategic asset management review, further areas for regeneration investment have been identified which include around 1,400 additional Council properties which will require attention as a future phase of comprehensive investment. Further analysis and proposals in relation to these areas will be brought forward to a future meeting of the CHAPS Policy Board with the expectation that these will form a future phase of investment within the 10 year time horizon.
- 6.6 The housing investment requirements relating to the areas identified at paragraph 4.10 have been analysed. The 30 year HRA business plan already includes allowances for lifecycle investment and meeting statutory requirements and targets relating to housing and energy requirements. Taking account of provision already included within the financial plan for investment in the properties in scope, there is an additional requirement of around £57 million for this first phase of investment, including provision for around 300 newbuild Council homes, assuming the current level of subsidy for the affordable housing programme continues.

- 6.7 The financial analysis confirms that there is capacity for a future phase of investment as highlighted in paragraph 6.5 and for additional newbuild Council housing. Work to scope the requirements and options relating to this further phase will be progressed over the next months and further details will be brought forward to future meetings of the Communities, Housing & Planning Board.
-

Implications of the Report

1. **Financial** – The proposals set out in this paper will be funded through financial sustainable borrowing on the HRA. A strategic review of the 30 year HRA business plan model has confirmed that there is sufficient headroom to support this investment and a future phase of investment and new build housing. To allow for long term investment planning to be progressed with confidence, £100 million of additional investment capacity can be relied upon and which this will be subject to ongoing review as part of the annual update of the HRA 30 year business plan. As the investment programme is progressed over the medium to longer term, there may be scope for this scale of investment to grow further and this will be subject to future reporting as appropriate.
2. **HR & Organisational Development** – The investment programme will require additional staffing resources to enable planning and delivery of the programme.
3. **Community/Council Planning** –
 - Our Renfrewshire is well – The investment programme will contribute to improved wellbeing and quality of life for residents.
4. **Legal** – *None at this stage*
5. **Property/Assets** -The investment programme will impact on the Council housing as detailed in section 3.14 of this report.
6. **Information Technology** - None
7. **Equality & Human Rights** -
 - (a) The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. A more detailed assessment of any implications will be made as the detail of each of the housing regeneration areas is developed. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety** - none

9. **Procurement** – A procurement strategy will be developed for the proposed investment programme which will seek to maximise support to the economic recovery plan in terms of employment and training opportunities and other community benefits.
10. **Risk** - A risk management approach will be developed to support the strategic regeneration plan.
11. **Privacy Impact** – n/a
12. **COSLA Policy Position** – n/a
13. **Climate Risk** - The investment programme will assist the Council in responding to the Climate Change Emergency by improving energy efficiency and cutting carbon emissions.

List of Background Papers

MC/FC/LM
4 December 2020

Author: Mary Crearie, Director of Communities, Housing & Planning