



Glasgow City Council

City Administration Committee

Report by Councillor Ruairi Kelly, City Convenor for Neighbourhood Services and Assets

Item 1

3rd October 2024

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GLASGOW'S AFFORDABLE HOUSING SUPPLY PROGRAMME 2024/25

Purpose of Report:

To inform members of the out-turn from the 2023/24 Affordable Housing Supply Programme (AHSP) budget, present proposals for the Affordable Housing Supply Programme 2024/25, and formally accept the offer of grant from Scottish Government.

Recommendations:

That Committee

1. Notes the out-turn figures from the 2023/24 Affordable Housing Supply Programme.
2. Notes the legally committed projects that will require funding from the 2024/25 Affordable Housing Supply Programme and new projects proposed for 2024/25 which will be taken forward where budgets allow within the priorities outlined in the Housing Strategy and Strategic Housing Investment Plan (SHIP).
3. Authorises the Executive Director of Neighbourhoods, Regeneration & Sustainability (NRS) to bring forward additional projects that fit with the priorities contained within Glasgow's Local Housing Strategy and SHIP, in the event of slippage in the programme.
4. Formally accepts the offer of grant from Scottish Government.

Ward No(s):

Citywide: ✓

Local member(s) advised: Yes No consulted: Yes No

1 Introduction

- 1.1 Since September 2003, Glasgow City Council has been responsible for the Transfer of the Management of Development Funding (TMDF) for affordable housing in the city on behalf of Scottish Government. During this time, GCC has invested over £1.69bn completing over 21,000 affordable homes in the city. Extensive liaison takes place between NRS, Registered Social Landlords (RSLs) and private developers in the city to deliver Glasgow's Affordable Housing Supply Programme (AHSP).
- 1.2 The Glasgow AHSP is delivered within the context of the priorities identified within two key strategic documents, Glasgow's Local Housing Strategy 2023-2028, and the Strategic Housing Investment Plan (SHIP) 2024 -2029.
- 1.3 The AHSP has always played a critical role in the provision of Housing within the City, however, this role is even more significant in the context of Glasgow's housing emergency. The programme increases the affordable housing stock in the city; the majority of this is through newbuild projects, but also by repurposing non-residential buildings, and by strategically acquiring private sector properties for RSLs. It also enables RSLs to manage their stock more efficiently, for example allowing residents to down-size to new build properties and freeing-up existing (larger) homes for families, as well as contributing towards the adaptation of properties to meet RSL tenants' needs.

2 Programme Out-turns 2023/24

- 2.1 The Glasgow AHSP budget for 2023/24 was £103.638m which was made up of £64.295m of Local Government Settlement funding, topped up by £39.343m from Scottish Government's Affordable Housing Supply Programme funding.
- 2.2 Table 1 below provides the budget and unit out-turn figures for 2023/24.

Table 1

	Target 2023/24 (units)	Out-turn 2023/24 (units)	Variance
Expenditure	£103.638m	£103.638m (100%)	zero
Approvals	878	821 (93.5%)	-57
Site Starts	1,043	661 (63.4%)	-382
Completions	1,415	1,353 (95.6%)	-62

- 2.3 The Council sets unit targets each year which are illustrated in Table 1 above. One development site programmed for approval in late 2023/24 was not approved until early 2024/25, hence this unit target was narrowly missed; similarly, one large development site programmed to complete in late 2023/24 did not complete until early 2024/25. Unit targets for site starts were significantly

under target due to a number of later than anticipated approvals. In the main, these were as a result of development cost increases, and underestimation in timing of securing statutory consents.

- 2.4 This was another extremely challenging year for the construction industry which reflected the situation across the country, and whilst construction inflation is not as volatile as it has been in recent years, it remains an issue. During 2022/23 the average works cost per m² was £2,136/m²; during 2023/24 this figure had risen to £2,309/m² which is an 8% rise.
- 2.5 An allocation of £5.0m had been ring-fenced for medical adaptations to housing association homes during 2023/24, which was higher than in previous years allowing RSLs to respond to increased demand. The final expenditure on these medical adaptations for 2023/24 was £5.236m.
- 2.6 Full details of the 2023/24 programme out-turn will be presented to Economy, Housing, Transport and Regeneration City Policy Committee in the autumn.

3 Transfer of the Management of Development Funding Offer of Grant 2024/25

- 3.1 In July 2021, Scottish Government issued the Council with Resource Planning Assumptions (RPAs) covering the 4-year period 2022/23 – 2025/26. The RPAs for the period 2022-2026 for Glasgow were as follows:

Year	RPA
2022/23	£103.934m
2023/24	£103.638m
2024/25	£104.001m
2025/26	£105.724m
Total	£417.297m

- 3.2 In December 2023, Scottish Government announced a reduction to the national Affordable Housing Supply Programme budget of £196m.
- 3.3 In January 2024 Scottish Government advised that the previously indicated 2024/25 RPA of £104.001m would not be made available and that Glasgow would receive a reduced allocation.
- 3.4 On 28th March 2024 Scottish Government indicated a 2024/25 grant allocation for Glasgow of £78.687m. This represents a reduction in grant allocation of £25.314m or 24%. A formal Offer of Grant letter confirming the allocation of £78.687m for 2024/25 was received from Scottish Government on 23rd August 2024.
- 3.5 In April 2024, Scottish Government announced an £80 million national acquisitions fund over 2024/25 and 2025/26. Strategic acquisitions have proved an extremely important and efficient way of increasing supply and reducing homelessness. On 10th September 2024, a revised Offer of Grant letter was

received from Scottish Government notifying that Glasgow will receive an additional £11.544m from the national acquisitions fund during 2024/25. It is estimated that this additional funding could allow for the acquisition of up to an additional 83 properties.

- 3.6 Further details on future AHSP planning will be contained in a report on the Strategic Housing Investment Plan (SHIP) to be presented to the City Administration Committee in October.

4 2024/25 Programme

- 4.1 Significant funding commitments continue from projects approved in previous years and these require to be met from this year's budget. Appendix 1, Table 1 provides details of the more significant legally committed projects which have been approved prior to 1st April 2024. This is referred to as the 'Block A' commitment.

- 4.2 There is a small remaining commitment in respect of the Large-Scale Voluntary Transfer (LSVT) Programme. This is a historic commitment made by Scottish Homes (and its successors, Communities Scotland and Scottish Government) to fund the demolition and new build programmes of former Scottish Homes' estates with negative valuations.

- 4.3 Appendix 1, Table 2 details those new projects proposed for inclusion in the programme for 2024/25. These projects are either well-advanced in terms of pre-tender designs or are part of ongoing regeneration projects and/or contribute to specific targets.

- 4.4 In addition, an allocation is made each year to assist RSLs to carry out medical adaptations where required for their tenants. This enables tenants to remain in their own homes. For 2024/25 the proposed allocation is £3.687m.

- 4.5 The table below details the budget allocation, across budget headings – Block A carry forward commitment, Block B (new units for approval in 2024/25) and Block C (new projects to be approved in future years), LSVT and medical adaptations.

Block A	Block B/C	LSVT	Medical Adaptations	Total Budget 2024/25
£60.045m	£14.574m	£0.381m	£3.687m	£78.687m

- 4.6 The 2024/25 Glasgow AHSP unit targets monitored by Scottish Government in terms of new and improved housing units are shown in the table below, including the additional acquisition units which will be delivered through the recently allocated funding outlined in 3.5.

Approvals	Site Starts	Completions
489 units	761 units	878 units

- 4.7 The number of new approvals is lower than in previous years. The figure does not reflect the housing need in the city or the delivery capacity of the RSL sector. A higher level of approvals and associated grant commitments is not possible due to current budget pressures and future budget uncertainty. A measured approach has been taken to approve priority projects to maintain momentum in RSL programme delivery and mitigate against some of the risk of slowing development activity on future RSL development capacity, the construction sector, and supply chains. There are a number of projects which cannot be approved due to the funding reduction for 2024/25 and uncertainty on allocation of funding for future years. If further funding becomes available this financial year and if resource planning assumptions were provided by Scottish Government for future years, Glasgow is well placed to increase the number of additional affordable homes which could be tender approved in 2024/25.
- 4.8 80% (392) of the proposed tender approvals are for Social Rent, with 30 for Mid-Market Rent, 42 New Supply Shared Equity and 25 Partnership Support for Regeneration. Tender approvals focus on specific strategic priorities, including Transformation Regeneration Areas, the final phase of a large regeneration project, LSVT, and city-centre living. 27 wheelchair-adaptable properties and 74 family (3 and 4 bedroom) are included in the proposed approvals. As in previous years, the tender approvals programme will be flexible during the course of the year to respond to changes in project development timescales.
- 4.9 Despite the reduction in available funding, Glasgow's 2024/25 AHSP programme will continue to increase the supply of affordable homes in the city, help alleviate some of the pressures of the Housing Emergency declared by the Council and continue Glasgow's proud tradition of Housing Led Regeneration.

5 Recommendations

That Committee

1. Notes the out-turn figures from the 2023/24 Affordable Housing Supply Programme.
2. Notes the legally committed projects that will require funding from the 2024/25 Affordable Housing Supply Programme and new projects proposed for 2024/25 which will be taken forward where budgets allow within the priorities outlined in the Housing Strategy and Strategic Housing Investment Plan (SHIP).
3. Authorises the Executive Director of Neighbourhood, Regeneration & Sustainability (NRS) to bring forward additional projects that fit with the priorities contained within Glasgow's Local Housing Strategy and SHIP, in the event of slippage in the programme.
4. Formally accepts the offer of grant from Scottish Government.

6 Policy and Resource Implications

Resource Implications:

<i>Financial:</i>	The AHSP grant for 2024/25 will generate investment in the construction industry, making a significant contribution to the City's economy. The AHSP will contribute to the Council's income in the form of land receipts, planning application fees, building warrant fees and IPG 12 contributions.
<i>Legal:</i>	There is a requirement to draft and conclude land transaction documentation.
<i>Personnel:</i>	There are no direct personnel implications arising from the report.
<i>Procurement:</i>	There are no relevant procurement issues arising from the report.

Council Strategic Plan:

The measures outlined in the report will contribute towards the following Grand Challenges and Missions.

Grand Challenge 1 – Reduce poverty and inequality in our communities:

Mission 3 – Improve the health and wellbeing of our local communities.

Grand Challenge 2 – Increase opportunity and prosperity for all our citizens.

Mission 2 - Support the growth of an innovative, resilient and net zero carbon economy.

Grand Challenge 3 – Fight the climate emergency in a just transition to a net zero Glasgow.

Mission 2 – Become a net zero carbon city by 2030.

Grand Challenge 4 – Enable staff to deliver essential services in a sustainable, innovative and efficient way for our communities.

Mission 1 – Create safe, clean and thriving neighbourhoods.

Equality and Socio-Economic Impacts:

Does the proposal support the Council's Equality Outcomes 2021-25? Please specify.

The Local Housing Strategy 2023 to 2028 (of which the AHSP forms part of) supports Equality Outcomes 2,3, 4 and 6.

What are the potential equality impacts as a result of this report?

An EQIA Screening Form was undertaken for the LHS 2023-28 and identified no negative impacts and significant positive impacts. The AHSP 2023/24 will help deliver key strategic outcomes of Glasgow's Local Housing Strategy 2023 – 2028. [Glasgow's Local Housing Strategy Impact Assessments](#)

Please highlight if the policy/proposal will help address socio-economic disadvantage.

The provision of more affordable and energy efficient housing in the city will help to tackle social and economic disadvantage.

Climate Impacts:

Does the proposal support any Climate Plan actions? Please specify:

Yes, Climate Plan Theme 3: Well Connected and Thriving City: Housing and Regeneration Services, Passivhaus Development. (Case Study 2, Glasgow's Climate Plan)

The re-use of brownfield sites contributes positively to sustainability. Homes delivered via the 2024/25 AHSP will have high levels of energy efficiency resulting in low carbon emissions and low running costs for residents.

What are the potential climate impacts as a result of this proposal?

Positive: The AHSP supports the development of low-carbon new build properties that are fit for the future.

Will the proposal contribute to Glasgow's net zero carbon target?

The AHSP supports decarbonization through more energy efficient housing with low emissions heating and renewables systems.

Privacy and Data Protection Impacts:

No identified impacts.

Appendix 1

2024/25 Glasgow's Affordable Housing Supply Programme

Table 1: Block A – Major projects legally committed to as of 1st April 2024

BLOCK A			
Project	Housing Association	Units	Tenure
Strachur Crescent	Cairn	21	Mid-Market Rent
Strachur Crescent	Cairn	8	Social Rent
Castlemilk Drive	Cassiltoun	60	Social Rent
Castlemilk PSR development	Cruden	166	Partnership Support for Regeneration
Nimmo Drive	Elderpark	43	Social Rent
Corunna Street	Glasgow West	15	Social Rent
Water Row Phase 1	Govan	91	Mid-Market Rent
159 Butterbiggins Road	Govanhill	24	Social Rent
East Balornock Phase 6 completion*	Home Group	32	Social Rent
East Balornock Phase completion*	Home Group	3	New Supply Shared Equity
Olympia Street completion*	Link	68	Social Rent
Former Drumoyne Primary School completion*	Linthouse	49	Social Rent
Forfar Avenue	Loretto	30	Social Rent
Bellgrove Hotel	Lowther Homes	70	Mid-Market Rent
Ashgill Road	Lowther Homes	48	Mid-Market Rent
Smeaton Street	Maryhill	16	Social Rent
Maryhill Locks Phase 2 completion*	Maryhill	19	New Supply Shared Equity
Dalmarnock Riverside Phase 1 completion*	McTaggart	81	Partnership Support for Regeneration
Onslow Drive (former janitor's house)	Milnbank	1	Social Rent
Coliseum Site	New Gorbals	38	Social Rent
Pine Place	New Gorbals	26	Social Rent
Burnbank Gardens	Queens Cross	48	Social Rent
Hamiltonhill Phase 1	Queens Cross	178	Social Rent
Myreside Street	Sanctuary	126	Social Rent
St Marks (former primary school) completion*	Shettleston	44	Social Rent
Queens Garages, Pollokshaws Road	Southside	50	Social Rent
44 Dalmarnock Road	Thenue	10	Social Rent
Connal Street	Thenue	41	Social Rent
Altyre Street	Tollcross	42	Social Rent
Langlands Road	Trust	46	Social Rent
Taransay Court	Trust	38	Social Rent
Dalsholm Road	West of Scotland	86	Mid-Market Rent

Dalsholm Road	West of Scotland	24	Social Rent
Shandwick Street	Wheatley Homes	47	Social Rent
Calton Village Phase 2	Wheatley Homes	40	Social Rent
Calton Village Phase 2	Wheatley Homes	58	Mid-Market Rent
Kings View Phase 4	Wheatley Homes	48	Social Rent
Kings View Phase 4	Wheatley Homes	10	Mid-Market Rent
Shawbridge Arcade	Wheatley Homes	71	Mid-Market Rent
South Annandale Street	Wheatley Homes	12	Mid-Market Rent
Cleddans Court	Wheatley Homes	4	Social Rent
Albion Phase 3	Wheatley Homes	40	Mid-Market Rent
Albion Phase 4	Wheatley Homes	40	Mid-Market Rent
940 Dumbarton Road Conversion	Whiteinch & Scotstoun	1	Social Rent
Acquisitions Funding	Various	123	Social Rent
Acquisitions Funding	Various	9	Mid-Market Rent
	Total	2,145	

*These projects completed in previous financial years. However additional costs, mostly related to construction inflation, were assessed at completion, and are accommodated within the 2024/25 budget.

Table 2: Block B – Proposed new projects for 2024/25

BLOCK B			
Project	Housing Association	Units	Tenure
Acquisitions 2024/25	Govanhill	3	Social Rent
61 Albert Road	Govanhill	1	Social Rent
East Balornock Phase 7	Home Group	32	Social Rent
East Balornock Phase 7	Home Group	1	New Supply Shared Equity
Dalmarnock Riverside Phase 4	Link	54	Social Rent
Dalmarnock Riverside Phase 4	Link	41	New Supply Shared Equity
Pub (Vital Spark) conversion	Linthouse	2	Social Rent
Davislea Site	Linthouse	39	Social Rent
Shakespeare Street	Maryhill	1	Social Rent
Acquisitions 2023/24	Milnbank	2	Social Rent
H790 Springfield Road conversion	Parkhead	1	Social Rent
85 Beechwood Drive	Partick	1	Social Rent
1660 Great Western Road	Partick	17	Social Rent
Balcurvie Road Acquisitions	Provanhall	4	Social Rent
568 Maryhill Road / 23 Northpark Street	Queens Cross	14	Social Rent
Glenfarg Street	Queens Cross	8	Social Rent
46 Seamill Street	Rosehill	1	Social Rent
48 Linnhead Drive	Rosehill	10	Social Rent
86 Craigie Street	Southside	3	Social Rent
Acquisitions 2023/24	Shettleston	4	Social Rent
Nitshill Road PSR	Strathcarron	25	Partnership Support for Regeneration
St Enoch's Square	West of Scotland	26	Mid-Market Rent

Allander Street	West of Scotland	29	Social Rent
73 Rylees Crescent	Wheatley Homes	1	Social Rent
Shawbridge Arcade (4 additional flats)	Wheatley Homes	4	Mid-Market Rent
Albion Phase 1	Wheatley Homes	40	Social Rent
Albion Phase 2	Wheatley Homes	40	Social Rent
Primrose Court Conversion	Whiteinch & Scotstoun	2	Social Rent
Additional Acquisitions Funding	Various	83	Social Rent
	Total	489	