

ANGUS COUNCIL

COMMUNITIES COMMITTEE – 19 JANUARY 2021

APPROPRIATION OF SURPLUS PROPERTY, INVERTAY HOUSE, MAULE ST, MONIFIETH

REPORT BY DIRECTOR OF INFRASTRUCTURE

ABSTRACT

The former school building, schoolhouse and outbuildings at Invertay House, Maule Street, Monifieth, are surplus to requirements of Angus Council and it is proposed, that the Policy and Resources Committee already having agreed to appropriate them to the Housing Revenue Account (HRA) for delivery of affordable housing, that the Communities Committee, as the Committee with responsibility for housing matters, take a similar decision.

1. RECOMMENDATION

- 1.1 It is recommended that the Communities Committee approves the appropriation of the Invertay House, Maule Street, Monifieth site to the HRA for the delivery of affordable housing in the amount of £370,000.
- 1.2 Alternatively, if members are minded to decline the appropriation, they are asked to agree on an alternative from the options outlined in Appendix 2.

2. ALIGNMENT TO THE ANGUS LOCAL OUTCOME IMPROVEMENT PLAN / CORPORATE PLAN

- 2.1 This report contributes to the following local outcomes contained within the Angus Local Outcomes Improvement Plan 2017-2030 and Locality Plans:

ECONOMY

- An inclusive and sustainable economy

PLACE

- Safe, secure, vibrant and sustainable communities
- An enhanced, protected and enjoyed natural and built environment

3. BACKGROUND

- 3.1 Invertay House was declared surplus in 2015 as part of the Transforming Angus: Agile Working and Estates Review Report 480/15. The building has been empty for over three years following the transfer of staff to Bruce House. Report 46/17 identified the most likely exit strategy was for a Community Asset Transfer; and/or HRA Social Housing; and/or Commercial Sale. However, following the withdrawal of a previous Community Asset Transfer application by Monifieth Community Resource Group due to the lack of funding for their proposals the property was identified as suitable for the development of Social Housing.
- 3.2 A further Community Asset Transfer (CAT) application relating to the site was received from the Carnoustie and Monifieth Men's Shed group. Having been processed and considered in accordance with the Council's procedure for considering Capital Asset Transfers and determined on 4 April 2019, on which date a special meeting of the Policy and Resources Committee agreed to refuse the CAT from the Men's Shed. (Report 101/19, Article 3 refers).

- 3.3 Subsequently at its meeting on 30 April 2019 (Article 12 refers), the Policy and Resources Committee agreed to approve that Invertay House, Maule Street, Monifieth, as outlined on the plan attached to the Report, be appropriated from the General Fund to the Housing Revenue Account for delivery of affordable housing.
- 3.4 The same report (Report No 137/19) was due to be presented to the Communities Committee on 28 May 2019. However, the CAT was appealed to Scottish Ministers and the outcome reported in Report 260/20 to Policy and Resources Committee. The appeal was dismissed.
- 3.5 To facilitate the appropriation process, it is now necessary for the Communities Committee to take a formal decision.

4. CONSIDERATIONS

- 4.1 The acquisition of the entire Invertay House site, including the surrounding grounds and car parks, would provide the HRA with a good opportunity to provide much needed affordable housing in Monifieth. This potential project (34-36 units) is identified in the Council's Strategic Housing Investment Plan (SHIP) 2019/20 to 2023/24 approved by the Communities Committee on 13 November 2018 (Article 9 refers). An appraisal of the site is given in **Appendix 3**.
- 4.2 In addition, the Council's General Fund would benefit from a £370,000 capital receipt (full market value for the site), as well as revenue savings from releasing maintenance liabilities to the HRA. The housing option proposes a start to the works in 2021 and completion in 2023, with a substantial capital investment including potential to secure £1.78m of external Scottish Government funding.
- 4.3 Under section 203(2) of the Housing (Scotland) Act 1987 consent is required to transfer land/buildings from the General Fund to the HRA but, as the appropriation is at full market value and there was an appropriate level of consultation with tenants, it is covered by the Scottish Ministers' General Consent process.
- 4.4 The Tenant Steering Group were consulted on the Council's new-build Council House programme and Strategic Housing Investment Plan, and fully endorsed both, including the acquisition and appropriation of surplus sites from the Council's General Fund.
- 4.5 It is proposed that Invertay House, Maule Street, Monifieth is appropriated to the Housing Revenue Account on the basis of the valuation methodology approved in Report 319/18 which results in the use of the full Market Value at £370,000 for the provision of Affordable Housing. This will guarantee the future protection and enjoyment of the well-known Category B listed building.
- 4.6 In considering the recommendation for appropriation of the Invertay House site, and while noting that the building has been declared surplus as part of the Council's agile review in Report No 480/15, the alternatives are detailed in Appendix 2 and include placing the property on the open market at the valuation of £370,000. If Members are minded to decline the appropriation, they are asked to agree the alternative disposal.

5. FINANCIAL IMPLICATIONS

- 5.1 Using the valuation methodology approved in Report 319/18 results in a capital receipt for the General Fund of £370,000 which is the full open market value for the site.
- 5.2 The HRA capital plan approved at the Communities committee of 29 September 2020 (report 240/20 refers) contains the project for the redevelopment of the Invertay site. This project specifically provides for the £370,000 cost to the HRA for this appropriation.
- 5.3 Ongoing running costs are currently £2,000 p.a. (net of rental income) which currently falls to the General Fund. Savings of these costs would contribute to the Council's change programme.

NOTE: The background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) which were relied on to a material extent in preparing the above report are:

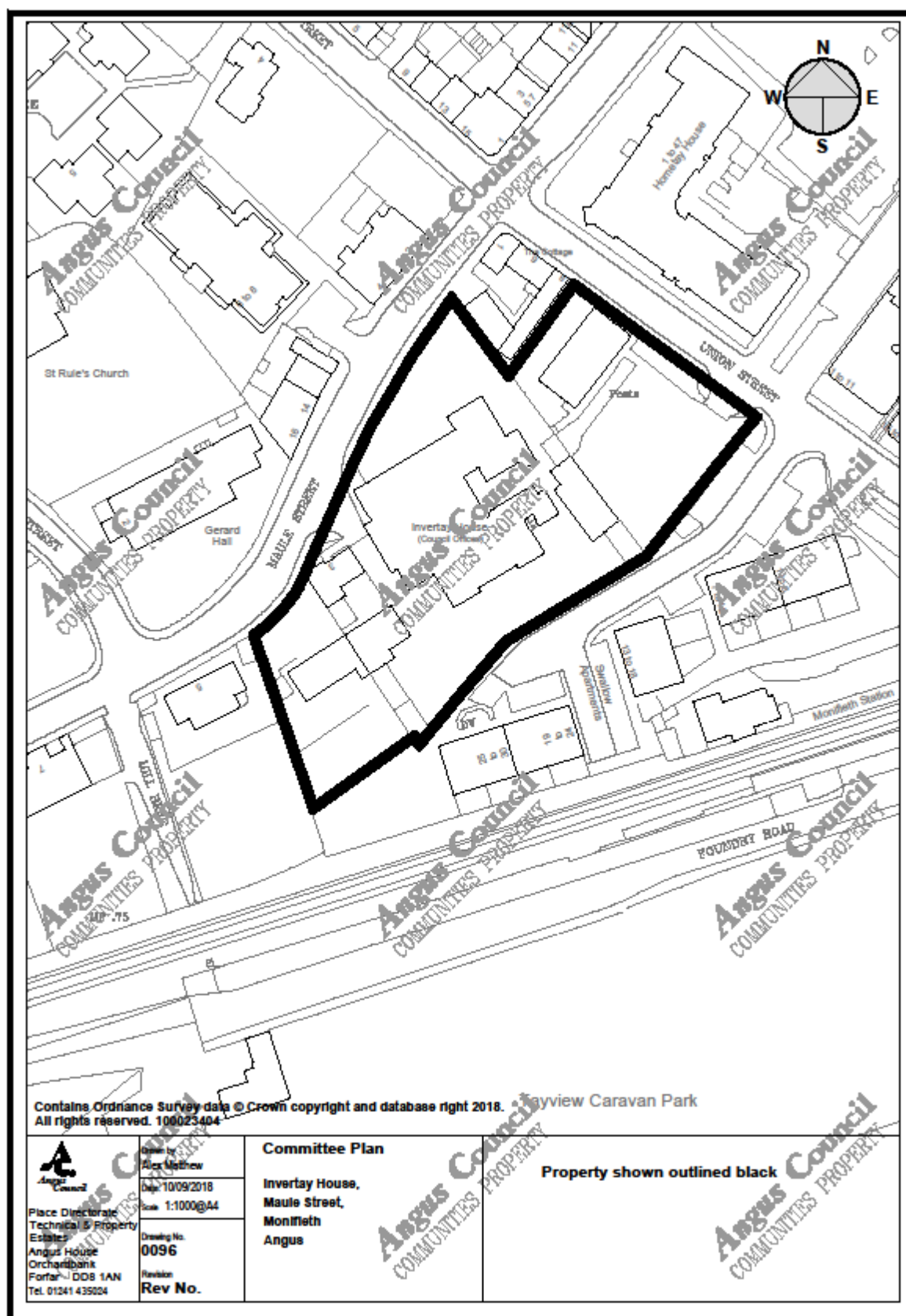
- Report No 480/15 Transforming Angus: Agile Working and Estates Review Angus Council -10/12/2015
- Report No 46/17 Transforming Angus: Agile Working and Estates Review Angus Council -09/02/2017
- Report No 319/18 Appropriation of Surplus Site, Dunarn Street, Newtyle from General Fund to the HRA Using an Alternative Methodology Policy and Resources – 09/10/2018
- Report No 345/18 Council's Strategic Housing Investment Plan (SHIP) 2019/20 to 2023/24 Communities Committee on 13/11/2018
- Report No 101/19 Community Asset Transfer Application Decision – Carnoustie and Monifieth Men's Shed - The Machine Room, Invertay House, 3 Maule Street, Monifieth – 4/4/2019
- Report No 137/19 - Appropriation of Surplus Property, Invertay House, Maule Street, Monifieth - Policy and Resources Committee - 30 April 2019
- Report 260/20 Community Asset Transfer Applications – Carnoustie & Monifieth Men's Shed - Policy and Resources Committee – 27 October 2020.

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List of Appendices:

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| Appendix 1 | Plan of Invertay House, Maule Street, Monifieth |
| Appendix 2 | Option Appraisal |
| Appendix 3 | Appraisal Criteria for Social Housing |



| Description of option | Advantages | Disadvantages | Cost benefit analysis and triple-bottom line appraisal | Rank in order of preference |
|----------------------------------|---|--|---|-----------------------------|
| Status Quo (Do nothing) | <ul style="list-style-type: none"> Provides unofficial off-street parking for Monifieth | <ul style="list-style-type: none"> Property will continue to need to be maintained including rates and security costs; Risk of deterioration of Listed Building and potential vandalism; Inefficient use of council resources. | <ul style="list-style-type: none"> Ongoing revenue costs | 4 |
| Appropriation to Housing Account | <ul style="list-style-type: none"> Provides 34-36 housing units; Re-purposes the existing Listed Building; Delivers the Council's Strategic Housing Investment Plan (SHIP) 2019/20 to 2023/24; Men's shed can stay on site until development takes place circa 2021 | <ul style="list-style-type: none"> Loss of unofficial car park; | <ul style="list-style-type: none"> Council's General Fund would benefit from a £370,000 capital receipt; Council's General Fund minor revenue savings from releasing maintenance liabilities to the HRA. Capital investment of £6m including a potential to secure £1.78m of external Scottish Government funding. | 1 |
| Lease of property | <ul style="list-style-type: none"> Rental income; Council's General Fund minor revenue savings from releasing maintenance liabilities to the tenant; Potential to retain Men's shed for longer period | <ul style="list-style-type: none"> Timescale to let; and potential future periods without tenant Marketing costs Loss of unofficial car park; Property returns to council at some point in the future for re-leasing or disposal | <ul style="list-style-type: none"> Lack of capital receipt Marketing costs Ongoing liabilities | 3 |
| Sale of property | <ul style="list-style-type: none"> May generate greater capital receipt, albeit reduced by marketing costs and revenue costs in interim | <ul style="list-style-type: none"> May not generate greater capital receipt; Lack of certainty about timing of sale, and future use of site; Men's Shed may have to vacate earlier than Housing option | <ul style="list-style-type: none"> Marketing costs Ongoing revenue costs ahead of sale Unknown capital receipt | 2 |

Appraisal Criteria for Social Housing

1. A plan of the property is contained at Appendix 1.
2. The site is understood to be owned by Angus Council with no restrictions to its future use which will be clarified through a title check.
3. The open market value of the property has been assessed at £370,000
4. There are to be no restrictions placed on the Housing Revenue Account in respect of the development of the site.
5. 18-20 council houses for rent that would remain on the HRA in perpetuity. This would be a mixture of conversion and new build. 16 affordable houses for sale will be built and sold to qualifying households, subject to demand and government approval of the scheme.
6. The valuation of the land has been carried out in accordance with the methodology approved in Report 319/18 and results in an appropriation value at the full market value of £370,000.
7. The site is included in the proposed Strategic Housing Investment Plan to be agreed by Committee and the Scottish Government as part of the Affordable Housing Supply Programme. Invertay House was declared surplus in 2015 as part of the Transforming Angus: Agile Working and Estates Review Report 480/15 and the most likely exit strategy identified by Report 46/17 was for Community Asset Transfer; and/or HRA Social Housing; and/or Commercial Sale.
8. The appropriation to the HRA (rather than sale on the open market) is justified because:
 - i. The council's Strategic Housing Investment Plan projects that over 600 units could be delivered over the lifetime of the plan to alleviate the shortage of affordable housing across Angus. A crucial element in helping to deliver this target is having access to land in the appropriate location, where development costs are affordable and achievable. The council will work with partners to ensure that good, quality affordable housing is delivered on such sites.
 - ii. The proposals promote economic activity within the locality and help sustain the community by providing increased affordable housing in an area where this is in high demand. The council have a proven track record of successfully converting a surplus, listed building, into affordable housing. The council led project at Chapelpark, Forfar converted the listed school building into a 29 unit housing development with a mix of conversion and new builds with great success.
 - iii. The community were unable to take over the buildings through a community asset transfer so these proposals will promote regeneration by bringing into use buildings that have been deemed surplus and that are in a prominent location.
9. The proposal is to build 18-20 new council houses, which would be allocated in accordance with the council's allocation policy at the time of allocation and 16 new affordable houses for sale which would be available to qualifying households, subject to demand and government approval of the scheme.

Current statistics from the common housing register demonstrate a healthy demand in this area to accommodate this size of social housing development. Research has also indicated that this location would be well suited to intermediate tenures such as affordable housing for sale.

The council will engage the community early over the planned use of the site and throughout its development.