

strategic housing investment plan (SHIP)

2017-22

HOUSING STRATEGY & SERVICES
PLACE



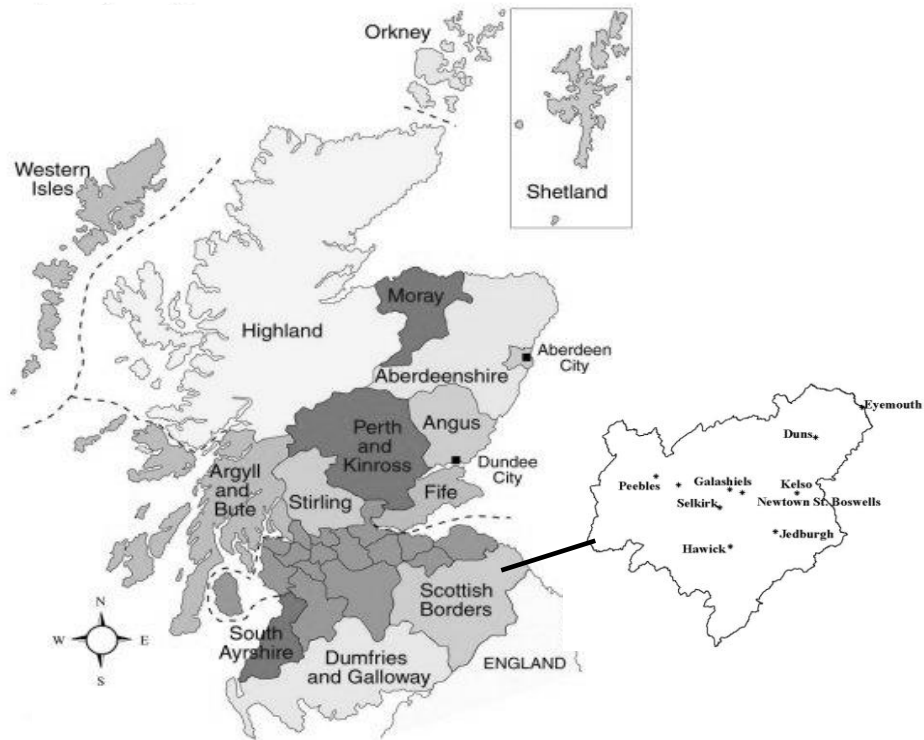
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It is also be made available on our website: <http://housing.scottishborders.gov.uk/index.jsp>

Foreword

The Council is pleased to present this Strategic Housing Investment Plan for 2017-22 which has been prepared in a very different political and more positive economic context than before although housing market uncertainty and lower numbers of house sales continues when compared to the pre-financial crash situation.

The Council and its partners are faced with a different and positive challenge as we seek to positively respond to contribute additional affordable housing towards helping meet the Scottish Ministers 50,000 affordable homes over the life of the current Parliament. We welcome the most recent increase in affordable grants and Resource Planning Assumption which presents a huge opportunity for the Council and its partners to progress affordable housing delivery ambitions across Scottish Borders.

I am delighted to see that this SHIP 2017-22 sets out opportunities to deliver extra care housing, as well as area regeneration, rural housing, housing for people with particular needs, and general needs housing for both social and mid-market rent. The Council envisages that it will contribute towards accelerating project delivery by providing some more confidence to project programming by strategic release of a number of Council-owned housing sites and disposal of surplus land to our Registered Social Landlords partners.

I am also pleased to see that there is increased joint working between developing RSLs to support each other which will also assist project delivery on a number of levels, not least of which being specifications and procurement collaboration, which is hoped will maximise development opportunities and may help streamline project delivery times.

This SHIP sets out proposals for up to 1192 new affordable homes which represents a total investment of up to £163m which is fantastic prospect and these additional new houses will provide the opportunity for people to make their home where they would like and need to live in the Borders communities, as well as creating jobs and training opportunities in the process. Our home plays a vital role in our health and wellbeing and it is extremely encouraging to know that these projected developments will benefit so many people in so many ways.

On behalf of Scottish Borders Council it gives me great pleasure to present this SHIP submission and look forward to working in partnership with a range of organisations to continue to implement it.

Councillor Frances Renton



Executive Member for Social Work and Housing, Scottish Borders Council

1. Introduction

In March 2016, Ministers announced *More Homes Scotland (MHS)*, an overarching approach to support an increase in supply of homes across all tenures which incorporate a variety of existing and new initiatives to help deliver its target of over 50,000 affordable homes by 2021. Council's Strategic Housing Investment Plans (SHIPs) will be the key documents of identifying strategic housing projects to assist in achieving this. The Council is required to submit its SHIP to the Scottish Government on a bi-annual basis. The SHIP is a five year plan that, not only assists Government meet its ambitious target, but reinforces authorities as the strategic housing authority and sets out its strategic investment priorities for affordable housing in order to achieve the priorities identified in the Local Housing Strategy (LHS) and, to inform the Scottish Government's investment Decisions.

This SHIP submission has been prepared in accordance with the revised SHIP Guidance issued by Scottish Government in July 2016. It is updated by current information, where applicable, and it sets how the Council and its partners have identified and prioritised projects that are capable of delivery within the SHIP Period for investment, demonstrates how they will be delivered and considers a range of funding and resource mechanisms including those from the Scottish Government, partners and the Council's own resources. It also reflects the Scottish Government's aspiration to develop a range of funding arrangements and through creative collaboration with partners identifying solutions to deliver extra care housing that addresses the housing needs of our growing older people population. The SHIP also identifies projects that potentially could be accelerated should infrastructure issues and other challenges be resolved.

Scottish Borders Registered Social Landlords (RSLs) collectively have a stock profile of around 11,700 houses. RSLs are the only providers of social rented housing in the Borders, and as a stock transfer authority the Council relies on its partners to help it discharge its Statutory Homelessness Duty. Over recent years RSLs have faced a number of significant challenges, including the reductions in grant funding and changes in payment arrangements with the most significant challenge being the ability to access private sector capital funding at reasonable terms and conditions. However, following Minister's announcement in March 2016 and their commitment of over £3billion housing investment funding over the next 5 financial years the Council has seen a significant increase in its resource planning assumption to approximately £12m per year, and an increase in the RSL unit bench mark rate by 20% to support the delivery of affordable housing where the RSL business case satisfies the criteria set out in the Guidance. The lending market has also eased considerably with RSLs accessing more affordable funding packages at terms and conditions which are acceptable to them.

In preparing this SHIP 2017-2022 consideration has been given to priorities across sub areas and by tenure and type which depend on a range of factors, including relative need, land availability and development constraints. Work is also underway to consider the housing needs at a localities level to link with community planning and the Health and Social Care Integration Strategic Plan objectives.

This SHIP has been developed in collaboration with key Council services including, Planning, Estates, Finance, Social Work services and, with a range of stakeholders of the SHIP Working Group including aligning housing priorities to reflect identified needs and commissioning intentions of the Strategic Plan . It is underpinned by emerging resource planning assumptions for the period 2017-2022 discussed with the Scottish Government and includes a range of other funding mechanisms such as local authority on lending and funding from the Public Loans Works Board to deliver the Council's NHT Local Authority Variant Programme. It is also predicated on RSL financial capacity for private borrowing and underpinned by other funding arrangements such 2nd Homes Council Tax, Affordable Housing Policy Developer Contributions including strategic disposals of Council owned land.

The Council and its partners are optimistic that through positive partnership collaboration we can maximise and spend the additional resources allocated. Projects have been identified which could potentially could be accelerated in the event that infrastructure issues and other challenges can be resolved in a timely manner. That said recognising the challenges of the lead-in timescale for developments, projects have therefore been prioritised accordingly. Notwithstanding the projects identified, work continues to identify new potential development opportunities and these will explored and be brought forward as and when it is feasible.

This SHIP update rolls forward the 2015-2020 SHIP planning horizon for a further five years which is underpinned by the SESPlan Housing Needs and Demand Assessment, and takes cognisance of the South East of Scotland Plan (SESPlan) and the Scottish Borders Local Development Plan. It illustrates how a variety of funding mechanisms, including support from the Scottish Government's Infrastructure Fund to ensure the delivery of new affordable housing are maximised in order to deliver the affordable housing targets as set out in the Council's forthcoming Local Housing Strategy 2017-2022 (LHS), the new housing supply target and to meet Member's 'Ambitious for the Borders' affordable housing targets. The SHIP is a realistic, imaginative and practical plan that demonstrates how, when and where the Council and its partners intend to deliver housing investment priorities over the next five years.

The SHIP Project Working Group is the Council's key working group responsible for overseeing the development and delivery of the SHIP and the ongoing review and evaluation process. This includes the identification and prioritisation of sites for inclusion and monitoring delivery of affordable homes against the Scottish Borders Local Housing Strategy and, Member's 'Ambitious for the Borders' targets of 128 and 100 new affordable homes per year respectively. The group includes the following key stakeholders: SBC Housing, Planning, RSLs, Scottish Water, Scottish Gas, Homes for Scotland, the Rural Housing Service and the Scottish Rural Property and Business Association. Eildon Housing Association continues to play a key role in supporting the delivery of affordable housing projects across the Borders and this year, the Council undertook a selection process to identify RSL partners to work together to deliver up to 6 new extra care housing projects across Borders main towns. Trust Housing Association and Eildon Housing Association have both been selected to work in partnership with the Council to ensure efficient and effective delivery of these housing models.

An Extra Care Housing Board has been established and includes representatives from Health & Social Care, Finance, Estates, Housing, and the above two RSLs. Whilst each representative on the Board have an individual role and responsibility the collective responsibility is to deliver the projects identified in the Extra Care Housing Strategy to provide sustainable and long-term flexible affordable housing solutions for the benefit of existing and emerging needs of older people within the main Scottish Borders towns and surrounding areas in contributing towards meeting identified housing and care needs.

The funding resources required and available to deliver the investment priorities are outlined in Appendix 5. The SHIP does not address unsubsidised private sector market housing however it is recognised that new private house building makes a significant contribution to communities' sustainability. The Council published its Empty Homes Strategy in January 2012 and secured £150k via the Scottish Government's Empty Homes Loan Fund and despite little or no interest Council Officers continue to promote and liaise with owners of empty properties to help bring back properties for affordable rent. It is understood that there has not yet been a decision taken by Scottish Government to relax the criteria and this would be welcomed as it might encourage more uptake.

In December 2013 Scottish Borders Council Members considered a final business case and approved proposals for new affordable (mid-market) housing in the Borders. This Council-led Affordable House programme is being delivered via a Local Authority Variant of the National Housing Trust model in partnership with the Scottish Futures Trust and the Scottish Government continues to provide additional affordable housing that helps meet an established social need and helps stimulate the economy in the Borders.

The programme is made possible by the Council borrowing from the Public Works Loan Board to support the delivery of additional new homes for affordable rent. This builds upon the 46 homes already delivered using the National Housing Trust model at Balnakeil in Galashiels, and Innerleithen. In the main, the properties are being built to current Scottish Building Standards with some being built to Housing for Varying Needs Standard. The Council has reached agreement with and continues to be in ongoing discussions with a number of Developers to deliver additional homes at a mid market rent in a number of key pressured areas in the Borders however owing to rising costs and unrealistically high land price expectations make it increasingly difficult to deliver.

A Limited Liability Partnership, Bridge Homes has been set up to take ownership of the houses produced via this programme. The programme is designed to complement the existing social housing development programme and will help SBC to meet affordable housing targets set in both its Local Housing Strategy 2017-2022 and the Council Administration's 'Ambitious for the Borders' vision.

With the five year anniversary of the Council's 1st National Housing Trust Initiative approaching in 2017, Council Officers are now looking to develop its exit strategy for the disposal of these Tweedside Homes LLP properties. It is recognised that the anticipated disposals will present opportunities for many of these properties to be acquired by the RSL sector, thereby keeping them in the affordable sector in perpetuity and as such are reflected in this SHIP as a potential outcome.

2. Local Housing Strategy Outcomes and Targets

The Council's forthcoming new five year Local Housing Strategy (LHS) 2017-2022 provides the strategic direction to tackle housing need and demand and to inform the future investment in housing and related services across the Scottish Borders area. The LHS identifies an affordable housing target of 128 per annum as well as identifying housing for the growing ageing population as a priority to be addressed.

To develop and build up our new Local Housing Strategy (LHS) 2017-2022 the Council has been working with a wide range of partners to assess local needs, agree priorities and define ideas and solutions to deliver a shared vision for housing in the Scottish Borders. Housing plays a vital role in meeting the needs of local people, communities and the economy. The new Local Housing Strategy sets out a framework of action, investment and partnership working to deliver local priorities and is being developed in a very different strategic and financial context from the previous LHS. The Strategy is being developed and co-produced in accordance with the Scottish Government's new LHS Guidance 2015 and is informed by a number of current existing plans and

strategies and it is underpinned by the South East of Scotland Strategic Development Plan Housing Needs and Demand Assessment (SESPlan HNDA2) 2015, and reflects the Development Local Plan.

Figure 1: Local Housing Strategy Vision



The Local Housing Strategy sets out the vision and priorities for the future of housing and all housing related services across the Scottish Borders. It considers all tenures and types of accommodation and reflects both national priorities and local needs. In terms of the national priorities, the LHS is expected to show how its actions will support and make a contribution to the Scottish Government’s vision for housing that “all people in Scotland live in high quality sustainable homes that they can afford and that meet their needs”. The LHS is built on a solid evidence base, and is underpinned by a detailed ‘Housing Need and Demand Assessment (HNDA)’ which estimated that 348 new houses should be delivered each year in the Scottish Borders, 128 of which should be affordable. Therefore, the agreed vision is that every person in the Scottish Borders lives in a home that meets their needs and this means affordability, quality, energy efficient and location, see figure 1 above.

Figure 2 Population Change

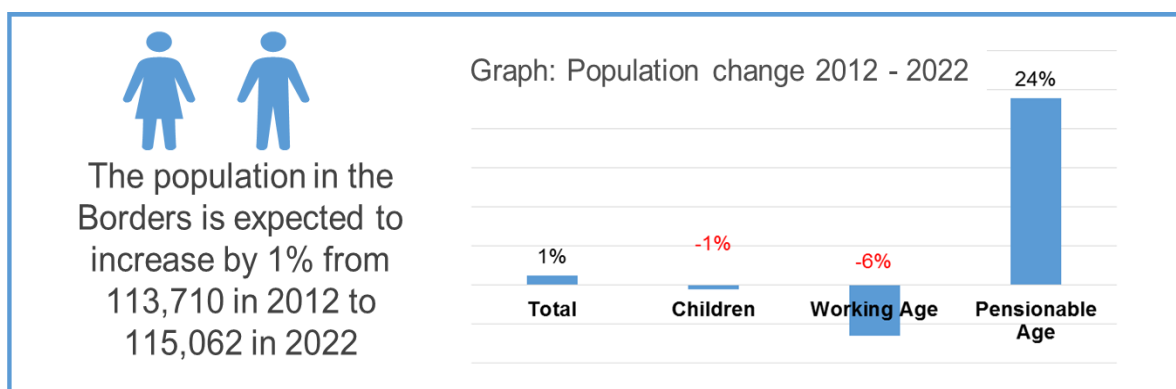


Figure 2 above shows the projected increase in the older population is 24% which is higher than the expected increase across Scotland which is 21%. Linked to this there is a greater demand for new Housing with Care and Support models.

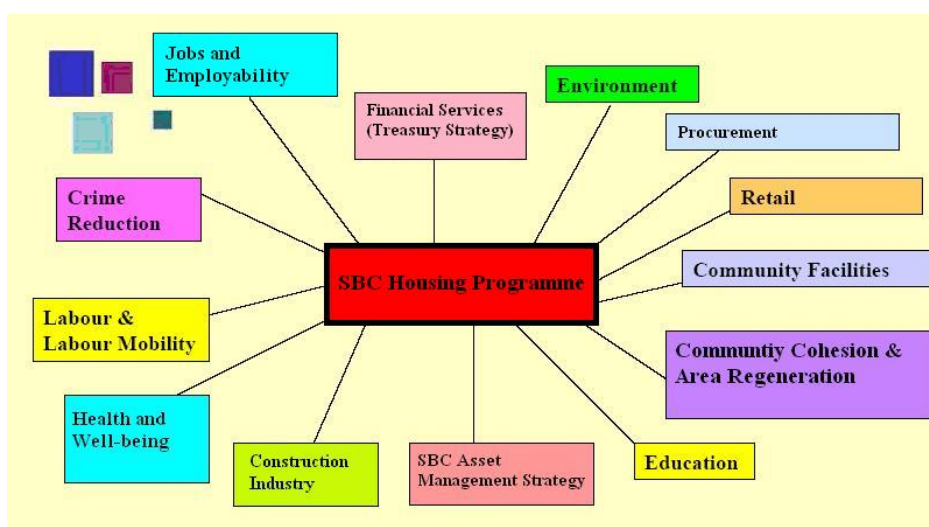
The Local Housing Strategy’s four strategic outcomes are set out at figure 3 below and the affordable housing project priorities identified in this SHIP are consistent with these strategic outcomes which are aligned to the Scottish Government’s national outcomes. There are also direct linkages with the Scottish Borders Economic Development Strategy and Corporate Plan.

Figure 3: LHS Priority Outcomes

- | LHS Outcomes |
|--|
| <ul style="list-style-type: none"> • THE SUPPLY OF HOUSING MEETS THE NEEDS OF OUR COMMUNITIES • MORE PEOPLE LIVE IN GOOD QUALITY, ENERGY EFFICIENT HOMES • LESS PEOPLE ARE AFFECTED BY HOMELESSNESS • MORE PEOPLE ARE SUPPORTED TO LIVE INDEPENDENTLY IN THEIR OWN HOMES |

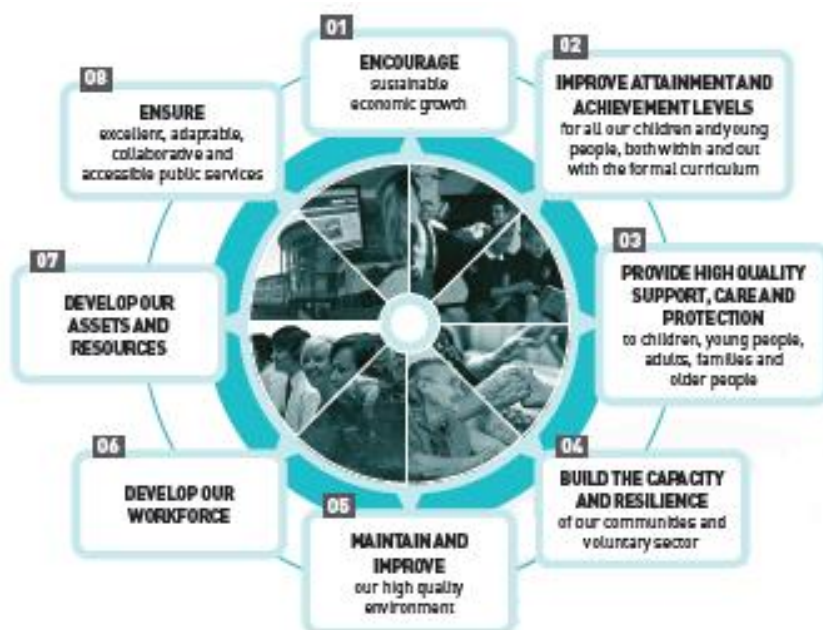
Figure 4 below seeks to demonstrate the pivotal role and the positive impacts that developing new affordable housing has on the wider social, economic and physical environment. It helps support the local construction industry and provides a funding stimulus into the supply chain and also links in with the Council’s Corporate Plan in relation to priority 5 “helping to maintain and improve our high quality environment” and it also links in with the objectives set out in the Council’s Scottish Borders Economic Strategy 2023 by helping “create the conditions for businesses to compete and builds on our assets”. (Figure 4 below and figure 5 on page 15)

Figure 4: Housing’s Contribution to Ambitious for the Borders



It well documented that housing, poverty and health are inextricably linked, and various research evidence shows that better housing and improved income can lead to some improvements in self-reported physical and mental health and reductions in some symptoms. Heating and energy efficiency measures can improve the indoor environment and also alleviate fuel poverty which can improve occupant’s health and wellbeing. Wherever possible the affordable housing projects set out in this SHIP will aim to seek to maximise the opportunities for energy efficiency and reduction of fuel poverty and to achieve the Silver Standard as a minimum.

Figure 5: The Councils Corporate Priorities



Beyond the provision of affordable housing for social rent the Scottish Borders general house building position over recent years mirrored the national picture reflecting a significant and concerning reduction in the number of new homes being built and brought to the market. Albeit there has been some limited market recovery elsewhere in Scotland and the UK, Borders market remains sluggish. This is evidence by the number of new homes built on average each year which was less than 300 rising to approximately 370 in 2015-2016 compared to an excess of 700 new homes being delivered when the market was at its peak. This includes both private and social rented housing. The Council has been able to support the industry firstly through the National Housing Trust round 1 which delivered 46 new affordable homes in Galashiels and Innerleithen and has already delivered 45 new homes for mid-market rent through its Council-led NHT LA Variant (Bridge Homes LLP) and will continue to deliver wherever possible up to March 2019.

3. Affordable Housing Delivered 2014-2016

Table 1 below sets out the progress on the delivery of the Council's affordable housing projects identified in the previous SHIP 2015-2020 submission for the period 2014-2016.

Table 1: Project Completions for 2014-2016

RSL	Project Name	Supplier	Units GN	Units PN	Units Total	Status Update as at 31/03/16
Eildon	Old School Place, Lauder	HA Rent/MMR	12	0	12	Completed
Eildon	Dunwhinny Gardens Peebles	HA Rent	15	1	16	Completed
Eildon	Rodger Fish Garden Kelso	HA Rent/MMR	18	0	18	Completed
Eildon	40-42 Old Town Peebles	HA Rent	2	0	2	Completed
Eildon	Chris Paterson P ¹ Galashiels	HA Rent	1	0	1	Concluded
Bridge Homes	Castle View Ayton	MMR	4	0	4	Concluded
Bridge Homes	Queen Eliz Drive Galashiels	MMR	6	0	6	Concluded
EHA	Easter Langlee Ph2A	HA Rent	25	0	25	Completed
EHA	Rhymers Loan Melrose	HA Rent	4	0	4	Completed
EHA	Robinsland. West Linton	HA Rent	24	0	24	Completed
BHA	Acredale 2 Eyemouth	HA Rent	32	0	32	Completed
BHA	Todlaw 3 Duns	HA Rent/MMR	26	4	30	Completed
SBHA	Rutherford Square Kelso	HA Rent	0	24	24	Completed
SBHA	Stonefield remodelling	HA Rent	16	11	27	Completed
SBHA	Stonefield Ph1 New Build	HA Rent	10	0	10	Completed
SBHA	Deanfield Hawick	HA Rent	8	0	8	Completed
Various RSL	Individual house purchases	HA Rent	11	0	11	Concluded
Bridge Homes	Standalane Way Peebles	MMR	13	0	13	Completed
OMSE ¹	Scottish Borders	Shared Equity	12	0	12	Concluded
Total			239	40	279	

The SHIP at that time was developed from a conservative understanding of the financial capacity of locally active Registered Social Landlords and a fairly modest resource planning assumption provided by Scottish Government and was estimated to fall short of meeting affordable housing targets. As the result of the Council participating in the first round of the National Housing Trust

¹ Off the Shelf purchase

Initiative (NHT) and subsequent additional funding from the Scottish Government Housing Supply Programme the 2012-2015 SHIP and three year Strategic Local Programme (SLP) was estimated to deliver 331 new affordable homes over the three year period. To recap briefly, 113 affordable houses were delivered in 2012-13, 72 were delivered during 2013-14, and due to slippage in 3 development projects totalling 87 units, only 62 new houses were delivered in 2014-15 bringing it to a total of only 247 new affordable homes over the then three year SLP period. However, these 3 projects have since completed in 2015-2016 which brings the total of new affordable homes for the last financial year to 220. This means that on average over the last 4 years (2012-16) an average of 116 units were delivered per year exceeding the Council's 100 and LHS 103 homes per year target.

Open Market Shared Equity (OMSE) is a Scottish Government funded initiative that enables eligible applicants to be financially assisted to purchase their own home through a shared equity arrangement and to be able to identify a property on the open market. This funding was in addition to the then AHIP funding allocated to the Scottish Borders.

There were no Open Market Shared Equity sales concluded in 2014-2015 (see table 1 on page 16) and working with our partners to increase the promotion of this scheme to eligible client groups saw this figure at 12 for 2015-2016. Albeit, it is positive to see this uptake it is difficult to speculate why the demand for this type of housing product is still low compared to other local authority areas but Officers are continuing to look into this.

Figure 6: Affordable Housing Development Completed 2014- 2015



Figure 6 on page 17 and Figure 7 below shows images of some of the affordable housing projects completed in Borders over 2014-2016. The former Dunwhinny Lodge site in Peebles has been re-developed by Eildon HA to provide 16 homes for social rent. Bridge Homes acquired 6 flats for mid-market rent at Queen Elizabeth Drive Galashiels. Eildon HA has built 12 and 18 homes for rent respectively at Old School Place Lauder, and Roger Fish Gardens Kelso. Bridge Homes acquired 4 houses “off the shelf” at Castle View Ayton. Eildon HA acquired 4 houses “off the shelf” at Rhymers Loan Melrose. Berwickshire HA completed 32 and 26 homes for affordable rent respectively at Acredale 3 Eyemouth and Todlaw 3 Duns .Bridge Homes acquired 13 homes for mid-market rent at Standalane Way, Peebles. Finally Eildon HA completed 25 and 24 homes for social rent respectively at Easter Langlee ph2A [Melrose Gait] Galashiels, and Robinsland West Linton.

Figure 7: Affordable Housing Development Completed 2015- 2016



3.1 Development Project Status Update as at September 2016

The Council and its partners are pleased to report that the Council and its partners are on track to deliver more than 100 units over 2016-2017 of the Strategic Local Programme period. Highlighted in the Council’s 2009 SHIP were areas of locality planning approaches for the development of priority areas in Borders which reflected local needs and issues which at the time provided the catalyst to develop both the Peebles and Hawick housing strategies. Tweedbridge Court is the last remaining project that makes up the Peebles Housing Strategy. It is envisaged that through

collaboration with Blackwood and their selected Development Partner, Eildon Housing Association will be in a position to progress with the re-development of Tweedbridge Court to provide approximately 28 homes for social rent subject to agreement with Scottish Government.

Stonefield in Hawick was also recognised as a local priority with the issues of poor housing quality, low demand, and the mismatch of available stock types and sizes all prevalent. Scottish Borders Housing Association’s Area Renewal and Modernisation Programme helped to address this, with the business case to secure AHSP grant assistance for Major Reconfiguration work supported by the SHIP. Works to date have reconfigured units from within the shell of existing blocks with, in some cases, 2 units being knocked into one. Remodelling of a further block is due on site in January 2017, adding to the 53 newly remodelled flats that have been completed since 2009. This has included 11 flats that were refurbished and leased to Ark Housing to provide much needed supported accommodation for tenants with learning disabilities. Another innovative aspect of this work has been the partnership between SBHA and Waverley Housing, which facilitated solum swaps to ensure that property ownership was not an obstacle to the redevelopment and block improvement.

The regeneration of Stonefield has continued to be supported by Scottish Borders Council and the SHIP and has also included the development of 10 new family homes that were handed over in March 2016 and another 34 houses and flats that will be completed in November 2016.

Figure 8 Stonefield and Deanfield



The business case to retain Right to Buy (RTB) receipts in lieu of AHSP grant to help support the re-development of the former Deanfield Sheltered Housing, also part of the Hawick Housing Strategy also received approval from Scottish Ministers. 8 new family homes were completed and handed over in February 2016 and initial feedback from new tenants has been very positive. Figure 8 above on page 20 shows some images of Stonefield and Deanfield before and after.

Table 2 below provides a position statement on the progress of the remaining projects outlined in the SHIP covering the period 2015-2020.

Table 2: Position Statement on SLP 2012-2015 and other Projects as at September 2016

RSL	Project Name	Tenure	Units General Need	Units Part. Need	Progress update
SBHA	Stonefield Ph2, Hawick	HA Rent	34		Complete Nov 2016
EHA	Easter Langlee, Galashiels Ph2B	HA Rent	26		Complete Oct 2016
SBC	High Street, Innerleithen	Social Rent		3	Complete Oct 2016
EHA	Jedward Terrace, Denholm	HA Rent	7	1	Completed July 2016
EHA	Roxburgh St.Kelso	HA Rent	16	2	On site October 2016
EHA	Howdenbank, Hawick	HA Rent	3		Completed April 2016
SBHA	Torwoodlee, Galashiels	HA Rent	4		Complete November 2016
BHA	Todlaw Phase 3 B	HA Rent	16		On site September 2016
EHA	Sergeants Park, Newtown	HA Rent	49	4	On site October 2016
EHA	Renwick Gardens, Morebattle	HA Rent	8		To be progressed
EHA	Nethershot, Kelso	HA Rent	25		Awaiting Developer progress
EHA	Coopersknowe, Galashiels	HA Rent	55	5	Planning application lodged
EHA	Easter Langlee, Galashiels Phase 3	HA Rent	63*		SBC sold site to EHA
BHA	Callander Place, Cockburnspath	HA Rent	4		Project replaced
EHA	Tweedbridge Court	HA Rent	25	3	In discussion SG/ Developer
SBC	Various Sites across Borders	MMR	24		All complete 2016
EHA	Lintburn St Galashiels	HA Rent		8	On site August 2016
	Total		359	26	

* Lintburn Street not included in SHIP 2015-2020 but was acquired to re-provide for the LD Client Group

* Easter Langlee numbers to be clarified subject to excambion discussions between Persimmon Homes and EHA

Particularly noteworthy is the Council's High Street, Innerleithen project whose completion has regenerated the gap site in the Innerleithen conservation area which has been in existence for almost 25 years and has received much positive comment from the local community. Adjacent to that site has been the redevelopment of the Waverley Road derelict buildings. Figure 9 on page 21 provides illustrations of the before and after. Also noteworthy, are the properties delivered by Berwickshire Housing Association at Acredale 2 and Todlaw 3 which are the first in Borders to be delivered using modern methods of construction and, Scottish Borders Housing Association have completed 44 new build homes at Stonefield in Hawick and this completes the new build element of the area regeneration of Stonefield.

Figure 9: Gap Site & Waverley Road, Innerleithen before and after



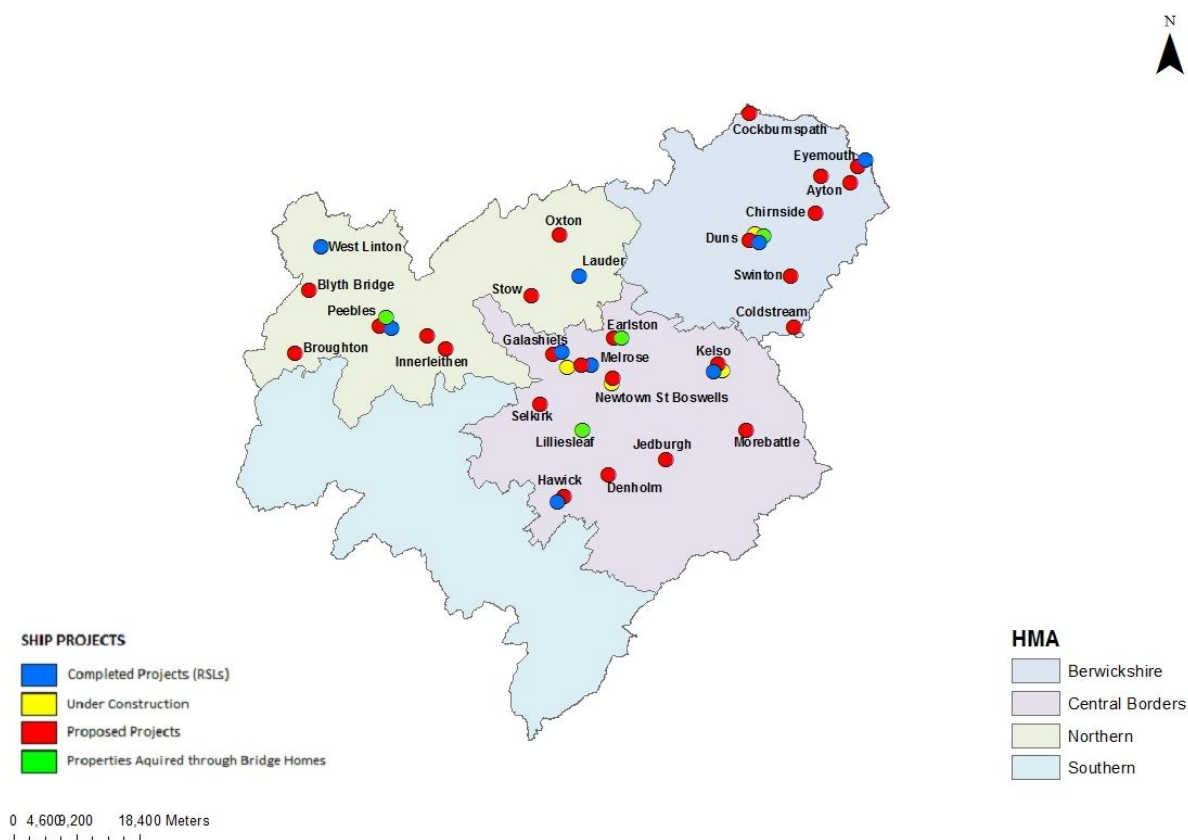
Table 3 below sets out the projects that are envisaged that will be delivered for the period April 2016 – March 2017 with an anticipated 104 homes being provided. However, these figures do not include other affordable housing delivered through other private sector led mechanisms.

Table 3: Projects Envisaged to be completed in 2016-2017

RSL	Project Name	Tenure	Units GN	Units PN	Completions anticipated at March 2017 Total Units
Eildon	Easter Langlee, Galashiels Ph2B	HA Rent	24	2	26
EHA	Howdenbank, Hawick	HA Rent	3		3
EHA	Jedward Terrace, Denholm	HA Rent	7	1	8
SBHA	Torwoodlee, Galashiels	HA Rent	4		4
BHA	Gowanlea, Coldstream	HA Rent	4		4
SBHA	Stonefield, Hawick	HA Rent	34		34
SBC	High St. Innerleithen	Priority Client	3		3
SBC	Waverley Rd, Innerleithen	MMR	6		6
SBC	Croft Field Court, Denholm	MMR	8		8
SBC	Henderson Crt, Kelso	MMR	8		8
Total			101	3	104

Figure 10 below shows the locations where developments were completed throughout 2014-2016 and where there are planned developments for the period 2016/17-2017/22. The Council and its partners continue to seek to develop in areas of high demand and identified need across Towns and more rural communities. The map below also illustrates where the Council is seeking to deliver additional affordable housing such as homes for mid-market rent through Bridge Homes.

Figure 10: Completed Developments 2014-16 and Planned for 2016/17-22²



The Council welcomes the calculation of Resource Planning Assumptions (RPA) which takes into account the advice from COSLA/SG Settlement and Distribution Group on the speed of migration from historic funding patterns to allocations determined by the needs-based Strategic Housing Investment Framework (SHIF) model.

The Council and its partners are responding positively to deliver on the welcome opportunity and challenge presented by the increase in the AHIP resource planning assumption and additional resource aimed at assisting resolving infrastructure blockages and continues to work closely to develop creative ways of delivering new affordable housing projects in order to respond to the Scottish Governments new 50,000 affordable homes target. This significant resource increase enables us to take forward the development of much needed extra care housing whilst being

² Figure 10 includes anticipated NHT projects deliverable by March 2019.

creative in use of sites through strategic release of SBC owned sites and in collaboration with our housing association partners we are able to deliver an ambitious SHIP that has a positive economic impact such as sustaining jobs and creating training opportunities, and in collaboration with the Edinburgh and South East Region City Deal Programme ambitions aim to maximise opportunities presented within the railway corridor.

The Council has been allocated £8.633m for 2016-2017 and to permit the necessary advance planning have been verbally advised by Scottish Government that we should plan on between £12m - £15m each year from 2017-2022. This would require a housing supply grant allocation of up to £75m over the five period covered by this SHIP and projects have been identified and prioritised in order to maximise delivery of this funded vision, including available RSL financial capacity for the period to 2022. Projects have also been identified that are capable of being accelerated should infrastructure constraints be resolved providing greater confidence in project delivery within the timescales set out in this SHIP.

To help tackle infrastructure blockages the Scottish Government has established a flexible five-year grant and loan fund, initiated with up to £50 million available in 2016-17 and for future years. This provides more certainty to help developing organisations with longer-term planning. The support is part of a wider offer that the SG is making to the sector to help deliver the sectors shared housing ambitions. Table 4 below illustrates the projects that have considered by the Scottish Government through its initial prioritisation of sites with a RAG marking in October 2016 and, Council Officers are in discussion with Scottish Government Officials to progress this.

Table 4: Infrastructure Funded Site Acceleration Opportunities

Site Location	Bid Value	Affordable Units	Delivery Timescale	Grant/ Loan	RAG	Scottish Government Comment
March Mill, Peebles	0.020	13	2017/18	Grant	AMBER	Discuss further to examine potential for future programme
Milestone, Newtown St Boswells	0.100	60	2017/18	Grant	AMBER	Discuss further to examine potential for future programme
Huddersfield St, Galashiels	0.100	24	2016/17	Grant	GREEN	SG happy to issue grant application.
Earlston High School	0.200	39	2017/18	Grant	GREEN	SG happy to issue grant application.

The delivery of the SHIP is also dependant upon ownership of land by the RSLs and the recent delivery of a number of projects has seriously depleted the land bank, particularly in Northern and Central Borders. Therefore there is an ongoing need to acquire land for affordable housing with partner RSLs and this is set out in more detail in section 6 `Development Challenges' page 34.

On the basis of current information and draft financial assumptions and ambitions, a total of 1128³ new RSL homes could potentially be delivered from 2017 to 2022, and 104 in 2016-2017 as set out on table 3 page 21. It is envisaged that as many a further 64 new mid-market homes could be delivered by March 2019 via the Council's NHT LA Variant programme bringing the total of the projects to 1192 over the life of this SHIP. The projects identified and prioritised in this SHIP provide the basis for agreeing the next three year Strategic Local Programme for 2016-2018 and beyond. It should be noted that there may be other Private Developer and/or other RSL projects, OMSE and discounted sales that could be delivered throughout the SHIP period.

The Council and its partners will continue to review and bring forward projects that have been identified through the routine project prioritisation assessment and review process that could be delivered within the timeframes to contribute to the Scottish Government's ambitious affordable housing targets. Quarterly programme meetings with the Registered Social Landlords, the Scottish Government and the Council are instrumental in this process. The Council and its partners will continue to explore re-development and remodelling opportunities arising from the development and implementation of the Strategic Plan for meeting the Housing & Support needs of Older People and Appendix 5 sets out the programme summary within the Affordable Housing Programme budget.

4. Project Prioritisation Process

Projects contained within the SHIP programme are prioritised on a site by site basis within the context of available Affordable Housing Supply Programme Funding (AHSP) allocations; the balance of the programme across sub areas including tenure and type, and are prioritised on a number of factors. These factors include; deliverability (including land ownership and the financial capacity to front fund individual total project costs), strategic fit, housing need, homelessness pressure spots, rurality and social, economic, environmental impact, Shifting the Balance of Care and specialist provision including extra care housing.

Following a short discussion it was agreed that there was no need to change the prioritisation methodology from the previous SHIP submission but should evidence of the impact of the Welfare

³ See Table 9 page 40

Reform on the housing stock becomes clearer this will be revisited. Although the process was updated to take account of changing demographics, RSL stock numbers and the introduction of the new locality areas and main gas supplies.

4.1 Project Priority Assessment Tool

The Project Priority Assessment Tool is a project priority weighting matrix that has been developed to provide a bottom up assessment of relative priorities of housing projects delivered by RSLs (and other potential Developers) in the Scottish Borders over the five year life of SHIP and includes the Scottish Government’s Urban/Rural Classification. Deliverability, including financial capacity is still seen as a key factor for considering the viability of a project and thus the 40% weighting is retained.

Land supply and development projects are initially identified by RSLs (or others) and SBC by an external environmental assessment of current and proposed local strategies, analysis of SBC’s Land Audit and Local Plan and local knowledge. From this a list of potential projects is derived by each RSL in conjunction with SBC. A standard project descriptor template is used and Individual projects are then assessed by using The Project Priority Assessment Tool.

Table 5: Project Priority Weighting Matrix

Deliverability (40% weighting)
<ol style="list-style-type: none"> 1. Funding (Can RSLs front fund total project costs, is funding for new development contained within RSL Business Plans and is this evidenced?) 2. Land availability (is there an effective land supply? Is it available/willing vendor?) 3. Project programme delivery (eg; is it an off the shelf project, implemented immediately) 4. Constraints (Legal/infrastructure/site/planning/flood risk/industry capacity supply chain etc)
Housing Need (25% weighting)
<ol style="list-style-type: none"> 1. As identified through SBC’s Housing Needs Assessment (HMA’s) – 2. Validated Source – (eg; RSL waiting list info, local community housing needs study, homelessness) 3. Equalities - Need identified for specialist provision (eg; extra care, wheelchair user, elderly, re-provisioning)
Strategic Fit / Innovation & Investment (30% weighting)
<p>Strategic Fit (25% weighting)</p> <ol style="list-style-type: none"> 1. Regeneration (Area regeneration/brown field/housing estate community regeneration/re-provisioning) 2. Rurality (as defined by a population of 250 or less – this incorporates landward areas) 3. LHS Priority – (is it identified in the LHS 2017-2022) 4. Part of Existing Agreed Strategy or Programme (for example Peebles Housing Strategy) 5. Links with other non-housing Strategies or projects (eg; Eyemouth High School, City Deal/Railway Blueprint Corridor) 6. Transforming Older People’s Services (TOPS)- Shifting the Balance of Care <p>Innovation & Investment (5% weighting)</p> <ol style="list-style-type: none"> 7. Does the project offer Value for Money? 8. Does the project meet the conditions set out in the Innovation & Investment Criteria?
Impact (5% weighting)
<ol style="list-style-type: none"> 1. Social (is this project likely to have a positive social impact on the Community?) 2. Economic (what is the economic impact of this project likely to have?) 3. Environmental (What will the environmental impact of the project be?)

Please note: each key criterion carries a possible score of 100.

The project priority weighting matrix set out in table 5 on page 25 has been developed as a mechanism to assess the priority of projects and RSL financial capacity and not for assessing project or revenue viability.

Assessment has been carried out by a panel of representatives from the four main RSLs and a Senior Housing Officer from SBC. The process is facilitated by SBC and a note of the proceedings is produced for the record.

Assessors are each issued with:

1. Scoring Guide for Assessors – this provides information and guidance on the four key criteria and how each member of the panel should make their individual assessment.
2. Guideline Data for Assessors – this provides information settlements and gives a broad overview of relative need by Housing Market Area and by settlement discussed and agreed by all parties.
3. Assessors Scoring Sheets – this provides a list of all projects to be assessed by RSL on which Assessor mark their scores. These papers are retained by SBC at the end of the process to provide a clear audit trail.
4. RSL project Descriptions –these are the individual project descriptions produced by each RSL containing the information required to allow assessment to be made.

Once the assessments had been carried out the scores were transferred to the Project Priority Assessment Tool model. This calculates out the summed and weighted scores for each project and then ranked each project by priority. The rankings from the Project Priority Assessment Tool in turn helped to inform the top down strategic investment planning process used in the Resource Planning Tool. Project prioritisation through applying this Tool assisted the Council and its partners to identify and bring projects forward at very short notice should any slippage occur in other areas within the planned programme or if additional resources were available, for example; an increase in grant funding allocation. However, it should be noted that programme management issues may mitigate against projects being rigidly brought forward in the context of prioritisation ranking, eg; through the application of resource planning assumption.

This is a dynamic model that reflects the reality of the ever changing political and economic climate and is used by the SBC SHIP Group to review, track and monitor the relative priority of

existing and new projects that arise. In this way projects can be either accelerated or deferred depending on the circumstances that arise.

Using this tool, individual projects considered by members of the SHIP Project Group to determine their priority ranking in 2014 have been reviewed both in 2015 and 2016, and new projects brought forward have been assessed for prioritisation. For analysis of the outcomes of the weighting assessment exercise and project descriptions see appendix 1.⁴

The AHPPM has been applied to all current commitments and proposed projects reported in 7 to 7D on pages 30-32. All projects identified in the SHIP have detailed project descriptions which are outlined in parts 1 and 2 of the Affordable Housing Project Priority Assessment exercise which is illustrated in appendix 1. These provide individual site specific comment including; constraints, ownership, infrastructure, contamination, planning, land banking opportunities, recession impact, site access and an equalities impact assessment statement. Individual developing or receiving RSLs are required to demonstrate how they mitigate these constraints and provide timescales which will be considered on a regular basis through the application of the AHPPWM.

4.2 Resource Planning Tool

The Resource Planning Tool is a strategic investment planning model that provides a top down strategic assessment of the funding required to deliver the affordable housing objectives of the LHS.

In this context, the Resource Planning Tool provides an overview of the funding allocations by tenure based on number of units, average development costs and a preliminary assessment of the funding source proportions. This SHIP has been prepared on the basis of a five-year planning horizon and is underpinned by a draft funding assumption provided via discussion with Scottish Government More Homes Scotland as set out on page 23.

The Council and its partners will continue to seek to provide additional affordable housing to reflect the proportions of need identified through the Housing Need and Demand Assessment 2. The Council and its partners have historically been well placed to bring forward project opportunities at short notice as evidenced in previous SHIPs and shadow programme arrangements and, should slippage occur elsewhere in the region or additional resources be made available we will continue to seek to identify projects at an every opportunity.

⁴ There are no project descriptors for Springfield and Cockburnspath as these are in early stages of determining deliverability

5. Investment Priorities for Affordable Housing 2017-2022

Unlike previous SHIP's, this year there is a greater impetus to progress and where possible accelerate project delivery in order to assist the Scottish Government meet its ambitious target of 50,000 new affordable homes and Scottish Borders Council and its partners are being extremely ambitious in an effort to maximise delivery of affordable homes to help Borders communities and to spend of our affordable housing grant allocation.

Meeting the housing requirements for older people is identified as a key priority for the forthcoming Local Housing Strategy 2017-2022 which will be launched early in 2017. Work has commenced to develop an Integrated Strategic Plan to address the housing and support needs of older people over the next 5 year period. An important part of this plan is the identified need for several extra care housing models across the main towns of Scottish Borders following an independent needs assessment undertaken in March 2016. On the 20th September Scottish Borders Council Members endorsed a flexible delivery framework for delivering extra care housing in the Borders.

Following a preferred RSL partner selection process both Trust Housing Association and Eildon Housing Association have been selected to develop and deliver up to six extra care housing developments in Borders main towns. Figure 11 below illustrates Borders first extra care housing scheme, developed by Eildon HA in 2013 and examples of Trust's older people's housing schemes. Both Eildon and Trust HA's will work together to learn any lessons and to maximise potential efficiencies in the procurement process. A Programme Board has been established in order to oversee the delivery of the new developments and to commission appropriate services.

Figure 11: Extra Care Housing Developments



Figure 12 below sets out the estimated need for extra care housing at a locality level which shows that the need for extra care by 2035 is estimated to be 353 across the Borders and Table 6 below sets out the proposed project delivery timeframes for the delivery of around 180 extra care houses in the Borders.

Figure 12 Extra Care Housing Need at Locality Level

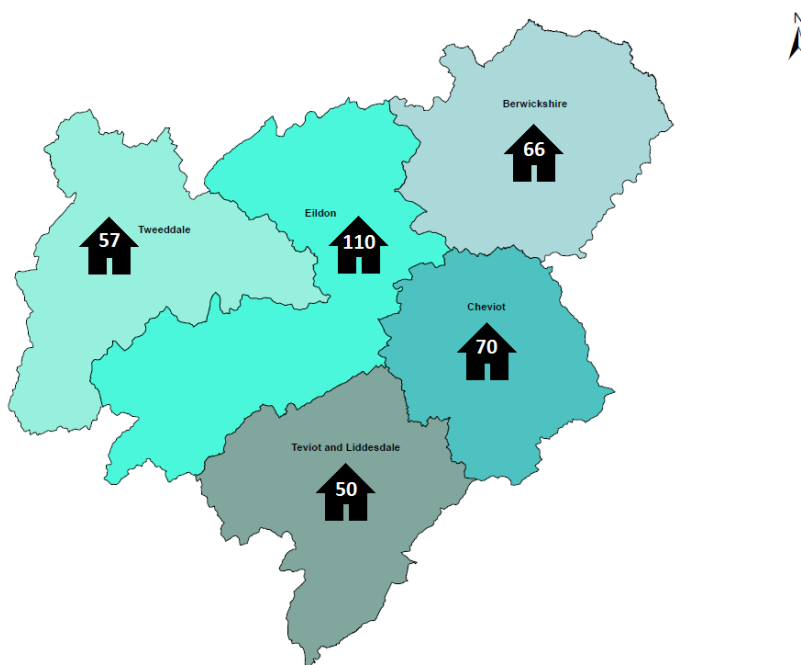


Table 6 Proposed Delivery Timeframes for Extra Care Housing Developments

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
	2017/18	2018/19	2019/20	2020/21	2021/22	
Berwickshire (Duns)	-	-	30	-	-	30
Central (Gala)	-	-	30	-	-	30
Hawick	-	-	-	30	-	30
Kelso*	-	-	-	-	24	24
Berwickshire Eyemouth*	-	-	-	-	36	36
Peebles*	-	-	-	-	30	30
Total						180

Source: Committee Paper Council Executive Sept 16 NB*: Kelso, Eyemouth and Peebles likely to deliver beyond the life of the SHIP

The Development projects illustrated in tables 7 to 7D on pages 30-32 sets out the proposed and potential affordable housing projects for 2017-2022. These projects have been prioritised for investment by the SHIP Project Group using the AHPPWM and have been agreed in principle for funding through collaboration with Scottish Government, More Homes Division, the Borders Housing Network (New Borders Alliance) and the Council. The resource planning assumption for the period 2017-2021 has been verbally indicated with Scottish Government Officials pending

confirmation following announcement of the Scottish Spending Review. It is anticipated that the projects proposed for 2017-2021 should effectively be finalised following submission of this SHIP to Scottish Government at the end of November 2016. Delivery timescales could change as project timescales/new projects progress and RPAs for each year are announced and confirmed.

Table 7: Proposed Development Projects 2017-2018

RSL	Project Name	Tenure	Units General Need	Units Part. Need	Units Total
EHA	Bowmont/Roxburgh St, Kelso	HA Rent	16	2	18
BHA	Todlaw Phase 3B, Duns	HA Rent	16		16
EHA	Easter Langlee Site 3, Galashiels	HA Rent	26		26
EHA	Lintburn Street, Galashiels	HA Rent		8	8
SBHA	Stonefield Block 27 remodelling	HA Rent	6		6
EHA	CPP Galashiels*	HA Rent	20		20
SBC	Main St, Lilliesleaf	MMR	7		7
SBC	Innerleithen Rd, Peebles	MMR	4		4
SBC	Springfield, Duns	MMR	10		10
Total			105	10	115

* Acquisition subject to negotiation with Developer and Scottish Government

Table 7A: Proposed Development Projects 2018-2019

RSL	Project Name	Tenure	Units General Need	Units Part. Need	Units Total
BHA	Acredale 3, Eyemouth	HA Rent	30		30
Eildon	Sergeants Park, NSB*	HA Rent	49*	4*	53
EHA	Coopersknowe, Galashiels*	HA Rent	55*	5*	60
BHA	Todlaw Phase 4, Duns	HA Rent	19		19
EHA	Easter Langlee Site 3, Galashiels	HA Rent	37		37
BHA	Chirnside, Phase 1/2	HA Rent	24		24
EHA	121-123 High Street, Selkirk	HA Rent	10		10
EHA	Howden Drive, Jedburgh	HA Rent	24	2	26
EHA	Springfield Terrace, Newtown St. Boswells	HA Rent	3		3
EHA	Woodside Place, Galashiels	HA Rent	4		4
EHA	Jedburgh Terrace, 2 Denholm	HA Rent	6		6
SBHA	Stonefield Block 5&6 remodelling	HA Rent	6		6
SBHA	Rose Court, Galashiels	HA Rent	10		10
SBHA	Heriotfield, Oxton	HA Rent	4		4
SBHA	Glensax Road, Peebles	HA Rent	6		6
EHA	JHC Innerleithen**	HA Rent	26**		26**
EHA	Station Yard, Cardrona	HA Rent	10		10
Total			323	11	334

* Delivery may extend over 2 financial years

** Acquisition subject to negotiation with Developer and Scottish Government

Table 7B: Proposed Development Projects 2019-2020

RSL	Project Name	Tenure	Units General Need	Units Part. Need	Units Total
EHA	High School, Earlston*	HA Rent	40*		40
BHA	Eyemouth Former High School,	HA Rent	24		24
BHA	Auction Mart, Reston	HA Rent	15		15
BHA	Lady Hall Road, Cockburnspath	HA Rent	20		20
EHA	Tweedbridge Ct, Peebles**	HA Rent	25**	3**	28
EHA	Milestone, Newtown St. Boswells	HA Rent	30		30
EHA	Huddersfield St. Galashiels	HA Rent	24		24
EHA	Springwell Brae, Broughton	HA Rent	12		12
EHA	Langhaugh, Galashiels `Extra Care`***	HA Rent		24***	24
THA	Todlaw, Duns, `Extra Care & HA rent`****	HA Rent	20****	30****	50
SBHA	Tweed Court, Kelso	HA Rent	20		20
SBHA	Garage Sites across 4 area of Borders*****	HA Rent	20		20
SBC	High School, Earlston	MMR	14		14
SBC NHT	Various sites across Borders****	MM Rent	29		29
Total			293	57	350

* Delivery may extend over 2 financial years
 ** Subject to negotiations and agreement with Developer and Scottish Government
 *** Unit numbers to be confirmed following feasibility study
 **** House type size mix and unit numbers confirmed following feasibility study
 ***** Estimated number of potential completions across 3 sites
 *****Earlston, Jedburgh, Innerleithen & Blyth Bridge

Table 7C: Proposed Development Projects 2020-2021

RSL	Project Name	Tenure	Units General Need	Units Part. Need	Units Total
EHA	Nethershot, Kelso	HA Rent	38		38
BHA	Priory Bank, Coldstream	HA Rent	10		10
BHA	Swinton	HA Rent	6		6
BHA	Beanburn, Ayton	Affordable	40		40
BHA	Springfield, Duns	HA Rent	10		10
EHA	Stirches, Hawick `Extra Care Housing`	HA Rent		30*	30
EHA	Milestone, Newtown St. Boswells	HA Rent	30		30
Total			134	30	164

* Unit numbers to be confirmed following feasibility study

Unlike previous SHIP's, this year there is a greater ambition and optimism to seek to progress and escalate project delivery in order to assist the Scottish Government meet its ambitious target of 50,000 new affordable homes and Scottish Borders Council and its partners are being extremely ambitious in an effort to maximise delivery of affordable homes and spend of our affordable housing grant allocation.

Table 7D below sets out proposed development project opportunities which could deliver up to 229 units with some of the projects being illustrated potentially delivery beyond 2021-2022. Further work and/or negotiation will required in order to realise these potential development opportunities. For example, the strategic release of housing land within the railway blueprint corridor aligns with Edinburgh and South East Scotland City Region Vision which will have a transformative impact on regional housing supply and on reducing inequalities across the region. This forms part of the Regional Housing Delivery Plan which outlines the collaborative measures being undertaken by the Edinburgh & South East of Scotland City Region (ESESCR) to address the housing crisis facing the region which can only be realised through working and investing jointly with RSL partners, various land owners, developers and housebuilders.

It is also important to note that at this stage the number of particular needs housing in individual projects have not yet been identified and confirmed. Project delivery timescales could also change periodically as project timescales/new projects progress and RPAs for each year are announced and confirmed.

Table 7D: Proposed & Potential Pipeline Development Projects 2021-2022

RSL	Project Name	Tenure	Units General Need	Units Part. Need	Units Total
EHA	Renwick Gardens, Morebattle	HA Rent	8		8
THA	High School Site, Eyemouth `Extra Care`	HA Rent		36	36
TBC	March Street Mills, Peebles*	HA Rent	10		10
EHA	Wallaceneuk, Kelso*	HA Rent	30		30
EHA	Railway Blueprint Corridor*	HA /MMR	75		75
EHA	Royal Hotel, Stow*	HA Rent	13		13
EHA	Kingsmeadows, Peebles*	HA Rent	40		40
EHA	South Park, Peebles*	HA Rent	17		17
Total			193	36	229

*Potential opportunities for the development of affordable housing.

Notwithstanding the project completions as outlined in table 1 on page 16 there are still areas of high and unmet affordable housing demand across the Borders that the private sector cannot satisfy particularly with the advent of the Welfare Reform. Table 8 on page 33 illustrates the total number of estimated unit completions over the life of the SHIP and through positive collaborative working between all relevant parties as much as 1192 affordable homes could be delivered over the next five years. Nevertheless, the Council with its partners will continue to seek and explore new opportunities for the development of affordable housing including supporting communities to development opportunities at a local level.

Table 8 Estimated Unit Completions 2017-2022

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
	2017/18	2018/19	2019/20	2020/21	2021/22	
AHSP	88	328	307	164	229	1116
NHT LA Variant Prog	21		43	-	-	64
Discounted sale	-	-	-	-	-	
Re-modelling	6	6	-	-	-	12
Totals	115	334	350	164	229	1192

Although there remains a strong need to provide additional family housing there is also an increasing need for smaller units in Tweeddale and Central and Eastern Borders, especially in the Galashiels, Kelso, and Peebles, Eyemouth and Duns areas, to meet demand. Galashiels, Duns and Eyemouth have ample sewerage capacity for future housing development. Issues relating to land supply should be largely resolved in SBC's Adopted Local Plan and Affordable Housing Policy.

Following the economic downturn the housing market has still not yet returned to previous levels of activity and this continues to adversely impact on the developer led land supply and contributions identified. The general trend remains however is that developers are still not prepared to sell land without a building contract as part of the deal. This means that due to the restricted level of funding available land supply will be restricted as developers wait for full market recovery. Albeit at a low level the Council continues to receive pre-planning enquiries and planning applications. A number of which relate to larger sites which are anticipated will provide additional on-site delivery of affordable housing opportunities through the Section 75 process.

Responsibility for identifying the level of adaptations needed and the level of funding required now rests with the Health and Social Care Partner. SBC has agreed an annual budget figure to assist means tested major adaptations in its capital budget.

The Occupational Therapy staffing provision located within the Care and Repair Service has been increased in order to deal with assessment and prioritisation of major adaptation requests direct, rather than receive referrals from the decentralised SWD Area offices at Locality level.

Care and Repair work on basis of cash planning targets to manage the workload, whilst financial responsibility for delivery of allocated budget spend and grant administration and grant offers remains with the Council's Strategic Housing Services. Spend is monitored by SBC Chief Finance Officer and reported to Council via routine reporting processes. Spend and numbers of

adaptations delivered is also monitored and reported in the Council's Housing's Annual Report and LHS annual reviews.

As a stock transfer authority, the Council has allocated £375k per year to grant support an estimated 80 major adaptations annually in private sector housing stock. (Please see SHIP tables Appendix 5)

6. Development Challenges

There are a number of barriers and constraints that could hamper the development of new affordable housing in the Borders. The SHIP 2017-2022 requires Authorities to demonstrate how projects contained in the SHIP will be resourced and delivered and albeit the lending market has improved somewhat since the financial crash, RSL financial capacity remains an issue that will be monitored regularly should project delivery remain at anticipated current levels for an indefinite period. To ensure that any development constraints are resolved by the estimated site start date, deliverability, including financial capacity is recognized as a key factor in the development of our AHPWM reported in Section 4. As part of the project prioritisation process constraints are discussed on a site by site basis and weighting is influenced by the identification of what actions and timescales are in place to resolve them. The main constraints include:

- Land supplies
- Water and sewage
- Construction industry capacity
- Tender prices
- Public utilities (physical/infrastructure capacity, approval processes)
- Flood Risk

Most of these constraints are out with the control of the Council and its RSL development Partners but can adversely impact on the delivery of additional affordable homes in Scottish Borders. Notwithstanding resource allocation decisions the Council and its partners work closely with the Scottish Government More Homes Division to make best use of affordable housing supply programme funding. There is also limited opportunity to expand the level of funding secured by the Council through both Commuted Sums and the Affordable Housing Budget.⁵ The Council and its RSL development partners have ongoing discussions to explore different ways to deliver affordable housing in the Borders quicker and in the most cost effective way.

⁵ 2nd Homes/Council Tax Budget (2nd HCT)

As reported in previous SHIPs, land supply remains a challenging issue particularly as the Council has very little land in its ownership as it has disposed of both some non-HRA and most of its ex-HRA land to RSLs over recent years. Various techniques are now available for land assembly and land banking and are used through planned release by the Council, Section 75 (although the latter still remains sluggish as a result of the recession) and opportunistic site acquisitions and mini partnership agreements. From time to time the Council may declare land and/or buildings as surplus to requirements and these are routinely considered for their appropriateness in order to provide affordable housing. More recently, the Council has disposed of Easter Langlee Site 3 to EHA which the Council secured as part of its revolving land bank through use of 2nd Homes Council Tax.

The Council is currently reviewing its Corporate Property Strategic Asset Management Plans which will set out the broad strategy for the management of the Council's property assets in order to maximise their contribution to the Council's corporate and service goals and objectives as economically, efficiently and effectively as possible; providing the right space, at the right time, in the right location at the right cost. It is therefore important that a strategic approach to the development of affordable housing across the Borders makes the most effective use of land and/or property wherever possible, takes advantage of the Council's property and asset rationalisation process and ensuring that through collaborative working with our local developing housing associations that opportunities will be created where practical for affordable housing development.

The Council has built up a large bank of knowledge regarding possible housing development sites throughout its area. An effective use of this resource is that it allows RSLs to tap into such 'knowledge' which covers a number of issues including flood risk assessments and contaminated land, thereby alerting them to early identification of constraints and allows them to focus their attention on developable sites.

As a strategic housing authority the Council's Planning Department annually carries out a Housing Land Audit in order to ensure that there is a five-year supply of sites for housing development. As an integral part of this process consideration is given to identifying potential constraints on development such as; the availability of funding and infrastructure capacity (where drainage and sewerage are particular issues in many small rural settlements). Where development constraints are identified, these are explored to determine whether potential development is realistic and whether or not some form of intervention may be appropriate. Eg; use of Compulsory Purchase Powers (CPOs)

The Reporter has required the Council to carry out a “Call for sites” exercise in order to identify possible sites for additional housing land allocation for 916 homes. Supplementary Guidance has been produced by the Council and this is currently out for public consultation. It is anticipated that once this exercise is concluded and areas of land area agreed as Allocated Housing Sites, many will present opportunities for development for additional affordable housing in due course.

As reported earlier the development opportunities provided by the Section 75 planning agreements remain low as a result of the recession. However, the Council has experienced an appetite by some developers to develop sites for 100% affordable housing which is evidenced through the Council’s NHT negotiations. That said, arguably the market is still failing to deliver enough new homes to meet demand and this is a housing crisis affecting not only the Scottish Borders but also the neighbouring Local Authorities as rising inequality and cost of living impacts on households in Borders, and other parts of the South East Scotland City Region. As reported in page 32 a regional response to these issues, presenting innovative solutions and key policy interventions, is currently being negotiated with both the Scottish and UK Governments through the Edinburgh and South East Scotland City Region Deal.

The Council has agreed frameworks in order to consider and prioritise funding from commuted sums and also from the Council Tax Affordable Housing Budget. These are being used for a variety of purposes to assist provision of affordable housing, including extra care housing, with assistance to land purchase being one such category of use.

Land Supply

Land supply and control is quite fragmented in the Scottish Borders and is largely controlled by private developers and house-builders. The detail can be summarised as follows:

- Supply and control of land across the Scottish Borders varies. It is fragmented and where not already in the ownership of RSLs is largely controlled by private developers and house-builders.
- Scottish Borders Council has very little land available for housing developments but as reported earlier in the SHIP acquired an affordable housing site at Easter Langlee in December 2012 and which it has disposed to EHA in 2016 to dovetail with project programming arrangements to deliver 63 homes at Easter Langlee.

- Berwickshire Housing Association has a significant land bank and has carried out a review of potential development sites and open spaces owned by it which could be made available for redevelopment. All BHA's sites are in the Berwickshire area.
- Eildon Housing Association's anticipated land at the end of March 2017 should be fairly substantial if everything planned to be acquired is acquired between now and the end of March. Excluding Easter Langlee the current position is 108 units which will increase to 193 units by the end of March.
- Scottish Borders Housing Association has a land bank arising from site clearance of existing stock and garages. The largest of these sites are in Hawick with a small number of small sites in Central Borders.
- Land supply identified in the Local Plan tends to be in relatively small parcels and is distributed across most of the settlements
- A lot of the sites identified in the Local Plan are in the control of house builders / developers with affordable housing being provided via section 75 agreements. The trend to date has been for developers to want to act as contractor to RSLs rather than simply selling on land.
- Opportunities of sites in private ownership do arise. These tend to be windfall or infill sites and tend to be relatively small.
- There are two substantial development sites in Central Borders at Easter Langlee, Galashiels (circa 450 units) and at Newtown St Boswells (circa 900 units). Both are considered to be areas of strategic priority.
 - Development of Easter Langlee has continued, with Persimmons Homes working in partnership with Eildon Housing Association. Phase 2B has recently completed in 2016/17. As outlined above negotiations are progressing which are anticipated to deliver an additional 63 affordable homes.
 - Whilst the Newtown St Boswells expansion presents a number of development opportunities, the construction start of 53 homes for Eildon HA at Sergeants Park is considered as the first affordable housing site opportunity in the expansion area. It is anticipated that additional affordable housing sites will be brought forward by the developers in due course over a long period dependent on market conditions.

- Sites are systematically reviewed as potential projects and thereafter prioritised and included in SBC's Strategic Housing Investment Plan (SHIP). This is an ongoing process to allow newly identified sites to be assessed and introduced and the status of previously identified prospective sites reviewed.

Land Supply Strategy

Control of land supply is the key to successful programme delivery. The strategy proposed to secure short, medium and long term land supply to link in with SBC's SHIP and beyond is:

- Enter into agreements with landowners and developers
- Purchase land using SBC revolving fund
- Option available for RSLs to front fund land acquisitions
- Improve effectiveness of s75 agreements including early intervention with developers
- Partnership acquisitions with SBC to assist in strategic land assembly.
- Work in partnership with SBC to acquire land through its strategic land disposal strategy

Locality- based Strategies

Scottish Borders Council will continue to explore the need for developing locality based strategies to assist in clearly identifying short, medium and long-term affordable housing priorities and thus provide focus on land acquisitions required.

The Council is keen to develop a feasibility study driven approach to identify options for the development of an area regeneration strategy for the Beech Avenue area of Langlee in Galashiels, through partnership working with locally active RSLs. It is anticipated that this could potentially provide additional brown field site opportunities for affordable housing which are most likely to be available beyond the period covered by this SHIP 2017/22.

Site Development Briefs

Scottish Borders Council will in consultation with its RSL partners, identify the size and type of housing required within Housing Market Areas, settlements and individual sites to meet housing need and to link in with other Council strategies. This will also extend to recipients of Section 75 Agreements where it envisaged that size, type, housing mix, space standards, tenure(s), method of land valuation etc will be set. Early intervention with developers on s75s including agreeing target development costs for the whole affordable housing package to achieve realistic

benchmarks, master planning, design solutions and legal agreements to tie in land and development deals to stabilise costs will help bring greater certainty in deliverability on an ongoing long-term basis. Early discussion with contractors will help provide certainty of workload will have a greater impact on their competitiveness rather than the size of the individual project or overall programme.

Recent Tenders indicate that building prices are increasing. However, Building Costs Index Services (BCIS) Tender Price Index (Issue 142; Sept 2016) which is showing projections of -1.8% for 2016/17, -2.6% for 2017/18, +0.8 for 2018/19, +3.7% for 2019/20 and +4.3% for 2020/21, which, if realised, may impact on RSL Programmes.

It is difficult to bring projects from inception through to tender approval quickly due to ever increasing external factors and compliance requirements. Consultation with public utilities, Scottish Environmental Protection Agency (SEPA) and so forth also impact on project design and development process. This in turn impacts on the ability of RSLs to turn projects on quickly or to bring forward a shadow programme unless the land is already owned and the project already substantially worked up. However, SEPA continues to be regularly represented at the joint meetings between the Council, RSLs and Scottish Water with the aim of meeting programming needs and thus improves deliverability.

The Council is dealing with the above constraints in a variety of ways such as regular liaison with Scottish Water and other public utilities to reach a greater understanding of each player's respective processes. This in turn informs the programming of development and design work in order to produce realistic project delivery timescales.

Brief details on all of the above constraints and any actions being taken to remove or reduce these constraints are provided on a site by site basis. Notwithstanding these constraints the five-year planning horizon set out in this SHIP remains relatively stable with a clear demonstration of projects being delivered and sites that can be confidently be developed.

7. Resources

The Council is currently progressing with a National Housing Trust Local Authority Variant which will rely on borrowing from the Public Loans Work Board and the use of its 2nd Homes Council Tax to assist the delivery of additional affordable housing. There are a number of funding resources that the Council and its development partners can draw upon including Affordable Housing Supply

Programme Funding, 2nd Homes Council Tax, Commuted Sums, Housing Association Private Finance and Scottish Water Grant Funding.⁶

Table 9 below illustrates the estimated level of investment of up to £163m for the five year programme of the SHIP.

Table 9 Estimated levels of Investment in affordable housing 2017 – 2022^{*7}

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
	2017/18	2018/19	2019/20	2020/21	2021/22	
AHSP (SLP)	£6.3m	£23.6m	£22.1m	£11.8m	£16.5m	£80.3m
Private Borrowing	£6m	£22.3m	£20.9m	£11.2m	£15.6m	£76m
Extra Care 2 nd C/Tax			£1.5m	£1.5m		£3m
NHT LA Variant Prog	£0.6m		£1.2m			£1.8m
NHT 2 nd Homes C/Tax	£0.3m		£1.4m			£1.7m
Remodelling (AHSP)	£0.1m	£0.1m				£0.2m
Other (infrastructure)	£0.3m					£0.3m
Totals	£13.6m	£46m	£47.1m	£24.5m	£32.1m	£163m

* Figures are rounded up

8. Equalities

A good supply of high quality affordable housing is a basic requirement and fundamental in ensuring the effective delivery of a number of the national outcomes particularly outcome 7 'We are tackling the significant inequalities in Scottish Society'. Figure 3 on page 14 sets out our Local Housing Strategy 2017-2022 Priority Outcomes.

8.1 Impact Assessments

Rural Proofing

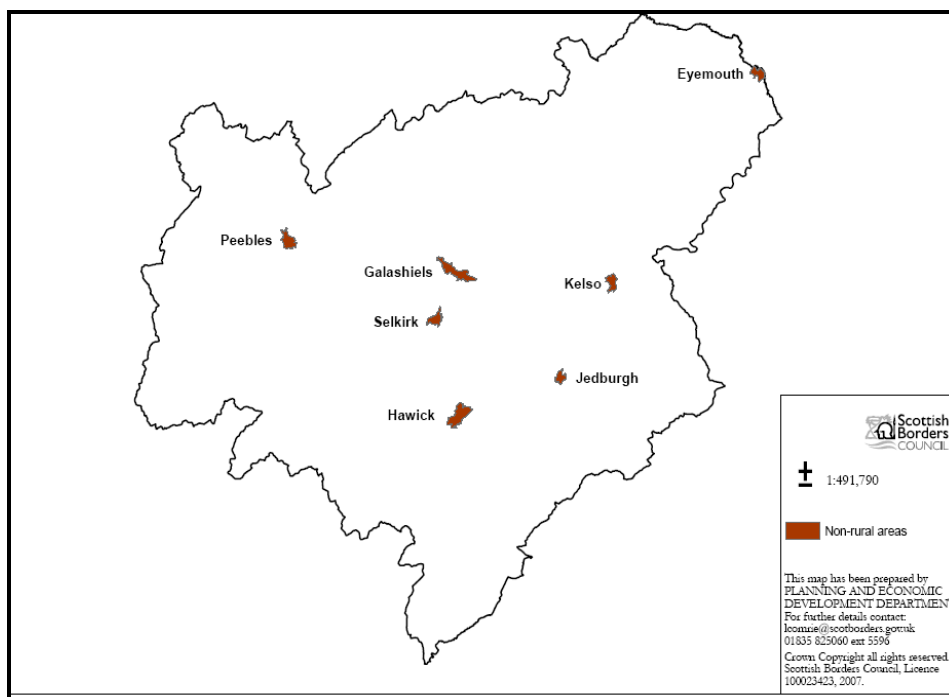
Rural proofing is designed to help ensure that the needs of rural areas are fully taken into account in the development of all new Council policies and strategies. Rural proofing aims to check that rural areas are not overlooked or adversely affected by Council policy and strategy decisions. A 10 question rural proofing checklist was developed to ensure that the needs of people who live in, work in, or visit the Countryside are considered.

⁷ Calculations were done on the basis of 3p 3 apartment benchmark grant of £72k per unit and assumed private borrowing of £68k per unit and 2nd Homes Ct tax for NHT LA Variant at £15k per unit and remodelling assumed at £15k grant per unit and an assumed £750k 2nd Homes Ct tax per Extra Care Development and figures were rounded up for modelling purposes.

The SHIP project working group carried out a rural proofing exercise as part of the preparation of the SHIP in September 2016. It was determined that the delivery of this SHIP will not have an unforeseen impact on the rural area and that the needs of rural areas have been properly taken into account.

Rural proofing applies to all areas of Scottish Borders classified by Scottish Government as 'remote rural' or 'accessible rural'. This applies to all areas of Scottish Borders out with the towns of Hawick, Galashiels, Peebles, Selkirk, Eyemouth, Jedburgh and Kelso. See Figure 13 below.

Figure 13: Non Rural Areas Map



8.2 Equalities

In line with both Council policy and legislative requirement the SHIP 2015-2020 update was subjected to an equalities impact assessment. The outcome of that impact assessment did not identified any concerns about the way the delivery of the SHIP is likely to affect any of the equalities groupings.

In accordance with Section 7 of the Environmental Assessment (Scotland) Act 2005 a pre-screening assessment of the SHIP 2015-2020 had been undertaken using the criteria specified in Schedule 2 of the Act. The pre-screening assessment identified no or minimal effects in relation to the environment hence the SHIP is exempt from SEA requirements under Section 7 (1) of the Act.

9. Monitoring and Evaluation

The SHIP Project Group continues to act as a steering group to monitor the delivery of the SHIP and is responsible for the on going review process. The group meets twice yearly to align with the existing quarterly programme planning review meetings between the Council and Housing Supply Division (East). New potential project opportunities are routinely assessed by the group using the AHPPWM and prioritised within the context of already prioritised affordable housing projects. Similarly, any changes in circumstances in those projects already assessed are reviewed within the same framework. This has allowed the Council and its partners to respond to dynamic circumstances and realise opportunities when they present. The overall monitoring of the delivery of SHIP is reported to Council, the Community Planning Partnership and Borders LHS Partnership which is done on an annual basis.

10. Summary

Local Authorities are required to produce and submit a SHIP to the Scottish Government bi-annually for review. Scottish Borders Council with the involvement of its key partners via the SHIP Working Group has prepared this SHIP submission. The SHIP articulates how affordable housing priorities in the Council's Local Housing Strategy (LHS) will be resourced and delivered over a five year period.

This SHIP submission has been prepared on a variety of funding arrangements including; a 'working' resource planning assumption verbally provided by Scottish Government, RSL resources and private sector borrowing and illustrates how the Local Authority intends to assist the delivery of prioritised projects through the use of 2nd Homes Council Tax, Affordable Housing Policy Developer Contributions, on-lending and through strategic disposal of the Council's land. A creative and practical approach has been adopted in the preparation of this SHIP which has been developed from a continued understanding of RSL financial capacity and deliverability of projects.

As stated on page 9, the development of this SHIP, in is accordance with the new Guidance issued by the Scottish Government in July 2016. Methods of project prioritisation have been illustrated and constraints have been addressed through the SHIP process and project prioritisation weighting matrix to ensure that projects are deliverable. The SHIP also addresses the contribution that the project priorities make to greener standards, energy efficiency, environmental standards and equality issues.

This SHIP submission outlines the continual excellent project delivery with the delivery of 279 affordable houses over the period 2014-2016 and a very ambitious and aspirational 1192 new affordable homes over the life of the SHIP. Should all identified challenges and infrastructure issues be resolved in a timely manner, the anticipated grant funding is forthcoming, the sector has the capacity to deliver on such a scale then the Council and its partners are optimistic that we can deliver substantially more affordable homes than delivered previously, that will not only help Borders communities access affordable housing but contribute towards meeting the Scottish Governments' ambitious 50,000 new affordable homes target over the life of the Parliament.

11. Glossary

AHSP	Affordable Housing Supply Programme
BCTG	Borders Construction Training Group
BHA	Berwickshire Housing Association
B'wood	Blackwood
BRPCP	Borders Regional Procurement Partnership
ECH	Extra Care Housing
EHA	Eildon Housing Association
GN	General Needs housing
GIS	Geographic Information System
HA	Housing Association
HCS	House Condition Survey
HCS	Housing Contribution Statement
HECA	Home Energy Conservation Act
HMA	Housing Market Area
HNDA	Housing Needs and Demand Assessment
HNS	Housing Needs Study
LA	Local Authority
LD	Learning Difficulties – (housing for people with)
LCHO	Low Cost Home Ownership
LHS	Local Housing Strategy
ME	Minority Ethnic
MHS	More Homes Scotland
NHT	National Housing Trust
OMSE	Open Market Shared Equity Scheme
OMV	Open Market Value
OP	Older Persons' housing
PAN	Planning Advice Note
PRS	Private Rented Sector
PSHG	Private Sector Housing Grant
RPA	Resource Planning Assumption
RSL	Registered Social Landlord
RTB	Right To Buy
SBC	Scottish Borders Council
SBHA	Scottish Borders Housing Association
SESHoF	South East Scotland Housing Forum
SG	Scottish Government
SHCS	Scottish House Condition Survey
SHIF	Strategic Housing Investment Framework
SHIP	Strategic Housing Investment Plan
SHIPPG	Strategic Housing Investment Plan Project Group
SHQS	Scottish Housing Quality Standard
SLP	Strategic Local Programme
SPP	Scottish Planning Policy
TBC	To be confirmed
THA	Trust Housing Association
TOPS	Transforming Older Peoples Services
WC	Wheelchair standard housing
WH	Waverley Housing

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