
STRATEGIC HOUSING INVESTMENT PLAN PROGRESS FOR 2016-2017

Report by Service Director Regulatory Services

EXECUTIVE COMMITTEE

5 SEPTEMBER 2017

1 PURPOSE AND SUMMARY

- 1.1 The purpose of this report is to advise Members of the affordable housing annual completions and progress made in the delivery of the Strategic Housing Investment Plan (SHIP) projects for the period 2016-2017.**
- 1.2 The Strategic Housing Investment Plan (SHIP) is the sole document for targeting affordable housing investment in Scottish Borders. This provides a rolling 5 year planning horizon of identified and prioritised affordable housing development intentions. Current Scottish Government Guidance requires that each Council submit a SHIP every 2 years. Owing to the currently enhanced size of the National Programme this will revert to an annual submission from October 2017. The Council's current SHIP 2017-2022 was agreed by Council and submitted in November 2016 and received very positive feedback from Scottish Government Officials.
- 1.3 This report advises Members that for the financial period 2016-2017, 127 new affordable houses were delivered against envisaged projects set out in the current SHIP. This exceeds the Council's Local Housing Strategy 2012-2017 (LHS) annual target of 103 new affordable homes and over the 5 year LHS period, brings the total number of new affordable homes, delivered in the Borders to 594 which on average is 119 units per annum.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Executive Committee endorse the progress made in the delivery of affordable housing projects in 2016-2017.**

3 STRATEGIC HOUSING INVESTMENT PLAN PROGRESS UPDATE

- 3.1 The SHIP 2017-22 sets out how affordable housing projects are prioritised to meet affordable housing needs identified in the Local Housing Strategy 2017-2022 and how new planned projects will be delivered in practice. The SHIP 2017-22 complies with the most recently published Scottish Government Guidance issued in July 2015. Until 2014 Councils were required to submit its SHIP to the Scottish Government on an annual basis, and this was then changed to a bi-annual basis with current SHIP being submitted in November 2016. Scottish Government Officials have recently advised that due to the current size of SHIP programmes and the national focus on increasing the supply of affordable housing, SHIP submissions will in future revert to an annual basis, meaning that the next submission will be due by 31 October 2017. A report will be brought to members in October prior to submission to the Scottish Government.
- 3.2 The SHIP 2017-2022 (Table 3, page 21) envisaged that there would be 104 affordable housing completions for the period April 2016 – March 2017. All anticipated projects delivered apart from one which has subsequently completed in May 2017 taking it into the 2017-2018 reporting period. A total of 127 new homes were delivered over the financial period 2016-17 as set out in Table 1 below. Of the 127 homes delivered, 75 homes are for social rent by Registered Social Landlords, 22 for Mid-Market rent via the Council's National Housing Trust (NHT) Local Authority Variant initiative, 26 via the Scottish Government's Open Market Shared Ownership mechanism. The Council purchased 3 homes at High Street Innerleithen upon completion as part of an area regeneration project. Finally, Eildon Housing Association purchased a single house to suit a tenant with particular needs.

Table 1: Project Completions 2016-17

RSL	Project Name	Supplier	Units GN	Units PN	Units Total	Status Update as at 31/03/16
EHA	Howdenbank Hawick	HA Rent	3	0	3	Completed
EHA	Jedward Terr Denholm	HA Rent	8	0	8	Completed
EHA	E. Langlee Ph2B Galashiels	HA Rent	26	0	26	Completed
EHA	Individual house purchase	HA Rent	0	1	1	Completed
SBHA	Stonefield new build Hawick	HA Rent	32	2	34	Completed
SBHA	Torwoodlea Galashiels	HA Rent	4	0	4	Completed
SBC	High St Innerleithen	HA Rent	0	3	3	Completed
Bridge Homes	Croft Field Court Denholm	MMR	8	0	8	Completed
Bridge Homes	Henderson's Court Kelso	MMR	8	0	8	Completed
Bridge Homes	Waverley Road Innerleithen	MMR	6	0	6	Completed
OMSE	Open market shared ownership	Shared Equity	26	0	26	Completed
Total			121	6	127	

- 3.3 Figure 1 illustrates some of the developments which completed during 2016-2017.

Figure 1: Completed Developments in 2016-2017



- 3.4 This progress update also reports on the final delivery against the affordable housing targets of the Council's LHS 2012-2017. To recap briefly, 113 affordable houses were delivered in 2012-13, 72 homes were delivered during 2013-14 and 62 were delivered in 2014-15. 220 affordable homes were delivered in 2015-2016 and 127 were delivered in 2016-17. This means that over the 5 year period of the LHS 594 Affordable Homes have been delivered which represents an average of 119 home completions per year. This figure exceeds the LHS 2012-2017 target of 103 homes per year.
- 3.5 The SHIP does not address unsubsidised private sector market housing, or include opportunistic unplanned provision of affordable housing by other means. However, it is recognised that new private house building makes a significant contribution to the sustainability of communities and by providing opportunities to deliver affordable housing by providing sites through the operation of the Planning system and the Council's Affordable Housing Policy and working with Registered Social Landlords. In addition the private house building industry has also created opportunities to produce affordable housing opportunities to support the Council's National Housing Trust Local Authority Variant Initiative.
- 3.6 The SHIP also provides wider opportunities to deliver affordable housing by providing sites through the operation of the Planning system, the Council's Affordable Housing Policy and working with Registered Social Landlords. In addition the private sector has also created opportunities via the Council's National Housing Trust Local Authority Variant Initiative Bridge Homes.
- 3.7 Bridge Homes was legally established in 2014-15 as a Limited Liability Partnership between the Council and Scottish Futures Trust in order to provide additional affordable housing for mid-market rent under the National Housing Trust Local Authority Variant initiative. Bridge Homes currently owns 45 homes at Castle View, Ayton; Queen Elizabeth Drive Galashiels; Standalane Way Peebles; Croft Field Court Denholm;

Henderson's Court, Kelso; and Waverley Road, Innerleithen. During 2016/17 missives were agreed with a developer who is currently building a further 4 homes in Peebles. It is anticipated that all 4 will be delivered this financial year 2017-2018. Officers are dealing with the Administrator regarding the potential delivery of the Lilliesleaf project for 7 homes following the financial collapse of the developer

- 3.8 Since Bridge Home's inception, Officers have pursued 48 sites to ascertain potential to deliver homes for mid-market rent. Currently, Officers are still pursuing 5 sites which could potentially provide a further estimated 45 homes. However, it is recognised that the financial parameters make it increasing difficult to deliver additional viable projects.
- 3.9 Current estimates anticipate the delivery of 82 new affordable homes in 2017-18. This figure does not take account of any open market shared equity, discounted sales or other additional opportunistic acquisitions that may be completed during the period.
- 3.10 Officers continually engage with its housing partners and remain able to bring forward projects that have been identified through the routine SHIP project prioritisation assessment and review process in the event of any additional funding and resources being made available. Quarterly Programme meetings with Berwickshire Housing Association, Eildon Housing Association, Scottish Borders Housing Association, Trust Housing Association, Scottish Government (More Homes Division) and the Council are central to this project prioritisation and review process. Officers and partners also continue to proactively seek and explore any potential project opportunities that can be secured for affordable housing.

4 IMPLICATIONS

4.1. Financial

- (a) Ensuring the effective development and delivery of SHIP projects continues to be dependent on SBC's provision of core services, financial resource allocations from the Scottish Government, partner agencies and private developers and individuals.
- (b) There are a number of funding resources that the Council and its development partners have drawn upon including Affordable Housing Supply Programme Funding, 2nd Homes Council Tax, Commuted Sums, Housing Association Private Finance Borrowing and Scottish Water Grant Funding and finally Council Borrowing from the Public Works Loan Board (PWLB) in order to deliver National Housing Trust Initiatives.
- (c) During 2016-2017, the Council grant assisted affordable Housing projects at Croft Field Court Denholm, Henderson's Court Kelso, Waverley Road Innerleithen and High Street Innerleithen through use of its Second Homes Council Tax budget.
- (d) The financial impacts of the National Housing Trust Local Authority initiative programme are fully reflected within the revenue and capital budget and the associated Treasury Prudential Indicators which control council borrowing.

- (e) Scottish Government is keen to increase the supply of affordable housing over the lifetime of the current Scottish Parliament to over 50,000 homes nationally, and has recently increased the unit benchmark RSL grant rates by 20%. Scottish Government has also confirmed that the 2017-2018 subsidy allocation to Scottish Borders area will be increased to £10.008m.
- (f) This significant delivery of new additional affordable houses will generate additional Council Tax income for the Council in the region of £126k in 2017/18 as a result of the completions in 2016/17. This income has been reflected in the Council budget. In addition, it plays an important role in reducing income inequality for people in the Borders and has led to the creation of numerous direct construction jobs, apprenticeships and indirect jobs within the construction supply chain.

4.2 **Risk and Mitigations**

Delivery of the SHIP is largely dependent upon a number of variables, not least of which relate to resource and other political and organisation decision making processes beyond the control of the Council. However, governance and control measures are in place to ensure delivery of the SHIP including monitoring contractor performance and quarterly programme meetings involving key partners and Scottish Government Officials.

4.3 **Equalities**

- (a) In line with both Council policy and legislative requirement, all Strategic Housing Investment Plans are subjected to an Equalities Impact Assessment during the development phase. To date none of the SHIP submissions have identified any concerns regarding adverse impact on equalities groups through delivery of the SHIP.
- (b) These plans are predicated on the endorsement of the principle of equalities as articulated in the SHIP Guidance. SHIPs are subjected to an Equalities Impact Assessment, Strategic Environmental Assessment screening and Rural Proofing Assessment.
- (c) Houses produced by Registered Social Landlords will be allocated according to their individual allocations policy and procedures. As a consequence, the RSLs are subject to the weight of Statutory Scrutiny via Regulation and Inspection by the Scottish Housing Regulator.

4.4 **Acting Sustainably**

- (a) All SHIP documents are subject to a pre-screening assessment in accordance with Section 7 of the Environmental Assessment (Scotland) Act 2005 using the criteria specified in Schedule 2 of the Act. The pre-screening assessments identified no, or minimal, negative effects in relation to the environment, hence SHIPs have been exempt from Strategic Environmental Assessment (SEA) requirements under Section 7(1) of the Act.
- (b) By seeking to deliver more new affordable houses, the SHIP 2017-22 will promote sustainable communities and help to overcome many of the housing supply challenges faced locally.

- (c) There are no adverse economic or social effects resulting from the recommendations of this report. In addition, SHIP 2017-22 delivery and potential environmental effects from new build housing will be addressed through the planning process and national policies and standards.

4.5 Carbon Management

- (a) It is considered that there are no direct effects on the Council's carbon emissions arising from the report recommendations.
- (b) New additional affordable housing will have a general effect on the region's carbon footprint, however, these are addressed within the planning process and in meeting the housing requirements and standards as set out by the Scottish Government.

4.6 Rural Proofing

- (a) 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.
- (b) The SHIP Project Working Group carries out a rural proofing exercise as part of the preparation of each SHIP. It is determined that the delivery of SHIPs will not have an unforeseen adverse impact on the rural areas and that the needs of rural areas have been properly taken into account.

4.7 Changes to Scheme of Administration or Scheme of Delegation

There are no changes to be made.

5 CONSULTATION

- 5.1 The Chief Financial Officer, the Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, and the Clerk to the Council have been consulted and their comments incorporated in the final report.
- 5.2 The SHIP Working Group has been consulted and contributed to this report.

Approved by

Brian Frater
Service Director Regulatory Services

Signature.....

Author(s)

Name	Designation and Contact Number
Cathie Fancy	Group Manager Housing Strategy and Services (01835-825144)
Gerry Begg	Housing Strategy Manager (01896-662770)

Background Papers: Strategic Housing Investment Plan 2015-2020 and Strategic Housing Investment Plan 2017-22.

Previous Minute Reference: None

Note – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Jacqueline Whitelaw can also give information on other language translations as well as providing additional copies. Contact us at Scottish Borders Council, Council Headquarters, Newtown St Boswells, Melrose, TD6 0SA, Tel 01835 824000 ext 5431, email jwhitelaw@scotborders.gov.uk.