
STRATEGIC HOUSING INVESTMENT PLAN PROGRESS FOR 2017-2018

Report by Service Director Regulatory Services

EXECUTIVE COMMITTEE

19 JUNE 2018

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 2017-2018.**
- 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 on an annual basis. The Council's current SHIP 2018-2023 was agreed by Council and submitted in November 2017 and has again received very positive feedback from Scottish Government Officials.
- 1.3 This report advises Members that for the financial period 2017-2018, 145 affordable houses were delivered against envisaged projects set out in the current SHIP. This exceeds the Council's Local Housing Strategy 2017-2022 (LHS) annual target of 128 new affordable homes and is more than the 83 homes originally envisaged in SHIP 2018/23 for 2017/18.

2 RECOMMENDATIONS

- 2.1 It is recommended that Members endorse the progress made in the delivery of affordable housing projects in 2017-2018.**

3 STRATEGIC HOUSING INVESTMENT PLAN PROGRESS UPDATE

- 3.1 The SHIP 2018-23 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 2018-23 complies with the most recently published Scottish Government Guidance issued in June 2017. The current SHIP was submitted to Scottish Ministers ahead of the required November 2017 deadline date. Scottish Government Officials have confirmed that due to the current size of SHIP programmes and the national focus on increasing the supply of affordable housing, SHIP submissions will remain on an annual basis. Work has already begun in anticipation of the next SHIP submission 2019-2024 being required in November 2018. It is anticipated that a report will be brought to Committee in October prior to submission to the Scottish Government.
- 3.2 The SHIP 2018-2023 (Table 2, page 18) envisaged that there would be 83 affordable housing completions for the period April 2017 – March 2018. All anticipated RSL projects delivered apart from Peelwalls Ayton, where Berwickshire Housing opted not to progress the potential “off the shelf” purchase of 6 homes from a developer. A total of 145 homes were delivered over the financial period 2017-18 as set out in Table 1 below. Of the 145 homes delivered, Registered Social Landlords have delivered 112 units through new build, remodelling and acquisitions and, and 33 individual home purchases have been assisted via the Scottish Government’s Open Market Shared Ownership mechanism. Handover of another 4 flats at Innerleithen Road Peebles, to Bridge Homes the Council’s Limited Liability Partnership, has slipped into 2018/19. In addition Eildon Housing Association have also completed the purchase of 20 homes at James Hogg Court Innerleithen from Tweedside Limited Liability Partnership, but as a condition of use of grant, it has been agreed with Scottish Government that these will be counted against 2018/19 delivery and therefore will be included in next year’s SHIP progress update to Members.

Table 1: Project Completions 2017-18

RSL	Project Name	Supplier	Units GN	Units PN	Units Total	Status Update as at 31/03/18
BHA	Gowanlea Coldstream	HA Rent	-	4	4	Completed
EHA	Roxburgh St Kelso	HA Rent	18	0	18	Completed
EHA	E. Langlee Ph3 Galashiels [part]	HA Rent	16	0	16	Completed
EHA	Sergeant’s Park Ph1 Newtown St. Boswells [part]	HA Rent	16	3	19	Completed
SBHA	Block 27 Stonefield remodelling Hawick	HA Rent	6	0	6	Completed
EHA	Lintburn St Galashiels	HA Rent	0	8	8	Completed
BHA	Todlaw Ph3B Duns	HA Rent	14	2	16	Completed
EHA	Individual house purchase	HA Rent	2	1	3	Completed
EHA	Chris Paterson Place Galashiels	MMR	21	0	21	Completed
WH	Mortgage to rent	HA Rent	1	0	1	Completed
OMSE	Open market shared ownership	Shared Equity	33	0	33	Completed
Total			127	18	145	

- 3.3 Figure 1 below illustrates some of the developments which completed during 2017-2018.

Figure 1: Completed Developments in 2017-2018



- 3.4 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.
- 3.5 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.
- 3.6 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 49 homes at Castle View, Ayton; Queen Elizabeth Drive Galashiels; Standalane Way Peebles; Croft Field Court Denholm; Henderson's Court, Kelso; Waverley Road, Innerleithen.
- 3.7 As mentioned above in section 3.2 the anticipated completion of 4 flats at Hydro Gardens Peebles has slipped into 2018/19. During 2017/18, Bridge Homes has initiated negotiations seeking to agree missives with a developer to acquire 5 homes at Broomlands, Kelso, upon completion during 2018/19.
- 3.8 Since Bridge Home's inception, Officers have pursued 58 sites to explore the potential to deliver homes for mid-market rent. However it is recognised that the initiative financial viability parameters and project

delivery lead-in times make it very unlikely the Bridge Homes will deliver more than the 9 additional homes identified above in 3.7 before the Scottish Government's 31 March 2019 initiative deadline.

- 3.9 Current information estimates that 208 affordable homes will be delivered by RSLs and Bridge Homes during 2018/19. This figure does not take account of any Open Market Shared Equity, Discounted Sales, Rural Housing Fund assisted or other additional opportunistic acquisitions that may be completed during the year.
- 3.10 Council Officers continually engage with its RSL 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 site and 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, Charitable Bond funding 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 2017-2018, the Council grant assisted delivery of future affordable Housing projects at Lawfield / Beanburn Ayton and Upper Langlee Galashiels through use of Developer Contributions. In addition Developer Contributions have been used to fund the development of an older persons housing and care strategy. Through use of its Second Homes Council Tax budget, the Council has assisted Scottish Borders Housing Association progress the regeneration of Stonefield Hawick.
- (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. The sale of 41 homes at Chris Paterson Place and James Hogg Court by Eildon Housing Association has enabled Tweedside LLP to repay its loan of £3.405M to the Council.
- (e) Scottish Government has set itself an ambitious national target to deliver 50,000 affordable homes over the lifetime of the current Scottish Parliament. Scottish Government made an original 2017-2018 subsidy allocation of £10.008m to Scottish Borders area, and subsequently increased this to £11.5m through re-allocation of unspent slippage funding from other Council areas to assist acceleration of Borders projects. Berwickshire and Eildon Housing

Associations have also secured £5.0m in Charitable Bond funding as a new funding source as an alternative to Scottish Government grant. This has all been fully committed as intended. This represents a record high level of external funding secured and spent by Borders RSLs in delivering homes against Council and Scottish Government targets. In addition Scottish Government has also contributed £1.658m which has facilitated the individual home purchase of 33 homes through the Open Market Shared Equity scheme.

Scottish Government has recently confirmed that it has allocated £14.065m to assist delivery of Scottish Borders affordable housing projects in 2018/19.

- (f) This significant delivery of new additional affordable houses will generate additional Council Tax income for the Council in the region of £88,912 in 2018/19 as a result of the completions in 2017/18. 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 Council Officers, RSL 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 2018-23 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 2018-23 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. RSLs aim that their new housing will be built to "Silver Standard" which exceed current Scottish Building Standards.

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/Tweedbank, 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 SHIP Working Group has been consulted and contributed to this report.
- 5.2 The Chief Financial Officer, the Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, and the Clerk to the Council have yet to be consulted and their comments will be incorporated in the final 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 2018-23.
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.