
**Strategic Housing Investment Plan 2015-2020
(Progress Update 2014-2015)**

Report by Service Director Strategy & Policy

Executive Committee

12 MAY 2015

1 PURPOSE AND SUMMARY

- 1.1 The purpose of this report is to advise Members of all affordable housing completions, and progress made in the delivery of the Strategic Housing Investment Plan (SHIP) projects for the period 2014-2015.**
- 1.2 The Strategic Housing Investment Plan (SHIP) is the key document for targeting affordable housing investment in Scottish Borders. Annual updates have previously been submitted to the Scottish Government in November of each year with the current SHIP 2015/20 being submitted in October 2014.
- 1.3 Local Authorities to date have been required to produce and submit a SHIP annually to the Scottish Government and 2014 saw the Scottish Government change this requirement to bi-annually thus the next SHIP submission is likely to be in November 2016.
- 1.4 This report advises Members that in 2014/15, 62 affordable houses were delivered, with 49 homes being for social rent, 3 via the Open Market Shared Equity scheme, and 10 homes for mid-market rent via Bridge Homes, the limited liability partnership established as a result of the Council's new National Housing Trust/Local Authority Variant initiative. Scottish Ministers have recently confirmed that this initiative can be extended until March 2019. Within the SHIP it was envisaged that 146 houses would be completed in 2014-2015, but due to contractor performance issues, 3 Registered Social Landlord projects totalling 87 homes will now complete in the first quarter of this financial year and will be reported as completions in the 2015/16 SHIP update.

2 RECOMMENDATIONS

- 2.1 It is recommended that Members agree to:**
- (a) endorse the progress made in the delivery of affordable housing projects in 2014/15 as set out in the Strategic Housing Investment Plan and;**
 - (b) note the extension to the National Housing Trust/Local Authority Variant initiative to March 2019.**

3 STRATEGIC HOUSING INVESTMENT PLAN PROGRESS UPDATE

- 3.1 The 2015-20 SHIP sets out how the affordable housing projects are prioritised to meet needs identified in the Local Housing Strategy and how new planned projects will be delivered in practice. As reported to the Executive on the 11th November table 3 page 18 of the SHIP outlined the number of housing projects that were due to complete in 2014-2015 which were committed under the 2012-2015 SLP. These projects were agreed in collaboration with Scottish Government, Housing Supply Division (East) Office, the Borders Housing Network and the Council.
- 3.2 The 2012-2015 SHIP and three year Strategic Local Programme (SLP) was estimated to deliver 331 new affordable homes over the three year period with an estimated investment value of £43m. To recap briefly, 113 affordable houses were completed in 2012-13, a further 72 houses were completed during 2013-14 and it was planned that a further 146 houses would be delivered during 2014-2015.
- 3.3 Table 1 below shows the progress for 2014-15 with 59 new affordable homes being completed by 31st March 2015 with 49 homes for social rent and 10 homes for mid-market rent via Bridge Homes, the Council's National Housing Trust (NHT) Local Authority Variant. A total investment of approximately £7.670m. It is expected that the remaining 87 homes, at Acredale 2, Eyemouth, Todlaw 3, Duns and Easter Langlee 2A, Galashiels will be completed in the first quarter of the 2015-2016 financial year. This slight slippage was owing to a range of issues which are currently being resolved¹. 3 Open Market Shared Equity homes were concluded in period bringing the total number of affordable homes delivered to 62. Figure 1 on page 3 below illustrates some of the completed developments.

Table 1: Project Completions 2014-15

RSL	Project Name	Supplier	Units GN	Units PN	Units Total	Status Update as at 31 March 2014
Eildon	Old School Place, Lauder	HA Rent/MMR	12	0	12	Completed
Eildon	Dunwhinny Lodge 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 ² 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
OMSE	Scottish Borders	Shared Equity	3	0	0	Concluded
Total			61	1	62	

¹ Weather Conditions, non-compliance with planning requirements and modern methods of construction

² Off the Shelf purchase

Figure 1: Affordable Housing Developments Completed 2014-2015



- 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 communities' sustainability, 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 Bridge Homes has been legally established as the Limited Liability Partnership which will own the homes produced by the Council's National Housing Trust initiative. Officers have investigated 49 sites to date to ascertain if there is a potential to deliver mid-market homes on these sites for the Council's programme. 10 of these sites have some potential to deliver up to 65 homes for mid-market rent and Officers are constantly monitoring these potential opportunities. An additional 11 sites are considered as being "open" which means Officers are in discussion with developers and land owners to meet the Initiative's requirements. These sites could potentially provide up to 80 homes.
- 3.6 Bridge Homes currently owns 10 homes at Castle View, Ayton, and Queen Elizabeth Drive Galashiels (see figure 1 on page 3 above). Bridge Homes has agreed contracts with developers to provide 13 homes in Peebles, 6 in Innerleithen and 8 in Denholm. The Council has also recently received confirmation from the Scottish Government to extend the Initiative until March 2019 and it is envisaged this will provide more certainty in project delivery.

- 3.7 Scottish Ministers have agreed a policy framework and publication of Guidance to allow Council borrowing and on-lending to Registered Social Landlords (RSLs). Following subsequent discussions between Officers and individual RSLs in Borders, the Council received a business case proposal from Eildon Housing Association. After consideration and review of the contents against the criteria set out in the above Guidance, it was determined that this particular business case did not meet these requirements. Nevertheless, the Guidance is now operational and provided that an RSL business case proposal satisfies all the required criteria, the Council is empowered to decide to on-lend without the need to secure consent from Scottish Ministers. This provides the Council with another method of being able to assist delivery of affordable housing.
- 3.8 In the event of any additional funding and resources being made available, or project re-phasing, the Council and its partners remain able to bring forward projects that have been identified through the routine SHIP project prioritisation assessment and review process. Quarterly programme meetings with Berwickshire Housing Association, Eildon Housing Association, Scottish Borders Housing Association and the Scottish Government and the Council are instrumental in this project prioritisation and review process.

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 NHT Initiatives, and to on-lend to RSLs which could help deliver additional affordable homes for rent in Borders.
- (c) In 2014/15, through use of Affordable Housing Policy Developer Contributions, the Council grant assisted projects at Easter Langlee, Galashiels, Chris Paterson Place Galashiels, and Jedward Terrace Denholm. The Council also grant assisted projects Castle View Ayton, Queen Elizabeth Drive Galashiels, Dunwhinny Gardens Peebles, High Street Innerleithen, Acredale Eyemouth 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.

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 partners.

4.3 **Equalities**

- (a) In line with both Council policy and legislative requirement, the SHIP 2015-20 was subjected to an equalities impact assessment which did not identify any concerns regarding adverse impact on equalities groups through delivery of the SHIP.
- (b) The development of SHIP 2015-20 was predicated on the endorsement of the principle of equalities as articulated in the SHIP guidance. The SHIP was subjected to an Equalities Impact Assessment, Strategic Environmental Assessment screening and rural proofing.
- (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) In accordance with Section 7 of the Environmental Assessment (Scotland) Act 2005 a pre-screening assessment of the SHIP 2013-18 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 Strategic Environmental Assessment (SEA) requirements under Section 7(1) of the Act.
- (b) By seeking more new affordable houses the SHIP 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 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 carried out a rural proofing exercise as part of the preparation of the SHIP 2013/18. It was determined that the delivery of this SHIP 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 Service Director Strategy & Policy, the Chief Officer Audit and Risk, the Chief Officer HR and the Clerk to the Council are being consulted and their comments will be incorporated in the final report.

Approved by

David Cressey

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Signature.....

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Background Papers: None

Previous Minute Reference: None

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