
STRATEGIC HOUSING INVESTMENT PLAN PROGRESS FOR 2018-2019

Report by Service Director Regulatory Services

EXECUTIVE COMMITTEE

30 APRIL 2019

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 2018-2019.**
- 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 2019-2024 was agreed by Council and submitted to Scottish Ministers as required before the 30 November 2018 deadline. In common with previous submissions, SHIP 2019-24 has also received very positive feedback from Scottish Government Officials.
- 1.3 This report advises Members that for the financial period 2018-2019, 191 affordable homes 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, but is slightly less than the 213 homes originally envisaged to deliver in 2018/19 as per SHIP 2019-24.

2 RECOMMENDATIONS

- 2.1 It is recommended that Members endorse the progress made in the delivery of affordable housing in 2018-2019.**

3 STRATEGIC HOUSING INVESTMENT PLAN PROGRESS UPDATE

- 3.1 The SHIP 2019-24 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 2019-24 complies with the most recently published Scottish Government Guidance issued in August 2018. The current SHIP was submitted to Scottish Ministers ahead of the required 30 November 2018 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 2020-2025 which is anticipated being required by 30 November 2019. It is anticipated that a report will be brought to Committee in October prior to submission to the Scottish Government.
- 3.2 The SHIP 2019-2024 envisaged that there would be 206 affordable housing completions for the period April 2018 – March 2019. Most anticipated RSL projects delivered apart from Eildon Housing Association’s projects at High Street Selkirk [10 units], former St. John’s Manse Galashiels [3 units] and Berwickshire Housing Association’s project at The Glebe Chirnside which have slipped slightly and will complete early in 2019/20. A total of 191 homes were delivered over the financial period 2018-19 as set out in Table 1 below. Of the 191 homes delivered, Registered Social Landlords have delivered 161 units through new build, remodelling and acquisitions and, and 21 individual home purchases have been assisted via the Scottish Government’s Open Market Shared Ownership mechanism. Acquisition of another 4 flats at Hydro Gardens Peebles, and 5 houses at Washington Way, Broomlands, Kelso was also concluded by Bridge Homes, the Council’s Limited Liability Partnership. These acquisitions conclude the development phase of Bridge Homes activities and bring its property portfolio up to 54 homes.

Table 1: Project Completions 2017-18

RSL	Project Name	Supplier	Units GN	Units PN	Units Total	Status Update as at 31/03/18
BHA	Acredale 3 Eyemouth	HA Rent	28	2	30	Completed
EHA	James Hogg Court Innerleithen	HA Rent	24	0	24	Completed
EHA	E. Langlee Ph3 Galashiels [part]	HA Rent	47	0	47	Completed
EHA	Sergeant’s Park Ph1 Newtown St. Boswells [part]	HA Rent	34	0	34	Completed
EHA	Craigpark Gdns Galashiels	HA Rent	7	2	9	Completed
SBHA	Individual house purchase	HA Rent	1	0	1	Completed
SBHA	Rose Court Galashiels	HA Rent	10	0	10	Completed
WH	Individual house purchase	HA Rent	6	0	6	Completed
Bridge	Hydro Gardens Peebles	MMR	4	0	4	Completed
Bridge	Washington Ave Kelso	MMR	5	0	5	Completed
OMSE	Open market shared ownership	Shared Equity	21	0	21	Completed
Total			187	4	191	

- 3.3 Figure 1 below illustrates some of the developments which completed during 2018-2019.

Figure 1: Completed Developments in 2018-2019



- 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 collaboration with Registered Social Landlords [RSLs].
- 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 house building industry has also created opportunities to deliver affordable housing via Bridge Homes, the Council's National Housing Trust Limited Liability Partnership.
- 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 54 homes at Castle View, Ayton; Queen Elizabeth Drive Galashiels; Standalane Way Peebles; Croft Field Court Denholm; Henderson's Court, Kelso; Waverley Road, Innerleithen; Hydro Gardens, Peebles and Washington Avenue Kelso. The Scottish Government's initiative deadline for house completions ended on 31 March 2019, thereby bringing an end to Bridge Homes' development phase. The initiative is predicated on the disposal of the properties sometime between their fifth and tenth anniversaries in order to repay the loan capital, therefore it is anticipated that Officers will bring forward a report outlining options for a disposal strategy in due course.

- 3.7 Current information estimates that around 135 affordable homes will be delivered by RSLs and other private sector grant recipients during 2019/20. 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.
- 3.8 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 out and explore potential additional 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, Second Homes Council Tax, Developer Contributions Registered Social Landlord Private Finance Borrowing, Charitable Bond funding, Scottish Water Grant Funding and Rural Housing Fund. Council Officers are exploring potential funding opportunities in order to deliver infrastructure required to enable the future development of the Lowood Estate which was acquired by the Council in 2018/19.
- (c) During 2018-2019, the Council used Developer Contributions to fund the development of an older persons housing and care strategy, and a Young Persons Housing Strategy. Through use of its Second Homes Council Tax budget, the Council has assisted Scottish Borders Housing Association to acquire the last privately owned flat at block 5&6 Stonefield Place Hawick in order that it can be demolished and progress the regeneration of the estate.
- (d) During 2018-2019, the Council agreed to use Second Homes Council Tax funding to assist Trust Housing Association and Eildon Housing Association deliver Extra Care Housing developments in Duns, Galashiels and Kelso. In addition the Council also agreed to use this budget to assist Waverley Housing to acquire a number of privately owned flats as a precursor to block demolitions to facilitate housing – led area regeneration of Beech Avenue Galashiels.
- (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 2018-2019 subsidy allocation of £13.167m to Scottish Borders area, and subsequently increased this to £14.065m. This represents a record high level of external funding allocated to Scottish Borders to date. However slippage due to a variety of reasons, such as statutory consent processes, site acquisitions and Scottish Environmental

Protection Agency objections, has adversely impacted on programmed spend intentions for a number of projects.

Despite best efforts to accelerate existing and new project opportunities in order to reduce this slippage, it is estimated that around £2.299 of the above allocated funding was underspent and re-allocated by Scottish Government to assist delivery of projects outwith Scottish Borders. Therefore the final drawdown of this 2018/19 allocation is around £11.766m. The finalised figures will be published by Scottish Government later this year.

In addition Scottish Government has also contributed an additional £0.914m which has facilitated the individual home purchase of 21 homes through its Open Market Shared Equity scheme.

Scottish Government has recently confirmed that it has allocated £14.897m to assist delivery of affordable housing projects in Scottish Borders during 2019-2020.

- (f) This significant delivery of new supply affordable houses will generate additional Council Tax income for the Council in the region of £0.148m in 2019/20 as a result of the completions in 2018/19. This income has been reflected in the Councils revenue budget. In addition the positive economic impact of the delivery of the affordable housing programme has 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 the Scottish Housing Regulator's Regulation and Inspection processes.

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 2019-24 promotes sustainable communities and helps 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, delivery of SHIP 2019-24 and potential environmental effects from new build housing will be addressed through the Development Management and Planning processes and application of 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 outwith the towns of Hawick, Galashiels/Tweedbank, Peebles, Selkirk, Eyemouth, Jedburgh, Kelso and Innerleithen.
- (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 been consulted and any comments received have been incorporated in the final report.

Approved by

Brian Frater
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Signature.....

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Background Papers: Strategic Housing Investment Plan 2019-24.
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.