
STRATEGIC HOUSING INVESTMENT PLAN PROGRESS FOR 2015-2016

Report by Service Director Regulatory Services

EXECUTIVE COMMITTEE

10 MAY 2016

1 PURPOSE AND SUMMARY

1.1 The purpose of this report is to advise Members of the affordable housing completions, and progress made in the delivery of the Strategic Housing Investment Plan (SHIP) projects for the period 2015-2016.

1.2 The Strategic Housing Investment Plan (SHIP) is the sole 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 2015-2020 being submitted in October 2014 when it changed to bi-annual submissions.

1.3 This report advises Members that for the financial period 2015-2016, 220 new affordable houses were delivered. This means that over the 4 year period 2012-2016, a total of 467 new affordable homes have been delivered, which averages at 116 units per annum exceeding the Council's target of 100 new affordable homes per annum.

2 RECOMMENDATIONS

2.1 It is recommended that Members agree to endorse the progress made in the delivery of affordable housing projects in 2015-2016 as set out in the Strategic Housing Investment Plan 2015-2020.

3 STRATEGIC HOUSING INVESTMENT PLAN PROGRESS UPDATE

- 3.1 The current SHIP 2015-20 sets out how affordable housing projects are prioritised to meet affordable housing needs identified in the Local Housing Strategy and how new planned projects will be delivered in practice. Up 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 the next full SHIP document due to be submitted in November 2016. Officers will prepare the 2017-2022 SHIP on the basis of new guidance which is anticipated to be published in June 2016.
- 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. 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 three year SLP period. 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 homes per year target.
- 3.3 Table 1 below shows the new developments completed for 2015-16. Of the 220 homes delivered, 184 homes were for social rent and mid-market rent by Registered Social Landlords, 13 for mid-market rent via the Council's National Housing Trust (NHT) Local Authority Variant initiative, 12 via the Scottish Government's Open Market Shared Ownership mechanism. The remaining 11 homes were individual house purchases by Registered Social Landlords. Figure 1 on page 3 illustrates some of the completed developments over the last financial year 2015-2016.

Table 1: Project Completions 2015-16

RSL	Project Name	Supplier	Units GN	Units PN	Units Total	Status Update as at 31/03/16
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
OMSEⁱ	Scottish Borders	Shared Equity	12	0	12	Concluded
Total			181	39	220	

Figure 1: Affordable Housing Developments Completed 2015-2016



- 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 was legally established in 2014-15 as the Limited Liability Partnership which owns the homes produced by the Council's National Housing Trust initiative. Officers have investigated 54 sites to date to ascertain if there is a potential to deliver homes for mid-market rent on these sites. 6 of these sites are being monitored which could potentially provide an estimated 35 homes. In addition, 20 sites are classed as "open" and could potentially provide an estimated 147 homes. Officers are constantly monitoring these and following up on potential development opportunities.
- 3.6 Bridge Homes currently owns 23 homes at Castle View, Ayton, and Queen Elizabeth Drive Galashiels. A further 13 homes were completed at Standalane Way Peebles during September-December 2015 which was officially opened by Margaret Burgess, Minister for Housing and Welfare in January 2016. Missives have been agreed with 3 developers who are currently building 8 homes in Kelso, 6 homes in Innerleithen and 8 homes in Denholm and it is anticipated that these 22 new properties will be delivered this financial year 2016-2017 with the first being in Denholm which was completed in April 2016. (see appendix 1 2nd Homes Council Tax balance)
- 3.7 More recently the Council has also agreed missives with a local developer to construct 7 homes in Lilliesleaf. Work is due to start on site in May 2016. It is considered that confirmation from the Scottish Government to extend the Initiative until March 2019 has provided more certainty in project delivery.

- 3.8 As reported in paragraph 4.1 (e) p. 5, the Scottish Government is keen to increase the supply of affordable housing over the lifetime of the next Scottish Parliament to over 50,000 homes, and have recently increased the unit benchmark RSL grant rates by 20%. Scottish Government have also advised that the 2016-2017 subsidy allocation to Scottish Borders area will be increased to £8.633m, which represents an increase of 89% and means that Scottish Borders received the 2nd highest increase in Scotland. This reflects a change in the methodology used to allocate the national Scottish housing budget which is to the advantage of Scottish Borders, and provision made to grant assist projects benefitting from the new higher grant rates.
- 3.9 Council Officers have already met with Scottish Government Officials and RSL development representatives to identify and agree what projects could be brought forward in order to achieve spend of the increased grant allocation for 2016-2017, some of which could be land acquisition. This is referred to as the Strategic Local Programme (SLP) and is a dynamic working document which will inform the SHIP 2017-2022 submission, the latter which will be presented to Members for endorsement in October 2016 for submission to Scottish Government in November.
- 3.10 Current estimates see the delivery of 107 new affordable homes for 2016-2017 and this figure does not take account of open market shared equity, discounted sales or other opportunistic acquisitions that may be completed during the period. On the basis of 107 as a minimum being delivered this would bring the total of new affordable homes over the five year period of the Council's current Local Housing Strategy (LHS) 2012-2017 to a minimum of 574 new affordable homes delivered in the Borders more than achieving the LHS affordable housing target of 103 homes per year.
- 3.11 Following a SESPlan area wide Housing Need and Demand Assessment, Housing Supply Target Figures have been agreed by the SESPlan Board and it anticipated that these figures for the individual SESPlan Local Authorities will be brought forward in future strategic planning documents by the respective Local Authorities in particular the Local Housing Strategy and subsequent Strategic Housing Investment Plans. For the Borders this means an estimated annual shortfall of 128 affordable homes. It is anticipated that the Borders new LHS 2017-2022 affordable housing target will be increased from 103 to 128 affordable units required per year and this new target figure will also be reflected in the Council's new SHIP 2017-2022 submission due at the end of the year 2016.
- 3.12 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. Officers and partners continue to proactively seek and explore any potential project opportunities that can be secured for affordable housing. 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.
- (c) During 2015-2016, the Council has grant assisted Bridge Homes projects at Lilliesleaf (£105k), Standalane Way Peebles (£195k) and £47K towards Scottish Borders Housing Association's Stonefield Phase 1 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 next Scottish Parliament to over 50,000 homes, and have recently increased the unit benchmark RSL grant rates by 20%. Scottish Government have also advised that the 2016-2017 subsidy allocation to Scottish Borders area will be increased to £8.633m, which represents an increase of 89%. This reflects a change in the methodology used to allocate the national Scottish housing budget which is to the advantage of Scottish Borders, and provision made to grant assist projects benefitting from the new higher grant rates.
- (f) This significant delivery of new additional affordable houses will not only generate additional Council Tax income for the Council in the region of £212k per annum for 2015-2016 alone, 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, 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 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) 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 to deliver 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 2015-2020. 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 Chief Officer Audit and Risk, and the Clerk to the Council have been consulted and their comments have been incorporated in the final report.

Approved by

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.
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.

ⁱ OMSE Open Market Shared Equity