



REPORT TO: COMMUNITIES COMMITTEE ON 17 DECEMBER 2019

SUBJECT: STRATEGIC HOUSING INVESTMENT PLAN 2020/2021 – 2024/2025

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)

1. REASON FOR REPORT

- 1.1 To ask the Committee to approve the Council's draft Strategic Housing Investment Plan (SHIP) 2020/21-2024/25.
- 1.2 This report is submitted to Committee in terms of Section III G (10) Council's Scheme of Administration relating to the preparation and implementation of strategic housing plans.

2. RECOMMENDATION

2.1 It is recommended that the Communities Committee:-

- i) considers and comments on the draft SHIP;**
- ii) notes that the draft SHIP was submitted to the Scottish Government in November 2019; and**
- iii) agrees that further progress reports on the SHIP are presented to this Committee as required.**

3. BACKGROUND

- 3.1 The Council has submitted its SHIP to Scottish Government annually since 2007. The SHIP sets out the Council's priorities for investment in affordable housing to meet the housing supply targets and outcomes contained in the Local Housing Strategy (LHS). In setting local investment priorities, the SHIP is intended to guide the allocation of resources available for affordable housing in Moray. At a detailed level, the SHIP identifies the housing projects that the Council considers are priorities for inclusion in the Moray Affordable Housing Programme
- 3.2 On 5 February 2019, the Communities Committee approved the Council's most recent SHIP (2019-24) for submission to the Scottish Government (paragraph 6 of the Minute refers).

- 3.3 In August 2019, the Scottish Government issued local authorities with revised guidance for preparing their SHIPs for 2020/21 -2024/25.
- 3.4 As part of the 'More Homes Scotland' initiative, the Scottish Government has committed to increasing the supply of affordable housing as a key national strategic priority. To support this priority, the Housing Minister has set aside £3 billion to fund the building of at least 50,000 affordable homes by March 2021. The Scottish Government has confirmed that SHIPs will be the key documents for identifying the strategic housing projects that will contribute to the achievement of the national supply target.
- 3.5 To help meet the target, the Scottish Government has provided local authorities with substantially increased resources to fund their local affordable housing programmes. Details of the resources being made available for the Moray programme are provided at Paragraph 4.12 of this report

4. THE MORAY SHIP 2020/21 – 2024/25

- 4.1 The draft SHIP submission is available on the Council's website at http://www.moray.gov.uk/moray_standard/page_95565.html.
- 4.2 In summary, the SHIP:
- sets out the Council's strategic investment priorities for affordable housing;
 - demonstrates how these outcomes will be delivered;
 - identifies the resources required to deliver the investment priorities;
 - enables the involvement of key local stakeholders in the development and implementation of proposals; and
 - prioritises projects for inclusion in the Moray Affordable Housing Programme (Table 1 of the SHIP).
- 4.3 The investment priorities set out in the SHIP have been developed to fit with the Local Housing Strategy 2019-24, which was approved by Communities Committee on 2 April 2019 (Paragraph 8 of the Minute refers).
- 4.4 In terms of geographical priorities, the SHIP seeks to allocate investment to areas where the demand for affordable housing is greatest. Accordingly, a significant level of funding has been directed to the Elgin Housing Market Area. The high priority projects for this area are Bilbohall, Findrassie; Spynie/Hamilton Gardens; Sunbank, Lossiemouth, Stynie Road, Mosstodloch and the former Spynie Hospital site. However, with high levels of demand across Moray, the SHIP seeks to apportion provision across all housing market areas in accordance with the number of households where ever possible i.e. in the Buckie, Forres, Keith and Speyside Housing Market Areas. The high priority projects for these areas are Banff Road, Keith; Speyview, Aberlour; Highland Yard and Muirton R7, Buckie and the former Pedigree Cars site, Forres.
- 4.5 On 28 May 2019, this Committee considered the challenges of delivering new affordable housing outside the main towns and settlement areas and particularly in rural areas in Speyside and in coastal villages (paragraph 9 of

the Minute refers). In preparing the SHIP, officers undertook to carry out a review of potential affordable housing delivery opportunities at these locations. Following this review, and in consultation with Planning colleagues, a number of development sites outwith the main settlement areas have been added to the current SHIP, including sites in Dufftown, Craigellachie, Rothes, Cullen, Portknockie and Buckie (R7/R8).

- 4.6 A key consideration in the SHIP's approach to programme prioritisation has been the availability and deliverability of development opportunities. With most of Moray's housing land in private ownership, the programme continues to be largely dependent on affordable housing obligations required by planning policy, currently set at 25%. This means that the phasing of much of the SHIP programme has been driven by the arrangements and timescales agreed with developers for the delivery of affordable obligations. Consequently, any change in the plans of private developers could impact adversely on the delivery of the SHIP programme with impacts greater and more serious for major sites with large obligations, e.g. Findrassie and Sunbank, Lossiemouth.
- 4.7 The SHIP includes provision for the advance purchase of sites for affordable housing at the former Spynie Hospital site and R12/6 Bilbohall, Elgin and Garmouth Road, Lhanbryde. The land banking of affordable housing sites provides a valuable resource for planning affordable housing provision and helps reduce the programming uncertainties associated with developer driven opportunities.
- 4.8 The LHS Affordable Housing Supply Target includes a target of approximately 12% of affordable units met as intermediate tenure. Intermediate tenure housing aims to provide an opportunity for low income households to purchase a home, or an equity share in a home, or which aims to provide affordable rented accommodation to households in lower priority need categories on Council and Housing Association Housing Lists (mid-market rent). Accordingly, the proposals for the large sites at Bilbohall, Findrassie, the former Spynie Hospital site, Elgin; Banff Road, Keith, Stynie Road, Mosstodloch, include intermediate tenures (mid-market rent and/or shared equity) to promote tenure diversification.
- 4.9 The LHS aims to meet the needs of households in need of specialist housing, especially older people, wheelchair users and people with learning disabilities (LD). The SHIP makes provision for approximately 30% of units to be delivered in the form of amenity bungalows and wheelchair accessible bungalows in the vast majority of the developments listed. The SHIP also seeks to contribute to the aims of Health and Social Care Moray's LD Service with the inclusion of developments with on-site support for people with LD at Highland Yard, Buckie and Garmouth Road, Lhanbryde. The supply of new specialist housing through the SHIP is a key element of the Housing Contribution Statement of Health and Social Care Moray's Strategic Plan.
- 4.10 To help achieve LHS fuel poverty and climate outcomes, the SHIP aims to ensure that all housing delivered by the Moray Affordable Housing Programme is built to "greener" standards for energy efficiency. Therefore, the SHIP makes provision for all projects to receive the additional £2k per unit grant subsidy for meeting this standard.

- 4.11 The LHS and Moray Local Development Plan are developed in tandem, and share common priorities relating to affordable housing, accessible housing and public health, and creating sustainable communities. The Council expects that projects funded through the affordable housing programme will comply with design guidance set out in local planning policy and will achieve a “green” standard in the Quality Audit carried out as part of the planning application process.
- 4.12 On 30 April 2019, the Scottish Government provided the Council with a Resource Planning Assumption (RPA) of £9.633m for 2020/21. The Government has not provided a RPA for beyond 2021, but current SHIP guidance suggests that local authorities assume the same RPA in future years when developing their forward plans.
- 4.13 The Scottish Government’s RPAs have been used as the key funding driver of the SHIP programme. In accordance with the Scottish Government’s recommendations, the SHIP includes a minimum slippage factor of 25% to compensate for programme delays, or to bring projects forward should additional resources become available.
- 4.14 In line with the Council’s Housing Business Plan assumptions, the programme set out in the SHIP will support the delivery of 50 council houses per annum over the next 3 years. The SHIP assumes that the balance of the Moray programme will be delivered by housing association partners whose contribution will be essential in ensuring that the funding is fully deployed to deliver the maximum number of affordable houses. As part of the programme management arrangements, the Council will be working closely with the housing associations, as well as the local office of More Homes Scotland, to address any issues and constraints that could cause slippage or delay.
- 4.15 The SHIP provides details of other sources of funding that can be used to support the Moray programme (Table 5 of the SHIP), including Council Tax discount from empty homes of around £600k per annum and developer obligations required by planning policy. Whilst it is likely that funding from the latter source will continue to remain negligible, it could be deployed to support project viability, particularly in rural areas where developments are generally smaller scale and costs can be higher.
- 4.16 The SHIP makes provision for financial support from the Scottish Government’s Housing Infrastructure Fund (HIF) (Tables 2 and 3 of the SHIP) to address the transportation infrastructure constraints affecting the key strategic site at Bilbohall, Elgin. The Bilbohall Masterplan was approved by Planning and Regulatory Services Committee on 13 November 2018 (paragraph 12 of the Minute refers). The Council has made a Notification of Interest to HIF for funding of £5.355m towards the cost of infrastructure that will service the Bilbohall Masterplan area. Subject to approval of the application, the Council and its partners in the Bilbohall Consortium will progress the first phase of housing and associated infrastructure as a key investment priority. The development of Bilbohall is the subject of a separate report elsewhere on this agenda.

- 4.17 The SHIP has been developed as a collaborative process involving other Council services, particularly Planning colleagues, Health and Social Care Moray, partner housing associations and local housing developers.

5. **SUMMARY OF IMPLICATIONS**

(a) **Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))**

Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP)) Moray 2027 identifies an increase in the supply of affordable housing as one of the key components of a growing, diverse and sustainable economy in Moray. The SHIP reflects priorities for investment in the provision of new affordable housing to meet need identified in the Local Housing Strategy.

(b) **Policy and Legal**

The production of the Council's SHIP helps the Council to meet statutory duties in respect of addressing housing need in Moray.

(c) **Financial implications**

There are no direct financial implications to the Council arising from this report. The SHIP provides details of the resources available to fund the supply of affordable housing in Moray.

(d) **Risk Implications**

The major risks to the delivery of the Moray affordable housing programme have been assessed as part of the development of the SHIP. The SHIP provides high level details of proposed future investment in Council house building. The financial risks of funding the Council's programme has been assessed as part of the review of the Housing Business Plan carried out in 2019.

(e) **Staffing Implications**

There are no staffing implications arising from this report.

(f) **Property**

There are no property implications arising from this report

(g) **Equalities/Socio Economic Impact**

The housing needs of equalities groups are identified in the LHS. The LHS is subject to an Equalities Impact Assessment. The Moray Affordable Housing Programme seeks to deliver the housing priorities contained in the LHS.

(h) **Consultations**

This report has been subject to wider consultation with the Depute Chief Executive (Economy, Environment And Finance), the Acting Head of Housing and Property, the Head of Development Services, the Head of Community Care, the Chief Officer (Health and Social Care Moray), Deborah O'Shea (Principal Accountant), the Legal Services Manager, the Housing Needs Manager, the Housing Services Manager, the Strategic Planning and Development Manager and Caroline Howie

(Committee Services Officer). Any comments received have been reflected in the report.

6. CONCLUSION

- 6.1 This report provides the Committee with details of the Council's draft SHIP 2020/21-2024/25. The Committee is asked to note that the draft SHIP was submitted to the Scottish Government in November 2019, in accordance with SHIP Guidance and is asked to consider and comment on the consultative draft SHIP submission.**

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Background Papers: with author
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