



REPORT TO: ECONOMIC GROWTH, HOUSING AND ENVIRONMENTAL SUSTAINABILITY COMMITTEE ON 1 DECEMBER 2020

SUBJECT: STRATEGIC HOUSING INVESTMENT PLAN (SHIP) 2021/2022 - 2025/2026

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) 2021/22-2025/26.
- 1.2 This report is submitted to the Economic Growth, Housing and Environmental Sustainability Committee following a decision of Moray Council on 17 June 2020 to agree a simplified committee structure as a result of the COVID-19 pandemic. In the case of this committee the combining of the delegated responsibilities of Economic Development and Infrastructure, Community Services (Housing and Property) and Finance (budget, capital and revenue monitoring) (para 9 of the minute refers).

2. RECOMMENDATION

- 2.1 It is recommended that the Committee:-
- i) **considers and comments on the draft SHIP;**
 - ii) **approves the draft SHIP for submission to the Scottish Government by mid December 2020; 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 17 December 2019, the Communities Committee approved the Council's most recent SHIP (2020/21-2024/2025) for submission to the Scottish Government (paragraph 11 of the Minute refers).
- 3.3 On 9 July 2020, the Council was advised by the Scottish Government that "due to the ongoing COVID-19 situation... local authorities should prepare a light SHIP only this year..." consisting mainly of a short narrative summarising any impacts of COVID-19 on the SHIP and updated SHIP Tables showing planning investment priorities for the period 2021-2026. However, officers routinely update the SHIP all year round in preparation for publication, and as a result are in a position to present a SHIP in the same format as previous years.
- 3.4 SHIPs are the key documents for identifying the strategic housing projects that will contribute to the achievement of national housing supply targets. The Scottish Government provides local authorities with guidance for preparing their SHIPs, and in recent years has provided 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 2021/22 – 2025/26

- 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; Lesmurdie Field, Elgin; Kinneddar Meadows, Lossiemouth 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 wherever possible i.e. in the Buckie, Forres, Keith and Speyside Housing Market Areas.

The high priority projects for these areas are Banff Road, Keith; Ferrylea and Knockomie, Forres; Speyview, Aberlour.

- 4.5 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 is driven by the timescales of landowners and private developers for the delivery of affordable housing obligations. Consequently, any change in the plans of private developers could impact adversely on the delivery of the SHIP programme with impacts greater for major sites with large obligations, e.g. Findrassie and Kinneddar Meadows, Lossiemouth.
- 4.6 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. The SHIP includes provision for the advance purchase of the former Spynie Hospital site. The land for developments proposed at Bilbohall, Elgin, are already in the ownership of either the Council or Grampian Housing Association.
- 4.7 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). The proposals at Findrassie, Elgin; Ferrylea, Forres; Banff Road, Keith; and the redevelopment of Poundland, Elgin, include intermediate tenures (mid-market rent and/or shared equity) to promote tenure diversification.
- 4.8 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 approach to the size and type of properties that will be funded is set out in Section 3 of the draft SHIP.
- 4.9 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 yet provided a RPA for beyond 2021, but the Scottish Government advise that local authorities should assume a similar RPA in future years when developing their forward plans. The Strategic Local Programme will be agreed with the Scottish Government once the RPA is known, and will use this SHIP as a framework for prioritisation of resources. 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.
- 4.10 To help achieve LHS fuel poverty and the Council's Climate Change Strategy 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 In line with the current 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 2 years. The Housing Business Plan will be reviewed in 2021 and the Council’s development programme will be tailored to fit the revised Business Plan and the RPA, using this SHIP as a framework for prioritisation of resources. 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 used in full to deliver the maximum number of affordable houses. As part of the programme management arrangements, the Council will continue to work 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.
- 4.12 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 developer obligations will continue to remain negligible, it could be used to support project viability, particularly in rural areas where economies of scale are reduced, and development costs can be higher. The approach to seeking commuted payments is set out in Section 8 of the draft SHIP.
- 4.13 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 Council has made a Notification of Interest to HIF for funding towards the cost of infrastructure that will service the development area included in the Bilbohall planning application currently under consideration (planning reference 20/00905/APP). Subject to approval of the HIF application, and the planning application, the Council and Grampian Housing Association will progress delivery of the housing and associated infrastructure as a key investment priority. Progress reports on the development of Bilbohall will be presented to this Committee during 2021.
- 4.14 SHIP guidance has included an option for open market purchases to be funded through More Homes Scotland grant. The approach to open market purchases is set out in Section 7 of the draft SHIP, with each property offered for purchase subject to a value for money assessment by the Council. It is envisaged that the numbers of open market purchases will be small and that they will make a minor contribution to increasing supply of affordable housing,
- 4.15 The SHIP has been developed as a collaborative process involving primarily the Scottish Government, partner housing associations and local housing developers but also other Council services, particularly Planning colleagues and Health and Social Care Moray.

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)) 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. The Housing Business Plan will be reviewed during 2021 and will take account of emerging risks including COVID-19

(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 Services, the Housing Strategy and Development Manager, the Head of Economic Growth and Development, Gary Templeton, Principal Planning Officer, 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 and Mrs L Rowan, 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 2021/22-2025/26. The Committee is asked consider and comment on the draft SHIP. The Committee is also asked to approve the SHIP for submission to the Scottish Government by mid December 2020, in accordance with SHIP Guidance.

Author of Report: Fiona Geddes, Acting Housing Strategy and Development
Manager
Background Papers: with author
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