



REPORT TO: COMMUNITIES COMMITTEE ON 5 FEBRUARY 2019

SUBJECT: STRATEGIC HOUSING INVESTMENT PLAN 2019-24

**BY: CORPORATE DIRECTOR (ECONOMIC DEVELOPMENT,
PLANNING AND INFRASTRUCTURE)**

1. REASON FOR REPORT

- 1.1 To ask the Committee to approve the Council's draft Strategic Housing Investment Plan (SHIP) 2019-24.
- 1.2 This report is submitted to Committee in terms of Section III G (10) of the 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 submission;**
- (ii) notes that the draft SHIP was submitted to the Scottish Government in October 2018, in accordance with SHIP Guidance; 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 October 2017, the Communities Committee approved the Council's most recent SHIP (2018-23) for submission to the Scottish Government (paragraph 5 of the Minute refers).

- 3.3 In August 2018, the Scottish Government issued local authorities with revised guidance for preparing their SHIPs for 2019-24.
- 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 4.9 of this report.

4. THE MORAY SHIP 2018-2023

- 4.1 The draft SHIP submission is available at **Appendix I**.
- 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 informed by the Council's Housing Need and Demand Assessment (HNDA) 2017 which was appraised as "robust and credible" by the Scottish Government on 5 April 2018. The HNDA findings will also be reflected in the forthcoming Local Housing Strategy 2019-24 which is the subject of a report elsewhere on this agenda.
- 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 Elgin South, Bilbohall, Stynie Road, Mosstodloch and the former Spynie Hospital site. However, with high levels of demand across Moray, the SHIP seeks to maintain a balance of provision across all housing market areas – Forres, Buckie, Keith and Speyside. The high priority projects for these areas are Banff Road, Keith; Speyview, Aberlour, and Bogton Road, Forres.
- 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 is largely dependent on affordable housing obligations required by planning policy, current 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.

- 4.6 The SHIP includes provision for the advance purchase of sites for affordable housing at the former Spynie Hospital site, Elgin and Bogton, Forres. 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.
- 4.7 The HNSA 2017 found that approximately 12% of affordable housing need could be met by intermediate tenures. Intermediate tenure housing aims to provide an opportunity for low to middle 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). This has been reflected in the consultative draft LHS 2019-24 Housing Supply Target for consideration elsewhere on this agenda. This SHIP prioritises social rent as the tenure that best meets affordable housing need in Moray but also makes provision for some of this need to be met by the intermediate tenures of mid-market rent and low cost home ownership. Accordingly, the proposals for the large sites at Bilbohall in Elgin and Bogton in Forres include mid-market as well as social rented properties. The proposals at the exclusively affordable housing sites at Banff Road, Keith, Stynie Road, Mosstodloch, the former Spynie Hospital site, Elgin and R3 Forres include an element of low cost home ownership, supported by the Scottish Government's New Supply Shared Equity Scheme, to promote tenure diversification.
- 4.8 The LHS aims to meet the needs of households in need of specialist housing, especially older people, people with physical and sensory disabilities and people with learning disabilities (LD). The SHIP makes significant provision for amenity bungalows and wheelchair accessible bungalows suitable for older people and wheelchair users, 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 Accommodation Review, with the inclusion of a development of flats with on-site support for people with LD. 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, which sets out how the local housing sector will support the care at home objectives of Health and Social Care Moray.
- 4.9 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.
- 4.10 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.

- 4.11 On 30 April 2018, the Scottish Government issued the Council with a long term Resource Planning Assumption (RPA) covering the first 3 years of the SHIP. The funding allocations for each year are detailed below:

2018/19	£7.983m
2019/20	£8.455m
<u>2021/22</u>	<u>£9.021m</u>
Total	£25.459m

- 4.12 The 3-year resource planning assumption of £25.459m is slightly more than the previous RPA, but more than double the equivalent allocation for the SHIP 2016.
- 4.13 In line with the Council’s Housing Business Plan assumptions, the programme set out in the SHIP will support the delivery of 70 council houses per annum over the next two years. The SHIP assumes that the balance of the Moray programme will be delivered by housing association partners. With more resources for investment, the SHIP expects that housing associations will make a greater contribution to the Moray programme than in previous years, and their 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.
- 4.14 The Scottish Government’s Resource Planning Assumptions 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 take account of programme delays or to bring projects forward should additional resources become available.
- 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 £500k 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 prove valuable when used discreetly to support project viability, particularly in rural areas.
- 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 13 of the minute refers). The Council has made an application to the 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.

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

5. RAPID REHOUSING TRANSITION PLAN

- 5.1 On 20 November 2018, Communities Committee approved the Rapid Rehousing Transition Plan (RRTP) (Paragraph 5 of the draft minute refers). It has since been submitted to the Scottish Government and published on the Council's website at http://www.moray.gov.uk/moray_standard/page_95565.html. Delivery of the RRTP will require an increase in 1 bed flats as this house type is under significant pressure both as a permanent housing option for homeless households and for use as temporary accommodation. Most of the developments listed in the SHIP already include 20-30% 1bed flats, and this approach is likely to continue in the forthcoming consultative draft Local Housing Strategy.

6. SUMMARY OF IMPLICATIONS

(a) 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 its 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 2017.

(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 Head of Housing and Property, the Head of Development Services, the Head of Community Care, the Chief Officer of Health and Social Care Moray, Deborah O'Shea (Principal Accountant), the Legal Services Manager (Property and Contracts), the Housing Needs Manager, Gary Templeton (Principal Planning Officer) and Caroline Howie (Committee Services Officer). Any comments received have been reflected in the report.

7. CONCLUSION

- 7.1 This report provides the Committee with details of the Council's draft SHIP 2019-24. The Committee is asked to note that the draft SHIP was submitted to the Scottish Government in October 2018, in accordance with SHIP Guidance and is asked to consider and comment on the consultative draft SHIP submission.**

Author of Report: Fiona Geddes, Senior Housing Officer (Strategy)

Background Papers: Held by author

Ref: FG