

EAST RENFREWSHIRE COUNCILCABINET24 October 2024Report by Director of EnvironmentSTRATEGIC HOUSING INVESTMENT PLAN 2025 – 2030**PURPOSE OF REPORT**

1. The purpose of the report is to seek approval for the proposed Strategic Housing Investment Plan 2025/26–2029/30 and for its submission to Scottish Government.

**RECOMMENDATIONS**

2. The Cabinet is asked to:
- a) approve the East Renfrewshire Strategic Housing Investment Plan 2025–2030 for submission to Scottish Government by 25th October 2024. (Appendix 1); and
  - b) note the significant pressure for additional affordable housing to meet the needs of residents, and the contribution that the SHIP programme makes in addressing this.

**BACKGROUND**

3. The Scottish Government requires local authorities to supplement their Local Housing Strategy (LHS) with a Strategic Housing Investment Plan (SHIP) setting out in detail the Council's affordable housing investment priorities, and detailed programme for delivering this with our partners over the coming 5 years. This must be in line with national guidance for the preparation of SHIPs.<sup>1</sup>

4. The SHIP details number of homes that will be built, the location and who the developer will be where agreed. The profile of the programme should reflect the strategic priorities set out in the LHS for affordable housing delivery and should address identified need for affordable homes locally by a range of households, including families, older people and people with disabilities.

5. Annual committee approval of the refreshed SHIP programme is a requirement for the local authority prior to submission to Scottish Government in October. This is to take account of the progress of identified projects and ensure an effective operational plan for delivery of our strategic housing priorities. This involves rolling forward and adding to the programme as possible projects are identified and as resource planning assumptions (RPA) are updated by the Scottish Government.

6. The Scottish Government committed over £3.6 billion through its Affordable Housing Supply Programme (AHSP) to support affordable housing delivery over the current

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<sup>1</sup> Strategic Housing Investment Plan (SHIP) guidance note MHDGN 2024/01 (20 June 2024), Scottish Government: Local Government and Housing Directorate

parliamentary term (2021-26). Subsequently extended to delivery of 110,000 affordable homes across Scotland by 2032, of which at least 70% of this should be homes for social rent.

7. Whilst funding for local authorities was initially increased with these commitments, it should be noted that grant funding for affordable housing has been subject to a 25% cut nationally for 2024/25, with funding at similar level expected to continue into subsequent years. This presents a significant challenge to delivery of sufficient numbers of new affordable homes, and the cost per unit to build is also driven by certain requirements. These include targets for wheelchair accessible homes, fire suppression systems, additional indoor space for work or study, improved connectivity and access to outside space, higher energy efficiency standards and the use of modern construction methods.

8. The priority afforded to the delivery of new homes, specifically affordable housing, reflects significant national housing pressures in supply and affordability. This is to meet demand from increasing social waiting lists and rising numbers of homeless households, and those unable to get a foothold on the property ladder. Investment in housing delivery is also integral to delivering on wider commitments such as tackling poverty and inequality, creating and supporting jobs, meeting energy efficiency and decarbonisation aims and creating connected, cohesive communities.

9. However, the Scottish Government itself has declared a housing emergency in Scotland alongside a number of local authorities, including East Renfrewshire Council. This reflects the lack of affordable, suitable homes available to those most in need - and an inability to simply build our way out of that situation. It also comes as some local authorities, including East Renfrewshire Council, are at risk of systemic failure in meeting their statutory duties to provide suitable temporary and permanent accommodation to homeless households.

10. The need for affordable housing in East Renfrewshire is acute, with a significant shortage across all housing tenures. Social housing represents only 12% of all homes in East Renfrewshire and the authority has an expensive housing market that is inaccessible to many residents to rent or buy in.

11. Members should note that affordable housing can include homes for social rent, mid-market rent and low-cost/ entry level home ownership. The SHIP programme identifies affordable housing projects requiring Scottish Government grant subsidy and these homes are generally provided by the Council or Registered Social Landlords (RSLs).

12. As part of our broader Affordable Housing Strategy, linking together the outcomes of the LHS and Local Development Plan, other affordable housing may be delivered without subsidy as a contribution from private housing developers. This also contributes to our targets for affordable housing delivery. While noted in the SHIP narrative, this housing is not included in the SHIP Programme as it does not require grant funding.

## **REPORT**

### Resources & Planning Assumptions

13. Resource Planning Assumptions (RPA) provided to East Renfrewshire Council via the national programme provides a framework for the new affordable homes that could be delivered in East Renfrewshire through the SHIP. The current confirmed RPA's only cover this current year 2024-25 at £5.486m and are a drop of 25% on the original RPA, as noted above. Therefore, we have assumed a sustained reduction in 2025/26 (Year 1 of the SHIP) with possible recovery to previous 100% RPA levels from 2026/27-29/30 to help us plan our SHIP programme. (Detail is set out in Appendix 1).

14. The current RPA's suggest around £34.77m may be available for projects in East Renfrewshire via the AHSP for the period 2025-30. This is estimated to deliver up to 444 new homes over the period. The Council is expected to over programme projects to provide for a "safety net" or slippage of around 25%. This is to ensure the programme is robust and can account for any delays or other significant challenges in programme delivery.

15. On this basis a programme has been developed which provides for this slippage factor and equates to around £42.67m of funding required if all projects are delivered. The Council will also maximise the opportunity afforded by Scottish Government to take up any additional funding that becomes available for new build or through the recently announced acquisition fund, and to bring projects forward for delivery earlier where we can.

16. Programme costs have been based on benchmark subsidy where actual project costs have not yet determined the grant per unit that will be required. The average grant available is as follows, which was uplifted in 2023:

Subsidy Type	Benchmark Subsidy - Council	Benchmark Subsidy - RSLs
<b>Social Rent</b> <i>*(3-person equivalent)</i>	£71,500 per unit	£78,000 per unit
<b>Mid-Market Rent</b>	£49,000 per unit	£53,500 per unit
<b>Rent Off the Shelf</b> <b>(Acquisition of existing private homes)</b>	c. £50,000 per unit	c. £50,000 per unit

17. The actual grant provided will vary based on the size and type of homes being delivered. Additional quality measures provide scope to attract further grant of up to £17,000 per unit covering enhanced standards e.g. additional space for work/ study, carbon reduction and energy efficiency standards.

18. Figures for "Rent off the Shelf" are based on current arrangements with Scottish Government for acquiring existing private homes but will be subject to ongoing discussion as our local Acquisitions Strategy develops. The Council received notification on 10<sup>th</sup> September 2024 of an addition to our RPA of £0.196m for 24/25 only. This is from the additional national funding of £40m per year for 2 years for acquisitions. No confirmation is available yet of 25/26 allocation, but this would be added to the pot for acquisitions in the SHIP.

19. It is important to note that increased benchmark per unit subsidy levels have been welcomed (noted at Point 16), and there is some flexibility in grant awarded by Scottish Government. However, in a context of increasing development costs per unit, trade and material shortages, the actual costs of delivery present significant challenges for the business plans of social landlords. East Renfrewshire Council and our partner RSLs need to be able to fund project costs sustainably over the longer term.

20. Where sites require significant investment to prepare them for development, this can make it challenging to keep costs of delivery at a reasonable level. The cost of building homes with enhanced standards and features, such as the delivery of fully wheelchair accessible homes which are essential, also increases the unit costs. Rent affordability also must be factored into this process, ensuring social and mid-market rents are kept within benchmark levels, and increasing costs not simply passed on to tenants.

### **SHIP Programme Profile 2025-30**

21. In 2023/24, 55 new homes were delivered for social rent from the Council and RSLs, and a further 14 homes were built without grant or were second hand homes acquired for affordable housing. These homes contribute to a total of 413 affordable homes delivered from 2017-23 against our strategic target of 315 affordable homes, which was based on available funding and sites.

22. The SHIP 2025-30 programme tables are attached at Appendix 1. The proposed programme uses the following approach to prioritise projects:

- developments with the greatest certainty over timing and deliverability, and/ or with grant approval;
- projects which support the reuse of brownfield sites, regeneration of town centres and local living, with 20-minute neighbourhoods in mind;
- proposals which meet a range of needs, including smaller and family sized homes, demand from low income and vulnerable households, those suitable for the elderly and disabled with lifetime design in mind; and meets our statutory obligations to homeless households;
- a spread of projects across the area recognising the most significant unmet need for affordable housing in Eastwood, but also the need for certain sizes and types of homes in Lavern Valley;
- slippage provision through the acquisition of homes to increase social rented supply; and
- a modest provision for delivery of mid-market rent homes with grant funding to meet the needs of local people in the middle (i.e. cannot afford to buy on the market; and are lower in priority for available social housing) <sup>2</sup>

23. The proposed SHIP 2025-30 could deliver:

- Up to 553 units of affordable housing (including slippage projects), primarily focused on new provision and social rented housing. The total figure of homes that will be delivered is dependent on grant funding, financial viability, project development with individual developers and the emerging Local Development Plan 3.
- At least 10% of the new units programmed are expected to be wheelchair accessible or adaptable to lifetime needs with up to 65 units potentially able to be delivered. The LHS (2024-2029), recently approved, uses the outcomes of locally commissioned research into accessible housing needs to set out this 10% target for the SHIP programme. “All tenure” targets for wheelchair suitable housing, which includes homes delivered through the private sector, will be addressed through the emerging Local Development Plan 3.
- Research has also been undertaken through the LHS to identify the detailed market for and deliverability of mid-market rent homes in East Renfrewshire.

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<sup>2</sup> The need and demand for Mid Market Rent level homes in East Renfrewshire is demonstrated by recent research; various models for delivery, with and without grant funding are currently being explored.

This helps identify who may benefit from this type of affordable housing, and the models that may work best to deliver this type of housing, including funding. Options for the latter part are currently being worked through by officers.

24. The SHIP also includes options to purchase housing from the open market. However, this option will generally be utilised where slippage in the new build programme occurs, or to target types of properties in short supply. The Scottish Government announced in April 2024 that £80m of additional funding had been committed over two years to help increase supply through acquisitions. The allocation for East Renfrewshire Council is noted in paragraph 18.

25. The proposed SHIP programme supports the delivery of priorities in the Local Outcome Improvement Plan and will continue to align with A Place To Grow (the Community Planning Partnership's long-term vision for the area) going forward. The SHIP programme is integral in delivering the strategic housing priorities identified for East Renfrewshire, with our partners, through our Local Housing Strategy.

26. Using our SHIP programme, the Scottish Government will prepare a Strategic Local Programme Agreement (SLPA), setting out the agreed programme of housing projects to be funded in East Renfrewshire. This is expected to be received by March 2025. The SLPA for the 2024/25 SHIP programme has only recently been received and confirms existing projects with approval, for this year only. It equates to projects totalling RPA only and includes no slippage projects (additional funding).

27. Members should be aware that the SHIP Programme is also heavily reliant on landowners and private sector developers bringing forward sites for development, presenting an element of risk in delivery timescales. This could result in uncommitted resources being redistributed by the Scottish Government. However, close partnership working with Planning Services and RSLs on SHIP monitoring allows us to mitigate this and bring forward slippage projects where possible. Housing Services also continue to work on identifying sites for housing which are in, or can be brought in, to public ownership to allow us more control over delivery.

## **FINANCE AND EFFICIENCY**

28. In addition to grant funding, the council also uses monies raised via commuted sums (e.g. provided by private developers in lieu of on-site homes) and second home Council tax levy to subsidise the cost of delivering affordable housing projects. Currently £3.081m of this pot is committed to SHIP projects.

## **CONSULTATION**

29. Consultation on the SHIP programme is carried out throughout the year with a range of stakeholders, including local RSLs and Health and Social Care Partnership (HSCP). Going forward wider partnership work will be undertaken through our LHS 2024-2029 governance and steering arrangements - including Corporate services, Planning and RSLs (amongst others) - to deliver on our agreed strategic priorities for housing.

30. This iteration of the SHIP, has already been subject to close discussion with Scottish Government and RSLs on monthly basis to respond to the changes in funding available. Housing Services will continue in this manner throughout the year, reviewing and adapting to programme changes and any announcements of funding available.

## **PARTNERSHIP WORKING**

31. On sites where the delivery partner (Council or RSL) has still to be confirmed, Housing Services will invite expressions of interest and discussions are held to identify the most suitable partner to take a project forward in relation to locale, scale and the size and type of housing required.

32. Data from LHS research into homelessness, accessible and mid-market housing, as well as our contribution towards the Health and Social Care Strategic Plan will be used to agree with our partners the detailed mix of housing required on identified development sites.

## **IMPLICATIONS OF THE PROPOSALS**

33. The equality and sustainability implications associated with the SHIP programme are addressed in relevant Equality Impact and Strategic Environmental Assessments undertaken for the LHS and Local Development Plan.

## **CONCLUSION**

34. The proposed SHIP details how available funding for affordable housing will be invested in East Renfrewshire from 2025-30. Demand for social rented housing, especially new council housing, continues to outstrip supply available. Housing Services will continue to actively explore options for increased affordable housing investment in conjunction with our local partners, such as Barrhead Housing Association. This includes contributing insight on housing pressures faced by our residents to the emerging Local Development Plan 3, HSCP Strategic Plan and A Place To Grow.

35. Identifying additional sites for development is ongoing, and Housing Services and RSL partners continue to work proactively to consider potential sites for development in the short term. At a strategic level, the LHS 2024-29 identifies the importance of delivering new homes, but also maximising use of available homes. In partnership the Council will ensure available social housing actively meets the current and future needs of our residents. Where existing homes may need remodelled to meet future needs more sustainably, or empty homes brought back into use, this will be supported to ensure available affordable homes are maximised.

## **RECOMMENDATIONS**

36. The Cabinet is asked to:

- a) approve the East Renfrewshire Strategic Housing Investment Plan 2025-30 for submission to Scottish Government by 25th October 2024. (Appendix 1); and
- b) note the significant pressure for additional affordable housing to meet the needs of residents, and the contribution that the SHIP programme makes in addressing this.

Director of Environment  
Caitriona McAuley

October 2024

PROJECT	Location	Developer	Units	Profile	Tenure	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	SG Grant
Maidenhill Area A1-A3 (CALA)	Eastwood	East Renfrewshire Council	(105 tot) Year 2 52	General / Accessible	Social Rent	4.899	4.937	0.000	0.000	0.000	0.00	4.937
Blackburn Square, (Sustainable Housing Demonstrator)	Levern Valley	Barrhead HA	4/6	Wheelchair/ Accessible	Social Rent	0.120	0.364	0.000	0.000	0.000	0.00	0.364
ROtS programme	ER wide	Barrhead HA / ERC	50	General/ Accessible	Social Rent / MMR	0.197***	0.500	0.500	0.500	0.500	0.500	2.500
Cross Arthurlie Street, Barrhead	Levern Valley	Barrhead HA	12	General/ Accessible	Social Rent	0.200	0.000	1.360	0.000	0.000	0.000	1.360
Barrhead Road, Newton Mearns	Eastwood	East Renfrewshire Council	18	General/ Wheelchair	Social Rent	0.000	0.000	1.439	0.000	0.000	0.000	1.439*
Kirkton Road, Neilston	Levern Valley	Link HA	24	General / Accessible	Social Rent	0.000	0.000	2.188	0.000	0.000	0.000	2.188
Commercial Road, Barrhead	Levern Valley	East Renfrewshire Council	61	General/ Wheelchair	Social Rent	0.000	0.000	0.000	2.653	2.653	0.000	5.306
Chappelhill - Chappelfield Farm	Levern Valley	Barrhead HA	40-75	General/ Accessible	Social Rent/ MMR	0.000	0.000	0.000	2.500	2.500	0.240	5.240
Holehouse Brae, Neilston	Levern Valley	Barrhead HA	16	General	Social Rent	0.000	0.000	0.000	0.000	0.000	1.456	1.456

Walton Street, Barrhead (1)	Levern Valley	<b>Barrhead HA</b>	40	General/ Wheelchair	Social Rent	0.000	0.000	0.000	0.000	0.000	3.640	<b>3.640</b>
North Darnley Road Barrhead	Levern Valley	<b>East Renfrewshire Council</b>	40	General/ Accessible	Social Rent	0.000	0.000	0.000	0.000	1.100	2.005	<b>3.105</b>
Town Centre Regen – AFC	Levern Valley	<b>Barrhead HA</b>	50	General/ Accessible	Social Rent	0.000	0.000	0.000	2.000	1.120	0.000	<b>3.120</b>
<b>Total</b>			<b>Up to 444</b>			<b>5.416</b>	<b>5.801</b>	<b>5.487</b>	<b>7.653</b>	<b>7.873</b>	<b>7.841</b>	<b>34.655</b>

### Slippage Sites\*\*

PROJECT	Location	Developer	Units	Profile	Tenure	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	SG Grant
Hugh Fraser Retirement Village Partnership	Eastwood	<b>TBC/ Retail Trust (Charity)</b>	27	17 "Smart" Accessible/ 10 Wheelchair	MMR or SRS - TBA	0.000	0.620	1.000	0.000	0.000	0.000	<b>1.620</b>
Arnside Court	Eastwood	<b>Hanover HA</b>	12	Wheelchair/ Accessible	Social Rent	0.000	0.312	0.312	0.312	0.000	0.000	<b>0.936</b>
Barrhead North Masterplan, Shanks Park, Crudens	Levern Valley	<b>East Renfrewshire Council/ BHA / Other TBC</b>	70	General/ Accessible	Social Rent / MMR / LCHO	0.000	0.000	0.000	1.000	2.360	2.100	<b>5.460</b>
<b>Total (with slippage)</b>			<b>553</b>			<b>5.416</b>	<b>6.733</b>	<b>6.799</b>	<b>8.965</b>	<b>10.233</b>	<b>9.941</b>	<b>42.671</b>

\*40k grant for site investigation works already received for Barrhead Road , NM site. This is in addition to grant noted per unit in this SHIP Programme.

\*\*In the first 1-3 years of the SHIP, if slippage funding is available we would wish to accelerate some existing projects which have had to be scheduled later due to RPA funding availability, prior to including new slippage sites. This will be reviewed within each year.

\*\*\*10/9/24 Announcement of additional 0.196m from AHSP national funding for acquisitions in East Renfrewshire in 2024.25 – use is in discussion with SHIP partners. We would wish to increase the number of acquisitions planned each year to maximise use of available RPA plus additional funding.



Available Affordable Housing Supply Programme Grant (SHIP year)	Current Year 2024/25	2025/26 (Year 1)*	2026/27 (Year 2)*	2027/28 (Year 3)*	2028/29 (Year 4)*	2029/30 (Year 5)*	Estimated SG Grant – SHIP 2025-30*
Resource Planning Assumptions for East Renfrewshire	£5.486m	£5.486m	£7.32m	£7.32m	£7.32m	£7.32m	£34.77m
Overprogramming with 25% slippage factor	£0.00m (No funding available at present)	£6.86m	£9.15m	£9.15m	£9.15m	£9.15m	£43.46m

*\*Figures are estimates and a guide based on current year RPA (2024/25) and pending confirmation that funding will return to previous years' levels in future. (However this is not yet guaranteed and may remain at current levels of £5.486m)*

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