

EAST RENFREWSHIRE COUNCILCABINET10 November 2016Report by Director of EnvironmentSTRATEGIC HOUSING INVESTMENT PLAN 2017 - 2022**PURPOSE OF REPORT**

1. To seek approval for the proposed Strategic Housing Investment Plan (SHIP) 2017/18 – 2021/22 and for its submission to Scottish Government.

RECOMMENDATIONS

2. The Cabinet is asked to:
- (a) Approve the East Renfrewshire Strategic Housing Investment Plan 2017/18 to 2021/22 for submission to Scottish Government for review by 20th November 2016; and
 - (b) Note that a further report will be submitted to Cabinet in relation to the resulting Strategic Local Programme Agreement (SLPA) with Scottish Government, which will confirm the programme of housing projects to be funded locally over the next 3 years.

BACKGROUND

3. The Scottish Government requires local authorities to supplement their Local Housing Strategy (LHS) with a Strategic Housing Investment Plan (SHIP). The SHIP must set out in detail the Council's affordable housing investment priorities for the coming 5 years.
4. The SHIP identifies where land, public subsidy and other resources will be used to address affordable housing needs in the local housing market, and drives the allocation of Scottish Government Affordable Housing Supply Programme (AHSP) funding to projects in East Renfrewshire.
5. The proposed SHIP programme must be developed in partnership with local stakeholders to ensure it can be delivered successfully – notably Registered Social Landlords (RSLs), developers, and Planning, Regeneration and Health & Social Care Partnership services. Further the proposed SHIP must gain local authority committee approval prior to submission to the Scottish Government. The SHIP currently must be reviewed every 2 years.
6. Revised statutory guidance on the content and format of SHIPs was issued by the Scottish Government in July 2016. This expects that the existing SHIP programme will be rolled forward, but will take into account increased resources and subsidy levels announced by the Scottish Government in January 2016.

7. Revised Resource Planning Assumptions (RPAs) were provided by the Scottish Government in March 2016 outlining the increased resources available to East Renfrewshire for the next 4 years via the Affordable Housing Supply Programme (AHSP). The increased budget has been identified by Scottish Government in order to achieve their ambitions to deliver at least 50,000 affordable homes over the next five years.

8. The detail included an increased allocation for 2016/17 with 'minimum' RPAs for the following 3 years. The additional funding is a significant increase on previous RPAs. Details of anticipated AHSP funding are set out in the table below, contrasted with previous RPAs:

Summary of Anticipated AHSP Funding

	2016/17 (current year)	2017/18	2018/19	2019/20	2020/21*	2021/22*	TOTAL
Minimum RPAs (Pre-2016)	1.769m	1.209m	0.806m	0.806m*	0.806m	-	5.396m
Minimum RPAs (2016 onwards)	3.975m	3.180m	2.385m	1.590m	1.590m	1.590m	14.31m

**Notional – based on previous year's minimum RPA.*

9. The Scottish Government have recognised the importance to local programmes of having as much advance notice as possible of the full Resource Planning Assumptions for the entire 5-year SHIP period. As such they have committed to making this detail available to all councils for the Affordable Housing Supply Programme following the conclusion of this year's Spending Review. This five-year approach aims to add momentum to councils' and RSLs' building programmes, and to encourage innovation and more efficient use of subsidy given the much longer term certainty over funding.

10. The SHIP guidance suggests building in a 'slippage factor' of 25% based on each year's RPA to ensure a healthy programme, and avoid historic problems of project slippage. This is particularly important given the Scottish Government's commitment to deliver 50,000 homes over the 5 years – much greater than has been achieved historically. The SHIP tables attached at Appendix 1 show our priority projects for delivery.

11. Funding from East Renfrewshire's Affordable Housing 'Pot' - i.e. commuted sums and Council tax discounts – has also been identified to support the local SHIP programme. Further information is provided at paragraph 27.

12. The benchmark subsidy level for a new build social rented property has been increased to £70,000 (based on a 3-person equivalent home) for housing associations and £57,000 (flat rate) for councils.

13. AHSP Funding for the current year is expected to be underspent given projects brought forward in 2015/16 and slippage in timescales for a number of other projects. This slippage has been a challenge to resolve due to several factors such as infrastructure delays at Maidenhill and Barrhead South:

14. The Scottish Government's Housing Investment Division has confirmed any outstanding budget cannot be carried forward into 2017/18, and this will be the case each year of the SHIP. Therefore the remainder of 2016/17 will be critical in bringing forward any potential considerations for spend before March 2017. Work is currently being undertaken to consider opportunities for site acquisition or site assembly which the funding could be used to support.

15. Discussions are also in progress with the Scottish Government to make use of resources available from their "More Homes Scotland Fund". This fund was launched in 2016 and provides assistance and advice to unlock sites constrained by infrastructure difficulties or that are more complex to acquire for development.

REPORT

16. The Strategic Housing Investment Plan 2017-22 programme tables are attached as Appendix 1 to this report. The full SHIP report and accompanying tables (which will form the submission to the Scottish Government) have been made available in the members lounge.

17. In Section 3 of the SHIP report the proposed programme supports the delivery of the Community Planning Partnership's priorities as outlined in the Single Outcome Agreement. It also reflects the six strategic housing outcomes detailed in the current Local Housing Strategy 2012-2017. Preparation of a new 5-year LHS for 2017 is underway and the SHIP programme has taken into account emerging priorities and commitments that will be included in the draft LHS which has been issued for consultation.

18. As set out in Appendix 1 SHIP programme tables, to deliver the proposed SHIP programme will require investment from the AHSP and the bulk of existing resources from East Renfrewshire's Affordable Housing Pot (see para 27).

19. Following submission of our SHIP programme to the Scottish Government they will then prepare a Strategic Local Programme Agreement (SLPA) for March 2017, which will take into account our proposed SHIP programme. It will set out the final agreed programme of housing projects to be funded in East Renfrewshire through the AHSP over the next 3 years. Details of the SLPA will be brought forward for Cabinet consideration in due course.

20. The proposed SHIP programme could deliver affordable homes between 2017/18 and 2021/22 as follows:

- Years 1 to 3 - 341 units of social rented housing
- Years 4 to 5 - 79 units for social rent. The number of affordable properties for sale remains to be determined.
- A number of the new units programmed are expected to be suitable for wheelchair users or older people. This figure remains to be determined.

21. Projects have been prioritised to ensure a robust, deliverable programme and that available AHSP resources can be spent fully. Section 4 of the SHIP report details our approach to prioritising projects. In summary, SHIP resources have been focused mainly towards:

- The delivery of social rented homes, as opposed to homes for low cost sale or at mid-market rent levels;
- Proposals for affordable housing to meet a range of needs, including smaller and family homes, and those suitable for the elderly and disabled;

- Projects in the Eastwood area where affordable housing needs are greatest; and thereafter to support the strategic development opportunities; and
- Developments with the greatest certainty over timing and deliverability.

22. It is important to note that the programme is highly reliant on private sector sites coming forward for development, as has historically been the case in East Renfrewshire. This presents an element of risk and uncertainty associated with timescales for delivery, and could leave resources uncommitted locally in some years, which may very well be directed elsewhere by the Scottish Government.

23. However, the partnership approach taken to the Barrhead South and Maidenhill development master plans (which feature across Years 2 to 5 of the SHIP), includes planned phasing of sites and firmer agreement on the affordable housing element to be delivered, in turn improving certainty for these projects within the SHIP.

24. Further, intensive work has been undertaken in 2016/17 to audit the range of potential additional sites available for housing, including those Council owned sites which may support the provision of 100% social and affordable housing on-site. Those with firm potential have been included within the SHIP programme. There are further sites which are subject to ongoing consideration and may be added to the SHIP in the event of other existing sites being delayed.

25. Anticipated Council spend and completions of disabled adaptations in both private and Council homes are no longer required to be included in the SHIP as the responsibility for identifying the level of funding required now rests with the Health and Social Care Partnership. The need for adaptations is expected to keep growing given the projected future increase in the number of elderly households creating significant pressure in a climate of constrained public resources.

26. The feasibility of further increasing the Council house building programme has also been examined. The proposed introduction of a Council House building programme is the subject of a separate report to this Cabinet meeting.

27. The Scottish Government operates a Mortgage to Rent scheme designed to assist homeowners in lower value properties who are in financial difficulty and in danger of being made homeless. The scheme enables these households to remain in their own home by selling it to a social landlord and becoming a tenant of that landlord. Following Cabinet approval in 2013, the Council registered with this scheme and has actively purchased 2 homes through this scheme. We will continue to consider properties on a case by case basis and prioritise applications from owners of former Council properties living in mixed tenure blocks.

FINANCE AND EFFICIENCY

28. The Council has to date collected a modest amount of commuted sums as well as revenue from a reduction in the Council tax discount for second homes. Table 5 of the SHIP report provides detail on this. As additional receipts are collected consideration will be given to how these can support delivery of identified SHIP projects.

29. The SHIP maximises the effective use of land and funding available both nationally and locally to support the development of affordable housing. Ongoing discussions with housing association partners will be used to identify projects which will deliver affordable housing at or below benchmark subsidy levels, in turn increasing the number of new homes that can be delivered within available budget.

CONSULTATION

30. Consultation on the draft SHIP programme was carried out with a range of stakeholders, including the Housing Providers Forum and Health and Social Care Partnership (HSCP) as outlined in the SHIP report itself. Comments received have been reflected in the finalised draft.

PARTNERSHIP WORKING

31. The draft SHIP was developed in partnership with a range of stakeholders, including members of the East Renfrewshire Housing Providers Forum.

32. Discussions have taken place with housing associations who wish to develop new homes locally, including some with limited stock locally but who are interested in expanding their presence in East Renfrewshire.

IMPLICATIONS OF THE PROPOSALS

33. The equality and sustainability implications associated with the SHIP programme are addressed in the relevant Equality Impact and Strategic Environmental Assessment screening reports undertaken for the Local Housing Strategy 2012-17, to which the SHIP relates.

CONCLUSIONS

34. This report summarises the investment proposals for the development of new affordable housing in the SHIP 2017/18 to 2021/22. There are likely to be challenges associated with delivering this programme, given historic project slippage and despite over programming. This will be mitigated as far as possible by monitoring delivery of the agreed programme, and identifying land and other projects going forward which could address the shortfall of affordable homes in East Renfrewshire.

RECOMMENDATIONS

35. The Cabinet is asked to:

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- (b) Note that a further report will be submitted to Cabinet in relation to the resulting Strategic Local Programme Agreement (SLPA) with Scottish Government, which will confirm the programme of housing projects to be funded locally over the next 3 years.

Director of Environment

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November 2016

KEY WORDS

A report setting out the Council's affordable housing investment priorities for 2017 to 2022.

Key words: affordable, housing, new, investment, SHIP, supply, delivery, Council, housing association

Table 1 - AFFORDABLE HOUSING SUPPLY PROGRAMME - Years 1-3 2017/18-2019/20

PROJECT	DEVELOPER	UNITS - TENURE	SG FUNDING REQUIRED (£0.000m)				
		Social Rent	PRE 2017/18	2017/18	2018/19	2019/20	TOTAL SG FUNDING REQUIRED OVER SHIP PERIOD
Site South of Mearns Primary, Ayr Road	ERC	20	0.000	0.000	0.590	0.590	1.180
Fenwick Drive, Barrhead	ERC	8	0.000	0.236	0.236	0.000	0.472
Scout Hut, Newton Mearns	ERC	12	0.000	0.000	0.300	0.408	0.708
Pig Square/ Kirkstyle Cres / infill sites, Neilston	BHA	24	0.050	0.720	0.908	0.000	1.678
Capelrig Road, Newton Mearns	Link	8	0.000	0.576	0.000	0.000	0.576
Robertson Street, Barrhead	ERC	12	0.000	0.354	0.354	0.000	0.708
Blackbyres Court, Barrhead	ERC	19	0.000	0.590	0.531	0.000	1.121
Walton Street, Barrhead	BHA	36	0.000	0.300	0.720	0.720	1.740
Main Street, Busby	TBC	12	0.000	0.000	0.000	0.200	0.200
Barrhead South Balgraystone Road	ERC	30	0.000	0.590	0.885	0.295	1.770
Barrhead South, Lyoncross, Avant	BHA	15	0.000	0.000	0.288	0.792	1.080
Barrhead South, Wallaceland /Bellway	BHA	12	0.000	0.250	0.250	0.614	1.114
Barrhead South, Springhill, Miller Homes	Cube	12	0.000	0.200	0.664	0.000	0.864
Maidenhill (Mansell)	TBC	13	0.000	0.000	0.250	0.686	0.936
Maidenhill (Barratt)	Cube	24	0.000	0.000	0.500	1.228	1.728
Maidenhill (Taylor Wimpey/ Cala)	ERC	26	0.000	0.000	0.400	0.400	0.800
Maidenhill (Taylor Wimpey/ Cala)	Hanover	26	0.000	0.000	0.400	0.400	0.800
Maidenhill (McTaggart and Mickel)	Link	32	0.000	0.000	0.600	0.900	1.500
Total		341	0.050	3.816	7.876	7.233	18.975

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Table 2 - AFFORDABLE HOUSING SUPPLY PROGRAMME - Years 4-5 2020/21-2021/22

PROJECT	DEVELOPER	UNITS - TENURE	SG FUNDING REQUIRED (£0.000m)			
			PRE 2020/21	2020/21	2021/22	TOTAL SG FUNDING REQUIRED OVER SHIP PERIOD
Main Street Busby	TBC	12	0.200	0.664	0.000	0.864
Walton Street, Barrhead	BHA	36	1.740	0.852	0.000	2.592
Maidenhill (Taylor Wimpey Cala)	Hanover	26	0.000	0.936	0.936	1.872
Maidenhill (McTaggart and Mickel)	Link	32	0.000	1.152	1.152	2.304
Neilston (Wallaceland site)	RSL	12	0.000	0.400	0.464	0.864
Homelink remodelling	Cube	6	0.000	0.000	0.100	0.100
Eastwood Cres, Thornliebank remodelling	Trust	20	0.000	0.000	0.200	0.200
Abbeyfield redevelopment Newton Mearns	Arklet or ERC	12	0.000	0.000	0.342	0.342
Total		156	1.940	4.004	3.194	9.138
			1.940	0	3.194	9.138

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Table 3 - Bid for Infrastructure funding

PROJECT	DEVELOPER	BRIEF DESCRIPTION OF WORKS FOR WHICH INFRASTRUCTURE FUNDING IS SOUGHT	AFFORDABLE					AFFORDABLE TOTAL OVER PLAN OVER SHIP PERIOD	MARKET					MARKET TOTAL OVER PLAN OVER SHIP PERIOD	2017/18	2018/19	TOTAL SG INFRASTRUCTURE FUNDING REQUIRED 2017/18-2021/22	UNITS - POTENTIAL ADDITIONAL CAPACITY IN EITHER LATER PHASES OR OTHER SITES
			2017/18	2018/19	2019/20	2020/21	2021/22		2017/18	2018/19	2019/20	2020/21	2021/22					
Site south of Mearns Primary	ERC	Remediation works associated with alleviating flood risk		20				20						0	0.150		0.150	
Blackbyres Court, Barrhead	ERC	Rerouting sewage pipe to allow more family sized housing		19				19						0	0.090		0.090	
Barrhead South Masterplan	ERC	Construction of new access road	12	15	38		7	72	20	85	166	160	134	565	2.000	0.500	2.500	
Walton Street, Barrhead	BHA	Remediation works associated with alleviating flood risk	10	10	16			36						0	2.750		2.750	
Total			22	64	54	0	7	147	20	85	166	160	134	565	4.990	0.500	5.490	6

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STRATEGIC HOUSING INVESTMENT PLAN 2017/18-2021/22

TABLE 5.1: COUNCIL TAX ON SECOND AND EMPTY HOMES - SUMMARY

	TAX RAISED £0.000M	TAX USED TO SUPPORT AFFORDABLE HOUSING £0.000M	TAX CARRIED FORWARD TO SUBSEQUENT YEARS £0.000M
Pre 2014/15 - In Hand	505862	0	
2014/15	334849	0	840711
2015/16	141997	52600	930108

TABLE 5.2: DEVELOPER CONTRIBUTIONS

	SUMS			UNITS		
	RAISED	USED TO ASSIST HOUSING	SUM CARRIED FORWARD TO SUBSEQUENT YEARS	AFFORDABLE UNITS FULLY FUNDED FROM CONTRIBUTIONS	UNITS PARTIALLY ASSISTED FROM CONTRIBUTIONS	UNITS TOTAL
Pre 2014/15			427348			
2014/15	56012	58302	425058		1	1
2015/16	393820	533084	285794		17	17

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