

EAST RENFREWSHIRE COUNCIL

CABINET

12 October 2023

Report by Director of Environment

STRATEGIC HOUSING INVESTMENT PLAN 2024 – 2029

PURPOSE OF REPORT

1. The purpose of the report is to seek approval for the proposed Strategic Housing Investment Plan 2024/25–202/29 and for its submission to Scottish Government.

RECOMMENDATIONS

2. The Cabinet is asked to:
- a) Approve the East Renfrewshire Strategic Housing Investment Plan 2024 - 2029 for submission to Scottish Government by 27th October 2023. (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.

4. The SHIP details the number of homes that will be built, the location and who the developer will be. 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 older people and those with disabilities.

5. Annual Cabinet 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 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 resource planning assumptions 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 this current parliamentary term (2021-26). This was recently extended to 2032 and will support the delivery of 110,000 affordable homes across Scotland, of which at least 70% of this will be homes for social rent.

7. The priority afforded to the delivery of new homes, specifically affordable housing, reflects the significant national pressures for housing. This is specifically to meet demand from social waiting lists and homeless households, and those unable to get a foothold on the property ladder. The profile of need in East Renfrewshire closely mirrors this, with a significant shortage of affordable housing. 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.

8. The scale of national investment in housing delivery also reflects how integral investment in housing is to deliver 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. Whilst funding for local authorities has been increased with these commitments, it should be noted that grant funding for affordable new build is conditional on meeting additional requirements. These requirements 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.

10. Members should note that affordable housing can include homes for social rent, mid-market rent and low-cost 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). As part of our broader Affordable Housing Strategy, linking together the LHS and Local Development Plan, other affordable housing may be delivered without subsidy as a contribution from private housing developers. While noted in the SHIP narrative, this is not included in the SHIP Programme.

REPORT

Resources & Planning Assumptions

11. 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 parliamentary term; therefore, we have assumed sustained levels of funding from 2026-29 to help us plan our SHIP programme. (Detail is set out in Appendix 1).

12. The current RPA's suggest around £36.73m may be available for projects in East Renfrewshire via the AHSP for the period 2024-29. The programme 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. On this basis we have developed a programme which provides for this slippage factor and equates to around £46m of funding required if all projects are delivered.

13. 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:

Subsidy Type	Benchmark Subsidy - Council	Benchmark Subsidy - RSLs
Social Rent	£83,584 per unit	£91,182 per unit
Mid-Market Rent	£57,281 per unit	£62,542 per unit
Rent Off the Shelf (Acquisition of existing private homes)	c. £60,000 per unit	c. £60,000 per unit

14. 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. Figures for Rent Off-the-Shelf are based on current projects arrangements with Scottish Government for acquiring existing private homes.

15. It is important to note that increased subsidies have been welcomed, 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.

16. 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 2024-29

17. In 2022/23, East Renfrewshire's SHIP programme delivered 94 new Council homes, and 26 homes were built or acquired by RSLs for social rent. A further 15 homes for sale at entry level prices were provided outwith the SHIP programme funding. These homes contribute to a total of 344 affordable homes delivered from 2017-23 against our strategic target of 270 affordable homes, which was based on available funding and sites.

18. The SHIP 2024-29 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;
- 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 balance 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 Levern Valley.

- Slippage provision through the acquisition of homes to increase social rented supply.
- A provision for delivery of mid-market rent homes 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)

19. All sites within the SHIP 2024-29 are included within the Local Development Plan 2 (LDP2) with the exception of the following:

- Commercial Road - Housing Services are developing plans to ensure this development enhances the local area and green space.
- Town Centre Regeneration Projects (Various sites) – one key site under consideration to be delivered towards the end of the programme subject to Local Development Plan 3 agreement.
- Hugh Fraser Retirement Village Partnership – this site was given planning consent post LDP2
- Mid-Market rent - no specific sites have yet been determined to deliver this element of the programme

20. The proposed SHIP 2024-29 could deliver:

- Up to 613 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 150 units potentially able to be delivered. The LHS (2023-2028), shortly due for approval, uses the outcomes of locally commissioned research into accessible housing needs to set out this 10% target for the SHIP programme. We are required to set “all tenure” targets for wheelchair suitable housing, which includes homes delivered through the private sector, and this will be addressed through Local Development Plan 3.
- Through the new LHS, research is underway to identify the detailed need, market and location for mid-market rent homes in East Renfrewshire. This will help identify who may be best placed to deliver this type of housing. More developed proposals will emerge shortly, but a marker for mid-market rent delivery has been set out in the SHIP programme.

21. 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 are in short supply.

22. The proposed SHIP programme supports the delivery of priorities in the Local Outcome Improvement Plan and will continue to align with the Council’s Vision for the Future going forward. The SHIP programme is integral in delivering the strategic housing priorities identified for East Renfrewshire through our Local Housing Strategy.

23. 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 over the next 5 years. The SLPA is expected to be received in early 2024/25 and will be brought to Cabinet for consideration.

24. Members should be aware that the SHIP Programme is 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 ensures clear communication on SHIP project progress and close monitoring of programme delivery to build in slippage projects where possible.

FINANCE AND EFFICIENCY

25. 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 discounts to subsidise the cost of delivering affordable housing projects. Currently £1.88m of income from these sources is committed to SHIP projects.

CONSULTATION

26. 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).

27. More recently Housing Services have undertaken online and face to face consultation to inform this iteration of the SHIP. This will support ongoing partnership working as noted above with our Corporate, Planning and Regeneration colleagues and RSLs (amongst others) to address our strategic priorities for housing.

PARTNERSHIP WORKING

28. On sites where the delivery partner (Council or RSL) has still to be confirmed, we 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.

29. We will use the data we have from research into accessible and mid-market housing, as well as our contribution towards the Health and Social Care Strategic Plan, to agree with our partners the detailed mix of housing required on identified development sites.

IMPLICATIONS OF THE PROPOSALS

30. 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.

CONCLUSIONS

31. The proposed SHIP details how available funding for affordable housing will be invested in East Renfrewshire from 2024-29. Demand for new social rented housing, especially new council housing, continues to outstrip supply available. We will continue to actively explore options for increased affordable housing investment in conjunction with our local partners. This includes contributing insight on housing pressures faced by our residents to the Local Development Plan, HSCP Strategic Plan and Council's Vision for the Future.

32. Identifying additional sites for development is ongoing, and we continue to work proactively to consider potential sites for development in the short term. At a strategic level, the LHS identifies the importance of delivering new homes, but also maximising use of available homes. We will continue to work with RSLs and others to ensure available 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

33. The Cabinet is asked to:

- a) Approve the East Renfrewshire Strategic Housing Investment Plan 2024 - 2029 for submission to Scottish Government by 27th October 2023. (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

Further details can be obtained from Phil Daws, Head of Environment (Strategic Services), 0141 577 3186.

September 2023

Appendix 1 – Cabinet 12.10.23

East Renfrewshire SHIP Programme Proposed 2024-29

PROJECT	Location	Developer	Units	Profile	Tenure						
						2024/25	2025/26	2026/27	2027/28	2028/29	Estimated SG Grant
Commercial Road, Barrhead	Levern Valley	East Renfrewshire Council	49	General/ Wheelchair	Social Rent	0.499	2.867	0.789	0.000	0.000	4.155
Walton Street, Barrhead (1)	Levern Valley	Barrhead HA	40	General/ Wheelchair	Social Rent	0.000	0.000	2.520	1.120	0.000	3.640
Chappelhill - Chappelfield Farm	Levern Valley	Barrhead HA	25	General	Social Rent	0.000	0.000	0.000	1.000	1.275	2.275
Town Centre Regeneration Projects (Various sites)	East Renfrewshire	Barrhead HA/ East Renfrewshire Council	80	General/ Accessible	Social Rent / MMR	0.000	1.560	1.560	1.560	1.560	6.240
Sustainable Housing Design Demonstrator Project	Levern Valley	Barrhead HA	4	Wheelchair/ Accessible	Social Rent	0.264	0.100	0.000	0.000	0.000	0.364
Kirkton Road, Neilston - Dawn Homes	Levern Valley	Link HA	24	General / Accessible	Social Rent	0.000	0.700	1.820	0.000	0.000	2.520
Holehouse Brae, Neilston	Levern Valley	BHA	16	General	Social Rent	0.000	0.248	1.208	0.000	0.000	1.456

Barrhead North Masterplan, Shanks Park, Crudens	Levern Valley	East Renfrewshire Council/ BHA / Other TBC	70	General/ Accessible	Social Rent / MMR / LCHO	0.000	0.000	0.000	2.360	3.100	5.460
North Darnley Road Barrhead	Levern Valley	East Renfrewshire Council	40	General/ Accessible	Social Rent	0.000	0.000	0.000	1.680	1.680	3.360
Barrhead Road, Newton Mearns	Eastwood	East Renfrewshire Council	17	General/ Wheelchair	Social Rent	1.358	0.176	0.000	0.000	0.000	1.598
Maidenhill Area A1 (CALA)	Eastwood	East Renfrewshire Council	48	General / Accessible	Social Rent	2.070	2.000	0.000	0.000	0.000	4.070
Maidenhill Area A2 (CALA)	Eastwood	East Renfrewshire Council	34	General/ Accessible	Social Rent	2.883	0.000	0.000	0.000	0.000	2.883
Maidenhill Area A3 (CALA)	Eastwood	East Renfrewshire Council	18	General/ Accessible	Social Rent	0.000	1.526	0.000	0.000	0.000	1.526
Hugh Fraser Retirement Village Partnership	Eastwood	TBC/ Retail Trust (Charity)	27	17 "Smart" Accessible/ 10 Wheelchair	MMR or SRS - TBA	1.000	0.689	0.000	0.000	0.000	1.689
Mid market rent programme	East Renfrewshire	Various	50	General/ Accessible	MMR	0.000	0.000	0.600	1.200	1.200	2.250

ROtS programme	East Renfrewshire	Barrhead HA / ERC	40	General/ Accessible	Social Rent / MMR	0.600	0.600	0.600	0.300	0.300	2.400
Arnside Court	Eastwood	Hanover HA	8	Wheelchair/ Accessible	Social Rent	0.000	0.000	0.500	0.000	0.000	0.500
Barrland Court	Eastwood	Hanover HA	13	Wheelchair/ Accessible	Social Rent	0.359	0.00	0.00	0.000	0.000	0.359
Total			603			9.033	10.434	9.077	9.220	9.115	46.379

Available Affordable Housing Supply Programme Grant	2024/25	2025/26	2026/27	2027/28	2028/29	Estimated SG Grant
Resource Planning Assumptions for East Renfrewshire	£7.25m	£7.37m	£7.37m	£7.37m	£7.37m	£36.73m
Overprogramming with 25% slippage factor	£9.06m	£9.21m	£9.21m	£9.21m	£9.21m	£45.90m

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