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REPORT TO: Members' Library Service

MEETING DATE:

BY: Depute Chief Executive (Partnerships and Community Services)

SUBJECT: Strategic Housing Investment Plan 2015/16-2019/20

1 PURPOSE

- 1.1 To advise Cabinet of the Strategic Housing Investment Plan (SHIP) 2015/16-2019/20.

2 RECOMMENDATIONS

- 2.1 Cabinet is recommended to note the contents of this report and the content of the SHIP as detailed in the attached Appendix 1.
- 2.2 Cabinet is asked to note that the Council and Registered Social Landlord's affordable housing programmes are routinely reviewed and the contents of the SHIP are therefore subject to change.

3 BACKGROUND

- 3.1 This is the sixth year local authorities have been required to submit a Strategic Housing Investment Plan (SHIP) to the Scottish Government. Local authorities were required to submit their SHIP to the Scottish Government by 28th November 2014.
- 3.2 The main purpose of the SHIP is to set out how investment in affordable housing will be directed over a 5 year period to achieve the outcomes set out in the Local Housing Strategy (LHS). The SHIP includes affordable housing supply through new provision; replacement, rehabilitation and modelling inclusive of any provision local authorities are planning.
- 3.3 The Scottish Government issued revised guidance in July 2014, which reiterated the importance of corporate activity in developing the SHIP and the placement of the SHIP as an annex to the LHS. It also outlined

that the SHIP would be used as the key strategic planning document to allocate resources for housing provision.

- 3.4 The SHIP has been developed through the council's key stakeholders, which includes representatives from RSL's, Scottish Government and East Lothian Tenants and Residents Panel. A range of council services were involved including Community Housing, Adult Wellbeing, Childrens' Wellbeing and Homelessness.
- 3.5 The Scottish Government advised in advance of the preparation of the SHIP that the minimum resource allocation for East Lothian over the 5 year period 2015/16-2019/20 was £12.99m. Based on those projects identified in the SHIP as a high priority, it demonstrates a need for £17.427m of Scottish Government funding to deliver 431 units. This is based on a mix of 178 housing association rent, 56 intermediate tenures and 197 local authority rent. However, it also demonstrates that were all projects identified to be delivered, in the region of £29.742m funding from the Scottish Government would be required to deliver 843 units in the 5 year period. This is based on a mix of 410 housing association rent, 173 intermediate tenures and 260 local authority rent.
- 3.6 The SHIP will now be reviewed by the Scottish Government South East Area Team and feedback will be given to the council with a view to agreeing and finalising a programme by the end of March 2015.
- 3.7 Although the council has traditionally submitted the SHIP on an annual basis, the Government have agreed that future SHIPs will now be submitted every two years with the next submission date being November 2016.

4 POLICY IMPLICATIONS

- 4.1 The Affordable Housing Policy currently requires a tenure split of 80% social rent with 20% other tenures. The SHIP exceeds the 80% social rent based on the high priority projects, however based on all projects, The SHIP however, is currently showing that a tenure split of 70% social rent and 30% other tenures is likely to be delivered.
- 4.2 The Council has determined that there is no requirement to undertake a full SEA.

5 COMBINED IMPACT ASSESSMENT

- 5.1 A combined impact assessment has been completed and no negative impacts have been found.

6 RESOURCE IMPLICATIONS

- 6.1 Financial - The council's new build programme presented in the SHIP currently reflects the approved HRA capital budget.
- 6.2 Personnel - None
- 6.3 Other - None

7 BACKGROUND PAPERS

- 7.1 Appendix 1: Strategic Housing Investment Plan 2015/16 – 2019/20
- 7.2 Combined Impact Assessment

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DATE	3 rd December 2014



East Lothian
Council



**EAST LOTHIAN COUNCIL
STRATEGIC HOUSING INVESTMENT PLAN 2014**

2015/16 – 2019/20

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1. INTRODUCTION

- 1.1 This is the sixth Strategic Housing Investment Plan (SHIP) developed by East Lothian Council in partnership with Registered Social Landlords (RSLs), Developers and the Scottish Government. This SHIP covers the 5 year period 2015/16 – 2019/20 and has been prepared in accordance with revised Scottish Government Guidance on Preparing Strategic Housing Investment Plans, issued in July 2014.

The purpose of this Strategic Housing Investment Plan (SHIP) is to clearly set out East Lothian's housing development priorities for the next five years to help achieve the outcomes set out in its Local Housing Strategy (LHS) and demonstrate how they will be delivered through a range of funding streams.

The SHIP is a working tool to improve long-term strategic planning and provides an opportunity for East Lothian Council to:

- Set out key investment priorities for affordable housing;
- Demonstrate how these will be delivered;
- Identify the resources required to deliver these priorities; and
- Enable the involvement of key partners in the delivery of new affordable housing.

The priorities identified will deliver the outcomes set out in East Lothian's Local Housing Strategy (LHS) and guide the application of Scottish Government and Local Authority funding for housing development through the Strategic Local Programme (SLP) over the coming five year period. The SHIP includes affordable housing supply through new provision, replacement, rehabilitation, remodelling, housing provided or assisted by other Scottish Government initiatives and housing provided by Local Authorities.

- 1.2 Public sector investment has supported delivery of the following since 2012:

- East Lothian Council have completed 190 units with the help of subsidy and are on site with a further 68 units which will complete this financial year;
- Our RSL partners have completed 31 units with the help of subsidy and are on site with a further 17;
- The Open Market Shared Equity Scheme delivered 71 units between 2012 and 2014; and
- East Lothian Council have purchased 21 units through the Mortgage to Rent Scheme with a further 1 to complete

- 1.3** The economic climate continues to present challenges, with the public sector facing a significant reduction in available resources. A range of alternative options for funding affordable housing in the future are being considered and to meet the challenges over the coming years, local and national government must prioritise and target efforts as effectively as possible, and collectively combine services with others in order to make best use of constrained resources.
- 1.4** In July 2013, the Scottish Government announced new grant benchmarks for social rented housing. The benchmark is a maximum of £58,000 a unit for housing associations and a maximum of £46,000 a unit for local authorities.
- 1.5** The Scottish Government has provided indicative annual Resource Planning Assumptions (RPAs) for the Affordable Housing Supply Programme (AHSP) up until 2018/19 and have advised that East Lothian can work on the assumption that the minimum available budget will be a total of £12.99m. This allows for the necessary advance planning to be undertaken with an assumption for 2019/20, based on the RPA for 2018/19.
- 1.6** The key aim of the SHIP is to deliver 588 affordable units over the next 5 years (including 102 unsubsidised units). This number is based on those high priority projects highlighted in Appendix A that could start on site during the period 2015/16 – 2019/20. If all projects are included i.e. if we include all projects prioritised as high, medium and low in Appendix A, then the SHIP shows that East Lothian could potentially deliver a total of 945 (including the 102 unsubsidised) units over the same period. £17.162m of subsidy will be required to deliver the programme for those high priority projects, with a further £12.585m to deliver all potential projects. The Scottish Government, Council and its partners will collectively look at those projects that can deliver over this period and allocate resources in the best way to maximise delivery and funding i.e. the Council's new build programme may receive less unit subsidy for some projects where it would allow funding to be stretched in such a way as to deliver more units.

The ability to deliver will be dependent upon a combination of affordable housing providers, which includes Registered Social Landlords (RSLs), East Lothian Council and the private sector and upon a complex range of different tenure and funding models.

- 1.7** Significant investment is also required annually to deliver major adaptations to ensure people with disabilities are able to remain in their own homes. Funding streams include:
- Council Housing Revenue Account for council tenants in council housing;
 - RSL finance and Scottish Government finance for RSL tenants in RSL housing;
 - Council General Services Account for homeowners and tenants in the private rented sector, through the provision of grants.

Table 6 in appendix C shows investment required for 2015/16 and anticipated investment for 2016/17 in terms of adaptations to council housing and private sector housing. The Council will set aside around £0.750m in 2015/16 for adaptations to Council stock, which allows for approximately 100 adaptations. Major adaptations include installing wet floor shower rooms, improving access such as widening doors or providing ramps and sometimes small extensions. Projections for future adaptations suggest an ongoing increase in the demand and need for adaptations due to the demographic pressures of an ageing population. The need for an adaptation is determined by a Community Care Assessment and the criteria in place at that time for the provision of a service. The integration of Health and Social Care is in its infancy and the role which housing services play in delivering the outcomes sought, lacks sufficient clarity at this stage. A focus on prevention and Self Directed Support may result in potential changes to the demand for adaptations and / or adapted or accessible housing. This will be reviewed through working in partnership with health and social care colleagues as an intrinsic part of the integration agenda.

2. LOCAL HOUSING STRATEGY

2.1 The LHS 2012-17 sets out how East Lothian's strategic housing vision will be achieved by meeting a set of outcomes which reflect local priorities and national policy objectives. The Strategy has five key outcomes:

- Increase housing supply and improve access to appropriate housing including affordable housing;
- Improve the condition and energy efficiency, and where appropriate the management, of existing housing stock;
- Fewer people become homeless;
- People with particular needs are able to access and sustain their choice of housing including independent living, where appropriate; and
- Fewer people live in fuel poverty.

The LHS was developed in the context of increasing pressure on the housing market in East Lothian. Increasing the supply of affordable housing is a corporate priority for the Council. House prices are among the most expensive in Scotland and there is significant demand for social rented housing. The level of homelessness applications has reduced in recent years due to the development of prevention services, but still remains high. The economic climate continues to impact on the ability of households to meet their housing needs.

2.2 Housing Need and Demand

The East Lothian housing market operates within the wider South East Scotland Strategic Development Plan (SESplan) housing market area, the most pressured housing market area in Scotland, with a significant affordable housing requirement. The SESplan housing market area includes land within the administrative boundaries of the City of Edinburgh, East

Lothian, Midlothian, West Lothian, Scottish Borders and the Southern half of Fife Council.

A South East Scotland Strategic Development Plan (SESplan) Housing Need and Demand Assessment (HoNDA) was published in March 2010, to contribute to strategic planning for housing for the SESplan area. This provides an estimate of total housing need by calculating current housing need and future housing need. The estimated supply from existing stock turnover is then deducted to provide the net housing need. At the time SESplan felt that the actual need identified was not deliverable and therefore allocated a lesser amount of land that they felt reflected what could more realistically be achieved i.e. 6,835 units for East Lothian between 2009-2024.

After examination of SESplan, Scottish Ministers made 2 modifications to the plan

1. To increase the overall housing requirement to be met in the SESplan area
2. Prepare supplementary guidance to show how that increase will be distributed amount the 6 LA areas up to 2019 and then from 2019-24.

SESplan's supplementary guidance shows a land requirement for East Lothian for 10,050 homes from 2009-24 of which land should be made available for 6,250 homes up to 2019 with a further 3,800 homes between 2019-24. This was ratified by East Lothian Council on 22nd April 2014.

In order for the LHS to reflect the development planning process, it will need to be reviewed on a regular basis.

SESplan Housing Needs and Demand Assessment 2 has now been prepared to inform the review of the current Strategic Development Plan. A formal consultation was carried out and the report has now been signed off with publication anticipated shortly.

An LHS update will be produced by March 2015, which will take into account LHS Guidance (Scottish Government, August 2014). The LHS update will provide a review of the key housing need issues and will provide an opportunity to assess the data outputs from HoNDA2.

2.3 Land Use Planning Policy for Affordable Housing / East Lothian Council Local Plan

The Local Plan was formally adopted in 2008 and seeks to maintain an effective supply of land for house building to meet projected demand.

To reflect identified needs and meet the aim of increasing the supply of affordable housing, the Council's current Affordable Housing Policy requires an affordable housing contribution of 25% on sites of 5 units and above. It sets out a tenure split across East Lothian of social rented housing to alternative affordable housing tenures at a ratio of 80:20.

East Lothian Council has published its Main Issues Report (MIR) for public consultation.

The MIR is the first formal stage leading to the new East Lothian Local Development Plan. The consultation document sets out possible strategies for accommodating new development such as housing, business and retail in East Lothian. Following consultation, the Council will consider all responses and use these in preparing the Proposed Local Development Plan, which is expected to be published in late 2015. Consultation on the MIR runs until 8 February 2015.

This review will also focus on the practical challenges of delivering the policy and considers whether the current 80:20 (social rent: intermediate) tenure mix should be changed along with consideration of alternative delivery mechanisms. The Council recognises a number of affordable tenures, including mid market rent, discounted housing for sale and shared ownership / equity models. The Affordable Housing Policy is co-ordinated with affordable investment proposals to ensure a flexible approach which helps maximise delivery.

3. DEVELOPMENT PRIORITIES

3.1 Maximising Investment

The Council continues to support its policy of maximising Scottish Government investment in East Lothian. Where potential under spend is identified in the Scottish Government Programme, the Council will continue to examine other alternative opportunities with our RSL partners and the Scottish Government to ensure this investment is fully spent. This SHIP makes reference to some shadow developments that the Council will continue to work up, to add to those opportunities should projects be delayed during the period of the programme.

3.2 Local Investment Framework

The Council intends to develop a Local Investment Framework (LIF) over the coming months focusing on a 5 year development programme period.

The intention is that the LIF will become a live document which will be reviewed annually to ensure it reflects ongoing changes over the 5 year development programme period, and fits with other local strategies as well as regional and national strategies.

The Local Investment Framework will inform the Strategic Housing Investment Plan (SHIP) and public sector investment required to deliver affordable housing and infrastructure which will in turn help provide a foundation for discussion with other agencies and stakeholders about how all parties can best support local development aspirations.

3.3 Volume and Tenure

The LHS 2012-17 does not specifically set an annual target for affordable

housing nor does it set out a tenure balance to be achieved either across East Lothian or at a sub-area level. While the current priority is the delivery of social rented housing, it is anticipated that the majority of alternative forms of tenure will come forward as mid-market rent (MMR) or low cost home ownership (LCHO).

3.4 Intermediate Tenure Research

East Lothian Council have commissioned research to better understand need and demand for intermediate tenures in East Lothian.

The key objective of the research is to identify what market exists for intermediate tenures - Mid Market Rent (MMR) and Low Cost Home Ownership (LCHO) models in East Lothian as a whole and across our 7 wards. If a market is established, the research will evaluate the housing needs and demands this would meet and what role they would play in meeting the local authority's strategic housing objectives.

The research will enable the Council to identify and prioritise the delivery of appropriate tenures of affordable housing across different localities in East Lothian and to understand the merit in different mechanisms for delivery. The research will be concluded early 2015

3.5 Housing Stock Profile

The Council currently has 8,435 properties with a Housing list of 4,242 applicants. Despite significant levels of investment in affordable housing in recent years, the number of applicants for Council and RSL properties remains high.

Table 1 shows the number on the Council's housing register by ward, the Council's stock profile and where recent Council development activity has taken place

Table 1

Ward	Housing list ¹	%	stock	%	Recent Development	%
Dunbar & East Linton	127	15%	857	10	88	10
Fa'side	792	40%	1953	23	186	10
Haddington & Lammermuir	979	105%	934	11	16	2
Musselburgh East and West	1436	59%	2439	28	120	5
North Berwick Coastal	109	19%	588	7	42	7
Preston/Seton/Gosford	799	44%	1810	21	50	3

¹ This includes multiple choices by households

3.6 Particular Needs

An assumption has been made in the SHIP for 10% particular needs development. This is due to be reviewed as part of the delivery of the LHS Action Plan. The SHIP provides for 10% particular needs provision in all new build rented developments through a combination of housing with support and wheelchair accessible housing.

3.7 Site Prioritisation Methodology

Sites have been prioritised according to alignment with strategic objectives. Each project has been appraised through a methodology which takes account of housing need and deliverability.

Housing need includes consideration of the following:

- The existing stock in each area combined with housing list data which shows the demand to live in particular areas;
- The level of recent development in each area and the impact this has had on current housing lists; and
- The turnover of stock through transfers;

Deliverability considers land supply, constraints and funding, for example:

- The level of subsidy available has improved, although is still challenging for RSLs to secure the level of private finance required in order to undertake new development
- Concern over Welfare Reform impacting on income generated
- The availability of land that can be developed for affordable housing is a key resource issue and there are concerns regarding the impact that this has on the delivery of programmes and the Council's strategic objectives, particularly in light of the current economic climate; and
- In East Lothian, there are challenges with respect to infrastructure costs as the majority of new housing development in East Lothian requires associated infrastructure investment. This is predominantly funded through Section 75 developer contributions. An example of this is for education. Existing school capacities impose a development constraint on five of the six strategic land allocations in East Lothian. These land allocations all require new school provision, which must be provided before the bulk of house building begins.

Taking account of LHS outcomes and investment priorities noted above, 12 projects have been highlighted as high priorities for delivery in years 2015 – 18 and 7 in years 2018-20

The outcome of the site prioritisation process is attached at Appendix A.

4. DELIVERING THE PROGRAMME

4.1 The Programme

Total and Type of Units

The SHIP projects that in total, 843 units could start on site during the period 2015/16 – 2019/20, with a further 102 unsubsidised units delivered over the same period (*these are detailed in table 3 of the SHIP tables*). This could result in the delivery of 740 completed homes, taking into account existing commitments. The SHIP anticipates £29.747m of subsidy will be required to deliver this programme. Tenure balance is projected to be 75% social rent and 25% intermediate tenures. On larger sites, just fewer than 50% of properties are 1 and 2 bedroom flats with just over 50% for larger family units.

Table 2: Summary of Site Starts

Year	Social Rent	MMR	LCHO	TOTAL
2015/16	158	36	12	202
2016/17	122	36	10	168
2017/18	47	0	0	47
2018/19	227	69	0	296
2019/20	120	10	0	130
Totals	674	147	22	843

Table 3: Tenure / Supplier Mix (Site Starts)

Year	Housing Association (HA) Rent	Local Authority (LA) Rent	Intermediate Tenures	Total
2015/16	94	60	48	202
2016/17	73	49	46	168
2017/18	29	18	0	47
2018/19	109	118	69	296
2019/20	105	15	10	130
Total	410	260	173	843

Table 4: Summary of Site Completions

Year	Social Rent	MMR	LCHO	TOTAL
2015/16	69	12	0	81
2016/17	120	33	22	175
2017/18	87	27	0	114
2018/19	75	50	0	125
2019/20	216	29	0	245
Totals	567	151	22	740

Table 5: Tenure / Supplier Mix (Site Completions)

Year	Housing Association (HA) Rent	Local Authority (LA) Rent	Intermediate Tenures	Total
2015/16	36	45	0	81
2016/17	56	64	55	175
2017/18	87	0	27	114
2018/19	15	60	50	125
2019/20	143	73	29	245
Total	337	242	161	740

4.2 The tables attached at Appendix B set out the programme over the 5 years. These tables also refer to potential shadow projects which have not been counted in the overall numbers.

4.3 The anticipated funding levels are based on named sites that have a realistic prospect of achieving tender approval in the timescales stated. The Council and its partner Registered Social Landlords (RSLs) have been through a process of considering a number of sites and eliminating others, particularly in the case of Affordable Housing Policy windfall sites, where there has been no recent contact with the developer. It is highly likely that expenditure will be required on windfall sites identified through the Affordable Housing Policy, which as yet have not been brought forward by private developers. An assumption has been made that approximately 50 additional units will come forward over the next three years as a result of potential windfall sites.

The delivery of the programme is flexible and subject to change - some

developments may not proceed while others may come forward if additional resources were to become available.

- 4.4** The SHIP spreadsheets have been checked against the draft Housing Land Audit (HLA) to minimise anomalies, some of which arise as the information is presented in different ways. The HLA is based on the land available as at 31st March 2014. The SHIP also includes sites that don't currently have planning consent, however, more importantly the SHIP only includes sites, which either the Council or RSLs consider are likely to obtain tender approval and site starts within the next five years. There are therefore some differences between sites included in the SHIP and those included in the draft HLA.

5. RESOURCES TO DELIVER

5.1 RSL Partners

RSL's currently delivering in East Lothian includes East Lothian Housing Association, Places for People, Castlerock Edinvar and Dunedin Canmore Housing Association. Hillcrest Housing Association and Viewpoint Housing Association have also recently expressed interest in delivering in East Lothian and the Council are happy to explore arising opportunities.

5.2 Land use planning policy for Affordable Housing

The Council's land use planning policy for Affordable Housing aims to deliver serviced land for affordable housing and the Council is committed to working with private developers to assist the delivery of both market and affordable housing. Opportunities are currently being explored for a mix of delivery mechanisms from taking serviced land and procuring directly to buying off the shelf from developers.

5.3 Council Initiatives

5.3.1 Housing Revenue Account (HRA) Prudential Borrowing New Build

Local Authorities are in a position, where appropriate, to make additional funding for housing investment available through the Prudential Borrowing Regime. The Council took a decision in 2004 to commence its own new build programme and to date, has delivered 515 units. The Council's programme over the next five years will focus on the delivery of housing on East Lothian's strategic land allocation sites.

The Council recently participated in a bid for the Veterans Accommodation Fund which is being co-ordinated by the City of Edinburgh Council. The Council have offered to contribute land and 2 existing units to help deliver 8 units for Veterans and their families.

Open Market Acquisitions

To date, the Council has undertaken three phases of open market acquisitions on a selective basis to assist in delivering the provision of

affordable housing.

Between April 2012 and March 2014, the Council purchased a total of 36 properties at a cost of £3,710,990 (not including any improvements that were required).

The Council are currently exploring a further phase as an opportunity to secure some under spend in the 2012-15 affordable housing supply programme.

5.3.2 Lending Facility

The Council has put in place a lending facility of £25million for East Lothian Housing Association to fund the private finance element of its affordable housing programme in East Lothian. The opportunity to provide this facility arose as a result of increasing uncertainty in the credit markets and the significant risk this posed to the delivery of affordable housing.

5.3.3 Empty Homes

The Council has extended its Shared Services Empty Homes Project until June 2015. A Regional Empty Homes Officer works across three local authorities, including East Lothian. The project aims to bring 20 properties back into use during the pilot. To date, 8 empty homes have been brought back into use through this project. In partnership, the Council was successful in securing £150,000 from the Scottish Government to set up an Empty Homes Loan Fund which is now available.

5.3.4 Second Homes Council Tax

Income raised by reducing Council Tax Discount on second homes and long-term empty properties can be used to support:

- RSL or Council New Build Programme
- Land acquisition for affordable housing

For the purposes of the SHIP an assumption has been made that this funding source could be used as top up funding to assist in the delivery of both the RSL and Council new build programme, which has been its primary use to date. This amounts to in the region of £400,000 per annum.

5.3.5 Section 75 Contributions

Committed Sums are obtained through the Council's land use policy for Affordable Housing, when on site provision cannot be achieved. These sums contribute towards the provision of affordable housing within East Lothian. Since approval of the 2006 policy, £206,619.00 has been received. The Council has used this funding stream to acquire sites in Tranent, Ormiston and North Berwick and will continue to identify new sites for potential acquisition with the remaining £118,000.00

5.3.6 Developer Opportunities

East Lothian Council has had a clear long-term strategy in place to increase the delivery of affordable housing in the county. Much of this delivery is dependent on the Council's Affordable Housing Policy, which specifies that 25% of new housing should be affordable. However, the nature of the sites

and the large sums of money associated with infrastructure works is resulting in complex discussions around delivery which is having a negative impact on the delivery of affordable housing in terms of delayed site starts. The Council is however continually in discussion with developers to look for solutions and opportunities they may have to deliver affordable housing.

5.4 Scottish Government Initiatives

5.4.1 Scottish Government Funding since 2012

The Scottish Government allocated funds of £6.3m for the 2012-2015 Affordable Housing Supply Programme. This together with recycled monies gave East Lothian a total of £8.08m towards the completion of 221 units, with a further 85 on site.

5.4.2 National Housing Trust (NHT)

The Council participated in procurement Phases 1 and 2 of the NHT that aims simultaneously to deliver intermediate rented housing and kick start house construction. Unfortunately, no tenders were received at the 'Invitation to Tender' stage for either phase. The Council has indicated its interest in participating in a further phase to the Scottish Government.

5.4.3 Low Cost Initiatives for First Time Buyers (LIFT)

The Scottish Government has a range of initiatives in place for first time buyers known as LIFT. LIFT is aimed at broadening the range of financial products and other forms of assistance available to help people achieve and sustain home ownership.

Open Market Shared Equity (OMSE)

OMSE assists households to purchase on the open market by taking an equity stake of between 10 and 40 per cent (the equity range for the purchase has been 60-80 per cent and 70-90 per cent at various points but its now 60-90 per cent.)

The Scottish Government have yet to publish the outturn figures for 2013/14 but purchases/annum in East Lothian over the past 3/5 years have been around 14 units a year.

New Supply Shared Equity (NSSE)

New Supply Shared Equity assists people on low to moderate incomes to become home owners where ownership is expected to be affordable for them over the long term. Through this scheme, the Scottish Government keeps a financial stake in the property which is secured by a standard security on the property.

No units have been delivered in East Lothian through this scheme

New Supply Shared Ownership:

No new units have been delivered since the last SHIP submission.

New Supply Shared Equity with Developers

No units have been delivered in East Lothian through this scheme.

5.3.7 Help To Buy

In the Budget, the UK Government unveiled measures (Help to Buy) to assist people looking to buy a new home. The Scottish Help to Buy scheme to help people to buy a new build home from a participating home builder. The three year scheme runs until 31 March 2016.

The scheme is open to all home buyers, and provides help of between 10% and 20% of the purchase price of a new build home.

45 purchasers to date have accessed this scheme to purchase in East Lothian

5.3.8 MI New Home

This is another scheme which was launched in May 2013 and is available to all creditworthy borrowers who meet lenders usual affordability and underwriting processes. The scheme enables borrowers to access 90 – 95% loan to value mortgages which means a much lower level of deposit is required than for many other mortgages currently available. The scheme is not restricted to first time buyers and, subject to certain eligibility criteria, is open to anyone looking to buy a new build home who is finding it difficult due to the level of deposit required.

5.4.9 Mid Market Rent

Mid-market rent is a form of affordable housing that allows tenants to pay rent levels below the normal market rent level in their area, although rents are higher than that a tenant would normally expect to pay in social housing.

East Lothian have only delivered a couple of MMR units to date but we hope this will increase once the research is complete and the intelligence is there to give providers comfort on the demand and models that may work for East Lothian.

6. RISK MANAGEMENT

6.1 The key risks identified in the delivery of the SHIP are as follows:

- Insufficient land in control of affordable housing providers;
- Reduced funding programme;
- Reliance on the private sector to deliver land for housing in a difficult economy
- Educational capacity is insufficient;
- Insufficient prudential borrowing to fund the Council's programme
- The credit market continues to present challenges for first time buyer's ability to secure a mortgage presenting a major obstacle of access to the housing market.
- Likely increase in funding for adaptations will be required to make best use of existing stock to meet customer's needs.

6.2 Appendix C assesses the likelihood and potential impact of the key risks and what actions can be taken to address these.

7. CONSULTATION PROCESS

7.1 Officers from the Investment & Regeneration Team of the Council developed the SHIP in draft form prior to consulting with its stakeholders.

7.2 Due to a recent restructure and staff vacancies, there have been no meetings of the East Lothian Housing Partnership (ELHP) and the partnership groups established to support the Local Housing Strategy are currently being reviewed. The draft SHIP was however circulated to the following:

- Scottish Government
- Castle Rock Edinvar Housing Association
- Dunedin Canmore Housing Association
- East Lothian Housing Association
- Homes for Life Housing Partnership
- East Lothian Tenants and Residents Panel
- Adult Wellbeing, East Lothian Council
- Community Housing, East Lothian Council
- Homelessness, East Lothian Council
- Housing Asset Team, East Lothian Council
- Policy and Projects, East Lothian Council

7.3 Developing Registered Social Landlords (RSLs) were consulted in detail on their development proposals to inform the SHIP, including:

- Places for People Group, acting as development agent for both Castle Rock Edinvar and East Lothian Housing Association; and
- Dunedin Canmore Housing Association.
- Viewpoint Housing Association
- Hillcrest Housing Association

8. COMBINED IMPACT ASSESSMENT

8.1 The Council has developed a 'Combined Impact Assessment Tool' to examine the impact of decisions on the community. The tool brings together key social, environmental and economic priorities to highlight whether the decisions we make or the plans we put in place will have a positive or negative impact in the community, in particular this includes equalities, sustainability and identifies whether a Strategic Environmental Assessment is required. A Combined Impact Assessment has been undertaken for this SHIP and is attached at Appendix D.

9.0 ENERGY EFFICIENCY

9.1 Energy Efficiency in New Build Housing

Sustainability is a key priority for the LHS 2012 – 2017 and remains so for the SHIP where the drive towards low-carbon standards in new housing is regulated by planning and building standards legislation, guidance and policy, which have made improvements in energy standards for new housing over many years. In 2007 a carbon dioxide emissions based methodology for assessing carbon and energy performance in new buildings was introduced. The standards introduced in the 2010 Building Regulations are intended to achieve an improvement on this target, reducing emissions by approximately 30% compared to 2007 standards, and a further 30% reduction will be required by 2013, leading to zero carbon developments by 2016.

In order to meet building regulations a number of new build Council houses have been equipped with renewable technologies. The approach to date has been to increase the insulation standards in properties and to provide solar thermal hot water. As building standards increase site specific renewable, low carbon and ventilation solutions are being explored. Other house builders operating in the county are formulating similar responses to meet the building regulations and this is resulting in an increase in renewable technologies being introduced into the new build sector.

In terms of meeting carbon targets the proportion of the total stock made up by new-build is relatively small. This is certainly the case for East Lothian where, over the past few years, less than 1% of the total housing stock has been provided as new build. As a housing developer East Lothian Council will continue to revise its strategy in response to the appropriate planning and Building Standards legislation, guidance and policy.

10. CONCLUSION

- 10.1** Key housing priorities for East Lothian Council are increasing the supply of affordable housing and the maximisation of Scottish Government funding.
- 10.2** The Strategic Housing Investment Plan sets out an investment programme of £29.747m delivering site starts of 843 affordable housing units with a further 102 delivered without subsidy. It clearly demonstrates that there are opportunities for the Scottish Government to invest in the provision of affordable housing in East Lothian.
- 10.3** The current economic climate is providing both challenges and opportunities. The Council will continue to work closely with its partners including the private sector to ensure it makes the most of any opportunities available.

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APPENDIX A – RISK REGISTER

Risk Description	Probability	Impact	Risk Score	Actions	Process Owner
Land is not available to develop for affordable housing.	2	3	6	<ul style="list-style-type: none"> ▪ Sites included in SHIP are sites most likely to be delivered. ▪ ELC/RSLs to buy land for development whenever possible. 	ELC/RSLs
Insufficient funding, particularly when strategic sites are developed.	2	3	6	<ul style="list-style-type: none"> ▪ Programme development of sites as far as possible (most are privately owned). ▪ ELC to make case with other Lothian authorities for increase in HAG funding. 	ELC/CS
Delivery of units, especially through AHSP, dependent on the market and decisions of private developers.	3	3	9	<ul style="list-style-type: none"> ▪ Try and purchase sites at an early stage whenever possible ▪ Agree allowance for windfall and AHP sites in future SHIPs 	ELC/RSLs ELC/CS
Educational capacity is insufficient.	3	3	9	<ul style="list-style-type: none"> ▪ Discuss with Education service interim measures to increase capacity to avoid risk of delays. ▪ Continue to engage with developers regarding funding infrastructure 	ELC

Sewerage capacity is insufficient.	3	2	6	<ul style="list-style-type: none"> ▪ Continue to engage with developers regarding funding infrastructure ▪ Meet with Scottish Water to identify and plan for issues with water capacity. 	ELC
Changes in funding regimes	3	2	6	<ul style="list-style-type: none"> ▪ Identify innovative and more cost effective development solutions 	ELC/RSLs

Probability: 3 high, 2 medium, 1 low

Impact: 3 high, 2 medium, 1 low

APPENDIX C – PRIORITISATION TOOL

METHOD FOR CALCULATING PRIORITY

Housing Need

- High [3] - Little opportunity & Highest demand
- Medium [2] - High Demand
- Low [1] - High Demand, but a lot of opportunity

Project Deliverability

- High (3) – No constraints and consents in place
- Medium (2) – No major constraints, but need consents
- Low (1) – Constraints and no consents

Priority = Housing Need x Deliverability

3	6	9
2	4	6
1	2	3

PROJECT	SUB-AREA	Constraints	HOUSING NEED	DELIVERABILITY	PRIORITY
Hallhill, Dunbar	East	Control of Private Developer	High	Medium	High
Pinkie Mains, Musselburgh	West	Control of Private Developer	High	High	High
Bayswell Road, Dunbar	East	Access Issues	High	Medium	High
Mingulay, Haddington	East	Planning	High	Medium	High
Inglis Farm, Cockenzie	Central	Planning	High	High	High
Osbourne Terrace, Cockenzie	Central	Planning / Scottish Veterans	High	High	High
Goosebay, Wallyford	West	Infrastructure/ Control of Private Sector	High	Low	Medium
Ideal Garage, Haddington	East	Planning / Private Sector	High	Low	Medium
Redmains, Pencaitland	Central	Planning	High	Medium	High
Newhouse Farm, Gullane	East	Private Sector	High	High	High
Elder Street, Tranent	Central	Not yet acquired	High	Medium	Medium
Westbank Road, Macmerry	Central	tenure	Medium	Medium	Medium
Mains Farm, North Berwick	East	Private Sector control	High	Medium	Medium
Workshops, Dirleton	East	Planning	High	Medium	Medium
Letham Mains, Haddington	East	Planning / Private Sector	High	Medium	Medium

Pinkie Mains, Musselburgh	West	Private Sector Control	High	High	High
Dovecot, Haddington	East	Private Sector control	High	Medium	Medium
Beveridge Row, Dunbar	East	Private Sector control	High	Medium	Medium
Limeylands, Ormiston	Central	Private Sector control	High	Medium	Medium
Pinkie Road, Musselburgh	West	Private Sector control			Medium
Eskmills, Musselburgh	West	Private Sector control	High	Medium	Medium
Barbachlaw, Wallyford	West	Private Sector control	High	Medium	Medium
Lempockwells, Pencaitland	Central	Private Sector control	High	Medium	Medium
Fa'side, Tranent	Central	Private Sector control	High	Medium	Medium
Bothwell Castle, Haddington	East	Private Sector control	High	Low	Low
Mains Farm, North Berwick	East	Private Sector control	High	Medium	Medium