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REPORT TO: Members' Library Service

MEETING DATE: December 2021

BY: Head of Housing

SUBJECT: Strategic Housing Investment Plan

1 PURPOSE

- 1.1 To note the submission of the Strategic Housing Investment Plan (SHIP) for 2022/23-2026/27 to the Scottish Government on 29 October 2021.

2 RECOMMENDATIONS

- 2.1 Members are asked to note the contents of the Strategic Housing Investment Plan.

3 BACKGROUND

- 3.1 This SHIP covers the 5 year period 2022/23 – 2026/27 and has been prepared in accordance with revised Scottish Government Guidance, '*Preparing Strategic Housing Investment Plans*' (June 2021).
- 3.2 The purpose of the SHIP is to clearly set out East Lothian's strategic housing investment priorities for the next five years. The SHIP contributes towards achieving the outcomes set out in the Local Housing Strategy (LHS) and demonstrates how they will be delivered through a range of funding streams. It is the key document for identifying the strategic housing projects which will assist in the successful achievement of the Scottish Government's targets within Housing to 2040.
- 3.3 The SHIP ensures that the priorities set out nationally align with the priorities identified within the local authority's LHS, and prioritises developments around need and deliverability.
- 3.4 In preparing the SHIP, the Council has reviewed its existing 2021/22-2025/26 SHIP, taking into account the commitments made by the Scottish Government and updating on the impact the pandemic has had on the programme.
- 3.5 Covid-19 has had a considerable impact on East Lothian's programme resulting in delays to both planned site starts approvals and completions in this current financial year. Although Scotland's construction sector was closed between late March and July 2020, the restarting of the

Construction sector was slow and phased. Delays have resulted, due to the impact Covid-19 has had across both the labour market and supply chain.

- 3.6 This SHIP carries forward the projects set out in the previous SHIP 2021-2026 and is updated by current information. The Council's New Build Team maximised their time during the construction sector closure in 2020 to work closely with as many stakeholders as possible to explore opportunities to continue to progress those pre-construction works. It is recognised that this is still impacting the programme with a carry forward into the 2022/23 programme as a result.
- 3.7 The key aim of the SHIP is to deliver 1932 completed affordable units (excluding 47 unsubsidised units). This number is based on those high priority sites identified within Appendix C and shown in Appendix F of the SHIP document.
- 3.8 This SHIP projects £56.401m of subsidy will be required to deliver the programme for those 1019 high priority projects, with a further £52.02m to deliver a total of 1932 completed units across all potential projects (excluding the 47 unsubsidised). 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.
- 3.9 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. It will also be dependent on innovative funding models such as discounted housing for sale or additional mid-market rent through East Lothian Mid-Market Homes LLP
- 3.10 This SHIP is ambitious to ensure that subsidy from the Scottish Government is maximised and this ambition has been encouraged by the Scottish Government.
- 3.11 There will inevitably be changes in the timing of projects, even those included in this year's programme, but it is important to identify as many opportunities as possible to address the clear and pressing need for affordable housing. The delivery of the programme is flexible and subject to change - some developments may not proceed while others may come forward, particularly if additional resources were to become available

4 POLICY IMPLICATIONS

- 4.1 The SHIP demonstrates that it is helping to increase the supply of affordable housing across East Lothian through a range of measures in line with our LHS. The East Lothian LHS 2018-23 sets out the strategic vision for housing, anticipating that by 2023 the county will comprise of:

‘Healthy, sustainable homes in vibrant communities, that meet increasing levels of need, reduce inequalities and improve wellbeing across all stages of people’s lives’.

The LHS aims to meet this vision by achieving a set of six outcomes, which reflect local priorities and national policy objectives as follows:

- Sustainable and vibrant communities are created and maintained;
- The supply of housing is increased and access to housing improved across all tenures;
- Homelessness is prevented as far as possible, with appropriate support in place to promote positive health outcomes and tenancy sustainment;
- A wider range of specialist housing is provided to enable independent living where appropriate;
- The condition, energy efficiency and where appropriate the management of existing stock is improved; and
- Fuel poverty is reduced and climate change targets exceeded.

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 An Integrated Impact Assessment was carried out and no negative impacts were found.

6 RESOURCE IMPLICATIONS

- 6.1 Financial – The funding contribution in the SHIP is complemented by the Councils funding through prudential borrowing, private sector funding through the RSL programme, revenue raised through the reduced discount of second homes council tax and developer contributions for affordable housing, as well as those units delivered directly through the private sector with no subsidy at all.

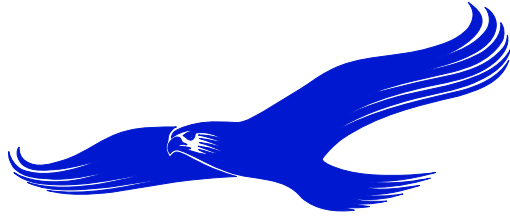
The SHIP informs the development of the Council’s 2022-23 to 2026-27 HRA Capital Programme.

- 6.2 Personnel - A service review is being undertaken to assess the resources required to deliver an increased delivery programme.
- 6.3 Other - None

7 BACKGROUND PAPERS

- 7.1 Strategic Housing Investment Plan 2022/23-2026/27 – Appendix 1

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DATE	11/11/2021



East Lothian
Council

**EAST LOTHIAN COUNCIL
STRATEGIC HOUSING INVESTMENT PLAN**

2022/23 – 2026/27

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1. INTRODUCTION

1.1 East Lothian Council's Strategic Housing Investment Plan (SHIP) covers a five year period from 2022/23 to 2026/27 and has been prepared in accordance with revised Scottish Government Guidance on *Preparing Strategic Housing Investment Plans* (June 2021).

The core purpose of the SHIP is to clearly set out East Lothian's strategic housing investment priorities for the next five years. This SHIP aligns with the Council's adopted Local Housing Strategy (LHS) 2018-23 and most up to date Housing Land Audit, contributing towards achieving its outcomes and demonstrating how investment in affordable housing will be targeted. It is the key document for identifying the strategic housing projects, which will inform the preparation of Council budgets, RSL borrowing and Strategic Local Programme Agreements.

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

- Set out and reinforce the investment role of the Local Authority as the strategic housing authority
- Reflect the housing policies and outcomes set out in the LHS action plan
- Set out the priorities to inform Scottish Government Investment decisions and the preparation of Strategic Local Programme Agreements
- Consider the wider range of mechanisms available to assist delivery and meet identified housing need;
- Demonstrate that these can realistically be delivered over the plan period; and
- Enable the involvement of key partners in the delivery of new affordable housing.

The focus for the SHIP is the delivery of social rented housing; however, it also includes other affordable housing tenures, mainly homes for mid-market rent. It also includes models which do not require any financial assistance through Scottish Government subsidy for delivery.

1.2 The preparation of this SHIP has been undertaken as a corporate activity through consultation and collaboration with partner services including the East Lothian Health & Social Care Partnership as well as those Registered Social Landlords who are currently developing or have an interest in developing in East Lothian. Covid-19 has had a considerable impact on East Lothian's programme resulting in delays to both planned site starts approvals and completions in this current financial year. Although Scotland's construction sector was closed between late March and July 2020, the restarting of the Construction sector was slow and phased and as a result, we were seeing delays of around 9 months on the majority of sites across East Lothian. Further delays have also resulted due to the impact Covid-19 has had across both the labour market and supply chain.

East Lothian Council welcomes the continued level of Affordable Housing Investment allocated in 2021-22, and the stability and support this provides to project and programme delivery to 31 March 2022. The Council is aware of the subsidy available up until 2025/26 and the Council will continue to work closely with the Government to support the delivery of new affordable housing.

This SHIP has only just been shared with the Cabinet Spokesperson for Housing and the Director of Place. A needs assessment on accessible housing was also carried out to allow East Lothian Council to set a target for wheelchair housing. This will receive formal approval in December by Council. The SHIP will be submitted to East Lothian Council's Members' Library in due course and will be publicly available and published on the Council's website once approved.

1.3 In preparing the SHIP, the Council has reviewed its existing 2021/22-2025/26 SHIP, taking into account the commitments made by the Scottish Government but also the impact the recent pandemic has had on the programme.

1.4 This SHIP carries forward the projects set out in the previous SHIP 2021-2026 and is updated by current information, following significant re-programming and re-profiling of budgets due to the impacts of the closure of the Scottish construction sector last year. The impact of the pandemic resulted in 12 housing sites being closed, totalling 261 units at risk of not meeting completion targets.

The Council's New Build Team maximised their time during the construction sector closure to work closely with as many stakeholders as possible to explore opportunities to continue to progress those pre-construction works. This has resulted in 4 significant sites still being able to achieve site starts this financial year, albeit much later in the year than anticipated. It is recognised that this has had an impact on the 2020/21 programme with a huge amount of carry forward into the 2021/22 and 2022/23 programme as a result.

1.5 This year's SHIP is showing potential site starts of 1707 new affordable homes (137 additional units from last year's SHIP) with 1932 completions across East Lothian over the period of the plan (An additional 224 units from last year's SHIP). This excludes an additional 47 completions of unsubsidised units. These numbers are based on those high priority sites identified within Appendix C and shown in Appendix F.

This SHIP projects £56.401m will be required to deliver the programme for those 1019 high priority projects (This represents a reduction of £1.67 million of subsidy over the period from last year), with a further £52.02m to deliver a total of 1932 completed units across all potential projects (representing an additional £8.403m from last year). This excludes the 47 unsubsidised units.

The ability to deliver will be dependent upon a combination of affordable housing providers, not least the future allocation of subsidy from the Scottish Government. The result of this could have a significant impact on the delivery capacity of the Council and the Registered Social Landlords (RSLs), resulting in a greater dependence on innovative funding models to deliver affordable tenures in the future.

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. This may result in a redistribution of units and tenures across the Affordable Housing providers.

2. NATIONAL STRATEGIC AND POLICY CONTEXT

In March 2021, the Scottish Government published *Housing to 2040*, a twenty year strategy to ensure that “by 2040, everyone will have a safe, high quality home that is affordable and meets their needs in the place they want to be”. The Strategy contains a route map with four main areas;

1. More homes at the heart of great places
2. Affordability and choice
3. Affordable warmth and zero emission homes
4. Improving the quality of all homes

Housing to 2040 (H2040), continues the More Homes Scotland policy approach first introduced in 2016, and commits to a long term ambition on the completion of the existing 50,000 affordable homes target and a further 100,000 affordable homes over the following ten years up to 2032. At least 70% of these homes will be for social rent and 10% will be delivered in remote, rural and island communities. H2040 states that the initial 50,000 will be delivered up to 2026/27 and the remaining 50,000 delivered in the latter five years up to 2031/32. The later phase is also expected to see an acceleration of funding towards bringing more existing homes into the programme including making more use of off-the-shelf purchases and buy-backs.

H2040 also sets out plans to pursue a range of innovative approaches to delivering affordable housing tenures such as Open Market Shared Equity and Mid-Market Rent options.

The 2021/22 Programme for Government reiterates the commitments made in H2040, committing to a Rented Sector Strategy which will begin to introduce guidance to ensure homes provide access to outdoor space and space for home working and learning. From 2021/22, all new build social rented homes (including off-the-shelf purchases) delivered through the Affordable Housing Supply Programme should be digitally enabled, providing a ready-to-go internet connection.

2.1 City Region Deal

The Edinburgh and South East Scotland City Region Deal Heads of

Terms Agreement was signed by the Regional Partners and UK and Scottish Governments on the 20 July 2017.

The Regional Partners, supported by Scottish Government have committed to deliver a 10-year ambitious programme of new housing across the region, delivering certainty to SMEs and maximising economic benefit from the construction process. The joint approach between partners and Scottish Government will support the delivery of significant numbers of new homes across the region. The Heads of Terms Agreement sets out the Government commitments and East Lothian Council have approved an outline of projects which will bring more than £1.3billion of investment over the next 15 years to the Edinburgh and South East Scotland region.

3. LOCAL STRATEGIC AND POLICY CONTEXT

3.1 Introduction

East Lothian is part of the wider South-East Scotland housing market area, located to the east of Edinburgh's suburban edge. East Lothian measures approximately 270 square miles in area, and includes 43 miles of coastline. The area has six main towns, extending from Musselburgh in the west to Dunbar and beyond to the area's administrative boundary, with Scottish Borders in the east.

The population of East Lothian is growing and changing; house prices remain relatively high compared with national figures and the county is considered generally affluent compared with the rest of Scotland. However, the desirability of East Lothian as a place to live and rapidly growing population, places increasing demands on infrastructure and housing. Significant inequalities exist both within and between communities and pockets of deprivation are evident, particularly in the west of East Lothian. Increasing the supply of affordable housing is critical to addressing inequalities and alleviating poverty across the county.

3.2 Demographic Context

East Lothian currently has a population of 107,900. There has been a 20% increase over the last ten years compared to 8% growth across Scotland, which constitutes the largest increase nationally¹. The population is projected to increase further by 13.3% from 2019-2040, compared with 2.5% nationally. This is the second highest projected increase in Scotland.²

Between 2019 and 2040, East Lothian is projected to experience an increase in the population aged 75 and over of 82.5% compared with 61.8% nationally. This represents the third highest increase across Scotland³ More

¹ NRS mid-2020 population estimates

² NRS 2018 based population projections – Midlothian is projected to have the highest population increase at 27.7%

³ NRS 2019 based population projections – West Lothian is projected to have the highest population increase of 75+ at 90.5% and Midlothian the second highest at 85.6%.

detailed analysis of projected percentage change in population by age structure shows East Lothian to have the second highest projected percentage change with regard to the pensionable age population of 38.8% compared with 23.2% nationally.⁴

East Lothian has 47,482 households, having experienced a 24.2% increase 2001-2020 compared with 14.27% nationally. This represents the second largest increase across Scotland⁵. An additional 8,514 households are projected across the county from 2018-2040 equating to an additional 387 households per annum and a 21.8% increase compared with 8.9% across Scotland. This is the second highest projected increase nationally⁶.

This includes a projected increase of 29.1% in relation to single person households, an overall increase of 8,508 households or 387 per annum. This represents the second largest projected increase in single people, nationally, with a 14.9% increase projected across Scotland.⁷ In terms of age, the largest increase in household numbers is projected for those headed by people age 75 and over. East Lothian is projected to have the third largest increase across Scotland at 86.2% by 2040 compared with a 64.7% increase nationally.⁸ By 2040, 45% of households in East Lothian are projected to be headed by a person aged 60 and over.

The average household size had stabilised at 2.28 for seven years until reducing to 2.27 people in 2017. This has reduced again to 2.23 in 2020, higher than the Scottish average of 2.15. This is projected to reduce to 2.13 by 2041⁹.

Demographic change will have major implications for housing, housing support and specialist provision, with increased need and demand for homes, as well as infrastructure. A range of house types will be required to meet the growing and changing needs of the population.

3.3 Local Housing Strategy

3.3.1 The LHS sets out the strategic approach of the local authority and its partners to delivering high quality housing and housing related services across all tenures, to meet identified need, with the LHS directly informing the SHIP.

East Lothian's LHS 2018-23 sets out the strategic vision for housing,

⁴ NRS 2019 based population projections – West Lothian is projected to have the highest projected population change for the pensionable age population at 41.6%.

⁵ NRS Household Estimates 2020 – Orkney Island experienced the highest % increase of 27.5% between 2001-2020

⁶ NRS Household Projections 2018-based – Midlothian have the highest percentage household increase at 32.2%.

⁷ NRS Household Projections 2018-based – Midlothian have the highest percentage household increase at 39.5%.

⁸ NRS Household Projections 2018-based – West Lothian have the highest projected increase for those aged 75+ at 94.1% and Midlothian the second highest at 89.1%

⁹ NRS Household Estimates 2020 & Household Projections 2018-based

anticipating that by 2023 the county will comprise of:

‘Healthy, sustainable homes in vibrant communities, that meet increasing levels of need, reduce inequalities and improve wellbeing across all stages of people’s lives’.

The LHS aims to meet this vision by achieving a set of six outcomes, which reflect local priorities and national policy objectives as follows:

- Sustainable and vibrant communities are created and maintained;
- The supply of housing is increased and access to housing improved across all tenures;
- Homelessness is prevented as far as possible, with appropriate support in place to promote positive health outcomes and tenancy sustainment;
- A wider range of specialist housing is provided to enable independent living where appropriate;
- The condition, energy efficiency and where appropriate the management of existing stock is improved; and
- Fuel poverty is reduced and climate change targets exceeded.

The LHS was prepared within the context of a highly pressured housing market. Against this backdrop, increasing the supply of affordable housing was and continues to be, a corporate priority for East Lothian Council. House prices remain among the most expensive in Scotland and there is significant demand for social rented housing. A high level of homelessness applications persist and the economic climate continues to impact on the ability of households to meet their housing needs.

The full LHS 2018-2023 can be found at the following link:

https://www.eastlothian.gov.uk/downloads/file/27328/east_lothian_local_housing_strategy_2018-23

Due to the impact of the Covid-19 pandemic and reprioritisation of work streams, a decision was taken to delay the review of the annual LHS update in 2020.

Taking into account the scale of change highlighted in H2040 and the preparation work required for the next Local Housing Strategy in 2023, a decision was taken to provide a light-touch update in 2021. This will provide an update on the existing actions in the LHS. It will not seek to add in additional actions or update the legislative and policy context. This will be captured within the upcoming LHSA and LHS.

3.4 Assessing Housing Need and Demand

3.4.1 A housing need and demand assessment (HNDA) is a key part of the evidence base for the LHS. The purpose of the LHS is to provide strategic direction to tackle housing need and demand (as identified through the HNDA) and inform future investment in housing and related services across a local authority area.

East Lothian is part of the South-East Scotland housing market area, comprising of the administrative areas of the four Lothian authorities, Scottish Borders and the southern half of Fife (SESplan) area. The most recent HNDA carried out across the SESplan area, SESplan HNDA2, was approved by the Scottish Government as 'robust and credible' and subsequently published in March 2015. SESplan HNDA2 uses the Scottish Government HNDA tool to model potential alternative futures for the SESplan area, underpinned by scenarios / variables set out in the HNDA tool.

SESplan HNDA2 figures show a need for circa 553 new additional units of housing per annum in East Lothian over the period 2012-30, comprising 370 affordable housing units and 183 units of market housing.

In accordance with Scottish Government LHS Guidance, the HNDA figures are taken as a starting point to set Housing Supply Targets and full consideration given to those factors which may have a material impact on the pace and scale of housing delivery including:

- Economic factors which may impact upon demand and supply
- Capacity within the construction sector
- The potential interdependency between delivery of market and affordable housing
- Availability of resources
- Likely pace and scale of delivery based on completion rates
- Recent development levels
- Planned demolitions
- Planned new and replacement housing and housing brought back into effective use

3.4.3 On the basis of the above, the SESplan core Housing Market Partnership (Housing and Planning representatives of the six SESplan authorities and SESplan, considered how housing need and demand could best be met over the whole housing market area and across all tenures. An affordable housing supply target of 189 units per annum and a market housing supply target of 330 units per annum were determined for East Lothian, leading to a combined target of 519 units per annum for the period 2018-30.

3.4.4 To complement the HNDA, a *Housing Need and Demand Assessment for Specialist Provision for Particular Needs Groups in East Lothian* was prepared in 2018. It analyses the scale and nature of need and demand for specialist housing and housing related services for particular needs groups across the county. This evidence base is critical to informing strategic planning for the delivery of specialist housing provision and the SHIP includes a number of projects to address some of those identified needs for specialist provision. An update to the Housing Need and Demand Assessment for Specialist Provision is being undertaken for the new LHS due in 2023. This will complement the recent accessible housing needs assessment which was carried out to help evidence and set a target for wheelchair housing (***this report will receive formal approval in December 2021***).

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

3.5.1 The East Lothian Local Development Plan (LDP) 2018 was approved on 27 September 2018, setting out a development strategy for the future of East Lothian to 2024 and beyond as well as a detailed policy framework for guiding development:

The LDP sets out where new development should and should not occur, including housing, education, economic and retail development, new transport links and other infrastructure. It sets the current policy position for East Lothian and decisions on planning application will be made in accordance with this Plan.

3.5.2 The LDP sets out an affordable housing quota of 25%. It states that a 25% affordable housing contribution is required from developers of new housing developments consisting of five or more units, with the exception of Blindwells and Letham Mains, Haddington, for which contributions will be 30% and 17% respectively.

This is supplemented by Supplementary Planning Guidance for affordable housing which was approved in February 2019. This guidance provides a framework for the implementation of East Lothian Council's Affordable Housing Policy (as it relates to LDP policy i.e. quota, tenure mix, specialist provision etc.) and outlines the mechanisms by which affordable housing can be delivered within a broader economic context. The appendices to this guidance note are programmed for review and update in the New Year with a report to Members Library in March 2021

4. INVESTMENT PRIORITIES

4.1 Maximising Investment

The focus of the SHIP is to deliver the outcomes set out in the LHS and maximise the use of the Scottish Government's Affordable Housing Supply Programme (AHSP) resources. The Council will continue to support its policy of maximising this 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 its RSL partners and the Scottish Government to ensure this investment is fully spent. The SHIP identifies a shadow programme in the first year and will continue to do so for future years which will provide future opportunities should projects be delayed during the period of the programme. These shadow developments will be made up of some high priority sites which may be accelerated and those medium priority sites, should opportunities arise to accelerate them.

4.2 Volume and Tenure –

The LHS 2018-23 sets out a housing supply target, which translates to an affordable housing supply target of **189** units per annum. This is not intended as an annual target as such, but gives an indication of the delivery, which will be expected and provides a benchmark for monitoring performance against the overall target. This target is not broken down into targets for different tenures and different client groups, however the LHS does identify the need to ensure that the right type and mix of housing is delivered to meet a range of client groups.

One of our LHS outcomes is to deliver ‘sustainable communities’. We cannot view housing simply as bricks and mortar. We need to more work closely with wider service provision to promote the creation of sustainable places. This is wide-ranging and includes for example: ensuring accessible, well-managed greenspace; encouraging attractive environments with pleasing facilities for people to live and work in; creating a network of paths with associated active travel routes and conserving bio-diversity. There is a focus on the people who live in our communities, ensuring places are welcoming, accessible, easy to move around and inclusive for everyone i.e. dementia friendly. There is also emphasis on health i.e. promoting physical activity, promoting positive mental health and reducing carbon emissions. Provision of a range and choice of good quality housing plays an important role in promoting quality and opportunity and sustainable communities. It also helps to enhance the environment and its positive impact on health and general wellbeing is recognised. 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).

4.3 Intermediate Tenure Research

East Lothian Council commissioned research back in 2015 to better understand need and demand for intermediate tenures across East Lothian, which estimated that around 2,300 households in East Lothian would make up the potential pool of demand for mid market rent and other tenures.

This calculation was indicative of the scale of potential demand for mid market rent and other alternative tenures, based on the ability of households to afford current market prices for both privately rented and privately owned housing. Since this study was commissioned, East Lothian has delivered a

number of mid-market and low cost home ownership models which have provided further evidence for demand for these models across the county.

As a result of the 2020 Local Housing Allowance increase, the Council's guidance and criteria for rent levels in East Lothian requires a review and update as the new Local Housing Allowance is actually higher than private market rents in some areas of East Lothian.

Also, recent guidance produced by the Scottish Government around setting annual rents for Intermediate Rent properties, basis the level of rent on the fiftieth percentile point of market rent levels for the property size in question in that Broad Rental Market Area. East Lothian comes under the Edinburgh market area and as a result of this, the average (median) annual private rent levels being way above those rent levels in the majority of East Lothian.

East Lothian Council intends on commissioning further research in the New Year around the private rental market and will update the Supplementary Planning Guidance for Affordable Housing to reflect rent levels which are considered affordable across the East Lothian Market Area.

4.4 Housing Stock Profile

The Council currently has 8,970 properties with a Housing list of 2,729 applicants. Despite significant levels of investment in affordable housing in recent years, the number of applicants for Council and RSL properties remains high.

As above Table 1 shows the breakdown in current stock by ward as at October 2021 and Table 2 shows breakdown of current stock by bedroom size and table 3 shows the demand for property size across the wards.as at October 2021.

Table 1: Current Stock by Ward

Ward	Council Stock	%
Dunbar & East Linton	949	10.58%
Fa'side	1999	22.29%
Haddington & Lammermuir	975	10.87%
Musselburgh East and West	2566	28.61%
North Berwick Coastal	637	7.10%
Preston/Seton/Gosford	1844	20.56%

**Table 2:
Breakdown of housing stock by Ward**

Ward	Number of Bedrooms				Total
	1	2	3	4+	
Dunbar & East Linton	142	503	278	26	949
Fa'side	379	1056	529	35	1999
Haddington &	273	397	274	31	975

Lammermuir					
Musselburgh East and West	573	1330	597	66	2566
North Berwick Coastal	141	335	144	17	637
Preston/Seton/Gosford	370	935	479	60	1844
Total	1878	4556	2301	235	8970
%	20.94%	50.79%	25.65%	2.62%	

Table 3:
Demand for housing stock by Ward (Applicants can make multiple choices)

Ward	1 Bed	2 Bed	3 Bed	4 Bed	5 bed
Dunbar & East Linton	353	188	85	17	0
Fa'side	607	363	134	37	1
Haddington & Lammermuir	417	230	85	19	0
Musselburgh East and West	863	437	229	47	0
North Berwick Coastal	370	205	72	17	0
Preston/Seton/Gosford	699	395	174	37	1
Applications by bedroom requirements	1399 (51.26%)	829 (30.38%)	428 (15.68%)	72 (2.64%)	1 (0.04%)

4.5 Specialist Housing

Wheelchair Housing:

The SHIP guidance requires local authorities to set targets across all housing tenures for the delivery of wheelchair accessible homes with detailed information on the plans and timescales that are in place to achieve these.

'Housing for Varying Needs', a national design guide, provides the following two definitions, which have been adopted by the LHS, when describing the applicable specialist housing:

Ambulant Housing: This house type meets a wide range of specialist housing needs. The majority of demand is likely to be from the older age group, who have mobility problems, but who can walk with (or without) an aid. Some people in this group may occasionally use a wheelchair. Demand is not exclusive to the older age group; mobility issues can affect people throughout their lives, for various reasons.

Wheelchair User Housing: This housing is for people who use a wheelchair all or most of the time. The home will be level access throughout, have space for a wheelchair to circulate and access all rooms, a kitchen and bathroom that suits the occupant's particular needs and fittings and services that are within reach and easy to use. A wheelchair user may live alone, or with a carer or partner or be part of a family unit.

East Lothian supports the delivery of more wheelchair accessible housing, however, it does not have a specific target for wheelchair housing nor does

it have the mechanisms in place to enforce any targets on the private sector. It has, however tried to account for a variety of specialist housing needs by including the delivery of housing for people who are ambulant disabled, people who require wheelchair housing and housing to meet the needs of an ageing population. Suitability of the site and location are all considered and specialist housing will be included as required.

The details of many of the developments in this SHIP have not yet been finalised and the potential of developments to meet those specialist-housing needs still needs to be fully assessed. The proportion is therefore likely to change as developments progress. In the meantime, an assumption has been made in the SHIP for 10% wheelchair housing.

Note: the research report and recommended target still require formal sign off in the New Year

4.5.1 Other Specialised Housing

The East Lothian Health and Social Care Partnership was established as a separate legal entity, governed by an Integration Joint Board (IJB) in 2015. Two housing representatives are involved in the East Lothian IJB's Strategic Planning Group.

The IJB has a responsibility to prepare a Health and Social Care Strategic Plan, outlining its vision for health and social care services, strategic priorities and the commissioning outcomes to be achieved.

The current Strategic Plan was published in April 2019 and covers the period 2019-22. This includes a Housing Contribution Statement which acts as a bridge between the Local Housing Strategy and the IJB Strategic Plan. The new Strategic Plan has been delayed until 2023, given the impact of the COVID-19 pandemic.

The East Lothian Housing Contribution Statement summarises the role of housing in the governance arrangements for integrating Health and Social Care and sets out shared outcomes and service priorities linking the Strategic Plan / LHS and the resources required to deliver these.

The expectation is that a seamless strategic process develops that is focused on shared outcomes, priorities and investment decisions that positively contribute to health and well-being.

To complement information in the HNDA, a *Housing Need and Demand Assessment for Specialist Provision for Particular Needs Groups in East Lothian* was prepared in 2018. It analyses the scale and nature of need and demand for specialist housing and housing related services for particular needs groups across the county and the potential capacity of the housing system to contribute to improving outcomes. This evidence base is critical to informing strategic planning for the delivery of future specialist housing provision and supports the wider integration of health, social care and

housing. An updated version of the Assessment for Specialist Provision will be completed towards the beginning of January 2021 to complement targets for wheelchair housing.

In the meantime, an assumption has been made in the SHIP for a total of 15% within each new build development for particular needs housing through a combination of housing with support and wheelchair accessible housing (***this target still requires formal approval***).

The Council also has a programme of Open Market Purchases (OMPs) which are purchased on a selective basis to assist in delivering the provision of affordable housing, especially to help with our homeless allocations, specialised provision and where it makes sense in terms of stock profile.

Occasionally it may be necessary to build larger specialist housing to meet the specific needs of individual households. Where this is being provided by an RSL, the Council will approve the proposals before a planning application is submitted.

4.6 Child Poverty (Scotland) Act 2017

The role of housing is critical in helping to reduce child poverty. As part of the Child Poverty (Scotland) Act 2017, local authorities and NHS Boards must jointly report annually on the activity they are taking and will take to reduce child poverty. A report published by campaign group End Child Poverty highlights the extent of child poverty across the UK. The report showed that 4,276 children in East Lothian (20.3%) were living in poverty after housing costs.

In East Lothian child poverty levels vary across the county and often within ward areas. Child poverty can often be hidden as parents strive to do the best they can for their children. On average, 1 in 5 children in East Lothian are living in poverty after housing costs are taken into account, in some areas this rises to 1 in 4. East Lothian is forecast to grow at one of the fastest rates of all 32 local authorities in Scotland. The number of 0-15 year olds is projected to increase by 27.5% between 2012 and 2037.

In 2016 the East Lothian Poverty Commission was set up and produced a comprehensive report and recommendations to tackle poverty in East Lothian. As a result of this report the East Lothian Partnership Plan 2017-2027 has actions on poverty threaded throughout focussed on drivers of poverty: employability, housing, income maximisation and supporting our residents to take control of their lives.

The LHS also aligns with this action plan and key outcomes such as Increasing the Supply of affordable housing, reducing homelessness, improving standards of gypsy traveller accommodation and reducing fuel poverty are all indicators within the action plan to help reduce child poverty.

4.7 Rapid Rehousing

The key aims of rapid rehousing are to end rough sleeping; transform the use of temporary accommodation and contribute to ending homelessness across Scotland. Where homelessness cannot be prevented, rapid rehousing refers to:

- A settled, mainstream housing outcome as quickly as possible;
- Time spent in any form of temporary accommodation reduced to a minimum, with the fewer transitions the better; and
- When temporary accommodation is needed, the optimum type is mainstream, furnished and within a community.

Since submission of the initial RRTP in December 2018, the strategic and policy landscape in respect of homelessness has changed considerably, in parallel with an unprecedented volume of fast-paced legislative change.

In May 2020, *Everyone Home*, Scotland's collective on Covid-19 recognised the vital contribution of housing to safety, health and wellbeing amidst the coronavirus pandemic. While Scotland's *Ending Homelessness Together Action Plan*¹⁰ is viewed as 'the right one', the collective urged faster progress towards tackling homelessness, to move away from inequality and disadvantage, with a particular focus on accelerating the commitment to more homes; ending rough sleeping and avoiding eviction.

HARSAG was reconvened in May 2020 to capitalise on positive collaborative work during Covid-19 and consider stronger recommendations around preventing homelessness; accelerating Housing First, increasing housing supply and ending destitution among people with no recourse to public funds. All 105 recommendations were subsequently approved on 15 July.

In accordance with work around HARSAG, legislation was laid in parliament on 05 May, extending the Unsuitable Accommodation Order (UAO) to all homeless households with immediate effect. The legislation set out a time limited caveat to enable self-isolation and social distancing in accordance with Coronavirus legislation until 30 September 2021.

Once this date has passed the following exemptions set out in the draft Guidance will apply; in respect of specific accommodation types and models that will be deemed 'suitable' i.e. shared tenancies and rapid access accommodation. Work is also ongoing with regard to proposals to abolish local connection; refocus the intentionality test on deliberate manipulation of the system; implement enforceable temporary accommodation standards and establish a new prevention duty.

¹⁰ <https://www.gov.scot/binaries/content/documents/govscot/publications/strategy-plan/2018/11/ending-homelessness-together-high-level-action-plan/documents/00543359-pdf/00543359-pdf/govscot%3Adocument/00543359.pdf>

Within this challenging context, East Lothian Council is committed to transforming the way we prevent and tackle homelessness and work towards a rapid rehousing approach by 2024, as evidenced via significant changes and progress reported in the second RRTP (August 2020). Since publication of the initial RRTP, there has been a reduction in temporary accommodation stock from 332 to 290 units; reduction in length of stay in B&B from 69 to 58 days and reduction in overall length of stay in temporary accommodation from 205 days to 163. Of the 46 actions in the five-year RRTP, 14 are complete and 21 are ongoing. The Council is ambitious with regard to further improvements, however this is within the context of continued dependence on B&B for temporary accommodation and wider demand pressures on housing stock, particularly social rented affordable homes.

The initial RRTP set out a bid for £7.221m to support transformation to a rapid rehousing approach, with capital costs subsequently removed and further reductions applied as appropriate. Written confirmation was provided to local authorities of their allocation for RRTP implementation for 2019/20 and 2020/21, with East Lothian Council receiving £160k in years 1 and 2, with a similar allocation anticipated in year 3 of the Plan. The RRTP sets out proposals for a range of actions to replace unsuitable emergency accommodation with alternative suitable accommodation, while also reducing wider temporary accommodation stock and working towards a rapid rehousing approach. This includes increased allocations to homeless households; closer working with RSL partners; increased use of private sector stock; improved rent deposit scheme; conversions of temporary to permanent accommodation etc. A critical element will be new build / refurbishment projects, with options currently under consideration. While a wide range of actions are being progressed to achieve service transformation to a rapid rehousing approach, it is clear that meeting RRTP ambitions will not be possible without adequate capital funding and given this, links to the SHIP are critical.

4.8 Gypsy/Traveller

Appropriate housing is critical to the health, education and employment opportunities of Gypsy / Travellers. Gypsy / Travellers¹¹ are a distinct ethnic group and included as such for the first time in the 2011 Census. Of the 4,200 individuals identifying as Gypsy / Travellers in Scotland, 85 were living in East / Midlothian¹². Notwithstanding the size of this relatively small community, which fluctuates with the seasons, formally assessing and subsequently addressing the accommodation needs of Gypsy / Travellers remains important.

¹¹ Gypsy/Travellers are not a homogenous group. This report will use the Scottish Governments definition. The term 'Gypsy/Travellers' refers to distinct groups – such as Romany Gypsies, Scottish and Irish Travellers – who regard the travelling lifestyle as being part of their ethnic identity. There are also other types of Traveller, such as Occupational Travellers, Show-people and New Age Travellers, distinct groups who do not necessarily regard themselves as Gypsy/Travellers.

¹² It is widely acknowledged that numbers of Gypsy / Travellers are under-reported due to an unwillingness to engage with the settled community; seasonal travel patterns; stigma and literacy issues.

East Lothian Council manages a site for Gypsy / Travellers in Dalkeith, on behalf of East and Midlothian Councils. The existing site is currently not in operation due to significant damage. Scoping work is currently being undertaken by Housing representatives to understand the scale of work required before taking improvements forward.

No permanent housing has been identified for Gypsy / Travellers within this SHIP. We continue to maintain the minimum standards of accommodation at the Gypsy / Traveller site in accordance with Guidance.

4.9 Energy Efficiency

The Scottish Government has designated energy efficiency as a national infrastructure priority. Each year more funding is being allocated to Local Authorities to carry out work on private properties to improve the energy efficiency of homes through the Energy Efficient Scotland; Area Based Scheme.

The Scottish Government is proposing to create a statutory framework for Local Heat and Energy Efficiency Strategies (LHEES).

The Scottish Government allocated funding to help local authorities to pilot new and innovative approaches to energy efficiency, helping to reduce costs and improve warmth in a range of building. Pilot LHEES have been carried out within Local Authority areas and East Lothian completed a pilot last year focusing on the Private Rented Sector and have started a new pilot to test the first four stages of the LHEES methodology. The aim is to transform the energy efficiency and heating of our buildings so that where possible, buildings are near zero carbon by 2035. Minimum standards will play a key role in meeting these ambitions. To ensure a co-ordinated approach to the local planning and delivery of energy efficiency and heat decarbonisation programmes, the Scottish Government is proposing to create a statutory framework for Local Heat and Energy Efficiency Strategies (LHEES).

4.9.1 Current Energy Efficiency Projects:

The council is continuing to explore opportunities to improve the existing energy efficiency of existing stock across all domestic tenures through measures such as external wall insulation, cavity wall insulation and is exploring possibility of under floor insulation as well as internal wall insulation.

The Council has also signed up to a Park Power project which will identify potential areas across East Lothian that would be suitable for ground source heating on a scale that would provide energy to a number of surrounding domestic and non-domestic housing. Report is due end of March 2021.

Further projects to look at geo thermal possibilities are also being explored.

The Energy Transformation Board has identified a set of properties to act as the pathfinder project for solar PV on roofs of our housing stock. The

Council has identified a project in need of a roof replacement, developed a specification and just recently awarded a contract with a site start planned for January 2021. This project was delayed due to Covid and has since been effected by the loss of the ESCO, People's Energy Company that was appointed to develop an affordable tariff. This project is due for completion in December 2021.

4.9.2 Energy Efficiency Scotland: Area Based Scheme (EES: ABS) This Scottish Government funded programme helps households to make energy-saving home improvements through insulation and other energy efficiency measures. It includes a number of schemes including:

EES: ABS: This scheme is facilitated by local authorities to develop and deliver energy efficiency programmes (mainly solid wall insulation) in private sector housing, targeting fuel poor areas. Providing energy efficiency measures delivers carbon savings, makes homes warmer and cheaper to heat and helps to reduce fuel poverty. In East Lothian, the area-based schemes are designed and delivered by the Council alongside local delivery partners. The schemes are geographically based and the Council has benefitted from economies of scale when measures have been carried out in certain areas, taking the opportunity to also improve the energy efficiency of its own stock. At end December 2020, over £2.5m of energy efficiency measures have been completed mainly comprising external wall insulation throughout the county.

East Lothian Council's current HEEPS ABS programme for 2020/21 scheme is coming to an end and the programme for 2021/22 is currently going through the procurement exercise. We are continuing to target hard to treat cavities and non-traditional constructed property types but are also targeting mixed tenure blocks of flats as some of these were missed due to owner non participation and lack of funding previously.

4.9.3 Greener Standards: East Lothian Council are also working to achieve the Scottish Government's Greener Standards criteria which also attracts additional subsidy of £2,000 per unit. The Council will continue to explore increasing these standards as far as possible when opportunities arise.

4.9.4 Climate change

Climate, fuel poverty and energy efficiency are intrinsically linked. Both climate change and fuel poverty can be tackled at the same time, as they have similar root causes and share the same solutions. The key link between climate change and fuel poverty is that fossil fuels are polluting the environment as well as increasing in cost, which subsequently increases energy bills. Fuel poverty and climate change are both exacerbated by housing that is not energy efficient and / or not well insulated. If we can make our homes more energy efficient and tackle fuel poverty, ensuring that people do not have to pay such large energy bills, this will help mitigate climate change and also promote health and wellbeing.

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The Climate Change (Scotland) Act 2009 set out ambitious targets to reduce greenhouse gas emissions across Scotland, and set out statutory Climate Change Duties for Public Bodies: to contribute to carbon emissions reduction targets, help deliver climate adaptation, and act sustainably. In 2019, the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019 set the world-leading target for Scotland of net zero greenhouse gas emissions by 2045 at the latest, with interim targets of 75% reduction by 2030 and 90% reduction by 2040 relative to a 1990 baseline. A considerable contribution can be gained from reducing greenhouse gas emissions from our homes, with housing accounting for around a quarter of Scotland's total emissions¹³. The Scottish Government states:

'We have a moral responsibility to tackle climate change and an economic responsibility to prepare Scotland for the new low carbon world',

Building around the 2009 Act, the Scottish Government has put in place a strategic framework for action on climate change comprising legislation, policies, plans, practical support and tools. It includes a Sustainable Housing Strategy (2013) which aims to deliver a step change in the provision of energy efficient homes to 2030; an Energy Efficiency Action Plan (2010); Energy Efficiency Standard for Social Housing (EESH); a Climate Change Plan 2018–2032 (currently being updated); and Climate Change Adaptation

East Lothian Council's Climate Change Strategy 2020–2025 was approved by Cabinet in January 2020, setting out the Council's commitment to tackling the Climate Emergency at a local level and setting out the vision and overall aims for a Net Zero and Sustainable Council and a Carbon Neutral East Lothian, with specific outcomes, key priority areas and actions over the next five years towards achieving these overall aims.

One key outcome in the Council's Climate Change Strategy is: 'Net Zero, Energy Efficient Homes and Buildings that are adapted for a changing climate', with the following ambition and targets:

'East Lothian's homes and buildings will be Net Zero and energy efficient, enabling us to achieve Fuel Poverty targets, will use low carbon and renewable heat and energy sources, and will be adapted for future climate

¹³ <http://www.gov.scot/Topics/Built-Environment/Housing/sustainable/standard>

change impacts'

The Strategy includes specific actions over the next 5 years towards achieving these aims and targets, to continue to improve the energy efficiency of East Lothian homes, and progress opportunities for sustainable energy and heat.

5. DELIVERING THE PROGRAMME

5.1 The Programme

The programme reflects key documents such as the LHS, LDP and HLA as well as the investment priorities set out above. It also takes account of

- Projects already on site and expected to complete shortly;
- Projects that are progressing through various stages of the planning process;
- New projects that have been identified through the LDP process;
- Timescales identified through the Council's HLA; and
- Increased Resource planning assumptions.

The key aim of the SHIP is to deliver 982 completed affordable units over the next 5 years with a further 47 unsubsidised units (outlined in table 4 of the SHIP tables). This number is based on those high priority projects highlighted in Appendix G that could start on site during the period 2022/23 – 2026/27. If however, all projects are included i.e. if we include all projects prioritised as high, medium and low in Appendix F, then the SHIP shows that East Lothian could potentially see a total of 1932 completions (excluding 47 unsubsidised).

Subsidy of £54.218m will be required to deliver the programme for those high priority projects, with a further £54.203m 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.

5.2 Site Prioritisation Methodology

ELC is a diverse area with a number of different housing priorities, even within the same area. It is the council's intention to develop a Local Investment Framework as part of the new LHS to improve the council's intelligence at an area based level. This will focus on ward areas and housing need will be assessed with related indicative targets for each ward to help address any imbalances occurring in the investment programme

All projects included within this SHIP have clear links to the outcomes of the LHS. Housing development projects will only be taken forward where they assist in the delivery of those outcomes.

All projects have been prioritised to reflect deliverability in terms of strategic priorities, local need (including specialist housing), site availability / constraints, statutory consents as well as funding availability both from

affordable housing providers programmes and private housing developers own financial capacity.

Housing need includes consideration of the following:

- Existing stock in each area;
- Housing list data, showing the demand to live in particular areas;
- Specialist housing data, showing the need for a variety of particular client groups
- The level of recent development in each area and the impact this has had on current housing lists;
- Allocations in each area;
- Turnover of stock through transfers;
- Levels of affordability; and
- Wider regeneration priorities.

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

- The level of subsidy per unit available;
- The availability of land within the Council's control is a key issue and the majority of sites are reliant on delivery from the Private Sector.
- 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.
 - Housing Land Audit (HLA)
- Planning Consent in place

The outcome of the site prioritisation process is attached at Appendix C and broken down further in Appendix F and G.

5.3 Total and Type of Units

The SHIP projects that in total, based on those high priority sites a split between the delivery of completed Local Authority social rent and Housing Association social rent to be around 61/39. The delivery of all high priority completed affordable tenures projects are split between social rent and intermediate to be 89% social rent with 11% delivering intermediate tenures. In addition to this, it anticipates a mix of 47 MMR delivered without subsidy. Adding these figures to the overall total, projects a tenure balance of 81% social rent and 19% intermediate which is in line with East Lothian Council's Affordable Housing Policy.

Budget capacity and re-profiling work will still be required once the Council has a better understanding of its financial position and allocation for future financial years. This may result in a change to the balance of housing delivered between the Council and RSL partners as well as a change in the tenures delivered.

5.4 Affordable housing supply profile by year

Table 3: Summary of High Priority Site Starts and Completions

Year	Site Starts	Completions	Unsubsidised starts	Unsubsidised completions
2022/23	345	196	0	0
2023/24	285	321	44	2
2024/25	190	298	3	45
2025/26	10	135	0	0
2026/27	10	69	0	0
TOTAL	840	1019	47	47

Table 4: Tenure / Supplier Mix (High Priority Site Starts)

Year	Housing Association (HA) Rent	Local Authority (LA) Rent	MMR	LCHO	Total
2022/23	146	161	38	0	345
2023/24	141	132	12	0	285
2024/25	34	137	19	0	190
2025/26	0	10	0	0	10
2026/27	0	10	0	0	10
Total	321	450	69	0	840

Table 5: Tenure / Supplier Mix (High Priority Site Completions)

Year	Housing Association (HA) Rent	Local Authority (LA) Rent	MMR	LCHO	Total
2022/23	76	112	8	0	196
2023/24	90	193	38	0	321
2024/25	156	130	12	0	298
2025/26	36	79	20	0	135
2026/27	29	40	0	0	69
Total	387	554	78	0	1019

Table 6 Summary of all Site Starts and Completions

Year	Site Starts	Completions	Unsubsidised starts	Unsubsidised completions
2022/23	443	221	0	0
2023/24	489	544	44	2
2024/25	575	477	3	45
2025/26	115	471	0	0
2026/27	85	219	0	0
TOTAL	1707	1932	47	47

5.5 The anticipated funding levels are based on those sites that have a 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 sites, where there has been no recent contact with the developer.

It is highly likely that windfall projects will also come forward throughout the term of this SHIP and the council will continue to work with its partners to identify opportunities for acceleration and maximisation of expenditure where possible.

There will be many changes in the timing of projects, even to those included in this years programme, but it is important to be ambitious and identify as many opportunities as possible to address the clear and pressing need for affordable housing. The delivery of the programme is flexible and subject to change - some developments may not proceed while others may come forward.

5.6 The appended SHIP spreadsheets have been checked against the draft Housing Land Audit (HLA) to ensure consistency. Anomalies can arise due to information being presented in different ways. The HLA is based on the land available as at October 2021.

Although the SHIP includes sites that don't currently have planning consent, it 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.

The Council's land use planning policy for Affordable Housing aims to deliver onsite, either through units or 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.

The SHIP will inform next year's programme. It is however important to note that the SHIP is fluid and by no means sets the longer term programme. The programme will require to adopt a flexible approach in order to address any potential slippage. The Scottish government have suggested a minimum slippage factor of 25% is applied on an annual basis to the AHSP element of the SHIP. Appendix F provides ample opportunity to include for slippage and hopefully ensure that advantage can be taken of any additional resources that may become viable, with sufficient slippage included within the programme.

Focus will be on delivering those projects of highest priority.

5.7 Affordable Housing Policy 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 Local Development Plan and Supplementary Guidance for Affordable Housing, 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 the speed with which site starts are coming forward. . The Council is maintaining open dialogue with developers to look for solutions and opportunities they may have to deliver affordable housing.

5.8 Procurement

The Scottish Government are encouraging collaboration on procurement and shared services in the delivery of affordable housing within the context of public services reform.

The council uses various methods of procurement depending on the circumstances and are currently in discussions with partners to jointly procure a design and build contract on a strategic site in Haddington.

On larger sites where there is likely to be more than one affordable housing provider, the council appreciates that collaborative working and sharing services is likely to be a more efficient way of achieving best value and best practice through the delivery process and will continue to work closely with our partners to consider all opportunities. East Lothian Council have recently developed two sites in partnership with its Housing Association partners:

- Aberlady West, Aberlady was a joint project with Dunedin Canmore Housing Association acting as the Development Agent for East Lothian Council

- Letham Mains, Haddington is a joint project with Castlerock Edinvar with East Lothian Council acting as the Development Agent for Castlerock Edinvar.

5.9 Monitoring and Evaluation

A range of ongoing activities will ensure projects are monitored and are progressing as planned to ensure resources are maximised to their full potential. These activities include:

- ELC’s programme board;
- RSL programme meetings;
- Scottish Government liaison meetings; and
- Regular meetings with relevant council services and private developers

This allows any slippage or new opportunities to be identified early to ensure the programme meets its targets and maximises investment.

6. INVESTMENT STRATEGY / ADDITIONAL RESOURCES

6.1 Scottish Government Initiatives

6.1.1 To support strategic planning, the Scottish Government have provided our Resource Planning Assumption (RPA) for the next 5 years for between 2021/22 to 2025/26. A total of £60.894m has been allocated for East Lothian and are shown in Table 7.

Table 7:

RPA	2021/22	2022/23	2023/24	2024/25	2025/26
	£13.651m	£11.767m	£11.733m	£11.774m	£11.969m

The SHIP will make sure AHSP funding is allocated to support the LHS and ensure the council has a realistic and practical plan for delivering investment priorities.

6.1.2 Benchmarks

Baseline benchmarks have been reviewed by Scottish Ministers and have now been introduced from the 29th October 2021.

Benchmark for RSL's are now at £78,000 with Local Authorities at £71,500. There is a new benchmark grant for Council to support the delivering of mid-market homes to rent which is set at £49,000 per unit.

Additional quality benchmarks have also been introduced to deliver energy efficient homes for space heating to Silver Level of the 2019 Building Regulations, outdoor spaces, space for home working or study, digitally enabled homes along with connections for Electric Vehicle charging points, fire suppression systems and zero emission heating systems.

The total requirement in the SHIP over this 5 year period is £56.401m which will deliver those identified as high priority sites with £60.894m allocated. The Scottish Government have asked for over commitment to ensure that there is a continuous supply in the event of slippage. This may also provide further advantage in the event that any additional money became available. However the increase in subsidy from now until the end of the SHIP we anticipate will take us over the allocated grant. Delivering the medium priority sites will increase this over commitment.

6.2 Additional Resources

6.2.1 Infrastructure Fund

The Scottish Government has set out round two of the Housing Infrastructure Fund (HIF), which will run to at least the end of the parliamentary period to March 2026.

The fund helps support the delivery of housing through loans and grants with priority being given to those projects. While all types and tenures of housing are eligible to apply, priority will be given to those projects delivering affordable and private rented housing within the next five years.

The HIF will look to prioritise those sites which are of strategic importance and cannot proceed or have stalled due to exceptional infrastructure works and unlock these sites for the delivery of housing.

Although no further projects have been highlighted at this time, the council will continue to review sites within the SHIP in parallel with the planning approval process to identify and update the Scottish Government with any other opportunities where this fund may assist in unlocking and accelerating significant delivery of new allocated housing sites over the period of this plan.

6.2.2 Rural Housing Fund

To help address the difficulties building in rural communities, the Scottish Government has launched a £25m Rural Housing Fund, which has been available from April 2016 for three years. The fund aims to increase the supply of affordable housing of all tenures in rural Scotland and will contribute to the 50,000 affordable homes target.

The Rural Housing Fund is available to a wide range of applicants, including community organisations, development trusts, private landowners and private developers, as well as the more traditional housing providers, enabling them to take a more active role in meeting the housing needs of their communities.

The fund has two components. The main one offers capital support (grant and loan) to enable the direct provision of new affordable housing and refurbishment of existing empty properties. A second, smaller component provides a contribution to feasibility studies. The Council will continue to liaise with partners and stakeholders to identify any opportunities.

6.2.3 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.

6.2.4 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 it is now 60-90 per cent.)

6.2.5 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.

6.2.6 New Supply Shared Ownership:

Shared Ownership aims to help people on low to moderate incomes to purchase a property where it is affordable for them to over the long term. Through a shared ownership scheme, you can buy a 25 per cent, 50 per cent or 75 per cent share in a house or flat owned by the housing association

6.2.7 RSL Partners

Scottish Government investment is complimented by Housing Association investment, which is drawn down from the private sector.

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

6.2.8 Self-Build Fund

The Scottish Government offer a £4m Self-Build Loan Fund that can provide loans up to £175,000 to eligible applicants unable to access standard bank lending. This loan is to help with the construction fees. The Scottish Government have also developed a guide to self-building a home to better understand what is involved.

6.2.9 Building Scotland Fund

This fund was announced in the Draft Budget 2018 to 2019 and is the precursor to the Scottish National Investment Bank. Investment by the Building Scotland Fund will support:

- Unlocking housing development across all tenures
 - The development of modern industrial and commercial property
- Business-led research and development projects with a reasonably realistic prospect of commercialisation

Additionally, the Building Scotland Fund seeks to:

- Encourage innovation and collaboration
- Provide a catalyst for skills development and innovation across the construction sector; and increase jobs and employment in construction

The Fund is open to non-public sector organisations (including but not limited to): businesses, housing associations and universities

The minimum Building Scotland Fund investment in a single project is likely to be £1 million or above although we retain discretion to consider applications under this amount.

There will be a focus on projects and investments that support inclusive growth, reduce carbon and sustain and create places in line with the proposed vision of the Scottish National Investment Bank Implementation Plan.

6.3 Council Initiatives

6.3.1 Housing Revenue Account (HRA) Prudential Borrowing

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 the end of October 2021, has delivered 1077 units. The Council's programme over the next five years will focus on the delivery of housing in those areas identified as high priority for the Council.

6.3.2 Discounted Housing for Sale

In January 2015, Cabinet approved the council's own model for discounted sale. This discounted housing for sale model helps to deliver the Affordable Housing Policy's 'Unsubsidised Low Cost Home Ownership' tenure.

The model is administered by the Council and the Section 75 agreements that secure the provision of affordable housing secure properties at a discounted price below the open market value. This tenure is offered mainly to first time buyers and those on modest incomes. The percentage difference between the discounted price and the open market value price is secured by a standard security in favour of the Council. The purpose of the standard security is to ensure that the property can remain affordable to future first time buyers and there will be conditions attached to the property. The standard security will be ranked after any granted by the mortgage provider.

To date, the Council has approved and delivered 109 units and have continued to retain these units as affordable housing through recent resales.

6.3.4 Open Market Acquisitions

To date, the Council has undertaken seven phases of open market acquisitions on a selective basis to assist in delivering the provision of affordable housing, we continue to use this delivery mechanism and propose to deliver a minimum of 50 additional units over the next 5 years.

6.3.5 Second Homes Council Tax

The council accumulates around £504k additional monies annually for affordable housing from the higher level of Council Tax applied to second homes and properties which are empty for a long term. This funding has been mainly used to assist:

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

The Council has accumulated a significant amount of money from this fund in recent years. To date it has awarded the use of a small amount of this

fund as a grant to East Lothian Housing Association to assist with the delivery of energy efficiency measures as part of the Scottish Governments HEEPS:ABS project in Musselburgh. It has also allocated some of this fund to help deliver East Lothian Housing Associations project at the old Courier Buildings in Haddington.

The Council used this fund to help acquire additional properties into their new Mid Market Rent Company; East Lothian Mid-Market Homes.

6.3.6 Section 75 Contributions

Commutated 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. The Council will use this fund also to assist with site purchases or units which deliver affordable housing units in excess of the affordable housing policy. The council currently has around £0.640m within this fund, the majority of which is in the North Berwick area.

6.3.7 Innovative Financing Models

In May 2019, East Lothian Mid-Market Homes LLP was established. The new company has delivered 50 units to date for mid-market rent without the need for subsidy. The model has been delivered through an arrangement with an Investment Company who arranged institutional investment to fund the homes i.e. the building of the homes was funded by a pension fund and leased to the East Lothian Mid-Market Homes LLP over a 40 year period, with the option for the units to be sold to the Council for £1 each at the end of the 40 year period. It is the responsibility of the Council to manage and maintain the units by retaining an agreed amount of the rent collected, before making the lease payment back

6.3.8 The Council are currently exploring opportunities to add to the Company's stock portfolio and is also appraising a proposal to deliver an unsubsidised social rented model.

6.3.9 The Company have purchased two properties towards the portfolio and will include eight further units in 2022 when the managing contract comes to an end.

7. RISK MANAGEMENT

7.1 Risk Management is the process of identifying, assessing and mitigating risks as best we can. This helps to establish a consistent approach to programme and project risk management. As with any long term, financial planning there is a need to keep the projections and assumptions used under constant review to ensure that the level of investment that has been assumed can actually be delivered.

Through ongoing programme meetings with Housing Associations and Council new build project meetings, the main risks to the SHIP programme

are monitored and consideration given to mitigate against them.

Securing sites is challenging, particularly when the majority of sites are in the control of the private sector.

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

- insufficient land in control of affordable housing providers;
- Development Constraints such as infrastructure requirements and educational capacity;
- Financial assumptions - insufficient Prudential Borrowing capacity to fund the Council's programme
- Continuing challenges for first time buyers to secure a mortgage and deposit
- Legal and procurement constraints
- Planning constraints
- Land constraints such as wayleaves and drainage
- Scottish Water constraints
- Ground conditions / abnormalities

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

8. CONSULTATION AND COLLABORATION

8.1 A draft Strategic Housing Investment Plan was prepared for consultation with Registered Social Landlords who are currently developing or are considering development in East Lothian. It has also been informed through discussions with East Lothian Council's Planning Department to ensure alignment with the Housing Land Audit along with information through ongoing discussions with private developers.

8.2 The draft SHIP was circulated to the following:

- Places for People
- Castle Rock Edinvar Housing Association
- Dunedin Canmore Housing Association
- East Lothian Housing Association
- Hillcrest Housing Association
- LAR
- East Lothian Council's Asset Team
- Health & Social Care, East Lothian Council
- Community Housing, East Lothian Council
- Planning, East Lothian Council

8.3 Comments and feedback received were used to inform and help finalise the plan for the next 5 years and will set out a proposed draft programme for next year and future years depending on the future resource allocation.

9. STRATEGIC ENVIRONMENTAL ASSESSMENT

9.1 The [Environmental Assessment \(Scotland\) Act 2005](#) requires that all public plans, programmes and strategies are considered for any likely environmental effects. Where these are likely to be significant, opportunities to avoid or minimise adverse impacts are sought and positive impacts enhanced. A meaningful SEA can challenge those responsible for preparing plans to identify and explore alternative approaches and different options, highlighting the best options for the environment. This helps to provide protection for Scotland's unique environment. A pre-screening notification has not been carried out this year as the SHIP has not changed much from last year.

10. EQUALITIES

East Lothian Council has an overarching commitment to '*reducing inequality within and across our communities*', set out in the Council Plan. The LHS aligns with the approach set out in the Council Plan and clearly links with the Equality Plan 2017-22, which demonstrates how the Council and its partners aim to reduce the impact of poverty and inequality and meet the requirements of the Equality Act 2010.

East Lothian Council is fully committed to equalities and diversity and the SHIP plays a significant role in promoting this agenda. The planning and delivery of good quality housing with a range of choice, embraces the principle of equal opportunities.

People with specialist housing needs should have, wherever possible, the opportunity to live independently in their own homes and community, where this is appropriate. The aim is for all social rented housing to be built to Housing for Varying Needs specification with some designed to full wheelchair standard.

The SHIP will increase access to affordable housing and contribute to improved health and wellbeing, by increasing the supply of well-designed good quality homes, which are accessible and provide flexibility for future adaptation. These homes will also be more energy efficient, contributing to a reduction in fuel poverty.

An integrated impact assessment covering equalities, human rights and sustainability has been carried out on the LHS 2018-2023, reflecting SHIP guidance. The full assessment can be found at the following link:

https://www.eastlothian.gov.uk/downloads/file/27647/supporting_paper_3_integrated_impact_assessment

A Health Impact Assessment Screening Exercise has also been carried out on the draft LHS 2018-23, with the Council working in partnership with NHS Lothian to facilitate this exercise across Housing, Health and Social Care. The full assessment can be found at the following link:

https://www.eastlothian.gov.uk/downloads/file/27648/supporting_paper_4_health_impact_assessment

11. CONCLUSION

- 11.1 Key housing priorities for East Lothian Council are increasing the supply of Affordable housing and the maximisation of Scottish Government funding.
- 11.2 The priorities over the next 5 years will focus on delivery and making a strong contribution to sustainable communities and economic growth. This will include facilitating access to sufficient suitable and affordable housing across all tenures.
- 11.3 The Strategic Housing Investment Plan sets out a total investment programme of £108.421m delivering site starts of 1707 affordable units (not excluding 47 without subsidy). This could see a total of 1932 completions (excluding 47 without subsidy). It clearly demonstrates that there are opportunities for the Scottish Government to invest in the provision of affordable housing in East Lothian.

If the SHIP focuses on those high priority sites only, the investment required is £56.401m to enable the delivery of 840 site starts and 1019 completions as set out in Appendix G.

- 11.4 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

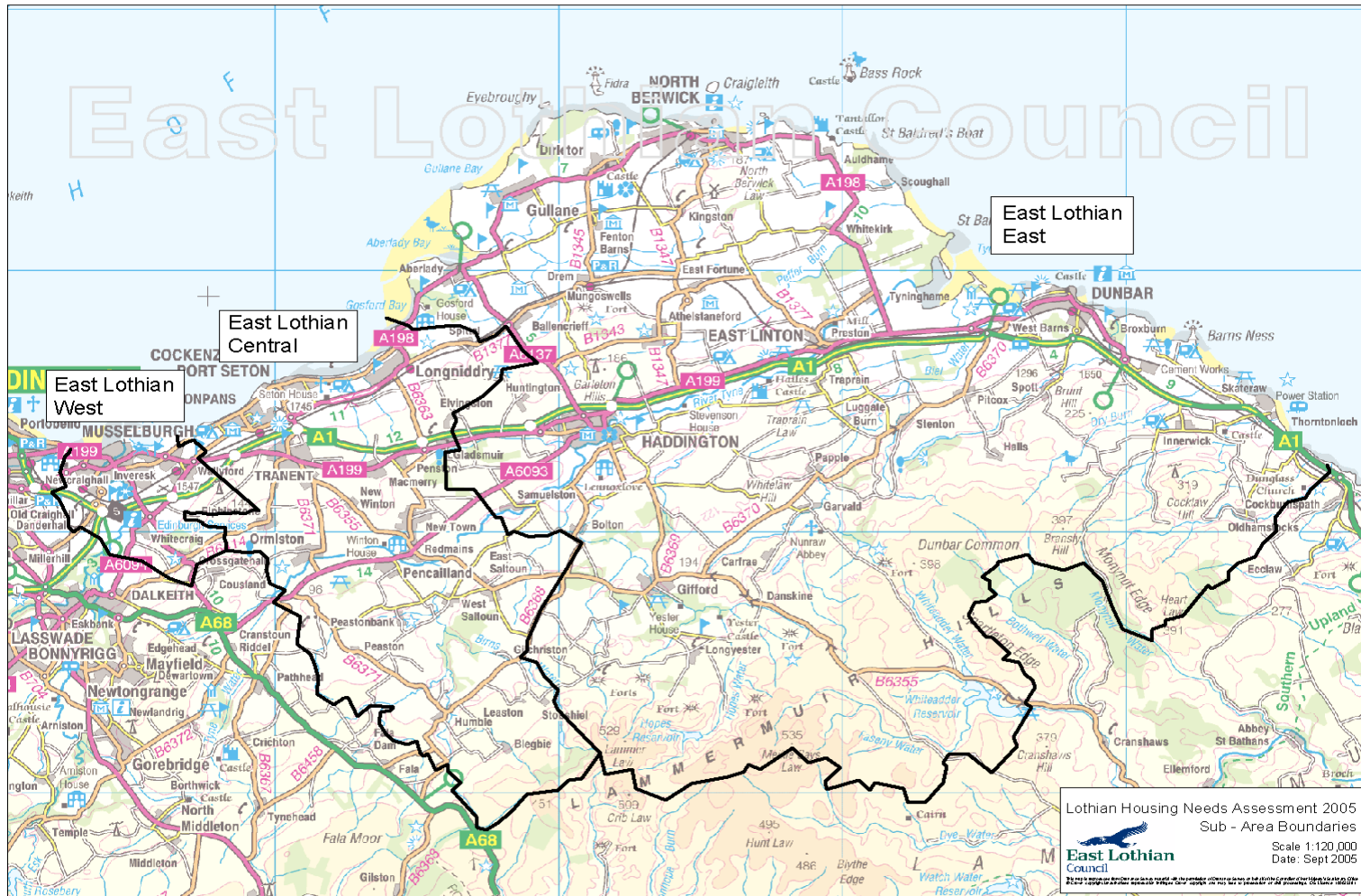
Risk Description	Probability	Impact	Risk Score	Mitigating Actions	Process Owner
Land is not available to develop for affordable housing.	2	3	6	<ul style="list-style-type: none"> ▪ Sites included in SHIP are sites most likely to be delivered. ▪ ELC/RSLs to buy land for development whenever possible. 	ELC/RSLs
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
Transportation capacity i.e. road networks	3	3	9	<ul style="list-style-type: none"> • Secure funds through the Scottish Government's Infrastructure Fund • Continue to engage with developers 	

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 B - HOUSING MARKET SUB-AREA MAP



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
Goosebay	Wallyford	3	3	3	High
Fa'side Lodge	Tranent	2	3	2	High
Church Street	Tranent	1	3	2	High
Herdmanflat	Haddington	3	3	3	High
Letham Mains 4	Haddington	3	3	3	High
Levenhall	Musselburgh	3	3	3	High
Mall Avenue	Musselburgh	3	3	3	High
Lempockwells	Pencaitland	3	3	3	High
Longniddry South	Longniddry	3	3	3	High
Tantallon	North Berwick	3	3	3	High
Goosebay	Wallyford	3	3	2	High
Limeylands	Ormiston	2	3	3	High
Saltcoats	Gullane	2	3	2	High
Blindwells	Blindwells	2	3	2	High
Courier Buildings 2	Haddington	3	3	3	High
Elphinstone West	Elphinstone	3	3	3	High
Castlemains	Dirleton	3	3	3	High
Wallace Park	Wallyford	3	3	3	High
Bayswell Road 2	Dunbar	3	2	3	High
Whitecraig South	Whitecraig	2	3	1	Medium
Whitecraig North	Whitecraig	2	3	1	Medium
Craighall	Musselburgh	2	3	1	Medium
Newtonlees	Dunbar	1	3	1	Medium
Edenhall	Musselburgh	3	2	2	Medium
Windygoul	Tranent	2	3	2	Medium
Pinkie Mains ph 5	Musselburgh	3	2	2	Medium
Lamer Moore Terrace	Tranent	2	3	1	Medium
Tranent Site	Tranent	2	3	2	Medium
Macmerry North	Macmerry	2	3	1	Medium
Hallhill North	Dunbar	2	1	2	Medium

Brown Street	Haddington	2	3	2	Medium
Blindwells Centre	Town Blindwells	2	3	3	Medium
Pencraig	East Linton	2	3	2	Medium
Letham 5,6	Haddington	2	3	3	Medium
Ideal Garage	Haddington	1	1	1	Low

APPENDIX D: PRIORITISATION EXERCISE FOR SITES

PROJECT NAME:

Criterion	Sub elements and Comments	Weighting	Score
1. Housing Need	Area	20	25
	Current and future development	5	
2. Deliverability	Constraints	5	10
	Confidence regarding delivery	5	
3. Value for Money	Cost/m2 / unit as 3p equivalent	15.	25
	s.75 contributions	10	
4. Environment	Location	5	10
	Surroundings	5	
5. Status	Planning Consent	10	20
	LDP Allocation	10	
6. Time / Resources to date	Discussions with Developers	5	5
7. Ownership	Site in ELC ownership	5	5
Comments			
Total		100	

Approved by

_____ Date

APPENDIX F: BREAKDOWN OF HIGH AND MEDIUM PRIORITY SITES

Separate Attachment