
STRATEGIC HOUSING INVESTMENT PLAN 2016

Summary

This paper provides an update on the Argyll and Bute Strategic Housing Investment Plan (SHIP) 2015-2020, with a particular focus on the outputs delivered in the Mid Argyll, Kintyre and the Islands area over the last five years; the current projects onsite; and the proposals for future development over the next four years with an indication of available resources.

TABLE 1: Summary of SHIP Affordable Housing Completions as of March 2016

Housing Market Area	Completions 2011-2016	Projects Onsite (as of March 2016)	Proposals 2016-2020*
Mid Argyll	121	12	64
Kintyre (& Gigha)	34	0	0
Islay, Jura (& Colonsay)	28	28	50
Total	183	40	114

(*Status of future proposals remains provisional at this stage; some may not proceed, however there is also scope for additional projects to be included in future years.)

1. Purpose

This paper highlights the contribution of the affordable housing development plan to the overarching objectives of the Single Outcome Agreement, and specifically outlines how the housing sector will contribute to an infrastructure that supports growth; and also help to ensure that people live in safer and stronger communities.

2. Recommendations

Partners are asked to note the content of the report

3. Background

- 3.1 Council approved the Argyll and Bute Strategic Housing Investment Plan (SHIP) for 2015-2020 in November 2014 and it was accepted by the Scottish Government in 2015. There is a statutory duty to submit updates every two years and a revised SHIP will be considered by Council in September 2016; and

in the intervening period the Strategic Local Programme (SLP) is monitored regularly. This sets out proposals for new housing development and investment on a site-by-site and area basis. The SHIP/SLP focuses on affordable housing delivered for social rent, mid-market rent, or low cost home ownership and shared equity options.

- 3.2 Council Housing Services work in close partnership with Registered Social Landlords (RSLs or housing associations), the Scottish Government, and private developers and land owners to prepare and deliver the SHIP programme; and local communities are key stakeholders in the process.
- 3.3 Housing development and investment is driven by robust and credible assessments of local housing need and demand, and the Council has identified the Mid Argyll HMA in particular as a potential priority over the life of the next Local Housing Strategy. The islands have also been included in the SHIP. Kintyre will be monitored closely and need will be reviewed on an annual basis, however, initial focus in this area is most likely to be on improving and managing existing stock and on the delivery of effective support services.
- 3.4 Over the last 5 years, the SHIP has delivered a total of 183 new homes across the MAKI area which is one third (33%) of the total completions for Argyll & Bute over this period. A further 40 homes were onsite as of March 2016 and due to be completed in 2016/17. Preliminary proposals for up to 114 additional units have been identified in the SHIP for delivery by 2020, however, this is subject to amendment: certain projects may not proceed within the timescales and alternative schemes are likely to be brought forward.

4. Detail

Investment in Affordable Housing in Argyll and Bute

- 4.1 The Scottish Government funds new build developments primarily via the Affordable Housing Supply Programme (AHSP) and in March 2016 amendments were announced to the original Resource Planning Assumptions (RPA) which had been outlined previously in November 2014. The *minimum* RPA from the Scottish Government’s core development funding stream for this authority for 2016/17 has been increased by 78%, from £6.216m to £11.075m. This is in support of the Government’s enhanced targets to deliver at least 50,000 new homes over the next five years. Beyond 2016/17, RPAs have also been set at enhanced levels as indicated in Table 2 below.

TABLE 2: RESOURCE PLANNING ASSUMPTIONS 2016- 2020 (£m)

Argyll & Bute	2016/17	2017/18	2018/19	2019/20	Total
RPA	£11.075	£8.860	£6.645	£4.430	£31.01

In addition, adjustments to the AHSP benchmark grant levels were also confirmed; with the average grant in remote rural Argyll & Bute rising from £68k per unit to £82k per unit. Higher subsidies are available for developments meeting specified “greener” standards of construction.

4.2 The Scottish Government investment is complemented by the Argyll and Bute Council’s Strategic Housing Fund (SHF) as well as housing association investment drawn from private sector borrowing. Over recent years, the council has provided grants of £25k per unit to “top-up” the government grant, but in light of the increased AHSP benchmark this is currently set at £12k per unit. This means that, while the overall investment available to housing associations will remain unchanged, the council will be able to support the delivery of more units and maximize the impact of its resource contribution.

4.3 Recent completions in the MAKI area, 2011-2016

Over the five year period from 2011 to 2016, the SHIP has delivered 183 new affordable homes. 66% were in Mid Argyll; 19% were in Kintyre; and 15% was on Islay and Jura. The two main local RSLs provided the bulk of these homes: Fyne Homes delivered 63% (115) and ACHA delivered 34% (62). In addition, there were also 2 Rural Home Ownership Grants (RHOGs) which allowed individuals to build their own properties, and 2 units delivered under the Rural Homes for Rent initiative, plus 2 units on Gigha. (Both the national grants have since been discontinued). The following graphs illustrate the breakdown of these completions.

FIGURE 1: Completions by HMA

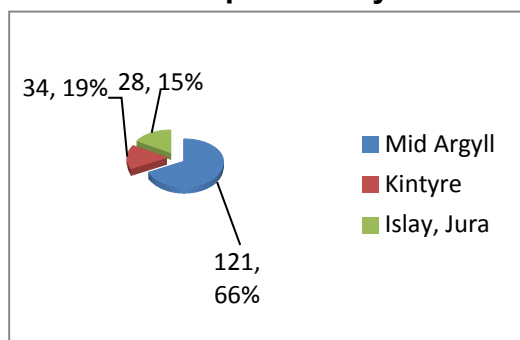
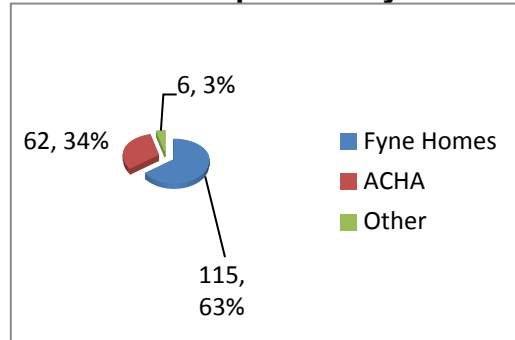


FIGURE 2: Completions by RSL



The previous SHIP aimed to deliver a target of 550 new homes over the five years to 2016, and this has been successfully achieved. MAKI received almost 30% of this output, which reflects both the level of need in the area and the positive partnership working at local level, including very constructive engagement with local communities.

In summary, these completions were as follows:

TABLE 3: SHIP Completions 2011-16.						
HMA	PROJECT	YEAR	RSL	NUMBER OF UNITS		
				General	Special	Total
Mid Argyll	Lochgilphead High School (1a)	2011/12	FYNE	17	0	17

Mid Argyll	Lunga Estate/Ardfern	2011/12	RHR*	2	0	2
Mid Argyll	Mid Argyll	2011/12	RHOG**	2	0	2
(Figures above exclude 2 refurbishments on Gigha, 2011/12)						
Mid Argyll	Lochgilphead High (1b)	2012/13	FYNE	44	0	44
Kintyre	Park Square, Campbeltown	2013/14	ACHA	32	0	32
Mid Argyll	Lochgilphead High School (2 & 3)	2013/14	FYNE	16	24	40
Islay, Jura	Port Ellen, Islay	2013/14	ACHA	8	0	8
Kintyre	Gigha	2013/14		2		2
Mid Argyll	Ardfern	2014/15	FYNE	6	0	6
Mid Argyll	Tarbert	2014/15	ACHA	8	0	8
Mid Argyll	Tayvalliach	2015/16	ACHA	2	0	2
Islay, Jura	Bowmore	2015/16	ACHA	20	0	20
MAKI	Totals	2011/16	Totals	159	24	183

*RHR – Rural Homes for Rent; **RHOG – Rural Home Ownership Grant

4.4 Current Programme 2016/17

As of March 2016, there were a further three projects onsite, with a capacity to deliver 40 new affordable homes. In the first quarter of 2016/17 two of these have now been completed. Funding was committed from both the Scottish Government's AHSP and the Council's SHF. The following table summarizes these projects.

TABLE 4: Onsite Projects, as of March 2016

Project	Developer	Unit numbers	Status Q1 2016/17
Port Ellen, Islay (Greener Homes Project)	WHHA	18	ongoing
Bowmore, Islay, Phase 2	ACHA	10	Handover due Oct. 2016
Tower View, Inveraray	ACHA	12	Handover due July 2016

4.5 Future Programme – Potential Projects/Sites 2016-20

The current SHIP and ongoing discussions via the SLP process have flagged a number of potential sites/projects which might be taken forward over the next 3-5 years, dependent on site/planning/infrastructure constraints; availability of investment; and confirmed need and demand analysis.

TABLE 5: Potential SHIP Projects Beyond 2016

Project	Developer	Units	Update / Comments
Lochgilphead	Fyne Homes	36	Scope for further developments on 3 identified sites, plus capacity for additional 12 units dependent on confirmed demand.
Jura	WHHA	6	Community needs assessment confirms additional need, and the island has already been included in the SHIP. Site to be agreed and proposals to be developed.
Colonsay	WHHA	5	Community Needs assessment indicated need.

			Site to be agreed & proposals to be developed.
Inveraray	ACHA	10	Potential site acquisition 2016/17.
Bowmore Phase 3	ACHA	20	Proposals for additional development on existing site.
Tarbert Phase 2	ACHA	6	Evidence from community needs assessment for Tarbert & Skipness indicates potential small-scale need but timing in programme is to be agreed.
Port Ellen, Islay	WHHA	12	Subject to demand & resources. Proposals to be developed.
Port Charlotte, Islay	WHHA	6	RSL retains a large landbank site with capacity for 30 units but further needs assessment required.

This is purely indicative at this stage, and the Council and its RSL partners are also exploring a variety of additional opportunities throughout the area, such as Cairnbaan and Ardrishaig.

5. Conclusions

- 5.1 The strategic housing vision and priorities for the next five years will focus on achieving a housing system in Argyll & Bute that makes a strong contribution to thriving and sustainable communities and economic growth. This will include facilitating access to sufficient, suitable and affordable housing across all tenures.
- 5.2 The new HNDA has identified Mid Argyll as a relative priority area with a degree of ongoing housing pressure, despite the projected overall population decline in Argyll and Bute as a whole. On this basis, over the next 5–10 years, it is proposed that around 15-20% of affordable new developments should be targeted in this area. Additional provision for the islands of Islay, Jura & Colonsay could bring this target up to over 25% of all completions. This could mean something in the order of 130-160 new affordable homes in the area over the next five years. This will however, require significant enhancement of investment, over and above the recently announced funding increases by the Scottish Government.
- 5.3 The new Local Housing Strategy for 2016/17 – 2020/21 continues to be directly aligned with the SOA; with a focus on preserving and expanding the supply of good quality housing units across all tenures to enable population growth. However, this will also involve wider activity beyond the delivery of the SHIP, and purely “bricks and mortar” outputs, including: supporting the operation of the local Area Property Action Group; ongoing Empty Homes work with private owners; targeted advice & assistance to local landlords and private owners on property improvements and energy efficiency measures; the promotion of the Home Energy Efficiency Programmes Scotland (HEEPS), Programme; the delivery of a personal Housing Options service; and a Welfare Rights service to tackle fuel poverty and maximize income.

6.0 SOA Outcomes

SOA Outcome 2: We have infrastructure that supports sustainable growth.

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