
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 Cowal and Bute 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*
Bute	25	0	0
Cowal	62	30	54
Total	87	30	54

(*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. 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.

- 3.2** Housing development and investment is driven by robust and credible assessments of local housing need and demand, and the Council has identified the Cowal HMA as a potential priority over the life of the next Local Housing Strategy. Bute 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.
- 3.3** Over the last 5 years, the SHIP has delivered a total of 87 new homes across the Cowal and Bute area which is almost 16% of the total completions for Argyll & Bute over this period. A further 30 homes were onsite as of March 2016 and due to be completed or acquired in 2016. Preliminary proposals for an additional 54 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 rural Argyll & Bute rising from £59k per unit to £72k per unit. Higher subsidies are available for developments meeting specified “greener” standards of construction.

- 4.2** The Scottish Government investment, is complemented by 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. 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 Bute and Cowal area, 2011-2016

Over the five year period from 2011 to 2016, the SHIP has delivered 87 new affordable homes. 62 were in Cowal; and 25 were in Bute. Three of the local RSLs provided the bulk of these homes: Fyne Homes delivered 33; Dunbritton Housing Association delivered 18; and ACHA delivered 24. In addition, private developers provided 12 homes via public subsidy. The following graphs illustrate the breakdown of these completions.

FIGURE 1: Completions by HMA

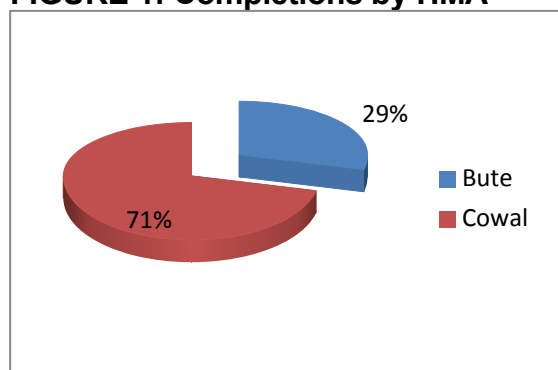
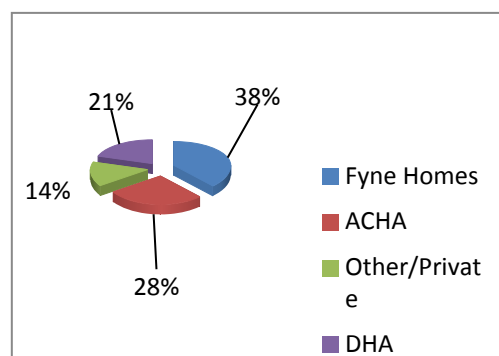


FIGURE 2: Completions by RSL



The previous SHIP aimed to deliver a target of 550 new homes over the five years to 2016, and this has been successfully achieved. Bute and Cowal received almost 16% 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/Developer	Total Units
Bute	Old Courthouse, Rothesay	2011/12	Fyne Homes	25
Cowal	Donnich Park, Lochgoilhead	2011/12	Dunbritton/ACHA	14/4
Cowal	Ardkinglas Estate	2011/12	RHfR **	2
Cowal	Harmony Court, Dunoon (LIFT)	2011/12	OMSE**	10
COWAL	Fairways (Ardenstrate), Dunoon	2013/14	ACHA	24
Cowal	Kilmun	2015/16	Fyne Homes	8
Cowal & Bute	Totals	2011/16	Totals	87

(NB. There were no completions in 2012/13 or 2014/15.)

(*RHR – Rural Homes for Rent; **OMSE – Open Market Shared Equity)

4.4 Current Programme 2016/17

As of March 2016, there were a further three projects onsite and about to complete, or in the process of acquisition, with a capacity to deliver 30 new affordable homes. Funding was committed from both the Scottish Government's AHSP and the Council's SHF. The following table summarizes the current status of these projects.

TABLE 4: Onsite Projects, as of March 2016

Project	Developer	Unit numbers	Status Q1 2016/17
St. Cuthbert's, Dunoon	Fyne Homes	17	Completion July 2016
Victoria Park, Dunoon	ACHA	5	Completion Spring 2017
Fairways Drive, Dunoon Phase 2	ACHA	8	Negotiations for off-the-shelf purchase ongoing

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
Spence Court, Dunoon	Fyne Homes	16	Scheme will include 1 special needs unit. Slippage due to a number of high abnormal costs being identified (e.g. public sewage). Work ongoing.
Lochgoilhead	Dunbritton	6	Further capacity on existing site. Subject to demand will be reviewed for later years of programme.
Strachur	Fyne Homes	4	Proposals being developed. Should proceed as planned.
Dunclutha, Dunoon	Bield	16	Currently on hold and will be added to shadow list pending further discussions with RSL regarding need & detailed proposals.
Cairndow	Fyne Homes	6	Potential for inclusion later in programme , possibly in 2018/19, once proposals confirmed.
Tighnabruaich (Portavadie)	Fyne Homes	6	Notional proposal at this stage - requires further exploration with local employers and proposals still to be confirmed.

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. Fyne Homes retain a couple of landbank sites in Rothesay, but no need or demand has been identified for this area at present and alternatives for these sites are being explored.

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 Bute as a non-priority area currently for new build; and the key issues here will relate to improving the condition and management of existing stock, and maximizing its use more effectively (including bringing empty homes back into the effective stock); improving energy efficiency and tackling fuel poverty; and providing targeted information and advice and tenancy support.
- 5.3 On the other hand, despite a significant projected population decline, Cowal remains a medium priority for new build, with a degree of ongoing housing pressure (indicated by lengthy waiting lists and homeless households in temporary accommodation; as well as affordability issues in the open market) as well as a strong strategic imperative to reverse population decline and support economic growth in the area. On this basis, over the next 5–10 years, it is proposed that around 10% of affordable new developments should be targeted in this area. This could mean delivering around 55-65 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.
- 5.4 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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