



## **Community Services Housing Services**

# **ARGYLL & BUTE STRATEGIC HOUSING INVESTMENT PLAN 2012-2015**

**Draft March 2012**

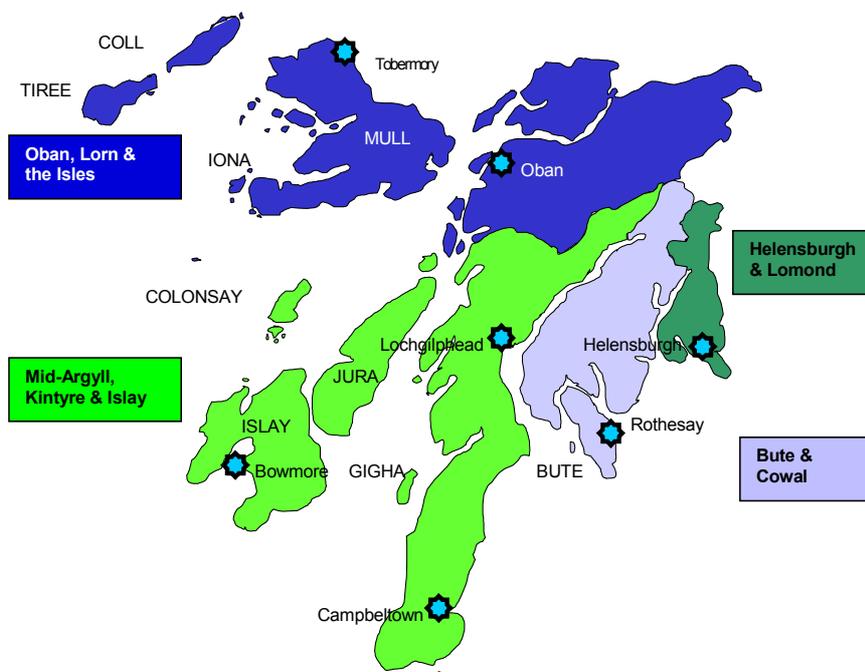


*“Realising the potential of our communities by ensuring that people have access to affordable, sufficient & suitable housing in Argyll & Bute”*



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## 1) INTRODUCTION

1.1 The Strategic Housing Investment Plan (SHIP) is an integral part of the Local Housing Strategy (LHS) process. It is the key statement of housing development priorities in the local authority area and will guide the allocation of government and other funding.

1.2 This revised SHIP covers the three-year period from 2012/13 to 2014/15 and provides a complete update on the previous Argyll & Bute SHIP published in November 2010. It details how the Council and its strategic partners will target resources, including the Scottish Government's Affordable Housing Supply Programme Funding, over the next three years in order to address the strategic outcomes, priorities and the supply targets set out in the Argyll and Bute Local Housing Strategy 2011-2016.

1.3 This latest SHIP builds upon the work carried out by Argyll and Bute Council and its partners in previous years and has taken account of the appraisal feedback provided by the Scottish Government in 2011. In particular it also takes full account of the revised guidance issued by the Scottish Government Housing Supply Division in January 2012.

1.4 Specifically, this SHIP summarizes the national and local context which informs the investment priorities; the approach being taken to ensure successful delivery of the programme locally; the rationale for the investment strategy itself; and it also outlines potential risks and constraints to delivery and how these will be tackled or mitigated.

1.5 For further detailed discussion on current LHS priorities and the local housing market context; the strategic policy framework within which the housing investment programme sits; and the development planning process; reference should be made to the full LHS 2011-2016<sup>1</sup>.

1.6 The main focus of the SHIP is on affordable housing provision through new build, replacement, rehabilitation (which includes both physical improvement and bringing Empty Homes back into use) or re-modelling.

**“Affordable housing”** in this context refers to accommodation made available at a cost below full market value to meet an identified need and includes:

- Social rented housing
- Subsidised low cost housing for sale (discounted, shared ownership or shared equity)
- Low cost housing without subsidy (entry level housing for sale)

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<sup>1</sup> All documents are available for viewing or downloading from the Council's website at [www.argyll-bute.gov.uk](http://www.argyll-bute.gov.uk).

- Private rented accommodation available at lower cost than market rents and mid market rent.

The term “**intermediate affordable housing**” is used to cover all types of affordable housing which are not social rented.

1.7 In summary, the SHIP is an important corporate document for the Council which:

- Sets out key investment priorities for affordable housing across sub areas and by tenure and type;
- Demonstrates how these will be delivered;
- Identifies the resources required to deliver these priorities; and
- Enables the involvement of key partners, both internally, across the relevant Council services, and externally between a range of strategic agencies and stakeholders.

1.8 Appended to the SHIP are the standard templates provided by the Scottish Government for each local authority to complete. These summarize the details of key investment priorities on either a site by site or sub-area basis and include information on the following:

**Table 1:** Housing Priorities (projects not yet approved or onsite);

**Table 2:** Committed Projects (Planned Expenditure);

**Table 3:** Committed Projects (Unit Completions); and

**Table 4:** Council Contributions.

## **2) Partnership Working and the Development of the SHIP**

- 2.1 As in previous years, the preparation of the SHIP is founded on close working relationships between the Council's Housing, Planning and Social Work services as well as the ad hoc involvement of other departments such as Roads and Corporate Services. The SHIP process in Argyll and Bute also reflects a strong collaborative approach with RSLs, land owners, developers and other stakeholders.
- 2.2 At the very local level, on a site by site basis, RSLs and Council officials liaise closely with private developers, local land owners, local community groups and trusts, and a range of other stakeholders to negotiate, enable and deliver viable projects within the context of the LHS and the framework of the SHIP. This work is channelled via the SHIP Development Group, whose core membership includes representation from:
- The Scottish Government's local area Housing Supply Team;
  - Argyll & Bute Council Housing Services
  - Argyll & Bute Council Planning & Regulatory Services
  - Argyll & Bute Council Adult Care Services
  - Argyll Community Housing Association
  - Fyne Homes Housing Association
  - Dunbritton Housing Association
  - West Highland Housing Association
  - Link Housing Association
  - Bield Housing Association
  - Loch Lomond & Trossachs National Park
  - NHS Highland
- 2.3 The work of the SHIP Development Group in turn informs the decisions of the Argyll & Bute Strategic Housing & Communities Forum which comprises a wide range of key partners from the Community Planning Partnership and which constitutes the overarching body with ultimate responsibility for overseeing the implementation and monitoring of the LHS. The Strategic Forum is also responsible for making appropriate recommendations to the Council's Executive Committee and for lobbying the Scottish Government in respect of housing issues in Argyll and Bute.
- 2.4 Other stakeholders and strategic partners, such as Scottish Water or Scottish Land & Estates, participate in the process on an ad hoc basis as appropriate.
- 2.5 Building on the strong relationships that have been developed over recent years, in particular with Health and Social Work, the Council will continue to review the SHIP process and encourage greater participation from other relevant stakeholders such as Occupational Therapists for example and particular needs groups

### 3) The Strategic Framework & Policy Context

3.1 The Scottish Government has acknowledged that it will continue to face constraints in available resources for the foreseeable future. Together with the Convention of Scottish Local Authorities, the Scottish Federation of Housing Associations, the construction industry and other partners, the government is continuing to work to identify alternative models for future funding. “**Homes fit for 21<sup>st</sup> Century**” set out the Scottish Government’s strategy for housing over the period 2011-2020 and focuses in particular on:-

- Investigating new ways of generating investment in affordable housing I
- Making better use of existing housing stock M
- How people are supported in the housing market H
- Reducing carbon emissions R

3.2 The challenges for affordable housing providers will be to rely less on public funding and more on new sources of finance, alternative financial investment models, new products, wider income generation and improved management of existing resources.

3.3 The Scottish Government expects local authorities to assist this process, where appropriate in the current economic climate, through Affordable Housing Policies, provision of land, use of Council Tax on Second/Empty Homes and other resources where this would stimulate development of affordable housing.

3.4 Since the publication of the previous Argyll & Bute SHIP in 2010, there have been a number of developments in national and local policy which will impact on this latest plan, and which continue to influence the focus of investment priorities between existing stock and new build; and between the provision of “bricks and mortar” solutions and the provision of support services and infrastructure capacity. These developments include:

- The implementation of the Housing (Scotland) Act 2010
- The launch of a national Housing Strategy for Older People
- The outcome of the Scottish Government’s Investment & Innovation Funding initiative
- The outcomes of the first round of the Change Fund initiative
- The progress of the proposed welfare reform and changes to Housing Benefits
- The outcome of consultation on the Council’s Main Issues Report and the ongoing preparation of the authority’s Local Development Plan.
- The adoption of the Loch Lomond & Trossachs National Park Plan

- The Scottish Government’s Centre for Housing Market Analysis appraisal of the Argyll & Bute Housing Needs & Demand Assessment in March 2011 as “robust & credible”.
- Council Member’s approval of the fully revised Local Housing Strategy in November 2011

**4) Local Housing Strategy – Outcomes, Priorities and Targets**

4.1 As indicated in previous SHIPs, the Council continues to ensure that the investment programme and priorities set out in this document closely reflect the key outcomes and targets defined within the LHS, and that these remain firmly based upon the assessment of housing need and demand (HNDA) for the authority area. In March 2011, the Centre for Housing Market Analysis appraised the Council’s fully updated HNDA as “robust and credible” and therefore this was approved as a sound basis for setting the revised LHS outcomes, priorities and targets. Following further wide-ranging stakeholder consultation in 2010/11 for both the LHS and the Local Development Plan Main Issues Report, the Council was able to redefine new, high level supply targets for the five year period 2011-2016. In November 2011, the Council’s Executive fully endorsed and approved the finalised LHS.

4.2 The strategy is based on a single, core vision:

**“To realize the potential of our communities by ensuring that people have access to affordable, sufficient and suitable housing in Argyll & Bute”**

Supporting this are four high level aims:

- o facilitate access to sufficient and affordable housing** T
- o reduce the incidence of homelessness** T
- o support people to live independently in their own homes** T
- o improve the quality and condition of housing** T

4.3 The SHIP will play a key role in achieving each of these aims, however, its primary focus is to support strategic aim one and the associated strategic outcome, that:

**“People successfully access a choice of suitable and affordable housing options in the areas that they want to live and can participate in the housing market.”**

4.4 The LHS sets out a number of key targets that are relevant for the SHIP:

- minimum of 330 new affordable homes over three years (around 80% for social rent & 20% for alternative intermediate tenures);
- n effective landbank of sites where there is evidence of housing need
- Affordable Housing Policy which minimises the impact of private...

4.5 **HNDA Affordable Housing Shortfalls** - The HNDA has identified substantial shortfalls in affordable housing across all areas with the exception of Bute which exhibits an increasing surplus over the next five and ten years. The cumulative shortfall for Argyll and Bute as a whole is estimated to be in the order of 4,440 units over the next ten years, or an annual requirement for around 444 additional homes/tenancies. Levels of unmet need are most significant in Helensburgh & Lomond, however, there are critical and relatively high levels of unmet need in most of the island areas too.

4.6 **LHS Supply Targets** - The LHS translates this massive HNDA shortfall into realistic and pragmatic supply targets, in accordance with Scottish Government guidance and professional best practice, by making an assumption that as much as 75% of this figure could be addressed by measures other than the provision of new build homes. It is anticipated that the implementation of a Housing Options approach to addressing individual housing need, combined with more effective use of existing stock (including increased and improved access to the private rented sector; more effective matching of supply and demand in the social rented stock; and bringing significant numbers of empty properties back into use) plus significant investment for *in situ* solutions (such as repairs and improvements; aids & adaptations; and housing support) will together help to reduce the requirement for new build provision via the SHIP substantially, from 440 to 110 units annually.

4.7 When disaggregated across individual Housing Market Areas, the HNDA indicates the following relative levels of need:

HMA	As % of Total HNDA Requirement
Helensburgh & Lomond	30.4%
Mull & Iona	22.2%
Islay, Jura & Colonsay	15.3%
Lorn	11.8%
Mid Argyll	11.4%
Coll & Tiree	5.9%
Cowal	2.3%
Kintyre	0.7%
Bute	surplus
Argyll & Bute Totals	100%

**NB.** However, there are a number of additional factors that must be considered in determining relative priority for future investment at HMA level (and particularly at the level of individual settlements within and across HMAs). The level of recent and ongoing development activity on Mull, for example, will have impacted on this island's relative ranking, whereas areas such as Islay, Coll or Tiree which have seen little or no affordable new build at all will consequently move up the list of priorities for future investment. Section 5 provides further detail on the prioritization process.

- 4.8 In addition, given the degree of uncertainty regarding the implementation of the proposed alternative housing market interventions, and the nature of the assumptions that have been made regarding the potentially substantial impact these would have on reducing the huge shortfalls in affordable housing, the supply targets must not be considered as a maximum goal but rather as the realistic and pragmatic, albeit still challenging, minimum threshold which is to be delivered.
- 4.9 The LHS states explicitly that the Council and its partners will continue to strive to deliver sufficient housing to meet *all* of the identified need in Argyll and Bute. If additional funding becomes available, based on the past ability and capacity of the Council and local RSLs to provide new affordable houses successfully and within reasonable costs, then the SHIP partnership is confident that it could deliver affordable housing at least at, or possibly above, previous peak levels i.e. around 150-200 houses each year. This in turn would help to reduce the pressure on delivering alternative solutions to housing need.
- 4.10 **Supply Targets by Tenure** – The LHS sets out a general principle that overall new build provision should focus on social rented properties (approximately 80%) with the balance (circa 20%) being for alternative, intermediate tenures. This is based on the findings of the HNDA and, in particular, an analysis of the potential impact of low cost home ownership and shared equity options providing subsidy for first time buyers and other target groups. It should be noted that this proportionate tenure split applies to the cumulative total SHIP target and will vary on a site by site basis and annually, dependent on specific needs and circumstances in each case.
- 4.11 **Supply Targets by Size** – All property sizes are projected to be in short supply throughout the next five years, but particular shortages arise in 1 and 2 bedroom properties and also in 4 bedroom accommodation. As with the tenure targets, each individual project will vary as to size requirements, however, as a general principle, the SHIP will promote the delivery of smaller properties as far as is feasible, in line with the findings of the HNDA and the continuing evidence of the HOME Argyll common housing register.

**4.12 Particular Needs Targets** – Over time, the unmet requirements for affordable housing are projected to shift increasingly towards provision of general needs accommodation, albeit, there are evident mismatches in the supply and demand for certain forms of specialist housing such as wheelchair and extra care accommodation, and particularly medium dependency amenity housing. The LHS specifies a target of 10% of new build over the life of the strategy should be suitable to meet the needs of particular households, e.g. older people, those with a physical or mental disability and other vulnerable groups. In addition, the extent and nature of the future ageing population, for instance, will necessitate strategic investment in the development and delivery of housing based care, support and aids and adaptations. Therefore, the ultimate LHS objectives are not totally focused on net increases in provision but in ensuring that, for instance, the substantial numbers of older households in privately owned accommodation can sustain independent living. To this end, the Council is developing a more integrated partnership with NHS Highland to ensure that the SHIP process is fully aligned with the developing Change Fund agenda “Reshaping Care for Older People”.

4.13 The finer detail of the programme will be arrived at through specification of suitable type and size of accommodation for individual developments, taking into account the needs of actual households on the waiting list.

#### **4.14 Medical Adaptations**

The provision of aids and adaptations is a strategic priority within the LHS, given that this constitutes the greatest single category of housing need across the authority (around 27% of all current households in need). In total, 2,000 households in Argyll & Bute can potentially resolve housing unsuitability with the provision of aids or adaptations, although it is important to note that due to the profile of the older housing stock in this authority, many existing properties may not be technically suitable for adaptation.

4.15 Without investment on the scale assumed by the HNDA, i.e. that all those who need assistance will get it, these households will remain in unsuitable housing. This means that the HNDA is likely to be a conservative measure of need and the requirement for new build solutions would consequently increase significantly. Having said this, focused investment in aids and adaptations is likely to be substantially more cost effective than the provision of alternative housing to meet specialist needs. It should also be noted that a significant proportion of those requiring aids and adaptations are outright owners and who may have considerable property equity despite being potentially cash poor. The Council aims to assist such owners through its Scheme of Assistance to improve private sector property condition and amenity.

4.16 It is currently estimated that there is an average annual requirement for up to 375 subsidised adaptations across Argyll & Bute, with the majority

(60%) being in RSL properties. Given the diverse range of adaptations required and the differing funding structures involved for RSLs and private properties, it is difficult to project actual costs, however the following table summarises the potential requirement for grant support in Argyll and Bute on an annual basis.

<b>Estimated Annual Grant Requirement for Adaptations in Argyll &amp; Bute</b>		
<b>Tenure</b>	<b>Waiting List/ Requirement (est)</b>	<b>Total Cost (est)</b>
RSLs (Stage111s)	225	£450,000
Private Sector (PSHG)	150	£800,000
A&B Total	375	£1,250,000

NB. Relative costs across tenures are not necessarily comparable and do not equate simply to the volume of adaptations, given the very wide variety of types of individual adaptation involved.

## **5) Prioritising the Programme**

- 5.1 Given the current economic climate and anticipated constraints in public expenditure over the foreseeable future, Local Authorities are required to prioritise projects very clearly in the SHIP and to be transparent in the application of the criteria and methodology used for this prioritisation.
- 5.2 Prioritising investment depends on a range of factors, including relative need and demand, land availability and development constraints. In the annexed templates to this SHIP, Table 1 lists the housing investment priorities within the local authority area for the next three years. Subject to availability of investment, these are the general areas or settlements which the Council would like to see developed over that planning period.
- 5.3 The Scottish Government guidance allows local authorities to choose whether to detail these priorities on a site by site basis or at housing sub-area level or a combination of both (with councils deciding what the definition of sub-areas should be). It is the view of Argyll and Bute Council that the latter approach, combining individual sites and wider sub-areas (i.e. the local Housing Market Areas as defined in the LHS), is most appropriate for the current SHIP given the lack of resource planning assumptions and uncertainties over future investment processes, This will give the Council and its partners clear guidance on the relative priorities and a robust framework within which efforts should be focused, whilst also allowing sufficient flexibility to review and restructure the programme as circumstances evolve and resource planning assumptions are confirmed over the planning period.
- 5.4 The LHS set out the priority ranking of HMAs on the basis of (a) total and relative need as identified in the HNDA, as well as (b) the strategic economic and regeneration priorities of the Council and its community planning partners. Within each HMA, investment is mainly targeted at communities identified as having the greatest affordable housing pressures. These priorities recognize the importance of investing in small rural communities as well as larger communities. The communities have been identified through consideration of:

the relative and absolute pressure on the existing affordable housing; the ability to meet need in the wider housing market area; and recent investment patterns; as well as deliverability in terms of site ownership, lack of infrastructure or planning constraints, etc

5.5 While basic housing need remains the fundamental criteria for prioritising projects by housing market area, a more refined evaluation process is required to reflect the range of factors, as well as the variation in need and demand, affecting this prioritisation at the very localised settlement (or letting) area within a rural and island authority such as Argyll & Bute. Localised “hotspots” or pressured areas may well be masked within the wider geographic markets or sub-areas. Therefore, the Council also employs the following key indicators for prioritising specific projects in administering its own Strategic Housing Fund:-

Criteria	Description	Indicator	Ranking
Criteria 1	Identified need by HMA	HNDA – total shortfall in affordable housing	1
Criteria 2	Pressure ratios by settlement	CHR - waiting list applicants per available let on an annual basis	2
Criteria 3	Homeless Pressure	HL1s - total applicants per HMA & relative time to close cases	3
Criteria 4	Social stock levels	Proportion of existing RSL stock to total number of dwellings on CTR	4
Criteria 5	Wider Strategic Fit	Direct resource links with Economic Development Action Plan or other community regeneration initiatives	5
Criteria 6	Particular Needs by HMA	HNDA/CHR – total shortfall for special needs accommodation & evidence from waiting list	6
Criteria 7	Risk/Deliverability	Satisfies key development criteria (site ownership; planning consent; resourced; infrastructure constraints)	7

5.6 The LHS also makes clear that the relative priority of HMAs and communities will be subject to annual review through the SHIP process to reflect any changes in pressure or need or to take account of the impact of recent or ongoing development activity. This SHIP, therefore, proposes some revisions to the original list of priorities, as follows:

Rank	Area	Potential sites/Projects
High	Islay	Bowmore; (a low priority reserve site in Port Ellen may provide additional capacity if sufficient funding becomes available in future)
High	Helensburgh	Golf Course; Hood Court; West King St
High	Lomond	Arrochar/Succoth (a second phase of development in Arrochar and other areas such as Luss will be held in reserve as low priorities, subject to available resources)
High	Oban	Dunbeg; Glenshellach; Oban Central
Medium	Tiree	Crossapol

Medium	Dunoon	Dunclutha; Victoria Park;
Medium	Mull	Tobermory
Medium	Mid Argyll	Inveraray; Tarbert
Low	Lorn	Appin/Port Appin; Taynuilt
Low	Cowal	Strachur

5.7 At this stage, part of the practical prioritisation process has been influenced by the availability of sites which are already within RSL or Council ownership and therefore can be brought forward relatively easily, or alternatively potential sites which are already under consideration and subject to negotiation between RSLs and owners. Ultimately, final preference will be influenced by project costings therefore the above list of potential sites is indicative only. It should also be noted that other areas such as Iona, Port Ellen and Ardfern remain priorities but having now secured initial funding these have therefore been moved onto the “committed/planned” programme, as detailed in Tables 2 and 3 of the annex.

5.8 Section 4 above also sets out the rationale for the preferred tenure split, size and type of property that will be prioritized in principle, and reiterates that this preference will be confirmed on a site by site basis, dependent on local circumstances and needs. In general, the provision of social rented homes will be prioritized over intermediate tenures such as shared equity, shared ownership or mid market rent. Given the findings of the HNDA, priority will tend to be given to smaller sized properties, particularly 1 or 2 bedrooms although consideration will be given in certain locations and circumstances to larger sizes, particularly 4 bedrooms. The main requirement according to the HNDA is for general needs accommodation (over 90% of total need) therefore this type of provision will also receive greater priority in general although special needs accommodation will be targeted and prioritized on specific sites.

## 6) Investment Strategy – Completed, Committed & Planned Outputs

- 6.1 Details of the planned affordable housing programme for the three-year period covered by the SHIP are set out in Tables 2 and 3 of the annex to this document. For each project, these tables outline (a) the committed investment from the Scottish Government’s Affordable Housing Supply Programme (AHSP) in the year of draw down, which is due only upon completion, and (b) the total number of units to be delivered. The tables do not include details of total costs or additional funding sources.
- 6.2 The planned programme includes all projects with committed funding which are currently onsite and due to be completed after 1<sup>st</sup> April 2012 or are anticipated to commence onsite before April 2015. Projects which have completed prior to April 2012 are not included in the new programme. Since the publication of the previous SHIP in November 2010, a number of new build projects have been delivered.

COMPLETED PROJECTS 2011/12		
HMA	Project / Site	Provision
Bute	Old Courthouse, Rothesay	25 GN, Shared Equity.
Cowal	Donich Park Lochgoilhead,	18 GN, Social Rent
Cowal	Ardkinglas Estate	2 GN, Rural Homes for Rent
Cowal	Harmony Court, Dunoon LIFT	10 GN, Shared Equity
Lorn	Kilmelford	1 Particular Needs unit
Mid Argyll	Lochgilphead High 1(b)	17 SN & GN, Shared Equity
Mid Argyll	Lunga Estate/Ardfern	2GN, Rural Homes for Rent
Various	Rural Home Ownership Grant	2xMid Argyll; 2xTiree; 1xMull; 1xLorn

This does not include 2 refurbished homes in community ownership on Gigha and the reconfiguration of 15 self-contained flats for temporary accommodation at Shore Street in Oban, nor a number of long term void properties in the RSL sector which have been brought back into the effective stock under ACHA’s Business Plan repositioning and SHQS improvement programmes.

### 6.3 Affordable Housing outputs – potential provision

Table 3 in the SHIP Annex indicates that the current affordable housing programme with committed investment could potentially deliver an additional 371 homes over the next three years, of which 288 (78%) would be for social rent and 83 (22%) for mid market rent, shared equity or some other form of intermediate tenure. Some potential issues have been flagged by partners particularly in relation to certain projects which are to receive funding through the Scottish Government's Investment & Innovation Fund and this may lead to slippage in the programme, however, assuming sufficient funding is available to support the core programme in full, then the distribution of the new build properties across individual HMAs would be as follows:-

<b>COMMITTED PROGRAMME 2012-2014</b>			
<b>HMA</b>	<b>Provision 2012-14 (onsite or with secured funding)</b>	<b>HNDA 10 Year Affordable Shortfall (minus 2011 completions)</b>	<b>Committed Provision as % of HNDA 10 Year Shortfall</b>
Helensburgh & Lomond	102	-933	10.9%
Mull & Iona	37	-696	5.3%
Islay, Jura & Colonsay	8	-552	1.4%
Lorn	72	-429	16.8%
Mid Argyll	90	-363	24.8%
Coll & Tiree	0	-191	0.0%
Cowal	24	-127	18.9%
Kintyre	38	-73	52%
Argyll & Bute	371	-3,364	11%

Of this total, around 53 houses have so far been identified to meet particular needs, primarily as elderly amenity accommodation. This represents around 14% of the programme and would be well in excess of the LHS target. This reflects the priorities emerging from the enhanced intelligence sharing and forward planning as a result of the work done locally with Housing, Health & Social Work partners.

- 6.4 Given the uncertainties over available funding, the uncommitted, planned programme is of necessity more difficult to elucidate and quantify. However, based on the assumption that funding will become available and all other constraints can be addressed as anticipated, then the following additional provision could be delivered or at least commenced onsite over the next three to five years:

<b>PLANNED PROVISION 2012 – 2014</b>		
<b>Area</b>	<b>Potential sites/Projects</b>	<b>Provision</b>
Islay	Bowmore; Port Ellen;	21
Helensburgh	Golf Course; Hood Court; West King St;	58
Lomond	Arrochar/Succoth; Luss	30
Tiree	Crossapol;	6
Oban	Dunbeg Phase 2; Glenshellach; Oban Central	124
Dunoon	Dunclutha; Victoria Park;	38
Mull	Tobermory	20

Mid Argyll	Inveraray; Tarbert	16
Cowal	Strachur	3
Lorn	Appin/Port Appin; Taynuilt	12
Various	Empty Homes	30
<b>Argyll &amp; Bute Total</b>		<b>358</b>

- 6.5 In addition, any land banking opportunities and windfall sites which emerge over the next three years will be assessed for priority as they arise and factored into the current development programme and subsequent updates of the SHIP.

## 7) Managing Risk and Mitigating Constraints

7.1 As with previous SHIPs, the Council is keen to focus primarily on a realistic programme that can be delivered, or at least commenced onsite, within the current three to five-year planning period. This document is intended as a working tool, which is designed to inform investment decisions, rather than proposing a set of aspirations. Therefore it is important that any development constraints are identified at an early stage in the process and measures are taken to ameliorate these as far as possible. The following paragraphs provide brief details of potential risks and constraints in general and on a site-by-site basis and outline the actions being taken to mitigate these. In particular, this section aims to provide assurance that, if funding is secured, any other constraints can be resolved by the time of estimated site start of the relevant project.

7.2 In summary, the main risks which might threaten the delivery of the SHIP can be categorised as:

1. **Funding:** lack of sufficient and/or timely investment;
2. **Effective Land Supply:** lack of suitably located sites with adequate unit capacity;
3. **Development Constraints:** issues around Planning and/or design; ownership; or infrastructure.

### 7.3 Funding/Resource Constraints

Funding constraints remain the fundamental factor and the key risk associated with the delivery of the planned programme. These constraints encompass not only the overall reduction in core Scottish Government investment and public subsidy generally (together with associated reductions in benchmark figures per unit) and the current lack of certainty over future resource planning assumptions, but also the fact that committed government grant will only become available upon completion of a project which places further pressures on RSLs and developers to front fund developments.

7.4 In addition to these constraints, the availability of private finance generally is reduced while the cost of borrowing and level of debt being carried by RSLs has significantly increased. This coupled with the public subsidy /

private finance balance (which shifted from a traditional 70/30 split to a model which is closer to 33% public subsidy and 66% private finance) and further pressure on subsidy levels require RSLs to increasingly consider project viability. In addition, locally based RSLs have emphasised the increased risk they face in delivering and selling shared equity units in the current economic climate. The Council has been required to provide loan facilities on at least two occasions to counter this particular problem

- 7.5 To mitigate these risks in general terms, the Council and its partners acknowledge the importance of improving the efficiency and effectiveness of housing provision across the authority area and maximising available resources. Joint procurement measures and other collaborative working arrangements have been explored within the SHIP Development Group, taking account of the Scottish Government's proposals in "Firm Foundations" and partners are actively pursuing potential opportunities in the future
- 7.6 The investment strategy is therefore likely to be subject to significant change, and it will be necessary to revisit the programme as and when budgets are confirmed. The Council and its partners recognise that they will need to work closely to review and further prioritise the existing programme. Further discussion of resources, and in particular the Council's role in supporting project investment, is contained in Section 8 below.

## **7.7 Effective Land Supply**

The RSLs in Argyll and Bute currently hold sufficient landbanks to utilise any immediately available development funding. In Lorn the limited opportunities within the town of Oban itself will be addressed to some extent by expanding provision within the Dunbeg corridor and exploring the potential of certain smaller, rural settlements. In Helensburgh it is a continuing priority for the SHIP process to secure adequate sites to address local need.

- 7.8 Overall, the Council is confident that a sufficiently "generous" supply of land to meet the level of identified housing need, and the minimum LHS targets, have been allocated in both the local authority's Main Issues Report, and emerging Local Plan, and in the Loch Lomond & Trossachs National Park Plan. All of the development sites included in the SHIP programme are deemed to be effective given that they are already zoned for housing development in these plans. Many of the sites identified are of relatively small capacity. The costs associated with progressing smaller sites in the more remote rural areas are likely to be higher if developed as standalone projects. However it is envisaged that where practical through partnership working with private developers on adjacent sites the risk of such sites not being developed on cost grounds will be reduced. For further details on the land supply which underpins the SHIP, see the LHS and these relevant Local Plans.

## **7.9 Site Ownership**

A number of the key projects in the planned SHIP programme are currently already owned by either an RSL or the Council, with the remainder being owned privately. This reflects the decision to focus in this SHIP on a core programme of projects which are not subject to ownership issues or significant infrastructure or planning constraints.

7.10 Where the land is held in private ownership, it is difficult to predict at this stage the extent to which the current economic downturn, the uncertain housing market, and crucially the lack of government resource planning assumptions referred to above, will impact on start dates for projects. As far as possible, therefore, this SHIP focuses on projects with reasonable potential for proceeding at some point.

7.11 Some RSL partners have also raised concerns that in the current climate the application of the Affordable Housing Policy will make site development less attractive and sites are only likely to be developed where there is a pressure to secure a return in the short term. However, in the medium to long term, the private ownership of many sites in Argyll and Bute means that the Affordable Housing Policy will have a role in securing a sufficient supply of affordable housing through developer contributions.

7.12 The Council also continues to explore the assets it has available in terms of the retained landbank, as outlined in previous SHIPs. This will continue to be monitored on an ongoing basis. The Council will continue to work actively with landowners, developers and RSLs to encourage the development of sites, providing practical support where required.

## **7.13 Site Constraints**

The core SHIP programme deliberately focuses on sites that are not subject to significant development constraints such as contaminated brownfield sites or those with restricted infrastructure capacity such as roads or water supply. However, in a small number of cases within certain high priority pressured areas with evidence of a substantial shortfall in affordable housing, it may be necessary to consider such sites in the absence of more practicable or easily-progressed sites. Apart from the site constraint itself there may be costs associated with carrying out remedial works and this places a further constraint on site development.

## **7.14 Efficiencies and Investment Reform**

There is a clear strategic imperative at both national and local levels to secure efficiencies and maximise affordable housing units within available budgets. Simultaneously, this has to be balanced against equally strong national policy regarding more rigorous build quality standards, which lead to conflicting pressures in terms of resources required per unit. RSLs and their partners continue to highlight concerns in balancing cost and

quality considerations, especially given the rising cost of securing private finance at present.

7.16 The Scottish Government is currently promoting various alternative grant subsidy solutions beyond the traditional housing investment framework, which may assist in delivering more affordable housing in certain circumstances. The Council and its strategic partners in Argyll and Bute will continue to monitor these developments with interest, however, as indicated in previous SHIPs and the LHS itself, some caution has been expressed in considering some of the collaborative approaches being put forward as best practice nationally, as bulk procurement is not without its difficulties in the current climate. Factors such as financial standing, funding capacity and experience also need to be considered as part of the equation. There are of course also factors which are outwith the control of an RSL, such as land values, abnormal development costs and servicing restrictions which can affect the efficiencies that can be realistically achieved within a project, particularly so in the rural context of an authority like Argyll and Bute. Local RSLs have identified this issue and are currently committed to exploring effective measures for maximising procurement efficiencies through volume, but also continuity of work and standardisation of specifications and products.

#### 7.17 Commuted Sums

The Council has not to date collected monies from commuted sums in lieu of developer contributions for affordable housing although this remains a potential option within the Affordable Housing Policy. Future resources accrued through this mechanism are likely to remain fairly modest, but these could be valuable in securing additional funding which will help progress certain developments. Further clarification of the calculation and operation of the commuted sums option is required, and currently Council planning staff are liaising with colleagues from the National Park Authority on this issue. The timing of receipt of such sums is difficult to predict at present and therefore it is hard to commit them within the SHIP programme. In addition, where development has not taken place on a designated site and further planning consents are applied for beyond the initial five years, the timescale for receiving commuted sums could be over an even longer timescale. In most cases, it is presumed that onsite or offsite provision would be preferred to the option of a commuted sum.

#### 7.18 Mitigating Constraints: site by site

The following table summarises those projects which may be subject to constraint and indicates how SHIP partners aim to mitigate potential risks.

Area/Project	Potential Constraint	Mitigation	Risk of failing to meet timescales
<b>Planned/Committed Projects</b>			

Hermitage Academy	Mixed use site/ Planning issues.	Ongoing negotiations between partners.	May 2012 start onsite anticipated. Low risk
Dunbeg Phase 1	Issues regarding funding package	WHHA working to resolve financial issues. Future phases will be determined once the outcome of this primary phase has been appraised	Due onsite May 2012. Low to medium risk
Ulva, Mull	Proposals subject to revision due to condition of properties.	Council & RSL liaising with community on appropriate model	Site start due 2012. High risk
<b>Area/Project</b>	<b>Potential Constraint</b>	<b>Mitigation</b>	<b>Risk of failing to meet timescales</b>
<b>Potential Priority Projects that have yet to secure funding</b>			
Bowmore, Islay	Mixed-use site in private ownership.	Strong community consensus & positive lead from Estate owner regarding housing component of proposals.	Large-scale project – timing may be an issue, therefore medium risk in short term but low risk in longer term.
Helensburgh, West King St.	Ownership of site.	Joint RSL partnership (DHA & Link) working closely with owner.	Medium risk of commencing within SHIP period.
Arrochar / Succoth	Roads/Infrastructure.	Council Roads & RSL negotiations progressing to resolution	Low risk for an initial phase within SHIP period. Higher risk of any additional phase in same period.
Oban, Glenshellach	Site ownership & feasibility of mixed tenure package.	RSL negotiations with landowner/developer	Medium risk associated with cost.
Oban Central	Ownership issues & potential community opposition	Tripartite negotiations between Council/RSL and Developer.	Medium to high risk of project start within SHIP period.
Dunbeg Phase 2	Large mixed-tenure site. Funding package.	Progress will be dependent on an appraisal of delivery/ outcome of Phase 1	Medium to high risk that this phase will not commence within SHIP period.
Dunoon, Dunclutha	Council/ RSL/Developer issues.	Council/RSL negotiations.	Medium risk for onsite start within SHIP period

NB. It should be noted that prior to publication of this SHIP at least one of the successful Innovation Fund projects had to be withdrawn due to technical issues and lack of buy-in from potential owners. This unfortunate outcome highlights that all projects, including those in the committed programme, are subject to potential risks.

## 8) Resourcing the Programme

- 8.1 Ultimately, delivery of the SHIP is predicated on adequate and timeous resources being available to the Council and its partners. Table 1 in the annex provides an indication of the range of potential public and private financial resources which may be available and would be required to deliver the planned programme. Table 2 in the annex sets out details of the core AHSP (the Scottish Government programme which has replaced the historic AHIP and the Investment & Innovation Fund introduced in 2011/12) that has been committed for Argyll and Bute over the three-year period. The following paragraphs provide additional detail regarding these resources and in particular gives a clear description of the contribution that the Council is making to assist the delivery of the SHIP via its own Strategic Housing Fund.
- 8.2 In total, over the next three years, the Scottish Government has committed approximately **£8.637m** to Argyll and Bute to deliver the core projects. This does not include total additional funding requirement for the programme from private finance, Council contributions or alternative sources. The Scottish Government investment comprises £3.649m carried over from previous AHIP commitments and £4.988m from the Investment & Innovation Fund. The following tables breakdown the investment for each funding stream by project and HMA.

<b>SCOTTISH GOVERNMENT SUBSIDY (AHIP/HAG CARRY OVER)</b>		
<b>Project</b>	<b>HMA</b>	<b>AHIP Legacy</b>
Ardenslate, Dunoon	COWAL	0.086
Clydeview, Helenesburgh	HELENSBURGH & LOMOND	1.468
Park Sq. Campbeltown	KINTYRE	0.609
Lochgilphead High Phase 2	MID ARGYLL	0.586
Tobermory Phase 2	MULL & IONA	0.900
RHOGs	various	
	<b>A&amp;B Total</b>	<b>3.649</b>

<b>INVESTMENT &amp; INNOVATION FUND 2011/12</b>			
<b>Project</b>	<b>HMA</b>	<b>RSL Stream</b>	<b>Innovation stream</b>
Hermitage Academy	HELENSBURGH & LOMOND	1.973	
Dunbeg Phase 1	LORN		1.903
Dalmally	LORN	0.390	
Lochgilphead High Phase 3	MID ARGYLL		0.572
Ulva, Mull	MULL & IONA		0.080
Gigha	KINTYRE		0.070
<b>A&amp;B Totals</b>		<b>2.363</b>	<b>2.625</b>

In addition, there are a few projects in the programme which have either already drawn down all Scottish Government funding in previous years or which do not require funding from this source.

### 8.3 Other Scottish Government Initiatives

In addition to the core Affordable Housing Supply Programme (AHSP) which has replaced the historic HAG/AHIP framework (and which includes social rent, LIFT and Mid Market Rent projects), the Scottish Government is currently promoting a range of complementary initiatives which may influence the delivery of SHIP targets and LHS outcomes. The following table summarizes this Council's appraisal of each initiative and the implications for the current SHIP.

<b>Scottish Govt. Initiative</b>	<b>Implications for SHIP</b>
<b>National Housing Trust (NHT)</b>	A second tranche of NHT was implemented in 2011/12 but Argyll & Bute Council and its strategic partners remain of the view that the provision of mid market rental homes for limited prescribed periods only, under the terms of this scheme, is not a strategic priority at this time nor an effective longer term solution to the acute housing need within this local authority.
<b>Council House Building (CHB)</b>	Having transferred the ownership and management of its housing stock in 2006, the Council does not retain the structural or resource capacity to administer a direct building programme at this time. A potential bid for a second tranche of CHB was considered under the terms of the original Investment & Innovation Fund which would allow Councils and RSLs to work in partnership however that option is no longer available within the revised framework and so the Council will not be undertaking the direct role of developer.
<b>House-building Infrastructure Loan Fund (HILF)</b>	This scheme provides loan funding to support the provision of on-site, enabling, physical infrastructure and other work genuinely required to commence house-building projects and thereby accelerate house-building in the current economic climate. The first round was completed in 2011 and no further tranches have been announced at this time. The

	Council will continue to support partners should further funding become available under this initiative, in circumstances where infrastructure constraints prohibit development in priority areas.
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#### 8.4 Programme Costs

The revised framework for the Scottish Government’s new AHSP has yet to be confirmed, however, it is assumed that the current level of government subsidy available to housing associations to construct new housing in rural areas is likely to remain at around £40,000 per rented unit (3 person equivalent). These assumptions have been used to build up project costs for the planned programme set out in Table 1, but it is recognised that actual scheme costs may be higher depending on local conditions and other development factors. Concern has been expressed by some RSLs that the previous HAG/ private finance gearing ratio of 50%, which is linked to the provision of affordable housing for sale, will present challenges in terms of accessing funding for the programme in the current economic climate. This position will be kept under review.

8.5 To summarise, the assumptions used were as follows:

Total Unit Cost = **£120,000<sup>2</sup>**

AHSP/Scottish Government subsidy per unit of rented housing = **£40,000**

Private Finance per unit of rented housing = **£80,000**

No inflation has been factored into the resource assumptions made.

In the case where unit costs exceed this baseline model or where the likely available AHSP and private finance are insufficient to deliver this average unit cost, then additional resources such as the Council’s Strategic Housing Fund may be available to bridge the gap.

8.6 Based on the above assumptions, in addition to the committed sum of £8.837m, a further **£13m** approximately would be required from the Scottish Government’s AHSP over the next three years to progress the 358 planned units in the priority programme (see Table 1 in the Appendix).

#### 8.7 The Council’s Contribution

As well as leading and facilitating the SHIP process in its role as the strategic housing authority, with significant commitment of officer input and dedicated time, the Council also makes a substantial contribution to the delivery of the programme in terms of maximization of resources. In particular, in the current context of reduced public subsidy and limited access to private finance, the Council’s **Strategic Housing Fund (SHF)** has a critical role to play in ensuring the viability of many projects.

<sup>2</sup> See the Scottish Government’s “Infrastructure Investment Plan, 2011”, December 2011.

**Note**, however, that local RSLs calculate total unit benchmark costs of circa £130k for islands.

- 8.8 Full details of the Strategic Housing Fund are outlined in previous SHIPs and in the current LHS. It was established in 2007 and mainly comprises the revenue derived from the Council Tax on second homes with additional resources from residual HRA monies and will potentially include future commuted sums. Between 2008 and 2011, the SHF contributed over **£2.8m** in support of around **171** new affordable homes. As of April 2012, a further **£7.357m** has been committed to ensure the delivery of the successful Investment & innovation Fund bids and other RSL or community projects across Argyll and Bute which otherwise would be unlikely to progress. This will deliver around **208** additional homes.
- 8.9 Over the SHIP planning period, it is estimated that a further £1.7m approximately per annum could accrue to the current SHF balance which as of March 2012 totaled around **£4.594m**. This will be subject to any further amendments to national legislation and local policy regarding Council Tax. In February 2012, the Scottish Government completed a consultation exercise on the “Council Tax On Long-Term Empty Properties And The Housing Support Grant” and the results of this may have implications for the future development of the SHF. The Council has also made a commitment within the current LHS to promote the return of at least 10 empty properties per annum back into effective affordable housing supply and this will be supported through SHF grants. Levels of grant will be determined as part of the proposed review of criteria for allocation of the Strategic Housing Fund which will be carried out after the Local Government Election in May.
- 8.10 In addition to the core SHF, in November 2011 the Council approved an additional and innovative funding tranche to be ring fenced for the purposes of supporting small scale rural developments in areas of acute housing pressure with a view to sustaining and helping to regenerate fragile communities outwith the main population centres. The Council initially made a commitment to allocate grant funding of £0.75m via this Rural Housing Development Fund (RHDF) but in light of the very positive response to the competitive bidding process, the total allocation was increased to **£0.954m** which will deliver 16 new homes to rent and one shared equity property. These are also now incorporated in the core programme set out in Tables 2 and 3 of the SHIP annex.

#### 8.11 **Other Local Authority Initiatives**

In addition to the use of Council Tax revenue from second and long term empty homes, and potential Developer Contributions via the Council's Affordable Housing Policy, there are other potential funding mechanisms whereby local authorities can assist in the delivery of the SHIP. The council has been approached by RSL partners, for instance, to consider the option of providing wider loan facilities based on its corporate capital borrowing powers. This proposal will be considered as part of the review of the Strategic Housing Fund and the Council's strategic contribution to

housing development. The Council will also consider the potential mechanism of providing loans to targeted home purchasers via a Local Authority Mortgage Scheme and, subject to satisfactory legal agreements, it is anticipated that this could be a positive assistance to the aims and outcomes of the SHIP.

## 9) Equalities

- 9.1 The Equality Act 2010 requires all public authorities to promote equality on the grounds of gender, race, disability, religion or belief, age, sexual orientation, gender reassignment, pregnancy and maternity. All policies, plans and strategies must be developed within the context of the equalities and diversity agenda.
- 9.2 The LHS and SHIP are explicitly founded on the principle that the housing needs of *all* the communities that we serve must be taken into account and that related equalities issues should be addressed. Building on the Equalities Impact Assessment carried out for the original SHIP, a comprehensive and updated assessment was also carried out for the full LHS in 2011 and this SHIP has been developed within that framework to reflect any implications flowing from the translation of strategic aims into housing priorities.
- 9.3 In practical terms, evidence about the needs of different communities and equalities groups has been collected as part of the HNDA process which underpins both the LHS and SHIP. The strategic planning process has also gone beyond the basic requirement to consult widely with diverse sectors of the population, and this SHIP also benefits from the work of the LHS co-production pilot group which has involved informal equality-proofing in respect of disabilities.
- 9.4 All projects within the SHIP, and in particular those seeking public subsidy from the Council or Scottish Government, are required to meet basic design and building standards (for instance, to Housing for Varying Needs standard as a minimum) and should incorporate adequate provision to meet any identified particular needs. Prioritisation of projects will give due weight to those which incorporate elements of design or additional specifications for specialist forms of housing where the local profile of need and demand indicates a requirement. The committed and planned programmes include provision for elderly and disabled residents and through the close partnership working with Social Work, OTs and Health, the SHIP will continue to ensure the strategic aims of the LHS are carried forward.
- 9.5 In practice, this commitment will ensure:

- building all new affordable housing to Housing for Varying Needs Standards;
- implementing design solutions which help to meet the needs of disabled and infirm households;
- assessing and seeking to resolve the needs and aspirations of households with community care needs with our partners;
- developing communities with a good mix of households by seeking on-site affordable housing appropriate to local requirements;
- allocating housing via HOME Argyll which has strong commitment to equal opportunities; and
- provision of affordable housing in rural communities which helps to

## **10) Energy Efficiency & Climate Change**

- 10.1 Argyll and Bute Council has made a strong commitment within the Single Outcome Agreement and the Corporate Plan to the national priority of sustainable development through improving energy efficiency and environmental standards in new housing developments, and to the aim of reducing carbon dioxide emissions and ultimately helping to meet the challenge of climate change. This Council, as with all public bodies, is required to meet its duties arising from the Climate Change (Scotland) Act 2009 and the LHS and SHIP have been developed to ensure that the provision of new affordable housing complies with the terms of the Act.
- 10.2 The Council requires affordable housing developments to have a low environmental impact and to contribute to the LHS objectives of addressing fuel poverty and to ensure at least minimum standards of sustainability as required under Scottish Building Standards Agency regulations. RSL partners are already working to sustainability principles which promote local material sourcing, recycling, insulation standards, and renewable energy, as far as possible within the current financial climate. It is expected that all SHIP partners will continue to follow these principles to the best of their abilities despite the resourcing constraints under which they are currently operating.
- 10.3 Local RSLs in Argyll and Bute have already established a strong track record in exploring and delivering such synergies and initiatives with the full support of the Council. As one example, the report “21<sup>st</sup> Century Heating in Rural Homes” published by Scotland’s consumer watchdog, Consumer Focus Scotland, in March 2012, highlights the innovative off-gas heater case study of West Highland Housing Association which installed a locally-sourced wood-chip, boiler-run system generating electricity and hot water for 89 properties in its development in Glenshellach, Oban. 60 more homes are to be retro-fitted later this year with the successful, low carbon, district heating system. A significant

proportion of Argyll and Bute's rural properties are not connected to the gas grid and many rely on costly oil heating.

10.4 One of the main evaluation criteria for any project seeking public subsidy from the Scottish Government or the Council is the extent to which it complies with energy efficiency standards and can demonstrate that the development will maximise energy efficiency and accessibility. This could encompass a range of methods such as:

- the introduction of renewable technologies (particularly those which reduce CO<sub>2</sub> emissions whilst improving energy performance);
- methods of improving thermal efficiency of housing;
- the promotion and sharing of sustainable housing principles and good housing management; and
- the coordination of a local education programme for tenants, residents, and owners in mixed tenure schemes, with key partners, including Alienergy, to highlight the benefits of low carbon lifestyles with regard to energy consumption.

## 10.5 Sustainable Design

The SHIP and LHS are closely aligned with the Local Development Plan processes and the Council and its partners will explore sustainable design principals, not only to addresses climate change and provide energy efficient homes, but also to contribute to the creation of safe, sustainable communities which have a real sense of identify and place. In order to achieve a sense of community in new developments (whilst also delivering low environmental impact housing) we will work with partners to ensure a range of factors are considered. When developing new areas sustainability principles will also be central to the design process and will consider:

- a choice of high quality housing of different designs, across a range of tenures;
- the built environment, services and public spaces are accessible by all residents;
- the needs of residents with disabilities are considered;
- the availability of shared indoor and outdoor space for community activities; and
- community involvement in the planning and design of new projects.

10.6 For new social housing developments, the Council will also consider utilising procurement methods to achieve sustainability. In partnership with RSLs and developers, the Council will seek to promote the principle that contracts should be awarded to organisations with a strong sustainability ethos and working methods.

10.7 **Strategic Environmental Assessment (SEA)** - Under the Environmental (Scotland) Act 2005, all public bodies must decide whether their plans, policies and strategies require a Strategic Environmental Assessment

(SEA). As the “Responsible Authority” under the terms of the Act, the Council has determined that the SEA requirement for the LHS (and by association it’s annex, the SHIP) has been met through previous scoping exercises and that a full SEA is not required in this instance. The primary document in relation to land use planning is the Local Development Plan which will be subject to the full SEA and which will ultimately cover all housing projects set out in the SHIP and the general environmental impact of new housing development. The SHIP is an investment plan which sits underneath the LHS and sets out how the LHS objectives can be delivered. It will therefore not change the directions set out in the LHS and Development Plans. The SEA for the current LHS is available online via the LHS link at [www.argyll-bute.gov.uk/](http://www.argyll-bute.gov.uk/)

## **11) Monitoring and Review**

- 11.1 The SHIP is reviewed annually by the Scottish Government and affordable housing outcomes are monitored regularly by the Council’s Executive; partners on the Strategic Housing & Communities Forum; as well as the boards and committees of the individual SHIP Development Group members. In addition, monitoring of the SHIP forms part of the Council’s internal Performance Management System, Pyramid, and will continue to inform wider, ongoing review of the Single Outcome Agreement.
- 11.2 In addition, as appropriate, wider stakeholder involvement will be sought via consultation with local communities and relevant particular interest groups. All pertinent feedback will help to inform the ongoing development and annual revisions of the SHIP.

## **12) Conclusion**

- 12.1 This Argyll and Bute Strategic Housing Investment Plan for 2012/13 to 2014/15 sets out a very ambitious but realistic programme for the delivery of up to 371 new affordable homes, and potentially a further 358 completions or onsite starts within that period, including a substantial proportion for special needs. The majority of this provision would be for social rent but an element would be for alternative, intermediate tenures such as shared equity or mid market rent. While this is an extremely challenging target and would be a significant achievement in itself, it would, nevertheless, only represent approximately 22% of the total housing shortfall within Argyll and Bute, which is currently estimated to be around 3,364 affordable homes over the next nine years, albeit not all of this shortfall should or could be addressed through the provision of new build housing.
- 12.2 Around £8.637m has already been committed by the Scottish Government, together with around £7.357m from the Council's Strategic Housing Fund, to sustain the core programme. Over and above this investment, the planned programme of priority projects could require up to £13m in additional subsidy from the Scottish Government's AHSP and at least a further £5m from the Council's Strategic Housing Fund plus other funding from private finance and/or RSLs themselves.
- 12.3 The development of the SHIP is necessarily an ongoing, iterative process and, given the various uncertainties regarding Resource Planning Assumptions and other financial commitments, this Plan must remain at this stage an interim and tentative work in progress. In the current climate it is also important that strategic planning retains a degree of flexibility to allow for adjustments and revision as circumstances continue to evolve. Nevertheless, the Council believes this plan provides clear direction for future priority developments and

sets out a reasonably robust framework for the delivery of affordable housing in the immediate future in Argyll and Bute.

