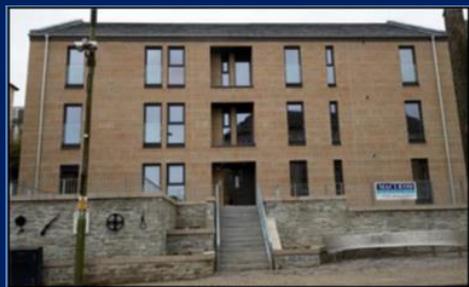




Community Services Housing Services

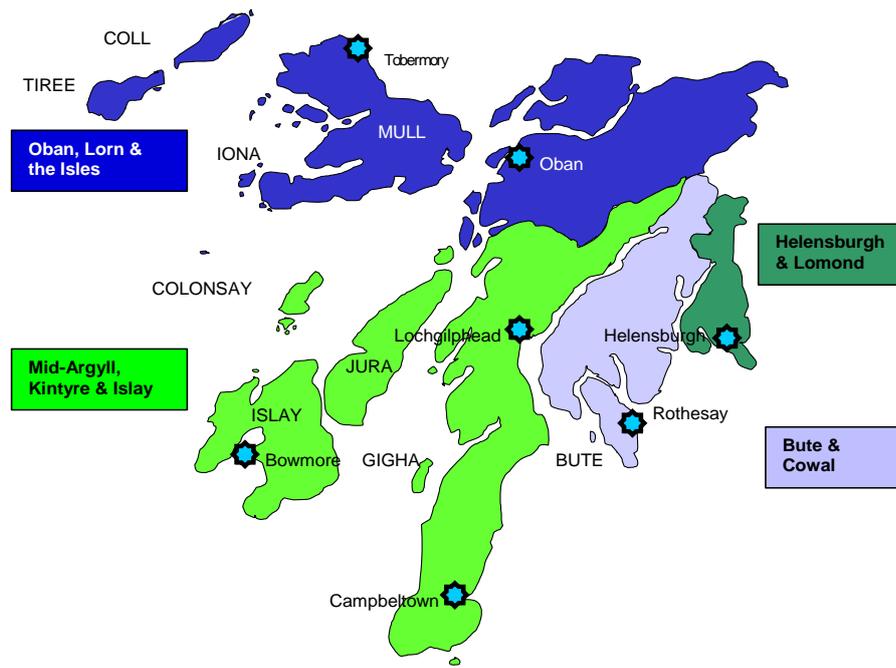


ARGYLL & BUTE STRATEGIC HOUSING INVESTMENT PLAN 2018/19 - 2022/23

October 2017

“Delivering a housing system in Argyll and Bute that makes a strong contribution to thriving and sustainable communities and supports economic growth.”





The focus of the SHIP is on affordable housing provision via new build, replacement, rehabilitation 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);
- Private rented accommodation available at lower cost than market rents; and
- Mid market rental housing provided by social or private landlords.

Guidance on the Preparation of Strategic Housing Investment Plans,
Scottish Government, July 2016

1) INTRODUCTION

The Local Housing Strategy (LHS) sets out the strategic policy approach of the council and its partners to delivering high quality housing and related services across all tenures, to meet identified need in the area. The SHIP is directly informed by the strategy and its associated policies.

The core purpose of the SHIP is to set out the strategic investment priorities for affordable housing over a 5 year period, to achieve the outcomes set out in the LHS. The plan reinforces the Council's role as the strategic housing authority; as well as the importance of the LHS outcomes and targets; and informs Scottish Government housing investment decisions. It is also the primary document for identifying strategic housing projects in Argyll and Bute to assist the achievement of the Scottish Government's national target for 50,000 affordable new build homes by 2021.

The Scottish Government and COSLA/ALACHO have agreed that SHIPs will revert to being submitted on an annual basis, commencing in October 2017. This SHIP has been developed in consultation with key stakeholders; and following agreement of the strategic local programme in July 2017 with the Scottish Government and partner RSLs, the updated plan was approved by Members on 28th September 2017.

In summary, the SHIP

- Sets out investment priorities for affordable housing;
- Demonstrates how these will be delivered;
- Identifies the resources required to deliver these priorities; and
- Enables the involvement of key partners.

In preparing this SHIP, the council has considered the range of mechanisms available including those from the Scottish Government; the council's own resources; and other sources; and has also rolled forward and updated material from the previous SHIP (November 2016).

The SHIP comprises this narrative document and an annexed suite of excel tables. The body of the plan focuses in particular on:

- LHS Priorities and Outcomes
- Project Prioritization Framework
- Deliverability and Mitigating Development Constraints
- Consultation and Stakeholder Engagement
- Impact on Fuel Poverty and Energy Efficiency
- Equalities
- The Current and Projected Programmes
- Resourcing the Programme and the Council's Contribution

2) THE LOCAL HOUSING STRATEGY – Vision, Outcomes & Targets

The Council continues to ensure that the investment programme and priorities set out in the SHIP are consistent with the LHS and its annual updates; and that these remain firmly based upon a “robust and credible” assessment of housing need and demand (HNDA). Existing strategic priorities and outcomes continue to be ratified and supported by partners and stakeholders via the Argyll and Bute Strategic Housing Forum.

The current LHS was implemented in 2016, and covers the five year planning period to 2020/21. It sets out the core vision:

“To deliver a housing system in Argyll and Bute that makes a strong contribution to thriving and sustainable communities and supports economic growth.”

Supporting this vision are four high level priorities:

- 1) **To facilitate access to sufficient, suitable and affordable housing across all tenures**
- 2) **To promote individual housing options to meet housing need**
- 3) **To enable people to live independently in their own homes**
- 4) **To regenerate communities through improving the quality, condition and energy efficiency of housing**

The SHIP will play a key role in achieving the vision and all of these high level priorities, as well as delivering the Housing Supply Targets (HSTs):

Argyll & Bute	Annual	5 Year Total	10 Year total
Total HST	240 - 300	1,200 -1,500	2,400 - 3,000
Affordable Housing	110-130	550-650	1,100-1,300
Private Market Housing	130-170	650-850	1,300-1,700

In summary, the SHIP will aim to deliver:

- *At least* 550 new affordable homes over five years;
- At least 80% of which should be for social rent; and
- 100% should meet the basic Housing for Varying Needs Standard (Level 1) and 10% should comprise “specialist provision” over and above this standard (i.e. Level 2 or 3)

In addition, the SHIP will entail:

- An effective land bank of sites in areas of housing need; and
- An Affordable Housing Policy which maximizes the impact of private developer contributions.

3) PRIORITISING THE PROGRAMME

The SHIP sets out a clear and transparent framework for the prioritisation of projects to be delivered over the next five years. In prioritising the programme, the Council has sought to maintain an appropriate balance of housing provision across Argyll & Bute that reflects the affordable housing shortfalls identified in the HNDA by Housing Market Area (HMA) and contributes towards the outcomes detailed in the LHS & Single Outcome Agreement (SOA).

Council Housing Services reviewed the existing prioritization framework in August 2017, and found that this remains an appropriate and proportionate approach, subject to minor adjustments. As previously, within each HMA, investment is mainly targeted at communities exhibiting the greatest affordable housing pressures. These priorities continue to recognize the importance of investing in small rural communities as well as larger urban areas. The communities have been identified by 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 (site ownership, infrastructure or planning constraints, etc)

Given that localised “hotspots” or pressured areas may still be masked within the wider geographic HMAs, a further refinement of the evaluation process is also required at the localised settlement (or letting area) level, to reflect the complex rural and island geography of Argyll and Bute. Therefore, the Council will continue to employ the following key indicators:-

Criteria	Indicator/Evidence
Identified need	HNDA & local updates – total shortfall in affordable housing.
Pressure ratios by settlement	CHR - waiting list applicants per available let on an annual basis.
Homeless Pressure	HL1 statistics - total applicants per HMA & relative time to close cases; number and duration of temporary accommodation cases.
Social stock levels	Proportion of existing RSL stock to total number of dwellings on Council Tax Register.
Wider Strategic Fit	Links to, & synergies with, Local Development Plans (including support of the Council’s Key Rural Settlements as well as identified fragile areas); economic development plans or regeneration initiatives; or other wider community benefits.
Specialist Provision	HNDA/CHR/Health & Social Work caseload – total shortfall for special needs accommodation & evidence from waiting lists or bespoke research.
Risk/Deliverability	Satisfies key development criteria (site ownership; planning consent; resourced; infrastructure constraints; contractor capacity). Early liaison with Planning on specific sites will be critical.

Prioritisation by Housing Need - In terms of distribution by Housing Market Area (HMA), the main need by far is evidenced in Oban & Lorn, the only HMA exhibiting continued growth. Topographically and geographically, options are constrained in Oban itself, therefore, Dunbeg is the primary development priority for the Council.

Strategically, Helensburgh & Lomond is also a high priority in terms of need and potential growth opportunities. Mid Argyll could benefit from further developments albeit this should be closely monitored to avoid creating imbalances in the existing system; and Cowal, as the HMA most at risk of severe population decline, could be regenerated with judicious development, operating in tandem with improvements in employment opportunities and transport infrastructure, albeit again caution will be required to ensure new build developments do not have any unforeseen, adverse impacts on the existing housing system.

Small-scale developments could also have a significant and positive impact on the Atlantic Islands. However, Bute and Kintyre are relatively well balanced in terms of current supply and demand (annual RSL lets are more than sufficient to address waiting list demand, and there are a number of long-term voids in these areas, with key landlords considering strategic stock rationalisation) and therefore any new build in these two HMAs should focus on unsubsidised, private market accommodation.

Prioritisation by Tenure - The LHS proposes that a majority of the programme should be for social rent (at least 80% of completions), however, alternative tenures such as mid-market rent, shared equity or other low cost home ownership options, will be considered on a site-by-site basis in line with local market conditions and needs, and actively encouraged where appropriate.

Prioritisation by Size – The SHIP will continue to promote the delivery of smaller properties (1 and 2 bedrooms) where feasible, in line with the HNDA and the continuing evidence of the HOMEArgyll common housing register. In 2017, for example, 82% of the active waiting list applicants required 1 or 2 bedroom accommodation; while 13% required three beds and only 5% required 4 or more bedded properties. Nevertheless, the requirement for larger, family-sized accommodation will continue to be monitored and addressed as appropriate.

Prioritisation by Particular Needs – Given the impact of the ageing population, and the particular needs of other sectors of the population including the physically disabled and those with learning disabilities or mental health issues, as outlined in the HNDA, the LHS specifies a *minimum* target of 10% of new build should be purpose designed as specialist provision to suit households with medium to high level particular needs.. This will include provision of wheelchair and extra care accommodation, and, particularly, medium dependency, amenity housing. As far as possible, all general needs new builds will be designed to

appropriate lifetime, Housing for Varying Needs Standards (level 1), to maximise the accessibility for residents whose circumstances and needs will change over time. 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. To this end, the Council continues to develop a more cohesive partnership with the Integrated Health & Social Care body to ensure that the SHIP process is fully aligned with the health and social care integration agenda and other relevant plans such as the “Keys to Life” strategy for persons with learning disabilities, and the Integrated Children’s Services Plan.

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 and, where appropriate and as far as possible, in consultation with local community stakeholders.

Rural Proofing¹ – the Council’s Housing Service will continue to apply a policy of rural-proofing housing plans and strategies to ensure the more remote and isolated areas, or those designated as “fragile”, are not disadvantaged or adversely affected by investment and development decisions. Critical to this aim, is joint working with local planners to support the development and sustainability of designated key rural settlements across Argyll and Bute as well as supporting the aims of the Loch Lomond & Trossachs National Park. As well as the ratio of waiting list applicants to available RSL lets and other indicators outlined above, key factors influencing the prioritisation of rural developments include: the ratio of social housing to second homes; proportionate historic losses through Right to Buy; the percentage of social housing to total dwelling stock; and the ratio of local earnings to average or lower quartile house prices and private rents. While existing, evidenced need remains the primary concern, consideration will also be given to rural areas of potential economic development and/or population growth.

The rural/urban housing differential is acknowledged nationally, in the structure of the Scottish Government’s benchmark framework for grant funding, whereby Argyll and Bute receives a rural uplift to address the additional costs involved in remote rural and island development. Ultimately, final preference will be influenced by project costings, therefore the proposed programme can only be indicative at this stage.

¹ Rurality is defined in the Scottish Government Urban Rural Classification, see: <http://www.gov.scot/Topics/Statistics/About/Methodology/UrbanRuralClassification>. In addition, one definition of fragility is outlined in the report: Review of Fragile Areas and Employment Action Areas in the Highlands and Islands, HIE, November 2014.

4) DELIVERING THE PROGRAMME: MITIGATING RISKS

It is important to identify, assess and respond to any risks or potential constraints that might impact on the overall programme or individual projects; and that effective measures are taken to mitigate these as far as possible. The SHIP aims to provide assurance that, if funding is secured, any other constraints will be resolved by the time of estimated site start of the relevant project. The main risks or constraints that tend to apply to the SHIP programme include:

- Development and Infrastructure constraints
- Financial Assumptions
- Planning issues
- Legal procedural constraints; and
- Effective land supply

In addition, a critical factor in the context of this authority is the capacity of the local construction sector and the constrained market for competitive tendering.

The council and its partners are working to minimize these risks and mitigate constraints as far as possible, for example:-

Development Constraints (such as infrastructure issues, ground condition problems/ abnormal costs) - The core SHIP programme aims to focus on sites that are not subject to significant development constraints such as contaminated brownfield sites, un-zoned greenbelt areas, or those with restricted infrastructure capacity in terms of access roads or water supply. However, in a small number of cases within certain highly pressured areas with evidence of a substantial shortfall in affordable housing, or areas of wider strategic importance, 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, preliminary feasibility studies, or mitigating the potential impact on areas of archaeological significance or on historic buildings and this places a further constraint on site development. Mitigation may be aided by ensuring site investigation is carried out at early stages; and seeking to ensure land values reflect any remediation costs. In terms of infrastructure constraints, such as Scottish Water connections/ capacity/ access, early discussions with the Utilities companies will be initiated to address potential issues and achieve possible synergies in investment programmes. Where possible, abnormal costs should be deducted from the land purchase price and unforeseen costs may be met through the Scottish Government's new Housing Infrastructure Fund; the council's Strategic Housing Fund or developer contributions.

It is envisaged that the Housing Infrastructure Fund (HIF) in particular could prove significant in supporting housing development in this authority through loans or grants for sites which are of strategic importance and cannot proceed or have stalled due to exceptional infrastructure works, and could help facilitate the unlocking of these sites for the delivery of housing. Currently, the council has prioritised the further development of Dunbeg, for instance, as a key site for delivery of housing utilising this fund, in line with the eligibility criteria and guidance set out by the Scottish Government.

Effective Land Supply - The historic RSL land bank and available council owned sites have now been depleted and it may be that in the future land assembly will prove a significant challenge. Nevertheless, through collaborative efforts with planning colleagues, the council and National Park are confident that a “generous” supply of land for affordable housing is being sustained. The council completed a “call for sites” in 2016, as part of the preparation of the next Local Development Plan, and has been auditing housing allocations in the current Plan to ensure a more robust and rigorous approach to effective site provision, with ineffective allocations being removed from the plan. Partners continue to carefully consider the timing and possible phasing of developments to make realistic assumptions on when affordable housing will proceed. We aim to ensure that a sufficient supply of sites remain identified in the system to accommodate unforeseen slippage in the timing of projects coming forward; and to maximise the benefits of increased or additional funding.

Occasionally, proposed projects are subject to complex or protracted negotiations with private owners and their agents which can impact on the timing and ultimately on their deliverability. Therefore effective liaison with the Scottish Government to prioritise projects and progress site acquisitions to enable projects to be pulled forward if required, is essential. In addition, the impact of both the Council and National Park Affordable Housing Policies continues to prove invaluable; and there is an obvious need to sustain practical negotiations with landowners, Estates, private developers and others. Some RSL partners have however raised concerns that in the current climate the application of the Council’s 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. To facilitate private development, therefore, the Council’s current policy exempts certain low pressure areas in accordance with the current HNDA (e.g. Bute, Kintyre) from the 25% affordable quota. However, in general, in the medium to long term, the private ownership of many sites in Argyll and Bute means that the Affordable Housing Policy will continue to have a definite role in securing a sufficient supply of affordable housing through developer contributions. Strategic engagement with local communities and agencies such as HIE to assess potential use of Strategic Land Fund, where appropriate, may provide benefits; and additional mechanisms may also be available via recent initiatives such as the Rural or Island Housing Funds and new Community Empowerment legislation.

Planning issues - Early discussions will continue to be prioritised with planning services (both Council & National Park) regarding road layouts/school catchment areas and other possible issues. All of the development sites included in the SHIP programme should be effective given that they will, in most cases, require to be already zoned for housing development in the relevant local development 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.

More rigorous build quality standards, and “greener” requirements, can 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 in recent years.

Local RSLs are also currently committed to exploring effective measures for maximising procurement efficiencies through volume, but also continuity of work and standardisation of specifications and products as far as possible.

RSLs face increased risk in delivering and selling shared equity units in the current economic climate. The Council has been required to provide extended loan facilities to counter this particular problem in the past. In the future, provision for tenures other than social rent will require detailed business plans and must reflect robust and credible assessment of local needs before approval.

5) PARTNERSHIP WORKING AND CONSULTATION

As outlined in previous SHIPs, the preparation of this plan remains a continuous, iterative corporate activity, based on close working relationships between the Council's Housing and Planning services, along with Economic Development and Strategic Transport, Development & Infrastructure Services; as well as the ad hoc involvement of other departments when appropriate. The SHIP process in Argyll and Bute particularly reflects a strong collaborative approach with Registered Social Landlords (RSLs), the Scottish Government, communities, developers and other stakeholders.

Key partners include:

- The Scottish Government: More Homes Scotland Division
- Argyll & Bute Council
- Argyll & Bute Health & Social Care Partnership
- Argyll Community Housing Association
- Fyne Homes Housing Association
- Dunbritton Housing Association
- West Highland Housing Association
- Link Group Ltd
- Bield Housing Association
- HMNB Clyde
- Loch Lomond & Trossachs National Park

At the very local level, on a site by site basis, RSLs and Council officials continue to liaise closely with private developers, local land owners, local community groups and trusts, and a range of other stakeholders to negotiate, facilitate, enable and deliver viable projects within the context of the LHS and the framework of the SHIP. Updates are also being tabled at local area community planning groups; and at the level of specific projects, sites and settlements, a range of community representatives and residents are routinely consulted.

The Argyll & Bute Strategic Housing Forum, comprising a wide range of key partners from the Community Planning Partnership, constitutes the overarching body with ultimate responsibility for overseeing the implementation and monitoring of the LHS and the SHIP; and is chaired by an elected Member with the policy remit for Communities, Housing, Islands and Gaelic. The Strategic Housing Forum is also responsible for making appropriate recommendations to Council Members and for lobbying the Scottish Government in respect of housing issues in Argyll and Bute.

In addition to regular programming meetings between the Council, the Scottish Government and individual RSLs, a dedicated SHIP Officers Group has been reinstated by the Council which will bring all these parties together on a quarterly basis to address and progress operational development matters.

Other stakeholders and strategic partners, such as Scottish Water, will be engaged on an ad hoc basis as appropriate. Increasingly, given the overarching strategic imperatives, economic development and regeneration partners are also emerging as key associates in the SHIP and LHS process.

As a priority, the Council continues to foster closer engagement with the Health & Social Care Partnership (HSCP) at all levels (from management group to locality planning groups) and at the earliest possible stages in the process. The HSCP's three year Strategic Plan incorporates a Housing Contribution Statement (HCS) outlining the essential role housing plays in supporting and maintaining independence, health and well-being of all residents. The HSCP has now agreed with the council a programme of work to refresh the service needs assessment and further strengthen operational planning and delivery by the end of March 2018.

Joint action planned by the Housing, Health & Social Care partners will include:

- Identifying existing stock which may require to be adapted;
- Projection of specialist need for future updates of the SHIP, taking account of population changes, demography and health and social need prevalence rates;
- Examining and assessing the impact of progressive care housing models; potential reuse of vacant housing accommodation; and a review of the provision of care homes in the local authority area

As reported in the previous SHIP (November, 2016) a Strategic Delivery and Development Framework between the Council and HMNB Clyde was recently agreed to achieve maximum benefit for the Base and the wider community. A dedicated working group is considering the potential accommodation needs arising from the development of the naval base as the Royal Navy's UK Submarine Centre of Specialization. The SHIP will therefore require to take full account of the associated emerging accommodation needs in the Helensburgh and Lomond area; and a comprehensive housing market study of the area is planned which will involve further extensive consultation and stakeholder engagement.

6) ENERGY EFFICIENCY & FUEL POVERTY

Promoting energy efficiency and tackling fuel poverty remain strategic priorities for the LHS and key commitments for the council; and maximizing opportunities for sustainability in development remains a key principle underpinning the SHIP. As with all public bodies, this Council is also required to meet its statutory 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 Act.

The Council requires affordable housing developments, as far as possible, 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. This remains a key assessment criterion for any project seeking public subsidy from the Scottish Government or the Council.

There are significant challenges in delivering higher quality, energy efficient developments in an authority such as Argyll & Bute - for instance, a significant proportion of the area's rural properties are not connected to the gas grid and many rely on costly oil heating – all of which impact on costs and on the ability to achieve sustainability targets. Nevertheless, local RSL partners continue to embrace 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. In particular, all new build RSL stock will be required to address the national Energy Efficiency Standard for Social Housing (EESH); and developers will be encouraged to consider additional Greener Standards in their provision.

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 principles, not only to address climate change and provide energy efficient homes, but also to contribute to the creation of safe, sustainable communities which have a real sense of identity 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; and when developing new areas sustainability principles will also be central to the design process.

7) SUPPORTING AND PROMOTING EQUALITIES

The SHIP aims to address the housing needs of all the communities we serve, and continues to address equalities issues and adhere to principles of diversity and equality, in accordance with the Equality Act 2010. The current HNDA provides robust evidence of accommodation and support needs across the range of protected equalities characteristics, and these have been translated into the SHIP priorities. An overarching equality impact assessment was completed for the LHS in 2016 and this continues to inform our assessment of the impact of the SHIP, and how the strategic aims are embodied in the housing priorities of the programme.

All SHIP projects, seeking public subsidy from the Council or Scottish Government, are required to meet basic design and building standards (for instance, to level one of the Housing for Varying Needs Standard as a minimum) and should incorporate adequate provision to meet any additional 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 such a requirement. The committed and planned programmes include provision for elderly and disabled residents and through the close partnership working with Health & Social Work, including Occupational Therapists, the SHIP will continue to ensure the strategic aims of the LHS in this respect are carried forward. In practice, this commitment to equalities principles 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 in partnership;
- developing communities with a good mix of households by seeking on-site affordable housing appropriate to local requirements;
- allocating housing via HOME Argyll and national RSL partners who have strong commitments to equal opportunities; and
- providing affordable housing in rural areas which enables young and old people to remain within their communities.

While an indicative review of the Common Housing Register in 2017 suggests that over 93% of applicants either required or would accept mainstream accommodation, around 10% could benefit from some form of specialist provision; and over 700 applicants (28%) have a medical condition affected by their current housing circumstances. On that basis, while in situ solutions will have a crucial role to play, nevertheless, the SHIP will continue to require a *minimum* of 10% of the new build programme to be built to level 2, or higher, of the HfVN standard.

8) UPDATE FROM THE 2016 SHIP

Current Progress: Outputs 2016/17

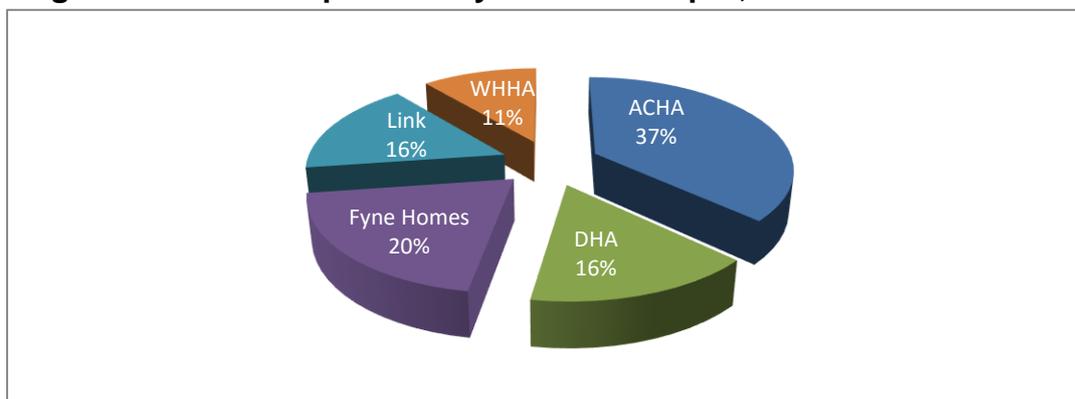
The current LHS target of at least 110 new affordable homes to be completed per annum was decisively achieved and indeed substantially exceeded in 2016/17, with 154 completions across 14 new build projects.

TABLE 1: SHIP New Build Homes by HMA & Project, 2011-2016

Housing Market Area	Projects	Completions	%
Helensburgh & Lomond	East King St., Helensburgh	24	15.6%
Mid Argyll	Tower View, Inveraray Heatherbank, Cairnbaan Baddens, Lochgilphead	21	13.6%
Islay, Jura & Colonsay	Bowmore, Islay	10	6.5%
Cowal	Victoria Park, Dunoon Finnartmore, Kilmun Argyll St., Dunoon	30	19.5%
Lorn	St. Oran's Place, Connel Connel Phase 4 Glenshellach, Oban MacVicar Court, Dunbeg Beinn Lora Drive, Benderloch	64	41.6%
Mull & Iona	Glebe, Iona	5	3.2%
Total		154	100.0%

The four local RSLs all contributed to the total programme, along with the national Link Group. ACHA delivered 57 of the new builds; Fyne Homes delivered 31; Link provided 25 homes and Dunbritton 24; with West Highland Housing Association completing 17.

Figure 1: SHIP Completions by RSL/ Developer, 2016/17



Total investment in the 14 projects completed last year amounted to £22,662,416 (albeit not all of this funding was drawn down within the financial year).

9) THE REVISED PROGRAMME

The current year, 2017/18, is covered by a Strategic Local Programme Agreement (SLPA) between the council, the Scottish Government, and the developing RSLs; and the new SHIP will commence from 2018/19. The programme is subject to ongoing change as either barriers to progress or windfall opportunities arise. Consequently, the following tables simply summarise all proposals at the time of writing (August 2017), including those projects which were expected to complete in 2017/18 and for which funding has already been drawn down. It should be noted that the status of many future projects, particularly in the later years, remains provisional and purely indicative at this stage; some may not proceed, or complete, within the timescale. However there is also scope for additional proposals to be brought forward or included in earlier years. **Further details of the programme and individual projects are outlined in the annexed excel SHIP tables.**

TABLE 2 : SHIP Projects – completed or expected to complete in 2017/18

Project address	Developer	Tenure*	Units
Glenshellach, Oban (final units of Phase 8)	ACHA	SR	2
Glenshellach, Oban (Phase 10)	ACHA	SR	8
Ardenslate (off the shelf – subject to negotiation)	ACHA	SR	8
Connel (Phase 3)	ACHA	SR	10
Coll	ACHA	SR	2
Minard	FH	SR	6
Lochgilphead (Phase 5)	FH	SR	12
Luss	Link	SR	5
Benderloch (Phase 2)	WHHA	Mixed	12
Imereval, Port Ellen (Phase 1)	WHHA	SR	18
Argyll & Bute Total			83

(*SR = social rent; "Mixed" includes mid-market rent/shared equity etc.)



ACHA, GLENSHELLACH, OBAN



FYNE HOMES, MINARD

TABLE 3: SHIP Core Programme - Potential Completions 2018/19-2020/21

Project address	Developer	Tenure	Units	Anticipated Completion ¹
Bowmore (Phase 3)	ACHA	SR	20	2018/19
Jutland Court, Helensburgh	ACHA	SR	32	2018/19
North Connel (Specialist Provision)	ACHA	SR	1	2018/19
Connel (Phase 4 – specialist unit)	ACHA	SR	1	2018/19
Inveraray (Phase 2)	ACHA	SR	10	2018/19
Barran, Kilmore	ACHA	SR	6	2018/19
Keills, Islay	ACHA	SR	4	2018/19
Garelochhead	ACHA	SR	10	2018/19
Tarbert	ACHA	SR	4	2019/20
Glenshellach (Phase 11 &12)	ACHA	SR	42	2020/21
St. Joseph's, Helensburgh	ACHA	SR	20	2020/21
Succoth (Phase 1)	DHA	SR	26	2018/19
Golf Club site, Helensburgh	DHA	SR	75	2020/21
Spence Court, Dunoon	FH	SR	16	2018/19
Lochgilthead (Phase 4)	FH	SR	16	2018/19
Tighnabruaich (Portavadie project)	FH	SR	20	2019/20
Strachur	FH	SR	4	2019/20
Cairndow	FH	SR	6	2019/20
Albany Street, Oban	LINK	SR	8	2018/19
Helensburgh (Sawmill Site)	LINK	Mixed	25	2019/20
Lonan Drive, Oban	LINK	Mixed	46	2019/20
Dunbeg (Phase 3)	LINK	Mixed	300	2020/21
Ganavan, Oban	LINK	NSSE ²	8	2020/21
Lochdon, Mull	WHHA	Mixed	14	2018/19
Jura	WHHA	SR	10	2018/19
Tobermory	WHHA	Mixed	12	2019/20
Colonsay	WHHA	SR	5	2019/20
Barcaldine	WHHA	SR	10	2019/20
Aros, Mull	WHHA	Mixed	8	2019/20
Imereval, Port Ellen (Phase 2)	WHHA	Mixed	6	2020/21
Argyll & Bute Total			765	

¹Timescales are indicative and subject to change; and will be monitored on a regular basis.

²NSSE refers to New Supply Shared Equity

If this programme is successfully delivered within the planning period, it could provide over 760 new affordable homes across Argyll and Bute. Around 23% of these would be in rural mainland, island and/or fragile communities; 39% would be in the key strategic settlement of Dunbeg; and 38% would be delivered within or around the main towns (Oban, Helensburgh, Dunoon and Lochgilthead).

In terms of tenure, current proposals would suggest around 102 units (14% of the total) would be for shared equity, mid-market rent, or some form of

intermediate tenure – which is in line with the LHS target of at least 80% of the programme being social rent.

There is an expectation that the majority of these units will be built to allow for future adaptation to meet changing needs over time; and in addition approximately 70 units should be purpose-designed to medium or high dependency standards.

In addition to this core programme, a number of other potential proposals are being developed for further consideration in later years of the SHIP, subject to robust assessments of need and demand, site assembly or acquisition, and available funding. Some of these projects therefore remain notional at this stage. These are noted in the following table (developers and projected units are purely indicative at this stage).

TABLE 4: Additional Potential Projects for consideration in later years

Project address	Developer	Units
Cardross	ACHA	20
Luss	ACHA	4
Rhu	ACHA	6
Glencruitten, Oban	ACHA	30
Tiree	ACHA	10
Dunclutha, Dunoon	Bield	tbc
Helensburgh	Bield	tbc
Succoth (Phase 2-subject to need)	DHA	12
Lochgoilhead (subject to need)	DHA	6
Tighnabruaich (Portavadie, Phase 2 – if need)	Fyne homes	10
Inveraray (subject to need)	Fyne Homes	tbc
Ardfern/Craignish (subject to need)	Fyne Homes	tbc
Lochgilphead (subject to need)	Fyne Homes	12
Rosneath (subject to need)	LINK	40
Port Charlotte	WHHA	8
Port Appin	WHHA	6
Tobermory (additional site/capacity)	WHHA	tbc
Dervaig, Mull (subject to need)	TBC	5
Bunessan, Mull	WHHA	8
North Connel	WHHA	12

Alternative sites are also being considered either to replace or enhance some of the sites listed in above tables, such as the council-owned site at Blairvadach. The Council has also been supporting community developments outwith the core AHSP funding programme, such as the recent development of 2 units at Ulva on Mull. A review of assets and the available landbank will also

inform Council policy on the potential for providing serviced plots for sale for affordable housing development; and the outcome of a self-build/custom-build pilot in Highland Council is also being closely monitored and any useful learning points will be considered for future action. The Council is also actively piloting a project to designate simplified planning zones (SPZs) in Mid Argyll and on Mull for the provision of self-build sites. In addition, the council provides support for communities considering the use of the Scottish Government's Rural or Island Housing Funds, and other resources to deliver affordable housing outwith the core AHSP development programme.

The proposed core programme of 765 units, as outlined in Table 9.2 above, is 38% above the minimum LHS target of 550 units and 17% higher than the upper target range of 650 units. Nevertheless, there is still scope for significant additions to the programme in later years of the SHIP to maximize use of Scottish Government resource planning assumptions for the local authority, albeit this must be subject to actual need and demand. The Council and RSL partners will actively explore options for future updates of the SHIP.

10) RESOURCING THE PROGRAMME & THE COUNCIL'S CONTRIBUTION

There are three primary funding sources for the SHIP:

- a) Scottish Government Grant (the Affordable Housing Supply Programme – AHSP)
- b) Council grant or long-term loan (the Argyll & Bute Strategic Housing Fund – SHF; or Council central reserves)
- c) Registered Social Landlord (RSL) Private Finance Borrowing

The majority of developments will require a complex package of funding from all these sources.

a) Scottish Government Resource Planning Assumptions (RPAs)

In June 2017 the Scottish Government confirmed the RPAs to local authorities for 2017/18 (£11.6m) and the three years to end-March 2021. This involved substantial increases on previous assumptions:

Argyll & Bute	2018/19	2019/20	2020/21	Total
RPA	£15.150m	£17.140m	£18.286m	£50.576

Source: Scottish Government Letter of Confirmation, June 2017

An approximate calculation (based on the average AHSP 3-person unit benchmark of £72k for social rent in rural Argyll) would suggest that this level of investment could deliver over 700 new affordable homes in the period from 2018/19 to 2020/21. Investment for the final two years of the SHIP programme, 2021/22 and 2022/23, will be confirmed in due course. It should be noted that this is potential investment only, dependent on actual need and deliverability of

suitable projects; and while the council and its partners clearly welcome this level of funding, it will present real challenges. This would be subject, for example, to sufficient complementary funding being available from the council and RSLs themselves to support the programme; and is also dependent on the capacity of the constrained local construction industry.

b) The Council's Contribution

Resourcing the SHIP programme also requires a significant contribution from the Council's Strategic Housing Fund (SHF). The council's SHF is primarily based on the revenue raised from reduced tax discounts on empty and second homes. The balance of this Fund at the start of the current financial year was £8.969m; of which £3.518m was already committed and £5.451m was available to fund this programme. It is anticipated that the SHF will accrue annual revenue in the order of £1.9m over each of the next three years. The SHIP sets out plans to fully utilize this balance over 5 years to support the affordable housing development programme, including empty homes grants and loans. In April 2016 the Council halved the level of grant provision for RSLs from £25k to £12k per unit, to reflect the equivalent increase in Scottish Government grant; and an evaluation exercise carried out by independent consultants in 2016 confirmed that this is indeed the most appropriate and cost effective level of grant aid to support the SHIP programme. Around **£2.1m** was invested from this source by the Council to support the SHIP in the financial year 2016/17, while in total over **£4.2m** was allocated to support the 14 projects completed that year (with funding being drawn down over two or more years). An indicative estimate of around £8.4m would be required to support in full the Scottish Government investment outlined in the three year RPAs above; and over £10m would be required in order to support all the projects outlined in this SHIP (see Tables 9.1 and 9.2 above). In addition, the Council has also used its financial reserves on occasion to advance long term loans to support RSL projects and this commitment is subject to ongoing review. Details of the SHF contribution to the SHIP programme are set out in Table 5 of the annex.

c) RSL's Private Finance Borrowing

Banks and other lenders in the private sector also remain vitally important partners in the delivery of affordable housing, and RSLs are required to demonstrate that sufficient borrowing capacity or reserves exist to ensure delivery of the proposed development programme. Following a period of restrictive lending, with greater scrutiny of projects, higher lending rates and the requirement for additional security from existing stock, which often resulted in RSLs being forced to use their own reserves rather than borrow under such conditions; RSLs have recently reported signs of improvement in their potential to access private finance; and at a national level the sector continues to explore innovative funding models. Private finance in support of the 14 SHIP projects completed in 2016/17, totaled over **£8m**, approximately 36% of the total investment for those projects.

11) MONITORING AND REVIEW

The SHIP will be appraised on an annual basis by the Scottish Government and affordable housing outcomes are monitored regularly by the Council's Housing Management Team; Council Members; the overarching Community Planning Partnership; and partners on the Strategic Housing Forum; as well as the boards and committees of the individual SHIP partners. 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. In addition, as appropriate, wider stakeholder involvement will be sought via consultation with local communities, private developers and relevant particular interest groups. All pertinent feedback will help to inform the ongoing development and regular revisions of the SHIP.

12) IMPACT ASSESSMENTS

Health Impact Assessment

In addition to the formal LHS Equality Impact Assessment referred to in Section 7 above, which covers this SHIP, the council is currently considering implementing a specific Affordable Homes Health Impact Assessment for this plan and the LHS in accordance with national good practice, and as a further step towards fostering closer linkages between Housing, Health and Social Care.

Strategic Environmental Assessment (SEA)

As the "Responsible Authority" under the terms of the Environmental (Scotland) Act 2005, the Council has determined that the LHS (and by association its ancillary component, the SHIP) does not require a full SEA in this instance. The primary document in relation to land use planning is the Local Development Plan which is subject to a full SEA and which will ultimately cover all housing projects set out in the SHIP. 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 policy directions set out in the LHS and Development Plans.

13) CONCLUSION

The Argyll and Bute Strategic Housing Investment Plan for 2018/19 to 2022/23 sets out an ambitious programme for the delivery of over 760 new affordable homes; of which approximately 87% will be for social rent; the majority would be built to lifetime standards, allowing for future adaptation to meet changing needs over time; and around 15% will be purpose-designed to higher standards for specialist needs. The programme reflects a strong commitment to the economic growth agenda for Argyll and Bute; and around 23% of the proposed developments will also directly support the sustainability of fragile rural and island communities.

A number of additional or potential projects have also been identified for consideration in later years and some of these may be brought forward as the programme is reviewed on an annual basis. This level of programming is substantially in excess of the LHS targets of 550-650 new affordable homes over the five year period; nevertheless there is still further scope for development particularly in later years, subject to identification of robust need and demand, and the council and its partners are committed to maximizing available resources where possible, and will continue actively to explore opportunities for growth in the programme.

Total investment of **£50.576m** has already been allocated by the Scottish Government, for the first three years of the programme; while the Council is contributing around **£8.969m** from its Strategic Housing Fund (comprising outstanding commitments of £3.518m and a balance of £5.451m) plus anticipated additional SHF revenue of around £1.9m per annum over the life of this SHIP. This will help to secure the necessary additional funding from RSLs and private finance and will ensure that the SHIP has a wider economic impact within Argyll and Bute over the next five years.

The development of the SHIP is necessarily an ongoing, iterative process and this Plan must be viewed as an interim 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 robust framework for the delivery of affordable housing across Argyll and Bute.

ANNEX: SHIP TABLES
(see separate excel spreadsheets)

TABLE 1: AFFORDABLE HOUSING SUPPLY PROGRAMME (AHSP)
Years 1-5: 2018/19 – 2022/23

TABLE 2: HOUSING INFRASTRUCTURE FUND (HIF) PROJECTS

TABLE 3: POTENTIAL HIF PROJECTS

TABLE 4: OTHER AFFORDABLE HOUSING PROVIDED WITHOUT THE RPA

TABLE 5.1: COUNCIL TAX ON SECOND AND EMPTY HOMES

TABLE 5.2: DEVELOPER CONTRIBUTIONS

**ARGYLL & BUTE STRATEGIC HOUSING INVESTMENT PLAN
2018/19 – 2022/23**

THIS DOCUMENT AND SUPPORTING TABLES
ARE AVAILABLE ON THE COUNCIL WEBSITE AT:

<https://www.argyll-bute.gov.uk/housing/housing-strategies-consultations-and-research-0>

This document can also be made available in other formats on request.

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