

Housing, Homelessness and Fair Work Committee

10.00am, Thursday, 14 January 2021

Strategic Housing Investment Plan (SHIP) 2021-2026

Executive/routine	Executive
Wards	All
Council Commitments	1

1. Recommendations

- 1.1 It is recommended that Housing, Homelessness and Fair Work Committee:
- 1.1.1 approve the Strategic Housing Investment Plan (SHIP) 2021-2026 for submission to the Scottish Government; and
 - 1.1.2 notes progress in meeting the Council's commitment to deliver a programme to build at least 10,000 social and affordable homes over the next five years, with a plan to build 20,000 by 2027.

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Strategic Housing Investment Plan (SHIP) 2021-2026

2. Executive Summary

- 2.1 This report seeks approval of the SHIP (2021-26) for submission to Scottish Government. A pipeline of 10,036 affordable homes could be approved for site start and 11,370 potential completions delivered over the next five years through a mix of grant funding, private finance raised by Registered Social Landlords and private developers and HRA funding. Nearly 6,000 homes; mostly for social rent, could be delivered through the Affordable Housing Supply Programme (AHSP) but this would require a significant uplift in Scottish Government grant funding. In the event that grant funding is not available on the scale required, it will be necessary to accelerate delivery of affordable homes through other mechanisms set out in the SHIP.
- 2.2 In 2017, following the formation of the Capital coalition, a commitment was made to build at least 10,000 social and affordable homes over the next five years, with a plan to build 20,000 by 2027. It is anticipated that the first part of the commitment will be met by the end of 2022. In November 2020, there were 2,305 affordable homes under construction on 35 sites across the city.
- 2.3 The key challenges to delivering affordable housing at scale are construction industry capacity, availability of grant funding for social rented homes and control of sites for development.

3. Background

- 3.1 On [24 August 2017](#), the Council agreed the Programme for the Capital - The City of Edinburgh Council Business Plan 2017-22, including a commitment to deliver 20,000 affordable homes over the next ten years.
- 3.2 Local authorities are required to submit an annual SHIP to the Scottish Government. The purpose of the SHIP is to:
- 3.2.1 set out investment priorities for affordable housing;
 - 3.2.2 demonstrate how these will be delivered;
 - 3.2.3 identify the resources required to deliver these priorities; and

3.2.4 enable the involvement of key partners.

- 3.3 On [31 October 2019](#), Committee agreed the SHIP 2020-25. A record number of homes were approved for site start in 2019/20 (1,930) and 1,443 homes have been completed. In spite of the impact of Covid-19, programme approvals are expected to reach over 2,000 homes this financial year and almost 1,400 completions.
- 3.4 Each year, following submission to the Scottish Government, the SHIP is used by the Council to set the AHSP which is the Scottish Government's grant funding programme for new affordable homes.

4. Main report

- 4.1 The SHIP sets out the Council's strategy for delivering new affordable homes. Since 2009, the Council has delivered affordable homes through partnership working with Registered Social Landlords (RSLs), the Council's housing companies (Edinburgh Living) and private developers using a variety of funding mechanisms; including Scottish Government grant funding and Council loans and guarantees for mid rent housing. The full SHIP submission is attached at Appendix 2.
- 4.2 The housing market context in which we seek to deliver affordable housing is set out in Section 2 of the report, alongside the role that delivery of new affordable housing can play in supporting a green, sustainable recovery.
- 4.3 It is anticipated that 2,150 new affordable homes will be approved for site start this financial year (2020/21) and based on current delivery programmes an additional 1,373 homes are expected to be completed. Including this year's projections and the first year of the SHIP, that would mean 9,200 new affordable homes would be approved by 31 March 2022; with the 10,000 target achieved later in 2022. There are currently over 2,300 homes under construction on 35 sites across the city. See Appendix 1 for details.
- 4.4 Section 4 of the SHIP sets out a pipeline of 10,036 affordable homes which could be approved for site start and 11,370 anticipated completions between 2021 and 2026. An estimated 5,966 social and mid rent homes could be delivered through the AHSP but; as set out in Table 1, page 7, this would require £392.70m over the SHIP period, or £78.54m per year on average. In the past five years, the Council received £212.78m. Based on 2020/21 funding levels the programme would require a 63% increase in funding.
- 4.5 The remaining 4,070 homes will be delivered through innovative funding schemes that require little or no grant. This includes Edinburgh Living, private sector led Build To Rent and the Scottish Government's MMR Invitation. In the event that grant funding levels remain static or decrease over the SHIP period, it will be necessary to increase the proportion of homes delivered through other mechanisms to sustain overall delivery. The current programme aims to deliver

over 17,200 homes by 2025/26. Additional approvals are expected to come forward in the later years of the SHIP to support the delivery of the 20,000 affordable homes commitment by 2027.

- 4.6 Section 5 of the SHIP set out the means of delivery. One of the key risks to the delivery of 20,000 affordable homes, and a brownfield first approach to development, is a reliance upon the private sector bringing forward sites for development. Edinburgh's latest Local Development Plan (LDP) City Plan 2030 is currently in development and a separate report to this Committee sets out work that Council officers are taking forward in order to get more public and private sector sites into development. Delivery of brownfield land will require intervention from the Council and the public sector working in partnership with landowners and developers. A strategy that prioritises brownfield land for development will require significant and active intervention by the Council including forming partnerships with public and private sector landowners and developers, including the acquisition of sites by the Council and potentially the use of compulsory purchase powers where appropriate.
- 4.7 Section 6 of the SHIP sets out the approach to delivering accessible housing. A study on need and demand for specialist housing; including wheelchair accessible homes has been commissioned to inform the South East Scotland Housing Needs and Demand Assessment (HNDA3).

5. Next Steps

- 5.1 Following committee approval submit the SHIP 2021-2026 to government for approval.

6. Financial Impact

- 6.1 Current development costs for the programme is on average around £165,000 per unit (a 7% increase since last year's SHIP) and therefore requires around £1.055bn of investment to fund around 6,394 AHSP completions identified in the SHIP.
- 6.2 There are various sources of funding to support the affordable housing programme. The delivery of the 5,966 new homes identified through the AHSP will cost £983m in total (£392m grant funding and £649m of housing association and Council own funding; a mixture of up-front capital (i.e. reserves and bond finance), and private finance (borrowing repaid by rental income).
- 6.3 The Council's affordable house building is principally funded through HRA borrowing. The [HRA Budget Strategy 2020-30](#) outlines a five-year capital investment programme, which includes £683m to support the Council's new build programme (including the upfront capital costs for Edinburgh Living's mid-market

and affordable market homes, which will be repaid to the HRA upon completions).

- 6.4 Since 2013, £5.248m has been received in commuted sums. Commuted sums are used to support delivery of sites identified in the SHIP and can be packaged with available private funding and Scottish Government grant funding to enable a project with higher than normal infrastructure and development costs to proceed. Commuted sums can also be used to support the acquisition of land for affordable housing or to deliver a larger proportion of a site for affordable housing than might not otherwise be possible.
- 6.5 To date £1.8m has been spent to support the delivery of 404 affordable homes on seven sites across the city. The remaining balance (£3.4m) will be used to support the pipeline of projects identified in the SHIP. The period for using sums is set out in the Section 75 Legal Agreement for each planning application and is usually either five or ten years from receipt. All sums will be used within the agreed timescales.
- 6.6 In addition to this, the Council has provided support for NHT, where the Council has committed over £100m for the development of eight NHT developments in Edinburgh. The final phases of the 886 homes delivered through NHT are currently under construction. There are no further NHT approvals within the lifetime of this SHIP, but the remaining NHT completions are identified within the SHIP.
- 6.7 A total of 650 affordable private sector BTR homes are expected to be approved by the end of this financial year with no grant requirement. The same number of social rented homes would require over £47m of grant subsidy.
- 6.8 On [18 January 2018](#), the Housing and Economy Committee agreed that the Council could enter into agreements with SFT to establish two LLPs to support the delivery of homes for market rent and mid-market rent. This followed Scottish Government Consent for the City of Edinburgh Council to on lend up to £248m to the two LLPs, one for market rent and one for mid-market rent for the purpose of delivering a minimum of 1,500 homes for market and mid-market rent in Edinburgh.

7. Stakeholder/Community Impact

- 7.1 All developing housing associations have been involved in producing the SHIP and will be prominent in delivering the housing projects contained within.
- 7.2 Local Authorities working across the Edinburgh and South East Scotland City Region all produce SHIPs which outline the collaborative measures being undertaken to accelerate new housing delivery. This includes working together to identify and to unlock sites suitable for affordable housing development to address the housing crisis facing the region.

- 7.3 Edinburgh's latest LDP (City Plan 2030) is currently in development. A suite of options has been consulted on as 'Choices for City Plan 2030'. These included an option to increase the percentage of new affordable housing required from new developments from 25% to 35%; with 72% of responses in favour of this change. The Council must give due regard to the responses to the consultation and produce a Proposed Plan, which will be brought to Planning Committee for consideration later this year.

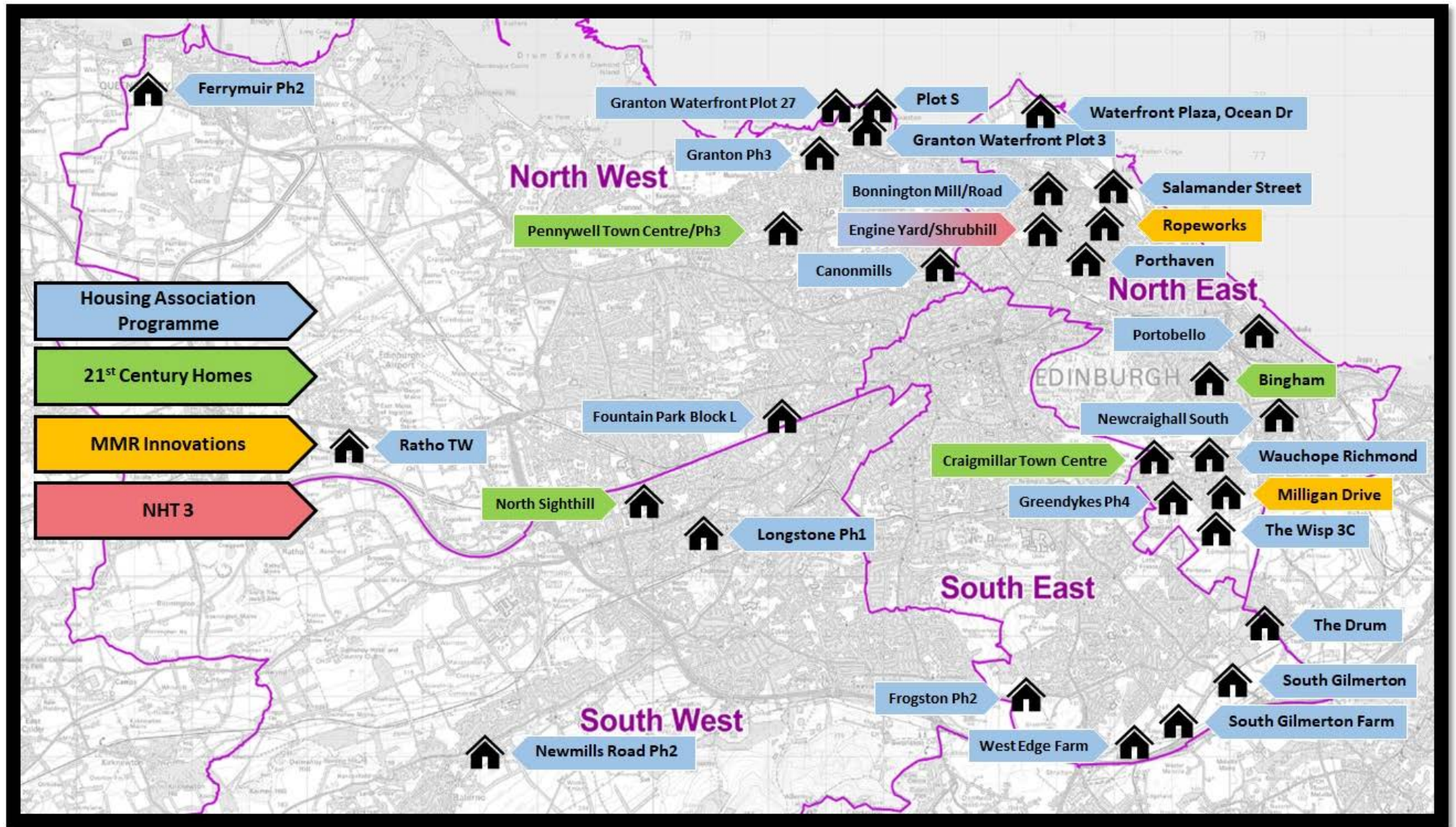
8. Background reading/external references

- 8.1 [ESES City Region Deal Heads of Terms Agreement – July 2018](#)
- 8.2 [Guidance on the Preparation of Strategic Housing Investment Plans \(SHIP\) July 2018](#)
- 8.3 [Delivering Land for Affordable Housing March 2018](#)

9. Appendices

- 9.1 Appendix 1 – Affordable homes under construction.
- 9.2 Appendix 2 – Strategic Housing Investment Plan 2020/21– 2025/26

Appendix 1: Over 2,300 affordable homes under construction on 35 sites



**Strategic Housing Investment Plan
2021/22 – 2025/26**

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1. Summary

- 1.1 The Strategic Housing Investment Plan (SHIP) sets out the approach by the City of Edinburgh Council and our Registered Social Landlord (RSLs) partners to investing in affordable housing in the city over a five-year period.
- 1.2 This SHIP outlines a programme which would deliver 11,370 completed homes over the next five years. Of these, there are around 5,966 homes which require £392.7m of grant funding through the Scottish Government's Affordable Housing Supply Programme (AHSP). The remaining 4,070 homes are being delivered through innovative funding schemes which either do not require grant or do so at significantly reduced levels.

2. Strategic Context

- 2.1 Edinburgh is a growing city and one of the most highly pressured housing markets in the country. The latest Housing Need and Demand Assessment (HNDA2) states there is demand for between 38,000 and 46,000 new homes in Edinburgh over ten years; over 60% of these homes need to be affordable.
- 2.2 The Scottish Federation of Housing Associations, The Chartered Institute of Housing and Shelter Scotland recently commissioned research to look at Scotland's affordable housing need over the next five years¹. The report highlights that building affordable housing should be a key part of Scotland's recovery out of the recession caused by the pandemic. The research also found that nearly 60% of the total annual affordable homes requirement for Scotland is needed in the Capital region (Edinburgh, Lothians, Fife and Borders), which is three times the need of the West Central area.
- 2.3 Social rented homes account for only 14% of the housing stock in Edinburgh, compared to the Scottish average of 23%. There is a high demand for social rented housing with an average of almost 190 households bidding for every social rented home that becomes available for let.
- 2.4 Edinburgh lets more social homes than any other local authority to homeless households (72% of Council homes and 51% of RSL Partner homes). There are on average 3,130 additional households every year to whom the Council has a statutory duty to provide settled accommodation, compared to an annual average of approximately 2,500 available social lets. Even with all the social lets made available to homeless applicants, there would still be a shortfall and there would be no available properties for other households with a priority need for housing. This demonstrates the need for a continued focus on both prevention and increasing access to settled accommodation.

¹ Affordable Housing Need in Scotland Post-2021 (March 2020, revised May 2020) – SFHA, CIH Scotland, Shelter Scotland

- 2.5 The average house price is around six times the average gross annual earnings in the city, making it the least affordable city in Scotland to buy a home. The average advertised monthly private rent in Edinburgh was over £1,100 in the second quarter of 2020, compared to a national average of £844. The next highest city is Glasgow with an average of £810. Market rents in Edinburgh have moved further from Local Housing Allowance (LHA) than any other local authority area.
- 2.6 The tenure of mid-market rent is aimed at people who cannot afford home ownership but would not usually be eligible for social housing. The average mid market rent (MMR) for a two-bedroom home in the city is around £630 a month; almost half the average private rent.
- 2.7 The introduction of mid market since 2010 has aided the Council in driving more value for every pound of Scottish Government grant provided. Homes receiving help from Scottish Government either through grant or rental guarantees have their rents restricted to the mid-point of market rent levels for the property sizes in the relevant Broad Rental Market Area. This guarantees the long term affordability for tenants.
- 2.8 The Council is working with RSL partners to make mid market rent more accessible for people in work, presenting as homeless. These measures include tailored housing option advice and improved information around the availability of mid rent homes, including homes in development.
- 2.9 Build to Rent (BTR) or Intermediate rent, capped at LHA 30% percentile (the lowest priced third of the rental market in an area), provides homes for those people who are in housing need, who cannot afford to access accommodation through the regular functioning of the housing market and earn below average household income. Build to Rent can deliver rented accommodation at pace and scale and is not dependent on house sales or grant funding.
- 2.10 Over the last five years Edinburgh has consistently delivered homes requiring grant at least 7% below benchmark on average across the whole programme. Most social rented housing in the city is delivered alongside other tenures. This creates opportunities for cross subsidy, as well as, supporting development of sustainable, mixed tenure communities.
- 2.11 It is estimated that there has been a loss of around 10% of Private Rented Sector homes to short term lets in recent years. The rapid growth in short term lets is creating further pressure on supply, rent levels and house prices in some areas.
- 2.12 The lockdown restrictions effectively saw both the rental and sales market frozen over the usually active Spring market. Both the sales and rental markets have seen sharp increases in activity as restrictions eased. This has seen sales in Edinburgh jump to levels well above last Summer and rental demand and activity is also strong. The number of properties available for rent has increased as landlords have sought to secure rental income through residential lets whilst the holiday market has stalled. The construction of new homes has experienced

some short-term delays, whilst build times for projects on site have been elongated as social distancing measures have been implemented, design development has continued in earnest throughout.

- 2.13 Significant demographic changes are expected which impact on housing needs. It is anticipated that the number of older people who require intensive levels of support will increase by 60% by 2032. More people will be living with long-term conditions, disabilities and complex needs. The number of people living with dementia is also projected to increase by almost 62% over the same period ([Joint Strategic Needs Assessment 2015](#)).
- 2.14 These factors impact households in a variety of ways, for those on low incomes, the shortage of affordable accommodation is a contributing factor towards homelessness in the city. This effects not only Edinburgh but also neighbouring local authorities as rising inequality and cost of living impacts on households in other parts of the region.
- 2.15 In August 2018, the South East Scotland City Region Deal was signed. This includes a range of measures to support the delivery of new homes, including support for local authorities on a risk sharing basis to deliver infrastructure for strategic housing sites. Consent was also granted to Edinburgh to on-lend up to £248m and an additional one-off £16m capital grant to enable the Council to establish a new partnership to deliver 1,500 homes for mid market and market rent.
- 2.16 On 1 March 2019, the [South East Scotland City Region Deal](#) Joint Committee approved the establishment of a Regional Housing Board. On 3 September 2019 the [City Region Deal Joint Committee](#) approved an ambitious regional housing work programme and noted that housing will form an integral part of the emerging regional growth framework.
- 2.17 The true and lasting impact of lockdown and the continuation of restrictions on the wider economy and the job market is yet unknown, however the increasing role of affordable housing as part of a green, sustainable recovery is essential.

3. Current delivery

- 3.1 Work is well underway to accelerate the delivery of affordable housing in the city. Each year, following submission to the Scottish Government, the SHIP is used by the Council to set the AHSP which is the Scottish Government's grant funding programme for new affordable homes.
- 3.2 On 24 August 2018, the Council agreed the Programme for the Capital - The City of Edinburgh Council Business Plan 2017-22, including a commitment to deliver 20,000 affordable homes over the next ten years.
- 3.3 The first three years of the Council commitment saw a record number of homes approved (5,301 homes) for social rent, mid-market rent and low-cost home ownership; an almost 25% increase on the average approvals achieved over the

last five years. Approvals this financial year (2020/21) are expected to reach 2,098 homes and based on current delivery programmes an additional 1,373 homes are expected to be completed. Including this year's projections and the first year of the SHIP, that would mean 9,200 new affordable homes would be approved by 31 March 2022; with the 10,000 target achieved later in 2022. There are currently over 2,300 homes currently under construction on 35 sites across the city.

- 3.4 This strong performance is due to work with housing delivery partners that has taken place over several years to acquire sites, develop new investment models and deliver cost efficiencies. An extensive pipeline programme underpins the annual programme enabling sites to be brought forward. Due to the strength of the pipeline programme, the Council has secured an additional £31.9m in grant funding over the last three years and Government has increased resource planning assumptions by £3.1m at the beginning of 2020/21.
- 3.5 Covid-19 has seen the prolongation of projects on site and delays in completions, but overall there has been limited impact, with resources concentrated on progressing those projects in design development.

4. Key Outputs of the SHIP

- 4.1 The core purpose of the SHIP is to set out strategic investment priorities for affordable housing over a five-year period. The SHIP provides the basis for the development of agreed Strategic Local Programme Agreements (SLPA) between local authorities and the Scottish Government. The SLPAs set out the programme of housing projects that will be funded over the next three years. This is reviewed and updated annually to ensure delivery remains on track.
- 4.2 Each year, following submission to the Scottish Government, the SHIP is used by the Council to draft SLPAs in partnership with all local delivery partners and for final agreement with the Scottish Government. These individual programmes will combine to form the grant funded AHSP for the city.
- 4.3 Projects selected for inclusion to the SHIP align with the Council's Local Development Plan and support the delivery of key strategic priorities of the Council; including the Rapid Rehousing Transition Plan and the Edinburgh Integration Joint Board (EIJB) Strategic Plan for 2019-22. RSLs are requested to submit proposals for the SHIP each year; projects are selected and prioritised within the SHIP based on deliverability, value for money, housing need and strategic fit.
- 4.4 During the course of each year, SHIP projects may change and can be brought forward or deferred depending upon changing circumstances as part of an ongoing process of communication between the Council and delivery partners.

Key Outputs

- 4.5 The SHIP 2021-2026 has identified a pipeline of 10,036 affordable homes that could be approved for site start and 11,370 potential completions. The SHIP is reviewed annually and will be increased to meet the 20,000 target, as confidence in the development pipeline grows. The approvals are split into two categories:
- 4.5.1 5,966 homes delivered through AHSP; and
- 4.5.2 4,070 homes delivered through innovative funding mechanisms, requiring little or no grant funding.
- 4.6 The 5,966 homes that have been identified to be approved through the AHSP require grant of £392.703m over the SHIP period, or £78.54m per year on average.
- 4.7 The majority (83%) of the AHSP approvals are for social rent, with the remaining split between mid-market rent (16%) and low-cost home ownership (1%). This exceeds the Scottish Government's 70% social rent target.
- 4.8 The table below provides a summary of the projected outputs and funding requirements of the AHSP projects identified in the SHIP. At the time of writing this report, Resource Planning Assumptions for 2021/22 onwards were unknown. An assumption has been made that 2020/21 levels remain static throughout the SHIP period. Table 1 identifies a shortfall of £151.66m in grant funding over five years.

Table 1 Summary – AHSP

YEAR	HOMES APPROVED	HOMES STARTED	HOMES COMPLETED	GRANT REQUIREMENT (£M)	SG RESOURCE PLANNING ASSUMPTIONS (£M)
2021/22	1,449	1,656	845	85.243	48.209
2022/23	1,017	1,558	1,386	94.775	48.209
2023/24	1,006	1,210	2,082	78.708	48.209
2024/25	1,764	1,491	1,186	70.438	48.209
2025/26	730	805	895	63.539	48.209
TOTAL	5,966	6,720	6,394	392.703	241.045

**RPA only known for 2020/21 years two to five assume grant levels remain static.*

- 4.9 The remaining 4,070 homes will be delivered through innovative funding schemes that require little or no grant. This includes the Council's two Limited Liability Partnerships (LLP), Private Sector led BTR and The Scottish Government' MMR Invitation. A more comprehensive breakdown of innovative funding mechanisms is set out in 5.5 below.
- 4.10 A total of 139 sites are included in the SHIP and 102 (or 73%) are on brownfield land with the remaining 37 (27%) on greenfield land. Almost all the homes being developed on greenfield sites are private developer-led through the Affordable Housing Policy (AHP).
- 4.11 Over a third of the sites identified in the SHIP are being delivered by the Council's own house building programme. The majority of the sites taken

forward by RSL partners are in the control of the private sector as they are being delivered through the AHP.

5. Means of Delivery

Funding Delivery of 20,000 Homes

- 5.1 The Scottish Government announced long term resource planning assumptions which provided certainty over forward funding until 2020/21. Edinburgh's allocation in 2020/21 was £48.209m. The Scottish Government's Programme has a strong focus on investment in housing with a c.16% increase in the capital budget going from £2.43bn in the current 5 years up to £2.8bn for the next five years. However, the specifics of Edinburgh's Transfer of Management of Development Funding (TMDF) allocation and any forward funding beyond next year is currently unknown.
- 5.2 The average annual grant requirement in the SHIP is £78.54m. The programme therefore requires a 63% increase on 2020/21 funding levels. Table 1 above identifies a shortfall of £151.66m in grant funding over five years. The carry forward commitment is around £77m, a similar level of carry forward as in previous years and is based on a high number of approvals over the past few years. Project approvals require grant payments to be provided in stages over two or three years. There is also a risk that grant funding post 2021 will be less than current resource planning assumptions; further increasing the funding shortfall.
- 5.3 It is, therefore, essential to continue the work initiated through City Region Deal, to secure an uplift in grant funding and greater certainty in future years. The region has a five-year affordable housing pipeline of 14,000 affordable homes, which with the right investment could be accelerated. It is also essential to continue work on delivering affordable mid rent and below market rent housing without grant funding.

Innovative funding mechanisms

- 5.4 Affordable mid rent housing for people on low to moderate incomes is being developed on several sites across the city. In some instances this is supported through the grant funding programme. The introduction of mid market rented housing since 2010 has aided the Council in driving more value for money of grant funding. Over the last five years Edinburgh has consistently delivered homes requiring grant at least 7% below benchmark on average across the whole programme.
- 5.5 The Council works with partners to identify opportunities for innovation to deliver affordable housing without using funding provided through the AHSP. Further detail on each of these innovative projects is provided below:

- 5.5.1 **National Housing Trust (NHT)** – Edinburgh has been at the forefront of the initiative, with nearly half of all the homes built under the NHT in Scotland being built in the city. Eight Limited Liability Partnerships (LLPs) will deliver 886 MMR homes in Edinburgh, backed by £100m of Council loans, underwritten by the Scottish Government. NHT has stimulated development and provided developers and housebuilders with confidence to invest in affordable housing;
- 5.5.2 **Housing Delivery Partnership (Edinburgh Living)** – A unique collaboration between the Council, Scottish Futures Trust (SFT) and Scottish Government has led to the Council establishing two new LLPs. Edinburgh Living will deliver around 1,500 homes for mid-market and market rent, meeting housing needs of key workers and those on low to middle incomes who cannot access home ownership and are not a priority for social rent. Edinburgh Living has a strong pipeline of planned housing acquisitions from the Council's housebuilding programme. Council officers are also exploring options for Edinburgh Living to acquire or lease homes from the private sector; creating potential for partnerships with institutional investors.
- 5.5.3 **Scottish Government Mid-Market Rent Invitation (MMR Invitation)** – Council officers have been working in partnership with landowners, developers and Scottish Government to support the delivery of mid-rent homes on private sector sites through the Scottish Government MMR invitation. Places for People (PfP) have been successful in securing £47.5m in loan funding through the scheme and lever additional private finance. There are a number of projects being pursued in Edinburgh with around 500 homes currently identified as potential projects in Edinburgh.
- 5.5.4 **Local Affordable Rented (LAR) Housing Trust** – LAR is a Scottish Charity set up in 2015 to provide long-term, MMR housing in Scotland. LAR launched with a £55m loan from the Scottish Government and now has plans to build around 1,000 homes, which will be available at MMR across Scotland. Two developments have been completed in Edinburgh on Gorgie Road where former commercial buildings, Chesser House and Westwood House, have been converted into 87 MMR homes. Work is ongoing to progress further developments in Edinburgh. In October 2020, Finance and Resources committee approved the sale of 89 homes in the NHT Telford North LLP to LAR. Under the terms of the sale tenants wishing to purchase will be given enhanced timescales to maximise their ability to purchase and those tenants who are unable to purchase will be able to remain in their MMR homes, with rent increases capped at CPI.
- 5.5.5 **Build to Rent (BTR)** - On 20 January 2020 Housing, Homelessness and Fair Work Committee received the report 'Support For Build To Rent'. The report highlighted that BTR developments can accelerate housing development, regeneration and placemaking. BTR can bring institutional

investment to the city and can deliver 25% affordable housing without the need for grant subsidy. This is a pipeline of 6,000 BTR homes that could be delivered within Edinburgh. Committee agreed the approach to securing affordable housing within these developments.

- 5.5.6 In 2019/20 three new BTR developments were approved, with over 150 affordable homes that can be delivered without grant subsidy. These were the Freer Street development at Fountainbridge (58 affordable homes), the Skyliner development near Ocean Terminal in Leith (84 affordable homes), and the Springside development at Fountainbridge (15 affordable homes).
- 5.5.7 Three new BTR planning applications have since been submitted, which could deliver around 490 affordable BTR homes if planning consent is granted. When combined with the BTR developments which have been approved, this would be a total of 650 affordable BTR homes with no grant requirement in 2019 and 2020. The same number of social rented homes would require over £47 million of grant subsidy.
- 5.5.8 These homes will be targeted at people on moderate incomes, with rents being set at 30% of BRMA, secured by Section 75 Agreement as affordable housing for a minimum of 25 years.

Maximising land supply

- 5.6 The scale and ambition of achieving the 20,000 homes should not be underestimated. In order to reach the 20,000 homes target a wider strategic partnership approach needs to be adopted that looks at a wide range of issues. One of the key risks to the delivery of 20,000 affordable is failure to secure suitable land for development.

Affordable Housing Policy (AHP)

- 5.7 The AHP is a planning policy which ensures that 25% of homes on all housing sites with 12 homes or more, are required to be affordable. This is an important delivery mechanism and contributes 62% of AHSP sites in Edinburgh funded through the SHIP. The Council's own house building programme uses land secured either from its own assets or by acquisition on the open market. For RSLs, the AHP is vital to ensuring land supply, with around 80% of their programme being delivered on AHP land. Onsite provision of affordable housing is the highest priority for the AHP and officers seek to secure this in all instances. Since January 2013, affordable housing has been provided in nine out of ten planning applications for sites with at least 20 homes on site.
- 5.8 The AHP will also deliver a number of homes for low cost ownership, which will be negotiated on a site by site basis. These are a lower priority tenure for Edinburgh, as the greatest housing need is for affordable rented homes. Low cost home ownership is negotiated on a site by site basis as part of the planning process and is a relatively small proportion (3%) of the total affordable housing proposed within the SHIP.

- 5.9 Local authorities have to prepare LDPs for their areas. The Council adopted its first LDP in November 2016. Options for a replacement LDP, to be called City Plan 2030, have been consulted on as 'Choices for City Plan 2030'. These included an option to increase the percentage of new affordable housing required from new developments from 25% to 35%, and 72% of responses were in favour of this change. The Council must give due regard to the responses to the consultation and produce a Proposed Plan, which will be brought to Planning Committee for consideration.
- 5.10 The AHP can go some way to securing land for affordable homes. However, the timing of sites coming forward for development is dependent upon individual private developer assessment of demand and ultimately the price that households will be willing and able to pay to purchase a home. There is, therefore, a need for affordable housing developers to secure greater control over sites. Delivery of brownfield land will require intervention from the Council and the public sector working in partnership with landowners and developers. A strategy that prioritises brownfield land for development will require significant and active intervention by the Council including forming partnerships with public and private sector landowners and developers, including the acquisition of sites by the Council and potentially the use of compulsory purchase powers where appropriate.
- 5.11 The availability and control of land has been highlighted by partners working together on the City Region Deal as a key factor on the rate of affordable housing delivery. The potential for market acquisition of brownfield land at the scale required is likely to be limited, therefore it is paramount there is greater collaboration across public sector partners to release surplus public land for strategic development opportunities and/or seek out joint-ventures for co-location, site assembly and collaborative development opportunities with public and private sector partners.
- 5.12 Work is underway on greater collaboration at a national, regional and sub-regional levels through the City Region Deal. The Place Based Opportunities Board (PBOB) chaired by Council's Chief Executive has provided a forum for partners to come together to develop a more joined up and place-based approach to creating and disposing of assets. The Council is actively seeking to position itself as purchaser of first resort to public bodies in the city and is uniquely placed to make strategic acquisitions; acting as the enabling developer by de-risking planning, regeneration and infrastructure requirements. This is essential to support delivery of a brownfield first approach to development which maximises the use of existing infrastructure and mitigates the sizeable financial impact on the Council of delivering infrastructure for greenfield development that cannot be reclaimed under developer contributions.
- 5.13 Investment through the HRA and the AHSP can act as a real catalyst for change. Using the resourcing model for Granton, with a dedicated cross Council team working together to deliver, coordinated regeneration at scale, officers are

exploring similar approaches across West and South East Edinburgh to focus on existing as well as new homes. To create and improve new places, continue to drive forward brownfield regeneration and meet the demand for new affordable homes, acquiring land through partnership and joint working with public and private sector partners is essential.

- 5.14 A key workstream of the Edinburgh and South East Scotland City Region Deal (ESESCR) is to bring together key infrastructure and utility providers with public sector partners to share programme and investment plans to accelerate delivery of development, increase efficiencies and maximise investment. A project proposal to pilot a regional infrastructure forum is currently under development. The availability and control of land has been highlighted by partners working together on the City Region Deal as a key factor on the rate of affordable housing delivery. The seven strategic sites can collectively deliver transformational economic and social change both in terms of housing supply, circa. 45,000 homes, and for the local, regional and national economy.

Construction Industry Capacity

- 5.15 There are several factors impacting construction industry capacity and in turn the ability to deliver affordable homes at the pace and scale required over the next five to ten years, these include challenges with supply chain and increasing costs of building materials and skills shortages and market uncertainties as a result of Brexit uncertainties and the overall impact of the pandemic.
- 5.16 Actions to address the strategic challenge set out above have been identified through the ESESCR. The £5.8m City Region Deal funded, HCI Skills Gateway, project takes an integrated regional approach to work with schools, colleges, universities and employers to enable disadvantaged groups to enter into the sector. This includes new short courses, upskilling and new programmes to meet skills and jobs needs.
- 5.17 Housing construction skills remain a priority area for the Scottish Government, who plan to develop and agree an accord between Government and the construction industry. Supporting a focus on skills the Programme for Government also outlines a commitment to dedicate £100m over the next five years to a Green Jobs Fund. Invested alongside businesses and organisations to support new and increased opportunities for green job creation. A £60m Youth Guarantee is also committed so that every young person aged between 16 and 24 will be guaranteed an opportunity at University or college, an apprentice programme or employment including work experience.
- 5.18 Combined with current skills shortages, the climate emergency and rising development costs it is becoming increasingly clear that innovation is required to develop alternative approaches to finance and build new, sustainable homes. The scale and pipeline of housing development across the region presents a unique opportunity for innovation.

- 5.19 The Council is working alongside a number of partner organisations (Scottish Government, SFT, Construction Scotland Innovation Centre, Edinburgh Napier University, and Offsite Solutions Scotland) on a proposal which will develop net zero carbon housing through greater use of offsite construction. This Edinburgh Homes Demonstrator (EHD) project will test a new housing delivery model, specifically a method of design, construction and delivery that is based on off-site construction and disrupts the traditional linear delivery model of housing design and construction. The ambition is that the model will deliver a blueprint for UK wide public sector procurement of affordable housing.
- 5.20 The Scottish Government also plans to develop guidance this year to help support greater use of offsite construction for new social housing. This has the potential to speed up delivery of affordable homes, reduce waste and achieve the quality of construction needed to support zero emissions homes, and it offers opportunities to improve productivity and attract a more diverse workforce.
- 5.21 The Programme for Government sets out an overall investment in decarbonising heat worth more than £1.5b over the next parliament. This will help to drive skills and innovation in the construction sector with the focus on low and zero carbon technologies to replace traditional heating sources such as gas.

6. Specialist Housing, Including Wheelchair Accessible Homes

Delivery of Specialist Housing in the Affordable Sector

- 6.1 The Edinburgh Integration Joint Board (EIJB) Strategic Plan for 2019-22 was approved by the EIJB on 20 August 2019. The Housing Contribution Statement which supports the Strategic Plan highlights the importance of housing in relation to health and well-being and provides clear commitments to support health and social care priorities. These include the principle of Home First; helping people to live independently at home or in a homely setting for as long as possible; ensuring new homes meet future needs; developing new models of housing and care in local communities and jointly developing new technology which can be embedded in homes to support independent living.
- 6.2 The Council and its RSL partners are committed to ensuring that 4,500 of the 20,000 new affordable homes planned for the city over the next ten years will support health and social care priorities. The Health and Social Care Partnership's Transformation Programme includes a workstream on housing. The Housing Service has commissioned a study on particular needs housing which will also feed into this workstream.
- 6.3 Around 13% of the homes to be approved in the first two years of the SHIP are specifically designed for this group, including amenity, supported and fully wheelchair accessible homes. Housing and Health and Social Care partners will continue to work together to ensure the homes are meeting identified need across the city, integrating with services at a local level. The Council has worked

closely with Veterans Housing Scotland to provide wheelchair accessible homes specifically for disabled veterans at Salvasen Gardens, Citypark and a new development nearing completion at Canonmills.

- 6.4 It is important to note that the majority of new build properties funded through the AHSP are designed to meet the Housing for Varying Needs Standard (HFVN). The HFVN standard was published in 1998 and sets out good practice on the design of housing to achieve flexibility and suitability for people of all abilities. For example, ensuring ground floor properties have step free access, wider doors, accessible height switches and electrical sockets and reinforced joists for future hoist installation. HFVN standard will be reviewed by Scottish Government in 2021.
- 6.5 Many properties delivered through the AHSP are therefore accessible for people of limited mobility, meaning particular needs housing requirements can often be met through allocation of a standard general needs property.
- 6.6 Work is underway on a new regional South East Scotland Housing Needs and Demand Assessment (HNDA). A study on need and demand for particular needs housing will be commissioned early in 2021 to inform the HNDA, Health and Social Care priorities and investment requirements.
- 6.7 In August 2019 Scottish Government issued revised guidance for the SHIP. The guidance requires local authorities to set targets across all tenures for the delivery of wheelchair accessible homes and to report annually on progress. The City of Edinburgh Council was one of the first local authorities to have a Wheelchair Accessible Homes target; with 10% of all social rented homes being wheelchair accessible. The Edinburgh Design Planning Guidance includes Lifetime Homes as the standard sought for older peoples and particular needs housing within the city.

Adaptations

- 6.8 In addition to building new homes to meet changing and varying needs, the SHIP includes grant funding for RSLs to carry out adaptations to homes to enable people to remain in their own homes and to live independently. Adaptations will continue to be a strategic housing investment priority. Each year a budget of £600,000 supports over 300 adaptations within RSL homes.

7. Carbon Emissions and Energy Efficiency

- 7.1 On the [14 May 2019](#), the Corporate Policy and Strategy Committee approved the Council's Sustainability Approach, which included Edinburgh working towards a net zero carbon target by 2030, with a hard target of 2037. On [20 January 2020](#), the Housing, Homelessness and Fair Work Committee approved the Housing Sustainability approach, which outlined the future approach to reducing emissions across existing homes and the new build housing programme. A further update on progress was provided on 5 November 2020.

- 7.2 The Council's declaration of a Climate Emergency has placed sustainability and climate change at the centre of strategic and policy discussions. Energy efficiency standards are already in place for new affordable housing in Scotland. All new developments are required to meet the Building Regulations, which contain stringent targets for energy efficiency with new Council and RSL homes built to a higher silver standard. The Council's own house building programme aims to lead by example in terms of sustainable development. A design brief has been produced that will ensure all new build homes are designed to achieve net zero carbon. This will follow a fabric first approach, allowing the design and construction to be tailored to meet the requirements of the site and to select the most appropriate low carbon heating solution.
- 7.3 Council and RSL house building partners are working to sustainability principles which promote local material sourcing, recycling, insulation standards, and renewable energy. The environmental impact of individual projects is currently assessed through the planning process.

8. Rapid Rehousing Transition Plan (RRTP)

- 8.1 A draft Rapid Rehousing Transition Plan (RRTP) was approved by Housing and Economy Committee March 2019. The second iteration of the RRTP was agreed by the Housing & Economy Committee on 18 September 2020 and submitted to Scottish Government.
- 8.2 The RRTP is aligned around four key objectives, focusing on both prevention and increasing accommodation options (both temporary and settled):
- 8.2.1 preventing homelessness in the first place;
 - 8.2.2 where temporary accommodation is required this will meet the needs of the household;
 - 8.2.3 supporting people to access settled accommodation as quickly as possible; and
 - 8.2.4 reducing the number of people sleeping rough.
- 8.3 Renting from a private landlord is the only available housing option for many people but rents in Edinburgh are high and push households towards financial difficulty and the risk of homelessness. To reduce the pressure on the housing market, as well as providing housing for households on low to moderate incomes, a commitment to increase affordable housing supply is key in addressing these challenges.
- 8.4 Social housing providers play a key role in both preventing homelessness and delivering more social rented homes. People are much less likely to become homeless again if they move into social housing rather than private rented housing. This has resulted in the provision of social rented accommodation becoming a key priority of the SHIP.

- 8.5 As set out in 2.3 above, Edinburgh has one of the lowest proportions of social rented housing in Scotland but provides the highest percentage of lets to homelessness households. Almost 85% of homes to be approved through the AHSP over the next five years are for social rent. This exceeds the Scottish Government's 70% social rent target.
- 8.6 Edinburgh is unable to achieve rapid rehousing by year 5 (2023/24) based on estimated demand and available housing; even with a significant increase in grant funding, other delivery challenges would remain. The removal of local connection in May 2021 is also likely to increase the number of homeless households making a presentation in Edinburgh. This will in turn further increase demand for affordable settled housing options in the city.
- 8.7 MMR also plays an important role as a housing option for working homeless households; just under one third of homeless households are in employment. Work is underway to improve the information available on MMR to customers seeking to access housing via EdIndex and a dedicated MMR page will form part of the Common Housing Register and Choice website. The newly established Council Private Rented Sector Team will also continue to provide information on mid-market rent as a housing option.
- 8.8 Around a third of people presenting as homeless are in employment but may be in insecure jobs or part time employment. The Council is working with RSL partners to improve information, advice and access routes into MMR for working homeless households. These measures include tailored housing option advice, improved information around the availability of mid rent homes, including homes in development.
- 8.9 Officers will continue to engage with stakeholders and service users to develop the RRTP. Annual updates on progress will be provided to both Committee and Scottish Government.

9. Child Poverty

- 9.1 In August 2019 Education, Children and Families Committee approved the [Local Child Poverty Action Report](#). The report noted that when asked by the Edinburgh Poverty Commission about the things that cost too much in the city, people on low incomes cited the cost of housing as a primary issue.
- 9.2 The Scottish Government's Tackling Child Poverty Delivery Plan for 2018-22 sets out policies and proposals to help make progress towards their targets on reducing child poverty by 2030. Actions, with partners, across a range of housing policies include working with the social housing sector to agree the best ways to keep rents affordable and ensuring that future affordable housing supply decisions support their objective to achieve a real and sustained impact on child poverty.

- 9.3 The Edinburgh Poverty Commission published its final report, '*A Just Capital: Actions to End Poverty in Edinburgh*', in September 2020. The Commission estimates that almost 78,000 people in Edinburgh are living in relative poverty, representing some 15% of the population and as many as 1 in 5 children. The Commission's report highlights that the majority of people living in poverty in Edinburgh are of working age, in employment, living in rental accommodation, with the highest rates experienced by families with children. Such families live in every area of the city, in every type of neighbourhood and community. Almost one in three of the city's households in poverty are only there due to high housing costs, compared with one in eight households in poverty across Scotland.
- 9.4 One of the main conclusions from the Poverty Commission's work is that there is no solution to poverty in Edinburgh without resolving the city's housing and homelessness crisis. The Commission is calling on the Scottish Government, as an urgent priority, to ensure the city has the right funding and support to meet its social housing expansion needs.

10. Gypsy Travellers sites

- 10.1 The Council currently owns and manages one site in Edinburgh, known as the North Cairntow Travellers Site on the south east side of the city. The site was created in 1984 and consists of 20 pitches serviced by 10 semi-detached utility block. A community facility was installed in 2016. This was achieved in partnership with the NHS and other voluntary providers.
- 10.2 The Housing Service has been working with the residents of the North Cairntow Travelling Peoples Site to improve the site since 2017. This has taken the form of a comprehensive programme of community engagement to co-design site improvements in partnership with the community, addressing fuel poverty, mainstreaming equalities and harnessing lived experience of tenants, culminating in an improved understanding of the needs of the community.
- 10.3 The final design of the redevelopment of the site was agreed with residents last year. The total investment is estimated to be between £3m and £4m as part of the HRA Capital Investment Programme. The redevelopment has received £90,660 of Scottish Government funding as part of the joint action plan '[Improving the lives of Gypsy/Travellers: 2019-2021](#)' by the Scottish Government and Convention of Scottish Local Authorities (COSLA). Relevant planning permission and building warrants are now in place, with the redevelopment expected to start on site in spring 2021.
- 10.4 The successful consultation and co-production of the redevelopment has been recognised by COSLA and Scottish Government as best practise. The Council's lead officer was invited to lead a national Q&A session on the work at North Cairntow and has joined a strategic working group to support other local authorities to develop a national Quality Design Framework for gypsy traveller site improvements in early 2021.

11. Consultation and engagement

- 11.1 There is a strong partnership approach to delivering new build affordable housing in the city. This is evidenced by the joint and ambitious commitment to deliver 20,000 homes over the next ten years. To ensure delivery of this pipeline of projects the SHIP is kept under constant review through continuous discussion with partners at regular meetings, working groups and forums.
- 11.2 Regular meetings are held with RSL development directors and chief executives to ensure the efficient and effective delivery of the programme and alignment of strategic objectives.
- 11.3 The Edinburgh Affordable Housing Partnership has a health and social care subgroup and the Chair of this subgroup is the housing representative on the Strategic Planning Group.
- 11.4 Edinburgh's latest LDP, City Plan 2030, is currently in development. A suite of options has been consulted on as 'Choices for City Plan 2030'. These included an option to increase the percentage of new affordable housing required from new developments from 25% to 35%; with 72% of responses were in favour of this change. The Council must give due regard to the responses to the consultation and produce a Proposed Plan, which will be brought to Planning Committee for consideration later this year.

12. Integrated impact Assessment

- 12.1 The Integrated Impact Assessment (IIA) concludes that the SHIP should have a positive impact on tackling inequality through investment in new affordable homes for people on low to medium incomes.
- 12.2 The SHIP contributes to the public sector equality duty and advances equality of opportunity. It will increase access to affordable housing and well-designed, safer and cleaner communities. It will contribute to improved health by increasing the supply of good quality homes, reducing fuel poverty and providing homes which are physically accessible.

13. Conclusion

- 13.1 There is a significant shortfall of affordable housing in Edinburgh and that is why the Council and RSLs are working in partnership to significantly increase the number of new affordable homes in the city. This has been further strengthened with the Council's commitment to increase this target to 20,000 homes over the next ten years.
- 13.2 The strong history of partnership working and award-winning housing development means that work is already well under way to achieve these ambitious commitments. Since the commitment was introduced, 5,031 homes

have been approved and 3,568 homes completed. A further 2,150 approvals and 1,373 completions are expected this year. It is anticipated that more than 10,000 affordable homes will be approved for site start, under construction or completed by 2022; with over 2,300 affordable homes currently under construction on 35 sites in the city.

- 13.3 The SHIP 2021-2026 has identified a pipeline of 10,036 affordable homes that could be approved for site start and 11,370 potential completions. Nearly 85% of the grant funded Affordable Housing Supply Programme (AHSP) is for social rent, with the remainder being for mid-market rent and low-cost home ownership.
- 13.4 The Edinburgh housing market has remained resilient throughout the pandemic, however the full impact of lockdown and the continuation of restrictions, combined with a possible no deal Brexit, on the wider economy and the job market is yet unknown. Those on low incomes will continue to be the greatest affected and therefore affordable housing needs to play a key role in a green and sustainable recovery. The SHIP is reviewed annually and will be increased to meet the 20,000 target, as confidence in the development pipeline grows.