

Housing, Homelessness and Fair Work Committee

10.00am, Thursday, 1 December 2022

Strategic Housing Investment Plan (SHIP) 2023-28

Executive/routine Wards Council Commitments	Executive All
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1. Recommendations

- 1.1 It is recommended that Housing, Homelessness and Fair Work Committee:
 - 1.1.1 Approves the Strategic Housing Investment Plan (SHIP) 2023-28 for submission to the Scottish Government;
 - 1.1.2 Notes the report sets out a pipeline development programme that could deliver 11,937 affordable homes approved for site start and 11,375 completions over the next five years;
 - 1.1.3 Notes the SHIP includes 9,473 homes that would require grant funding through the Affordable Housing Supply Programme (AHSP). This would require over three times the amount of grant funding set out in current resource planning assumptions;
 - 1.1.4 Notes the key challenges to delivering affordable housing at scale are securing control of sites, availability of grant funding, borrowing capacity of affordable developers (linked to rental income), high developments cost and construction industry capacity; and
 - 1.1.5 Notes that the SHIP is reviewed annually and officers will continue to seek opportunities to accelerate delivery of affordable housing and secure more grant funding.

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Strategic Housing Investment Plan (SHIP) 2023-28

2. Executive Summary

- 2.1 In 2017 the Council made a commitment to deliver a programme to build at least 20,000 social and affordable homes by 2027. By the end of 2022/23, it is anticipated that over 8,300 homes will have been approved for site start and 6,900 affordable homes completed. In October 2022, there were over 2,100 affordable homes under construction on 35 sites across the city (Appendix 1).
- 2.2 This SHIP) has been developed in one of the most challenging economic climates in recent history. The information collated in discussions with Registered Social Landlord (RSLs) partners and developers sets out an extremely ambitious development pipeline over the next five years. However, there is considerable uncertainty regarding the timescales of when sites will be brought forward (most of which are in the control of private landowners and developers) due to high development costs and economic uncertainties.
- 2.3 On 23 March 2020, the UK went into national lockdown in response to the Covid-19 pandemic. The pandemic continues to impact on development and construction of affordable housing across Scotland. In addition to this, Brexit, the war in Ukraine and the cost-of-living crisis has had a major impact both on in-year delivery of current projects and delays in projects being brought forward for approval. Construction industry capacity, construction materials availability and costs, availability of grant funding and borrowing capacity of affordable developers (linked to rental income) will all impact on the delivery of the programme.
- 2.4 The SHIP sets out a potential pipeline of 11,937 affordable homes approved for site start and 11,375 potential completions over the next five years through a mix of grant funding, RSLs' own finance, finance raised by private developers, institutional investment, developer contributions and Housing Revenue Account (HRA) funding.
- 2.5 Based on current Resource Planning Assumptions, which are grant funding commitments made by Scottish Government, less than a third of the potential pipeline of 9,473 homes could be delivered through the grant funded AHSP. Current funding levels only allow for 600 new grant funded homes to be approved each year; a 200% uplift would be required to achieve the SHIP.

Delivery of social rented and mid rent housing is currently not viable without grant funding or other support from Scottish Government.

- 2.6 The SHIP is reviewed annually. Officers will continue to seek all opportunities to bring forward projects and maximise grant funding. A separate report to this Committee on land strategy advises on the findings and emerging opportunities resulting from the Prior Information Notice (PIN) market engagement process.

3. Background

- 3.1 The latest Housing Need and Demand Assessment (HNDA3), states there is demand for between 36,000 and 52,000 new homes in Edinburgh between 2021 to 2040; between 24,000 to 35,000 of these homes need to be affordable. Most of the need is for social rented homes.
- 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 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.
- 3.4 A formula for distribution of funding was agreed between Scottish Government and Convention of Scottish Local Authorities (COSLA) in 2012. This is known as the SHIF. SHIF is used to determine the initial allocation of AHSP funding to the 30 of the 32 local authority areas, (funding for Glasgow City Council and City of Edinburgh Council is through Transfer of Management Development Fund (TMDF) and forms part of the Local Government Settlement). The Strategic Housing Investment Framework (SHIF) formula considers affordability, deprivation, rurality, and homelessness in each local authority area, as well as the overall number of households.
- 3.5 Edinburgh and Glasgow are the only two local authorities in Scotland to receive funding from the Local Government Settlement. The TMDF is a limited annual budget, and Edinburgh's allocation has been topped up with funding from the central housing budget. Over the last five years Glasgow has received more than double from TMDF than Edinburgh.
- 3.6 A motion was agreed at Housing Homelessness and a Fair Work Committee on [29 September 2022](#) to bring back a report in two cycles on the financial strategy setting out the current position with allocation of TMDF, and an analysis of SHIF funding allocations, with a recommendation as to whether Edinburgh is more

likely to benefit from financial investment in housing by remaining in the TMDF or by joining the SHIF. This will be reported in March 2023.

- 3.7 On [29 September 2022](#), Housing Homelessness and a Fair Work Committee considered a report on Housing Revenue Account Budget Strategy 2023/24. The report set out the impact of the last two years rent freezes (in response to the cost-of-living crisis) on the HRA Business Plan and the fact that a third rent freeze would mean that the Council will not be able to deliver statutory energy efficiency commitments to existing homes and expand the Council's housebuilding programme without significant rent increases in future years and/or increases in Scottish Government subsidy.
- 3.8 An uplift in Edinburgh's TMDF budget would not change how affordable housing is funded. Most affordable housing projects require to be funded from a mix of borrowing and grant funding. Grant funding benchmarks guide how much grant can be made available on a project by project basis. Finance is usually based on the amount of rent that can be collected to repay the interest and borrowing. Keeping rents affordable and any wider legislative restrictions on rent increases limits the number of homes that can be brought forward.
- 3.9 This means that increasing supply is dependent upon borrowing capacity as well as the amount of grant funding that is available. The forecast grant requirement in the SHIP currently account for around 35% of development costs.

4. Main report

- 4.1 The SHIP sets out a potential pipeline for the delivery of new affordable homes over a five-year period. Since 2009, the Council has delivered affordable homes through partnership working with RSLs, the Council's Limited Liability Partnership (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. The impact of the war in Ukraine, Brexit, as well as the long-term impact of the pandemic has seen costs in the construction sector increase by around 40%.
- 4.3 The amount of grant funding benchmark made available for each affordable home increased in 2021, however, the increases in construction costs has meant that it has had a limited impact on viability, as it only represents around 35% of the cost of an affordable home.
- 4.4 Inflation has reached its highest level for forty years (10.1% in September 2022) and mortgage rates interest rates exceeded 6% for the first time in 14 years. The bank of England increased interest rates by 0.5% to 2.25% in September 2022 and by a further 0.75% in November 2022 to 3%.

- 4.5 The number of available mortgage products halved in the last few months. Mortgage market uncertainty brings additional risk for house builders as homes may go unsold for longer periods resulting in some housebuilders delaying new developments, delivering smaller phases, and/or reducing the number of homes which come to market each year. This can also delay the land brought forward through the Affordable Housing Policy (AHP).
- 4.6 There is also the possibility that developers and investors will choose to develop elsewhere in Scotland and/or the United Kingdom. Site availability, development costs and developer contributions, including affordable housing contributions, are all considerations that will influence where developers choose to build.
- 4.7 The Build To Rent sector expressed concerns about the Scotland-wide rent freeze and because of economic instability may now prioritise developments in other parts of the United Kingdom or areas in Scotland which do not require particular contributions; for example, Glasgow does not have an AHP requirement.
- 4.8 However, investors will also take into account the financial return that can be achieved from rented housing over the medium and longer term which makes Edinburgh attractive for investment due to high demand for rented housing.
- 4.9 A downturn in demand for housing for sale due to the increase in mortgage interest rates could provide opportunities in the affordable housing sector. House builders may be more willing to enter bulk purchase deals with the Council and/or RSLs for completed homes, however, affordable housing providers are under increased financial pressure and may not be able to fund such deals.
- 4.10 The cost-of-living crisis and inflationary rises have meant the day-to-day delivery of RSL services are costing more. Wider statutory investment commitments also mean that landlords are having to prioritise investment to bring existing homes up to meet Energy Efficiency Standard for Social Housing 2 (EESH2). In addition to this, a rent cap and potential rent freezes mean that borrowing levels are affected, which could impact on affordable housing providers ability to finance new build programmes and/or puts increasing pressure on available grant funding.
- 4.11 Council officers anticipate that 800 new affordable homes will be approved for site start in Edinburgh this financial year (2022/23) and based on current delivery programmes, an additional 1,246 affordable homes are expected to be completed.
- 4.12 Approvals for this year are below the original target of 1,170 homes as many development partners are delaying procuring new contracts due to cost inflation. Uncertainty in the wider market due to rises in interest rates and risks to rental income streams has resulted in house builders, RSLs and BTR developers not bringing forward projects previously earmarked for approval this financial year. Also, the impact on mortgage products has resulted in limited uptake of low-cost home ownership.

- 4.13 Since the 20,000 homes commitment 8,367 new affordable homes are expected to be approved by 31 March 2023 and 6,942 completed. Almost 3,000 of these homes have been approved for social rent and almost 3,200 completed for social rent by the Council and RSL partners through the grant funded programme. An additional 199 social rented approvals and 391 social rented completions are expected this year.
- 4.14 The SHIP 2023-28 has been developed in partnership with RSL partners and developers. It sets out a potential pipeline of sites that could be brought forward for development over the next five years.
- 4.15 This ambitious programme is contingent on the sites being within affordable developer control/being brought forward in a timeous manner, the necessary funding being in place (both grant funding and private finance) and construction sector capacity to deliver at scale.
- 4.16 Based on the information received from our delivery partners, there could be 11,937 new homes approved from site start over the next five years and 11,375 homes completed. In addition to this, Edinburgh’s proposed Local Development Plan (LDP) - City Plan 2030 proposes an increase in the Affordable Housing Policy contribution from 25% to 35%, which could increase the number of affordable homes approved on private sector led sites in the latter years of the SHIP.
- 4.17 The SHIP is reviewed annually. As the market begins to stabilise, developers will be better able to plan, and risk-appetite will increase. The table below sets out at strong pipeline of sites that could be brought forward. A separate report is being considered by this Committee on the Housing Land Strategy and potential opportunities to accelerate development.
- 4.18 Table 1 sets out affordable housing approvals and completions since 2017/18, as well as a potential affordable housing pipeline over the next five years:

Table 1: Affordable Housing Delivery

Financial Year	1	2	3	4	5	6	7	8	9	10	11	Total
	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	207/28	
Approvals	1,475	1,626	1,930	1,285	1,251	800	1,994	2,983	2,875	2,351	1,734	20,304
Completions	966	1,159	1,443	1,087	1,041	1,246	1,324	1,600	3,095	2,695	2,661	18,317

- 4.19 The Scottish Government published [“Affordable Housing: Resource Planning Assumptions \(RPAs\) to Councils 2021-2022 to 2025-2026”](#) in July 2021, which gives local authorities a grant commitment for affordable housing for the five year period. The [total RPAs for the 32 Scottish local authorities](#) was just under £3.221 billion. Edinburgh’s RPAs are £233.8 million, 7.3% of the funding committed. The RPA’s provided by Scottish Government give Edinburgh an average of £46.8 million per year.

- 4.20 These are a minimum grant commitment, and as such could be subject to an increase. Due to the strong pipeline, over the last five years Edinburgh has levered in almost £40 million in additional grant funding from national underspends. Based on current tender returns, the majority of projects are coming in at least 10% above benchmark.
- 4.21 Section 4 of the SHIP sets out a programme of 9,473 social and mid rent homes could be delivered through the AHSP. Current resource planning assumptions would only be able to deliver c.600 homes a year or 3,000 homes over the next five years.
- 4.22 The SHIP 2023-28 would require a 200% uplift in grant funding: £712 million or £142 million per year (£97 million per year above current RPAs). The Council will continue to work with RSL partners to stretch available grant funding as far as possible and to maximise the number of social rented homes that can be delivered.
- 4.23 The SHIP 2023-28 also includes 2,464 affordable home approvals that are planned to be delivered through innovative funding schemes that require lower levels of grant funding and, in some cases, no grant funding. This includes Edinburgh Living, and private sector led Build to Rent (BTR).
- 4.24 If grant funding levels remain static or decrease over the SHIP period, there will be greater reliance on homes being delivered through other mechanisms, to sustain overall delivery.

5. Next Steps

- 5.1 Following Committee approval, the SHIP 2023-28 will be submitted to the Scottish Government.
- 5.2 Officers will develop a report for Housing Homelessness and Fair Work Committee in March 2023, setting out the financial strategy based on the current position with the TMDF, and an analysis of SHIF funding allocations. The report will provide advice on whether Edinburgh is likely to benefit from additional financial investment in housing by remaining in the TMDF or by joining the SHIF.

6. Financial Impact

- 6.1 Average estimated development costs for the 2023-28 AHSP programme are £220,000 per unit (a 22% increase since last year's SHIP). These are working estimates of costs and are likely to be subject to change when development construction works are tendered.
- 6.2 This year's SHIP requires over £380 million more of investment than last year's SHIP. This is a combination of increasing construction costs leading to the

majority of projects expected to come in over benchmark and the potential delivery of more homes over a five-year period.

- 6.3 The average grant amount accounts for 35% of the total cost. Over the SHIP period the average grant funding requirement per home is £77,000. It is important to note that most grant funded affordable housing costs do not include a land value, as land is transferred to RSLs at nil cost through the AHP.
- 6.4 There are various sources of funding to support the affordable housing programme. The delivery of 9,473 new homes identified through the AHSP will cost £2.8 billion in total, of which £1.8 billion is RSL and Council own funding; a mixture of up-front capital (i.e. reserves and bond finance), and private finance (borrowing repaid by rental income).
- 6.5 The Council's affordable house building is principally funded through HRA borrowing. The HRA Budget Strategy 2022-32 approved by the Council on [24 February 2022](#) includes a draft five-year investment programme of just under £1.6 billion for building new homes (including the upfront capital costs for Edinburgh Living's mid-market and affordable market homes, which will be repaid to the HRA upon completions) and improving existing homes and estates along with a rent freeze for a second year in a row.
- 6.6 Subsequently, Housing Homelessness and a Fair Work Committee considered a report on Housing Revenue Account Budget Strategy 2023/24. The report set out the impact of the last two years rent freezes (in response to the cost-of-living crisis) on the HRA Business Plan and the fact that a third rent freeze would mean that the Council will not be able to deliver statutory energy efficiency commitments to existing homes and expand the Council's housebuilding programme without significant rent increases in future years and/or increases in Scottish Government subsidy.
- 6.7 Over 700 affordable BTR homes have been approved to date with no grant requirement. The same number of social rented homes would require over £56 million of grant subsidy. However, increasing construction costs and interest rates, along with a weaker pound, have affected the viability and delivery of BTR projects.

7. Stakeholder/Community Impact

- 7.1 All developing RSLs 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.
- 7.3 This includes working together to identify and unlock sites suitable for affordable housing development to address the housing crisis facing the region.

- 7.4 All projects within the SHIP are subject to consultation with the local community through the Planning process.

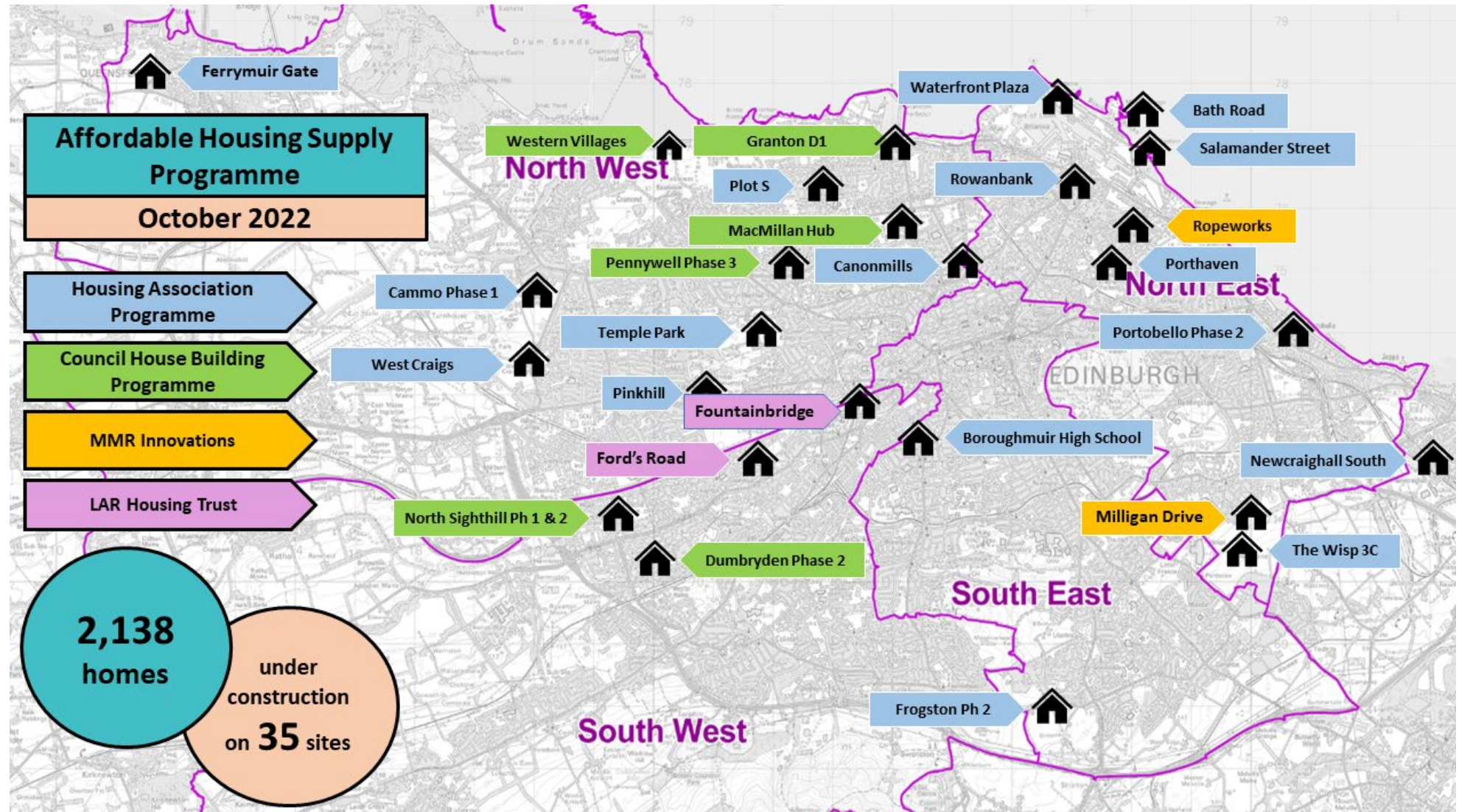
8. Background reading/external references

- 8.3 [Strategic Housing Investment Plan 2022-27, 4 November 2021](#)
- 8.4 [Affordable Housing Policy Update August 2022](#)
- 8.5 [Strategic Housing Investment Plan: Guidance Note, July 2022](#)

9. Appendices

- 9.1 Appendix 1 – Affordable homes under construction.
- 9.2 Appendix 2 – Strategic Housing Investment Plan 2023/24– 2027/28.

Appendix 1 – Affordable homes under construction



**Strategic Housing Investment Plan
2023/24 – 2027/28**

Index

1. Summary
2. Strategic Context
3. Current Delivery
4. Outputs of the SHIP
5. Means of Delivery
6. Specialist Housing, Including Wheelchair Accessible Homes
7. Carbon Emissions and Energy Efficiency
8. Rapid Rehousing Transition Plans
9. Child Poverty
10. Gypsy Travellers sites
11. Consultation and engagement
12. Integrated impact assessment
13. Conclusion

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 has been developed in one of the most challenging economic climates in recent history. The information collated in discussions with RSL partners and developers sets out an extremely ambitious development pipeline over the next five years. However, there is considerable uncertainty regarding the timescales of when sites will be brought forward (most of which are not in the control of affordable developers) due to high development costs and economic uncertainties.
- 1.3 This SHIP outlines a programme of 11,937 affordable homes which could be approved for site start and 11,375 homes which could complete over the next five years. Of these, there are around 9,473 homes which requires around £712m of grant funding through the Scottish Government's AHSP. The remaining homes are being delivered through innovative funding schemes which either do not require grant or do so at significantly reduced levels.
- 1.4 However, based on confirmed grant funding from Scottish Government only c.3,000 of the 9,473 homes which require grant subsidy would be able to be taken forward.

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 (HNDA3), which received robust and credible status in July 2022, shows the need for between 36,000 to 52,000 in Edinburgh between 2021-2040. It is estimated that between 24,000 to 35,000 of those homes should be affordable.
- 2.2 NRS Principal Population Projections (2018 baseline) show a 13% increase in Edinburgh's population over the next 25 years, with the rate of growth in older age groups projected to be significantly higher. The growth expected in older people will have a major impact on the demand for housing, health, and care interventions.
- 2.3 There is a high demand for social rented housing with an average of 190 households bidding for every social rented home that becomes available for let. Edinburgh has one of the lowest proportions of social housing in Scotland with only 16% of homes for social rent compared to the national average of 24%.
- 2.4 The Council has a target to rehouse homeless households in around 70% of all available social lets and around 50% of lets from RSL partners. In 2021/22, 74% of Council and 51% of RSL homes were let to homeless households, including 42 Edinburgh Living properties. Edinburgh Living has committed to continue to target working homeless households for mid-market rent.

- 2.5 The average advertised monthly private rent in Edinburgh was over £1,200 in the first quarter of 2022, compared to a Scotland average of £900 and the next highest city, Glasgow (£970). The average house price is 6.8 times the average gross annual earnings in the city, making it the least affordable city in Scotland to buy a home.
- 2.6 The mid-market rent (MMR) for a two-bedroom home in the city is around £820 a month, almost a third cheaper than the average two-bedroom market rent. The tenure of MMR is aimed at people who cannot afford market rents but would not usually be eligible for social housing. The introduction of mid-market rents 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 a maximum of the Local Housing Allowance LHA. This guarantees long-term affordability for tenants.
- 2.7 Affordable Build to Rent (BTR) or Intermediate rent, is capped at BRMA 30% percentile (the lowest priced third of the rental market in an area) and 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. BTR can deliver rented accommodation at pace and scale and is not dependent on house sales or grant funding.
- 2.8 It is estimated that there has been a loss of around 10% of private rented homes to short term lets (STL) in recent years. The rapid growth in STLs is creating further pressure on supply, rent levels and house prices in some areas. The Council conducted a consultation in autumn 2021 on designating the entire Council area as a STL Control Area. Scottish Ministers issued their decision granting approval for the city to become the first STL Control Area in Scotland in July, with the designation coming to effect on 5 September 2022.
- 2.9 Most affordable rented housing is funded by a combination of RSL private finance or Council borrowing, grant funding and rental income. Finance is usually based on the amount of rent that can be collected to repay the interest and borrowing. Most social rented housing in the city is therefore delivered alongside other tenures. This creates opportunities for cross subsidy, as well as, supporting development of sustainable, mixed tenure communities.
- 2.10 The Scottish Government published "[Affordable Housing: Resource Planning Assumptions to Councils 2021-2022 to 2025-2026](#)" in July 2021. The total Resource Planning Assumptions (RPAs) for the 32 Scottish local authorities was just under £3.221 billion. Edinburgh's RPAs over this period are £233.8 million, 7.3% of the total funding committed. Due to the strong pipeline, over the last five years Edinburgh has levered in almost £40m in additional grant funding from national underspends.
- 2.11 On average, over the previous SHIP Edinburgh delivered homes requiring grant at least 8% below benchmark across the programme. In October 2021,

benchmark grant funding levels for both RSL and Council homes were increased and eligibility for Councils to apply for AHSP funding to deliver mid-market rent homes was introduced. However, applications received in 2022/23 are now being submitted above the new higher benchmark levels.

- 2.12 This is due to the viability of affordable housing becoming more challenging as a result of substantial increases to construction costs, increased borrowing costs and rents which have been frozen. Construction prices increased globally in 2022 and costs of construction materials such as timber, steel and particleboard increased by more than 40% in the last year due to rising energy prices, increased demand post Covid-19 pandemic, and reduced supply (due to Brexit and in part to the war in Ukraine). The average cost of building an affordable home in Edinburgh increased from just under £120,000 in 2012 to just under £160,000 in 2020. In 2021, this rose to £185,000 and further increases are being seen across the programme.
- 2.13 The Scottish Parliament passed the emergency legislation Cost of Living (Tenant Protection) (Scotland) Bill on 6 October 2022, which freezes rents until the end of March 2023 in both social and private rented sectors. The legislation also gives Scottish Ministers the ability to extend the rent freeze or introduce a rent increase cap beyond March 2023 for two additional periods of six months. Scottish Ministers have until 14 January 2023 to decide. A rent cap and potential rent freezes mean that borrowing levels are affected, which could impact on affordable housing providers ability to finance new build programmes and/or put increasing pressure on available grant funding.
- 2.14 In September 2022 inflation was 10.1%, which is the highest for forty years, and mortgage interest rates exceeded 6% for the first time in 14 years. The bank of England increased interest rates by 0.5% to 2.25% in September 2022 and by a further 0.75% in November 2022 to 3%. The number of mortgage products available fell from almost 4,000 in September 2022 to just over 2,000 in October 2022. High development costs coupled with high interest rates are expected to impact on delivery of market and affordable housing. There is an increased risk of insolvencies and developers may choose to delay site starts or sell sites.

3. Current delivery

- 3.1 The Covid-19 pandemic impacted on build programmes nationally, halting construction work for approximately four months between April and July 2020. Additional health and safety measures (such as physical distancing) remained in place until 9 August 2021. Inflationary rises have meant that the day-to-day delivery of RSL services are costing more. Wider statutory investment commitments also means that landlords must prioritise investment to bring existing homes up to meet Energy Efficiency Standard for Social Housing 2 (ESSH2). In addition to this, a rent cap and potential rent freezes mean that borrowing levels are affected. This could impact on affordable housing providers

ability to finance new build programmes and/or put increasing pressure on available grant funding.

- 3.2 Around 800 new affordable homes could be approved for site start in Edinburgh this financial year (2022/23) and based on current delivery programmes, an additional 1,246 affordable homes could be completed. Approvals for this year are below the original target of 1,170 homes as house builders and development partners are delaying procuring new contracts due to cost inflation. There is uncertainty in the wider market due to rises in interest rates. There are also risks to rental income, due to the wider cost of living crisis, which have resulted in BTR developers not bringing forward projects previously expected for approval this financial year. The impact on mortgage products has resulted in limited uptake of low-cost home ownership. However, there are currently over 2,100 homes under construction on 35 sites across the city.
- 3.3 From April 2017 and up to 31 March 2023, it is anticipated that 8,367 new affordable homes will be approved and 6,942 completed. Social rent makes up a significant proportion of the affordable homes; almost 3,000 of these homes have been approved and almost 3,200 completed for social rent by the Council and RSL partners through the grant funded programme. An additional 199 social rented approvals and 391 completions are expected this year.

4. Key Outputs of the SHIP

- 4.1 The SHIP sets out a potential pipeline for the delivery of new affordable homes over a five-year period. Projects which are included in the SHIP are mainly proposed by RSLs, and are subject to final agreement with Scottish Government.
- 4.2 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 alignment with the Council's priorities.
- 4.3 Projects within the SHIP may change and can be brought forward or deferred depending upon circumstances. The Council monitors the affordable housing programme and is in constant communication with delivery partners.

Key Outputs

- 4.4 The SHIP 2023-2028 has identified a pipeline of 11,937 affordable homes that could be approved for site start and 11,375 potential completions. The approvals are split into two categories:
- 4.4.1 9,473 homes could be approved through AHSP: and
- 4.4.2 2,464 homes could be approved through innovative funding mechanisms, requiring little or no grant funding.

- 4.5 The 9,473 homes that have been identified to be approved through the AHSP require grant of £712.4m over the SHIP period, or £142.5m per year on average.
- 4.6 The majority of the AHSP approvals are for social rent (64%), with most of the remaining homes being for mid-market rent. This is broadly in line with the Scottish Government's 70% social rent target. This SHIP, for the first time, includes provision for grant funding for Edinburgh Living mid-market rent LLP and as a result has increased the percentage of MMR homes.
- 4.7 The table below provides a summary of the projected outputs and funding requirements of the AHSP projects identified in the SHIP. The five-year Resource Planning Assumptions published in July 2021 are also set out below.

Table 1: Summary – AHSP

YEAR	HOMES APPROVED	HOMES STARTED	HOMES COMPLETED	GRANT REQUIREMENT (£M)	SG RESOURCE PLANNING ASSUMPTIONS (£M)
2023/24	1,430	1,799	971	89.212	45.053
2024/25	2,613	2,482	1,330	178.823	45.211
2025/26	2,415	1,509	2,326	165.975	45.96
2026/27	1,741	1,895	1,922	146.885	45.96*
2027/28	1,274	2,482	2,126	131.496	45.96*
TOTAL	9,473	10,167	8,675	712.392	228.144

*RPAs only known to 2025/26; This assumes grant funding remains static in 2026/27 and 2027/28

- 4.8 Table 1 identifies a shortfall of £485m in grant funding over the next five years. Edinburgh's carry forward commitment is around £88m, 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.
- 4.9 Based on current resource planning assumptions a maximum of c.600 homes a year could be delivered or 3,000 homes over the next five years. The SHIP 2023-28 would require a 200% uplift in grant funding: £712 million in total or £142 million per year (£97 million per year above current RPAs). The Council will continue to work with RSL partners to stretch available grant funding as far as possible and to maximise the number of social rented homes that can be delivered with available grant funding.
- 4.10 The remaining 2,464 homes will be delivered through the Private Sector led BTR, Open Market Shared Equity and other forms of Low Cost Home Ownership. A more comprehensive breakdown of innovative funding mechanisms is set out in 5.1 below.
- 4.11 A total of 134 sites are included in the SHIP. Almost half of the AHSP funded programme (43%) is forecast to be delivered by the Council's own house building programme. Most of the sites taken forward by RSL partners are in the control of the private sector as they are being delivered through the AHP.
- 4.12 Table 2 below sets out delivery to date as well as the potential pipeline of sites that could be brought forward for development over the next five years.

Table 2: Actual Approvals and Completions (2017/18 to 2021/22) and Forward Projections

Financial Year	1	2	3	4	5	6	7	8	9	10	11	Total
	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	207/28	
Approvals	1,475	1,626	1,930	1,285	1,251	800	1,994	2,983	2,875	2,351	1,734	20,304
Completions	966	1,152	1,443	1,087	1,041	1,246	1,324	1,600	3,095	2,695	2,661	18,317

4.13 This ambitious programme is contingent on the sites being within affordable developer control, being brought forward by land owners and developers in a timely manner, the necessary funding being in place (both grant funding and private finance) and construction sector capacity to deliver at scale. As the market begins to stabilise, developers will be better able to plan, and risk appetite will increase.

5. Means of Delivery

5.1 The Council works with partners to identify opportunities for innovation to deliver affordable housing without using funding provided through the AHSP. The introduction of MMR housing has aided the Council in driving more value for money of grant funding. Further detail on each of these innovative projects is provided below:

5.1.1 **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) secured £47.5m in loan funding through the scheme and levered in additional private finance. The project is expected to deliver around 500 new affordable homes across four sites. All the developments are due to complete by the end of 2023.

5.1.2 **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 has initial plans to build around 1,000 MMR homes across Scotland. Almost 700 homes have now been completed to date. Two developments have been completed in Edinburgh on Gorgie Road (87 MMR homes). A further six units have also been also completed for lease by the Council in Niddrie working with the Health and Social Care Partnership. A further two sites are under construction at Fountainbridge and Fords Road and are due for completion in early 2023.

5.1.3 In March 2021, 89 homes in the National Housing Trust Telford North LLP were purchased by LAR following Finance and Resources committee approval in October 2020. Under the terms of the sale, tenants wishing to

become owners will be given enhanced timescales to maximise their ability to purchase. Those tenants who are unable to purchase will be able to continue to rent their MMR homes, with rent increases capped at CPI.

- 5.1.4 **Build to Rent (BTR)** - On 20 January 2020 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.
- 5.1.5 Eight planning applications, which include over 750 affordable BTR homes, have been submitted or approved. The same number of social rented homes would require around £59 million of grant subsidy. In total more than 3,400 private sector led BTR homes have secured planning consent or will be considered by the end of the financial year. These include 253 homes at Freer Street, Fountainbridge, 338 homes at Skyliner in Leith, 476 homes at Springside in Fountainbridge, 1,180 homes at Edinburgh Park, 318 BTR homes at New Town Quarter, Dundas Street, 464 homes at Bonnington Road Lane and 165 at Marionville Road.
- 5.1.6 Affordable BTR homes will be targeted at people on moderate incomes. Rents will be set at or below 30% of BRMA and secured by Section 75 Agreement as affordable housing for a minimum of 25 years. However, increasing construction costs and interest rates, static rents and a weaker pound have affected viability of BTR projects. Discussions with BTR developers, operators and investors are ongoing to support delivery of the current pipeline and identify further affordable BTR homes that can be delivered without grant funding.

Maximising land supply

- 5.2 The scale and ambition of achieving the 2023-28 SHIP should not be underestimated. One of the key risks to the delivery of new affordable homes at scale is difficulty in securing suitable land for development.

Affordable Housing Policy (AHP)

- 5.3 The AHP is a planning policy which secures a 25% contribution of land, homes or payment in advance for affordable housing on all planning applications with 12 homes or more. This is an important delivery mechanism and contributes 67% of the AHSP sites in Edinburgh which are 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. Since January 2013, affordable housing has been provided in nine out of ten planning applications for sites with at least 20 homes.
- 5.4 The AHP can deliver a range of affordable housing tenures, including social rent, mid market rent and low-cost ownership (LCHO), which is negotiated on a site-

by-site basis. LCHO is 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 (less than 2%) of the total affordable housing proposed within the SHIP.

- 5.5 Edinburgh's proposed Local Development Plan (LDP) - City Plan 2030 - was reported to Planning Committee in August 2022. It proposes an increase in the Affordable Housing Policy contribution from 25% to 35%, which could increase the number of affordable homes approved on private sector led sites in the latter years of the SHIP.
- 5.6 The AHP does secure land for affordable homes. However, the timing of sites coming forward for development is within the control of private developers. This is usually based on their assessment of demand and mortgage availability; factors outwith affordable housing providers control. 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.
- 5.7 A separate report to this Committee on Housing Land Strategy sets out the findings of market engagement exercise looking at more innovative ways of delivering affordable housing to accelerate delivery rates. In general terms, the findings of the exercise re-affirm the position that access to land is one of the biggest challenges and that the typically strong housing market in Edinburgh means that securing land or opportunities for affordable housing comes at a premium. The key points are as follows:
 - 5.7.1 There are several investors, intermediaries, developers, and landowners who have responded and are keen to work with the Council.
 - 5.7.2 The Council's covenant is attractive to investors and the level of security it provides means that the Council can achieve competitive rates.
 - 5.7.3 The specificity of the Council's housing requirements – quality, zero carbon, and LHA levels mean that project viability is challenging, particularly when working to deliver units in addition to those delivered through the AHP and/or where land or buildings need to be purchased at market value.
 - 5.7.4 In terms of lease-based delivery models, these are shown to be available and broadly feasible, but they are linked to inflation and usually involve lease terms of 50 years or longer. These models also must be assessed in the context of delivering sustainable mixed tenure communities.
 - 5.7.5 The Council may be an attractive development partner on larger sites where a 'place premium' has not yet been achieved and this may also mean that the Council can secure better deals in these circumstances involving more than one delivery route: and

5.7.6 In a typically strong property market, the ability to act quickly to seize opportunities when they do arise, is fundamental to success.

- 5.8 Council officers will continue to seek new opportunities to secure land and the delivery of affordable homes while also having regard to budget constraints. Proposals to acquire land or take forward new projects will be taken to the Finance and Resources Committee for approval as is current practice.
- 5.9 The Council is progressing with the strategic acquisition of land at the Liberton hospital site from NHS Lothian and its partners. Opportunities for further public sector land acquisitions and/or partnerships and collaboration with the NHS and other public sector partners will continue to be explored. Affordable housing will be delivered through the Affordable Housing Planning policy on former public sector owned sites where direct acquisition or partnerships are not possible.
- 5.10 Investment through the HRA and the AHSP can act as a real catalyst for change. Cruden Investment Ltd, working in partnership with Cala Homes, have been procured as Development Partner to deliver the first phase of the Granton Waterfront development – the ‘Heart of Granton’. The Pre-Development Stage 1 will run until summer 2023 and will include the preparation and submission of planning applications, and creation and approval of the Final Business Case. Phase 1 will include approximately 770 net-zero homes, the first phase of a low carbon heat network, commercial space, a primary school, a health centre and new and an enhanced sustainable transport network. A minimum of 35% of the homes within the overall Granton Waterfront development will be affordable and delivered through Council and RSL partners.
- 5.11 In addition, early Action Projects within Granton Waterfront are progressing well with three projects delivering a total of 661 net-zero homes underway. Alongside delivery of homes by the Council, RSL partners have recently completed or have under development, around 864 homes on Granton Harbour and Waterfront Avenue. Over 700 of these homes are for affordable rent.

Construction Industry Capacity

- 5.12 There are several factors impacting upon 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, increasing costs of building materials, skills shortages and market uncertainties arising from Brexit and the war in Ukraine.
- 5.13 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, that aims to accelerate the delivery of affordable housing, enable the development of seven major strategic housing sites and drive efficiencies across the public sector estate. On 3 September 2021, Joint Committee approved the [Regional Prosperity Framework](#) which sets out an ambitious 20 year blueprint for the regional economy. Housing is an integral part

of the Framework to support inclusive growth and transition to a net zero economy.

- 5.14 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.
- 5.15 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. Construction on 75 net zero homes began in Granton Waterfront began in April 2022. This is the first pilot development in the Edinburgh Home Demonstrator (EHD) Programme. The collaboration between local and national government, academia and the construction industry is testing a new model for designing, procuring and delivering new homes in the region centred on the use of offsite manufacturing to deliver a greener future.

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. A new EIJB Strategic Plan for 2023-26 is currently being prepared, to be finalised by March 2023. Housing partners are working with Health and Social Care partners to develop the housing contribution statement to support the Plan.
- 6.2 The Housing Service commissioned a study on accessible housing. Key findings and recommendations will feed into continuing work with the Health and Social Care Partnership. The study was informed by partners, stakeholders, service user interviews and telephone and online surveys to provide a greater insight into the need for accessible and adapted homes across the city now and in the future. These findings demonstrate a need and demand for accessible housing overall. They highlight the challenges in obtaining robust data on accessible housing, particularly in the private sector, as well as the challenges in delivering accessible homes in the context of Edinburgh's housing stock profile and market conditions.

- 6.3 The findings of the Accessible Housing Study will also feed into the Scottish Government review of the Housing for Varying Needs standard (HFVN). Most new build properties funded through the AHSP are designed to meet the HFVN which 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. Many properties delivered through the AHSP are therefore accessible and easily adaptable for people of limited mobility, meaning needs housing requirements can often be met through allocation of a standard general needs property.
- 6.4 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.
- 6.5 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.
- 6.6 The Accessible Study findings have been used to inform an indicative, cross tenure wheelchair accessible homes target of 7% annually for all completions. Council officers will engage with the development sector regarding delivery of the target.
- 6.7 The current target of 10% for affordable housing will be retained as this is well understood by partners and reflects the fact that the affordable sector currently delivers more wheelchair housing than the private sector. The current SHIP forecasts that around 8% of grant funded homes for completion will be wheelchair designed. The target will be subject to review following more detailed discussions with partners and stakeholders and as data collection is improved.
- 6.8 The challenges in implementing and monitoring delivery of a target for private sector housing have been raised by local authorities since the Scottish Government introduced guidance on cross tenure target setting. These include difficulties in holding private developers to a target without specific planning mechanisms being in place and in monitoring details of private sector developments.
- 6.9 Further discussions with Planning colleagues will determine whether there are policies or upcoming changes from NPF4 that could support increased delivery. However, engaging with the private sector to encourage delivery of wheelchair housing and accessible housing overall, discussing any barrier to delivery, is the approach being taken more generally.
- 6.10 The proposed introduction of a new Scottish Accessible Homes Standard, as noted earlier, may also give an opportunity to clarify accessibility standards

across all tenures. Challenges in delivering affordable housing at scale, with additional costs relating to wheelchair or specialist housing, need to be taken into account in terms of overall deliverability.

Adaptations

- 6.11 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. This enables people to remain in their own homes and live independently. Adaptations will continue to be a strategic housing investment priority. Each year a budget in the region of £800,000 supports over 300 adaptations within RSL homes. Adaptations to Council homes are funded from the Housing Revenue Account.

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. 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 to the Housing, Homelessness and Fair Work Committee on [5 November 2020](#), [3 June 2021](#) and [22 March 2022](#) (as part of the 2022/23 Capital Programme).
- 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 minimum Building Regulations, which contain stringent targets for meeting certain energy efficiency standards. The Council's own house building programme is leading 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. The net zero carbon design brief has been in place since November 2020 and follows 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.
- 7.4 The outcome of the review in benchmark levels included additional funding for sustainability standards, including Delivering homes to Section 7, Silver Level, of the 2019 Building Regulations, heating systems which produce zero direct emissions at the point of use and electric vehicle charge point connectors.

7.5 The Scottish Government already supports delivery of homes across Scotland using a range of offsite methods, from timber frame construction through to fully modular development, and will continue to do so through the AHSP. 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.

8. Rapid Rehousing Transition Plan (RRTP)

- 8.1 The second iteration of the RRTP was agreed by the Housing, Homelessness & Fair Work Committee on 18 September 2020 and submitted to Scottish Government. The annual update on progress was recently agreed at Committee on 4 August 2022.
- 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 A PRS Team was established by the Council to reduce the number of people becoming homeless from the private rented sector and to work with private landlords and lettings agents to establish the PRS as a housing option for homeless households. This was in response to a growing number of homeless presentations from the PRS.
- 8.4 Since March 2022, the PRS team have prevented homelessness for 240 households by helping them to remain in their current PRS tenancy or by supporting them into a new PRS or Mid-Market Rent (MMR) tenancy. A further 100 households, assessed as homeless prior to the PRS team having contact, were supported by the team to access either PRS or MMR tenancies. The team have also worked with families in overcrowded accommodation with a view to supporting them into suitable accommodation via the PRS or MMR.
- 8.5 A multi-disciplinary response pilot is underway for Council tenants who are at serious risk of court/eviction action and are not engaging with their locality Housing Officer. The response team currently consists of a dedicated housing / homelessness specialist, a debt advisor and income maximisation officer supervised by a team leader and representation from housing, family and household support, adult protection, children and families social work services and family group decision making. The aim of the team is to actively reach out to the tenant, offering joined up support, with the aim of keeping the tenant in their home, thus avoiding homelessness. The team provide intensive support to tenant's dependant on individual circumstances.

- 8.6 There continues to be a commitment to a rehousing target for a minimum of 70% of Council social housing (across existing and new build homes) being allocated to homeless households and 50% for lets from RSL's in Edinburgh. These targets take account of the significant demand for social housing and the requirements to provide housing to meet other priority/urgent housing need. During 2021/22 RSL's let 51% of homes to homeless households with 74% of Council social rented homes let to homeless households.
- 8.6 Annual updates on progress will be provided to both Committee and the Scottish Government.

9. Child Poverty

- 9.1 On 5 October 2021, the Policy and Sustainability Committee considered a report which provided a summary of actions taken by the Council and partners in response to the calls to action made by the Edinburgh Poverty Commission and as such, the report provided the first annual progress report against the Council's End Poverty in Edinburgh Delivery Plan.
- 9.2 The second annual update report was approved at Policy and Sustainability on the [17 November 2022](#). The report provides the second annual progress report against the Council's End Poverty in Edinburgh Delivery Plan. In line with recommendations made by the Commission, the report also incorporates and meets the Council's statutory duty to produce, in partnership with NHS Lothian, an annual Local Child Poverty Action Report.
- 9.3 Latest data shows an estimated 79,000 (15%) people in Edinburgh were living on incomes below the poverty threshold in 2021, including 15,000 (19%) children. This indicates a steady trend despite the early impacts of Covid, with the immediate income effects of the pandemic significantly mitigated by the introduction of short-term UK Government measures through 2020 and 2021. Data for 2022 is not yet published. Analysis points towards a likely significant increase in severe poverty and hardship because of rising living costs and incomes falling in real terms among poorer families across the UK throughout 2023/24.
- 9.4 Guided by the Edinburgh Poverty Commission's findings, highest impact actions delivered by the Council and partners during the past 12 months have included:
- 9.4.1 Addressing the cost-of-living crisis and providing lifeline support for people and families in immediate need.
 - 9.4.2 Helping people and families in Edinburgh access fair work that provides enough to live on.
 - 9.4.3 Addressing the housing and homelessness crisis in Edinburgh.
 - 9.4.4 Continuing to build a strong foundation for long-term prevention of poverty.
- 9.5 The report highlights that the majority of tools needed to address this challenge remain with national governments, in the form of social security, tax, and

regulatory powers and that the Council and partners write to UK and Scottish Governments to ask them to go beyond existing policy announcements and outline specific additional actions.

- 9.6 Alongside these national actions, the report recommends that priority local, Council led actions over 2023 and 2024 should focus on ensuring:
- 9.6.1 People can access fair work and the support they need to prevent and stay out of poverty.
 - 9.6.2 People have decent, energy efficient, climate proofed homes they can afford to live in, and;
 - 9.6.3 Attainment, achievement, and positive destinations are improved for all with a particular focus on those in poverty

10. Gypsy Travellers sites

- 10.1 The Council currently owns and manages one site in Edinburgh, known as the North Cairntow Travellers Site in the south east of the city. The site was created in 1984 and consists of 20 pitches serviced by 10 semi-detached utility blocks. 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 and contractor for the re-development was appointed following the approval by Finance and Resources Committee on [4 March 2021](#). 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).
- 10.4 Rehousing of residents temporarily during the re-development commenced in late 2021. The rehousing was completed and demolition of existing structures started in April 2022 in order to align the timescale of offsite manufacturing and delivery of the chalets. Site infrastructure has been put in place, with delivery of the chalets and re-occupation of the site currently underway.

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 develop a programme to deliver 20,000 new affordable homes. 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.

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 meet varying needs.

13. Conclusion

- 13.1 In 2017 the Council made a commitment to deliver a programme to build at least 20,000 social and affordable homes by 2027. By the end of 2022/23, it is anticipated that over 8,300 homes will have been approved for site start and 6,900 affordable homes completed. In September 2022, there were over 2,100 affordable homes under construction on 35 sites across the city.
- 13.2 This SHIP has been developed in one of the most challenging economic climates in recent history. The information collated in discussions with RSL partners and developers sets out an ambitious development pipeline over the next five years. However, there is considerable uncertainty regarding the timescales of when sites will be brought forward (most of which are not within the control of affordable developers) due to high development costs and economic uncertainties.
- 13.3 The pandemic continues to impact on development and construction of affordable housing across Scotland. In addition to this, Brexit, the war in Ukraine and the cost-of-living crisis has had a major impact both on in-year delivery of current projects and delays in projects being brought forward for approval. Construction industry capacity, construction materials availability and costs, availability of grant funding and borrowing capacity of affordable developers (linked to rental income) will all impact on the delivery of the programme.
- 13.4 The SHIP sets out a potential pipeline of 11,937 affordable homes approved for site start and 11,375 potential completions over the next five years through a mix of grant funding, RSL's own finance, finance raised by private developers, institutional investment, developer contributions and HRA funding.
- 13.5 Based on current resource planning assumptions, less than a third of the potential pipeline (9,473 homes) could be delivered through the grant funded AHSP. Current funding levels only allow for 600 new grant funded homes to be approved each year; a 200% uplift would be required to achieve the SHIP.

Delivery of social rented and mid rent housing is currently not viable without grant funding or other support from Scottish Government.

- 13.6 The SHIP is reviewed annually. As the market begins to stabilise, developers will be better able to plan, and appetite for risk should increase.