

Housing, Homelessness and Fair Work Committee

10.00am, Tuesday, 5 December 2023

Strategic Housing Investment Plan (SHIP) 2024-29

Executive/routine
Wards

Executive
All

1. Recommendations

- 1.1 It is recommended that Housing, Homelessness and Fair Work Committee:
 - 1.1.1 Approves the Strategic Housing Investment Plan (SHIP) 2024-29 for submission to the Scottish Government;
 - 1.1.2 Notes the SHIP includes over 9,500 homes that would require grant funding through the Affordable Housing Supply Programme (AHSP). These would require an additional £665 million over five years, almost four times the amount of grant funding set out in current resource planning assumptions;
 - 1.1.3 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 development cost, construction industry capacity and reduced private sector housebuilding due to mortgage market instability;
 - 1.1.4 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;
 - 1.1.5 Agree to discharge the action agreed at Housing, Homelessness and Fair Work Committee on [8 August 2023](#) as set out in Appendix 1 of this report;

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Executive Director of Place

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- 1.1.6 Agree to approach COSLA regarding the Transfer of Management Development Fund (TMDF) funding to discuss a proportionate allocation of the funding available; and
- 1.1.7 Note that officers will continue discussions with the Scottish Government over increased and innovative funding opportunities to instil confidence in the market and increase the completion rate for approved homes.

Strategic Housing Investment Plan (SHIP) 2024-29

2. Executive Summary

- 2.1 This Strategic Housing Investment Plan (SHIP) has been developed in one of the most challenging economic climates in recent history. On 2 November 2023, Council declared a Housing Crisis due to the acute nature of Edinburgh's homelessness crisis, coupled with the severe shortage of social rented homes and the increasing pressure within the private rental market.
- 2.2 The SHIP identifies a potential development programme of around 11,000 new affordable homes over a five-year period, with over 9,500 of these requiring grant funding through the Affordable Housing Supply Programme (AHSP). These would require an additional £665 million over five years, almost four times the amount of grant funding set out in current resource planning assumptions. The SHIP provides an estimate, rather than a target, of potential approvals and completions.
- 2.3 This SHIP highlights the challenges faced in delivering a pipeline of affordable homes during a period of economic instability; the continued impact that construction industry capacity, construction materials availability and increased costs, availability of grant funding and borrowing capacity of affordable developers (linked to rental income) will have on the deliverability of the programme.
- 2.4 The SHIP is reviewed annually and sets out a potential pipeline of new homes that could be delivered over the next five years. Officers will continue to seek all opportunities to bring forward projects. However, current grant funding levels for Edinburgh are insufficient, restricting capacity to less than 500 social rented homes a year (both Council and Registered Social Landlord (RSL) combined). Without a substantial uplift in grant funding from the Scottish Government, only around 2,600 affordable homes which require grant subsidy would be able to be taken forward from the potential pipeline of over 9,500.

3. Background

- 3.1 Local authorities are required to submit an annual SHIP to the Scottish Government. The purpose of the SHIP is to:
- 3.1.1 Set out investment priorities for affordable housing;

- 3.1.2 Demonstrate how these will be delivered;
- 3.1.3 Identify the resources required to deliver these priorities; and
- 3.1.4 Enable the involvement of key partners.
- 3.2 AHSP funding for the City of Edinburgh Council and Glasgow City Council is delivered through Transfer of Management Development Fund (TMDF), with Edinburgh and Glasgow being the only two local authorities to receive funding from the Local Government Settlement. The allocation is determined by a formula agreed between Scottish Government and Convention of Scottish Local Authorities (COSLA).
- 3.3 TMDF is a limited annual budget and any additional funding secured for Edinburgh has come through central housing budget. Over the last five years, Glasgow has received more than double from TMDF than Edinburgh. Most affordable housing projects are funded by a combination of private finance and grant funding.
- 3.4 On 8 August 2023, Housing, Homelessness and Fair Work Committee approved an amendment that included '*an update to efforts being made to build new Council Housing in the Northeast and Southeast localities to be included in the next Strategic Housing Investment Plan Report.*' This update is set out in Appendix 1.
- 3.5 On 2 November 2023 Council [declared](#) a Housing Crisis due to the acute nature of Edinburgh's homelessness crisis, coupled with the severe shortage of social rented homes and the increasing pressure within the private rental market.
- 3.6 Since the 20,000 homes commitment made in 2017 and subsequent revised 25,000 target agreed in March 2023, over 9,000 new affordable homes are expected to be approved by 31 March 2024 and over 8,000 completed.

4. Main report

- 4.1 The SHIP sets out a potential pipeline for the delivery of new affordable homes over a five-year period that could be delivered if sites in private ownership are brought forward and sufficient public and private investment is made available. The SHIP would be funded through a mix of grant funding, RSLs' own finance, finance raised by private developers, institutional investment, developer contributions and Housing Revenue Account (HRA) funding.
- 4.2 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 4.
- 4.3 The housing market context in which the Council is seeking to deliver affordable housing is set out in Section 2 of the report. The impact of the war in Ukraine, Brexit, the continuing after-effects of the Covid pandemic and the increases in

interest rates since October 2022 are all contributing to increasing development costs and making viable housebuilding more difficult to achieve.

- 4.4 The average actual cost of building an affordable home increased from just under £158,000 in 2020/21 to almost £200,000 in 2022/23. Since 2020, the average construction cost of an affordable home has increased by almost 30%. During the preceding five years (2016/17 to 2020/21), the average construction cost of an affordable home increased by only 14.5%; less than 3% each year. This is detailed in Appendix 2.
- 4.5 Whilst the level of grant funding benchmarks made available across tenures has increased by 16.9%, the continuing increase in construction costs has meant that it has an impact on the viability of delivering these homes, as it represents around 38% of the cost of an affordable home. Analysis versus previous years is available in Appendix 2.
- 4.6 Inflation hit a 41-year high of 11.1% in October 2022 and mortgage interest rates exceeded 6% for the first time in 14 years. The Bank of England has increased interest rates several times from 2.25% in September 2022 up to 5.25% in August 2023.
- 4.7 The financial viability of projects is closely linked to tenure delivery. The provision of socially rented homes allows for less private financial borrowing based on lower rent levels and as such, these loans take longer to repay and at a less favourable rate. Mid-Market Rent homes (MMR) provide an opportunity to cross subsidise affordable housing delivery as they require less AHSP funding and allow access to more favourable private finance rates due to the higher rental income they can recoup. MMR homes have high occupancy rates and lower turnover than socially rented homes which reduces rent loss.
- 4.8 The increasing inflation rate has impacted the number of mortgage products available, which in turn brings both uncertainty and risk for housebuilders as new market homes go unsold. The knock-on effect for affordable housing is that developments may be delayed or delivered in smaller phases, resulting in homes coming through the Affordable Housing Policy (AHP) taking longer to complete.
- 4.9 A reduction in demand for housing for sale does present opportunities for the affordable housing sector, with increased opportunities for 'off the shelf' bulk purchases. These will undergo rigorous value for money assessments however with increasing development costs the opportunity to purchase completed homes can provide a more immediate solution. Further detail on these types of opportunity is detailed in Section 5 of the main report.
- 4.10 Based on the information received from delivery partners, around 11,000 potential affordable housing approvals for site start and completions have been identified over the next five years. These figures are slightly lower than the five-year projection from the previous SHIP and are indicative of the uncertainty in the housing market.

4.11 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	12	Total
	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	
Approvals	1,475	1,626	1,930	1,285	1,251	734	902	1,213	3,094	2,767	2,560	1,472	20,309
Completions	966	1,159	1,443	1,087	1,041	1,215	1,247	1,339	1,199	2,455	2,591	3,220	18,962

4.12 Council officers anticipate that almost 900 new affordable homes will be approved for site start in Edinburgh this financial year (2023/24) and, based on current delivery programmes, around 1,250 affordable homes are expected to be completed. Of these, 350 approvals and over 550 completions will be homes for social rent with 204 approvals and 206 completions being Council homes.

4.13 Approvals for this year are currently below the original target as many house builders and developers are delaying procuring new contracts due to cost inflation, reduced demand, reduced mortgage availability and affordability. Compounding this, uncertainty in the wider market due to rises in interest rates and risks to rental income streams has resulted in house builders, and Build to Rent (BTR) developers not bringing forward projects previously earmarked for approval this financial year.

4.14 Section 4 of the SHIP sets out a programme of over 9,500 social and mid-market rent homes requiring grant funding through the AHSP. Current resource planning assumptions provide the capacity for less than 500 socially rented homes a year over the next five years. A combination of tenures would still only allow 2,620 affordable homes which require grant subsidy would be able to be taken forward from a potential pipeline of 9,544 homes. This would be 1,835 socially rented homes (70%) and 785 Mid-Market Rent Homes (30%).

4.15 The SHIP 2024-29 would therefore require a nearly 300% uplift in grant funding: £894million in total or £178.8 million per year (£132 million per year above current RPAs).

4.16 The SHIP 2024-29 also includes over 1,500 affordable home approvals that may 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 BTR.

4.17 If grant funding levels remain static, decreases, or fails to increase in line with inflation over the SHIP period there will be significant pressure on the number of affordable homes that could be approved and the viability of ongoing projects. Coupled with the reduction in the number of non-grant funded approvals forecast in this SHIP there is a significant risk to the ambitions of delivering 25,000 affordable homes.

5. Next Steps

- 5.1 Should Committee approve the recommendation of this report, the SHIP 2024-29 will be submitted to the Scottish Government.
- 5.2 If approved, year one of the SHIP 2024-29 will be used to set approval and completion targets for 2024/25 through monitoring of the Council's Business Plan and Public Performance Scorecard.
- 5.3 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. However, this proves uniquely challenging in a context of economic instability, market uncertainty and rising inflation.

6. Financial impact

- 6.1 This year's SHIP requires over £180 million more of investment than last year's SHIP. This is a combination of increasing construction and borrowing costs leading to the majority of projects expected to come in over benchmark.
- 6.2 Average estimated development costs for the 2024-29 SHIP programme are £240,000 per unit compared with the projection of £220,000 in the SHIP 2023-28 (a 17% increase). These are working estimates of costs and are likely to be subject to change when development construction works are tendered. The trends in development cost funding are detailed in Appendix 2.
- 6.3 It is estimated that £665 million in grant funding would be required in addition to the £228 million Scottish Government are expected to commit over the five-year period. The average grant amount per home accounts for around 38% of the total development cost. Over the SHIP period, the average grant funding requirement per home is £96,000. 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 over 9,500 new homes identified through the AHSP will cost £2.879 billion in total, of which £1.816 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 2023-33](#) approved by the Council on 23 February 2023 includes a draft five-year investment programme of just over £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.
- 6.6 On 3 October 2023, Housing Homelessness and Fair Work Committee approved [consultation](#) on the 2024/25 HRA Budget Strategy. The report set out the rent

increases required to mitigate the impact of increases in costs. Three rent options have been proposed as part of a longer-term rent strategy to enable the capacity to fund the delivery of between 2,400 to 5,000 new council social rent homes.

- 6.7 The current levels of Scottish Government funding are such that there are significant risks to the potential deliverability of the ambitions to reach 25,000 affordable homes and making Edinburgh net zero carbon by 2030. Without significant uplift in AHSP funding there is a likelihood that one, if not both, of these ambitions will not be met and decisions will be required on how to prioritise existing stock versus new affordable homes.

7. Equality and Poverty Impact

- 7.1 The delivery of high quality, affordable homes is essential in helping to end poverty and tackle homelessness. By providing homes that are built to strict energy efficiency standards and building standards, this will help to provide secure, well insulated properties that reduce heating and energy costs for tenants.
- 7.2 The provision of socially rented homes through the SHIP enables households on the lowest incomes to access more settled, long-term accommodation and reduces the risk of homelessness.

8. Climate and Nature Emergency Implications

- 8.1 The affordable house-building programme seeks to maximise delivery of homes on brownfield sites, reducing pressure on Edinburgh's green belt. Building more homes will inevitably produce more carbon, however, all new developments are required to meet minimum Building Regulations, which contain stringent targets for meeting certain energy efficiency standards. Since November 2020, all new build Council homes have been designed to achieve net zero carbon. These energy efficiency standards are crucial in moving Edinburgh towards a net zero Carbon city by 2030, along with reducing heating and energy costs for tenants.
- 8.2 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.
- 8.3 A range of offsite construction methods, from timber frame construction through to fully modular development, are planned and further opportunities will be explored. 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.

9. Risk, policy, compliance, governance and community impact

- 9.1 All projects within the SHIP are subject to consultation with the local community through the Planning process. The delivery of more affordable homes in Edinburgh will have a positive impact on communities.
 - 9.1.1 All developing RSLs have been involved in producing the SHIP and will be prominent in delivering the housing projects contained within;
 - 9.1.2 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; and
 - 9.1.3 This includes working together to identify and unlock sites suitable for affordable housing development to address the housing crisis facing the region.

10. Background reading/external references

- 10.1 [Strategic Housing Investment Plan 2023-28, 1 December 2022](#)
- 10.2 [Affordable Housing Policy Update June 2023](#)
- 10.3 [Strategic Housing Investment Plan: Guidance Note, June 2023](#)

11. Appendices

- 11.1 Appendix 1 - Council House Building pipeline by locality.
- 11.2 Appendix 2 – Affordable Home cost breakdown.
- 11.3 Appendix 3 - Affordable homes under construction.
- 11.4 Appendix 4 - Strategic Housing Investment Plan 2024/25 – 2028/29.

Appendix 1 – Council Housebuilding by Locality

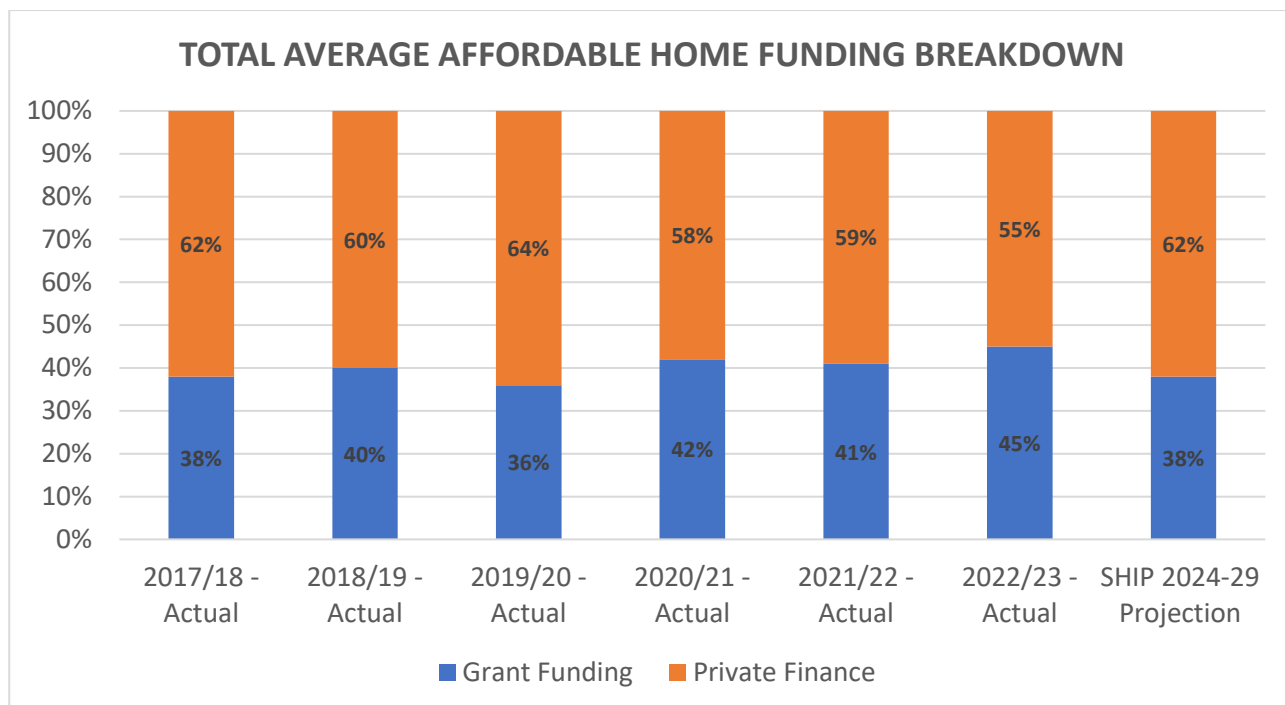
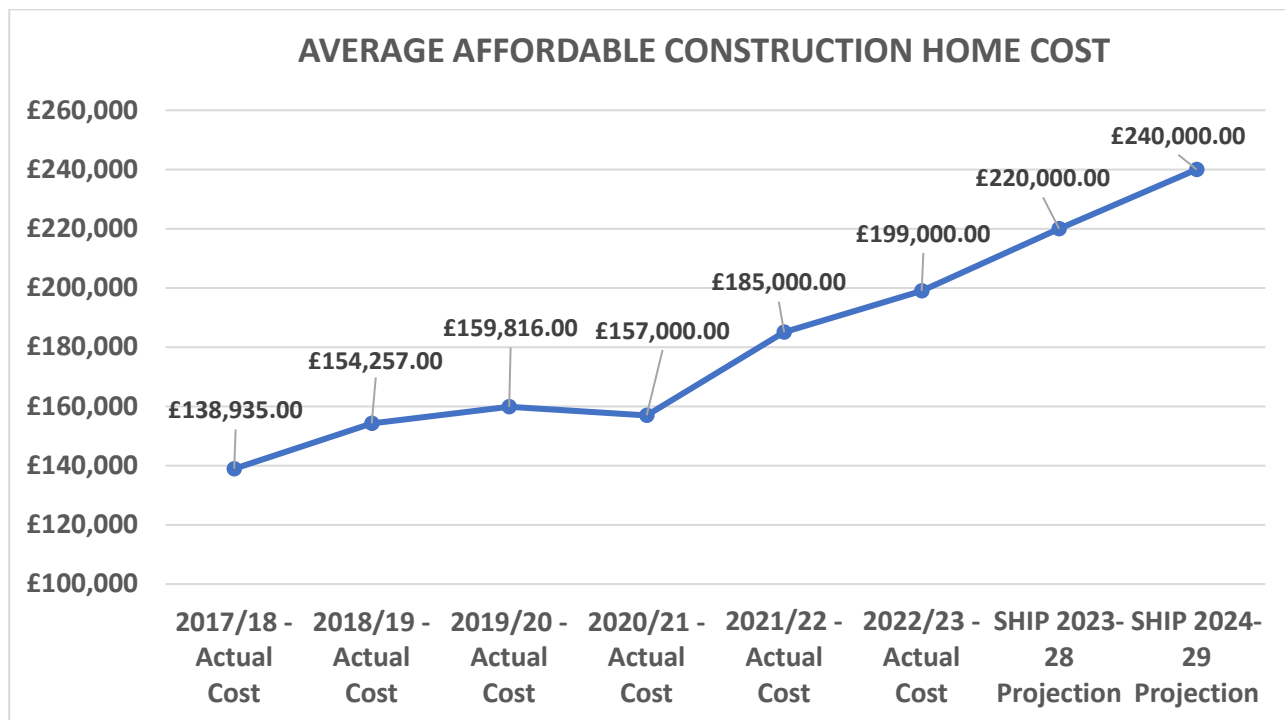
SHIP 2024-29 Approvals

Locality	Year 1 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29	Total
North East	29	294	100	106	0	529
South East	66	25	215	315	0	631
North West	83	453	466	233	0	1235
South West	0	180	348	100	22	650

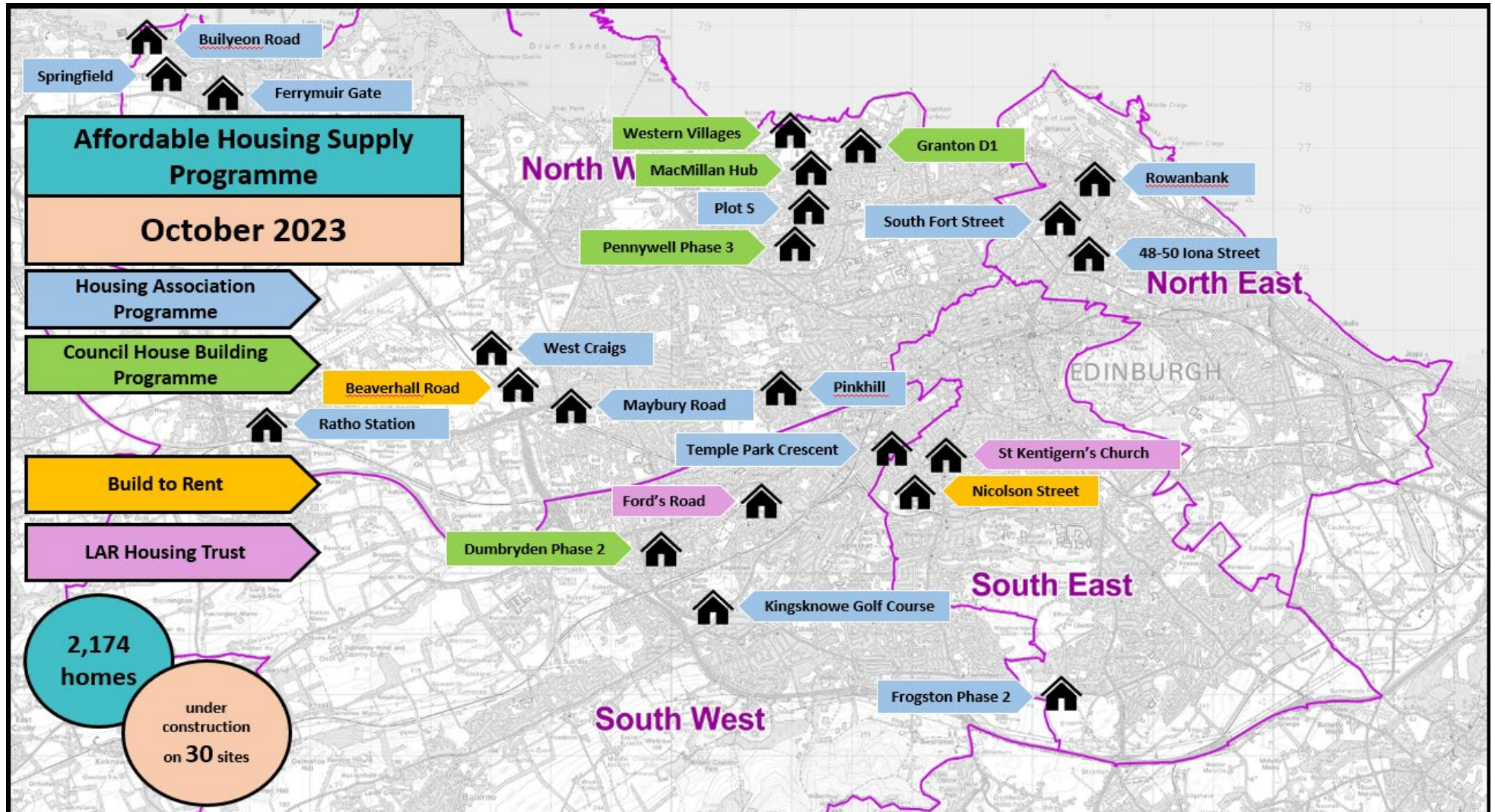
SHIP 24-29 Completions

Locality	Year 1 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29	Total
North East	0	104	140	403	168	815
South East	0	0	66	59	200	325
North West	326	0	165	183	736	1410
South West	0	73	70	523	0	666

Appendix 2 – Affordable Home cost breakdown



Appendix 3 – Affordable homes under construction



Strategic Housing Investment Plan

2024/25 – 2028/29

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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 has been developed during a time of continuing economic unpredictability that has significant implications for affordable developers and their ability to afford homes. The uncertainty around when sites will be brought forward, increasing development costs and economic ambiguity (many of which are outside of their control of affordable developers) make it more difficult to accurately predict the viability of the proposed development pipeline.
- 1.3 This SHIP outlines a programme of 11,106 affordable homes which could be approved for site start and 10,804 homes which could complete over the next five years. Of these, there are around 9,500 homes which require around £894m of grant funding through the Scottish Government's Affordable Housing Supply Programme (AHSP). The remaining homes could be delivered through innovative funding schemes which do not require grant.
- 1.4 Officers will continue to seek all opportunities to bring forward projects however without a substantial uplift in grant funding from the Scottish Government only 2,620 affordable homes which require grant subsidy would be able to be taken forward from a potential pipeline of 9,544 homes. This would be 1,835 socially rented homes (70%) and 785 Mid-Market Rent Homes (30%).

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 197 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 13% of homes for social rent compared to the national average of 22%.
- 2.4 Almost one in three families in Edinburgh in poverty are pulled below the line solely due to their housing costs. That compares with one in eight households in poverty across Scotland.

- 2.5 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. Work is underway with partners to seek to increase this percentage in the coming months. In 2022/23, 71% of Council and 36% of RSL homes were let to homeless households, including 48 Edinburgh Living properties. Edinburgh Living has committed to continue to target working homeless households for mid-market rent and to date have helped 164 working homeless households secure a home.
- 2.6 The average advertised monthly private rent in Edinburgh was over £1,477 in the second quarter of 2023, compared to a Scotland average of £1,081 and the next highest city, Glasgow (£1,141). The average Edinburgh house price, as set out in ESPC's House Price Report (April 2023), is £280,629; a fall of 2.6% since last year. Prices across the city vary, however, there are numerous areas within Edinburgh where the average price of a two bed flat exceeds £300,000. Buyers pay on average 3% over the Home Report value.
- 2.7 The mid-market rent (MMR) for a two-bedroom home in the city is around £820 a month, over 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. Higher rents and grant funding for MMR increase borrowing capacity to be able to deliver more homes. Also, MMR is able to cross-subsidize social rent portfolios. 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.
- 2.8 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 can provide 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 secures affordable rented accommodation at scale and is not dependent on house sales or grant funding.
- 2.9 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 2022.
- 2.10 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.

- 2.11 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. Edinburgh continues to actively engage with the Scottish Government to secure additional funding to support a strong pipeline of potential projects.
- 2.12 In June 2023, benchmark grant funding levels for both RSL and Council homes were increased by 6.9%, however despite this uplift, projects received in 2023/24 are now being submitted above the new higher benchmark levels. The average cost of building an affordable home increased from just under £158,000 in 2020/21 to almost £200,000 in 2022/23. Since 2020, the average construction cost of an affordable home has increased by almost 30%. During the preceding five years (2016/17 to 2020/21), the average construction cost of an affordable home increased by only 14.5%; less than 3% each year.
- 2.13 Average estimated development costs for the 2024-29 ASHP programme are £240,00 per unit compared with the projection of £220,000 in the SHIP 2023-28 (a 17% increase). These are working estimates of costs and are likely to be subject to change when development construction works are tendered.
- 2.14 The Scottish Parliament passed the emergency legislation Cost of Living (Tenant Protection) (Scotland) Bill on 6 October 2022, which froze rents until the end of March 2023 in both social and private rented sectors. In tenancy rent increases continue to be capped at 3% for private landlords until March 2024.
- 2.15 The viability of affordable housing continues to be a challenge due to the ongoing impact of the war in Ukraine and Brexit, as well as the long-term impact of the pandemic has seen costs in the construction sector increase by around 40% in the last year. Global prices for construction materials such as timber, steel and particleboard have increased due to increased demand, rising energy prices, and reduced supply.
- 2.16 Inflation hit a 41-year high of 11.1% in October 2022 and mortgage interest rates exceeded 6% for the first time in 14 years. The Bank of England has increased interest rates several times from 2.25% in September 2022 up to 5.25% in August 2023. The cost of borrowing for affordable housing has been affected; the Scottish Housing Regulator estimates that 27% of RSL loans are on variable interest rates. This will also impact the financial capacity of the HRA to deliver new affordable homes, the ambitious Energy Efficiency Standard for Social Housing 2 (ESSH2) and improvements to neighbourhoods. On 23 February 2023, the Council agreed a 3% rent increase in 2023/24 and noted that based on 3% annual rent increases over the next 10 years (2% p.a. thereafter), around 86% of existing homes could be brought up to ESSH2 over the 30-year business plan and that c.2,400 Council social rented homes could be delivered.

- 2.17 In summary, increased construction costs, increased borrowing costs, marginal increases in grant funding and limited rent increases in recent years have impacted on the viability of affordable housing developments for RSLs and on the Council's ability to meet its core commitments of building new social rented homes, meeting EESSH2 standards, improving existing blocks and neighbourhoods and supporting large scale regeneration in the city. There is an increased risk of insolvencies and developers may choose to delay site starts or sell sites, all of which will impact on the viability of delivering affordable housing.

3. Current delivery

- 3.1 From April 2017 and up to 31 March 2024, it is anticipated that 9,203 new affordable homes will be approved and 8,158 completed. Social rent makes up almost 3,300 of the homes that have been approved to date by the Council and RSL partners through the grant funded programme.
- 3.2 Almost 900 new affordable homes are expected to be approved for site start in Edinburgh this financial year (2023/24) and based on current delivery programmes, an additional 1,250 affordable homes should be completed. Of these, around 360 approvals and 530 completions will be homes for social rent; with c.200 approvals and 200 completions being for Council social rent. There are currently over 2,100 affordable homes under construction on 30 sites across the city.
- 3.3 The SHIP 2023-28 included an estimated pipeline of 1,994 approvals and 1,324 completed homes in 2023/24. The delays are the result of a combination of factors (including house builders and development partners delaying procuring new contracts due to cost inflation and delays in planning applications being taken forward) has meant some projects will now not be approved until next financial year. 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. An impact felt nationally.

4. Key Outputs of the SHIP

- 4.1 The SHIP identifies a potential development programme of around 11,000 new affordable homes over a five-year period and over 9,500 of these affordable homes require grant funding through the Affordable Housing Supply Programme (AHSP). These would require an additional £665 million over five years, almost four times the amount of grant funding set out in current resource planning assumptions.
- 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 Council's Business Plan and Rapid Rehousing Transition Plan.
- 4.3 Projects which are included in the SHIP are mainly proposed by RSLs and are subject to final agreement with Scottish Government. Projects are selected and

prioritised within the SHIP based on deliverability, value for money, housing need and strategic alignment with the Council’s priorities.

- 4.4 Projects within the SHIP can be subject to change; for example, many of the projects identified are yet to achieve a planning consent. The Council monitors the affordable housing programme and is in constant communication with delivery partners.

Key Outputs

- 4.5 The SHIP 2024-2029 has identified a pipeline of 11,106 affordable homes that could be approved for site start and 10,804 potential completions. The approvals are split into two categories:
- 4.5.1 9,554 homes could be approved through the grant funded AHSP; and
- 4.5.2 1,562 homes could be approved through innovative funding mechanisms, requiring little or no grant funding.
- 4.6 The 9,554 homes that have been identified to be approved through the AHSP require grant of £894m over the SHIP period, or £178.8m per year on average.
- 4.7 Grant funding benchmarks are set by the Scottish Government and the levels are dependent on tenure type and delivery partner. The benchmark figure can be increased if Additional Quality Measures (AQMs) apply, these are applicable design features that improve the energy efficiency, amenity, and safety of the homes. These range from £68,153 for a Council MMR property to £102,054 for an RSL social rent property.
- 4.8 The majority of the AHSP approvals are for social rent (63%), 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.
- 4.9 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)
2024/25	976	1,232	1,014	72.456	45.053
2025/26	2,869	2,206	465	185.920	45.211
2026/27	2,467	2,714	1,989	190.136	45.960*
2027/28	2,210	1,747	2,241	195.100	45.960*
2028/29	1,022	1,551	2,770	250.409	45.960*
TOTAL	9,544	9,450	8,479	894.021	228.144

** RPAs only known until 2025/26; This assumes grant funding remaining static between 2026/27 and 2028/29*

- 4.10 Table 1 identifies a shortfall of £665.877m in grant funding over the next five years. Edinburgh’s carry forward commitment is around £65m 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.
- 4.11 Based on current resource planning assumptions only 2,620 homes (based on current maximum benchmarks) could be delivered over the next five years, against a potential pipeline of 9,544 homes. The SHIP 2024-29 would require a nearly 300% uplift in grant funding: £894million in total or £178.8 million per year (£132 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.
- 4.12 The remaining 1,562 homes could 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.
- 4.13 A total of 106 sites are included in the SHIP. Over a third of the AHSP funded programme (38%) 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.
- 4.14 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 (2018/19 to 2022/23) and Forward Projections

Financial Year	1	2	3	4	5	6	7	8	9	10	11	12	Total
	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	
Approvals	1,475	1,626	1,930	1,285	1,251	734	902	1,213	3,094	2,767	2,560	1,472	20,309
Completions	966	1,159	1,443	1,087	1,041	1,215	1,247	1,339	1,199	2,455	2,591	3,220	18,962

- 4.15 This ambitious programme is contingent on the sites being within affordable developer control, being brought forward by landowners 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 majority of affordable housing in Edinburgh is delivered by Registered Social Landlords (RSLs) or the Council with the support of grant funding through the

AHSP. The South East Scotland region undertook a Housing Need and Demand Assessment which was certified by Scottish Government in July 2022. The assessment identified that the highest level of housing need in Edinburgh is for social and affordable rented tenures. A summary of affordable tenures and their delivery routes are set out below.

Affordable Tenures – Social Rent

- 5.2 Social rented homes are delivered by the Council and Registered Social Landlord. Tenants enter into a Scottish Secure Tenancy Agreement (SST). Social rents are the lower than all affordable tenures. Rent levels are regulated by the Scottish Housing Regulator. The delivery of social rented homes is not limited to new build developments but can also be supported by the following means:
- 5.2.1 **Acquisitions Programme** - The City of Edinburgh Council aims to consolidate its housing stock with an overarching objective to increase supply and reduce ongoing management and maintenance costs. This strategy seeks to purchase homes where full block consolidation could be achieved over 25 years and divest from blocks where the Council is the minority owner. This approach to managing the Council's housing assets was agreed at Health, Social Care and Housing Committee on 26 January 2016.
 - 5.2.2 In September 2021, Housing, Homelessness and Fair Work Committee approved the expansion of the Acquisitions and Disposals purchase criteria to include the purchase of homes in blocks where the Council owns 50% or more.
 - 5.2.3 In March 2022, Finance and Resources Committee agreed to expand tenanted acquisitions to cover all Housing Revenue Account led mixed tenure improvement projects undertaken in the city. This included the option for tenanted acquisitions. Owners can request to sell their home back to the Council and are granted a SST.
 - 5.2.4 Since the implementation of the policy in 2015, 298 homes have been purchased and 165 homes have been sold. This has led to 75 blocks becoming fully Council owned, 123 blocks where the Council has divested its interest and 210 blocks where the Council has further consolidated its majority ownership.
 - 5.2.5 **Off The Shelf Purchases** - Council officers continue to seek new opportunities to secure homes and are actively engaging with developers to explore potential 'off the shelf' purchases.
 - 5.2.6 On [1 December 2022](#), Housing, Homelessness and Fair Work Committee approved the Housing Land Strategy Report. This set out a revised approach to securing land whereby, for suitable opportunities, the Council would offer to either buy land, completed homes, or work in partnership with the landowners and RSL partners to develop sites for additional affordable housing.

- 5.2.7 On [21 September 2023](#) Finance Resources committee approved the purchase of 20 off the shelf homes at the Hawthorn Gardens development in South Queensferry. The purchase will be funded through a combination of the Scottish Government funding available to support Ukrainian Displaced Persons (UDP) (£3.140m), HRA borrowing, to be repaid through the collection of rent (£1.743m), and available Commuted Sums within the Ward (£0.347m). Homes will be let for up to three years, in line with current visa requirements. Homes will thereafter be used as part of the Council's housing stock and let as Social Rented homes to those in housing need.
- 5.2.8 The use of UDP funding and the availability of Commuted sums reduces the financial impact on the delivery of the Council's own housebuilding programme and does not affect resource planning assumptions in relation to this year's AHSP. Any proposals coming forward will be carefully assessed to ensure they are financially viable and can be accommodated within the HRA budget and offer value for money.

Affordable Tenures – Mid Market Rents (MMR)

- 5.3 Most MMR homes are provided by housing associations and their subsidiaries, and rents are set significantly below market rents. Tenants enter into a Private Rented Tenancy. MMR homes require less grant subsidy than social rent because rents are higher. Those higher rents can also sustain a higher level of borrowing, which in turn can help deliver onsite affordable housing where social rent alone would not be viable. MMR is often used to cross subsidise and enable social rented homes within the same development, supporting onsite delivery and minimising the need for offsite affordable housing contributions or commuted sums.
- 5.4 The Council also works with partners to deliver affordable housing without grant funding. These funding models are described below:
- 5.4.1 **Scottish Government Mid-Market Rent Invitation (MMR Invitation)** – Scottish Government supported the delivery of mid-rent homes on private sector sites through the Scottish Government MMR invitation. Places for People Capital secured £47.5m in loan funding through the scheme and levered in additional private finance. Around 500 new affordable homes are being delivered across four sites and are all due to complete by the end of 2023.
- 5.4.2 **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 to build MMR homes across Scotland. Two developments have been completed in Edinburgh on Gorgie Road and in Niddrie, with a further two sites are under construction at Fountainbridge and Fords Road which are due for completion in 2024.
- 5.4.3 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.

5.4.4 **Build to Rent (BTR)** - On 20 January 2020 Committee approved the recommendations of 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 secures affordable housing without the need for grant subsidy. Intermediate Rent is an affordable rented tenure which caps rents at Broad Rental Market 30th Percentile (the lower third of the rental market), and which is published by Scottish Government each year.

5.4.5 However, increasing construction costs and interest rates, static rents and a weaker pound have affected the viability of BTR projects. Discussions with BTR developers, operators and investors are ongoing to support delivery of the current pipeline and identify affordable BTR homes that can be delivered without grant funding.

Affordable Tenures – Low-Cost Home Ownership

5.5 Low-Cost Home Ownership (LCHO) tenures such as Shared Equity can help families purchase an equity stake in a property, with the remaining equity owned by Scottish Government or RSLs. RSL can access low levels of grant funding for LCHO. Golden Share is another form of LCHO where homes are sold at 80% of market value. Less than 12% of all approvals in the SHIP are for LCHO.

6. Specialist Housing, Including Wheelchair Accessible Homes

Delivery of Specialist Housing in the Affordable Sector

6.1 The Housing Service commissioned a study on accessible housing in 2021 to provide a greater insight into the need for accessible and adapted homes across the city now and in the future. The study was informed by partners, stakeholders, service user interviews and telephone and online surveys, with findings demonstrating a need and demand for accessible housing overall. The study also highlighted challenges in obtaining robust data on accessible housing, particularly in the private sector, as well as challenges in delivering accessible homes in the context of Edinburgh's housing stock profile and market conditions.

6.2 A report on the Accessible Housing Study was considered by the Council's [Housing, Homelessness and Fair Work Committee in December 2022](#) and an Accessible Housing Sounding Board has been set up to take forward work to address the study findings. Regular updates are provided to HH&FW committee.

6.3 The Accessible Housing Study findings were used to inform an indicative, cross tenure wheelchair accessible homes target of 7% annually for all completions. The current, long-standing, target of 10% for affordable housing has been 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.

- 6.4 The SHIP pipeline includes 6% fully wheelchair accessible homes (7% of the grant funded programme) that could be approved over the next five years. These figures can change as detailed site proposals are developed. Some sites or locations may not be suitable for fully wheelchair accessible housing and in most developments the wheelchair homes will be limited to ground floor properties. Challenges in delivering affordable housing at scale, with additional costs for wheelchair housing due to larger space requirements, need to be considered in terms of overall deliverability.
- 6.5 The Scottish Government consultation *on Enhancing the accessibility, adaptability and usability of Scotland's homes* includes indicative additional costings of key updates proposed in the Housing for Varying Needs Design Guidance. These range from around £2,500 per home for general needs, older people or ambulant disabled persons homes and around £10,000 for a two-bed, four-person ground floor flat designed for wheelchair users (with even higher costs for larger wheelchair homes). The actual costs could be higher as they do not include costings for proposals to provide space for home working or study or private or communal outdoor space for example.
- 6.6 Extra funding is available through the AHSP for additional quality measures. If we want to achieve our targets and ensure cost is not a barrier to affordable housing developers providing wheelchair accessible homes, we might need to give grant funding above benchmark. With a finite pot that means less homes overall. RSL partners have also noted that they may have limited influence on the design of sites provided through the AHP, which can be a barrier to providing more specialist homes.
- 6.7 There is an acknowledgment that additional costs to the private sector would result from the implementation of the Scottish Accessible Homes Standard, but these have not been estimated in the consultation document. There are challenges in implementing and monitoring delivery of a target for private sector housing. These include difficulties in holding private developers to a target without specific planning or legislative mechanisms being in place. Planning colleagues are now recording wheelchair units in Planning Applications which will help with monitoring going forward.
- 6.8 The proposed introduction of a new Scottish Accessible Homes Standard could help to streamline accessibility standards across tenures, although it would not necessarily lead to an increase in the provision of wheelchair homes in the private sector.

Adaptations

- 6.9 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 continue

to be a strategic housing investment priority. Each year a budget in the region of £900,000 supports over 400 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 8 August 2023.
- 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 In 2022/23, the PRS team prevented homelessness for 302 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 43 households, assessed as homeless prior to the PRS team having contact, were supported by the team to access either PRS or MMR tenancies. The financial inclusion officer within the team has also supported households to access £549,593 of financial gains in the last year.
- 8.5 A multi-disciplinary team for Council tenants who are at serious risk of court/eviction action and are not engaging with their locality Housing Officer have continued to develop this year. The aim of the team is to actively reach out to the tenant, offering joined up support, with the aim of keeping tenant in their home. Referrals to the service are received from locality housing teams.
- 8.6 The team initially consisted of a dedicated housing /homelessness specialist, a debt advisor and an income maximisation officer supervised by a team leader, with support from adult and children's social work and family and household support. Of the 178 cases closed by the team 56% of households engaged with the team or another agency; 85% of those who engaged remain in their home. The team are currently working with 26 households. The team is in the process of expanding to include officers from family and household support and to explore further opportunities to intervene earlier to prevent homelessness. Annual updates on progress of the RRTP will be provided to both Committee and the Scottish Government.
- 8.7 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 2022/23 RSL's let 49% of homes to homeless households with 71% of Council social rented homes let to homeless households. The small drop in the number of RSL homes let to homeless households is most likely due to recording of data. The type of properties that become available for let will also impact on number of lets to homeless households.

9. Empty Homes

- 9.1 The Council's strategic approach to private sector empty homes is largely focused on longer-term empty homes which are often having a detrimental impact on neighbours or the wider community.
- 9.2 A dedicated Empty Homes Officer works closely with other Council service areas to resolve issues around repairs and maintenance or environmental health impacts of empty homes, and with colleagues in Revenues and Benefits teams on debt recovery and Council Tax issues.
- 9.3 The focus is on providing advice and information to owners to help them deal with issues, supporting them to bring their home back into use. Over the last three years, the Empty Homes Officer has enabled over 150 homes to be brought back into use. Over half had been empty between 1-5 years. The vast majority of these empty homes were brought back into use for owner occupation or for private rent. There were a few that became holiday lets and some are now let through the Private Sector Leasing Scheme.
- 9.4 The Empty Homes Officer also works with colleagues who manage the Council's Acquisition and Disposal Programme to check whether empty homes would meet the criteria for acquisition and could potentially be purchased for social rent. In the last three years there have not been any purchased through this Programme.

10. Child Poverty

- 10.1 On [5 October 2021](#), the Council's Policy and Sustainability Committee considered the first annual progress report against the Council's End Poverty in Edinburgh Delivery Plan, developed in response to the Edinburgh Poverty Commission's calls to action. The latest annual update report was considered by Policy and Sustainability Committee on [24 October 2023](#).
- 10.2 The latest available data show that an estimated 17% of people in Edinburgh were living in poverty in the period to spring 2022, accounting for over 80,000 individuals. This included over 17,000 children, or 20% of all children in the city. 12% of all Edinburgh residents had been living in poverty for three of the past four years.

- 10.3 More than 80% of all children in poverty in Scotland come from households in Scottish Government identified priority groups which include: lone parents, people from certain minority ethnic groups, young mothers, disabled adults of child and large households. Such families are at a far higher risk of poverty than the population at large – with poverty rates in some cases more than double the average for all household types.
- 10.4 The update report emphasises that, although city partners have many levers they can use to alleviate and prevent poverty in Edinburgh, the headline targets set for the city cannot be met without significant national policy intervention by the Scottish and UK Governments on social security, tax and regulatory powers, as well as funding to support the delivery of new affordable and social rented homes.
- 10.5 Priority actions for the coming year include:
- 10.5.1 Further development of Community Wealth Building in Edinburgh, including actions to further promote fair work and just labour markets;
 - 10.5.2 Helping parents to access and progress in work, and improve access to affordable childcare;
 - 10.5.3 Setting up the Joined up for Advice Network and delivering a targeted outreach programme of communication and support activities to promote uptake of benefits entitlements;
 - 10.5.4 Continued delivery of the Rapid Rehousing Transition Plan alongside ongoing work with partners to prepare for potential forthcoming homelessness prevention duties for public sector bodies;
 - 10.5.5 Continued dialogue with Scottish Government to reinforce the need for additional funding and to inform the approach taken to introducing rent control; and
 - 10.5.6 Improving processes to make empty homes available to new tenants more quickly.

11. Gypsy Travellers site

- 11.1 The Council currently owns and manages one site in Edinburgh, known as the North Cairntow Travellers Site in the north east of the city. 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.
- 11.2 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).

- 11.3 North Cairntow residents have returned to the site and are settling into their new accommodation. Residents are experiencing improvements that include choice of utility provider, reduced fuel costs, improved broadband connection and can self-serve through access to online services and are transitioning to a Scottish Secure Tenancy.
- 11.4 The on-site Community Hub programme is progressing with a Food Hub and access to affordable/seasonal food and nutritional advice. Income Maximisation surgeries have been held on site to access financial advice and to identify underlying benefit entitlement. Plans are underway to reintroduce health screening and life-long learning service outreach services on site.
- 11.5 Council officers are seeking to build capacity through development of a Registered Tenants Organisation (RTO), enabling access to wider funding. Officers are keen to develop community growing space on site and explore potential for renewable energy opportunities.

12. Town Centres

- 12.1 The Council's vision is to enable a net zero Edinburgh where everyone can live well locally. By working in partnership with local communities, the aim is to create places where most of people's daily needs can be met within a 20-minute round trip.
- 12.2 The 20-minute neighbourhood concept is about creating healthier and greener communities and thriving and more inclusive neighbourhoods. This concept is already embedded within the Council's housing led mixed-use developments in areas such as Muirhouse/Pennywell, Granton, Wester Hailes, Craigmillar, Fountainbridge, Meadowbank and Powderhall. Housing plays a key role alongside access to essential local services, facilities, open spaces, transport, and active travel links in creating inclusive town and local centres that advance equality and promote diversity.
- 12.3 This 20-Minute Neighbourhood strategy supports the core priorities of making Edinburgh a good place to live and work, ending poverty in the city and for Edinburgh to become net zero by 2030.

13. Consultation and engagement

- 13.1 There is a strong partnership approach to delivering new build affordable housing in the city. This is evidenced by the joint commitment to increase supply of affordable housing with an ambition to reach 25,000 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. 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.

- 13.2 The Edinburgh Affordable Housing Partnership (EAHP) brings together affordable housing providers in Edinburgh (comprising housing associations, housing co-ops, other charitable housing providers and the City of Edinburgh Council).
- 13.3 Over recent months, representatives of EAHP have been meeting with senior Council officers, the Convenor of Housing, Homelessness and Fair Work Committee and the Council Leader to discuss housing pressures, funding for affordable housing and collaborative working to meet these challenges. All of which support the delivery of the Council's Business Plan and Housing to 2040.
- 13.4 The output of those discussions has been the development of "Our Commitments for Edinburgh" with EAHP aiming to be a partnership that:
 - 13.4.1 Creates and manages good places to live and provides targeted care and support where needed;
 - 13.4.2 Contributes to ending poverty and homelessness with an increase in affordable homes and financial inclusion and welfare advice; and
 - 13.4.3 Will work together to deliver the net zero targets for our homes.
- 13.5 Over the coming months, EAHP representatives will be engaging with stakeholders and Scottish Government to build support for "Our Commitments for Edinburgh".

14. Integrated impact Assessment

- 14.1 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.
- 14.2 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.
- 14.3 The affordable house-building programme seeks to maximise delivery of homes on brownfield sites, reducing pressure on Edinburgh's green belt. Building more homes will inevitably produce more carbon, however, all new developments are required to meet minimum Building Regulations, which contain stringent targets for meeting certain energy efficiency standards. Since November 2020, all new build Council homes have been designed to achieve net zero carbon.

15. Conclusion

- 15.1 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.
- 15.2 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.
- 15.3 The SHIP sets out a potential pipeline of 11,106 affordable homes approved for site start and 10,804 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.
- 15.4 Based on current resource planning assumptions, less than a third of the potential pipeline (9,554 homes) could be delivered through the grant funded AHSP. This SHIP would require a nearly 300% uplift in grant funding. Delivery of social rented and mid rent housing is currently not viable without grant funding or other support from Scottish Government.
- 15.5 The SHIP is reviewed annually. As the market begins to stabilise, developers will be better able to plan, and appetite for risk should increase. Officers will continue to explore off the shelf opportunities to maximise delivery over the short to medium term.