

Housing, Homelessness and Fair Work Committee

10.00am, Thursday 31 October 2019

Strategic Housing Investment Plan (SHIP) 2020-2025

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 approve the Strategic Housing Investment Plan 2020-2025 for submission to the Scottish Government;
 - 1.1.2 notes progress in meeting the Council's commitment to deliver a programme to build at least 10,000 social and affordable homes over the next five years, with a plan to build 20,000 by 2027; and
 - 1.1.3 notes that SHIP guidance published by government in August 2019 requires local authorities to set cross tenure targets for delivery of wheelchair accessible homes and ensure alignment of strategies in relation to rapid rehousing for homeless people, actions to address child poverty and engagement with gypsy travellers. Updates will be provided annually as part of the SHIP process.

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Strategic Housing Investment Plan (SHIP) 2020-2025

2. Executive Summary

- 2.1 The purpose of this report is to seek approval for the SHIP for 2020/21 - 2024/25 prior to its submission to the Scottish Government.
- 2.2 In 2017 following the formation of the Capital coalition, a commitment was made to build at least 10,000 social and affordable homes over the next five years, with a plan to build 20,000 by 2027. Since the commitment was introduced, 2,118 homes have been completed and a further 3,101 homes have been approved. A further 1,700 approvals and 1,300 completions are expected this year.
- 2.3 The 2020-2025 SHIP outlines a programme over the next five years which would deliver 9,500 homes. Nearly 80% of the grant funded Affordable Housing Supply Programme (AHSP) is for social rent with the remainder being for mid-market rent and low-cost home ownership.
- 2.4 There are significant challenges associated with delivering affordable housing at scale. The SHIP includes an update on the strategic approach to addressing the key challenges; including development and construction industry capacity, securing both land and finance, to deliver 20,000 homes. With over 2,024 affordable homes under construction on 36 sites in the city, work to achieve the commitment is well underway.

3. Background

- 3.1 On [24 August 2017](#), the Council agreed the Programme for the Capital - The City of Edinburgh Council Business Plan 2017-22, including a commitment to deliver 20,000 affordable homes over the next ten years.
- 3.2 On [22 March 2018](#), Housing and Economy Committee approved actions set out in the Delivering Land for Affordable Housing report to secure land and increase control over the pace of housing development.
- 3.3 In June 2018, the Scottish Government accepted the recommendations of the Homeless and Rough Sleeping Action Group, which included a requirement for local authorities to develop a Rapid Rehousing Transition Plan (RRTP) to support rapid re-housing for homeless people. The officer's draft of the first RRTP was

submitted to Scottish Government in December 2018. The Council is consulting on the second iteration of the RRTP with partners and service users.

- 3.4 In August 2018, all six local authority partners and both UK and Scottish Governments signed off on the final [South East Scotland City Region Deal](#) (SESCR). Housing was identified as a major thematic element and included draft terms of reference for the establishment of a regional housing board. Two strategic aims were identified for the Regional Housing Programme:
 - 3.4.1 deliver a step change in innovation and inclusive growth in the housing and construction sectors; and
 - 3.4.2 deliver a step change in the supply of new homes across the South East of Scotland.
- 3.5 On 1 March 2019, the [South East Scotland City Region Deal](#) Joint Committee [approved](#) the establishment of a Regional Housing Board.
- 3.6 On [30 August 2018](#), Housing and Economy Committee received a report on Innovative approaches to increasing housing supply. The report set out the Council's strong track record for delivering innovative investment models, as well as, actions to exploring options for new funding sources for infrastructure and a potential for a Build to Rent (BTR) model for large scale housing projects.
- 3.7 On [24 January 2019](#) Housing and economy Committee received a report on an Approach to BTR that could deliver more affordable homes for rent at pace and scale not dependent on the traditional sales model. The report committed to consulting with developers, BTR industry representatives and other stakeholders to develop a policy framework to support BTR and accelerate housing development.
- 3.8 On [21 February 2019](#), the Council approved the five-year Housing Revenue Account (HRA) Budget Strategy 2019/20 to 2023/24. In addition to this, Council approved a draft 2019/20 capital budget, five-year capital investment programme and 30-year Business Plan. This included £1,823 million capital investment over the next 10 years to deliver the Council's own housing development programme.
- 3.9 On [27 February 2019](#), Planning Committee approved the annual update to guidance, which aimed to improve clarity for developers over the interpretation of Affordable Housing Policy (AHP) and to more effectively meet Edinburgh's identified affordable housing needs through the prioritisation of affordable tenures. An update on the delivery of the AHP, was also considered by Planning committee on [7 August 2019](#). Delivery of affordable housing requirements has seen onsite housing provided in nine out of ten planning applications of 20 or more homes.
- 3.10 On [6 June 2019](#), Housing and Economy Committee received a report on Later Living Housing, which set out the barriers and opportunities for people who need, or wish, to move to housing that meets their needs in later life. As well as, the continued commitment of Housing and Health and Social Care (H&SC) partners

to work together to ensure the homes are meeting identified need across the city, integrating with services at a local level.

- 3.11 On 9 August 2019, Scottish Government issued [Guidance](#) on preparation of SHIPs outlining the requirement for local authorities to set cross tenure targets for delivery of wheelchair accessible homes and ensure alignment of strategies in relation to rapid rehousing for homeless people, actions to address child poverty and engagement with gypsy travellers.
- 3.12 On [20 August 2019](#), the Edinburgh Integration Joint Board approved the Strategic Plan 2019/22. This included the Housing Contribution Statement, which reinforces the commitment from the affordable housing sector to ensure 4,500 of the 20,000 new affordable homes planned in the city over the next 10 years will support H&SC priorities.
- 3.13 On 3 September 2019 the [City Region Deal Joint Committee](#) approved an ambitious regional housing work programme and noted that housing will form an integral part of the emerging regional growth framework.

4. Main report

- 4.1 Local authorities are required to submit an annual SHIP to the Scottish Government. The purpose of the SHIP is to:
 - 4.1.1 set out investment priorities for affordable housing;
 - 4.1.2 demonstrate how these will be delivered;
 - 4.1.3 identify the resources required to deliver these priorities; and
 - 4.1.4 enable the involvement of key partners.

Context

- 4.2 Edinburgh is a growing city and one of the most highly pressured housing markets in the country. The latest Housing Need and Demand Assessment (HNDA2) states there is demand for between 38,000 and 46,000 new homes in Edinburgh over ten years; over 60% of these homes need to be affordable.
- 4.3 Social rented homes account for only 14% of the housing stock in Edinburgh, compared to the Scottish average of 23%. There is a high demand for social rented housing with over 21,000 people registered for social rented housing through EdIndex, the Council's common housing register, with an average of almost 190 households bidding for every social rented home that becomes available for let. The 2019 Annual Return on the Social Housing Charter indicated that 76.7% of Council lets in Edinburgh go to homeless households (the highest in Scotland), compared to a Local Authority average of 43%. Around 48% of Registered Social Landlords (RSL) lets through the EdIndex go to homeless households, compared to a national average of 28%.

- 4.4 The average house price is around six times the average gross annual earnings in the city, making it least affordable city in Scotland to buy a home. The average advertised monthly private rent in Edinburgh was over £1,100 in the second quarter of 2019, compared to a national average of £833. The next highest city is Glasgow with an average of £799. The average mid-market rent for a two-bedroom home in the city is around £620 a month; almost half the average private rent.
- 4.5 Local Housing Allowance (LHA), set by the UK Government, is the maximum amount of benefit which a person can claim. LHA was formerly based on the 30th percentile of rented accommodation from across the Broad Rental Market Area (BRMA); the lowest priced third of the rental market in that area. LHA rates were frozen for four years from 2014 whilst private sector rents have grown by 30%. Scottish Government figures show that in 2018, across Scotland, it was the Lothian area (including Edinburgh) that had the biggest gap between LHA and the lowest third of the rental market; increasing financial pressures for private rented tenants on low income.
- 4.6 It is estimated that there has been a loss of around 10% of Private Rented Sector homes to short term lets in recent years. The rapid growth in short term lets is creating further pressure on supply, rent levels and house prices in some areas as properties are purchased for short term let rather than long term rent or owner occupation.
- 4.7 Edinburgh's affordable housing pressures are unique in Scotland and substantial; limited supply of social rented housing, market rents which have moved further from LHA than any other local authority area, the highest average market rents in Scotland, the highest average sales values in Scotland, increased land values because of high house prices and rents, and the largest concentration of short term lets in Scotland, taking thousands of homes out of the regular functioning of the housing market.
- 4.8 Significant demographic changes are expected which impact on housing needs. It is anticipated that the number of older people who require intensive levels of support will increase by 60% 2032. More people will be living with long-term conditions, disabilities and complex needs. The number of people living with dementia is also projected to increase by almost 62% over the same period ([Joint Strategic Needs Assessment 2015](#)).

Current delivery

- 4.9 Work is well underway to accelerate the delivery of affordable housing in the city and to achieve this Council's commitment to build at least 10,000 social and affordable homes over the next five years, with a plan to build 20,000 by 2027. Each year, following submission to the Scottish Government, the SHIP is used by the Council to set the AHSP which is the Scottish Government's grant funding programme for new affordable homes.

- 4.10 The first two years of the commitment saw a record number of homes approved (3,101 homes) for social rent, mid-market rent and low-cost home ownership; an almost 25% increase on the average approvals achieved over the last five years. Approvals this financial year (2019/20) are expected to reach 1,700 homes and based on current delivery programmes an additional 1,300 homes are expected to be completed. Including this year's projections and the first two years of the SHIP, that would mean 8,166 new affordable homes would be approved in the first five years of the coalition commitment and 7,026 homes completed. Therefore, further acceleration is required in the next two years to meet the coalition commitment of 10,000 new homes over five years. The SHIP 2020-2025 already identifies an additional 3,146 potential approvals in years three to five.
- 4.11 It is anticipated that over 1,000 homes will be approved for site start in 2019/20 through the grant funded programme (AHSP). This is the largest number of homes identified for approval through the AHSP programme to date and builds on the high level of approvals set last year. There were 747 social rented homes approved through the grant funded programme in 2018/19. This was the highest number of social rented homes ever approved and this high number is maintained with 702 social rented homes identified for approval this year. Non-grant funded mechanisms; such as the Scottish Government Mid-Market Rent (MMR) Invitation, are being used to support delivery of mid rented housing releasing grant funding in the AHSP to support delivery of social rented homes. There are currently over 2,000 homes currently under construction on 36 sites across the city. See Appendix 1 for details.
- 4.12 The strong performance is due to work with housing delivery partners that has taken place over a number of years to acquire sites, develop new investment models and deliver cost efficiencies. A strong pipeline programme underpins the annual programme enabling sites to be brought forward. Due to the strength of the pipeline programme, the Council has secured an additional £21.2m in grant funding over the last two years and Government has increased the 2019/20 resource planning assumptions by £3.1m at the beginning of 2019/20.
- 4.13 In [June 2018](#), Committee agreed to increase the target number of homes to be delivered for older people and those with complex needs to 4,500 from 3,000 over the ten-year period. Since the beginning of the commitment almost 500 homes have been completed. This includes amenity and supported housing, fully wheelchair accessible homes and housing for veterans.

SHIP Outputs

- 4.14 The SHIP 2020-2025 has identified a pipeline of 6,766 affordable homes that could be approved for site start and 9,474 potential completions, with delivery strongest in the first few years. The annual SHIP always shows stronger delivery in the first few years due to greater levels of certainty around delivery timescales in the earlier years. The SHIP is reviewed annually and will be increased to meet the 20,000 target, as confidence in the development pipeline grows.

- 4.15 The approvals are split into two categories:
- 4.15.1 4,197 homes delivered through AHSP; and
- 4.15.2 2,569 homes delivered through innovative funding mechanisms, requiring little or no grant funding.
- 4.16 The 4,197 homes that have been identified to be approved through the AHSP require grant of £297.52m over the SHIP period, or £59.50m per year on average.
- 4.17 The majority (76%) of the AHSP approvals are for social rent, with the remaining split between mid-market rent (23%) and low-cost home ownership (1%). This exceeds the Scottish Government's 70% social rent target.
- 4.18 The table below provides a summary of the projected outputs and funding requirements of the AHSP projects identified in the SHIP. Table 1 identifies a shortfall of £71.8m in grant funding over five years.

Table 1 Summary – AHSP

YEAR	HOMES APPROVED	HOMES STARTED	HOMES COMPLETED	GRANT REQUIREMENT (£M)	SG RESOURCE PLANNING ASSUMPTIONS (£M)
2020/21	1,001	1,378	714	79.331	45.147
2021/22	1,069	1,365	1,447	63.032	45.147
2022/23	767	719	1,396	55.324	45.147
2023/24	799	374	1,127	52.044	45.147
2024/25	561	521	735	47.79	45.147
TOTAL	4,197	4,357	5,419	297.521	225.735

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

- 4.19 The remaining 2,569 homes will be delivered through innovative funding schemes that require little or no grant. This includes the Council's two new Limited Liability Partnerships (LLP) and The Scottish Government's MMR initiative. A more comprehensive breakdown of innovative funding mechanisms is set out in section five of Appendix 2.
- 4.20 The AHSP is the main delivery programme to meet the 20,000 homes target and provides the only source of funding for social rented homes. Innovative funding and delivery models are key to accelerating the number of homes identified for delivery in the SHIP. Table 2 identifies the combined affordable completions/approvals since 2017 and projections for the current year, which includes the non-grant funded delivery programmes. It identifies the forward programme of projected completions and approvals, outlining progress against the 20,000 homes target.

Table 2 Meeting 20,000 Homes - Affordable Housing Approvals since 2017/18 and projections 2019/20 – 2023/24

20,000 Homes	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Total
Financial Year	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	

Approvals	1,475	1,626	1,700	1,715	1,905	1,586	999	561	11,567
Completions	966	1,152	1,300	1,528	2,080	2,446	2,255	1,165	12,892

- 4.21 It is important to note that the delivery targets projected are dependent upon additional grant funding being made available to enable delivery. This is further discussed in 4.35 below.
- 4.22 In addition to this, the reduction in projected approvals and completions from year six is due to uncertainty regarding delivery timescales rather than planned reduction. The SHIP is reviewed annually and will be increased to meet the 20,000 target, as confidence in the development pipeline grows.
- 4.23 More homes are being built to meet the housing needs of Edinburgh’s changing demographic. 4,500 of the 20,000 commitment will be delivered for older people and those with complex needs. Around 11% of the homes to be approved in the first two years of the SHIP are specifically designed for this group, including amenity, supported, fully wheelchair accessible homes and housing for veterans. Housing and H&SC partners will continue to work together to ensure the homes are meeting identified need across the city, integrating with services at a local level.
- 4.24 Energy efficiency standards are in place for new affordable housing in Scotland. All new developments are required to meet the Building Regulations, which contain stringent targets for energy efficiency with new Council and RSL homes built to a higher silver standard. The Council requires affordable housing developments to have a low environmental impact and to contribute to the wider equality objective of eradicating fuel poverty. Housing association and Council 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 assessed through the planning process.
- 4.25 On the [14 May 2019](#), Corporate Policy and Strategy Committee approved the Council’s Sustainability Approach, which included Edinburgh working towards a net zero carbon target by 2030, with a hard target of 2037. In response to this the Housing Service has commissioned two separate pieces of consultancy work on options to achieving net zero carbon across the Council’s new build housing programme and the Council’s existing stock. A route map for the Council to achieve zero carbon across housing is under development and will be reported to Housing Homelessness and Fair Work Committee on 24 January 2020.
- 4.26 The SHIP is delivered in partnership with Registered Social Landlords, private housing developers and housebuilders and forms part of a regional housing programme that aims to deliver a step change in innovation and inclusive growth in the housing and construction sectors.
- 4.27 On 5 April 2019, the Regional Housing Board agreed to establish a series of parallel workstreams that, when taken together, will progress the work of the

regional housing programme towards its aims. These work streams were agreed as:

4.27.1 Regional Affordable Housing Programme;

4.27.2 Strategic Sites;

4.27.3 Infrastructure and Land; and

4.27.4 Innovation and Skills.

4.28 In June 2019, a series of workshops were held, with over 60 stakeholders, to secure wider engagement and input to shape the work of the four key workstreams. Scottish Government have agreed to work on the next phase of the programme and the associated funding profile beyond 2020/21 to achieve agreed outcomes over the next ten years.

Key strategic challenges for delivery of the SHIP

Challenge 1. Construction industry capacity

4.29 A [report](#) approved by the Edinburgh and South East Scotland City Region Joint Committee in September 2019 highlighted some of the key risks to housing delivery. Several factors were cited as contributing towards increasing delays in the house building programme including:

4.29.1 **Availability and cost of building materials** with brick shortages reported across the UK. Most of the building materials used in the UK are imported; for example, over 80% of wood used in the UK is imported. High demand internationally and the reduced value of the sterling has led to increased costs of materials;

4.29.2 **Skills shortages** across construction and housebuilding sectors combined with difficulty of attracting new starts to the industry; and

4.29.3 **Industry capacity to deliver** - citing examples of limited interest in tenders and anecdotal evidence of Small to Medium Enterprises (SMEs) and suppliers reporting that they will not take on further works due to full order books.

4.30 A [report](#) published by Scottish Government summarised the findings of a short life working group, which met during 2018 and was established to assess and provide recommendations on the 'future new housing and construction skills'. It highlighted specific skills shortages in the new build sector primarily in relation to site skills, such as bricklaying, joinery, site managers and other trades. Needs of the industry are also changing. Companies have invested in manufacturing facilities for offsite construction for new homes, but they also require known future activity pipelines to support housing growth and future skills investment. Additional training support both for new entrants and upskilling existing staff is required both for offsite and onsite.

4.31 Actions to address the strategic challenge set out above have been identified through the City Region Deal. The £5.8m City Region Deal funded, HCI Skills

Gateway, project takes an integrated regional approach to work with schools, colleges, universities and employers to enable disadvantaged groups to enter into the sector. This includes new short courses, upskilling and new programmes to meet skills and jobs needs. Alignment between the regional housing programme and the HCI Skills Gateway will be critical to help address some of the skills shortages in the region. The Programme will ensure that people, including those with protected characteristics, across the region have the skills to access construction jobs generated through the housing programme.

- 4.32 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. City region partners are considering the benefits of greater standardisation in relation to housing design requirements and housing components alongside collaborative approaches to procurement to support delivery at scale and reduce costs.

Key Challenge 2. Delivering Land and Infrastructure for Affordable Housing

- 4.33 One of the key risks to the delivery of 20,000 affordable is failure to secure suitable land for development. Around 63% of the homes completed over the SHIP period are expected to be delivered on private sector sites secured through the AHP. All of the sites are within the City Development Plan. The Council and RSL delivery partners have significantly less influence over the type of housing that will be brought forward for development and development timescales on private sector sites.
- 4.34 The availability and control of land has been highlighted by partners working together on the City Region Deal as a key factor on the rate of affordable housing delivery. Many affordable housing delivery partners across the region have also identified reliance on the private sector bringing sites forward for delivery.
- 4.35 The ability to secure the capital investment required to deliver transport, education and other infrastructure is highlighted as a key risk to housing delivery. Work has begun on greater collaboration at a national, regional and sub-regional levels through the collaborative work undertaken in relation to the City Region Deal. Future areas of work in relation to delivering infrastructure required for housing sites. These include:
- 4.35.1 **Establish a Regional Infrastructure Forum:** Comprising of key infrastructure providers, City Region Deal partners and representation from Scottish Government. It would seek to align a delivery plan for infrastructure that will enable, accelerate and support inclusive growth across the region.
- 4.35.2 **Project level multi-disciplinary working groups:** to operate at sub-regional level (e.g. on the seven strategic sites identified in the City Region Deal)

4.35.3 **Engage in regional pilots:** examples include development of a regional charging levy, which would seek to gather contributions from developers towards the delivery of infrastructure necessary to enable and support inclusive growth.

4.36 Drawing on the approach taken with many other City Deals across the UK, the Council's Chief Executive has chaired several meetings with public sector partners to consider how to maximise the value and outcomes from Edinburgh's public-sector estate and deliver opportunities for accelerated investment through strategic partnership and review of public sector assets.

Key Challenge 3. Funding Affordable Housing Delivery

4.37 The Scottish Government announced long term resource planning assumptions which provided certainty over forward funding until 2020/21 which in Edinburgh was an average of £42.844m. This was welcomed, however, there is no clarity on funding going beyond 2020/21. Should this level of funding not be maintained there will be an annual funding shortfall of around £14.357m required to deliver the current commitments set out in the SHIP. There is also a risk that grant funding post 2021 will be less than current resource planning assumptions; further increasing the funding shortfall.

4.38 In order to achieve the Council's affordable house building target of delivering 2,000 homes a year (1,000 through AHSP grant funding and 1,000 from non-grant funded sources) £65m of grant funding will be required annually. The programme therefore requires a 44% increase funding currently set out in Scottish Government's three-year resource planning assumptions. It is, therefore, essential to continue the work initiated through City Region Deal, to secure an uplift in grant funding in years three, four and five of the SHIP and greater certainty in future years.

4.39 Scottish Government has been working on developing a vision for how homes and communities should feel in 2040 and the options and choices to get there. The first phase of [stakeholder engagement](#) concluded on 30 November 2018, and attracted contributions from over 800 people representing more than 100 organisations. Engagement is ongoing with a wide range of people across Scotland and further formal public consultations will take place in the autumn on the draft vision and principles, themes and outline options for the route map. The outputs from the next round of consultation will inform the final vision and a route map to 2040, which will be published in spring 2020.

4.40 The Council is at the forefront in increasing affordable housing delivery through innovative approaches. In Edinburgh, affordable housing led BTR has been delivering professionally managed, quality rented homes at below market rents for nearly ten years. These are detailed in section 5 of Appendix 2 and include: National Housing Trust (NHT); Scottish Government MMR Invitation; the Council's Edinburgh Living project and LAR Housing Trust.

- 4.41 On [24 January 2019](#), Housing and Economy Committee considered a report on Approach to Build to Rent, that highlighted the opportunity that private sector BTR provides to accelerate housing development; supported by institutional investment; whilst delivering 25% affordable housing. A workshop was held with BTR developers and investors (informed by an online questionnaire) in June 2019 to explore challenges and potential solutions to accelerate development of BTR. This engagement will inform the development of a broad policy framework to support the growth of BTR aligned to the delivery of Council objectives.
- 4.42 In August 2019 Scottish Government issued revised guidance for the SHIP. The guidance requires local authorities to set targets across all tenures for the delivery of wheelchair accessible homes and to report annually on progress. The Council house building programme has a target that 10% of homes will be delivered to a wheelchair accessible standard. Further work is required with H&SC and other partners to enable target setting for new build homes in other tenures.
- 4.43 The revised SHIP guidance also sets out a requirement to align strategies in relation to rapid rehousing for homeless people, actions to address child poverty and engagement with gypsy travellers with the local housing strategy and SHIP. The SHIP supports the delivery of the RRTP, the Strategic Plan and a range of other Council strategies and programmes through the delivery of affordable homes; including social rented housing to meet the needs of a growing city.

5. Next Steps

- 5.1 Following committee approval submit the SHIP 2020-2025 to government for approval.
- 5.2 Further engagement with stakeholders to inform the development of a broad policy framework to support the growth of BTR aligned to the delivery of Council objectives. The framework will be reported to Housing, Homelessness and Fair Work committee on 24 January 2020.
- 5.3 Progress the workstreams agreed by the Regional Housing Board (Regional Affordable Housing Programme, Strategic Sites, Infrastructure and Land and Innovation and Skills).

6. Financial Impact

- 6.1 Current development costs for the programme is on average around £154,000 per unit (at 10% increase since last year's SHIP) and therefore requires around £1.5 bn of investment to fund around 9,500 completions identified in the SHIP.
- 6.2 There are various sources of funding to support the affordable housing programme. The SHIP notes that grant funding of £297.521m is required to

deliver 4,197 new homes identified through the AHSP. This is significantly above the £225.735m that would be received, should funding levels continue at the same level as announced in June 2017. The AHSP programme is supported by around £446m of housing association and Council own funding; a mixture of upfront capital (i.e. reserves and bond finance), and private finance (borrowing repaid by rental income).

- 6.3 The Council's affordable housing building is principally funded through (HRA) borrowing. The [HRA Budget Strategy 2019-2024](#) outlines a five-year capital investment programme, which includes £677m to support the Council's new build programme (including the upfront capital costs for Edinburgh Living's mid-market and affordable market homes, which will be repaid to the HRA upon completions).
- 6.4 A [report](#) to Planning Committee in August on delivery of affordable housing through the Affordable Housing Policy has been referred to this committee for information. The report advises that since 2013, £4,375,358 has been received in commuted sums. Commuted sums are used to support delivery of sites identified in the SHIP and can be packaged with available private funding and Scottish Government grant funding to enable a project with higher than normal infrastructure and development costs to proceed. Commuted sums can also be used to support the acquisition of land for affordable housing or to deliver a larger proportion of a site for affordable housing than might not otherwise be possible.
- 6.5 To date £1,063,278 has been spent to support the delivery of 283 affordable homes on five sites across the city. The remaining balance (£3,312,080) will be used to support the pipeline of projects identified in the SHIP. It is expected to be spent in full by 2024/25. In accordance with policy, commuted sums will be allocated to projects in the ward where the sum was generated and, should there be no suitable projects in that ward, sums will be used in an adjacent ward.
- 6.6 A further £2,192,131 has been secured through s75 arrangements but has yet to be collected by the Council as the relevant trigger point in the development process has yet to be reached. This funding will be programmed for expenditure on affordable housing projects as part of the ongoing SHIP process.
- 6.7 In addition to this, the Council has provided support for NHT, where the Council has committed over £100m for the development of eight NHT developments in Edinburgh. The final phases of the 886 homes delivered through NHT are currently under construction. There are no further NHT approvals within the lifetime of this SHIP, but the remaining NHT completions are identified within the SHIP.
- 6.8 On [18 January 2018](#), the Housing and Economy Committee agreed that the Council could enter into agreements with Scottish Futures Trust (SFT) to establish two LLPs to support the delivery of homes for market rent and mid-market rent. This followed Scottish Government Consent for the City of Edinburgh Council to on lend up to £248m to the two LLPs, one for market rent

and one for mid-market rent for the purpose of delivering a minimum of 1,500 homes for market and mid-market rent in Edinburgh.

7. Stakeholder/Community Impact

- 7.1 All developing housing associations have been involved in producing the SHIP and will be prominent in delivering the housing projects contained within.
- 7.2 The Council and RSL partners place community engagement at the centre of housing development projects and go far beyond statutory planning requirements. For example, the Council's house building team has used the Place Standard on recent projects; a tool which identifies 14 themes around which structured consultation can be developed. It is intended that the Place Standard will support communities and the public and private sectors to work together to deliver high quality, sustainable places.
- 7.3 Local Authorities working across the Edinburgh and South East Scotland City Region all produce SHIPs which outline the collaborative measures being undertaken to accelerate new housing delivery. This includes working together to identify and to unlock sites suitable for affordable housing development to address the housing crisis facing the region.
- 7.4 In June a series of workshops to secure wider engagement and input to the work of the Edinburgh and South East Scotland City Region Deal. The workshops were attended by over 60 attendees with a wide variety of expertise relating to the workshop topics.
- 7.5 A workshop was held with BTR developers and investors (informed by an online questionnaire) in June 2019 to explore challenges and potential solutions to accelerate development of BTR. This engagement will inform the development of a broad policy framework to support the growth of BTR aligned to the delivery of Council objectives. Further consultation will take place with stakeholders prior to bringing a report to committee on the proposed framework.

8. Background reading/external references

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

9. Appendices

- 9.1 Appendix 1 – Affordable homes under construction

9.2 Appendix 2 – Strategic Housing Investment Plan 2020/21– 2024/25

Appendix 1: Over 2,000 affordable homes under construction on 36 sites



Strategic Housing Investment Plan 2020/21 – 2024/25

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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 housing association partners to investing in affordable housing in the city over a five-year period.
- 1.2 This SHIP outlines a programme which would deliver nearly 9,500 completed homes over the next five years. Of these, there are around 4,197 homes which require £298m of grant funding through the Scottish Government's Affordable Housing Supply Programme (AHSP). The remaining 2,569 homes are being delivered through innovative funding schemes which either do not require grant or do so at significantly reduced levels.

2. Strategic Context

- 2.1 Edinburgh is one of the most highly pressured housing markets in the country. Falling incomes and rising housing costs in the private market and an insufficient number of new affordable homes are the main drivers of poverty and inequality in the city. Demand currently outstrips supply resulting in rents that are not affordable to people on low and moderate incomes.
- 2.2 Edinburgh does not have an adequate affordable and social housing supply. The latest Housing Needs and Demand Assessment (HNDA2) states that there is demand for between 38,000 and 46,000 new homes in Edinburgh over ten years; over 60% of these homes need to be affordable.
- 2.3 There is a high demand for social rented housing in the city. Over 21,000 people are registered for social rented housing through EdIndex, the Council's common housing register, with an average of almost 190 households bidding for every social rented home that becomes available for let. The 2019 Annual Return on the Social Housing Charter indicated that 76.7% of Council lets in Edinburgh go to homeless households (the highest in Scotland), compared to a Local Authority average of 43%. Around 48% of Registered Social Landlords (RSL) lets through the EdIndex go to homeless households, compared to a national average of 28%. It is estimated that there is a loss of around 10% of PRS homes to short term lets in recent years. The rapid growth in short term lets is having further pressure on both supply and rent levels. Research also indicates a displacement of demand, with rents rising significantly above average in areas bordering a high concentration of short term lets (rising between 20-27% over the period of 2014-17).
- 2.4 The average house price is around six times the average gross annual earnings in the city, making it least affordable city in Scotland to buy a home. More than one in four households in the city rent homes from a private landlord. The sector has doubled in size since 2000. The average advertised monthly private rent in Edinburgh was over £1,100 in the second quarter of 2019, compared to a national average of £833 ([citylets datahub](#)). The next highest city is Glasgow with an average of £799.

- 2.5 The tenure of mid-market rent is aimed at people who cannot afford home ownership, but would not usually be eligible for social housing. The average mid market rent for a two-bedroom home in the city is around £620 a month; almost half the average private rent.
- 2.6 The introduction of mid market since 2010 has aided the Council in driving more value for every pound of Scottish Government grant provided. Homes receiving help from Scottish Government either through grant or rental guarantees have their rents restricted to the mid-point of market rent levels for the property sizes in the relevant Broad Rental Market Area. This guarantees the long term affordability for tenants.
- 2.7 The Council is working with RSL partners to make mid market rent more accessible for people in work, presenting as homeless. These measures include tailored housing option advice and improved information around the availability of mid rent homes, including homes in development.
- 2.8 Over the last five years Edinburgh has consistently delivered homes requiring grant at least 8% below benchmark on average across the whole programme. Most social rented housing in the city is delivered alongside other tenures. This creates opportunities for cross subsidy, as well as, supporting development of sustainable, mixed tenure communities.
- 2.9 Significant demographic changes are expected which impact on housing needs. It is anticipated that the number of older people who require intensive levels of support will increase by 60% 2032. More people will be living with long-term conditions, disabilities and complex needs. The number of people living with dementia is also projected to increase by almost 62% over the same period ([Joint Strategic Needs Assessment 2015](#)).
- 2.10 These factors impact households in a variety of ways, for those on low incomes, the shortage of affordable accommodation is a contributing factor towards homelessness in the city. This effects not only Edinburgh but also neighbouring Local Authorities as rising inequality and cost of living impacts on households in other parts of the region.
- 2.11 In August 2018, the South East Scotland City Region Deal was signed. This includes a range of measures to support the delivery of new homes, including support for local authorities on a risk sharing basis to deliver infrastructure for strategic housing sites. Consent was also granted to Edinburgh to on-lend up to £248m and an additional one-off £16m capital grant to enable the Council to establish a new partnership to deliver 1,500 homes for mid market and market rent.
- 2.12 On 1 March 2019, the ESESCR Deal Joint Committee [approved](#) the establishment of a Regional Housing Board and for a report to be developed on the Regional Housing Programme.
- 2.13 On 5 April 2019, the Regional Housing Board agreed to establish a series of parallel workstreams that, when taken together, will progress the work of the

regional housing programme towards its aims. These work streams were agreed as:

1.1.1 Regional Affordable Housing Programme;

1.1.2 Strategic Sites;

1.1.3 Infrastructure and Land; and

1.1.4 Innovation and Skills.

2.14 In June 2019, a series of workshops were held, with over 60 stakeholders, to secure wider engagement and input to shape the work of the four key workstreams. Scottish Government have agreed to work on the next phase of the programme and the associated funding profile beyond 2020/21 to achieve agreed outcomes over the next ten years.

3. Current delivery

3.1 Work is well underway to accelerate the delivery of affordable housing in the city. Each year, following submission to the Scottish Government, the SHIP is used by the Council to set the AHSP which is the Scottish Government's grant funding programme for new affordable homes.

3.2 On 24 August 2018, the Council agreed the Programme for the Capital - The City of Edinburgh Council Business Plan 2017-22, including a commitment to deliver 20,000 affordable homes over the next ten years.

3.3 The first two years of the commitment has saw a record number of homes approved (3,101 homes) for social rent, mid-market rent and low-cost home ownership; an almost 25% increase on the average approvals achieved over the last five years. Approvals this financial year (2019/20) are expected to reach 1,700 homes and based on current delivery programmes an additional 1,300 homes are expected to be completed. Including this year's projections and the first two years of the SHIP, that would mean 8,421 new affordable homes would be approved in the first five years of the coalition commitment and 7,026 homes completed. This demonstrates a steady acceleration of the programme, but a further increase is required in the next two years to meet the coalition commitment of 10,000 new homes over five years. The SHIP 2020-2025 already identifies an additional 3,146 potential approvals in years three to five.

3.4 This strong performance is due to work with housing delivery partners that has taken place over several years to acquire sites, develop new investment models and deliver cost efficiencies. An extensive pipeline programme underpins the annual programme enabling sites to be brought forward. Due to the strength of the programme, the Council has secured an additional £21.2m in grant funding over the last two years and Government has increased the 2019/20 resource planning assumptions by £3.1m at the beginning of 2019/20.

4. Key Outputs of the SHIP

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

Key Outputs

- 4.5 The SHIP 2020-2025 has identified a pipeline of 6,766 affordable homes that could be approved for site start and 9,474 potential completions, with delivery strongest in the first few years. The SHIP always shows stronger delivery in the first few years due to greater levels of certainty around delivery timescales in the earlier years. The SHIP is reviewed annually and will be increased to meet the 20,000 target, as confidence in the development pipeline grows.
- 4.6 The approvals are split into two categories:
 - 4.6.1 4,197 homes delivered through AHSP; and
 - 4.6.2 2,569 homes delivered through innovative funding mechanisms, requiring little or no grant funding.
- 4.7 The 4,197 homes that have been identified to be approved through the AHSP require grant of £297.52m over the SHIP period, or £59.50m per year on average.
- 4.8 The majority (76%) of the AHSP approvals are for social rent, with the remaining split between mid-market rent (23%) and low-cost home ownership (1%). This exceeds 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. Table 1 identifies a shortfall of £71.8m in grant funding over five years.

Table 1 Summary – AHSP

YEAR	HOMES APPROVED	HOMES STARTED	HOMES COMPLETED	GRANT REQUIREMENT (£M)	SG RESOURCE PLANNING ASSUMPTIONS (£M)
2020/21	1,001	1,378	714	79.331	45.147
2021/22	1,069	1,365	1,447	63.032	45.147
2022/23	767	719	1,396	55.324	45.147
2023/24	799	374	1,127	52.044	45.147
2024/25	561	521	735	47.79	45.147
TOTAL	4,197	4,357	5,419	297.521	225.735

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

- 4.10 The remaining 2,569 homes will be delivered through innovative funding schemes that require little or no grant. This includes the Council’s two new Limited Liability Partnerships (LLP) and The Scottish Government’ MMR initiative. A more comprehensive breakdown of innovative funding mechanisms is set out in 5.4 below.
- 4.11 A total of 117 sites are included in the SHIP and 87 (or 74%) are on brownfield land with the remaining 30 (26%) on greenfield land. Almost all the homes being developed on greenfield sites are private developer-led through the Affordable Housing Policy.
- 4.12 Almost a third of the sites identified in the SHIP are being delivered by the Council’s own house building programme. The majority of the sites taken forward by housing association partners are in control of the private sector as they are being delivered through the Affordable Housing Policy (AHP).

5. Means of Delivery

Funding Delivery of 20,000 Homes

- 5.1 The Scottish Government announced long term resource planning assumptions which provided certainty over forward funding until 2020/21; which in Edinburgh was an average of £42.844m. This was welcomed, however, there is no clarity on funding going beyond 2020/21. Should this level of funding not be maintained there will be an annual funding shortfall of around £14.357m required to deliver the current commitments set out in the SHIP. Table 1 identifies a shortfall of £71.8m in grant funding over five years. This carry forward commitment is around £70m, a similar level of carry forward as in previous years and is based on a high number of approvals over the past few years. Project approvals require grant payments to be provided in stages over two or three years. There is also a risk that grant funding post 2021 will be less than current resource planning assumptions; further increasing the funding shortfall.

- 5.2 Approvals and associated funding requirements slowdown in years four and five of the SHIP. This has been the standard pattern for the SHIP since it was first introduced. In general, years one to three contain sites which partners have both knowledge of, and confidence in their ability to deliver and this begins to tail off in later years.
- 5.3 To achieve the Council's affordable house building target of delivering 2,000 homes a year (1,000 through AHSP grant funding and 1,000 from non-grant funded sources) £65m of grant funding will be required annually. The programme therefore requires significantly more funding than set out in Scottish Government's three-year resource planning assumptions. It is, therefore, essential to continue the work initiated through City Region Deal, to secure an uplift in grant funding to provide greater certainty of delivery in future years.

Innovative funding mechanisms

- 5.4 Affordable mid rent housing for people on low to moderate incomes is being developed on several sites across the city. In some instances this is supported through the grant funding programme. The introduction of mid market rented housing since 2010 has aided the Council in driving more value for every pound of Scottish Government grant provided. Over the last five years Edinburgh has consistently delivered homes requiring grant at least 8% below benchmark on average across the whole programme.
- 5.5 The Council works with partners to identify opportunities for innovation to deliver affordable housing without using funding provided through the AHSP. Affordable mid rent housing for people on low to moderate incomes is being developed on several sites across the city without grant funding. Further detail on each of these innovative projects is provided below:
- 5.5.1 **National Housing Trust (NHT)** – Edinburgh has been at the forefront of the initiative, with nearly half of all the homes built under the NHT in Scotland being built in the city. Eight Limited Liability Partnerships will deliver 886 mid-market rent homes in Edinburgh, backed by £100m of Council loans, underwritten by the Scottish Government. NHT has stimulated development and provided developers and housebuilders with confidence to invest in affordable housing;
- 5.5.2 **New Housing Delivery Partnership** –A unique collaboration between the Council, Scottish Futures Trust (SFT) and Scottish Government has led to the Council establishing two new LLPs. Edinburgh Living will deliver around 1,500 homes for mid-market and market rent, meeting housing needs of key workers and those on low to middle incomes who cannot access home ownership and are not a priority for social rent;
- 5.5.3 **Scottish Government Mid-Market Rent invitation (MMR Invitation)** – Council officers have been working in partnership with landowners, developers and Scottish Government to support the delivery of mid-rent homes on private sector sites through the Scottish Government MMR

invitation. Places for People (PfP) have been successful in securing £47.5m in loan funding through the scheme and will utilise the loan to attract additional equity investment, likely to come from pension funds. There are a number of projects being pursued in Edinburgh with around 500 homes currently identified as potential projects in Edinburgh.

- 5.5.4 Council officers are also working with Forth Ports and Rettie & Co. on a proposal to secure pension fund investment on privately owned land at Western Harbour. Heads of terms for the loan offer from the Scottish Government to support the project has been agreed by Scottish Government Ministers and supports delivery of 1,600 affordable homes without grant, with the loan repayable to Scottish Government over 25 years. Details of the terms of this offer are outlined [here](#). Homes will be targeted at people on moderate incomes, with rents being set at 30% of BRMA; and
- 5.5.5 **Local Affordable Rented (LAR) Housing Trust** – LAR is a Scottish Charity set up in 2015 to provide long-term, mid-market rented housing in Scotland. LAR launched with a £55m loan from the Scottish Government and now has plans to build around 1,000 homes, which will be available at mid-market rent across Scotland. Two developments have recently been completed in Edinburgh on Gorgie Road where former commercial buildings, Chesser House and Westwood House, have been converted into 87 MMR homes. Work is ongoing to progress further developments in Edinburgh.
- 5.5.6 **Build to Rent** On [24 January 2019](#), Housing and Economy Committee considered a report on Approach to Build to Rent. The report highlighted the opportunity that BTR provides to accelerate housing development; supported by institutional investment; whilst delivering 25% affordable housing. Officers are in discussions with a number of BTR developers with a potential to deliver over 3,000 homes across the city over the next few years.
- 5.5.7 On 31 July 2019, an application for 234 BTR homes at [159 Fountainbridge](#) was approved by Development Management Sub Committee. The development is being taken forward by Vastint, who will also manage the homes. The 58 tenure blind affordable homes will have rents at Local Housing Allowance level for a minimum of 25 years, and this is secured by Section 75 Agreement.
- 5.5.8 On 25 September 2019, an application for 338 BTR homes at Skyliner, Ocean Drive in Leith was approved by Development Management Sub Committee. This included 84 new affordable homes (25% of the total development). The development is being taken forward by S1 Developments. The affordable homes are pepper-potted throughout the development, offering an integrated and tenure blind mix of house types and include a variety of house sizes to reflect the provision of homes

across the wider site. These homes will be targeted at people on moderate incomes, with rents being set at 30% of BRMA, secured by Section 75 Agreement as affordable housing for a minimum of 25 years. The principles of this agreement are in line with the Scottish Government Invitation, as outlined in 5.5.4.

Maximising land supply

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

Affordable Housing Policy

- 5.7 The Affordable Housing Policy is a planning policy which ensures that 25% of homes on all housing sites with 12 homes or more, are required to be affordable. This is an important delivery mechanism and contributes 63% of AHSP sites 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 housing associations, the AHP is a vital to ensuring land supply, with 85% of their programme being delivered on AHP land. Onsite provision of affordable housing is the highest priority for the AHP and officers seek to secure this in all instances. Since January 2013, one site affordable housing has been provided in nine out of ten planning applications for 20 or homes
- 5.8 The AHP will also deliver a number of homes for low cost ownership, which will be negotiated on a site by site basis. The CityPlan 2030 project is underway and will review and consult on the AHP in relation to the 25% provision of affordable housing.
- 5.9 The AHP can go some way to securing land for affordable homes. However, the timing of sites coming forward for development is dependent upon individual private developer assessment of demand and ultimately the price that households will be willing and able to pay to purchase a home. There is, therefore, a need for affordable housing developers to secure greater control over sites; through site acquisition and partnerships. There is also a need to get more public sector land developed for affordable housing.
- 5.10 A report on Delivering Land for Affordable Housing was approved by Committee in March 2018. The report identifies a three-pronged strategy for the Council to accelerate sites that may be identified for housing development through:
- 5.10.1 Engaging with owners to understand intentions and delays in sites being brought forward for housing development;
- 5.10.2 Working with house builders and RSLs to find ways to unlock development; and/or

- 9.2.1 Acquiring sites for housing development; including statutory intervention in cases where owners are unwilling to bring forward development.
- 5.11 The availability and control of land has been highlighted by partners working together on the City Region Deal as a key factor on the rate of affordable housing delivery. Many affordable housing delivery partners across the region have also identified reliance on the private sector bringing sites forward for delivery.
- 5.12 The ability to secure the capital investment required to deliver transport, education and other infrastructure is highlighted as a key risk to housing delivery. Work has begun on greater collaboration at a national, regional and sub-regional levels through the collaborative work undertaken in relation to the City Region Deal. Future areas of work in relation to delivering infrastructure required for housing sites. These include:
- 5.12.1 **Establish a Regional Infrastructure Forum:** Comprising of key infrastructure providers, City Region Deal partners and representation from Scottish Government. It would seek to align a delivery plan for infrastructure that will enable, accelerate and support inclusive growth across the region.
- 5.12.2 **Project level multi-disciplinary working groups:** to operate at sub-regional level (e.g. on the seven strategic sites identified in the City Deal documents)
- 5.12.3 **Engage in regional pilots:** examples include development of a regional charging levy, which would seek to gather contributions from developers towards the delivery of infrastructure necessary to enable and support inclusive growth.
- 5.13 Drawing on the approach taken with many other City Deals across the UK, the Council's Chief Executive has brought together public sector partners to consider how to maximise the value and outcomes from Edinburgh's public-sector estate and deliver opportunities for accelerated investment through strategic partnership and review of public sector assets.
- 5.14 Through City Region Deal, Edinburgh's Waterfront is identified as a strategic site with commitment from Scottish Government to explore options to support the delivery of essential infrastructure. The scale of the opportunity at Edinburgh's Waterfront creates potential for innovation in the procurement and delivery of housing.

6. Specialist Housing, Including Wheelchair Accessible Homes

Delivery of Specialist Housing in the Affordable Sector

- 6.1 The Edinburgh Integration Joint Board (EIJB) Strategic Plan for 2019-22 was approved by the EIJB on 20 August 2019. The Housing Contribution Statement which supports the Strategic Plan highlights the importance of housing in relation to health and well-being and provides clear commitments to support health and social care priorities. These include the principle of Home First; helping people to

live independently at home or in a homely setting for as long as possible; ensuring new homes meet future needs; developing new models of housing and care in local communities and jointly developing new technology which can be embedded in homes to support independent living. The Council and its Registered Social Landlord (RSL) partners are committed to ensuring that 4,500 of the 20,000 new affordable homes planned for the city over the next 10 years will support health and social care priorities.

- 6.2 Around 11% of the homes approved in the first two years of the SHIP are specifically designed for older people and those with complex needs. This includes amenity and supported housing, fully wheelchair accessible, housing for older people and veterans and letting properties to care providers to allow people to receive support in their own homes.
- 6.3 It is important to note that the majority of new build properties funded through the AHSP are designed to meet the Housing for Varying Needs Standard. Many properties delivered through the AHSP are therefore accessible for people of limited mobility, meaning particular needs housing requirements can often be met through allocation of a standard general needs property.
- 6.4 There are opportunities for Registered Social Landlords to work with veterans charities to provide around 150 new homes for disabled veterans over the next ten years. Hillcrest Housing Association are working in partnership with the Scottish Veterans Garden City Association on the redevelopment of the former B&Q site at Warriston, which will deliver five new homes for disabled veterans next year. The SHIP will be the tool for developing housing associations to work in partnership with veterans charities to identify suitable homes to meet the needs of disabled veterans.

Delivery of specialist Housing in the Private Sector

- 6.5 A [report](#) on Later Living Housing was considered at Housing and Economy Committee on 6 June 2019. It identifies Edinburgh's housing market is not responding to the changing specialist needs of an ageing population. Over the past five years there have been 260 purpose-built retirement flats built in the city, with 44 currently under construction. This represents around 4% of overall private housing completions over the same period. From this, it is clear there are only a small number of housing developers and investors who have chosen to invest in purpose built housing for older people. House builders are choosing to target alternative market segments, such as, the provision of family housing.
- 6.6 Where assisted living housing has been built in Edinburgh, by the private sector, over the past five years, it has been targeted at the upper end of the housing market. Prices range from around £200,000 (one-bedroom property) to over £1 million (three-bedroom property).
- 6.7 Care homes also form part of the offer from private developers. Since 2013 there have been 623 bed spaces built in eleven new developments across the city, with

a further development (160 bed spaces), currently under construction. These have been built by a number of different care providers.

- 6.8 Discussions were held with planning colleagues in June 2019, following the issuing of guidance by the Scottish Government to set all tenure targets for the delivery of wheelchair accessible homes. The guidance requires local authorities, through the Local Housing Strategy process, to set targets and to report annually on these targets but it does not provide guidance on how to influence the housing market to deliver these homes.
- 6.9 The LHS sets the strategic direction for housing within the local authority area. However, the Local Authority relies upon the suite of policies, legislation and resources at its disposal to take forward the identified priorities emerging from the LHS. As 6.1 (above) identifies, delivery of specialist housing is a key priority for Edinburgh but market housing is not responding to the emerging needs of an ageing population.

Adaptations

- 6.10 In addition to building new homes to meet changing and varying needs, the SHIP includes grant funding for RSLs to carry out adaptations to homes to enable people to remain in their own homes and to live independently. Adaptations will continue to be a strategic housing investment priority. Each year c.£500,000 supports over 200 adaptations within RSL homes.

7. Carbon Emissions and Energy Efficiency

- 7.1 Energy efficiency standards are in place for new affordable housing in Scotland. All new developments are required to meet the Building Regulations, which contain stringent targets for energy efficiency. The Council requires affordable housing developments to have a low environmental impact and to contribute to the wider equality objective of eradicating fuel poverty. Housing association and Council 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 assessed through the planning process.
- 7.2 On the [14 May 2019](#), Corporate Policy and Strategy Committee approved the Council's Sustainability Approach, which included Edinburgh working towards a net zero carbon target by 2030, with a hard target of 2037. In response to this the Housing Service has commissioning two separate pieces of consultancy work on options to achieving net zero carbon across the Council's new build housing programme and the Council's existing stock. A route map for the Council to achieve zero carbon across housing is under development and will be reported to Housing Homelessness and Fair Work Committee on 24 January 2020. This will inform future SHIP submissions.

8. Rapid Rehousing Transition Plan (RRTP)

- 8.1 A draft Rapid Rehousing Transition Plan (RRTP) was completed for the Scottish Government deadline of 31 December 2018 and was approved by Housing and Economy Committee March 2019. This RRTP sets out how the Council will continue to work with partners to reduce the amount of time that homeless people spend in temporary accommodation.
- 8.2 The key priority of the RRTP in relation to the SHIP is to ensure homeless households have access to settled, mainstream housing as quickly as possible. The RRTP highlighted a number of challenges the Council faces around rapid rehousing. Of relevance to the SHIP are the housing supply challenges to:
- 8.2.1 Increase the supply of housing, in particular provide social housing; and
- 8.2.2 Provide a range of additional housing tenures to support people on low to moderate incomes.
- 8.3 Renting from a private landlord is the only available housing option for many people but rents in Edinburgh are high and push households towards financial difficulty and the risk of homelessness. To reduce the pressure on the housing market, as well as providing housing for households on low to moderate incomes, a commitment to increase affordable housing supply is key in addressing these challenges.
- 8.4 Social housing providers play a key role in both preventing homelessness and delivering more social rented homes. People are much less likely to become homeless again if they move into social housing rather than private rented housing. This has resulted in the provision of social rented accommodation becoming a key priority of the SHIP. Projects that provide social rent are prioritised for delivery within the SHIP and grant funding.
- 8.5 As set out in 2.3 above more than 70% of Council lets in Edinburgh go to homeless households (the highest in Scotland). There continues to be a strong partnership with RSL partners in Edinburgh and a shared commitment to reducing homelessness wherever possible, with almost half (48%) of all RSL lets in Edinburgh going to homeless households in 2018/19 (the highest in Scotland).
- 8.6 Around a third of people presenting as homeless are in employment but may be in insecure jobs or part time employment. The Council is working with RSL partners to improve information, advice and access routes into Mid-Market Rent for working homeless households. These measures include tailored housing option advice, improved information around the availability of mid rent homes, including homes in development.
- 8.7 The RRTP will be reviewed each year in consultation with partners as part of the Council's continued focus on preventing and addressing homelessness.

9. Child Poverty

- 9.1 In August 2019 Education, Children and Families Committee approved a report on [reducing child poverty](#). One of the main themes emerging from this report is the cost of living; specifically housing costs. The report identifies that people on low income cited the cost of housing as the main affordability issue.
- 9.2 As identified in section 2.4 above, the average house price is six times the average gross annual earnings in the city, making Edinburgh the least affordable city in Scotland to buy a home. At the same time, private rents in Edinburgh are high and rising, reaching a new all-time high of £1,100 per month in Q2 2019, compared to a Scottish average of £833.
- 9.3 Providing affordable housing with low rents reduces poverty. Outcome 1 of the City Housing Strategy 2017 is to reduce the cost of living and is one of the main rationale for the Council's pledge to deliver 20,000 homes over a ten year period.
- 9.4 The expanded house building programme provides additional benefits to the significant and unavoidable costs that families in poverty face in keeping a suitable roof over their heads. These include providing employment opportunities, building new homes are highly energy efficient and cheap to run along with providing stable and secure tenancies which reduces homelessness.

10. Gypsy Travellers sites

- 10.1 The Council has one travelling people's site which meets the Scottish Government's [guidance on minimum site standards](#). It also includes the provision of a community hub (in the form of a portacabin) which has been decorated and furnished by the community as a resource. This was achieved in partnership with the NHS and other voluntary providers.
- 10.2 The Council has also embarked on an extensive improvement programme and has recently submitted a planning application to upgrade the site. The re-configuration of the site has been designed with reference to Scottish Government [guidance](#) on good practice in relation to the design of sites. The designs have also been developed in collaboration with Gypsy/Traveller community representatives, with work expected to start on site in spring 2020.
- 10.3 Council officers are participating in discussions with local authority and other partners regarding best practice in assessing need and demand for Gypsy/Traveller accommodation.

11. Consultation and engagement

- 11.1 There is a strong partnership approach to delivering new build affordable housing in the city. This is evidenced by the joint and ambitious commitment to deliver 20,000 homes over the next ten years. To ensure delivery of this pipeline of projects the SHIP is kept under constant review through continuous discussion with partners at regular meetings, working groups and forums. The projects are

refined and revised throughout the year, to ensure a high number of quality sites are selected for inclusion in the SHIP.

- 11.2 Regular meetings are held with RSL development directors and chief executives to ensure the efficient and effective delivery of the programme and alignment of strategic objectives.
- 11.3 The Edinburgh Affordable Housing Partnership has established a health and social care sub group and the Chair of this sub group is the housing representative on the Strategic Planning Group.
- 11.4 In June 2019, a series of workshops to secure wider engagement and input to the work of the Edinburgh and South East Scotland City Region Deal. The workshops were attended by over 60 attendees with a wide variety of expertise relating to the workshop topics.
- 11.5 A workshop was held with Build to rent (BTR) developers and investors (informed by an online questionnaire) in June 2019 to explore challenges and potential solutions to accelerate development of BTR. This engagement will inform the development of a broad policy framework to support the growth of BTR aligned to the delivery of Council objectives. Further consultation will take place with stakeholders prior to bringing a report to committee on the proposed framework.

12. Integrated impact Assessment

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

13. Conclusion

- 13.1 There is a significant shortfall of affordable housing in Edinburgh and that is why the Council and housing associations are working in partnership to significantly increase the number of new affordable homes in the city. This has been further strengthened with the coalition's commitment to increase this target to 20,000 homes over the next ten years. The strong history of partnership working and award winning housing development means that work is already well under way to achieve these ambitious commitments, with over 2,000 affordable homes under construction on 36 sites in the city.
- 13.2 The SHIP sets out the delivery of over 9,500 new homes over the next five years, with delivery strongest in the first three years. This is due the reducing levels of certainty around planning, land and delivery timetables in later years of the SHIP.

13.3 There are significant challenges associated with delivering affordable housing at scale; including development and construction industry capacity, securing both land and finance, to deliver 20,000 homes. The SHIP is reviewed annually and will be increased to meet the 20,000 target, as confidence in the development pipeline grows.