

# Housing, Homelessness and Fair Work Committee

10.00am, Tuesday, 3 December 2024

## Strategic Housing Investment Plan (SHIP) 2025-30

Executive/routine  
Wards

Executive  
All

### 1. Recommendations

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- 1.1 It is recommended that Housing, Homelessness and Fair Work Committee:
  - 1.1.1 Approves the Strategic Housing Investment Plan (SHIP) 2025-30 for submission to the Scottish Government;
  - 1.1.2 Notes the SHIP includes over 7,800 homes that would require grant funding through the Affordable Housing Supply Programme (AHSP). These would require an additional £416m over five years, assuming grant funding remains at current levels;
  - 1.1.3 Notes the key challenges to delivering affordable housing at scale are high development costs and reductions in grant. Other key challenges are aspirational specifications, construction industry capacity and reduced private sector housebuilding due to mortgage market instability; and
  - 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.

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Interim Executive Director of Place

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## Strategic Housing Investment Plan (SHIP) 2025-30

### 2. Executive Summary

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- 2.1 This Strategic Housing Investment Plan (SHIP) has been developed in the backdrop of a significantly challenging financial climate for affordable housing delivery. On 2 November 2023, the Council [declared](#) a Housing Emergency due to the acute nature of Edinburgh's homelessness crisis. Since this announcement, the ability to deliver a programme of new affordable homes has been impacted by a 24% reduction in the Affordable Housing Supply Programme (AHSP) budget for 2024/25, equating to c.£11m less grant funding for this financial year.
- 2.2 The SHIP identifies a potential development programme of around 9,000 new affordable homes over a five-year period, with over 7,800 of these requiring grant funding through the AHSP. These would require an additional £416m over five years.
- 2.3 These figures are notably lower than the five-year projection from the previous SHIP and are indicative of a more cautious approach from partners given the levels of current funding and lack of certainty on future budgets. Since the last SHIP two development partners have paused their development programmes for indefinite periods, whilst others have been unable to take forward all potential sites and have had to prioritise which projects they can pursue.
- 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. The delivery of affordable homes remains a priority for both the Council and RSL partners however, the availability of grant funding to help support these is critical.

### 3. Background

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- 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. 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. Council officers are in dialogue with the Scottish Government over the redistribution of this funding.
- 3.3 On 2 November 2023, the Council declared a Housing Emergency 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.
- 3.4 Edinburgh's allocation of AHSP funding was cut to £34.2m for 2024/25, a 24% reduction from the £45.053m awarded in 2023/24. This reduction to the AHSP budget has placed further strain on the ability to support new approvals. In addition to there being less funding to support new projects, there are carry forward limits (the amount of committed grant for previously approved AHSP projects) that cannot be exceeded. Carry forward of 80% of the current year's budget (£34.2m) is permitted in 2025/26, 60% in 2026/27 and 40% in 2027/28. This equates to a forward commitment allowance of £61.5m over those three years.
- 3.5 As noted in the Affordable Housing Programme Update [report](#) in August 2024, existing carry forward commitments would only leave £6.840m available for new approvals in 2025/26.
- 3.6 On 10 September 2024, the Scottish Government confirmed an additional £14.882m of grant funding as part of the £80m National Acquisition Programme announced in 2023/24. The allocation of the £40m for 2024/25 has been agreed using an approach based on 80% of the funding being allocated to the five local authority areas which have experienced the highest current and sustained temporary accommodation pressures for the last three years. This is a welcome approach to distributing the funding and Edinburgh has received the highest proportion of this funding at £14.882m, the next closest local authority is Glasgow with an additional £11.5m.
- 3.7 This additional funding is ring fenced and can only be used to support the acquisition of new homes or for bringing void properties back into use. This cannot be used for ongoing development work. The current proposal is to support 150 homes for social rent through this funding, with a combination of new build 'off the shelf' and second hand homes. The focus is on delivering a variety of property types and sizes to provide options for those households most in need. In addition to this around £4m of funding will be used to support the works required to bring void properties back into use more quickly.
- 3.8 On 26 September 2024, the Council requested this update report should detail:

- 3.8.1 How this funding will translate into existing plans and investment to help with a robust house-building programme for Edinburgh;
  - 3.8.2 Projected number of new homes to be delivered;
  - 3.8.3 The timeline for completion; and
  - 3.8.4 How this initiative will support our commitment to sustainable, affordable housing and tackling homelessness across the city.
- 3.9 An update on proposed use of the funding secured through the Scottish Government's National Acquisition Programme is provided in Section 5.2.4 of Appendix 4.
- 3.10 Since the submission of SHIP data, grant funding benchmarks have been uplifted by the Scottish Government. This update to benchmark levels has been reflected in the calculations of funding shortfalls within the report.

## 4. Main report

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- 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, Registered Social Landlords' (RSLs') own finance, finance raised by private developers, institutional investment, developer contributions and Housing Revenue Account (HRA) funding.
- 4.2 The average cost of building an affordable home has increased by 40% from just under £158,000 in 2020/21 to over £230,000 in 2023/24. 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.
- 4.3 Based on the information received from delivery partners, around 9,000 potential affordable housing approvals for site start and around 7,100 completions have been identified over the next five years. These figures are notably lower than the five-year projection from the previous SHIP and are indicative of a more cautious approach from partners given the levels of current funding and lack of certainty on future budgets.
- 4.4 Table 1 sets out affordable housing approvals and completions since 2017/18 and estimated completions in 2024/25.

**Table 1: Affordable Housing Delivery since 2017/18**

| Financial Year | 1     | 2     | 3     | 4     | 5     | 6     | 7     | 8     | Total        |
|----------------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|
|                | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 | 24/25 |              |
| Approvals      | 1,475 | 1,626 | 1,930 | 1,285 | 1,251 | 734   | 668   | 587   | <b>9,556</b> |
| Completions    | 966   | 1,159 | 1,443 | 1,087 | 1,041 | 1,215 | 934   | 860   | <b>8,705</b> |

- 4.5 Table 2 sets out the potential affordable housing pipeline over the next five years, the levels below being dependant on substantial grant funding increases:

**Table 2: Affordable Housing Delivery projections 2025/26-2029/30**

| Financial Year | 9     | 10    | 11    | 12    | 13    | Total        |
|----------------|-------|-------|-------|-------|-------|--------------|
|                | 25/26 | 26/27 | 27/28 | 28/29 | 29/30 |              |
| Approvals      | 1,876 | 1,431 | 1,851 | 1,168 | 2,683 | <b>9,009</b> |
| Completions    | 1,345 | 1,372 | 1,386 | 1,715 | 1,514 | <b>7,132</b> |

- 4.6 It is anticipated that 587 new affordable homes are expected to be approved for site start in Edinburgh this financial year (2024/25) and based on current delivery programmes, around 860 affordable homes are expected to be completed. There are a total of 427 grant funded approvals estimated this financial year, however this figure will increase, as it does not currently include new homes that will be purchased with acquisitions funding.
- 4.7 Grant funded approval figures for this year have been made possible through a number of factors, following original projections to Committee in May 2024 that no new approvals were anticipated for 2024/25. Greater certainty around carry forward limits, revised phasing of projects and delivery partners ability to bring forward the use of private finance to front fund projects, as well as, the strategic use of commuted sums, have all assisted in setting out an affordable housing programme of 427 new grant funded approvals in 2024/25. It is anticipated that approximately 70% of the programme of approvals will be for social rent. Of these, 174 approvals and 135 completions will be Council social rented homes.
- 4.8 The additional £14.882m of funding added to this year's AHSP budget for acquisitions could deliver between 50 and 150 new homes, depending on which specific properties are progressed for purchase. As the fund is specifically targeted at getting families out of temporary accommodation, it may be that fewer larger homes may be purchased to meet these specific needs, rather than a drive to just maximise the number of new homes.
- 4.9 The current proposal is to support 150 homes for social rent through this funding, with a combination of new build 'off the shelf' and second hand homes. The focus is on delivering a variety of property types and sizes to provide options for those households most in need. In addition to this around £4m of funding will be used to support the works required to bring void properties back into use more quickly
- 4.10 The price of units being offered 'off the shelf' are subject to negotiations between the Council and developers as the prices of these units are significantly higher than those delivered through the Affordable Housing Programme (AHP). AHP units receive land value discounts that are not offered on 'off the shelf' purchases. Securing discounts on the open market value of these homes is crucial to ensure the best value for money is obtained. The borrowing capacity of both the HRA and

RSL private finance dictates that as the overall purchase price increases, so does the level of grant funding required. The purchase of four and five bedroom properties will need substantially more grant than smaller units.

- 4.11 The SHIP 2025-30 includes over 1,100 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 the Council's Acquisition and Disposals (A&D) programme, Scottish Government's Open Market Shared Equity (OMSE), other forms of low-cost home ownership and private sector led Build to Rent (BTR).
- 4.12 If the cut in grant funding is sustained, then the pipeline of new homes identified in the SHIP cannot be delivered. Existing commitments dictate that current funding levels could only support around 64 social rented homes (previously 75) or around 88 mid-market rent homes (previously 105) in 2025/26. Based on a 70/30 split of social rent and mid-market rent this could deliver a total 69 homes, 49 for social rent and 20 for mid-market rent.

## 5. Next Steps

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- 5.1 Should Committee approve the recommendations of this report, the SHIP 2025-30 will be submitted to the Scottish Government.
- 5.2 The Council will continue to explore alternative funding models for both its own housebuilding programme and that of RSL partners in an attempt to lessen the reliance on grant funding whilst maximising the number of new affordable homes delivered.
- 5.3 Updates on the performance of the AHSP are reported regularly to Housing, Homelessness and Fair Work Committee as part of the Cyclical Assurance Report and updates on the Housing Emergency Action Plan (HEAP), along with quarterly reports to Governance, Risk and Best Value Committee as part of the [Public Performance Scorecard](#).

## 6. Financial impact

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- 6.1 This year's SHIP will set out a requirement of £587m of funding over the five-year period. As noted above, since the last SHIP report two RSL partners have paused their development programmes resulting in less sites being brought forward. In addition to this, the availability of grant funding has meant that some sites are now planned to be delivered in phases rather than all units approving and site starting in a single year. As delivery partners cannot currently proceed with all sites, the prioritisation of which projects they pursue will result in some sites being pushed back for expected delivery.



- 6.2 The SHIP also notes a significant number of approvals in the final year (2029/30) which will require an additional £273m in the years from 2030/31 onwards for projects approved in this SHIP period. The funding requirement in the year's proceeding this SHIP period is substantially more than in last year's SHIP, which noted a requirement of £63m from 2029/30 onwards.
- 6.3 Increases to grant benchmarks without a corresponding uplift in grant funding places further strain on existing resources. Assuming the projects submitted in the SHIP apply at new benchmark levels, the potential additional funding required would be around £51m over five years with further amounts applying in the years after the SHIP period.
- 6.4 The large number of approvals set out in the last year of this SHIP illustrate a cautious approach from development partners as funding uncertainties continue.
- 6.5 There are various sources of funding to support the affordable housing programme. The delivery of over 7,800 new homes identified through the SHIP 2025-30 would cost £2.455 billion in total, of which £1.580 billion is RSL and Council funding; a mixture of up-front capital (i.e. reserves and bond finance), and private finance (borrowing repaid by rental income).
- 6.6 There have been 880 approvals for intermediate rent since the policy was introduced and discussions with BTR developers, operators and investors are ongoing to support delivery of the current pipeline and identify further affordable BTR homes that can be delivered without grant funding. The same number of social rented homes would require over £75m of grant funding to subsidise.
- 6.7 As noted in last year's SHIP, the current levels of Scottish Government funding are such that significant risks to the deliverability of ambitions to reach 25,000 affordable homes and making Edinburgh net zero carbon by 2030 remain.
- 6.8 On 1 October 2024, the [Housing Revenue Account \(HRA\) Budget Strategy 2024/25](#) set out the risk for the Council's own housebuilding pipeline that if resource planning assumptions remain static. It identified that grant would need to be replaced with another funding streams if the current investment plan is to be continued, otherwise, the delivery of new homes would need to be reduced or elongated.
- 6.9 A cross-service working group has been established to explore approaches to support a sustainable programme of Council housebuilding into the future. A number of financing options are being considered, including a review of the borrowing term and the phasing of repayments. Additionally, financial models currently being explored are likely to support the delivery of social rent homes by way of an alternative delivery structure for mid-market rent. These approaches will be tested for impact on the HRA Business Plan and wider Council budgeting assumptions over the coming months.
- 6.10 The lack of Resource Planning Assumptions (RPA) for future years presents further difficulties in ensuring an ongoing pipeline of new sites, as funding commitments cannot currently be made beyond those already agreed for 2024/25.

## **7. Equality and Poverty Impact**

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- 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**

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- 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.
- 8.2 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.
- 8.3 The Scottish Government's New Build Heat Standard (NBHS) will require all new buildings requiring a building warrant (from 1 April 2024 onwards) to install a zero direct emissions heating (ZDEH) system that produces negligible direct greenhouse gas emissions at the point of use. These systems are already being installed as standard in all new Council homes.
- 8.4 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.

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

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- 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.
- 9.2 All developing RSLs have been involved in producing the SHIP and will be prominent in delivering the housing projects contained within.
- 9.3 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.



- 9.4 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**

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- 10.1 [Strategic Housing Investment Plan 2024-29, December 2023](#)
- 10.2 [Affordable Housing Programme Update 2024/25, August 2024](#)
- 10.3 [Update: Strategic Housing Investment Plan 2024/25 – 2028/29, Housing Homelessness and Fair Work, May 2024.](#)
- 10.4 [Affordable Housing Policy Update June 2023](#)
- 10.5 [Strategic Housing Investment Plan: Guidance Note, June 2024](#)

## **11. Appendices**

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Appendix 1 – Affordable Housing Delivery by Ward

Appendix 2 – Affordable Home cost breakdown.

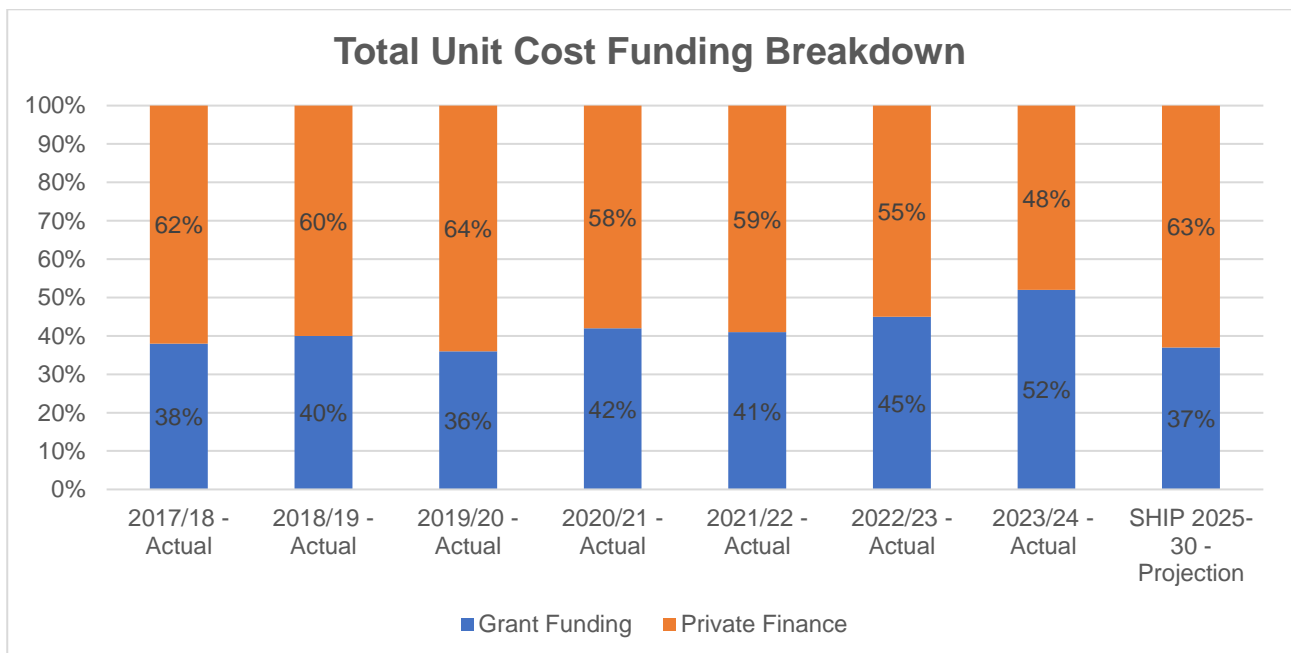
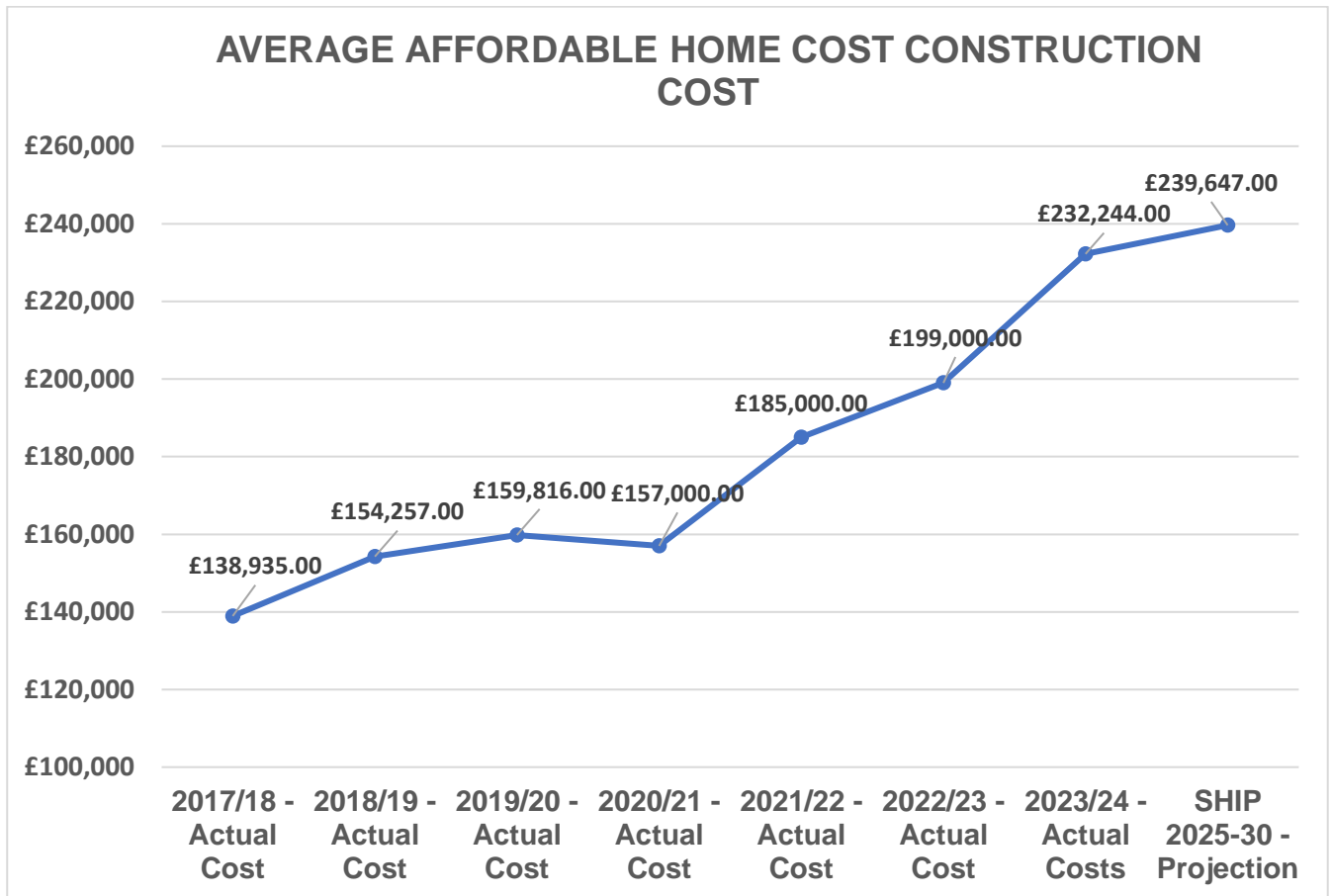
Appendix 3 - Affordable homes under construction.

Appendix 4 - Strategic Housing Investment Plan 2024/25 – 2028/29.

## Appendix 1 – Affordable Housing Delivery by Ward

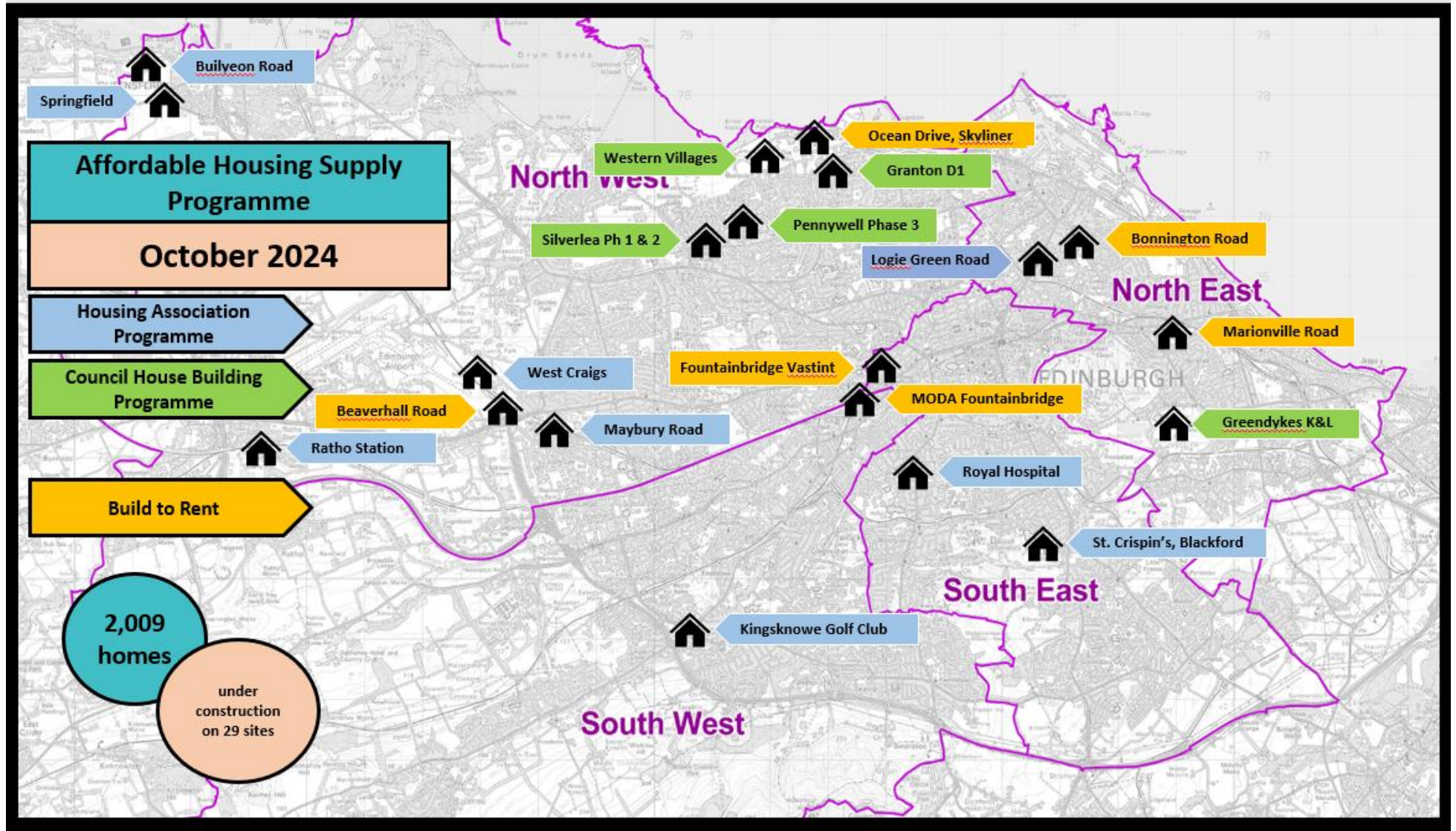
| <b>SHIP 2025-30: AHSP Grant Funded Data by Ward</b> |                                 |                  |                    |                    |
|---|---------------------------------|------------------|--------------------|--------------------|
| <b>No</b>   | <b>Ward Name</b>                | <b>Approvals</b> | <b>Site Starts</b> | <b>Completions</b> |
| 1   | Almond                          | 1451             | 1341               | 546                |
| 2   | Pentland Hills                  | 507              | 327                | 230                |
| 3   | Drum Brae / Gyle                | 1572             | 969                | 952                |
| 4   | Forth                           | 810              | 810                | 1279               |
| 5   | Inverleith                      | 70               | 70                 | 115                |
| 6   | Corstorphine / Murrayfield      | 15               | 15                 | 15                 |
| 7   | Sighthill / Gorgie              | 100              | 100                | 70                 |
| 8   | Colinton / Fairmilehead         | 538              | 161                | 0                  |
| 9   | Fountainbridge / Craiglockhart  | 31               | 146                | 31                 |
| 10  | Meadows / Morningside           | 100              | 0                  | 0                  |
| 11  | City Centre                     | 0                | 2                  | 2                  |
| 12  | Leith Walk                      | 32               | 118                | 156                |
| 13  | Leith                           | 459              | 486                | 308                |
| 14  | Craigentenny Duddingston        | 190              | 387                | 67                 |
| 15  | Southside / Newington           | 93               | 112                | 143                |
| 16  | Liberton / Gilmerton            | 369              | 369                | 508                |
| 17  | Portobello / Craigmillar        | 1375             | 1335               | 685                |
|   | Ward TBC – Acquisitions Funding | 150              | 150                | 150                |
|   | <b>Total</b>                    | <b>7862</b>      | <b>6898</b>        | <b>5269</b>        |

## Appendix 2 – Affordable Home Cost Breakdown



The ratio of grant to private finance is higher in 2023/24 as the last financial year saw a number of 'off the shelf' purchases that have not been included in this calculation. In addition to this, around 90% of new build approvals last year were for social rent, which requires higher grant levels.

## Appendix 3 – Affordable homes under construction



# **Strategic Housing Investment Plan 2025/26 – 2029/30**

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9. Empty Homes
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## 1. Summary

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- 1.1 The Strategic Housing Investment Plan (SHIP) sets out the approach by the City of Edinburgh Council and our partners to investing in affordable housing in the city over a five-year period.
- 1.2 This is an aspirational pipeline of new homes that is subject to a number of factors that are out with the control of affordable housing developers, most notably the availability of sites and a level of grant funding required to make these homes viable. Increasing development costs, economic uncertainty and market variances will all impact on when, and in some cases if, these sites will come forward for development.
- 1.3 This SHIP outlines a programme of 9,009 affordable homes which could be approved for site start and 7,132 homes which could complete over the next five years. Of these, there are around 7,800 homes which require around £587m 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 If funding levels do not increase, then it will not be possible to deliver the new homes identified in this SHIP. Even without existing carry forward commitments the current funding levels of £34.2m would only allow for a maximum of 1,725 affordable homes which require grant subsidy to be taken forward from a potential pipeline of 8,059 homes. This would be 1,210 social rent (70%) and 515 mid-market rent homes (30%).
- 1.5 However, once carry forward commitments are factored in, this figure drops to 1,103 affordable homes which require grant subsidy. In 2025/26 this equates to 64 social rented homes or around 88 mid-market rent homes in 2025/26. Based on a 70/30 split of social rent and mid-market rent this could deliver a total 69 homes, 49 for social rent and 20 for mid-market rent. These figures are lower than those projected in the Affordable Housing Programme Update on [27 August 2024](#) as grant benchmark levels have increased, whilst the overall funding pot has not. Further detail on this is provided in section 4.6 of this report.
- 1.6 Funding offers made prior to 2024/25 were based on a higher level of carry forward allowance being possible as these limits are determined by the annual RPA. If the RPA for 2024/25 had remained at the previously published figure of £45.203m then Edinburgh's carry forward allowance would be £81.3m rather than the £61.5m currently allowed.

## 2. Strategic Context

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- 2.1 Edinburgh continues to be one of the most highly pressured housing markets in the country, with high demand for all forms and tenure types. 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 new homes in Edinburgh



over a 10 year period (2021-2040). It is estimated that between 24,000 to 35,000 of those homes should be affordable.

- 2.2 [National Records of Scotland \(NRS\)](#) statistics estimate that the population of City of Edinburgh is projected to increase by 6.6% by 2028, which compares to a projected increase of 1.8% for Scotland as a whole. Over the same period the number of households in City of Edinburgh is projected to increase by 10.0%, which compares to a projected increase of 4.9% for Scotland as a whole. Furthermore, the growth expected in the number of people aged 75 and over is projected to increase by nearly 25%, this will have a significant impact on the demand for housing and care services. Revised figures are scheduled to be published in early 2025.
- 2.3 There is a high demand for social rented housing with an average of 298 households bidding for every social rented home that becomes available for let in the second quarter of 2024. Edinburgh has one of the lowest proportions of social housing in Scotland with only 15% of homes for social rent compared to the national average of 23%.
- 2.4 The Council has a target to rehouse homeless households in around 70% of all available social lets and around 50% of lets from RSL partners. Work is underway with partners to seek to increase this percentage to 60% in the coming months. In 2023/24, 68% of Council and 52% of RSL homes were let to homeless households, including 22 Edinburgh Living properties. Edinburgh Living has committed to continue to target working homeless households for mid-market rent and to date have helped 186 working homeless households secure a home.
- 2.5 Both [Scottish Government](#) and [Shelter Scotland](#) research states that paying more than 30% to 40% of household income on housing is considered unaffordable, although affordability does vary depending on personal circumstances. [Citylets](#) reported that the average advertised monthly private rent in Edinburgh was over £1,574 in the second quarter of 2024, compared to a Scotland average of £1,207 and the next highest city, Glasgow (£1,183). However, rents for family housing in Edinburgh are even higher; the average rent for a three bedroom home is £2,058 per month.
- 2.6 [ESPC](#) reported that average Edinburgh house price is £307,850 (September 2024); a rise of 4.7% since last year. This is roughly five times average household income. Prices across the city vary, however, there are numerous areas within Edinburgh where the average price of a two bed flat exceeds £320,000. Buyers pay on average 2% over the Home Report value.
- 2.7 The mid-market rent (MMR) for a two-bedroom home in the city is around £890 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, which in turn can fund more homes. Also, MMR can 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 an affordable rented tenure which caps rents at Broad Rental Market 30th Percentile (the lower third of the rental market), which is published by Scottish Government each year. There have been 880 approvals for intermediate rent since the policy was introduced and discussions with BTR developers, operators and investors are ongoing to support delivery of the current pipeline and identify further affordable BTR homes that can be delivered without grant funding. There are 12 BTR developments included within the SHIP 2025-30.
- 2.9 Most affordable rented housing is funded by a combination of RSL private finance or Council borrowing, grant funding and rental income. Finance is usually based on the amount of rent that can be collected to repay the interest and borrowing. Most social rented housing in the city is therefore delivered alongside other tenures. This creates opportunities for cross subsidy, as well as, supporting development of sustainable, mixed tenure communities.
- 2.10 In October 2024, benchmark grant funding levels for both RSL and Council homes were increased by 5%, with potential of a further c.5% increase due to an Additional Quality Measure (AQM) being added relating to energy efficiency that will apply to all homes obtaining a building warrant after February 2023. Despite this uplift, overall grant funding levels have decreased rather than increasing to match this uplift. This will mean fewer homes being delivered from existing funding available.
- 2.11 The average cost of building an affordable home has increased by 40% from just under £158,000 in 2020/21 to over £230,000 in 2023/24. 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 SHIP estimates the average construction cost per home at almost £240,000. These are working estimates of costs and are likely to be subject to change when development works are tendered.
- 2.12 The viability of affordable housing continues to be a challenge, particularly as Resource Planning Assumptions (RPA) are not known beyond 2024/25. Most construction projects take 18-24 months from approval to completion. A steady pipeline of completions relies on certainty in funding in future years. A lot of RSL partners have dedicated development teams. The impact of such fluctuations and increasingly challenging market conditions has meant that some partners have suspended development activity and have pulled out of specific developments, whilst others are now being delivered in phases when more units could have been delivered sooner had funding been available.
- 2.13 The continuation of the AHSP is therefore critical in ensuring we continue to be able to deliver affordable homes in the medium to long term. Also, reducing the reliance on grant funding in future years where possible remains a key focus to try and bring an element of certainty in the pipeline.

### 3. Current delivery

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- 3.1 From April 2017 and up to 31 March 2025, it is anticipated that 9,506 new affordable homes will have been approved and 8,705 completed. Social rent makes up almost 3,700 of the homes that have been approved to date by the Council and RSL partners through the grant funded programme.
- 3.2 On [5 December 2023](#), the previous SHIP (2024-29) estimated a potential pipeline 1,213 approvals and 1,339 completions in 2024/25. Approvals have been significantly impacted by the reduction in AHSP funding and the revised approval estimates have only been made possible through re-phasing of projects, prioritisation by development partners and the use of commuted sums to offset the reduction in grant funding.
- 3.3 On 10 September 2024, the Scottish Government confirmed an additional £14.882m of grant funding as part of the £80m [National Acquisition Programme](#). This additional funding is ring fenced and can only be used to support the acquisition of new homes or bringing void properties back into use, and not for ongoing development work. This cannot be used for ongoing development work.
- 3.4 The current proposal is to support 150 homes for social rent through this funding, with a combination of new build 'off the shelf' and second hand homes. The focus is on delivering a variety of property types and sizes to provide options for those households most in need. In addition to this around £4m of funding will be used to support the works required to bring void properties back into use more quickly.
- 3.5 Around 580 new affordable homes are expected approved for site start in Edinburgh this financial year (2024/25) and based on current delivery programmes, around 860 affordable homes are expected to be completed. Of these, 271 approvals and over 340 completions will be homes for social rent. There are a total of 427 grant funded approvals estimated this financial year, this figure will increase as it does not currently include new homes that will be purchased with the additional acquisitions funding. There are currently over 2,000 affordable homes under construction on 29 sites across the city.

### 4. Key Outputs of the SHIP

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- 4.1 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.
- 4.2 This SHIP aims to highlight both the potential for new homes if funding levels are sufficient to support this, but to also highlight the challenges in delivering affordable housing at scale and the reality of how many of these homes can be delivered without significant funding increases.

- 4.3 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.
- 4.4 The SHIP 2025-30 has identified an aspirational pipeline programme of 9,009 affordable homes that could be approved for site start and 7,132 potential completions. The approvals are split into two categories:
- 4.4.1 7,862 homes could be approved through the grant funded AHSP and;
- 4.4.2 1,147 homes could be approved through innovative funding mechanisms, requiring little or no grant funding.
- 4.5 The 7,862 homes that have been identified as requiring AHSP funding would require a minimum of £587m of grant over the SHIP period, an average of around £117m per year. As a number of sites are expected to seek approval in the final year of the SHIP, these projects would require a further £273m of funding in the years after this SHIP period.
- 4.6 The exact amount of grant funding varies for each project depending on tenure, delivery partner and build specification. The grant funding benchmarks are set by the Scottish Government and were most recently increased on 10 October 2024 by c.5%. 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 on average from £71,561 for a Council MMR property to £107,057 for an RSL social rent property, however these levels can increase if additional AQMs are added.
- 4.7 It is expected that almost all new approvals will be eligible for an additional AQM of £4,560, as homes issued with a Building Warrant from February 2023 onwards are required to deliver “updated provisions for energy performance, ventilation and assessment of overheating risk”. A combination of the 5% benchmark increase and this new AQM will add an £49m additional grant funding requirement over five years or £9.8m per year. This has been factored into calculations contained within this report.
- 4.8 The majority of the AHSP approvals are for social rent (61%), 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. The delivery of social rented homes requires approximately 40% more grant funding than that required for each mid-market rent home.
- 4.9 The table below provides a summary of the projected outputs and funding requirements of the AHSP projects identified in the SHIP. There are presently no Resource Planning Assumptions known beyond 2024/25, for illustrative purposes the current levels of funding have been applied to future years and are set out below.

**Table 1: Summary AHSP**

| YEAR   | HOMES APPROVED | HOMES STARTED | HOMES COMPLETED | GRANT REQUIREMENT (£M) | SG RESOURCE PLANNING ASSUMPTIONS (£M) |
|--|----------------|---------------|-----------------|------------------------|---------------------------------------|
| 2025/26  | 1,469          | 1,245         | 1,039           | 119.417                | 34.207                                |
| 2026/27  | 1,246          | 1,475         | 640             | 100.606                | 34.207*                               |
| 2027/28  | 1,666          | 1,014         | 1,068           | 119.922                | 34.207*                               |
| 2028/29  | 983            | 1,404         | 1,315           | 116.183                | 34.207*                               |
| 2029/30  | 2,498          | 1,760         | 1,207           | 131.397                | 34.207*                               |
| <b>TOTAL</b>   | <b>7,862</b>   | <b>6,898</b>  | <b>5,269</b>    | <b>587.525</b>         | <b>171.035</b>                        |
| * RPAS only known for 2024/25. This assumes funding remaining static between 2026/27 and 2029/30 |                |               |                 |                        |                                       |

- 4.10 Table 1 identifies a shortfall of £416m in grant funding over the next five years based on 10 October 2024 benchmark uplift. Edinburgh's projected carry forward commitment is around £61m due to the number of approvals made to date and those planned for this financial year. Approved projects require grant to be provided in stages over several financial years. The SHIP 2025-30 would require a 250% increase in funding to deliver the pipeline of new homes identified.
- 4.11 The remaining 1,147 homes identified could be delivered through a variety of non-grant funded means such as the Council's Acquisition and Disposals (A&D) programme, Scottish Government's Open Market Shared Equity (OMSE) other forms of low-cost home ownership and private sector led BTR. A breakdown of delivery types and mechanisms is detailed in section 5 below.
- 4.12 Over a third of the AHSP funded programme (36%) is forecast to be delivered by the Council's own housebuilding programme. Most of the sites being taken forward by RSL partners are in control of the private sector and are being delivered by through the Affordable Housing Policy (AHP).

**Table 2: Actual Approvals and Completions (2017/18 to 2023/24) and SHIP Forward Projections**

| Financial Year | Approvals | Completions |
|----------------|-----------|-------------|
| 2017/18        | 1,475     | 966         |
| 2018/19        | 1,626     | 1,159       |
| 2019/20        | 1,930     | 1,443       |
| 2020/21        | 1,285     | 1,087       |
| 2021/22        | 1,251     | 1,041       |
| 2022/23        | 734       | 1,215       |
| 2023/24        | 668       | 934         |
| 2024/25        | 587       | 860         |
| 2025/26        | 1,876     | 1,345       |
| 2026/27        | 1,431     | 1,372       |
| 2027/28        | 1,851     | 1,386       |
| 2028/29        | 1,168     | 1,715       |

|              |               |               |
|--------------|---------------|---------------|
| 2029/30      | 2,683         | 1,514         |
| <b>Total</b> | <b>18,565</b> | <b>15,837</b> |

- 4.13 The above programme cannot be delivered without substantial grant funding increases. There are a number of other factors that impact the potential delivery of these homes including; sites being within affordable developer control, being brought forward by landowners and developers in a timeous manner and construction sector capacity to deliver at scale.
- 4.14 The uncertainty around funding and the ability of this to sustain a pipeline of affordable homes has a direct impact on delivery partners. Since the submission of the last SHIP two key RSL partners have taken the decision to pause their development programmes, contributing to the lesser number of projected approvals in the SHIP 2025-30.
- 4.15 The ability to secure private finance for development partners is also essential and this can be impacted market uncertainty, economic fluctuations and uncertainty around grant funding commitments being made available. The proposed adoption of City Plan 2030 and a minimum 35% affordable housing requirement presents further challenges for delivering new affordable homes on site.

## 5. Means of Delivery

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- 5.1 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.
- 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.

### **Alternative funding models for development**

- 5.3 The provision of new, social rented homes remains the priority for the Council. The increasing in construction costs presents a direct challenge to the viability of delivering homes at the most affordable rent levels. By keeping rents low, the borrowing capacity of the Council and RSL partners is limited and, without grant funding levels increasing in line with construction costs, there is a very real challenge in delivering new social rented homes.
- 5.4 Following the reports to Housing, Homelessness and Fair Work Committee on [14 May 2024](#) and [1 October 2024](#), a collection of workstreams focussing on newbuild housing viability has been established to support the sustainable delivery of a Council housebuilding programme into the future. This work is supported by a



cross-service working group with key reporting timetables identified. The remit of this group is to identify and review options to reduce cost, increase income and remodel the way in which affordable housing is funded to reduce the reliance on grant. As well as changes to the funding structures, alternative income streams are being identified and modelled, including the Visitor Levy for Edinburgh and opportunities to increase income from land.

- 5.5 Increasing income will be key to mitigating the loss of grant funding. Key routes to funding are being progressed already and include access to UK Tariff funding which supports the delivery of affordable homes for refugees, the Visitor Levy for Edinburgh, exploring opportunities to increase income from land and the use of Commuted Sums across a wider area of the city, where legal agreements allow for this.
- 5.6 The delivery of social rented homes is not limited to new build developments but can also be supported by the following means:
- 5.6.1 **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 programme is not being supported by grant funding in 2024/25 and it is planned this will continue without grant funding provision in future years.
- 5.6.2 Since the implementation of the policy in 2015, 422 homes have been purchased and 212 homes have been sold. This has led to 83 blocks becoming fully Council owned, 154 blocks where the Council has divested its interest and 321 blocks where the Council has further consolidated its majority ownership.
- 5.6.3 **Off the Shelf Purchases** – In 2023/24, with the support of £8.723m of UK Tariff funding, £8.36m of Scottish Government for Ukraine Displaced Persons (UDP), HRA borrowing and commuted sums funding, a total of 90 new homes were approved for purchase. These homes will provide settled accommodation for Ukrainian families in Edinburgh. 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.
- 5.6.4 On 10 September 2024, the Scottish Government confirmed an additional £14.882m of grant funding as part of the £80m National Acquisition Programme announced in 2023/24. The allocation of the £40m for 2024/25 has been agreed using an approach based on 80% of the funding being allocated to the five local authority areas which have experienced the highest current and sustained temporary accommodation pressures for the last three years. Edinburgh has received the highest proportion of this funding at

£14.8m, the next closest local authority is Glasgow with an additional £11.5m.

- 5.6.5 This additional funding is ring fenced and can only be used to support the acquisition of new homes or bringing void properties back into use, and not for ongoing development work. The current proposal is to support 150 homes for social rent through this funding, with a combination of new build 'off the shelf' and second-hand homes. The focus is on delivering a variety of property types and sizes to provide options for those households most in need. In addition to this around £4m of funding will be used to support the works required to bring void properties back into use more quickly.
- 5.6.6 An assessment/review has been being undertaken of the housing need requirements of households presently in temporary accommodation, this has helped to inform the strategy for both 'off the shelf' and second-hand purchases. Key criteria have been developed to assist with quickly assessing opportunities that are presented and help determine if those homes offered are those which are of most benefit. These include price, location, size and consideration of any housing management issues.
- 5.6.7 Council Officers will continue to engage with developers and RSL partners to explore the potential purchase of completed homes on sites where they already have an interest, if such opportunities are both viable and value for money. As developers can withdraw offered units prior to contracts being agreed, Officers will endeavour to ensure alternative options remain available in the event that circumstances change with particular sites.
- 5.6.8 The price of units being offered 'off the shelf' are subject to negotiations between the Council and developers as the prices of these units are significantly higher than those delivered through the AHP. These AHP units receive land value discounts, that are not offered on 'off the shelf purchases'.

### **Affordable Tenures – Mid Market Rents (MMR)**

- 5.7 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.
- 5.8 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. The reduction in overall grant funding levels means that the provision of MMR becomes even more important as

their ability to both help with cross subsidising social rented homes and providing settled accommodation for homeless households.

5.9 The Council also works with partners to deliver affordable housing without grant funding. These funding models are described below.

**5.9.1 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. This has delivered 476 units in total, with the final units handing over last July.

**5.9.2 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. The development at Fountainbridge completed in June 2024 and a further three sites are currently scheduled for site start in 2025/26.

**5.9.3 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 secure affordable housing without the need for grant subsidy through the delivery of Intermediate Rent homes.

**5.9.4** Intermediate Rent is an affordable rented tenure which caps rents at Broad Rental Market 30th Percentile (the lower third of the rental market), which is published by Scottish Government each year.

**5.9.5** The [Scottish Government](#) have undertaken an assessment to determine the impacts of the [Housing \(Scotland\) Bill](#) on the private rented sector. Discussions with investors and investor representatives highlighted concerns that are linked to the delivery of BTR sites. Feedback received by the Scottish Government Ministers and officials included; concerns that rent controls may impact supply and investment, that Scotland may look less attractive to investors than other locations and that rent controls could affect profitability which would directly impact on the amount of affordable housing that could be delivered.

**5.9.6** Despite the challenges faced there have been 880 approvals for intermediate rent since the policy was introduced and discussions with BTR developers, operators and investors are ongoing to support delivery of the current pipeline and identify further affordable BTR homes that can be delivered without grant funding. There are 12 BTR developments included within the SHIP.

5.9.7 In April 2024 the Scottish Government created a Housing Investment Taskforce of which the Council is a key member, alongside CoSLA, ALACHO and a number of organisations representing both public and private interests. The Taskforce's remit is to build investor confidence and attract further capital investment into housing, encourage and promote new delivery partnerships, unlock existing financial commitments and to shift the balance of investment in affordable housing to increase private funding. A final report will be provided by March 2025.

### **Affordable Tenures - Low-Cost Home Ownership**

- 5.10 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 7% of all approvals in the SHIP are for LCHO.
- 5.11 The Scottish Government's Open Market Shared Equity Scheme (OMSE) helps first time buyers who cannot afford to purchase homes at the full market price. OMSE is funded from Scottish Government financial transactions monies. Edinburgh has often secured around 50% of annual funding through this scheme (c.250 homes per annum). The 2024/25 Financial Transactions budget has been cut by around 60% which has impacted projections for both 2024/25 and the SHIP period. Future projections for OMSE are c60 homes per year.

### **The availability of suitable land**

- 5.12 The availability of suitable land for development is also crucial to the delivery of affordable housing. A number of sites have been included in [City Plan 2030](#) as housing allocations, these can also be viewed on the [City Plan 2030 proposal map](#). This is not an exhaustive list of sites and doesn't identify land specifically for affordable housing. City Plan 2030 will require housing developments consisting of 12 or more units to provide affordable housing amounting to 35% of the total number of units proposed.
- 5.13 A [report](#) on the Commercial Property Portfolio was presented to Finance and Resources Committee on 20 June 2023 regarding land ownership and the potential uses of this. Work is continuing between Housing and Estates colleagues to update Council ownership records and develop a comprehensive list of sites in Council ownership to help inform future development opportunities.

## **6. Specialist Housing, Including Wheelchair Accessible Homes**

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### **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. 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. An update report is being considered at this Committee.

- 6.2 The SHIP pipeline includes 5% fully wheelchair accessible homes (5% of the grant funded programme) that could be approved over the next five years. These figures are below the long-standing target of 10% provision for affordable housing however there are reasons for this. Many of the projects proposed in the SHIP are in varying stages of the planning process and as such, the housing mix, form type and design features are yet to be determined. Further to this, two delivery partners pausing their development programmes has further impacted the numbers. One of these in particular were a specialist provider focussing on the provision of wheelchair units.
- 6.3 These figures for specialist provision 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
- 6.4 Whilst additional extra funding is available through the AHSP for additional quality measures, these AQMs do not include extra funding for the provision of wheelchair or specialist homes. Additional costs can 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. 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.
- 6.5 The provision of wheelchair and specialist homes will therefore almost always require above benchmark levels of grant funding. With a reduction in overall funding, coupled with overall benchmark increased means that there are difficult decisions to be made as delivering specialist homes will mean less homes overall.
- 6.6 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. The Council House Building team responded to the Scottish Government's consultation in December 2023 as part of a wider response on proposed updates to Housing for Varying Needs guidance. The responses are being reviewed by the Scottish Government.
- 6.7 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 [City Plan 2030](#), adopted in November 2024, makes clear to prospective developers that they need to include specialist housing within the mix of units being proposed. This was in the absence of including a wheelchair target, which should be subject to consultation and could therefore be a consideration in the next Local Development Plan.

### **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. This budget has been retained at previous levels despite the 24% cut to the AHSP budget, demonstrating an ongoing commitment to supporting works crucial to tenants and their families. Adaptations to Council homes are funded from the Housing Revenue Account.

## **7. Carbon Emissions and Energy Efficiency**

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- 7.1 Council and RSL house building partners continue to work toward 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.
- 7.2 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 Current grant funding benchmark levels include 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.
- 7.4 A further AQM was added by the Scottish Government on 10 October 2024 for new build homes issued with a Building Warrant from February 2023 onwards. These homes being required to deliver "updated provisions for energy performance, ventilation, and assessment of overheating risk.



- 7.5 The Scottish Government's New Build Heat Standard (NBHS) will necessitate all new buildings requiring a building warrant from 1 April 2024 onwards to ensure that heating systems in new buildings will be a zero direct emissions heating (ZDEH) system that produces negligible direct greenhouse gas emissions at the point of use. These systems are already being installed as standard in all new Council homes.

## **8. Rapid Rehousing Transition Plan (RRTP)**

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- 8.1 The second iteration of the RRTP was agreed by the Housing, Homelessness and Fair Work Committee on 18 September 2020 and submitted to Scottish Government.
- 8.2 The RRTP is being mainstreamed into the Local Housing Strategy (LHS) with any ongoing actions being carried forward as part of this work, along with any newly identified actions. This is one of the Housing Emergency Action Plan actions and will ensure that there is one coherent strategy covering housing and homelessness in the city.
- 8.3 The RRTP is aligned around four key objectives, focusing on both prevention and increasing accommodation options (both temporary and settled):
- 8.3.1 Preventing homelessness in the first place;
  - 8.3.2 Where temporary accommodation is required, this will meet the needs of the household;
  - 8.3.3 Supporting people to access settled accommodation as quickly as possible; and
  - 8.3.4 Reducing the number of people sleeping rough.
- 8.4 The RRTP has been instrumental in the shift to prevention led services. This includes the introduction of a suite of prevention services which now form part of the housing and homelessness services structure.
- 8.5 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.
- 8.6 The team secured additional investment which allowed for the recruitment of a housing assistant to engage further with landlords and enhance the response to Section 11 notices. The team prevented homelessness for 372 households in 2023/24 and in the first quarter of 2024/25 have prevented homelessness for 157 households.
- 8.7 A multi-disciplinary team working with Council tenants who are at serious risk of eviction due to rent arrears has continued to support tenants this year. The team

include Family and Household Support Workers, Income Maximisation Officers, Debt Advisor and Housing & Homelessness specialists. The team actively reach out to households who are not engaging with their Locality Patch Housing Officer and offer wrap around support.

- 8.8 In 2023/24 the team prevented homelessness for 33 households and achieved financial gains of £105,000 for tenants. The team are currently working with 48 households and have prevented homelessness for eight households in the first quarter of 2024/25. The team are looking to expand their remit to include working with Registered Social Landlords and their tenants in the future.
- 8.9 An Early Intervention team were established in December 2023 with the aim of preventing homelessness at the earliest opportunity. To do this the team reach out to all households who contact homelessness services who are not immediately roofless and offer an appointment with the Early Intervention Team to identify opportunities to prevent homelessness.
- 8.10 The team have instigated a new approach for social rented tenants fleeing domestic abuse or racial harassment, with each tenant being seen by the Early Intervention Team. The team are discussing all housing options with tenants to try and find a safe solution and avoid homelessness, where it is safe to do so.
- 8.11 In 2023/24 the team supported 56 households to avoid homelessness, despite only being in place with a full staff compliment since December 2023. In the first quarter of 2024/25 the team have prevented homelessness for 88 households.
- 8.12 There continues to be a commitment to a rehousing target for social rented homes in Edinburgh. This was set at a minimum of 70% of Council lets and 50% of RSL lets at the start of the RRTP. Since then, Edinburgh has declared a housing emergency and through the Housing Emergency Action Plan this has increased the percentage of lets to homeless households from 71% to 76% (Council social rented homes) and 55% to 65% (RSL social rented homes).

## **9. Empty Homes**

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- 9.1 The Council's Empty Homes Officer (EHO) works to bring private sector empty homes back into use. On 5 December 2023 the Housing, Homelessness and Fair Work Committee approved an action which called for a report within one cycle exploring the benefits and costs of increasing the size of the Empty Homes Team. Subsequently, a recruitment process has been initiated to appoint an additional officer for a period of 18 months. Interviews for the post are currently underway with the intention that a preferred candidate will be successfully appointed in December 2024.
- 9.2 The Council's Empty Homes Officer provides advice and information to owners to help them deal with issues, supporting them to bring their private home back into use. The EHO works closely with the Scottish Empty Homes Partnership, run by Shelter Scotland.

- 9.3 Work is focussed on longer-term empty homes which often have a detrimental impact on neighbours or the wider community. Cases are typically generated from complaints from members of the public. The EHO works across Council departments 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
- 9.4 Due to the complex nature of many cases, the EHO routinely works with a range of internal and external partners to bring empty homes back into use. The aim of recruiting an additional EHO will be to create a supply of Empty Homes into the market that can be used for providing suitable temporary accommodation for homeless households, through the development of a 'match maker' scheme, which may be operated by the Council or in collaboration with the Council's Private Sector Leasing partner (Link Group).
- 9.5 The recruitment of an additional EHO will allow for activity to be re-focused on being more proactive and to target properties which fulfil the council's strategic goals around homelessness and temporary/emergency accommodation.
- 9.6 Reducing the number of Council void properties has been identified as a key priority in the Housing Emergency Action Plan to help tackle Edinburgh's housing emergency. Additional resources have been deployed to repairs and locality teams, and a working group established to monitor progress and take any necessary mitigating actions. Voids have subsequently reduced by around 500 since June 2023 to October 2024, and the target is to reduce the number of voids down to 650 by the end of March 2024, from its current total of 972 (October 2024) whilst maintaining the current focus on void turnaround improvements.
- 9.7 Void performance is presently reported to the Housing, Homelessness and Fair Work Committee via the Cyclical Assurance on Service Improvement and the Housing Emergency Action Plan updates.

## 10. Child Poverty

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- 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 22 October 2024.
- 10.2 An estimated 17% of people in Edinburgh were living in poverty in the period to spring 2023, accounting for over 87,000 individuals. These included over 17,200 children, or 20% of all children in the city. Child poverty rates vary significantly across areas Edinburgh, ranging from over 30% in Leith, to less than 10% in Morningside. 10% of all residents (including 14% of all children) had been living in poverty for three of the past four years.

- 10.3 Long term trends show an increase in the severity of poverty across the UK. Rates of very deep poverty and destitution rose by 23% in Edinburgh between 2019 and 2022. Households in key priority groups show a heightened risk of poverty and destitution. Two thirds of all people in destitution have a long-term chronic health condition or disability, while around 40% of all lone parent or minority ethnic households are in poverty.
- 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 In September 2024, the Edinburgh Partnership agreed to the development of a new roadmap to accelerate and improve the city-wide actions needed to prevent poverty in Edinburgh. This roadmap provides a focus on five areas of improvement to form the basis of priority work by the Council and partners during 2025. These areas include:
- 10.5.1 Improving core services;
  - 10.5.2 Maximising incomes;
  - 10.5.3 Economic inclusion;
  - 10.5.4 Health and wellbeing; and
  - 10.5.5 Area based anti-poverty alliances.
- 10.6 Initial scoping for these workstreams is currently underway by officers across partnership agencies, with a report providing 12-month improvement plans for the programme planned for discussion at the Edinburgh Partnership meeting in December 2024.
- 10.7 This work will be taken forward in alignment with Council service improvement plans, the Edinburgh Partnership Transformation and Improvement Programme, and with the findings of the Edinburgh Poverty Commission 2024 Interim Review process currently underway.

## **11. Gypsy Travellers site**

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- 11.1 The Council currently owns and manages one site in Edinburgh, known as the North Cairntow Travellers Site in the northeast of the city. The Housing Service has recently completely re-developed this site, with the old one being demolished. The new site opened in December 2022. The re-development took the form of a comprehensive programme of community engagement and consultation with residents and architects to co-design the improved site. It now features 'top of the range' prefabricated chalets that comply with modern building standards, with additional external utility blocks on each pitch. These improvements were designed to address fuel poverty (with the installation of mains gas and choice of power

supplier), mainstream equalities, and to harness the lived experience of tenants, culminating in an improved quality of housing, environment and understanding of cultural need.

- 11.2 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 Satisfaction ratings are at an all-time high, following the annual Tenant Satisfaction Survey. Residents are experiencing improvements that include choice of utility provider, mains gas, reduced fuel costs, improved broadband connection (via installed fibre-optic cable). The provision of a new bespoke Scottish Secure Tenancy has also provided equality with other Council Tenants, whilst acknowledging the cultural needs of the community.
- 11.4 The on-site Community Hub programme is used by the community and a variety of partners and external agencies. The Cyrenians, in partnership with Minority Ethnic Carers of Older People Project (MECOPP), deliver a thriving surplus food hub, providing good quality food that otherwise would have been sent to landfill. MECOPP also deliver nutritional and active lifestyle advice sessions. Community Education colleagues are planning to deliver literacy support to the community. Similarly, MECOPP are engaging with the Education Department to explore the provision of support to school aged children. Income Maximisation surgeries have been held on site to provide access to financial advice and to identify underlying benefit entitlement.
- 11.5 Council officers have been working with Edinburgh Tenants Federation (ETF), supporting the community to set up a Registered Tenants Organisation (RTO), this will enable access to wider funding. Officers are also keen to develop community growing space on site and explore potential for renewable energy opportunities.
- 11.6 A Site and Roadside Encampment Manager is based at North Cairntow and is the first point of contact for residents, providing support to access additional council and external services. The role also supports colleagues across the City of Edinburgh Council. The role is to ensure that the Scottish Governments Management of Unauthorised Encampment Guidelines are put into practice and to Co-ordinate the City Councils response to Roadside Encampments.

## **12. Town Centres**

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- 12.1 By working in partnership with local communities, the Council's vision is to enable a net zero Edinburgh where everyone can live well locally. By creating places where, within a 20-minute round trip, most of people's daily needs can be met without the need to travel further afield.
- 12.2 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. The 20-minute neighbourhood

concept is about creating healthier and greener communities and thriving and more inclusive neighbourhoods.

- 12.3 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.
- 12.4 Ending poverty in the city, making Edinburgh a good place to live and work, along with becoming net zero by 2030, are core priorities that are supported by the 20-Minute Neighbourhood Strategy.

### **13. Consultation and engagement**

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- 13.1 There is a strong partnership approach to delivering new build affordable housing in the city. 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.
- 13.2 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.
- 13.3 A number of engagement events, along with an early engagement survey, have been undertaken to help inform the development of Edinburgh's Local Housing Strategy (LHS). Whilst individual events were focused on a variety of topics, the issue of affordable housing supply and funding mechanisms was a prevailing theme raised by stakeholders across the sessions. Further information on the engagement undertaken is available in the Local Housing Strategy report being presented to Housing, Homelessness and Fair Work Committee on 03 December 2024.

### **14. Integrated impact Assessment**

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- 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**

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- 15.1 The SHIP sets out a potential pipeline of 9,009 affordable homes that could be approved for site start and 7,132 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.
- 15.2 This SHIP has been produced in the most challenging financial position facing the delivery of affordable homes in recent times. The increase in construction costs continues to present significant viability issues for the provision of new affordable homes. With delivery partners facing higher borrowing costs and limits to borrowing capacity, the need for grant funding becomes even more crucial to delivering homes. As the level of funding needed per home increases, the overall number of units that can be delivered is directly impacted. Without unprecedented uplifts in grant funding to mirror increasing costs, the AHSP programme will be significantly restricted in the number of new homes it can deliver.
- 15.3 In spite of the funding reduction in 2024/25, a number of actions have allowed a higher than expected programme of new approvals for 2024/25. The phasing of projects, discussions with partners about their ability to bring forward private finance, as well as the strategic use of commuted sums have all assisted in setting out an affordable housing programme of 427 new grant funded approvals this financial year, along with the potential for a further 150 homes through the National Acquisition Fund. This ability to use commuted sums is time limited and it is not anticipated that this option will be available in future years to supplement the reduction in AHSP funding.
- 15.4 The reduction in grant funding places significant strain on the ability to deliver new affordable homes at scale. Added to this, the increase to grant benchmark levels and the significant carry forward from a consistently underfunded programme, means that in 2025/26 the current funding levels could only support around 64 social rented homes or around 88 mid-market rent homes in 2025/26. Based on a 70/30 split of social rent and mid-market rent this could deliver a total 69 homes, 49 for social rent and 20 for mid-market rent.