

Agenda Item	9
Report No	HP/25/21

HIGHLAND COUNCIL

Committee: Housing and Property Committee

Date: 15 December 2021

Report Title: Strategic Housing Investment Plan 2022-2027

Report By: Executive Chief Officer, Housing and Property

1 Purpose/Executive Summary

1.1 This report seeks approval for Highland's Strategic Housing Investment Plan (SHIP), which sets out proposals for affordable housing investment during 2022–2027.

2 Recommendations

2.1 Members are asked to:

- **APPROVE** the Strategic Housing Investment Plan attached as **Appendix 1**, for submission to the Scottish Government in draft form pending consideration by Area Committees.
- **AGREE** the indicative planned investment programme to 2027 contained in **Appendix 2**, subject to further discussion by Area Committees.

3 Implications

3.1 **Resource** – The Council House Build proposals contained within SHIP will be progressed in line with the current agreed funding mechanisms of the Scottish Government Grant, Landbank subsidy and Prudential Borrowing.

3.2 **Legal** – There are no legal issues arising from this report.

3.3 **Community (Equality, Poverty and Rural)** - This report will assist in the delivery of affordable housing in rural areas.

3.4 **Climate Change/Carbon Clever** – The investment programme will comply with national legislation and with the Council's objectives in regard to delivering energy-efficient, low-carbon homes.

3.5 **Risk** – There are no implication arising from this report.

3.6 **Gaelic** – There are no implications arising from this report.

4. **Background**

4.1 This report introduces the Highland's Strategic Housing Investment Plan 2022-2027, which is included as **Appendix 1**.

4.2 Council Housing Strategies, and specifically their Strategic Housing Investment Plans (SHIPs), are the key statements of local housing development priorities which are used to guide funding. They assist the Government in targeting its Affordable Housing Investment Programme (AHIP). SHIPs contribute to achieving better prioritisation and making best use of public resources at a time when these are particularly constrained.

4.3 Strategic Housing Investment Plans (SHIPs) are developed in line with Scottish Government guidance which sets a submission date of 28 October 2021. The SHIP has been prepared as a draft pending Strategic Committee approval and consideration by Area Committees. It has been prepared in recognition of the priorities and prioritisation processes set out within **Appendix 1**, and in the knowledge that it contains a degree of over-programming. An indicative programme up to 2026/27 is included at **Appendix 2** of this report. Any proposed amendments to the planned investment programme will be discussed with Area Committee Members and be reported to the Strategic Committee for approval as required. Budget monitoring will through the HRA Capital Monitoring reports to this Committee.

4.4 The SHIP should be considered in the context of the Future Highlands Health and Prosperity Strategic Partnership Plan which was approved at Council on 9 September 2021. The SHIP links with the Future Highlands principles regarding the provision of affordable and energy efficient housing which meets the needs of occupants across Highland communities.

5 **2021/22 programme update**

5.1 At the meeting of the Economy and Infrastructure Committee held on 4 November 2020, Members agreed the Highland's Strategic Housing Investment Plan (SHIP), which set out proposals for affordable housing investment during 2020–2025, reaffirming the commitment to deliver an average of 500 new affordable homes per annum of which approximately 70% will be for affordable rent and 30% for intermediate affordable housing (e.g. low cost home ownership or mid-market rent), in line with the overall Scottish Government targets.

5.2 The number of tender approvals to date for 2021/22 is 35 and the number of completions is 122. It is anticipated that there will be a total of 539 tender approvals, 557 site starts and 859 completions by March 2022. The relatively high number of completions results from completions delayed due to the effects of Covid 19.

5.3 The affordable housing development programme has been constrained by many issues outside the control of the Council or housing association partners. Some of the main constrains are:

1. A lack of economically deliverable sites in areas of greatest housing pressure, particularly in Inverness, Nairn and parts of Skye.

2. In the Inverness and Inner Moray Firth area, most affordable housing is delivered through section 75 agreements; however, developers will only progress the private housing based on their business plans, cash flows and confidence in market conditions.
3. In Inverness in particular, constraints due to school capacity issues can affect housing projects.
4. Related to this, developer contributions, particularly due to the school capacity issues, have resulted in affordable housing projects becoming unviable. Scottish Government housing grants do not cover the additional cost of developer contributions.
5. There can be significant delays in obtaining statutory approvals such as planning permission, (including purification of conditions), Roads Construction Consents and Scottish Water consents. We are working closely with our planning colleagues and others to ensure that all consultants and contractors are fully aware of the statutory authority requirements to minimise these delays.
6. Some identified potential site purchases are being aborted due to landowners no longer being willing to sell, or due to local opposition / concerns over loss of green space.
7. Significant infrastructure/abnormal costs have made some sites unviable after full site investigations have been carried out e.g. very high decontamination costs, peat management, rock removal.

5.10 In some areas the increased number of new affordable homes being built has tested the overall capacity of the construction industry to deliver resulting in high tender costs and value engineering and retenders. There is only a very limited pool of contractors willing and able to build affordable housing projects, and some open tender processes have resulted in only one or two tender returns.

5.11 Council officers meet weekly with the Scottish Government and our affordable housing partners and planning colleagues to identify new potential projects or projects which can be brought forward to minimise slippage in the overall programme. Projects which have been delayed can be funded in future years with Scottish government agreement.

5.12 The national lockdown caused by Covid 19 and the restricted working methods to comply with social distancing has resulted in delays in all the affordable housing projects. However, the easing of restrictions has enabled further progress on site with contractors fully committed to delivering within a safe environment.

5.13 The Scottish Government has allocated grant of £53.828m to Highland for 2021/22 and £46.398m for 2022/23. A total grant investment of £240.117m has been confirmed as a Resource Planning Assumption for the 5 years covering 2021/2026.

6 Highland's Strategic Housing Investment Plan 2022 - 2027

6.1 Highland's Strategic Housing Investment Plan (SHIP):

- sets out Highland Council's key housing investment priorities and demonstrates how they will be delivered so that the outcomes and targets set out in Highland's Local Housing Strategy and Highland First are achieved;

- sets out opportunities for development across Highland;
- identifies resources which are required to deliver these; and
- enables partners such as housing associations and developers to be involved.
- Is positioned to help deliver key strategic priorities contained in the “Future Highlands – Health and Prosperity Strategic Partnership Plan” approved by the Council in September 2021.

- 6.2 The draft has been prepared on the basis that it will be possible to approve at least 500 units each year, of which 70% will be for affordable rent and 30% for intermediate affordable housing (e.g. low-cost home ownership or mid-market rent), in line with overall Scottish Government targets.
- 6.3 Due to the continuing effects of Covid-19, economic climate, site challenges and national policy indications, it is anticipated that programme changes are likely. The Strategic Housing Investment Plan therefore proposes criteria which will be used to prioritise the programme should resources be different than presently anticipated.
- 6.4 The Council works with a range of partners, through various processes to drive forward delivery and in particular the Highland Housing Development HUB through which the Council, housing association partners and Scottish Government meet to monitor the investment programme and agree site priorities based on the Housing Strategy and SHIP. Invariably sites will drop out of the programme if they become undeliverable whilst others will be brought into the programme.
- 6.5 The individual priorities within areas will be discussed further with Area Committees where additional communities and sites may be identified for inclusion in the overall Strategic Housing Investment Plan.

Designation: Executive Chief Officer Infrastructure, Housing & Property

Date: 03 December 2021

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The Highland Council

Strategic Housing Investment Plan

2022/2027

1. Introduction

The Council's current Local Housing Strategy was approved in December 2017. The main objectives are:

- Increase the supply of housing in Highland so that we have enough homes in the right places to meet housing needs.
- People are supported to live independently for as long as possible in their own homes and communities.
- Prevent and respond to homelessness and make sure people have the right help to let them make decisions on their housing options
- Improve the Quality and condition of the housing stock and minimise fuel poverty

The main purpose of The Highland Council's Strategic Housing Investment Plan (SHIP) is to set out how investment in affordable housing will be directed over the five-year period 2022/23 to 2026/27, in order to achieve the priorities that have been identified in the Council's Local Housing Strategy (LHS).

The Council's SHIP will contribute to the national Affordable Housing Supply Programme (AHSP), assisting in fulfilling the Scottish Government's commitment to deliver at least 50,000 new affordable homes during this Parliament, as well as to extend delivery beyond that period.

The Highland Council's Programme 2017 – 2022, "Local Voices/Highland Choices", states that The Council and its partners will aim to build 500 new affordable homes every year for the next 5 years.

The Council approved the "Future Highlands-Health and Prosperity Strategic Partnership Plan" in September 2021. The SHIP, and the Council's next Local Housing Strategy, will have an important role in delivering key strategic priorities contained in the Plan. Examples of this are the role of house building in driving economic growth and supporting emerging industry; green energy and net zero carbon targets; health care innovation and meeting the challenges of demographic change; and in strengthening communities and addressing depopulation.

2. Strategic Context

Housing is crucial to the growth of Highland's economy and the sustainability of its communities. There are large numbers of households across Highland experiencing 'housing need' whilst at the same time, there continues to be substantial pressure on Highland's supply of affordable housing. The Council's Housing Need and Demand Assessment (HNDA) was completed in 2015. Updated guidance on HNDA was issued on 15 October 2018 and we will use this to refresh our current modelling over the next 6 months. In the meantime, housing need and demand information to inform the SHIP is based on ongoing monitoring of the Council's Housing Need and Demand

Assessment, information on homelessness trends and pressures and information from NHS Highland (adult services) and the Council's Health and Social Care.

The Council has a common housing register shared with the main Highland Housing Associations which indicates:

- A gradual increase in applicants on the Highland Housing Register.
- Fairly stable numbers of homelessness presentations annually.
- 1,399 of the overall number of applicants (9,959 as at 31 March 2021) on the housing register, currently living in accommodation that does not meet their current health / mobility needs
- Continuing high levels of housing need and housing pressures across most of Highlands, with particular concentrations in some communities.

The Scottish Government accepted in principle the recommendations of the Homelessness and Rough Sleeping Action Group in June 2018. Additional recommendations from a reconvened group in response to the Covid 19 emergency have also been agreed. The Scottish Parliament has brought forward the planned extension of the Unsuitable Accommodation Order, which now applies to all homeless households. Revisions to "local connection" and "intentionality" tests in relation to homelessness are also planned. All of these measures, whilst welcome in terms of extending the rights of homeless households, rely on increased housing supply, particularly in Inverness

One of the key homeless priorities is a swift transition to a Rapid Rehousing approach, including Housing First when appropriate.

The Council has an existing commitment to shift the balance of temporary accommodation from private sector HMO accommodation to furnished accommodation from our own stock. We have been increasing Council owned temporary accommodation by 50 units a year, and this process has accelerated this year. This shift is being driven by the housing development programme. Despite this we are still using private sector property and have recorded breaches of the Unsuitable Accommodation order. As a result of Covid 19 we have had an increased demand on temporary accommodation, and have 743 households in temporary accommodation (as at 30 September 2021).

The Council's Rapid Rehousing Transition Plan has been approved by the Scottish Government. In terms of case numbers, housing pressure and average time spent in temporary accommodation the most significant needs arise in Inverness. Action to reduce the time spent in temporary accommodation will create particular challenges in Inverness where over 60% of current allocations are already made to homeless households.

A high proportion of homeless applicants are single people and / or aged 25 or under and need one-bedroom properties.

Our Rapid Rehousing Plan is focussed on using the Scottish Government funding through the Ending Homelessness Together Fund to:

- Reduce time spent in temporary accommodation, through the appointment to 3 dedicated Rapid Rehousing Officers to work with households who have been in temporary accommodation the longest.
- Expand our successful shared temporary accommodation initiative
- Develop our Housing First project jointly with NHS Highland.

Responding to homelessness is the subject of detailed discussion with the Highland Housing HUB (see below)

Lack of affordable housing supply is undoubtedly a major contributor to the high levels of homelessness experienced in parts of Highland and continuing to increase supply is the single biggest factor in addressing homelessness.

3. Strategic Targets

Highland's draft LHS sets the targets for affordable housing, and the SHIP sets out how resources will be used over 5 years (2021-2026) to deliver these affordable housing priorities. The priorities listed in the SHIP tables are fully consistent with our current LHS targets of around 500 units per annum

Housing Market Area (HMA)	Target % of Investment	RPA ¹ over 5 years (£m)	Unit Approvals per year	Unit Approvals 5 years
Badenoch & Strathspey	6	9.90	30	150
Caithness*	4	6.60	20	100
Inverness	44	72.60	220	1100
Lochaber	8	13.20	40	200
Nairn	6	9.90	30	150
East Ross	10	16.50	50	250
Mid Ross	10	16.50	50	250
Wester Ross	3	4.90	15	75
Skye & Lochalsh	6	9.90	30	150
Sutherland	3	4.90	15	75
Highland	100	165.00	500	2500

*NB: the Local Housing Strategy specifies that the target for investment in Caithness is based on the need for regeneration activities to address low demand e.g. using the existing stock.

The Highland Housing Need and Demand Assessment (HNDA) 2016 identified a need to build around 2,500 new houses for affordable rent in the years to 2020 to meet households' housing needs and the SHIP is based on this. However, the HNDA is currently being refreshed and subject to further discussion with the Centre for Housing Market Analysis. The outcome of this will inform future updates of the SHIP.

4. Partnership Framework

We take a positive partnership approach in forward planning and resolving development issues with our housing, planning and private developer partners, continuing to work constructively to overcome constraints.

The Highland Housing HUB, which was established in June 2016, meets weekly. This has resulted in housing associations who had previously stopped or significantly reduced their development programmes being brought back to the table as they are now keen to develop more.

HUB membership includes staff of:

- The Scottish Government's More Homes Scotland
- Highland Council
- Developing housing associations and other housing partners

The HUB has set a number of objectives:

- Deliver the Highland 5-year new build Affordable Housing Programme.
- Collectively agree a revised Highland Strategic Housing Investment Plan based on the priorities set out in the Local Strategy.
- Maximise investment levels for the delivery of affordable housing in areas of greatest need.
- Work collaboratively and cement partnerships to deliver agreed outcomes
- Streamline Communication between different agencies that have a role within the delivery of housing.
- Demonstrate a model of working which can be rolled out to other areas of Scotland

HUB meetings are structured with meeting themes' agreed in advance. Long term planning of meetings ensures that all areas which may impact on housing delivery are covered e.g. quarterly invites to Scottish Water and SEPA whilst other meetings are geographically focused.

Six Local Development forum (LDF) sub-groups operate at an HMA level. Their remit is to consider potential sites. Increasingly there is a need to target resources to meet Local Housing Strategy objectives through solutions which provide best value rather than, for example, exceptionally expensive projects or less targeted/more opportunistic investment projects. As such the group also takes into account:

- The priority of the community for investment
- Value for money and best use of subsidy
- Deliverability and constraints
- Partnership working
- Proximity to services and facilities
- Housing Mix

Each LDF consists of a wide range of housing development partners; Council Development, Housing and Planning staff, Scottish Government, RSLs, SEPA, Scottish Water, Highland and Islands Enterprise as well as other Council and external invitees such as Health and Social Care as and when required.

The Council also holds regular programmed one to one meetings with housing associations and developers. In addition, we continue to meet with the Scottish Government on a quarterly basis at the Highland Joint Investment Group to discuss any issues relating to the Highland programme.

5. Strategic Priorities

Within each Housing Market Area, investment will be mainly targeted at communities identified as having the greatest affordable housing pressures in the Local Housing Strategy. The priority communities for providing new affordable housing are set out in **Appendix 1**. The priority for Caithness will be on regeneration activity in order to address very localised issues of low housing demand and contribute to wider economic regeneration. These priorities recognise the importance of investing in small rural communities as well as larger communities.

Our investment decisions also recognise the Council's corporate priorities. As such, there may also be occasions where joint funded housing investment decisions are driven by non-housing objectives such as supporting the success of community trusts in fragile remote rural communities and local regeneration projects and larger economic drivers.

These principles are set out in the Future Highlands Health and Prosperity Strategic Partnership Plan which was approved at Council on 9 September 2021. The Plan focuses on a number of principles which are included within the SHP:

- Delivery of green, energy efficiency housing as part of the Council's approach to net zero emissions;
- Providing affordable and midmarket rent housing to sustain Highland communities and encourage economic and population growth;
- Working with the NHS and other partners to provide housing and new housing models which meets the changing needs of occupants.

Whilst the Housing Need and Demand Assessment identifies that most households in housing need require social rented housing, some housing needs and aspirations can be better addressed other low-cost housing options. We recognise that a mix of affordable tenures can help to create well-balanced communities. This has influenced our target for the mix of affordable housing to be provided. We will aim to provide a minimum of 10% of affordable houses built to a "wheelchair liveable standard" – i.e. meet both basic and desirable criteria as specified in Housing for Varying Needs standards.

It has been identified that throughout the Highlands there is a shortage of housing options for a variety of "key workers" and this can be partially addressed by increased supply of mid-market and low-cost home ownership options, particularly in rural areas.

Because of this, whilst social rented housing will make up a greater share of our new affordable housing provision; aiming for around 70% of new affordable provision to be delivered as housing for social rent from housing associations/the Council, around 30% will be provided as 'intermediate' affordable housing with 'New Supply LIFT' and mid-market rented housing models as the priority mechanisms.

The size of affordable housing built will aim to meet strategic and locally evidenced current and projected needs. Processes are put in place for each potential site to develop agreement on the tenure and house size mix. The Housing Development Team participates in early pre-planning and planning discussion where affordable housing is required, and any associated community consultation.

The Team also meets regularly with developers, architects, RSLs, Highland Housing Alliance and the Highland Small Communities Trust on specific sites to discuss tenure type, mix and programme in line with meeting LHS and SHIP priorities.

6. Highland Council Contribution to Enabling Delivery

We continue to play a proactive role to enable the delivery of affordable housing, using a variety of mechanisms to achieve this:

6.1 Use of Council land and assets

The Council remains committed to identifying all surplus Council assets and prioritising them for affordable housing in areas of housing stress. An on-going strategic review of Council owned assets feeds into a register of assets/sites that may be suitable for affordable housing.

6.2 Use of Council tax revenue from second and long-term empty homes

We will use any surplus revenue from Council tax from second and long-term empty homes to fund new Council housing, development loans, bridging finance and provide funding for land and infrastructure.

6.3 Use of other Council funding

There is a well-established recyclable Landbank Fund, used to maximise housing provision by granting loans and grants to housing agencies. This enables a landbank of strategic sites to be established throughout the Highlands; removal of infrastructure constraints and front-funding of projects at risk of delay. It can also contribute, in exceptional circumstance, to high-cost rural projects.

The Council also funds early site feasibility studies to proactively identify constraints and develop solutions.

6.4 Use of Compulsory Purchase Orders

The Council will promote and apply their CPO powers for housing purposes, to deliver new affordable housing in areas of unmet housing demand where other negotiations

have failed. The Council will also use CPO powers to bring back empty properties into use where other negotiations have failed.

6.5 Evergreen Infrastructure Fund

The Council has successfully assisted in delivery of 3 major housing projects by making available loan finance through the Evergreen fund for infrastructure improvements in Fort William, Drumnadrochit and Inverness. The Council will consider loan applications to the Fund that relate to other major sites and use the Fund as grant funding for high-cost affordable housing sites which are constrained by high infrastructure costs.

6.6 Developers contributions

The Highland-wide Local Development Plan sets out the Affordable Housing Policy. Section 75 and other mechanisms are used, where justified, to secure developer contribution where there is a demonstrable need for affordable housing. However, in recent years, as a result of a less confident housing market, the SHIP has had to become less reliant on the Affordable Housing Policy to ensure sufficient levels of programming for the Council and other developing partners. Additional pressure is placed on the delivery of affordable housing by the requirement to meet other developer contributions, particularly the additional pressure new development places on school pupil number capacities.

6.7 Prudential borrowing

The Council is a major affordable housing developer delivering an ambitious programme of new council houses. Along with prudential borrowing and other Council contributions, projects are funded by Scottish Government contributing around 44% of costs.

Many of the sites being taken forward for Council housing are being developed in partnership with our housing association partners. There is a focus on making the best use of resources to deliver social rented housing where it is most needed, particularly in areas where locally based housing associations do not have potential projects.

Additionally, our prudential borrowing has been able to support onward lending to the Council's development partners for other initiatives such as delivery of mid-market rent housing and rural housing projects.

7. Deliverability

7.1 COVID-19

Progress on delivery of the housing programme has been affected by the necessary adherence to the guidance issued by the Scottish Government in relation to safe working both pre-construction and whilst on site. Throughout the current pandemic we have continued to work along with the Scottish Government, housing agency partners and the construction industry to develop and monitor best methods of working

which ensure maximum productivity whilst mainlining safe working conditions. We will continue to monitor events and their cost implications, adjusting programmes to best suit conditions.

7.2 Funding

Delivery of the SHIP is dependent on ensuring financial viability of projects with sufficient development funding.

The Scottish Government has allocated grant of £53.828m to Highland for 2021/22 and £46.398m for 2022/23. Investment of £240.117m has been confirmed as a Resource Planning Assumption for the 5 years covering 2021/2026. We aim to deliver at least 500 units a year and will seek to increase our levels of delivery should further funding opportunities arise.

We recognise the Government's aspiration to maximise the value from subsidy, and in an increasingly challenging funding environment it is imperative that we and our partners continue to improve procurement effectiveness and efficiency.

Generally, prioritised projects that are unable to start because of a lack of resources will be assumed to slip into the following year's programme (if possible) so that strategic targets can be achieved. If additional funding is sourced, prioritised projects will be brought forward. There is also an element of over-programming. This is intended to enable best use of any additional resources, should they be identified, enabling flexibility to deal with any opportunities and slippage.

The challenges to delivery should not be underestimated, there is a lack of economically deliverable affordable housing sites in the Highlands for a variety of reasons and we are consistently to work to overcome the constraints to delivery

In particular, development in rural communities is expensive, and we will continue to promote the needs for unavoidable costs to be recognised so that rural communities do not lose much needed investment.

We are aware that Brexit may increase timescales due to delays in supplies and may also increase costs. We will monitor the programmes and costs and take steps as required to minimise risk, delays and cost overruns.

7.3 Innovation

To address these issues, we are committed to finding ways to tackle these resource challenges by continuing to explore new sources of finance, including; alternative approaches to investment, new mechanisms for providing housing, and considering new ways of developing wider income generation.

We continue to promote the Scottish Government's Low-Cost Home Ownership initiatives, including New Supply Shared Equity designed to facilitate access to home ownership for people wishing to own their own home.

The Council has previously participated in the Scottish Government's National Housing Trust (NHT) Initiative. This involved the Council joining with developers with the aim of providing mid-market rented houses, in areas of high demand. This met an element of the short to medium term 'intermediate' housing needs which were identified in Highland's Housing Need and Demand Assessment. We aim to continue to develop housing for mid-market rent in areas where need is established.

We have actively supported an innovative funding project with the Communities Housing Trust (CHT); a rent to buy scheme designed to provide additional affordable housing in rural areas. Under the scheme CHT initially rent a completed house to an individual and set aside a pre-agreed element of the rent to build up a deposit to enable the tenant to purchase their home after five years.

The Council operates a policy to purchase individual properties on the open market to meet local housing needs in communities there are particular housing pressures which are not able to be met within the housing development programme.

To overcome current and anticipated future resource challenges the Council and our partners are also looking at:

- Meeting with representatives of investment funds to explore new sources of finance and alternative approaches to investment.
- Working with Highland Housing Alliance, a development company to explore new potential mechanisms for providing housing and new housing models.
- Supporting communities to develop new community-based models of housing such as those previously provided in Helmsdale, Drumradrochit, Kinlochbervie, Fort Augustus and Achiltibuie.
- Continuing to work with developers to use the Evergreen Infrastructure Loan Fund to open up sites for affordable housing development.
- Working with CHT to bring forward new mechanisms to provide housing in rural communities. This includes provision of bridging finance enabling households to overcome constraints and access mortgages for self-build.

7.4 Land Supply

As well as identifying and landbanking Council owned sites suitable for affordable housing, we will continue to work in partnership with Planning to identify and develop additional housing land within priority areas.

A draft of a Main Issues Report (MIR), which is the initial consultation document produced in making the new Inner Moray Firth Local Development Plan (IMFLDP) has been circulated to the five Council area committees. Following all the Committee meetings, the Council will publish a consolidated Main Issues Report for public consultation. The draft MIR identifies preferred sites, potentially resulting in a net reduction of housing units in comparison with the currently adopted IMFLDP. Any reduction may affect delivery of affordable housing, particularly in locations where it is proving difficult to deliver due to lack of site opportunities.

The complexities of land ownership can constrain developments. To address this, the Council continues to work internally between services and with our developing partners, through the Highland Housing HUB, to identify issues at an early stage and try to resolve them without lengthy delays.

The Council's Housing Development section holds regular meetings with our Planning and infrastructure colleagues and stakeholders to discuss any arising issues from development and work towards identifying affordable and solutions to enable developments to progress timeously.

We also look to encourage and support the use of brownfield sites in pressured areas. As this often incurs prohibitive costs due to contamination and site assembly, we will continue to seek contributory funding where appropriate.

The communities in the SHIP are considered to have the greatest housing pressures. However, we also recognise the value of supporting the development of self-build plots, when these represent good value in priority rural communities. In addition the benefits of 'windfall' sites are also reflected (sites yet to be proposed by developers) which will provide better value for money in priority communities. Our experience is that these provide valuable contributions particularly in communities with few unconstrained sites. Given the economic climate, we anticipate developers continuing to approach us with such opportunities.

A number of other public agencies including NHS Highland, the Forestry Commission, Police Scotland, and the National Trust also effectively contribute to helping provide affordable housing by selling their land within a framework which gives the Council and our housing partners an opportunity to purchase prior to open marketing. This is extremely useful in communities where suitable land is in short supply. We will continue to work with public agencies to identify and negotiate development opportunities.

Where negotiations with individual landowners fails The Council will actively use its CPO powers to acquire affordable housing sites.

At a political level, the Council will continue to raise awareness of Highland's challenges and offer solutions to the Government to support new mechanisms to be developed and resources to be made available to overcome constraints, particularly in the rural communities.

Equalities

Highland's Housing Strategy states a clear commitment to promoting and achieving equal opportunities. The Equality Act 2010 places duties on local authorities and others to eliminate unlawful conduct, advance equality of opportunity, foster good relations, and take into account the needs of people relating to age, disability, gender, race, religion and belief, sexual orientation and transgender.

In the context of Highland's SHIP, activities which are supporting equalities include:

- Building affordable housing to Housing for Varying Needs Standards

- Building houses to meet the specific needs of disabled households
- Provision of equipment and adaptations
- Developing mixed communities by seeking on-site affordable housing in small groupings synchronised with overall development phasing
- Allocating housing via Highland's Housing Register
- Provision of affordable housing in rural communities which helps to provide opportunities for young and old people to stay.

Equalities Impact Assessment

The development of the SHIP has taken into account the outcomes of the equalities impact assessment which was undertaken for the Local Housing Strategy 2017-2022. This concluded no negative impacts were anticipated from the outcomes and actions prioritised in the Strategy.

The SHIP programme will deliver properties designed to meet a range of requirements and provision has also been made by the Council, as detailed within the appended tables, for resources to assist in delivering adaptations.

Specialist Provision

The Highland Council supports the Scottish Government's agenda for housing care and support and for shifting the balance of care, to enable independent living of older households and other vulnerable people. The Local Housing Strategy identifies a number of key actions in relation to specialist provision, as follows:

1. Increase the use of technology enabled care and flexible housing design innovations in support of preventative and anticipatory approaches to housing provision.
2. Work closely with the Highland Joint Transitions Team to identify and plan for the future accessible housing needs of young adults in Highland to enable them to live independent lives with access to the same opportunities as other young people.
3. Make the best use of existing housing to allow people to live longer, healthier lives at home.
4. Increase the supply, and test innovative approaches to specialist housing.
5. Redesign and improve housing adaptations services to a tenure neutral, integrated, person centred model.
6. Collaborate with NHS Highland and other partners to develop appropriate intermediate housing options.
7. Review and integrate local arrangements for the allocation of specialist housing provision across competing client groups, including children moving into adult services.
8. Continue to prioritise home based support services provided by joint Handyperson and Care and Repair providers delivering adaptations, equipment, telecare and small repairs services across tenures, as a result of shifting the balance of care.

Since January 2013, the Council's Sustainable Design Guide Supplementary Planning Guidance has actively promoted Lifetime Homes Standards, and for social sector housing is built to Housing for Varying Needs Standards wherever possible.

This means all new housing will need to be accessible and rooms within the buildings of a suitable size to allow for future adaptations should a person become disabled or have other needs identified.

There is an increasing need for larger homes and properties more suited to elderly tenants and those with very particular needs. The mix with new developments reflects these changing needs.

Any capital investment in care service housing projects requires a partnership approach and will only be supported if essential revenue funding is available from Health and Social Care budgets.

Rapid Rehousing Transition Plan: 2019-2024

The Council has adopted a RRTP to support a long-term strategy for temporary accommodation which is to increase the use of self-contained, furnished Council or Housing Association property, and reduce the reliance on private sector property providing the best quality for clients at the least cost to the Council. And also reducing the potential for breaches of the Unsuitable Accommodation Order.

We aim to continue to increase the use of HRA furnished accommodation by 50 units a year over the next 5 years (total 250 units). This will eliminate the use of private sector HMO accommodation for anything other than emergency / crisis response.

A matching process and a tenancy induction have been developed to identify and match potential candidates for sharing and set expectations and 'ground rules' for sharers. This process has been based on the Sharer's Toolkit developed by Crisis titled 'A Shared Approach Setting up and Supporting Tenancies in Shared Houses'. An Occupancy Agreement has also been developed.

The following Specific RRTP partnership working arrangements have been developed and are in place:

- **Housing First Steering Group.** The Housing First Steering Group has been set up and is chaired independently by The Chief Executive of Newstart Highland. The Group includes all key partners and stakeholders. The group is meeting frequently to deliver on the aim of scaling up Housing First in Highland.
- **Highland 3rd Sector**
There will be specific consultation and engagement in respect of the 3rd Sector in Highland. Including RRTP discussions at Inverness Foodstuffs (Homeless Charity), and Homeless Action Inverness meetings.
- **Private Rented Sector**
Inner Moray Firth landlord forum, to be set up upon conclusion of the Crisis Private Rental Sector (PRS) consultation exercise, will involve PRS landlords, lettings agents as well as key HC Housing and Licensing contacts. The third

sector will also be invited to take part in this. A specialist officer has been appointed, part funded by Shelter, to help take this work forward.

- **Highland Housing Register Management Group**

Consultation is ongoing with the Highland Housing Register Management Group in respect of the allocations policy review and the potential impact that Highland's RRTP will have on the review. There will be regular RRTP updates and discussion at the Management Group.

- **Highland Housing Development Hub**

Discussions with Highland's Housing Development HUB relating to RRTP have begun. Regular updates will be given to the HUB in respect of RRTP actions and outcomes to ensure that the Council's homeless housing need and demand is reflected in the development mix of Highland's SHIP.

Empty Homes

In addition to work undertaken by the Development Team of the Council we have appointed an Empty Homes/Private Rented Sector Liaison Officer, funded from our Rapid Rehousing Transition Plan Funding and Shelter Empty Homes Funding. This post is designed to bring empty homes back into use and thus address some of the need for additional affordable opportunities. The post will also work with Private Rented Sector Landlords to develop closer working arrangements with that sector following the positive consultation which Crisis carried out with the PRS in Highland in 2019.

Gypsy Traveller Funding

The Highland Council owns and manages four Gypsy / Traveller sites providing a total capacity of 47 pitches. Many site residents are long-term tenants. Two of the sites have few vacancies and low turnover. A number of Gypsy/Travellers live in settled 'bricks and mortar' housing across the area.

Travelling is an established part of the Gypsy / Traveller culture. In recent years, on average around 42 roadside camps are reported to the Council - a drop from previous travelling trends and in line with national trends. Camps are generally small (e.g. 3 caravans or less).

Improving the lives and outcomes of Gypsy/Traveller communities is now an explicit equality outcome for the Highland Council. Our activities will reflect the ambition and priorities set out in the National Action Plan.

We are working with residents on our 4 sites to improve standards. To date this has focused on resident consultation to identify what residents would like improved and also to advise them of potential redesign of sites to ensure compliance with fire spacing legislation which has been clarified in recent months.

As well as annual Council funding for investment works, the Scottish Government has allocated £237k to carry out improvement works which will be progressed in 2021-22 following resident consultation. Highland has also submitted a funding bid as part of

the current Scottish Government Traveller Accommodation Fund. Highland will be notified in Autumn 2021 if successful.

Vacant and Derelict Land Fund

We will continue to respond to opportunities presented through any future rounds of funding which would potentially assist in developing longer term vacant and derelict land and buildings.

Strategic Environmental Assessment

Consideration has been given to whether a Strategic Environmental Assessment of this SHIP is required, and as “responsible authority” the Council has taken the decision that this is not necessary. The Local Housing Strategy was subject to pre-screening under the Environmental Assessment (Scotland) Act 2005, where it was determined that a full assessment of the LHS was not required. The Local Development Plan which identifies land supply for housing was subject to a full Strategic Environmental Assessment in 2013, and the LHS was developed in tandem. The environmental impacts associated with delivery of the SHIP programme will be captured through monitoring of the Local Development Plan.

Sustainability

The proposed projects will incorporate measures supportive of sustainable design and construction and energy efficient features in accordance with Scottish Government standards and Building Standards. We will seek to achieve where possible, at a minimum, Section 7, Silver Level of the 2011 Building Regulations in respect of both carbon dioxide emission and energy for space heating.

We share the Scottish Government’s aspirations set out in the Sustainable Housing Strategy (2012). Highland’s Registered Social Landlords and the Council, have an on-going commitment to improve energy efficiency, the quality and environmental standards of new housing developments, contributing to reducing carbon dioxide emissions and helping meet the challenge of climate change as has been evidenced over the years. This is particularly important given Highland’s climate and limited access to cheaper fuel.

The Energy Efficiency Standard for Social Housing (EESH) introduced by Scottish Government aims to improve the energy efficiency of social housing in Scotland. It will help to reduce energy consumption, fuel poverty and the emission of greenhouse gases. It will make a significant contribution to reducing carbon emissions by 42 per cent by 2020 and 80 per cent by 2050 in line with the requirements set out in the Climate Change (Scotland) Act 2009.

The commitment to move away from use of mains gas for space heating and hot water will require greater use of renewable heat sources such as air-source heat pumps.

Consultation

In developing the final SHIP 2022/23 to 2026/27, stakeholders and partners feed into the process in various ways. We discussed future planning and investment priorities at our partnership framework meetings, as well as through informal discussion with a wider range of internal and external partners. The SHIP will be circulated to other Council Services, Registered Social Landlords, private developers, as well as representative organisations and public sector organisations such as the NHS.

Conclusion

In this SHIP we aim to set out our clear strategic direction for our investment priorities for Affordable Housing. We will continue to monitor and review progress through the partnership framework and regular programming meetings with the Scottish Government's Housing Investment Division.

Contact Information

If you have any questions or would like further information, please email: DI-CustomerService@highland.gov.uk or contact: Housing Development Team, Development and Regeneration.

Annex 1 LHS Priorities for Affordable Housing Investment 2018 – 2023

<p>Badenoch & Strathspey:</p> <ul style="list-style-type: none"> • Aviemore is the highest priority • All other communities, apart from Dalwhinnie, are priorities (albeit those with recent investment are lower priorities).
<p>Caithness:</p> <ul style="list-style-type: none"> • Caithness's communities are a priority for regeneration activities e.g. using the existing stock. The highest priorities are greater Wick and Thurso.
<p>Inverness:</p> <ul style="list-style-type: none"> • Inverness City is the highest priority • Beauly; Ardersier; Drumnadrochit and Fort Augustus are priorities • The communities around South Loch Ness are priorities for investment potentially through local community initiatives.
<p>Lochaber:</p> <ul style="list-style-type: none"> • Fort William and the surrounding communities are the highest priorities in recognition of the additional pressures due to the expansion of the Smelter. • Small discreet investment to support the sustainability of the Ardnamurchan peninsula's rural communities, e.g. Acharacle, are also a priority
<p>Nairn:</p> <ul style="list-style-type: none"> • Nairn town is the highest priority.
<p>Easter Ross:</p> <ul style="list-style-type: none"> • Priorities are Invergordon, Tain, Alness and Evanton • Communities with recent housing investment are lower priorities.
<p>Mid Ross:</p> <ul style="list-style-type: none"> • Dingwall is the highest priority • All other communities are priorities (albeit communities with recent investment are lower priorities).
<p>Wester Ross:</p> <ul style="list-style-type: none"> • Ullapool, Gairloch and Lochcarron are the highest priorities. • Applecross, Achiltibuie and Torridon are priorities for investment potentially through local community initiatives
<p>Skye & Lochalsh:</p> <ul style="list-style-type: none"> • Portree, Broadford and Plockton to Dornie communities are the highest priorities • Other communities with recent investment are lower priorities.
<p>Sutherland:</p> <ul style="list-style-type: none"> • Dornoch, Clashmore and Embo are the highest priorities • Lochinver is a longer term priority i.e. securing land for future development. • The effect of the promotion of the NC500 route may influence investment. • Initiatives to address rural depopulation

NB: the Local Housing Strategy specifies that the target for investment in Caithness is based on the need for regeneration activities to address low demand e.g. using the existing stock.

Glenfinnan		5				5					5					
Glenraig		3				3					3					
Inchree		4				4					4					
Bunree		6				6					6					
Bunree Phase 2		6	6			12					12	6				
Invergarry					4	4				4						
Kinlochleven, regeneration	5					5					5					
Kinlochleven, Car park site		8				8					8					
Lochaber House	9				6	15				15						
Spean Bridge, Burn Bank		2				2					2					
Spean Bridge, Hobbs ground		10				10					10					
Spean Bridge, Tigh Aran		20				20				20						
Fort William, Blar Mor	87		10	20		117				117						
Blar Mor Ph2		30		10		40						40				
Fort William, Glasdrum	6					6				6						
Fort William, High Street	8					8			8							
Fort William, Lundavra Road		20				20					20					
Fort William, Upper Achintore Ph 1		82				82				82						
Fort William, Upper Achintore Ph 2		60		20		80									80	
FW Rankin Cres			6			6				6						
FW Rankin Cres Ph2		28				28				28						
Mallaig		8				8				8						
Mallaig Ph 2		6				6				6						
Kilchoan		2				2				2						
Roybridge					3	3				3						
Knoydart					5	5				5						
Strontian, Dhal Mor		6				6				6						
Sub-total	121	354	22	56	32	585	12.1%	286	35	94	44	46	0	80		

Nairn																
Nairn, Delnies, Ph1	12		5	8		25						25				
Nairn, Delnies, Ph2		12	5	8		25										25
Nairn, Cawdor Road		14	0	8		22										
Nairn, Nairn Town centre	12	0	0	0		12		12								
Nairn, Nairn Town centre	12	0	0	0		12			12							
Nairn, Forbes Road		10	4	6		20					20					
Nairn, Sandown	20	0	15	15		50							25	25		
Sub-total	56	36	29	45	0	166	3.4%	12	22	12	45	25	25	25		

East Ross																
Alness, Alness East ph1		22	0	0		22						22				
Alness, Alness East ph2		16	4	6		26									26	
Alness, Coulhill	16					16		16								
Alness, Dalmore, Phase 5		20	5	5		30		30								
Alness, Dalmore, Phase 6		16	2			18		18								
Alness, Dalmore Phase 7		25	10			35			35							
Alness, Darroch Brae	15					15					15					
Alness, Obsdale Road	20		10	10		40						40				
Evanton, Teandallon East	18		6	16		40		40								
Evanton, Teandallon East Phase 2	16		4	10		30			30							
Evanton, Culcairn		25	5	10		40									40	
Invergordon, Cromlet Ph1	26		4			30		30								
Invergordon, Cromlet Ph2	25					25				25						
Invergordon, Cromlet Ph3	10		4	6		20									20	
Invergordon, Regeneration	15					15					15					
Kildary, Urquhart Close		6		2		8				8						
Seaboard Villages, Seaboard Villages					4	4			4							
Tain, Former TRA	30		6	10		46									46	
Tain, Seaforth		16		4		20				20						
Sub-total	191	146	60	79	4	480	9.9%	70	68	93	77	40	66	66		

Mid-Ross																
Avoch, Rosehaugh	3					3				3						
Conon Bridge, Drouthy Duck	20					20			20							
Conon Bridge, Ferintosh Centre	15					15				15						
Conon Bridge, Former Pescanova, Ph1		18		10		28				28						
Conon Bridge, Former Pescanova, Ph2	20			10		30									30	
Cromarty, Sandilands		12		0		12				12						
Culbokie		14				14				14						
Culbokie School		4				4				4						
Dingwall, Caberfeidh	6					6						6				
Dingwall, Dingwall North, Chestnut Road		30	7			37		37								
Dingwall, Dingwall North, Chestnut Road Ph2		33	4			37			37							
Dingwall, Dingwall North, Chestnut Road Ph3		30		10		40									40	
Dingwall, Meiklefield, phase 1	14		4			18			18							
Dingwall, Meiklefield, future Phases	40		8			48				24			24			
Dingwall, Ross House/Morgantie House	30					30		30								
Dingwall, St Andrews Road	15		15			30			30							
Dingwall, Tulloch Square	20					20				20						
Dingwall, Mill Street	6					6			6							
Dingwall, Station Road	20					20		20								
Dingwall, Docharty Road	14		6	10		30					30					
Fodderty, Former Primary School Playground	2		4			6						6				
Maryburgh, Donald Cameron Court Ph 2		6	8			14				14						
Maryburgh, Former Maryburgh Primary School	16					16		16								
Maryburgh, Brahan land	14			6		20				20						
Muir of Ord, Black Isle Road		20	6	10		36					36					
Muir of Ord, South of the Cairns		15		6		21			21							
Newhall, Former school playground		4	4	0		8					8					
Rosemarkie, Greenside Farm		9		4		13				13						
Strathpeffer, Kinellan	21		6	10		37			37							
Tore, Woodneuk	4	0				4				4						
Sub-total	280	195	57	91		623	12.9%	134	165	112	106	36	30	40		

West Ross																
Lochcarron, Kirktion 10 RHIF, 4 (plots)	6			10		16			16							
Lochcarron, Kirktion phase 2, 11 total				11		11										
Lochcarron, Housing for older people		4				4				4						
Poolewe		0	4			4					4					
Applecross, CHT, mixed tenure				8		8			3			5				
Applecross, Hydro Field 10 mixed tenure	4			6		10				6			4			

Applecross					3	3			3						
Gairloch, Achtercairn West	8			8		16									
Gairloch, North Fasaich				5		5				5		16			
Shieldaig, Baile Shuas			2	2		4				4					
Torrion, rear of Darroch Park (inc self build)			4			6	10			4		4	2		
Aultbea						6	6			6					
Inveralligin						1	1			1					
Achiltibuie (mixed tenure)						10	10					5	5		
Ullapool North	20			15	15	50				20					30
Sub-total	38	10	34	15		158	3.3%	20	3	56	34	13	2	30	

Skye & Lochalsh															
Broadford, Caberfeidh phase 1			12			12									12
Broadford, New site, Campbell's Farm			24			24				24					
Broadford, Campbell's Farm, Phase 4B			12			12					12				
Broadford, Campbell's Farm, Phase 4C			18			18								18	
Broadford, Campbell's Farm, Phase 5				4		4									
Dornie, St Duthac Drive phase 4			6			6									
Glenelg			4			4				4					
Kyleakin, Kyleakin Phase 2			28			28				28					
Portree, Nicolson Site	10		18	5	4	37					25		12		
Portree, Portree (Old DAFS Shed site)			2			2				2					
Portree, Woodpark	12					12						12			
Portree, Home Farm Phase 8			28			28				28					
Portree, Biomass site			8			8					8				
Portree, Biomass site (Trust)			25			25					25				
Portree, Cruachan Place	15					15				15					
Portree, Woodside	6					6				6					
Plockton	1					1				1					
Raasay			2			2				2					
Raasay RHIF					4	4				4					
Sleat, Armadale Garden Site			12			12				12					
Sleat, Sleat (Kilbeg) phase 1	6					6				6					
Sleat, Sleat (Kilbeg) phase 2	4	0				4					4				
Sleat RHIF					11	11				11					
Staffin			2			2				2					
Staffin RHIF					4	4				4					
Staffin, old surgery RHIF					3	3						3			
Dunvegan (potential for 28)						12					7	5			
Edinbane RHIF					6	6				6					
Glendale, Borrodale RHIF					6	6				6					
Uiq			3			3				3					
Sub-total	54	204	9	4		317	6.6%	120	45	78	32	12	30	0	

Sutherland															
Bettyhill, Forestry site					2	2				2					
Bettyhill, Munro Place					1	1				1					
Bettyhill, telecentre (rent)					1	1				1					
Edderton (LCHO, Plots)					10	10				4	6				
Embo	4					4						4			
Golspie	21					21				21					
Lochinver	6				6	12						12			
Stoer					3	3				3					
Helmsdale, near Rockview				3		3							3		
Dornoch, Elizabeth Crescent, Phase 1	12			6	4	22				22					
Dornoch, Elizabeth Crescent, Phase 2	12					12							12		
Dornoch North Phase 2			8		4	12				12					
Dornoch North Phase 3			10		6	16								16	
Dornoch, Stafford Road	4					4				4					
Tongue (FIT Homes)			4			4					4				
Scourie	3			7		10					10				
Ardgay					2	2					2				
Lairg, former hotel site (4 community) RHF			4		4	8				8					
Sub-total	62	26	16	14	29	147	3.0%	24	54	22	16	15	16	0	

Grand total	1611	1847	469	722	92	4833		1272	643	692	689	472	514	551	
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Average of **584** per year of 5 year SHIP