

PERTH AND KINROSS COUNCIL

Housing and Health Committee - 15 August 2012

**STRATEGIC HOUSING INVESTMENT PLAN
AND STRATEGIC LOCAL PROGRAMME 2012-15****Report by Executive Director (Housing and Community Care)****ABSTRACT**

The purpose of this report is to seek approval for the Perth and Kinross Council Strategic Housing Investment Plan (SHIP) and Strategic Local Programme (SLP) 2012-15. The SHIP (Appendix 1) sets out affordable housing investment priorities 2012-15 to achieve the outcomes set out in the Local Housing Strategy (LHS), Housing and Community Care Services Business Management and Improvement Plan (BMIP), the Corporate Plan and the Single Outcome Agreement. The SLP (Appendix 2) details specific projects which it is proposed will be developed 2012-15.

1. RECOMMENDATION

It is recommended that Committee:

- 1.1 Approves the Strategic Housing Investment Plan (SHIP) and the Strategic Local Programme (appendices 1 and 2 respectively).

2. BACKGROUND

- 2.1 The Perth and Kinross LHS 2011-16 (report no. 11/539) outlines the strategic housing investment priorities based on the findings of the 2009 Perth and Kinross Housing Needs and Demand Assessment highlighting where imbalances in local housing markets in Perth and Kinross require to be addressed.
- 2.2 All local authorities are required to supplement their LHS with a SHIP, which shows how the affordable housing supply investment priorities articulated in the LHS will be delivered. The SHIP is submitted to the Scottish Government.
- 2.3 The SHIP details how investment in affordable housing across Perth and Kinross will address, and align with, the targets set in the LHS, BMIP, Corporate Plan and Single Outcome Agreement.
- 2.4 The LHS and SHIP reinforce the local authority's position as the strategic housing body and give priority to the local authority's perspective on local housing needs. The SHIP also aligns LHS objectives outcomes and targets and directs proposed local investment in affordable housing.

- 2.5 Following agreement of new ways to operate the Affordable Housing Supply Programme (AHSP) announced in January 2012, the Scottish Government invited local authorities, working in partnership with housing associations, to put forward a SLP of social and affordable housing projects. Based on Resource Planning Assumptions (RPAs) the SLP details projects for delivery to March 2015. Approved SLPs must be formally submitted to the Scottish Government by 31 August 2012.

3. PROPOSALS

- 3.1 It is proposed that Committee approve the Perth and Kinross Council Strategic Housing Investment Plan attached as Appendix 1.
- 3.2 It is further proposed that Committee approve the Strategic Local Programme attached as Appendix 2.
- 3.3 Projects in the Strategic Housing Investment Plan (SHIP) have been prioritised with reference to the following criteria:
- Contribution to SOA and LHS objectives.
 - Contribution to meeting significant local housing need.
 - Deliverability.
 - Inclusion, equality and meeting particular needs.
 - Impact on communities and regeneration.
 - Contribution to meeting strategic housing needs profile defined by Housing Needs and Demand Assessment.

Details of the method of prioritisation are given in Appendix 1 as are the prioritised projects.

- 3.4 It should be noted that prioritisation is an ongoing process dependent upon a number of factors such as development constraints, financial assumptions, land supply, and legal and procedural issues.
- 3.5 Government Guidance on RPAs for this round of SHIPs was made available on 8 May 2012. Councils receive advice on the RPAs for their area together with Guidance on Strategic Local Programmes. Perth and Kinross Council has been advised that the three year Resource Planning assumption figures for investment in the Council area are as shown in table 1 below.
- 3.6 This represents a three year programme. Payment of the subsidy will continue to be mainly on completion of developments and the Scottish Government will manage the flow of payments within the national AHSP budget each year.

Table 1: Scottish Government AHSP Programme (2012/13 – 2014/15)

Item	£M
*Carry forward – RSL (includes Innovation and Investment Fund Projects)	2.151
*Carry forward – Council House Build Projects (Includes Innovation and Investment Fund Projects)	1.350
*Carry Forward – Innovation Fund	0.029
Sub total of carry forward	3.530
New Money for Local Programmes	6.065
Grand Total	9.595

*Carry forward based on figures as at 1 May 2012

- 3.7 In the Guidance on preparation of these documents the Scottish Government state that Local Authorities should assist in promoting the development of affordable housing, where appropriate in the current economic climate, through Affordable Housing Policies, provision of land, use of Council Tax on second homes/empty homes and other resources where this would stimulate development of affordable housing.

4. CONSULTATION

- 4.1 The LHS was developed through detailed inter-agency working and consultation. Achieving LHS objectives is progressed through successful joint working with partner agencies.
- 4.2 The SHIP is developed corporately through the 'Affordable Housing Working Group' with colleagues within The Environment Service and the Chief Executive's Service. Registered Social Landlords, Homes for Scotland, private developers and rural landowners are also involved through groups such as the Housing Forum alongside regular liaison meetings the Scottish Government.
- 4.3 The Strategic Local Programme has been developed through individual meetings with housing associations as well as regular correspondence in finalising the programme.
- 4.4 The Head of Legal Services, the Head of Finance and the Head of Democratic Services have been consulted on this report

5. RESOURCE IMPLICATIONS

- 5.1 Resource implications arising directly from this report emanate from the proposed local authority new build housing programme and use of the second home Council Tax fund and developers contributions for affordable housing as detailed against individual projects in the SHIP.

- 5.2 Detailed resource implications will be reported to respective Council committees.

6. COUNCIL CORPORATE PLAN OBJECTIVES 2009-2012

- 6.1 The Council's Corporate Plan 2009-2012 lays out five objectives, which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. These are reflected in this report and are as follows:

- (i) A Safe, Secure and Welcoming Environment.
- (ii) Healthy, Caring Communities.
- (iii) A Prosperous, Sustainable and Inclusive Economy.
- (iv) Educated, Responsible and Informed Citizens.
- (v) Confident, Active and Inclusive Communities.

7. EQUALITIES ASSESSMENT (EqIA)

- 7.1 An equalities impact assessment needs to be carried out for functions, policies, procedures or strategies in relation to race, gender and disability and other relevant protected characteristics. This supports the Council's legal requirement to comply with the duty to assess and consult on relevant new and existing policies.
- 7.2 The function, policy, procedure or strategy presented in this report was considered under the Corporate Equalities Impact Assessment process (EqIA) with the following outcome:

- Assessed as not relevant for the purposes of EqIA

8. STRATEGIC ENVIRONMENTAL ASSESSMENT

- 8.1 Strategic Environmental Assessment (SEA) is a legal requirement under the Environmental Assessment (Scotland) Act 2005 that applies to all qualifying plans, programmes and strategies, including policies (PPS).
- 8.2 The matters presented in this report were considered under the Environmental Assessment (Scotland) Act 2005 and no further action is required as it does not qualify as a PPS as defined by the Act and is therefore exempt.

9. CONCLUSION

- 9.1 This report seeks approval for the Perth and Kinross Council Strategic Housing Investment Plan (SHIP - Appendix 1) 2012-15 and Strategic Local Programme (SLP - Appendix 2) 2012-15.

David Burke
Executive Director, Housing and Community Care Services

Note: The following background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (and not containing confidential or exempt information) were relied on to a material extent in preparing the above report.

Guidance on Preparing Strategic Housing Investment Plans (SHIPs), Ref HSGN 2012/13
Scottish Government, Edinburgh, 2012

Affordable Housing Supply Programme Guidance
Note on Strategic Local Programmes 2012-2015
Ref HSGN 2012/06

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Date: 1 August 2012

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Council Text Phone Number 01738 442573



Perth and Kinross Council

Strategic Housing Investment Plan

2012 – 2015

August 2012

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How can you have your say on the SHIP?

You can write with your comments to:

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Is the SHIP Available in Other Formats?

The SHIP is available in Braille, large print, audio and in some community languages, upon request. Please use the contact details above for further information or copies.

1. Introduction

1.1 Introduction

Delivering high quality housing in safe and secure neighbourhoods and ensuring that Perth and Kinross is a place where everyone enjoys good quality housing in a pleasant and safe environment is a key priority for the Perth and Kinross Council and its partners.

This is the Perth and Kinross Council Strategic Housing Investment Plan (SHIP). It shows how affordable housing investment priorities articulated in the main body of the Local Housing Strategy (LHS) are to be delivered in practice. Building on the LHS, it reinforces LHS objectives, outcomes and targets, identifies the local authority as the strategic housing body and gives priority to Perth and Kinross Council's perspective on its housing needs.

The main focus of this SHIP is the use of the Scottish Government's Affordable Housing Supply Programme (AHSP). In addition where other funding streams are to address LHS priorities for affordable housing or to complement AHSP resources, these are also explored. The SHIP looks forward for a period of three years, and is designed to be working tool which:

- Improves longer-term strategic planning.
- Provides a practical plan detailing how investment in affordable housing will be directed over a five year period to achieve the outcomes set out in the LHS.
- Provides an opportunity for local authorities to set out key investment priorities for affordable housing and demonstrate how these will be delivered and identifies resources which will help deliver these priorities.
- Forms the basis for more detailed programme planning.
- Provides a focus for partnership working.
- Informs, and is informed by, the preparation of RSL Strategy and Development funding plans.
- Develops actions identified in the LHS relating to the equalities agenda, as appropriate.
- Informs the allocation of resources from a national to a local authority level.

The SHIP includes affordable housing supply through new provision, replacement, rehabilitation and re-modelling. It also includes details of provision that the local authority is planning. Annexes form a core part of the SHIP. These set out details on key investment priorities on a site by site basis.

1.2 Partnership Process Employed in Producing the SHIP

The implementation and monitoring of the SHIP is overseen, on an ongoing basis, by a multi-agency LHS Steering Group with representation from key services within the Council, Scottish Government, NHS Tayside and Registered Social Landlord (RSL) representation.

The LHS Group is chaired by Perth and Kinross Council's Housing and Community Care Services. Partner involvement and consultation on the LHS including the SHIP is a continuous process. Events take place with a variety of stakeholders to ensure that all our partners and stakeholders have their say in developing the actions for forthcoming years. Perth and Kinross Council has hosted and taken part in a number of events and processes.

In addition a corporate Affordable Housing Group enables the contribution of other council services towards increasing the supply of affordable housing. This Group reports to a member officer group specifically focusing on issues experienced in bringing forward affordable housing projects with a view to wherever possible assisting overcoming any issues arising. Specific events and processes linked to the SHIP included:

- Consultation on development funding joint priorities and the SHIP with RSLs and the Scottish Government.
- Consultation on development priorities with elected member/officer working group on affordable housing.
- Involvement of corporate Affordable Housing Group in progressing development opportunities.
- Local Housing Forum seminars with a wide range of stakeholders (e.g. RSLs, private developers, housing support providers) to raise awareness of LHS priorities.
- Monitoring and evaluating related strategies (e.g. Local Housing Strategy, Tenant Participation Strategy and Homelessness Strategy).

1.3 How is the SHIP Monitored?

A detailed LHS monitoring and evaluation framework, measuring its impact has been developed. To provide information and encourage accountability, Perth and Kinross Council produces LHS annual reviews.

This monitoring is linked to the ongoing review of existing and planned new services. Annual updates include what has been delivered during the previous financial year, what was expected to be delivered during the previous financial year but has not been, and the reasons for delay or changes in approach and the impact of any changes to the priorities set out in the LHS. Progress on implementing the LHS and SHIP is also reported to the respective committees of the Council.

1.4 Equalities

The planning and delivery of good quality housing and appropriate information, advice and support services in Perth and Kinross embraces the principle of equal opportunities, following the lead of the Council's Corporate Equalities Scheme.

Perth and Kinross Council Housing and Community Care Services has an Equalities Action Plan which aims to ensure that all housing services, including this SHIP and related actions, take positive steps towards the equalities agenda.

This means that Perth and Kinross Council will strive to encourage equal opportunities and diversity, responding to the different needs and service requirements of people regardless of sex, race, colour, disability, age, nationality, marital status, ethnic origin, religion or belief, sexual orientation or gender re-assignment. The SHIP, as part of the LHS, has undergone an equalities impact assessment.

The SHIP plays a significant role in promoting the equalities agenda. Investment is being undertaken in housing for people with particular needs as well as addressing the needs of a range of individuals with community care needs whether they are part of planned discharge or remodelling programmes or currently live in unsuitable housing in the community.

The Council's approach to meeting the needs of people with particular needs focuses predominantly on a 'supported living' approach which seeks to enable individuals to live independently within their own homes integrated within existing communities. This approach has proved successful in the re-provisioning programmes for long-stay hospitals for people with learning disabilities and mental health problems. For future provision for particular needs, it is envisaged that this need will be met mainly within housing for varying needs mainstream developments, with a small number of full wheelchair-standard units incorporated wherever practical and required.

There is a requirement for a wide range of housing which is suited to the needs of older people, people with mobility problems and others with particular needs including individuals requiring suitable accommodation and support as part of planned discharge and resettlement programmes.

The Council's approach is to enable integrated developments to assist individuals with community care needs to live independently with appropriate support rather than develop 'specialist' schemes. This is reflected in the overall programme. Around 10% of the total programme will be dedicated towards meeting the particular needs of equalities groups.

1.5 Strategic Environmental Assessment

The SHIP as part of the LHS was considered under the Environmental Assessment (Scotland) Act 2005 and pre-screening has identified that the LHS will have no or minimal environmental effects, it is therefore exempt and the SEA Gateway has been notified. The reason for concluding that the LHS will have no or minimal environmental effects is that, after consideration of the analysis provided to the SEA Gateway by the Council, the Council has received confirmation from the SEA authorities that the LHS is not likely to have significant environmental effects. Therefore the Council has made a 'screening determination' and submitted this to the Scottish Government.

2. The Strategic Planning Context

2.1 Scottish Government's National Housing Priorities

To ensure everyone has access to suitable housing, the Scottish Government published 'Firm Foundations: The Future for Scotland's Housing'. This document set out the Government's vision with regard to housing. The vision underpinning this plan was:

- For a housing system which provides an affordable home for all, to achieve a strong recovery in the construction sector and a substantial increase in the number of homes of all types, including housing to meet the needs of disabled people and older people for independent living.
- An improvement in the quality of housing, so that everyone has a warm and comfortable home, whether they own it, part own it, rent it privately, or rent from a social landlord.

Homes Fit for the 21st Century identified four major housing related targets. These were that:

1. By December 2012, all unintentionally homeless households will be entitled to settled accommodation.
2. By April 2015, all social landlords must ensure that all their dwellings pass all elements of the Scottish Housing Quality Standard.
3. By November 2016, so far as is reasonably practicable, nobody will be living in fuel poverty in Scotland.
4. By December 2020, improved design and greater energy efficiency in housing will have made a contribution to Scotland's commitments to reduce our energy consumption by 12% and our greenhouse gas emissions by 42%.

These were translated into the following strategic objectives:

- To build the new, high quality, affordable homes, (including social housing), to meet current need and the demand arising from Scotland's growing and ageing population.

- To maximise the sustainable housing options available across all tenures, including for people living on lower incomes, and to significantly improve the quality of the existing housing stock and the places we create.

The Scottish Government's vision of a Scotland that is greener, safer, smarter, healthier, wealthier and fairer is aligned with the Council's priorities. The Perth and Kinross Council Corporate Plan and Perth and Kinross Community Plan align with the Single Outcome Agreement.

The SHIP is an integral element of the Perth and Kinross LHS 2011-2016 which sets out four main investment priority themes. These are:

- **Addressing Housing Requirements** to enable housing supply in the size and type people need, in the areas they want to live, and that they can afford.
- Developing appropriate housing and related services to **Promote Sustainable and Mixed Communities**.
- **Improving Stock Conditions and Energy Efficiency** helping to reduce fuel poverty.
- **Assisting People With Particular Needs** to ensure there is a range of house sizes and types available with appropriate support to meet the needs of people with particular needs.

The LHS sets out how the SHIP links with other national and regional influences and the detailed local strategic context. The LHS and SHIP play an important and integral role in the Council's priorities. LHS objectives are fully consistent and aligned with corresponding Perth and Kinross Community Plan, Perth and Kinross Council Corporate Plan, related partner plans and the Single Outcome Agreement.

2.2 Strategic Context for Selection of Local Housing Market Areas (LHMAs)

Perth and Kinross Council covers an area of 5,286 square kilometres. Approximately one third of the population in the area lives in Perth and 60% live either within Perth or within a 'commuter village' just outside Perth. Throughout the rural area there are a number of sizeable settlements with a historical status of being the former 'county towns'. Analysis carried out for the current housing needs and demand assessment highlighted that the level of 'containment' of Local Housing Market Areas (LHMAs) is reducing in relation to the owner-occupied sector. Demand for social rented housing and the housing search pattern for those seeking affordable housing tends to be more self-contained. The levels of investment in the LHMAs are influenced by information from the Housing Needs and Demand Assessment completed in 2009.

Table 1: Local Housing Markets in Perth and Kinross

LHMA in Annexes	LHMA
Greater Perth	Perth and the surrounding area
Eastern (Strathmore and Glens)	Blairgowrie and Eastern Perthshire
Highland	Pitlochry, Aberfeldy and the Highland Perthshire area
Strathearn	Crieff, Auchterarder and the Strathearn area
Kinross	Kinross and Kinrosshire

Source: Perth and Kinross Council

3. Investment Strategy

3.1 Overview

The cost of developing housing to meet LHS priorities varies depending on the area and/or type of housing required. The cost of developing new provision in high pressure areas is more expensive due to higher land values. However increasing provision in these areas remains the highest priority due to the acute shortage of affordable social rented accommodation and the impact that this shortage has on the Council's ability to meet housing need and the Scottish Government's homelessness targets.

In some parts of Perth and Kinross, as well as a shortage of affordable housing, there is a lack of housing choice, in terms of type or tenure. In such areas the Council undertakes an options appraisal to assess the long term viability of the stock and the need for re-provisioning to provide a better housing mix to meet for needs and aspirations.

Perth and Kinross is a diverse area with a number of different housing priorities, even within the same LHMA. The planned provision to tackle these priorities is outlined in the programme of investment. High levels of housing need exist across all tenures. The LHS outlines how the local authority, acting in partnership with other providers and policy makers, influences the operation of the housing system in order to maximise the supply of housing in the area and ensure the wellbeing of communities throughout Perth and Kinross. In particular the LHS focuses upon the delivery of affordable housing and targets on the supply of additional affordable housing are incorporated into the Corporate Plan as well as the Single Outcome Agreement for the Perth and Kinross area.

The targets set for delivery of affordable housing take account of the level of housing need in the area while giving due cognisance to the level of funding which it was reasonably expected to be available for delivery of additional affordable housing. An assessment of the housing needs (in accordance with the Scottish Government methodology) was completed in 2009. A summary of the assessment of housing need is detailed in the table 2 below.

Current need is most heavily concentrated in the Greater Perth HMA, which accounts for 43% of the backlog. The Highland HMA accounts for 19% of the total requirement, followed by Strathearn (13%), Eastern (12%) and Kinross (12%). The extent of current housing need should not be considered a static or definitive measure though as households will move in and out of housing need in regular cycles. Through the local Housing Needs and Demand Assessment a detailed profile of newly arising need has been established by examining the location of newly forming and homeless households and by determining the size and type of property required to address the housing needs identified. The pattern of newly arising need is very relevant in informing the balance of the future investment programme in that it is in areas of high newly arising need that future development is concentrated.

Table 2: Aggregated Affordable Housing Need

Housing Market Area	A. Current Need Backlog	Aa. 20% of Current Need Backlog	B. Newly Arising Need	C. Affordable Housing Supply	(A+B)-C Total Affordable Housing Need	(Aa+B)-C Total annual Affordable Housing Need (Shortfall)
Eastern	270	54	157	125	302	86
Highland	481	96	75	56	500	115
Kinross	204	41	65	53	216	52
Greater Perth	995	199	592	534	1,053	258
Strathearn	309	62	93	92	310	62
Total	2,120	424	994	861	2,253 (2,102)	557 (574)*

Source: Arneil Johnston Consulting/Perth and Kinross Council* Differences due to rounding of figures

The Housing Needs and Demand Assessment found that newly arising need is heavily concentrated in the Greater Perth area (60%), with the remaining 40% spread across the remaining LHMA's:

- Eastern = 16%
- Highland = 8%
- Kinross = 7%
- Strathearn = 9%.

This information together with information from social rented sector waiting lists, turnover and vacancy trends in stock is used to help inform the shape of the investment programme to prioritise projects which will address housing needs in areas with the most acute shortage of housing.

Investment priorities are derived through reference to the housing needs throughout the area as assessed by the Housing Needs and Demand Assessment together with information on waiting lists and vacancies in the social rented stock which allows for more detailed settlement level information

to be considered. The pattern of investment underway at present is also taken into account in ensuring that the investment profile across Perth and Kinross addresses priority housing needs.

3.2 Affordable Housing Supply Programme (AHSP)

In addition to the funding available through the Scottish Government directly Perth and Kinross Council accumulates approximately £1.0M additional monies annually for affordable housing from the reduction in discount in the level of Council Tax for second homes and properties which are empty for a long term.

The main focus of the SHIP is the use of the AHSP resources, but other funding streams utilised to address LHS priorities for affordable housing or complement the AHSP resources are also detailed. The SHIP will ensure that AHSP funding is allocated in support of LHS and that the local authority has a realistic and practical plan for delivering investment priorities.

In developing the investment programme detailed in the SHIP, in accordance with the Scottish Government guidance, projects have been categorised as 'high', 'medium' or 'low' in line with the definitions given (i.e. 'high' having higher priority, 'low' being lower priority). As accurate an assessment as possible was enabled through discussion of each project listed with the individual agencies bringing forward the development and colleagues in the Council's planning services.

3.3 AHSP Assumptions

The assumptions that have been used in this SHIP to calculate funding requirements are as follows:

- Projects costs are based on realistic project estimates supplied by the RSLs for projects and an average subsidy of £43,000 for a 3 person unit has been used
- No allowance has been made for inflation.

3.4 AHSP by Year Profile

There are 87 units programmed to be commenced in 2012/13. A further 80 are programmed to start in 2013/14, which amounts to a programme of 167 units in total. All projects programmed must be completed by March 2015.

3.5 Additional Resources to Support and Complement AHSP

In addition to the AHSP the following resources may be used in order to deliver the SHIP in Perth and Kinross:

- Housing Revenue Account (HRA)

Using its own resources to fund additional borrowing the Council has plans to develop 47 houses for rent over the SHIP period at an estimated cost of approximately £5.8M, funded through Council Tax funding, prudential borrowing and grant assistance from the Scottish Government.

- Affordable Housing Policy (AHP) and Developer Contributions

The level of funding available through this source is difficult to predict in that there are many variable factors which will influence this, such as the amount of development being undertaken by developers and the number of sites being brought forward where it is felt that the payment of a commuted sum in lieu of on site provision of Affordable Housing is felt to be appropriate. There is currently approximately £1.2M being held in this account at time of writing, to enable the development of affordable housing.

- Council Tax Reserve Income from the Reduction of Discount for Empty and Second Homes

The Council currently raises approximately £1.1M per annum which is currently employed for investment in the provision of affordable housing through RSLs as well as the programme of Council Build. Given recent regulatory change regarding this funding stream, the Council is considering options to increase its use more flexibly.

- Care and Support

The Council is committed to funding the revenue cost of the care and support services for the respective housing developments currently in development. Any future particular needs developments requiring revenue funding for housing support services will be discussed in advance by Perth and Kinross Council, Scottish Government, support providers and respective RSLs.

3.6 Risk Management and Constraints

Risk management is the process of identifying, gauging and responding to risks in a particular programme or project, for example project cost, schedule or quality. Risk management planning establishes a consistent approach to programme and project risk management. There are three elements. These are risk identification, risk assessment and risk control. As with any long term financial plan, including those of RSLs, there is a need to keep the projections and assumptions used under constant review to ensure that the level of investment that has been assumed can actually be delivered. The main risks, or variables, that have to be managed include:

- Development constraints.
- Financial assumptions.
- Land supply.
- Infrastructure constraints.
- Planning constraints.
- Legal and procedural constraints.

As previously outlined, securing sites for the AHSP is becoming increasingly challenging, particularly in the most pressured areas where land values are highest.

Equally, while developing on brown field sites is a key regeneration priority, these sites often present their own challenges, in terms of ground condition problems and site access etc. Any known site constraints are identified against individual sites. However the most common constraints are summarised below, as well as the action that is taken to mitigate these problems.

Table 3: Identified AHSP Programme Constraints and Possible Mitigating Actions

Constraint	Mitigating Actions
Funding – lack of certainty regarding future investment levels	<ul style="list-style-type: none"> • Effective liaison with Scottish Government to prioritise projects and progress site acquisitions to enable projects to be pulled forward if required.
Funding – reduction in AHSP funding levels	<ul style="list-style-type: none"> • Work with Scottish Government to progress efficiency agenda. • Work with Scottish Government to ensure sufficient flexibility in system to recognise higher development costs in certain areas and/or house types.
Availability of land in pressured areas	<ul style="list-style-type: none"> • Continuation of Affordable Housing Policy. • Identification of additional land supply through Local Development Plan process.
Ground condition problems/ abnormal costs	<ul style="list-style-type: none"> • Site Investigation at early stage. • Ensure land values reflect remediation costs.
Scottish Water connections	<ul style="list-style-type: none"> • Early discussions with Scottish Water to identify constraints.
Access/ Planning issues	<ul style="list-style-type: none"> • Early discussions with planning services regarding road layouts/school catchment areas etc. • Effective internal liaison arrangements within the council. • Ensure Affordable Housing Policy procedures are robust.
Affordable housing is part of larger development reducing ability to bring forward site	<ul style="list-style-type: none"> • Carefully consider the timing and possible phasing of developments to make realistic assumptions on when affordable housing will proceed

Constraint	Mitigating Actions
Difficulties in gaining agreement of owners of adjacent land if way leaves etc. are required through their land	<ul style="list-style-type: none"> • Identify any issues as early as possible in the development process so that negotiations can get underway as early as possible • Have a sufficient supply of sites in the system to accommodate unforeseen slippage in the timing of projects coming forward
Difficulty in linking site to services at reasonable cost	<ul style="list-style-type: none"> • Where possible abnormal costs should be deducted from the land purchase price • Unforeseen costs may be met through either the Council Tax Fund or developer contributions

3.7 Procurement and Joint Working

There is a strong history of a partnership approach in Perth and Kinross with RSLs working closely with the Council to deliver the housing programme. This ranges from identification and sale of sites, securing planning permission and liaison on nominations when the houses are ready for let. The Council will continue to work closely with the Scottish Government to support them in reviewing procurement arrangements to deliver increased efficiency in the delivery of the Affordable Housing Supply Programme in Perth and Kinross.

Increasing the supply of sites for affordable housing is seen to be fundamental to reducing the impact of the issues identified above. From previous experience, it is recognised that the potential supply of sites for affordable housing must be far greater than would be possible to develop within the funding available, to allow for slippage in projects coming forward. Work is therefore being taken forward by a corporate Affordable Housing Group to focus on the search for sites for affordable housing.

The Group reviews any change of use in Council owned sites as well as reviewing any possible sites which the Council could secure which are currently privately owned. This group also considers the most effective use of resources available through the Council Tax Fund and developer contributions to increase the supply of land for affordable housing. These funds can be used either to fund the purchase of a site to bring forward additional housing, or developer contributions can be used to enable an RSL to purchase a site on the open market by bridging the gap between the affordable value and the open market value. These funds can also be drawn upon to meet exceptional unforeseen costs of a development which would otherwise mean that the development would not progress.

3.8 Project Priority Options Appraisal Criteria

Projects have been prioritised with reference to the following criteria:

- (1) Contribution to SOA and LHS objectives.
- (2) Contribution to meeting significant local housing need.

- (3) Deliverability.
- (4) Inclusion, equality and meeting particular needs.
- (5) Impact on communities and regeneration.
- (6) Contribution to meeting strategic housing need profile defined by Housing Needs and Demand Assessment.

These are explained below.

(1) Contribution to SOA and LHS Objectives

Each project was assessed in terms of the overall contribution it would make to achieving the strategic objectives of the Single Outcome Agreement and the Local Housing Strategy. All projects were assessed to make either a medium or high contribution to objectives depending upon how many objectives the specific project was assessed as making a contribution towards. Scoring structure as per tables:

- 4 = High.
- 2 = Medium.
- 1 = Low.

(2) Contribution to Meeting Significant Local Housing Need

Information on the level of housing need throughout the Council area from the Housing Needs and Demand Assessment together with administrative information from waiting lists, turnover and vacancy trends within the affordable housing stock provides a detailed view of housing need throughout Perth and Kinross. Projects were assessed according to whether the area was one with very high level of local need for additional social rented housing. Scoring structure as per tables:

- 3 = High.
- 2 = Medium.
- 1 = Low.

(3) Deliverability

In assessing whether or not a project is likely to be deliverable within Plan timescales a number of factors were considered. These include the planning status for the project, whether or not the site is in the ownership of the Council or RSL, and the progress anticipated to be achievable by the Council or RSL. These crucial factors were taken into account in scoring the likelihood of the project coming forward on time. Scoring structure as per tables:

- 4 = High.
- 3 = Medium.
- 1 = Low.

(4) Inclusion, Equality and Meeting Particular Needs

Most projects are anticipated to make a contribution towards meeting the housing needs of households with particular needs. If a project is planned to make an additional provision to meet particular needs this factor was taken into account in prioritising the project. Scoring structure as tables:

- 4 = High.
- 2 = Medium.
- 1 = Low.

(5) Impact on Communities and Regeneration

In some cases a project was assessed as holding potential to make a significant contribution to the regeneration of an area. A project which is likely to achieve this as well as meeting the housing need in an area was awarded additional points to give the project a higher priority within the programme. Scoring structure as per table 5 is:

- 4 = High.
- 2 = Medium.
- 1 = Low.

(6) Contribution to Meeting Strategic Housing Need Profile Defined by Housing Needs and Demand Assessment

The Perth and Kinross Housing Needs and Demand Assessment in accordance with guidance circulated by the Scottish Government was undertaken in during 2009. This is used to inform the balance in the investment programme for affordable housing.

Projects were therefore assessed in terms of the contribution they would make to ensuring that the programme addresses the balance of housing need identified for the various LHMAs across Perth and Kinross. In assessing the relative contribution specific projects would make to the balance of the programme consideration was also given to the developments underway at present. Scoring structure as per table 5 is:

- 3 = High.
- 2 = Medium.
- 1 = Low.

3.9 Options Appraisal Results

The projects put forward by RSLs for inclusion in the supply programme have been prioritised with reference to these factors. The following tables detail how the projects have been prioritised and list the projects in order of priority.

It should be noted that prioritisation is an ongoing process dependent upon a number of factors such as development constraints, financial assumptions, land supply, and legal and procedural issues. Priorities shall be reviewed on an ongoing basis at least annually through the SHIP process.

Annexe A Projects 2012/2013 (Unit Nos.)	Criteria/Score						
	1	2	3	4	5	6	7
	Contribution to SOA/LHS objectives 4 = High 2 = Med 1 = Low	Contribution to Meeting Significant Local Housing Need 3 = High 2 = Med 1 = Low	Deliverability 4 = High 3 = Med 1 = Low	Inclusion, Equality and Meeting Particular Needs 4 = High 3 = Med 1 = Low	Impact on Communities and Regeneration 4 = High 2 = Med 1 = Low	Contribution to Meeting Strategic Housing Need Profile Defined by HNDA 3 = High 2 = Med 1 = Low	Total Score
CHA – Muirton(Ph 5b) (25)	4	3	4	3	4	2	20
CHA – Caledonian Rd, Perth Ph1(24)	4	3	3	3	4	2	19
CHA – Birnam (5)	4	3	3	3	2	3	18
LA – Auchterarder (12)	4	3	3	3	1	2	16
K – Abernethy (12)	2	2	4	3	1	2	14
LA -Royal Hotel, Coupar Angus (9)	2	1	3	3	4	1	14
Total = 87							

LA – Local Authority CHA = Caledonia HA

H = Hillcrest HA

K = Kingdom HA

L – Link HA

Annexe B Projects 2013/14 (Unit Nos.)	Criteria/Score						
	1	2	3	4	5	6	7
	Contribution to SOA/LHS objectives 4 = High 2 = Med 1 = Low	Contribution to Meeting Significant Local Housing Need 3 = High 2 = Med 1 = Low	Deliverability 4 = High 3 = Med 1 = Low	Inclusion, Equality and Meeting Particular Needs 4 = High 3 = Med 1 = Low	Impact on Communities and Regeneration 4 = High 2 = Med 1 = Low	Contribution to Meeting Strategic Housing Need Profile Defined by HNDA 3 = High 2 = Med 1 = Low	Total Score
LA – Jeanfield Road, Perth (16)	4	3	3	3	4	1	18
H – Jeanfield Road, Perth (8)	4	3	3	3	4	1	18
LA – Lathro, Kinross (10)	4	3	3	3	1	3	17
H – Lathro, Kinross (10)	4	3	3	3	1	3	17
H – Kirkton, Auchterarder (12)	4	3	3	3	1	2	16
H – Cherrybank, Perth (14)	4	3	3	3	1	2	16
C – Station Road, Blair Atholl (10)	4	3	3	3	1	2	16
Total = 80							

Annexe C Projects 2014/15 Slippage projects (Unit Nos.)	Criteria/Score						
	1	2	3	4	5	6	7
	Contribution to SOA/LHS objectives 4 = High 2 = Med 1 = Low	Contribution to Meeting Significant Local Housing Need 3 = High 2 = Med 1 = Low	Deliverability 4 = High 3 = Med 1 = Low	Inclusion, Equality and Meeting Particular Needs 4 = High 3 = Med 1 = Low	Impact on Communities and Regeneration 4 = High 2 = Med 1 = Low	Contribution to Meeting Strategic Housing Need Profile Defined by HNDA 3 = High 2 = Med 1 = Low	Total Score
LA - Inchtute-(8)	2	3	4	3	1	2	15
CHA – Burrelton (ph 2) (10)	2	3	3	3	1	2	14
LA – Balbeggie (10)	2	2	3	3	1	2	13
Link – Dunning (15)	2	2	3	3	1	2	13
CHA – Hill Primary, Blairgowrie (15)	2	2	1	3	2	2	12
Total = 58							

Appendix 2 - Strategic Local Programme 2012-15 (New money for local programmes £6.065)

Project Address	Developer	Units			Total	Units by Type		Total Project Cost	Total SG Grant
		Rehab	Off Shelf	New Build		General Needs	Particular Needs		
Muirton(5b) - social rent	Fairfield Housing Co-op	0	0	25	25	25	0	3.3	1.090
Caledonian Road School, Perth - social rent	Caledonian Housing Association	24	0	0	24	20	4	1.98	1.045
Autopoint, Birnam – social rent	Caledonian Housing Association	0	0	5	5	4	1	0.392	0.218
Kirkton, Auchterarder - social rent	Local Authority	0	0	12	12	10	2	1.584	0.360
Abernethy – mid market rent	Kingdom Housing Association	0	0	12	12	12	0	0.264	0.060
Royal Hotel, Coupar Angus - social rent	Local Authority	9	0	0	9	9	0	0.99	0.270
Jeanfield Road, Perth - social rent	Local Authority	0	0	16	16	14	2	1.92	0.480
Jeanfield Road, Perth- social rent	Hillcrest Housing Association	0	0	8	8	6	2	0.96	0.336
Lathro, Kinross – social rent	Hillcrest Housing Association	0	0	10	10	6	4	1.32	0.436
Lathro, Kinross – social rent	Local Authority	0	0	10	10	8	2	1.32	0.300
Kirkton, Auchterarder - social rent	Hillcrest Housing Association	0	0	12	12	10	2	1.584	0.523
Cherrybank – social rent	Hillcrest Housing Association	0	0	14	14	10	4	1.54	0.560
Station Rd, Blair Atholl - social rent	Caledonian Housing Association	0	0	10	10	6	4	1.32	0.436
Total		33	0	134	167	140	27	18.474	6.114

Slippage Projects

Project Address	Developer	Units			Total	Units by Type		Total Project Cost	Total SG Grant
		Rehab	Off Shelf	New Build		General Needs	Particular Needs		
Inchture – social rent	Local Authority	0	0	8	8	8	0	1.056	0.240
Balbeggie – social rent	Local Authority	0	0	10	10	10	0	1.32	0.300
Burrelton – social rent	Caledonia Housing Association	0	0	10	10	10	0	1.584	0.523
Hill Primary – social rent	Caledonia Housing Association	0	0	15	15	15	0	2.13	0.654
Dunning – social rent	Link Housing Association	0	0	15	15	15	0	1.8	0.600
Total		0	0	43	43	43	0	7.89	2.317