

PERTH AND KINROSS COUNCIL**Housing and Health Committee****2 November 2016****Strategic Housing Investment Plan****Report by Director (Housing and Social Work)****PURPOSE OF REPORT**

This report identifies housing needs across Perth and Kinross and seeks approval for the Perth and Kinross Council Strategic Housing Investment Plan (SHIP) to address these needs and future demand for housing across the area.

1. BACKGROUND

- 1.1 Good quality housing and the surrounding local environment make a significant contribution to the Council's wider aim of creating safe and sustainable communities in which people want to live. Good quality housing also helps tackle poverty and health inequalities and gives children the best start in life.
- 1.2 There is a high demand for housing in Perth and Kinross, which is expected to continue, particularly given the projected increase in population in the next 15-20 years, including a significant increase in the older population. It is therefore essential that more new homes are built to address meet these demands and the programme detailed in this Strategic Housing Investment Plan of delivering over 1,000 additional affordable houses (including buybacks) over the next five years means that we can be confident of meeting our target for this period. Equally important is the regeneration of key areas, supporting communities to grow and develop, taking more ownership of their local area.
- 1.3 The geography of Perth and Kinross presents some specific challenges. Around half of the population is spread over a large rural area and there are challenges with the availability of land, particularly in North Perthshire. This requires a strong focus on collaboration with the National Park Authorities, private landowners and estates and other key partners, to develop new housing.
- 1.4 The Local Housing Strategy (2016-21), approved by Housing and Health Committee in May 2016 (Report 16/234) reflects these issues and identifies a number of key priorities, including:-
 - Creating more affordable homes and well managed stock of the right size, type and location, with access to suitable services and facilities

- Supporting safe and secure communities for residents of Perth and Kinross with access to good quality, affordable accommodation with the necessary support in place to sustain them in their homes and prevent them becoming homeless
- Enabling people to live independently at home for as long as possible with help from the community and local networks of support
- Supporting warm, energy efficient and low carbon homes for Perth and Kinross residents which they can afford to heat

1.5 The Strategic Housing Investment Plan (SHIP) sets out how Scottish Government's funding for the development of affordable housing will be invested to support the objectives of the Local Housing Strategy. The SHIP therefore reinforces the position of the Council as the strategic housing authority and the importance of the outcomes and targets set in the Local Housing Strategy.

2. PROPOSALS

2.1 The SHIP (attached in the appendix) sets out how Perth and Kinross will use the funding available to invest in housing developments aimed at achieving our ambition of affordable, safe, sustainable housing that meets the needs of our communities. Investing in housing developments which meet the needs of the most vulnerable sections of our community is a key aim of the SHIP.

2.2 In developing the SHIP, the Council and partners have to identify and prioritise new-build and development projects using the following criteria:-

- Contribution to the Community Plan/Single Outcome Agreement (SOA) and the Local Housing Strategy (LHS) objectives
- Contribution to meeting significant local Housing need
- Deliverability
- Inclusion, equality and meeting particular needs
- Impact on communities and regeneration
- Contribution to the balance of the programme and meeting strategic needs identified by the Housing needs and Demand Assessment

2.3 The prioritisation of projects is an ongoing process and dependent on a range of factors, including some which may cause delays. As a result, some projects of lower priority may be taken forward as these issues are resolved.

2.4 The Scottish Government's guidance on Resource Planning Assumptions (RPAs) for this round the SHIPs was made available in March 2016 and the Council has been advised on these for 2016/17. The Government recognises that for maximum impact, the programme needs long term planning, so a high proportion of future completions need their planning and development to begin now. The Council is therefore proceeding on the assumption that its RPAs will be at least what is indicated in the table below:-

Table 1

Financial Year	Resource Planning Assumption
2016/17	£11.681m
2017/18	£9.345m
2018/19	£7.009m
2019/20	£4.672m

- 2.5 The programme in the appendix shows a healthy number of projects across Perth and Kinross as well as additional projects included in case some don't progress in the anticipated timescale. The Scottish Government has advised local authority officials to receive delegated authority to assign other projects into the programme, where possible, to replace any that aren't progressing in the anticipated timescale and to prioritise replacement projects under the SHIP's prioritisation system.
- 2.6 The plan is for around 950 new affordable houses to be built in Perth and Kinross over the five years from 2017/18 namely:
- 323 new housing units (flats, houses) are programmed to begin in 2017/18
 - 237 programmed to start 2018/19
 - 170 in 2019/20
 - 227 in later years (2020/22)
- 2.7 In addition, the Council intends to continue its programme of buying back former Council houses to increase the social rented sector (86 purchased since 2012/13). It is anticipated that grant assistance from the Scottish Government will be continue, supporting a target of 24 properties each year. This would mean that a total of 120 houses will be brought back into the social rented sector over the next five years.
- 2.8 This would mean an estimated total programme of over 1,000 new housing units for the period of the SHIP.

3. CONCLUSION AND RECOMMENDATIONS

- 3.1 This report outlines the Perth and Kinross Strategic Housing Investment Plan 2017-22 (appended to this report).
- 3.2 Committee is asked to:-
- (i) Approve the Strategic Housing Investment Plan 2017-2022
 - (ii) Give delegated authority to the Director to ensure that where projects fall out of the plan, he can assign agreed SHIP projects in their place.

Author

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Approved

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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes / None
Community Plan / Single Outcome Agreement	Yes
Corporate Plan	Yes
Resource Implications	
Financial	Yes
Workforce	None
Asset Management (land, property, IST)	Yes
Assessments	
Equality Impact Assessment	None
Strategic Environmental Assessment	None
Sustainability (community, economic, environmental)	None
Legal and Governance	None
Risk	None
Consultation	
Internal	Yes
External	Yes
Communication	
Communications Plan	None

1. Strategic Implications

Community Plan/Single Outcome Agreement

The Perth and Kinross Community Plan/Single Outcome Agreement and Perth and Kinross Council Corporate Plan have five concurrent outcomes which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. The following are relevant to this report:

- Promoting a prosperous, inclusive and sustainable economy
- Supporting people to lead independent, healthy and active lives
- Creating a safe and sustainable place for future generations

Corporate Plan

Proposals contained in this report address the following Corporate plan Priorities:

- Promoting a prosperous, inclusive and sustainable economy
- Supporting people to lead independent, healthy and active lives
- Creating a safe and sustainable place for future generations

2. Resource Implications

Financial

- 2.1 Resource implications arising directly from this report emanate from the proposed local authority new build housing programme (as detailed in the SHIP appended). In addition to the Scottish Government Grant, the second home Council Tax fund and developer's contributions for affordable housing will be used to support the delivery of the programme. Detailed resource assumptions on the use of these funds will be reported to respective Council Committees when final details are known. The Head of Finance was consulted on these proposals as part of the Capital Budget and HRA Capital Plan budget setting process.

Workforce

- 2.2 There are no direct workforce implications regarding this report.

Asset Management (land, property, IT)

- 2.3 The Director (Environment) and the Head of Finance and Support Services, Housing and Community Care were consulted on this report and are in agreement with the proposals.

3. Assessments

Equality Impact Assessment

- 3.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.

The proposals have been considered under the Corporate Equalities Impact Assessment process (EqIA) with the following outcome:

- (i) Assessed as **not relevant** for the purposes of EqIA

Strategic Environmental Assessment

- 3.2 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals. However, no action is required as it does not qualify as a PPS as defined by the Act and is therefore exempt.

Sustainability

- 3.3 These proposals meet the following sustainability criteria:-
- Where possible, using materials from sustainable sources

- Energy conservation through improved insulation measures
- More efficient heating systems
- More efficient lighting systems

Legal and Governance

- 3.4 The Head of Legal and Governance has been consulted and there are no direct legal implications of this report.

Risk

- 3.5 The Housing and Community Care Senior Management Team regularly review capital monitoring reports that highlight individual project progress and risks.

4. Consultation

Internal

- 4.1 The Heads of Finance and Head of Legal and Governance were consulted on this report.

External

- 4.2 The Local Housing Strategy was developed through detailed inter-agency working and consultation. Achieving Local Housing Strategy objectives is progressed through successful joint working with partner agencies.
- 4.3 The SHIP is developed corporately through the Affordable Housing Working group with colleagues within the Environment Service and Chief Executives Service. Registered Social Landlords, Homes for Scotland, private developers and rural landowners are also involved through regular Liaison Meetings alongside the Scottish Government.
- 4.4 The SHIP has been developed through joint work with individual Registered Social Landlords and the Scottish Government and they have been consulted on this report.
- 4.5 The Tenant Committee Report Panel was consulted on this report and commented that “this is a comprehensive document with a vision for the next 5 years. It lets the layman have an insight into what is involved and the time and background work that is involved.”

5. Communication

- 5.1 There are no direct communication issues with regard to this report.

2. BACKGROUND PAPERS

None

3. APPENDICES

Appendix 1 to this report is the Strategic Housing Investment Plan (SHIP) which sets out affordable housing investment priorities to achieve the outcomes set out in the Local Housing Strategy.



Perth and Kinross Council

Strategic Housing Investment Plan

2017/18 – 2021/22

October 2016

1. Introduction

- 1.1 Good quality housing and the surrounding local environment make a significant contribution to the Council's wider aim of creating safe and sustainable communities in which people want to live. Good quality housing also helps tackle poverty and health inequalities and gives children the best start in life.
- 1.2 There is a high demand for housing in Perth and Kinross, particularly given the projected increase in population in the next 15-20 years, including a significant increase in the older population. It is therefore essential that more new homes are built to address these issues. The programme detailed in this Strategic Housing Investment Plan aiming to deliver over 1000 additional affordable houses (including buybacks) over the next five years means that we can be confident of meeting our target of 750 affordable houses over this period. Equally important is the regeneration of areas of deprivation, supporting communities to grow and develop, taking more ownership of their local area.
- 1.3 It is essential that the programme of additional affordable housing is maximised.
- 1.4 The geography of the area presents some specific challenges. Around half of the population is spread over a large rural area and there are challenges in relation to the availability of land, particularly in North Perthshire. This requires a strong focus on collaboration with the national park authorities, private landowners and other key partners to develop new housing.
- 1.5 The Local Housing Strategy (2016-21) identifies a number of key priorities, including:-
- More affordable homes and well managed stock to make sure homes are the right size, type and location, with access to suitable services and facilities
 - Safe and secure communities for residents of Perth and Kinross with access to good quality, affordable accommodation with the necessary support in place to sustain them in their homes and prevent them from becoming homeless
 - People living independently at home for as long as possible with help from the community and local support networks
 - Warm, energy efficient and low carbon homes for Perth and Kinross residents which they can afford to heat
- 1.6 The Strategic Housing Investment plan (SHIP) sets out how Scottish Government funding for the development of affordable housing will be invested to work towards the objectives of the Local Housing Strategy. The SHIP therefore reinforces the position of the Council as the strategic housing authority and the importance of the outcomes and targets set in its Local Housing Strategy.

- 1.7 Delivering high quality affordable housing in safe and secure neighbourhoods is a key priority for Perth and Kinross. This Local Housing Strategy provides the strategic framework to help us achieve that, setting out our vision, key objectives and outcomes.

2 Our vision

'We want to make Perth and Kinross a place where everyone will have access to good quality, energy efficient housing which they can afford, that is in a safe and pleasant environment. People will have access to services that will enable them to live independently and participate in their communities'

- 2.1 The objectives of our Local Housing Strategy (LHS) are:-

1 Supply of housing and sustainable communities

We are going to deliver more affordable homes and well managed stock to ensure that homes are the right size, type and location that people want to live in with access to suitable services and facilities

2 Housing and homelessness

We will support communities to be safe and secure, through providing good quality, affordable accommodation with the necessary support in place to sustain people in their homes and prevent them from becoming homeless

3 Independent living

We will support people to live independently at home for as long as possible with help from the community and local support networks

4 House condition, fuel poverty and climate change

We will enable residents of Perth and Kinross to live in warm, dry, energy efficient and low carbon homes which they can afford to heat

3 Planning for Housing

- 3.1 The Strategic Housing Investment Plan (SHIP) sets out how Scottish Government funding for the development of affordable housing will be used to support the objectives of the Local Housing Strategy (LHS) and therefore reinforces the Council as the strategic housing authority, as well as the importance of the outcomes and targets set out in the Local Housing Strategy (2016-21).
- 3.2 The LHS sets out how the SHIP links with other national and regional policies and priorities within a local strategic context. Both documents are aligned to the Perth and Kinross Community Plan/ Single Outcome Agreement, Perth and Kinross Council Corporate Plan and, related plans of partner agencies.
- 3.3 The main focus of this SHIP is the use of the Scottish Government's Affordable Housing Supply Programme (AHSP). Other funding streams, such as developers contributions (collected through the implementation of

the Affordable Housing Policy) and the Council Tax funding for affordable housing, are also used to compliment the funding available from the Scottish Government. These funds help provide additional housing and are useful when development costs are higher than usual. High development costs are often experienced where housing is being provided through renovating a redundant building or where land servicing costs (often for rural sites) are higher than usual.

3.4 The SHIP covers a five year period 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 Local Housing Strategy
- 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 Registered Social Landlord (RSL) development funding plans
- Develops actions identified in the Local Housing Strategy relating to the equalities agenda, as appropriate
- Informs the allocation of resources from a national to a local authority level

3.5 The SHIP includes affordable housing supply through new build, replacement, renovation and re-modelling. It also includes details of the programme of house building planned by the Council. The Appendix to the SHIP sets out projects to be taken forward on a site-by-site basis. This information will be used by the Scottish Government to draft Strategic Local Programme Agreements. Once agreed, Strategic Local Programme Agreements will form the basis of individual RSL and Local Authority programme agreements.

4 Partnership Working

4.1 The SHIP is developed and implemented through close partnership working with the Scottish Government, Registered Social landlords and other key services, such as health services, through regular monitoring meetings. Other arrangements to take forward the SHIP are:-

- Seminars and consultation events for the development and implementation of the Local Housing Strategy
- Consultation on development priorities at a quarterly member Officer Working group on Affordable Housing

- 4.2 A corporate Affordable Housing Group includes other Council services who have a role in supporting the development of affordable housing. It reports to the Member Officer Working Group on affordable housing and focuses on resolving issues around the development and supply of affordable housing.

5 How is the SHIP Monitored?

- 5.1 The SHIP is monitored as part of the Local Housing Strategy monitoring where its progress and impact are reported. Annual reviews are reported to the Council's Housing and Health Committee, including updates on delivery against what was planned, and analysis of any delays and reasons for these.

6 Equalities

- 6.1 Perth and Kinross Council is fully committed to equalities and diversity. The General Equality Duty has three main aspects:-
- Eliminate discrimination
 - Advance equality of opportunity
 - Foster good relations between communities
- 6.2 The Council will respond 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 planning and delivery of good quality housing and appropriate information, advice and support services in Perth and Kinross embraces the principle of equal opportunities and the equality outcomes.
- 6.3 The SHIP plays a significant role in promoting this agenda. People with specialist needs should have, wherever possible, the opportunity to live independently in their own homes and community. The aim is for all housing to be built to 'housing for varying needs' standard and a small number of fully wheelchair standard units will be incorporated where needed. Where a site is suitably located, the need for specialist accommodation in the area is considered and included as required.
- 6.4 The details of many of the developments in the programme have not yet been finalised and the potential of many developments to meet specialist provision still needs to be fully assessed. It is anticipated that the proportion of housing for people with specialist needs will increase once specific development details are finalised. The aim is that at least 12% of the total programme will be dedicated towards meeting the specialist needs of equalities groups. This exceeds the level of special needs accommodation set out by the Scottish Government of a minimum of 10% of all housing built.
- 6.5 The SHIP, as part of the Local Housing Strategy, has undergone an equality impact assessment. While it was found that there would be no

significant adverse impact in terms of equalities, it is anticipated that those with specific needs should be more accurately assessed and incorporated into future strategies.

6. Strategic Environmental Assessment

- 6.1 The Strategic Environmental Assessment (Scotland) Act 2005 requires that all qualifying plans, programmes and strategies, including policies (PPS) are screened to assess the potential environmental impact of the plan. A Strategic Environmental Assessment (SEA) ensures that environmental issues are considered by decision makers alongside social and economic issues.
- 6.2 The SHIP as part of the Local Housing Strategy was considered under the Environmental Assessment (Scotland) Act 2005 and pre-screening identified that the plan will have no or minimal environmental effects. It is therefore exempt and the SEA Gateway has been notified.

7. Scottish Government's National Housing Priorities

- 7.1 The Scottish Government is committed to securing a strong and prosperous future for Scotland, economically, socially and constitutionally and wants people to live in affordable quality homes that meet their needs. In March 2016, Ministers announced ***More Homes Scotland (MHS)***, an overarching approach to support the increase in supply of homes across all tenures which will incorporate a variety of existing and new initiatives including:-
- A commitment of over £3 billion over the next 5 financial years to fund the delivery of 50,000 affordable homes accompanied by 5 year Resource Planning Assumptions, increased subsidy levels, a new Rural Housing Fund and support for City Deals
 - Delivering more mid-market homes, building on existing successful initiatives using guarantees and loans
 - Increasing the supply of private rented sector homes building on the use of guarantees to stimulate a thriving high-quality sector
 - Supporting Home Ownership through the Open Market Shared Equity Scheme and the new Help to Buy (Scotland) scheme
 - Establishing a new Housing Infrastructure Fund which will provide loans and grants to allow partners to unlock strategically important housing sites and increase the scale of housing delivery
 - Reviewing the planning system with a focus on improving planning processes to support the delivery of good quality housing

8. Local Housing Market Areas (LHMAs)

- 8.1 Perth and Kinross Council covers an area of 5,286 square kilometres. While around one third of the population lives in Perth, 60% live either within Perth or within a 'commuter villages' just outside Perth. Throughout

the rural area there are a number of sizeable settlements with a historical status of being the former 'county towns'.

- 8.2 The assessment of housing need and related targets to deliver affordable housing is divided into five Local Housing Market Areas. The SHIP identifies investment programmes at Local Housing Market Area level and efforts will be made in future years to address any imbalances occurring in the investment programme. These arise where there is a lack of opportunities for investment in areas assessed as having high levels of housing need.

Table 1: Local Housing Market Areas (LHMAs) in Perth and Kinross

LHMA in Annexes	LHMA
Perth	Perth and the surrounding villages
Eastern	Blairgowrie, Alyth, Coupar Angus, Easter Perthshire
Highland	Pitlochry, Aberfeldy, Dunkeld, Highland Perthshire area
Strathearn	Crieff, Auchterarder, Strathearn area
Kinross	Kinross and Kinrosshire

Source: Perth and Kinross Council

- 8.3 Perth and Kinross is a diverse area with a number of different housing priorities, even within the same LHMA. The plan to meet these priorities is outlined in Appendices to this report. High levels of housing need exist across all tenures. The LHS outlines how the Council, acting in partnership with other providers and policy makers, influences the housing system to maximise the supply of housing in the area.
- 8.4 The targets for affordable housing take account of the level of housing need in the area, acknowledging the level of funding which could be reasonably expected to deliver this. An assessment of the housing needs was carried out by the strategic planning authority (TAYplan) in 2013 and updated by the Council in 2015 (a summary of the findings is included in the Appendices).
- 8.5 The Housing Needs and Demand Assessment found that housing need (for all tenures) is heavily concentrated in the Greater Perth area (56%), with the remaining % spread across the remaining LHMAs:-
- Greater Perth area - 56%
 - Eastern - 14%
 - Highland - 9%
 - Kinross - 7%
 - Strathearn - 14%
- 8.6 The proportion of housing need for affordable housing in each of the Local Housing Market areas is very similar to the pattern of need for housing across all tenures. 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 housing 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.

9. Affordable Housing Supply Programme (AHSP)

The projects detailed in the appendices are based upon an AHSP resource planning assumptions for Perth and Kinross. The Resource Planning Assumption for Perth and Kinross in 2016-17 is **£11.681m**.

10. The Affordable Housing Supply Programme beyond March 2017

10.1 To support strategic planning, the Council has been informed that its Resource Planning Assumptions will be at least:-

£9.345m for 2017-2018

£7.009m for 2018-2019

£4.672m for 2019-2020

10.2 The main focus of the SHIP is the use of the AHSP resources, but other funding streams used to support LHS priorities for affordable housing or complement the AHSP resources, are also used. The SHIP will make sure AHSP funding is allocated to support the Local Housing Strategy and ensure the Council has a realistic and practical plan for delivering investment priorities.

10.3 In addition to the funding available through the Scottish Government, the Council accumulates around £1.4m additional monies annually for affordable housing from the higher level of Council Tax applied to second homes and properties which are empty for a long term. This funding is mainly used to assist with the Council's programme of house building. Funding to assist with building affordable housing is also collected through the Council's Affordable Housing Policy. These funds are mainly used to assist RSLs with the purchase of sites at market value or to meet exceptional costs on specific sites.

11. Affordable Housing Supply Programme Assumptions

11.1 The assumptions supporting the SHIP to calculate funding requirements include:

- Scottish Government Grant levels are based on average grant levels available to RSLs – actual grant levels will reflect the mix of houses sizes on each site once the project details have been finalised
- Grant funding levels put against projects are at the level for greener being met – this can be adjusted if it is not going to be possible to meet greener standards within the individual developments as the projects become more fully developed
- No allowance has been made for inflation

12. Affordable Housing Supply Profile by Year

12.1 In terms of the strategic housing investment programme:

- 323 new housing units (flats, houses) are programmed to begin in 2017/18
- 237 programmed to start 2018/19
- 170 in 2019/20
- 227 in later years (2020/22)

The plan is for around 950 new affordable houses to be built in Perth and Kinross over the next five years.

In addition, the Council intends to continue its programme of buying back properties former Council houses to increase the social rented sector (86 purchased since 2012/13). It is anticipated that grant assistance from the Scottish Government will be continue, supporting a target of 24 properties each year. This would mean that a total of 120 houses will be brought back into the social rented sector over the next five years.

This amounts to a potential total programme of over 1,000 units.

12.2 There will be many changes in the timing of projects, even to those included in this programme, but it is important to be ambitious and identify as many opportunities as possible to address the clear and pressing need for affordable housing throughout Perth and Kinross. If projects identified to come forward during the earlier years of the project fall to progress, it may be possible to accelerate some of the projects listed for later years. If the funding available is less than anticipated projects will be prioritised according to the programme detailed.

13. Additional Resources to Support and Complement AHSP

13.1 In addition to the AHSP the following resources may be used to deliver the SHIP:-

- **Housing Revenue Account (HRA)**
Using its own resources to fund additional borrowing, the Council has plans to develop 400 houses for rent over the SHIP period at an estimated cost of approximately £56m, funded through council tax funding, prudential borrowing and grant assistance from the Scottish Government. This programme of Council build is included in the figures above.
- **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 level of development being undertaken by developers and the number of sites being brought forward where the payment of a

commuted sum in place of onsite provision of Affordable Housing is considered to be appropriate. There is currently approximately £1.147m (not including committed funds) at time of writing, held in this account to enable the development of affordable housing.

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

In 2012 the Council Tax (Variation for Unoccupied Dwellings) (Scotland) Act gave Councils new powers aimed at reducing the number of empty dwellings. In June 2013, Perth and Kinross Council agreed to adopt a new policy with effect from April 2014 which awarded the minimum discount of 10% for dwellings empty for between 6-12 months and for second homes. For long-term unoccupied dwellings in 2017/18 the Council Tax Charge will be 200% of the rate of charge for an occupied property.

Properties that are being actively marketed for sale or let will retain discount of 10% for two years from the date they became unoccupied. Purpose-built holiday homes, job related dwellings and unfurnished properties where major work is ongoing or is required to render it habitable, will continue to receive the 50% protected discount as long as they meet the appropriate criteria.

Through these measures the Council currently raises approximately £1.4m per annum for investment in affordable housing, although the main aim of the policy is to reduce the number of empty properties and to encourage owners to bring them back into use.

- **Scottish Government Infrastructure Fund**

The Scottish Government has introduced a flexible five year grant and loan fund to help tackle infrastructure blockages and to accelerate the delivery of primarily affordable housing across Scotland. Support will consist of three main elements:

- Infrastructure grant available to local authorities and RSLs (to cover costs which are not currently funded from the AHSP).
- Infrastructure loans to non-public organisation.
- Resources to accelerate site development.

Local Authorities are requested to identify priority sites which could be unlocked or taken forward earlier through funding from this fund. Sites prioritised for this funding are detailed in Table 3 in the Appendices to this report.

- **Housing Support/Social Care**

The Council is committed to funding the revenue cost of the housing support/social care 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, the Scottish Government, support providers and respective RSLs.

14. Risk Management and Constraints

14.1 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 procedural constraints

14.2 Securing sites for the AHSP is 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 2: 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 Housing Allocation Grant (HAG) 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.

Constraint	Mitigating Actions
	<ul style="list-style-type: none"> • Identification of additional land supply through Local Plan process
Ground condition problems/ abnormal costs	<ul style="list-style-type: none"> • Site Investigation at early stage • Use of Infrastructure Fund • Ensure land values reflect remediation costs
Scottish Water connections	<ul style="list-style-type: none"> • Early discussions with Scottish Water to identify constraints • Use of Infrastructure Fund
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
Difficulties in gaining agreement of owners of adjacent land if wayleaves 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 • Use of Infrastructure Fund

15. Procurement and Joint Working

- 15.1 There is a strong history of a partnership working 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 a joint housing waiting list and liaison on nominations when the houses are ready for let. The Council will continue to work closely with 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.
- 15.2 Increasing the supply of sites for affordable housing is agreed as fundamental to reducing the impact of the issues identified above. 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 continuing by the corporate Affordable Housing Group to focus on the search for sites for affordable housing.

- 15.3 The Affordable Housing Group also 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 developers 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.

16. Project Priority Options Appraisal Criteria

Projects in the SHIP have been prioritised using following criteria:-

- (1) Contribution to Community Plan/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 needs profile defined by Housing Needs and Demand Assessment

These are explained below:-

(1) Contribution to Community Plan/SOA and LHS Objectives

Each project was assessed in terms of the overall contribution it would make to the strategic objectives of the Community Plan/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.

(2) Contribution to Meeting Significant Local Housing Need

Information on the level of housing need throughout the council area from the Housing Need 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.

(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.

(4) Inclusion, Equality and Meeting Specialist Needs

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

(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.

(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 2015. 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 LHMA's 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.

17. Options Appraisal Results

- 17.1 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.
- 17.2 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 will be reviewed at least annually through the SHIP process.

Appendix 1 – Estimated required level of new build housing (PKC HNDA 2015/16), used to inform Housing Supply Targets set in the LHS (CHMA HNDA Tool Refresh 23.12.2015)

Year	Housing Tenure	Strathmore & Glens	Strathearn	Highland	Greater Perth	Greater Dundee	Kinross	Total Perth & Kinross
2016/17	Social Rent	44	47	30	174	9	21	326
	Below Market Rent	20	22	14	87	5	8	156
	Private Rented Sector	42	49	32	147	12	24	306
	Buyers	21	36	20	162	10	27	296
	Total	148	155	95	570	35	80	1084
2017/18	Social Rent	44	47	30	174	9	21	325
	Below Market Rent	21	22	14	87	5	8	158
	Private Rented Sector	42	49	31	149	12	24	307
	Buyers	20	35	20	159	10	27	291
	Total	147	154	95	569	35	80	1081
2018/19	Social Rent	44	46	29	171	9	21	319
	Below Market Rent	20	23	14	89	5	8	159
	Private Rented Sector	40	46	30	139	12	23	291
	Buyers	39	34	19	154	9	26	282
	Total	143	150	93	553	34	78	1052
2019/20	Social Rent	23	26	16	95	5	11	177
	Below Market Rent	17	19	12	75	4	7	133
	Private Rented Sector	34	39	25	118	10	19	244
	Buyers	33	29	16	126	8	22	233
	Total	107	112	69	414	26	59	787
2020/21	Social Rent	23	26	16	98	5	11	179
	Below Market Rent	18	19	12	70	4	7	128
	Private Rented Sector	33	38	24	117	10	18	240
	Buyers	32	28	16	125	8	21	229
	Total	105	111	68	409	26	58	777
5 Year HMA Total		650	682	420	2516	156	355	4781
5 Year Social Rent Total		1326 Units						
5 Year Below Market Rent Total		734 Units						
5 Year Private Rented Sector Total		1388 Units						
5 Year Buyers Total		1331 Units						

Appendix 2: Affordable Housing Supply Programme

Prioritisation of Projects to start 2017/18

	Development	Locality	Developer	Number of units	Priority
1	Muirton Ph7	Perth	Caledonia	54	High
2	Invergowrie	North	PKC	5	High
3	208 Crieff Road, Perth	Perth	PKC	21	High
4	Duntuim, Aberfeldy	North	Hillcrest	22	High
5	Glebe, Scone	Perth	PKC	30	High
6	Thimble Row, Perth	Perth	Hillcrest	56	High
7	Milne Street, Perth	Perth	PKC	8	High
8	Elm Drive, Blairgowrie	North E	PKC/Hillcrest	60	High
9	Kintillo Rd, Bridge of Earn	South	Kingdom	16	Medium
10	Ballinluig	North	Caledonia	17	Medium
11	Broxden, Perth	Perth	Caledonia	24	Medium
12	Guildtown		Caledonia	10	Low
13	Buybacks		PKC	24	Low
	TOTAL			347 (incl buybacks)	

Prioritisation of Projects to start 2018/19

	Development	Locality	Developer	No. units	Priority
1	Muirton Ph 8	Perth	Caledonia	23	High
2	Newhouse Rd, Perth	Perth	Caledonia	12	High
3	Atholl Rd, Pitlochry	North	Caledonia	12	High
4	Lathro, Milnathort	South	Hillcrest	46	High
5	CHA – S Methven St, Perth	Perth	Caledonia	12	High
6	LA – Glebe Ph 2, Scone	Perth	PKC	30	High
7	CHA – YMCA, Perth	Perth	Caledonia	21	High
8	H - Duchlage Farm, Crieff	South	Hillcrest	31	Medium
9	K- Bertha Park (50)	Perth	Kingdom	50	Low
	LA - Buybacks		PKC	24	Low
	TOTAL			261 (incl buybacks)	

Prioritisation of Projects to start 2019/20

	Development	Locality	Developer	No. units	Priority
1	Victoria Street, Perth	Perth	PKC	16	High
2	Glenearn Rd Ph 2, Perth	Perth	PKC	12	High
3	Scone North	Perth	CHA	20	High
4	Gilsay Place, Muirton, Perth	Perth	PKC	20	High
5	Crieff Primary	South	PKC	12	High
6	Luncarty	North	PKC	20	High
7	Brioch Rd, Crieff	South	Hillcrest	20	Medium
8	Bertha Park, Perth	Perth	Fairfield	50	Low
	Buybacks		PKC	24	Low
	TOTAL			194 (incl buybacks)	

Prioritisation of Projects to start 2020 – 2022

	Development	Locality	Developer	No. units	Priority
1	Charles Street, Perth	Perth	PKC	16	High
2	Pace Hill, Milnathort	South	CHA	20	High
3	Aberfeldy East (Borlick)	North	PKC	20	High
4	Tulloch Railway Yards	Perth	CHA	20	High
5	Hawarden Terrace, Perth	Perth	PKC	21	High
6	Golf Road, Blairgowrie	North East	CHA	10	High
7	Perth Rd, Pitlochry	North	CHA	20	High
8	Newton Farm, Perth	Perth	Hillcrest	20	Medium
9	Bertha Park, Perth	Perth	Kingdom	50	Low
10	Oudenarde	South	Hillcrest	30	Low
	Buybacks		PKC	48	Low
	TOTAL			275 (incl buybacks)	

Table 1 - AFFORDABLE HOUSING SUPPLY PROGRAMME - Years 1-3

PROJECT	SUB-AREA	PRIORITY	DEVELOPER	UNITS - TYPE			UNITS - SITE STARTS			UNITS - COMPLETIONS			SG FUNDING REQUIRED (£0,000m)			TOTAL SG FUNDING REQUIRED OVER SHIP PERIOD
				GN	Specialist Provision	Total Units by Type	PRE 2017/18	2017/18	2018/19	2019/20	PRE 2017/18	2017/18	2018/19	2019/20		
Muirton, Perth	Perth	High	CHA	25		12	25						0.709	0.555		0.555
Caledonian Road, Perth	Perth	High	CHA	44	5	49	49						0.849	1.992		1.992
Crieff Road, Perth	Perth	High	CHA	7		7	7						0.282	0.177		0.177
Beck Loan, Milnathort	Kinross	High	CHA	5		5	5						0.354			0.354
Burrelton	Perth	High	CHA	12		12	12						0.168	0.773		0.773
Bowerswell, Perth	Perth	High	CHA	3		3	3						0.229			0.229
Canal Street, Perth	Perth	High	Fairfield	32		32	32						2.240			0.000
Glennearn Road, Perth	Perth	High	PKC	8		8	8						0.456			0.000
Birch Avenue	Perth	High	PKC	20		20	20						1.114			0.000
Nimmo Avenue, Perth	Perth	High	PKC	16		16	16						0.912			0.000
Cairns Crescent, Perth	Perth	High	PKC	8		8	8						0.456			0.000
Stanley	Perth	High	PKC	10		10	10						0.570			0.000
Muirton, Perth	Perth	High	CHA	14	10	24	24				24			1.340		1.340
Muirton, Perth	Perth	High	Fairfield	30		30	30				30			1.350	1.003	2.353
Invergowrie	Perth	High	PKC		5	5	5				5			0.285		0.285
208 Crieff Road, Perth	Perth	High	PKC	21		21	21				21			0.300	0.897	0.897
Dumtulin, Aberfeldy (west)	Highland	High	Hillcrest	22		22	22				22			0.250	1.557	1.557
Glebe, Scene Ph 1	Perth	High	PKC	20	10	30	30				30			1.000	0.710	0.710
Thimble Row, Perth	Perth	High	Hillcrest	56		56	56				56			1.000	2.000	1.003
Milne Street, Perth	Perth	High	PKC	6	2	8	8				8			0.456		0.456
Elm Drive, Blairgowrie	Eastern	High	PKC	20	10	30	30				30			0.300	1.410	1.410
Elm Drive, Blairgowrie	Eastern	High	Hillcrest			30	30				30			0.300	2.340	2.340
Kintillo Road, Bridge of Earn	Perth	Medium	Kingdom			16	16				16			1.152		1.152
Balinhug	Highland	Medium	CHA	15	2	17	17				17			0.667	0.667	1.334
Broxden, Perth	Perth	Medium	CHA	24		24	24				24				1.838	1.838
Guildtown	Perth	Low	CHA	10		10	10				10				0.784	0.784
Buy-backs				24		24	24				24			0.840		0.840

Table 2 - AFFORDABLE HOUSING SUPPLY PROGRAMME - Years 4-5

PROJECT	SUB-AREA	DEVELOPER	UNITS - TYPE			UNITS - SITE STARTS			UNITS - COMPLETIONS		SG FUNDING REQUIRED (£0.000m)			TOTAL SG FUNDING REQUIRED OVER SHIP PERIOD
			GN	Specialist Provision	Type of Specialist Particular Need (if Known)	Total Units by Type	PRE 2020/21	2020/21	2021/22	PRE 2020/21	2020/21	2021/22		
Charles Street, Perth	Perth	PKC	16			16	16		16			0.912	0.912	0.912
Pace Hill, Milnathort	Kinross	CHA	20			20	20		20			0.785	0.785	1.570
Aberfeldy East (Berlick)	Highland	PKC	20			20	20		20			0.590	0.590	1.118
Tulloch Railway Yards, Perth	Perth	CHA	20			20	20		20			0.785	0.785	1.570
Hawarden Terrace, Perth	Perth	PKC	21			21	21		21			1.197	1.197	1.197
Golf Rd, Blairgowrie	Eastern	CHA		10	amenity	10	10		10			0.392	0.392	0.784
Perth Rd, Pitlochry	Highland	CHA	20			20	20		20			0.785	0.785	0.785
Newton Farm, Perth	Perth	Hillcrest	20			20	20		20			1.560	1.560	1.560
Bertha Park, Perth	Perth	Kingdom	40	10	amenity	50	50		50			2.600	2.600	2.600
Oudenarde	Perth	Hillcrest	20	10	amenity	30	30		30			2.340	2.340	2.340
Buy-backs			48			48	24	24	24			0.840	0.840	1.689
Total			245	30	0	275	131	144	107	0	50.801	3.392	12.795	66.988

Table 3 - INFRASTRUCTURE FUND

PROJECT	PRIORITY	DEVELOPER	LOAN OR GRANT APPLICATION?	PLANNING STATUS (OUTLINE/ MASTERPLAN/ FULL CONSENT IN PLACE) (Y/N)	DOES APPLICANT OWN OR HAVE POTENTIAL TO OWN THE SITE? (Y/N)	BRIEF DESCRIPTION OF WORKS FOR WHICH INFRASTRUCTURE FUNDING IS SOUGHT	IS PROJECT LINKED TO DIRECT PROVISION OF AFFORDABLE HOUSING? (Y/N)
Oudenaarde, Bridge of Earn	Low / Medium / High	GS Brown Construction Ltd / Hillicrest HA	LOAN and GRANT	Y - outline for whole site. Y - full PP for affordable	Y	New access bridge over railway required; and a new Primary School requirement at early stage of development. Primary School cannot be built until railway bridge in place. Both factors constrain further housing being delivered.	Y
Bertha Park, Perth	High	Springfield Properties	GRANT	Y - outline for whole site. Y - full PP for 1000 units	Y	Existing road constrains site to 750 units. Use of Grant to help fund early delivery of new Link Road through site and facilitate housing delivery.	Y
South of Kenmore Road, Aberfeldy	High	Bolfracks Estate	LOAN and GRANT	N - outline planning application under determination	Y	Use of early funding will allow site access to be taken from A827 through whole site to deliver Affordable Housing on land under control of RSL at an early stage. In addition this will allow the potential for self build plots to be released at an early stage.	Y
Luncarty South, Luncarty	High	Mr John Wedge & AJ Stephen Ltd	LOAN and GRANT	Y - outline for site. PAN lodged for full planning application	Y	Unsuitable site access from B9099 and secondary access requires upgrade of railway crossing at Denmarkfield. Use of Loan/Grant to facilitate early funding of upgrade of railway crossing at Denmarkfield.	Y
Elm Drive South, Blairgowrie	High	Stewart Milne Homes	LOAN and GRANT	Y - outline for whole site	Y	Link road required at early stage from Hazelwood Road to Berrydale Road. Use of Loan/Grant to deliver early delivery of Link road.	Y
Borlick, Aberfeldy	Medium	AJ Stephen Ltd and Mr John Marshall	LOAN and GRANT	N	Y	Roundabout and site access £200,000. Removal of embankment and contamination clean up £340,000. Use of Loan/Grant to deliver early delivery of Link road.	Y
Middleton of Fonab, Pitlochry	Medium	Pitlochry Estate Trust	LOAN and GRANT	Y - outline for whole site. PAN approved also	Y	Access to site constrained and upfront investment level may make site non-viable. Use of Loan/Grant to deliver early delivery of access road.	Y
Auchterarder	Medium	Stewart Milne Homes and Muir Homes	LOAN and GRANT	Y - outline for whole site. Y - full PP for 551 units	Y	Development embargo of 500 units across site until new Junction on A9 at Shinafoot built. Transport Scotland undertaking a review of Junction requirements on A9. Use of Loan/Grant to support early delivery of New Junction at Shinafoot/Upgrade of other existing junction in collaboration with Developers and Transport Scotland.	Y
Total							

TABLE 4: COUNCIL TAX ON SECOND AND EMPTY HOMES - SUMMARY

	TAX RAISED £0.000M	TAX USED TO SUPPORT AFFORDABLE HOUSING £0.000M	TAX CARRIED FORWARD TO SUBSEQUENT YEARS £0.000M
Pre 2014/15 - In Hand			
2014/15	2.625		
	1.343	0.800	3.168
2015/16	1.424	0.862	3.730

TABLE 5: DEVELOPER CONTRIBUTIONS

	RAISED	SUMS			UNITS		
		USED TO ASSIST HOUSING	SUM CARRIED FORWARD TO SUBSEQUENT YEARS	AFFORDABLE UNITS FULLY FUNDED FROM CONTRIBUTIONS	UNITS PARTIALLY ASSISTED FROM CONTRIBUTIONS	UNITS TOTAL	
Pre 2014/15	£1,225,302.000						
2014/15	£219,538.000	£45,482.000	1399358.000		10	10	
2015/16	£509,308.000	£432,500.000	1476166.000		45	45	

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 below for further information or copies.