



STRATEGIC HOUSING INVESTMENT PLAN (SHIP)

2025-2030



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Foreword

I am pleased to present this 16th Strategic Housing Investment Plan (SHIP) which sets out the strategic approach by Scottish Borders Council and its partners to delivering affordable housing in accordance with the Local Housing Strategy.

In line with Scottish Government guidance issued in June 2024, this SHIP 2025 - 2030 sets out the strategic investment priorities for affordable housing over the 5-year period to achieve the outcomes as set out in the Local Housing Strategy. It also informs Scottish Government housing investment decisions including the Strategic Local Programme Agreement and Affordable Housing Supply Programme.



The legacy of the Covid pandemic, the current economic uncertainty due to high levels of inflation and increased interest rates and the recent cuts to the Affordable Housing Supply Programme play a significant role in the delivery of the programme for 2025-2030. While there are challenges, we continue to be ambitious in increasing the supply of affordable housing in the Scottish Borders.

This plan has been produced through collaboration with Registered Social Landlords and demonstrates projects which are on track for completion by 31 March 2025 and across the plan period. These partnerships will help us address local housing needs and pressures and contribute to economic recovery by delivering a range of affordable, safe, energy efficient and attractive homes and places. This will be achieved through increase in housing supply, local area regeneration, more rural housing, more housing for people with particular needs including wheelchair users, as well as providing general needs housing at affordable rent. In total this SHIP sets out potential opportunities for up to 1,050 new affordable Borders homes with an estimated investment value of £261m during 2025-2030. Together with the envisaged completion of around 98 homes in 2024/25, around 1,148 homes could potentially be delivered to Borders communities over the next 6 years.

I am certain that the affordable housing developments identified in this SHIP will have a major positive contribution to improving quality of life in the Borders and, on behalf of Scottish Borders Council and our partners, it gives me great pleasure to present this SHIP 2025-30 submission.

Councillor Carol Hamilton
Executive Member for Housing and Culture

1. Introduction

The Strategic Housing Investment Plan (SHIP) has a core purpose to set out the key strategic housing investment priorities for both affordable housing and other tenures over a five-year period. Scottish Councils are required to submit a SHIP to the Scottish Government on an annual basis. As well as being a five-year operational plan, the SHIP reinforces the Council as the Strategic Housing Authority and sets out the Council's strategic policy approach to enable the delivery of high-quality housing and housing related services across tenures to meet a range of identified needs and to address locality housing stock mismatches in the Scottish Borders.

The affordable housing investment priorities detailed in this plan cover the period 2025-2030 and align with the Council's Local Housing Strategy (LHS) 2023-2028 identified priorities and outcomes. The LHS is consistent with this action plan, including key outcomes such as increasing the supply of affordable housing, more homes being well designed, promoting independent living, improving the quality of homes, reducing homelessness, improving the energy efficiency of homes and reducing fuel poverty. The outcomes of this work, and the LHS outcomes, have informed this Strategic Housing Investment Plan. This SHIP will assist Scottish Government to meet its current and future affordable housing targets and helps inform the Scottish Government's investment decisions and the preparation of future Strategic Local Programme Agreements (SLPA).

This is the Council's 16th SHIP submission. Since SHIPs were introduced and first submitted back in 2007, the Council and its partners have delivered 1,924 new affordable homes via all available delivery mechanisms. Scottish Borders Registered Social Landlords (RSLs) collectively now have an estimated 12,667 affordable homes for social and mid-market rent as of 31 March 2024. As a consequence of the Council's large scale voluntary stock transfer to Scottish Borders Housing Association in March 2003, RSLs are the only providers of social rented housing in the Borders.

This SHIP submission has been prepared in accordance with the current SHIP Guidance issued by Scottish Government in June 2024. It rolls forward the projects and planning horizons set out in the previous SHIP 2024-2029. It is updated by current information, where applicable, and sets out how the Council and its partners have identified and prioritised projects that are capable of being delivered within the period 2025-30 and identifies where there are development constraints in relation to particular projects. It sets out estimated timescales for project delivery and identifies a range of funding sources and resource mechanisms including Scottish Government grants, Registered Social Landlord own resources and borrowing, other funding initiatives and the Council's own resources.

2. Strategic Context

2.1 National Context

Housing to 2040

The Scottish Government wants everyone to have a safe, high-quality home that is affordable and meets their needs in the place they want to be. In March 2021, the Scottish Government published its first long term housing strategy, "Housing to 2040" route map, which sets out what it wants housing and communities to look and feel like for the people of Scotland, together with actions on how to get there.

- Part 1 – More homes at the heart of great places.
- Part 2 - Affordability and choice.
- Part 3 - Affordable warmth and zero emissions homes.
- Part 4 – Improving the quality of all homes.

It is recognised that the ambitions and actions set out in the route map will make an important contribution to the Housing to 2040 vision but will also bring benefits across the wider National Performance Framework. Under the “More Homes Scotland” approach, the Scottish Government is increasing the supply of homes across all tenures through a range of measures.

“Housing to 2040” puts ambitions for Place at its core, creating not only good quality homes, but quality places too. It highlights that the Scottish Government will embed the Place Principle in the terms of reference and conditions of sponsored and supporting public bodies, agencies and organisations to ensure a collaborative approach to the delivery of great places.

National Outcomes

The SHIP 2025-2030 addresses the following National Outcomes:

- Poverty - We tackle poverty by sharing opportunities, wealth and power more equally
- Economy - We have a globally competitive, entrepreneurial, inclusive and sustainable economy
- Environment - We value, enjoy, protect and enhance our environment
- Human Rights - We respect, protect and fulfil human rights and live free from discrimination
- Communities - We live in communities that are inclusive, empowered, resilient and safe
- Health - We are healthy and active
- Children and Young People - We grow up loved, safe and respected so that we realise our full potential
- Education - We are well educated, skilled and able to contribute to society

The SHIP 2025-2030 will also bring benefits across the National Performance Framework as recognised in “Housing to 2040”:

- Affordable Housing helps to tackle poverty and inequality.
- How we live in, heat and build our homes impacts on the environment.
- Safe and warm homes and good neighbourhoods improve physical and mental health and well-being and build strong communities.
- High quality homes and neighbourhoods improve children’s well- being and development.
- Housing creates and supports jobs and social benefits.

Scottish Health and Inequality Impact Assessment Network (SHIAN)

The Scottish Health and Inequality Impact Assessment Network (SHIAN) report published in June 2017 confirms the positive impacts that new affordable housing has on health and wellbeing for particular groups and communities. These findings align with previous research evidence that also showed better housing can lead to some improvements in self-reported physical and mental health, and reductions in some symptoms. Heating and energy efficiency measures can improve the indoor environment and also alleviate fuel poverty which can improve occupant’s health and wellbeing against current Public Health Reform priorities and actions. More recently Public Health Scotland have been promoting a whole system approach towards place and community in pursuit of a sustainable, inclusive economy with equality of outcomes for all. Public Health Scotland also recognise that the fundamental causes of health inequalities are an unequal distribution of income, power and wealth. Inequalities in income, wealth and power can lead to marginalisation, and influence the distribution of wider environmental influences on health, such as the availability of work, education and good quality housing. The report also identified that characteristics of high quality housing that benefit health include high levels of energy efficiency, thermal comfort, ventilation, appropriate space for the household, and provision of safety features.

The affordable housing projects set out in this SHIP will seek to maximise the opportunities for energy efficiency and reduction of fuel poverty, and to achieve the Silver Standard as a minimum thus meeting the

Scottish Housing Condition Standards (SHQS), the Energy Efficiency Standard for Social Housing (ESSH), and the (currently proposed) Social Housing Net Zero Standard).

2.2 Council and Community Plan

The Scottish Borders Council Plan 2024 is split into three parts, with the first section outlining the Council's vision for 2033 (presented in Figure 1). This sets out the strategic ambitions for each of the Plan's six priority themes in addition to the following Council values:

- Agile
- Sustainable
- People Focused
- Inclusive and Fair

Five of these six priority themes focus on improving the wellbeing of citizens within the Scottish Borders and making our region a more sustainable and better place to live, work in and to visit. The sixth theme is about developing a Council that is as organised and effective as it can be – we need to do this in order to deliver on the other five outcomes.



The second section focuses on activity across the Scottish Borders which will help to deliver the following priorities during 2024/2025:

- Clean Green Future: Accelerate action to adapt to and mitigate the effects of climate change and extreme weather.
- Fulfilling Our Potential: Empower schools and their communities to deliver a high-quality education focused on excellence, equity, wellbeing and improved outcomes for children, young people, and families.
- Strong inclusive economy, transport and infrastructure: Deliver the key economic development programmes for our region, making our economy stronger, greener and more sustainable.

- Empowered, vibrant communities: Support communities and empower people to achieve strong, active, resilient and sustainable communities and realise opportunities for improving people’s lives.
- Good health and wellbeing: Ensure the people of the Scottish Borders have the opportunities and are supported to take control of their health and wellbeing, enjoying a high quality of life.
- Working together improving lives: Ensure that Scottish Borders Council is effective, sustainable, responsive, and aligned to the needs and priorities of our communities.

The third and final section outlines the priority work for each locality which will help to deliver against the priorities listed above. Over time the aim is to embed Locality Plans as an element of the Council Plan, which can truly be said to: Speak to our ‘Places’ across the Scottish Borders by setting out the priorities for different communities, whether in Berwickshire, Cheviot, Eildon, Teviot & Liddesdale, or Tweeddale.

Under the Community Empowerment (Scotland) Act 2015, the Scottish Government has made it a requirement for Community Planning Partnerships to put in place a Local Outcomes Improvement Plan (LOIP) with a particular focus on reducing inequalities. In the Scottish Borders this is known as the Community Plan and delivery of the SHIP contributes to achieving the Community Plan’s ambition to improve the quality of life for all who live in the Scottish Borders through targeted actions working together with our communities and through partnership action. Figure 2 illustrates the outcomes of the Community Plan. It is considered that the affordable housing programme envisaged in this SHIP will make a significant positive contribution to delivery of the Plan by achieving many of its outcomes and have a direct benefit in reducing inequalities for many people living in the Scottish Borders.

Figure 2: Community Plan 2023/2033

OUR OUTCOMES	
THEME 1 – POVERTY	Help mitigate against the financial challenges of day to day living for those who are most affected.
	Children and young people from low-income households are supported to develop life skills to help them to succeed in life.
THEME 2 – LEARNING, SKILLS AND ECONOMY	More people have a clear route to progress into a greater variety of jobs, learning and training opportunities available within the Scottish Borders.
	Parents are supported to enter, remain, and progress in work.
THEME 3 – GOOD HEALTH AND WELLBEING	Improved access to effective services, particularly for those who face greater challenges accessing services.
	Reduced health inequalities for those experiencing the greatest negative impact.
	Fewer people experiencing domestic abuse.
THEME 4 – PLACE, COMMUNITY AND CONNECTIVITY	More people, especially our older community have the skills to benefit from digital and mobile connectivity.
	More people have access to a home that meets their needs and is part of a sustainable community.
	Our communities are supported and empowered to be strong, active, resilient and sustainable.
	People have access to better travel options across the Scottish Borders.

The objectives of the LHS and SHIP are consistent with the United Nations Sustainable Development (SDG) Goals 11 - Sustainable Cities and Communities, and 13 - Climate Action. Specifically, the SHIP responds to the ambition of SDG 11 by providing access for all to adequate, safe and affordable housing by ensuring integrated, inclusive and sustainable settlements, and by strengthening regional development planning. With respect to SDG 13, development will be at least consistent with Scottish Building Standards and national objectives of net zero greenhouse gases by 2045. It should be noted that the Council declared a climate emergency in 2020, agreed a “Scottish Borders Climate Change Route Map” in 2021, and approved a “Climate Change Route Map Priority Action Plan” in 2022, strengthening its commitment to achieving net zero emission status by 2045 for the Council and partners in line with the Scottish Government target of net zero by 2045 set out in the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019. The Council’s Planning and Building Standards will reflect the developing public policy positions nationally and locally.

2.3 Local Housing Strategy 2023-2028

The Council's five-year Local Housing Strategy (LHS) 2023-2028 provides the strategic direction to tackle housing need and demand and to inform the future investment in housing and related services across the Scottish Borders area. The LHS identifies an annual Affordable Housing Target of 141 as well as identifying housing for the growing ageing population as a priority to be addressed.

Figure 3: Local Housing Strategy Vision

“Everyone in the Scottish Borders has access to a home that meets their needs and is part of a sustainable community”



The LHS sets out the vision and priorities for the future of housing and all housing related services across the Scottish Borders. It considers all tenures and types of accommodation and reflects both national priorities and local needs. In terms of the national priorities, the LHS is expected to show how its actions will support and contribute to the Scottish Government's vision for housing which seeks to ensure that “all people in Scotland live in high quality sustainable homes that they can afford and that meet their needs”. The LHS is built on a solid evidence base and is underpinned by a detailed ‘Housing Need and Demand Assessment 3’ (HNDA3) and Housing Supply Target which estimated that 370 new houses would be required each year in the Scottish Borders, of which 141 should be affordable. The agreed vision is that “every person in the Scottish Borders has access to a home that meets their needs and is part of a sustainable community”. This means the home is well designed, of sufficient quality, promotes independence, is energy efficient, is affordable, in the right location, and contributes to the wider area's regeneration and helps the economy to thrive. See Figure 3 above.

To develop the Local Housing Strategy (LHS) 2023-2028, the Council worked in collaboration with a wide range of partners to assess local needs, agree outcomes and define ideas and solutions to deliver a shared vision for housing in the Scottish Borders. Housing plays a vital role in meeting the needs of local people, communities and the economy and plays an important role in place making. The Local Housing Strategy sets out a framework of action, investment and partnership working to deliver local priorities and was developed in a very different strategic and financial context from the previous LHS. It was co-produced in accordance with the Scottish Government's published LHS Guidance (2019) and was informed by a number of then current existing plans and strategies. It is underpinned by the South East of Scotland Strategic Development Plan Housing Needs and Demand Assessment (SESPlan HNDA3 - 2022) and reflects the Scottish Borders Local Development Plan.

Figure 4 sets out the Local Housing Strategy's five Strategic Outcomes. The affordable housing project priorities identified in this SHIP are consistent with these strategic outcomes which are aligned to the Scottish Government's National Health and Wellbeing Outcomes.

Strategic Outcome 1:	More homes in well designed, sustainable communities that increase opportunity for all and support our economy to thrive
Strategic Outcome 2:	People have access to homes which promote independence, health and wellbeing
Strategic Outcome 3:	Improved energy efficiency of homes and a reduction in fuel poverty while supporting a Just Transition to Net Zero through decarbonising domestic heating and energy
Strategic Outcome 4:	Communities are regenerated through improving the quality and condition of housing and the built heritage
Strategic Outcome 5:	Homelessness is prevented wherever possible, and a range of housing options are provided so people can secure a suitable and sustainable housing outcome as quickly as possible

2.4 Housing Need and Demand Assessment 3

It is a statutory requirement through the Housing (Scotland) Act 2001 for local authorities to provide an assessment of housing need and demand and the provision of related services. The production of Housing Need and Demand Assessments (HNDAs) are overseen by the Scottish Government's Centre for Housing Market Analysis (CHMA) which considers whether the HNDA is 'robust and credible'. The third [Housing Need and Demand Assessment](#) (HNDA3) for the South East Scotland area achieved robust and credible status from CHMA on Thursday 28th July 2022. HNDA3 provides the evidence base for policy decisions in Local Housing Strategies and land allocation decisions in Local Development Plans for the local authorities in South East Scotland (City of Edinburgh Council, East Lothian Council, Midlothian Council, West Lothian Council, Fife Council and Scottish Borders Council), subject to subsequent agreement of housing supply targets.

2.5 Local Development Plan

The Scottish Borders [Local Development Plan \(LDP2\)](#) was adopted on 22 August 2024. The adopted Plan takes on board the contents of the [Direction](#) issued by the Scottish Government on 20 March 2024.

The Local Development Plan (LDP) sets out land use proposals and planning policies intended to guide development and inform planning decisions within the Scottish Borders. The LDP comprises the policies in Volume one and settlement profiles in Volume two.

2.6 Rapid Rehousing Transition Plan

The Council and its partners developed a Rapid Rehousing Transition Plan (RRTP) which was submitted to the Scottish Government in December 2018, and performance in the delivery of plan actions is monitored and reported to Council and key stakeholders. The RRTP has recently been refreshed and a new action plan has been developed, this will be submitted to Scottish Government in Autumn 2024. The RRTP is reflected in the Council's Local Housing Strategy, and specific RRTP-related projects may be identified in future Scottish Borders SHIP submissions. The primary link between the RRTP and the SHIP 2025-30 is the ambition to increase the supply of affordable housing. The Council's strategic housing priorities are aligned with, and are consistent with, the RRTP priorities and outcomes. One of the key indicators for the RRTP is for the proportion of RSL lets to homeless households to be 50%.

2.7 Local Child Poverty Action Report

[The Local Child Poverty Action Report](#) covers progress made in tackling child poverty in the Scottish Borders in 2023/24 and sets out planned actions for 2024/25.

Tackling child poverty in the Scottish Borders is governed through the Community Planning Partnership (CPP). The CPP has oversight and approval duties associated with the Local Child Poverty Report and Action Plan but delegates the delivery of it to the Child Poverty Group. The Child Poverty Group is a multi-agency partnership made up of Scottish Borders Council, NHS Borders, and other key partners. The group meets to discuss and support the local approach and respond where appropriate to national developments.

Throughout 2023/24 Scottish Borders Council, NHS Borders, Community Planning Partners, and the Child Poverty Group have progressed a significant range of activity geared towards tackling child poverty in the Scottish Borders. The priorities for 2024/25 have been set under four themes, these are:

- Understanding local need
- Use of policy levers and resources
- Understanding our progress
- Ways of working

2.8 South of Scotland Regional Economic Strategy

The South of Scotland Regional Economic Partnership (REP) is the forum that brings together a wide range of expertise and sets the direction of the regional economy. Partners include representatives from the region's two Councils (Dumfries and Galloway and Scottish Borders Council), South of Scotland Enterprise, education, private businesses, social enterprises, the Third Sector, Communities, Young People, South of Scotland Destination Alliance, Registered Social Landlords, NHS and relevant national agencies. The REP oversaw the development of the South of Scotland Regional Economic Strategy and its associated Delivery Plan. As part of the South of Scotland REP Housing Sub-Group, two subgroups have been set up; Housing Types and Tenures; and Land and Planning.

The Strategic Housing Action Group was established in Spring 2023 and has been progressing a Regional Housing Action Plan, which outlines actions and opportunities to deliver more homes across the region. The plan was launched in July 2024 and has been developed by a Housing subgroup of the REP. This group includes SBC's REP members. It is intended to complement the important work already being led by the council, RSLs, businesses and communities. The REP Housing subgroup spoke to over 50 organisations and individuals in the South and beyond in developing the plan. Ten initial actions have been developed where the Regional Economic Partnership can add impact to the important work already happening to support housing in the South of Scotland.

Figure 5: REP South of Scotland Housing Action Plan – Initial Actions

No.	Action	Lead partner	Timescale
1	Develop and run a targeted marketing campaign to reach those in the construction sector who want to start up, grow or innovate in the South of Scotland	SOSE	Campaign to start by end of 2024
2	Develop proposals to significantly increase construction skills provision in the region	South of Scotland Education and Skills Strategic Coordination Group (ESSCG) ¹	Proposals reviewed by REP by end of 2024
3	Develop partnership projects bringing together community organisations, our Registered Social Landlords, South of Scotland Community Housing and others to co-develop schemes that create more homes	Registered Social Landlords, South of Scotland Community Housing	Projects to be in development by end of 2025
4	Scope the feasibility and develop plans to create new student and key worker accommodation, including an emerging project in Dumfries but also looking for other opportunities across the region	Councils, Crichton Campus Leadership Group, Crichton Trust	Crichton Campus accommodation in place in academic year 2025/26 Wider scoping by Summer 2026
5	Develop and launch a promotional prospectus to showcase demand for housing, as well as regional investment and ambition	Councils, SOSE	Launched by end of 2024
6	Develop a range of content to explain the need for and benefits of new homes to raise awareness and confidence among partners, decision makers and communities	Councils, Registered Social Landlords, SOSE	Launched by end of 2025
7	Bringing a South of Scotland lens to shape regional and national planning reform, including seeking to pilot new approaches and supporting work to grow capacity	Councils, SOSE	Ongoing
8	Explore more innovative and effective ways to share and communicate key data as we develop local housing land pipelines, including as part of work to promote housing development opportunities across the region	Councils	Stakeholder engagement by Summer 2025. Ongoing rollout of new data sharing
9	Scope innovative funding and financing approaches to unlock more development at all scales, including the upfront barriers to development	Registered Social Landlords, SOSE	Initial scoping by Summer 2025, then ongoing
10	Review and scope funding options across the public sector to respond to our regional housing opportunities	Councils, Registered Social Landlords, Scottish Government	Review complete by Summer 2026

Through the Regional Economic Partnership, the Convention of the South of Scotland is a forum composed of all public sector partners and Scottish Government. This seeks to ensure effective public sector partnership working and delivery, assessing and planning for existing and future challenges, and driving inclusive growth and regional priorities. The remit of the Convention of the South of Scotland is to:

- Strengthen alignment between the Scottish Government, Dumfries and Galloway Council, the Scottish Borders Council and public agencies delivering in the South of Scotland to drive inclusive growth and to agree action to address the priorities of the area
- Ensure effective partnership working and delivery across the public sector
- Consider current and future challenges impacting on inclusive and sustainable economic growth; and agree actions to deliver that growth
- Address any blockages and oversee progress

The COSS Housing and the Economy summit was held in February 2023. The aim of the convention was to explore the key housing challenges in the region and identify what further action could be taken collectively to deliver for the region and for Scotland.

Through the REP Housing Group and the work through COSS, the key challenges and actions for tackling these challenges will continue to be explored.

2.9 Regional Home Demonstrator

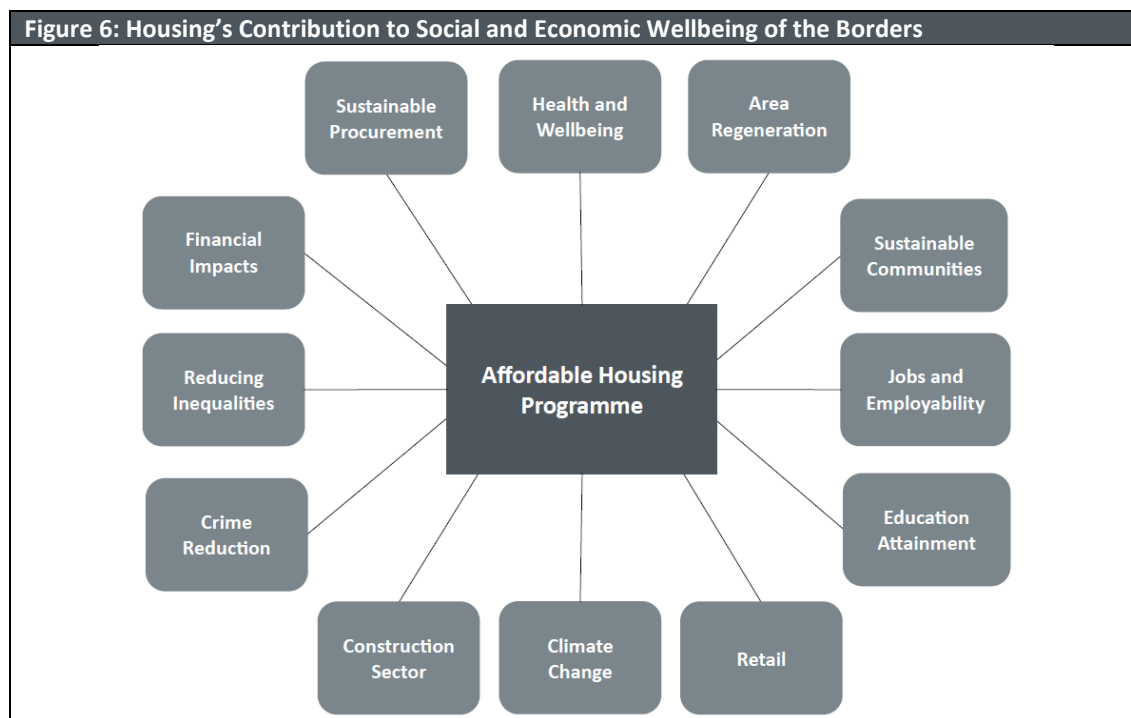
The Regional Home Demonstrator Project is being delivered by the Edinburgh City Deal Housing Partners in partnership with the Scottish Futures Trust through a Regional Delivery Alliance Resource core team. This Project seeks to transform regional housing supply and drive economic and inclusive growth across Scotland. Specifically, the project will support partners to address current and future challenges including design and performance standards for net zero homes, enabling greater use of off-site construction, and facilitating more collaborative approaches to procurement and delivery to drive both cost and carbon efficiencies.

Scottish Futures Trust and Edinburgh City Region LA Partners have committed to funding two posts to provide technical expertise and lead on procurement and engagement with RSLs and Private Sector Developers. These posts will be funded for two years, 2023-2024 and 2024-2025. As one of the participating LA's, SBC has contributed £40k towards this; £10k in 2023/24 and £30k in 2024/25.

3. Housing Need and Priority Areas

It is important to ensure the affordable homes being built in the Scottish Borders meet the needs of the community, and that new homes are of good quality, the right size, in the right location and meet the needs of those living and working in the area.

Figure 6 below seeks to demonstrate the pivotal role and the positive impacts that developing new affordable housing has on the wider social, economic, and physical environment. The programme not only increases the supply of housing in the Scottish Borders but contributes to a wide range of social and economic factors.



3.1 Housing Emergency

On the 14th of May 2024 Scottish Borders Council's Executive Committee considered a report which outlined the significant challenges that the Council and partners are experiencing in ensuring residents in the Scottish Borders have access to a home which meets their needs. The Executive Committee agreed that Scottish Borders Council should consider declaring a local 'Housing Emergency' and a report was brought back to Council on the 30th May where the Council agreed to [declare a Housing Emergency](#).

The Housing and Homelessness Pressures report highlighted a wide range of evidence that has been used to inform a number of key observations that are creating the critical stresses in the housing system across the Scottish Borders and identified:

- The supply of homes cannot keep pace with a sustained increase in demand;

- At the same time, there has been a significant increase in property values, at a rate well above national and local wage increases;
- There is a smaller percentage of housing stock available as socially rented accommodation (less than 25% of the overall local housing supply compared to over 50% in the 1970s).
- Property has been a financially attractive investment for those with available capital, and this has helped drive price increases;
- We have an ageing population and increasing dependency (in 2022, the Scottish Borders' proportion of people aged 65 and above was amongst the highest of all local authorities in Scotland at 26.3% compared to a national average of 20.1%), with an elderly and social care system that faces considerable challenges and changes in delivery;
- Construction prices have increased significantly since 2021;
- Homelessness presentations are at an all time high; and
- The supply of temporary accommodation is at an all time high of 155 units.

While the LHS will continue to be the appropriate vehicle to monitor activity, a working group called the Borders Strategic Housing Forum will be established. The forum will bring together members, officers and external partners to discuss strategic housing issues and agree key priorities and actions on a quarterly basis to help ensure our local response to the Housing Emergency is as robust and collaborative as possible.

3.2 Housing Type and General Needs Housing

The latest figures for 2023/24 indicate that there were 12,667 properties available to rent amongst the nine RSLs operating within the Scottish Borders – an increase of 220 on the total for 2022/23, making up 21.3% of all housing in the Scottish Borders.

The TD9 and TD1 postcodes have the highest numbers of RSL properties, with TD9 containing the largest settlement in the Borders, Hawick, and TD1 containing the second largest in Galashiels. These postcode areas, combined with the TD5 area which contains Kelso are the only such areas that contain more than 1,000 RSL properties.

The most common type of RSL property in the Scottish Borders are flats, accounting for 37.1% of the total stock. These are followed by terrace properties (25.5%), semi-detached (19.5%) and 4-in-block (12%). All other types such as maisonettes, bungalows and detached make up less than 5% of total RSL stock.

RSL properties range in size from 1-bed shared/bedsits to 6-bedroom properties. The most common property size are 2-beds, followed by 1-bed and then 3-bed properties. The least common size of property are 6-beds, with there being only two in the region. Table 1 shows that General Needs properties make up the vast majority of RSL stock at 86%. Housing for older people combined is 6.9% and Amenity (medium dependency) properties at 5.5%.

Needs Type	Properties	% Total
General Needs	10,893	86%
Disabled / Wheelchair*	199	1.5%
Amenity / Medium Dependency	700	5.5%
Extra Care Housing / Retirement Housing / Sheltered / Supported / Very Sheltered Housing	836	6.9%
Other	39	0.3%

*Extra Care Housing are wheelchair accessible homes and have not been included in this figure

While the RSL housing stock continues to increase each year, it remains challenging to deliver new build social rented stock at the necessary volume. The number of private completions is still well below the peak prior to the recession in 2007/08 where a low rate of completions has been persistent. The LHS 2023-2028 identifies how many private sector homes are required (229 per annum), and the LDP identifies suitable land on which this housing can be provided. Beyond this, there is a reliance on the private sector to develop

and provide more homes. As mentioned above the supply of new homes cannot keep pace with a sustained increase in demand meaning there is a need for a wide range of housing type and sizes across the Scottish Borders.

There is a need for larger (affordable) family homes, starter homes for sale, and low-cost home ownership options such as shared equity or mortgage to rent.

While there remains a strong need to provide additional family housing there is also an increasing need for smaller homes and for older people in Tweeddale, Central and Eastern Borders, especially in the Galashiels, Kelso, Peebles, Eyemouth and Duns areas, to meet demand.

There is also a need for housing that meets the needs of an aging population and those with particular needs, this will be discussed in the next few sections (3.4 – 3.8).

3.3 Climate Change and Sustainable Housing

Improving energy efficiency and reducing fuel poverty are key housing priorities for Scottish Government and for the Council. Scottish Government’s ambitious “Housing to 2040” policy vision aims to link the affordable warmth and zero emission homes agendas and to end Scotland’s contribution to climate change by 2045 in a just and fair way. “Housing to 2040” complements the “Heat in Buildings Strategy”, with both working together to deliver the Scottish Government’s targets for climate change and fuel poverty in a fair and just way. This envisages zero emission new homes and zero emission existing homes, with the Housing Sector contributing to green recovery. This further develops the policy thinking previously published in the Scottish Government’s “Climate Change Plan”¹.

Scottish Borders Local Heat and Energy Efficiency Strategy

The Scottish Borders Local Heat and Energy Efficiency Strategy (LHEES) is a place-based and locally led strategy covering the following national aims:

- Improving the energy efficiency and decarbonising the heat supply of all buildings in the Scottish Borders
- Eliminating poor energy efficiency as a driver for fuel poverty.

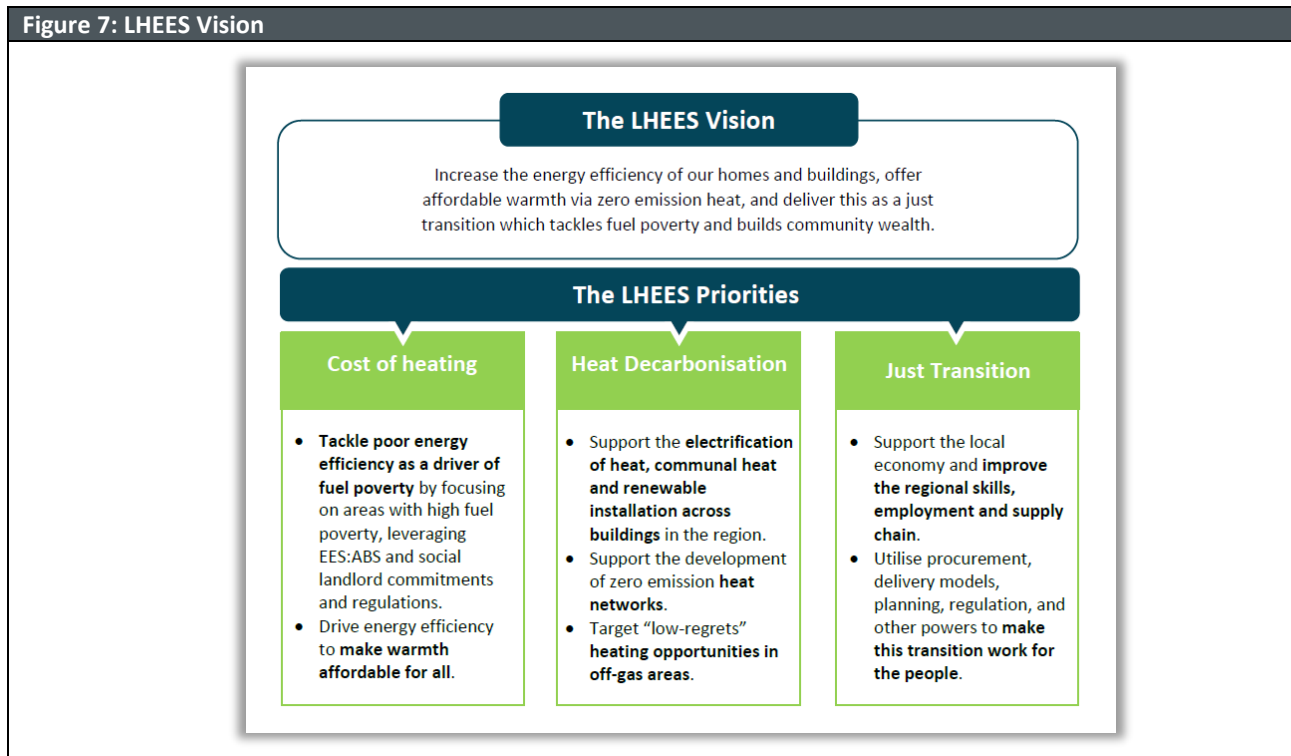
The LHEES will play a crucial role in helping the Council meet its 2045 net zero target and 2040 fuel poverty target. It defines the changes required to the Scottish Borders’ buildings and infrastructure, including all domestic and non-domestic buildings, to achieve these targets. This strategy does not only cover the council-owned buildings but is rather an area-wide approach relevant to all property owners and occupiers in the Scottish Borders. To fully represent this broad participation, the council has engaged with multiple stakeholder groups and from January 29th and 8th March a public formal consultation on the draft strategy was held.

This LHEES has been prepared in line with the LHEES Guidance issued by the Scottish Government and utilises and builds on the LHEES Methodology issued by Zero Waste Scotland. Our approach for preparing this LHEES covers:

- Establishing the necessary changes required for each segment of the Scottish Borders’ building stock to increase its efficiency and decarbonise its heat.
- Identifying strategic zones for heat decarbonisation and establishing the primary steps to decrease emissions from buildings in each of these zones.
- Identifying delivery areas for building-level energy efficiency measures, including communal heating options, and zones for heat networks.

¹ (Scottish Government’s Climate Change Plan – The Third Report on Proposals and Policies 2018-2032, pp. 87-88)

In developing the LHEES, the council aligned the national targets set out in legislation with the local priorities of the people in the Scottish Borders. This included reflecting regional needs and local building characteristics and performance, gathered via stakeholder engagement or work carried out to inform existing local policies and plans. The result is an overall ‘LHEES Vision’ to address fuel poverty, improve energy efficiency of buildings and decarbonise their heat supply as part of a just transition which delivers on community wealth building. This means that the outcomes of the LHEES will be delivered in a way which ties together multiple priorities, as visualised in the following figure.



3.4 Extra Care Housing

Housing is at the heart of independent living, and having appropriate housing in place to keep people living independently for as long as possible has been identified as a strategic outcome in the LHS. The population in the Borders is estimated to be 116, 113 in 2024, and projections indicate no significant future change in overall population numbers, with an estimated population of 116,138 in 2042/43 (National Records for Scotland, 2018). The main changes in the Scottish Borders will be the distribution of the population, with Figure 8 showing a projected increase of 16.3% in the population of pensionable age in the Scottish Borders between 2024 and 2043, while the numbers of children and working age population will reduce by 4.33% and 5.55% respectively.

Figure 8: Projected Population Change 2024 -2043 (based on 2018 projections)



Source: [National Records for Scotland](#)

Recognising the size and scale of housing and service challenges arising from the projected demographic changes and increasing numbers of older people saw the development and launch of the “Integrated Strategic Plan for Older People’s Housing, Care and Support 2018-2028”. This ambitious plan set out a vision where older people will have greater choice in terms of where they live and the services they can access. The plan identified the need for several extra care housing developments across the main towns in the Scottish Borders and also contributes towards the desired delivery of 300 new homes for older people across all tenures. In 2016, the Executive Committee approved the proposal for the delivery of six extra care housing developments across the Scottish Borders.

Since 2012/13, there have been four Extra Care Housing developments delivered in the Scottish Borders. Dovecot Court, Peebles was delivered at part of the Peebles Housing Strategy and the other three developments in Duns, Galashiels and Kelso were delivered as part of the six extra care housing developments approved in 2016.

Figure 9: Extra Care Housing Developments in the Scottish Borders

<p>Dovecot Court, Peebles Eildon Housing Association 39 homes Completed in 2012/13</p>	<p>Longfield Crescent, Duns Trust Housing Association 30 homes Completed 2020/21</p>

	
<p>Wilkie Gardens, Galashiels Eildon Housing Association 39 homes Completed in 2021/22</p>	<p>Poynder Apartments, Kelso Eildon Housing Association 36 homes Completed in 2023/24</p>

There are sites that have yet to be developed, these are Stirches in Hawick (40 units), the former high school in Eyemouth (36 units) and a potential development in Peebles.

There are currently two separate needs assessments currently being undertaken by Indigo House and Buchan Associates. While projections for Extra Care Housing within the SHIP remain as previously presented, the outcome of these assessments may influence the recommendations for Extra Care Housing in the Scottish Borders and may impact the SHIP 2026-2031.

3.5 Supported and Specialist Housing Work Programme

It is acknowledged that there may be a lack of particular housing types such as retirement housing options, homes for people with high levels of support needs, adapted homes and wheelchair accessible homes.

In the context of current budget pressures, there is a need to prioritise housing projects to address pressures in the region, and there is a requirement to fully understand supported and specialist accommodation needs. To do this, Housing Strategy and Development has started a programme of work in partnership with Health and Social Care alongside other partners to gather information on current need for supported and specialist provision (accommodation and care/ support services) that will help to support people to live independently and identify the likely requirement for this provision over the next 5-10 years.

As part of this, requirements for the following groups are being considered:

- Learning Disabilities and Autism
- Physical Disabilities
- Young People (including Care experienced)
- Children
- Housing Support – homelessness
- Dementia

A Pro Forma has been issued to partners to gather information on current provision and need alongside housing requirements for the above groups. A workshop has been scheduled for late summer/ autumn 2024 with the intention to bring together existing knowledge from partners and agree an approach to gathering information on future housing needs annually to inform project prioritisation.

3.6 Wheelchair Housing

Scottish Borders Council commissioned consultants to develop a wheelchair housing study in 2019. In January 2020 the finalised report was published "A space to live – Wheelchair accessible housing in the Scottish Borders". The final report identified a wide range of issues and challenges which need to be addressed at a national as well as local level by Scottish Borders Council and partner agencies.

The Council has agreed an annual Wheelchair Accessible Housing Target of 20 units, of which it is anticipated 15 will be delivered by RSLs. It is intended that this new supply wheelchair accessible Housing will be built to comply with current Housing for Varying Needs Standards for Wheelchair Housing.

Since setting this annual target in November 2020, RSLs delivered 2 wheelchair homes in 2020/21 (Trust Housing Association), 48 in 2021/22 (2 by Berwickshire and 46 by Eildon housing association), 6 in 2022/23 as part of the McQueen Gardens site in Galashiels by Eildon Housing Association and 38 in 2023/24 at the Poynder Apartments and Gardens by Eildon Housing Association. Current programme information indicates that RSLs could deliver an estimated 62 wheelchair accessible homes over the period 2025/30. To set this in context the target over a 5-year period would be 75 units. Based on these figures, the wheelchair housing target will not be met but it is important to note that this figure is very much a draft figure and is subject to change each year.

3.7 Learning Disability Service and Coming Home Programme

The Scottish Borders, along with other Scottish local authorities, In response to Scottish Government's policy direction within the '[Coming Home Implementation report](#)', has embarked upon a programme to repatriate people who have been placed in, or at risk of being placed in 'out of area' placements throughout the UK, where no suitable alternative local support and accommodation is available to meet their support needs.

To facilitate local area data gathering and collate Scottish wide data, the Scottish Government set up a mechanism through Public Health Scotland to monitor numbers of these placements, as well as appropriate out of area placements using a Dynamic Support Register (DSR). There are currently 24 people on the Scottish Borders Dynamic support register who require support to return or remain in Scottish Borders. This includes 18 adults of whom 3 are appropriately placed, and 21 require support to return or remain in Scottish Borders. It should be noted that this is subject to change depending upon the needs of individuals and their family circumstances. There are a further 18 people who are placed out of area appropriately, with no current intentions to return to Scottish Borders.

In addition, a community Living Change Fund was established which allocated a one-off capital funding of £350k to Scottish Borders to support this programme. The ambition is that as many people as possible are cared for in their own homes, however it is difficult to source suitable ground floor accommodation within a reasonable or predictable time period to meet people's identified needs. As a consequence, for those whom housing is key to a good outcome, it is likely that bespoke solutions in the form of individual homes, often with significant adaptations and land for outdoor garden space will be required.

Current Projects

A Coming Home Programme Board was established, which meets 8-weekly with representation from Children's Social Work, Learning Disability Service, Housing Strategy and Development and the Care Inspectorate to ensure that there is collaborative planning for future demand. This includes conversations about exploring housing options currently, and not yet, available with a view to sourcing appropriate accommodation and modelling up a 5-year housing requirement plan. There are currently 2 active projects seeking accommodation and support, which will support 8 of the 24 people and active plans in place for another 5 people. In the main, for people currently on the Dynamic Support Register, properties require to be ground floor, spacious, have robust internal fixtures and fittings and secure garden space.

Future demand

Previous modelling based on intelligence from colleagues in Children’s Adolescent Mental Health Service (CAMHS) and Children Affected by disability (CHAD) team indicates that on average 2 or 3 new placements for adults with complex support needs will be required going forward per year. As such, this programme approach will need to be maintained to ensure timely and robust accommodation and support plans are in place for individuals.

3.8 Adaptations

Borders Care and Repair is a commissioned service provided by Eildon Housing in partnership with Scottish Borders Council. The Service has been developed to provide a one stop shop approach for all adaptations and this has ensured that there is an equitable and consistent approach to adaptations in the Borders regardless of ownership or tenure.

The Borders Care and Repair Service provides a Home Handy Person service and delivers major adaptations to enable people to live at home. This is delivered via a contract with the Council and annual cash planning targets to manage workload, whilst financial responsibility for delivery of allocated budget spend, grant administration and grant offers for means tested major adaptations remains with the Council’s Housing Strategy and Development Team. Spend is monitored by the Council’s Director - Finance & Corporate Governance and reported to both Council and Integrated Joint Board via routine reporting processes. Spend and numbers of adaptations delivered is also monitored and reported in the Council’s Local Housing Strategy Annual Report, and Care and Repair contract processes.

The “Integrated Strategic Plan for Older People’s Housing, Care and Support 2018-2028” identifies a need to increase the resources to deliver a greater number of means tested major adaptations in private sector housing. To respond to this, the Council allocated £0.525m in its Capital Budget to resource delivery of these in 2023/24. An allocation of £500k has been agreed for 2024/2025.

Major adaptation delivery continues to be affected by the legacy of the pandemic and supply chain issues, particularly contractor appointments and lead in times. Staffing issues within Care and Repair was also highlighted through contract negotiation which has been resolved by agreement to uplift the contract sum. Contract revisions have strengthened the performance indicators, monitoring and reporting approaches, which have ensured the return of an effective and efficient service. At the end of 2023/24 there were 63 private major adaptations completed and a budget spend of £423k (see Table 2).

Table 2: Adaptations Summary 2023/24	
Adaptations Key Performance Indicators	2023/24
No. of adaptations funded to existing homes (total)	705
No. of private major adaptations	63
No. of social rented major adaptations	167
No. of private minor adaptations + repairs	384
No. of social minor adaptations + repairs	100
Private Sector Major Adaptations Budget	£525,000
Private Sector Major Adaptations Spend	£423,417

3.9 Key Workers

Homes for Key workers continues to be a key focus across the country and in rural areas in particular. While there is no definitive definition of key workers, one definition of key workers SBC use is based on the definition from the Scottish Government’s ‘Affordable Housing for Key Workers’ Project Group August 2015’: A ‘key worker’ should be defined as a public sector employee who provides an essential service. As

well as workers in the public sector, it was noted that this definition could also apply to low paid employees in the private sector/ service industries who are also providing essential services^[1].

In September 2022 and as part of the development of the LHS 2023-2028, SBC sent out a survey to a wide range of partners to gather information on key workers in the Scottish Borders and identify any accommodation issues when recruiting key workers from other areas or overseas. Housing was reported as being a key issue by other sectors, in particular Health and Social Care, but also raised by wider communities and businesses. Key issues reported include a shortage of suitable stock in the right locations and challenges with affordability. Therefore, it has been important to explore collaborative actions to help ensure that people, particularly key workers, can find the homes they need to take up those opportunities. In early 2023, a working group was set up by representatives at SBC, NHS Borders and Eildon Housing Association to explore housing options for key roles where the offer of social housing may form part of a wider incentive package to attract suitable candidates to work within the Scottish Borders. Work on developing policies and initiatives to ensure that housing isn't a barrier for key workers has resulted in the following:

- Eildon Housing Association providing 10 properties at McQueen Gardens for key workers – 5 for NHS Borders and 5 for SBC Adult Social Care.
- SBHA – have given priority to key workers on their Mid-Market Rent properties. In total there have been six lets to key workers; 3 in Kelso, 2 in Galashiels and 1 in Peebles.

At present only two of the four main RSL's, SBHA and Waverley Housing, have named key workers as a priority grouping in their allocations policy. SBHA have included key workers in the priority groups under social, community, or family support points and Waverley have recently updated their allocation policies to include key workers, housing five key workers since July 2023. Berwickshire Housing Association does not specifically mention key workers, but they come under specific need to be in the community pass which would be used for all employment taking into account transport links.

The pilot project with Eildon is ongoing which helped address difficulties recruiting into Adult Social Care by providing temporary accommodation to people recruited into full time roles. This commenced in May 2023 and the continuation of this approach was approved by SBC, extending the arrangement to May 2025. The project has opened the opportunity for teachers with the first teacher moving in on 1 August this year.

Initial discussions have been held with Heriot Watt University around their vacant student accommodation at the Jean Muir Student Village in Galashiels which currently operates at 50-60% capacity on average during the academic year. Options for non-students, including key workers, to utilise this vacant accommodation are being explored.

3.10 Place Plans/ Community Led Housing

Place Plans

As part of the Borderlands Place Programme there is a focus on town centres and there is ambition that all towns and their centres are economically vibrant and resilient to change. As part of this work there are currently four stages:

- Stage 1: Town Prioritisation and Selection Process
- Stage 2: Development and endorsement of Place Plans
- Stage 3: Development and endorsement of Borderlands Town Investment Plans (BTIPs)
- Stage 4: Contracting, delivery, performance management and monitoring

^[1] <https://www.gov.scot/binaries/content/documents/govscot/publications/factsheet/2017/10/affordable-housing-for-key-workers-project-group-report/documents/affordable-housing-key-workers-project-group-report-pdf/affordable-housing-key-workers-project-group-report-pdf/govscot%3Adocument/Affordable%2BHousing%2Bfor%2BKey%2BWorkers%2B-%2BProject%2BGroup%2BReport.pdf>

The Borderlands Place Programme has identified four towns in the Scottish Borders as priority towns, with the ultimate objective of developing Borderlands Town Investment Plans. These towns are Hawick, Galashiels, Jedburgh and Eyemouth. Work has been ongoing in all these areas to develop a Local Place Plan with the Hawick Town Team being the first of the four towns to publish a draft of the Hawick Local Place Plan.

While not included in the Borderlands Place Programmes, several communities have been working to develop their own Place Plans. There are currently 58 communities that have shown interest in Placemaking / Local Place Plans. So far there are no Local Place Plans in place. The Borderlands Plans will take some time to develop, at least a year. In other areas, some places have advanced with their own work, including Peebles, Stow and Skirling. Several communities are prioritising setting up a development trust before embarking on a Local Place Plan.

This approach will likely provide a platform for discussion regarding future use of the Council's estate, and which might provide a steer for potential rationalisation of Council owned properties, including potential future Community Asset Transfer opportunities.

South of Scotland Community Housing

The work of South of Scotland Communities Housing is vital in rural areas and community-led housing regeneration is important in the South of Scotland. South of Scotland Community Housing (SOSCH) provides long-term support to community organisations relative to the planning and delivery of community-led housing. SOSCH work with a community at the very start of a housing conversation, providing support all the way through to delivery and beyond. This work is inclusive of Housing Needs and Demand Assessments, project development (including business planning and funding packages), and delivery and housing management. The Council is current exploring how it could collaborate with South of Scotland Community Housing on any projects.

South of Scotland Community Housing are working with Community groups across the Borders to support them to potentially deliver their own housing developments. This has included working with Stow Community Trust and Newcastleton Community District Trust on developing housing needs assessments, which will help inform any community projects going forward. Work has recently started on carrying out a housing needs survey in mid Berwickshire.

3.11 Empty Homes

It is recognised that long term empty homes and other buildings may provide another source of housing development opportunities as RSLs and others bring these into use through conversion or revert them back into housing use.

In 2021/22 the Council appointed a new Empty Homes Officer based within the Housing Strategy and Development Team. The role coordinates cross-resource working with other Council services such as council tax, homelessness, environmental health, anti-social behaviour, legal, landlord registration and planning as well as external partners such as local RSLs, Rural Housing Scotland and South of Scotland Community Housing. In April 2023 the Executive Committee agreed this post would be made permanent to ensure this activity continues.

The council officially launched the Empty Homes Grant Scheme on 15th September 2022 as part of Scottish Housing Day. The grant is available to owners of empty homes which have been registered empty, which have not been used as residential accommodation for at least one year and require a package of works to be brought back into use. More information on the grant scheme can be found in Section 8.5 (Page 48).

There are increasing challenges in terms of housing supply which this activity is helping to address. The Housing Strategy and Development Team are proactively working with prospective landlords and other

services to explore how initiatives such as the empty homes grant scheme can be deployed in a way which supports the creation of private sector tenancy opportunities which meet a range of housing needs, including those engaging with the Homelessness service, housing for key workers and Ukrainian Displaced Persons. Additionally, the team intend to expand the area of activity and focus by taking a more active role in commercial properties which are vacant and have potential to be brought back into use as housing, as well as considering vacant and derelict land opportunities and continuing to work proactively with the South of Scotland Community Housing and Communities to support community led housing opportunities across the area.

3.12 Second Homes and Short Term Lets

Over the past few years, the number of second homes in the Scottish Borders has approximately been around 1,000. As of August 2024, there were a total of 936 second homes in the Scottish Borders which is lower than previous trends. There are a number of reasons why the number of second homes has decreased for example, a change to short term lets and/ or the introduction of 200% Council Tax on second homes. A new policy to introduce 200% Council Tax charges on second homes was approved at [Council](#) in January 2024, which is intended to boost the supply of available homes and benefit communities. This has been in place from 1st April 2024.

Analysis of these homes indicated that Coldingham, Newcastleton and Melrose are the top three settlements with the highest proportion of second homes compared to dwellings, and the datazones with the highest proportion of second homes include St Abbs and Eyemouth Landward, Morebattle Hownam and Area, and Town Yetholm. This may again be a result of these areas being generally attractive for second home-owners, specifically Coldingham and Melrose areas, while the locations of Newcastleton and Morebattle Hownam and Area just north of the border may be attractive for people with their primary residence in England.

Short Term Lets

Short term lets now require a license (as of October 2023) which will ensure short term lets are safe and monitored. This also provides the opportunity to balance economic and tourism benefits with the concerns of local residents.

As of May 2024, there was a total of 777 short term let licenses in the Scottish Borders. Initial analysis of these short term let (STL) licenses has revealed that Coldingham, Melrose and Walkerburn are the top three settlements with the highest proportion of STL's compared to dwellings, and the datazones with the highest proportion of STL's include St Abbs and Eyemouth Landward, Earlston and Melrose Landward and Eyemouth – Seafront Harbour. This is likely a result of these areas being attractive to tourists, areas close to the coast and local tourist attractions.

Based on the initial analysis, the areas of Coldingham, St Abbs and Eyemouth, as well as Melrose and the surrounding areas to the north and west (including Earlston and Walkerburn), may require STL monitoring. Coldingham in particular stands out with the highest proportion of STL's of any settlement and the highest proportion of second homes. Newcastleton is another area with a high proportion of STL's and high numbers of second homes. Further data analysis will be undertaken with a view to inform decision making about the implementation of future short-term control areas.

Monitoring of these areas would inform the future roll-out of short-term let control areas, with the objective of managing high concentrations of secondary lettings. The boundaries of each short term let control area would need to be defined.

There are several actions in the LHS 2023-2028 on short term lets under two of the strategic outcomes:

Strategic outcome 1: More homes in well designed, sustainable communities that increase opportunity for all and support our economy to thrive

- SBC to consider short term let control areas in areas of housing pressure

Strategic Outcome 4: Communities are regenerated through improving the quality and condition of housing and the built heritage

- Continue to monitor the number of short-term lets and second homes in the region
- Ensure Short Term Lets meet repairing standard through licensing scheme
- Consideration of planning control to regulate short-term letting in some areas

3.13 Gypsy/ Travellers

SBC commissioned consultants to carry out engagement work with the Gypsy/Traveller community in the Scottish Borders, which formed part of the early engagement work of this LHS. The key aim of this work was to identify the housing needs and requirements of the Gypsy and Traveller community in the region.

The findings of the analysis indicated an estimated unmet need for an additional site provision of 28 pitches. Estimated additional household information identifies an anticipated future need for 3 additional pitches. The estimated identified need in the analysis undertaken should be taken as a starting point, but also as confirmation that provision, in some form, is required.

Work began in 2023 with a 'call for sites' to identify sites which, in accordance with national guidance, would ensure the Gypsy/Traveller community have 'safe and culturally appropriate places to live and travel' and to help reduce incidences of unauthorised encampments. The call for sites invited landowners, developers, agents or any other interested parties to submit information on sites in the Scottish Borders area that they think might be suitable for consideration. In total there were five sites registered and this was narrowed down to one site after an evaluation process. Consultation with the Gypsy/Traveller community began in 2024 on the proposed site and a business plan to take this forward is in development. Once this process is complete the council intend to apply funding through the Gypsy/ Traveller Accommodation Funds. A thorough assessment and review of the submissions received is still underway.

4. Affordable Housing Progress and Delivery

Following the Financial Crash in 2008/09, the Scottish Borders general house building position mirrored the national picture to a degree reflecting a significant and concerning reduction in the number of new homes being built and brought to the market. However, in recent years whilst there has been market recovery elsewhere in Scotland and the UK, the Scottish Borders housing market remains worryingly sluggish with annual house sales and completions remaining considerably less than those prior to the financial crash when 717 new homes were completed in 2006/07 at the peak of the market, with only 60 of these being built for RSL Social Rent. Affordable housing construction in Scottish Borders currently represents a large proportion of all annual house completions. This is evidenced by the average number of new homes built each year.

Table 3 on the next page sets out recent available house completion information and sets out the increased proportion of these by the RSL sector.

Year	RSL	Market	Total
2016/17	75	175	250
2017/18	112	110	222
2018/19	130	215	345
2019/20	114	210	324
2020/21	94	204	298
2021/22	297	222	459
2022/23	125	*	*
2023/24	177	*	*

*New house completion figures for 2022/23 and 2023/24 are not available at the time of writing.

4.1 Affordable Housing Delivered 2023/24

Table 4 of the previous SHIP 2024-2029 envisaged that there would be 201 affordable housing completions for the period April 2023 – March 2024 set against the identified affordable housing target of 141 additional affordable homes per year.

Table 4 below sets out affordable housing delivery for the period 2023-2024, which shows that a total of 221 additional affordable homes were delivered during that financial year thus considerably exceeding the LHS annual target of 141. Of the 221 homes delivered, 196 homes are for affordable rent through new build, remodelling and acquisitions by Registered Social Landlords. Of these, 38 were built to wheelchair standard. The Scottish Government also provided additional funding of £1,084,255 to assist eligible individuals purchase 21 homes via the Open Market Shared Ownership mechanism.

The level of completions in 2023/24 was higher than expected and higher than 2022/23. Three of the developments in the table below were not fully complete by the end of March 2024 for a range of reasons, these were High Buckholm Phase 3 (29 homes), Comrades Park East (37 homes) and Ex High School, Earlston (15 homes). The housing providers and their agents have managed the slippage within the terms and conditions of the individual building contracts to achieve completions and handovers as soon as possible in 2024/25.

Provider ²	Project Name		Supplier	General Needs Homes	Part. Needs Homes	Total Homes
BHA	Springfield Drive/ Avenue	Duns	HA Rent	21	-	21
EHA	Poynder Apartments (ECH)	Kelso	HA Rent	-	36	36
EHA	Poynder Gardens	Kelso	HA Rent	14	2	16
EHA	Broch View	Galashiels	HA Rent	12	-	12
EHA	Horsemarket	Earlston	HA Rent	27	-	27
EHA	Dominies Way	Chirnside	HA Rent	42	-	42
EHA	Open Market Purchase	Peebles	HA Rent	1	-	1
SBHA	Glensax Road	Peebles	HA Rent	6	-	6
SBHA	Tweed Court	Kelso	HA Rent	12	-	12
SBHA	Crawford Street	Kelso	HA Rent	5	-	5
SBHA	Open Market Purchase	Various	HA Rent/ MMR	14	-	14
WH	Individual House Purchase	Various	HA Rent	4	-	4
Developer	Everly Meadow	Swinton	MMR	2	-	2
Developer	Everly Meadow	Swinton	Shared Equity	2	-	2
OMSE	Open Market Shared Equity	Various	Shared Equity	21	-	21
Total				183	38	221

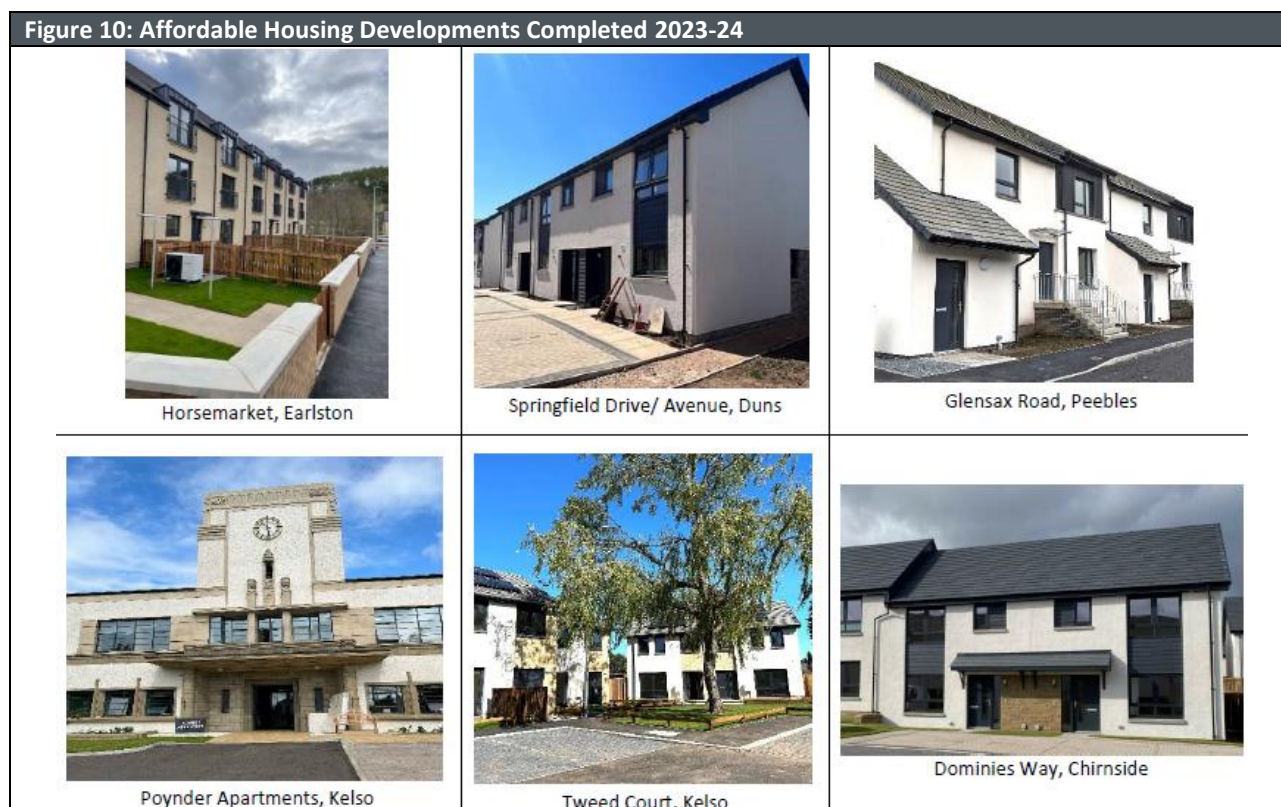
² BHA – Berwickshire Housing Association, EHA – Eildon Housing Association, SBHA – Scottish Borders Housing Association, WH – Waverley Housing, OMSE – Open Market Shared Equity,

Open Market Shared Equity (OMSE) is a Scottish Government funded scheme that financially assists eligible applicants to purchase their own home on the open market through a shared equity arrangement.

From a position of no Open Market Shared Equity sales concluded in the first year (2014-2015), there are now only small numbers of individual house purchases concluded annually within Scottish Borders through this assisted purchase opportunity. Table 5 shows the number and location of OMSE assisted purchases since 2015/16. The 21 OMSE-assisted purchases concluded in 2023/24 were made possible by Scottish Government estimated funding of £1,084,255 which was additional to the £16m Affordable Housing Supply Programme allocation for 2023/24. In an effort to promote and increase take up of this low-cost home ownership scheme, Council Officers continue to work with Link Housing Association to maximise publicity through the use of libraries, contact centres and the Council website. While the numbers for 2023/24 are much higher than previous years it is considered that this limited number of sales completed since 2020/21 may be in part due to the adverse impact of the Covid pandemic, and the recovery of the operation of housing market and wider economy.

HMA	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Total
Berwickshire	5	9	13	8	6	2	4	2	3	52
Central	5	14	18	12	5	4	12	5	16	91
Northern	1	2	3	2	3	3		1	1	16
Southern									1	1
Scottish Borders	11	25	34	22	14	9	16	8	21	160

Figure 10 shows images of some of the affordable housing projects which completed in Scottish Borders during 2023-2024. These are (top left to right) Horsemarket in Earlston by Eildon Housing Association, Springfield Drive/ Avenue in Duns by Berwickshire Housing Association, Glensax Road in Peebles by Scottish Borders Housing Association, Poynder Apartments in Kelso by Eildon Housing Association, Tweed Court in Kelso by SBHA and Dominies Way in Chirnside by Eildon Housing Association.



4.2 Development Project Update 2024/25

As outlined in section 3.1 (on page 13), Scottish Borders Council declared a local Housing Emergency on 30th May 2024. The issues outlined in the paper have a direct impact on property prices, rental levels, and general housing availability which contributes to wider economic and social challenges. The Cost-of-Living Crisis has worsened these issues and collectively, these critical stresses on the housing system have led to challenges in timescales for delivery.

Earlier this year the Scottish Government cut the affordable housing budget by £200m, around 26% from 2023-24. This has huge implications for the delivery affordable housing in the Scottish Borders and across Scotland. The cuts to the Affordable Housing Supply programme housing and an initial Resource Planning Assumption of £12.113m for 2024/25 (24% below previous year) for the Scottish Borders means that projects will need to be carefully considered and prioritised and the full potential is unlikely to be realised. The RPA for the Scottish Borders was increased in September 2024 to £12.258m following on from additional £40m added to the AHSP budget in 2024-25, the allocation of which was agreed with COSLA leaders and Ministers on Friday 30 August.

Approvals in 2022/23 year were lower the original target as RSLs considered delaying procuring new contracts due to cost inflation or due to recent tender returns being unviable and several stalled projects (due to a range of challenges and complexities as well as knock on effects of economic change). The low levels of approvals in 22/23 meant the Borders programme started 2023/24 with low levels of financial carry forward. Therefore, to spend the RPA in 2023/24, there was a need to try and get multiple new approvals in 2023/24. The RPA for SBC in 2023/24 was £15.954m and the RSLs, at the time, were only able to bring £12.4m of activity forward. This meant the Strategic Local Programme Agreement was only 78% of RPA when the programme is normally at 125% of RPA.

Despite this context, the Council and its RSLs partners continue to work to ensure projects are progressed. Current programming information suggests that 172 new affordable homes could be approved for site start in the Borders this financial year (2024/25) and based on current delivery programmes, an additional 98 affordable homes could potentially be completed (see table 6 below).

Provider	Project Name		General Needs	Part. Needs	Total Homes	Status
EHA	Comrades Park East	Chirnside	15		15	Complete
EHA	Ex High School	Earlston	37		37	Complete
SBHA	Whitefield Crescent	Newtown St Boswells	4		4	This will complete before Christmas
SBHA	Lothian Road	Hawick		7	7	Project on site
SBHA	Ramsay Road	Hawick		6	6	Project on site
SBHA	Burnfoot	Hawick	14	2	16	Handovers at Leishman place in October and Fairhurst Drive could be before Christmas
SBHA	Open Market Purchase	Various	10		10	Target to buy 5 OMP's per annum but potential to buy 10
WHA	Open Market Purchase	Various	3		3	Potential to purchase OMP this year
Total			83	15	98	

It should be noted that this estimate does not include affordable housing delivered through other private sector-led mechanisms. With continued effort to promote the Open Market Shared Equity Scheme and SBC's Empty Homes Grant it is hoped that there will be additional affordable homes purchased via this mechanism.

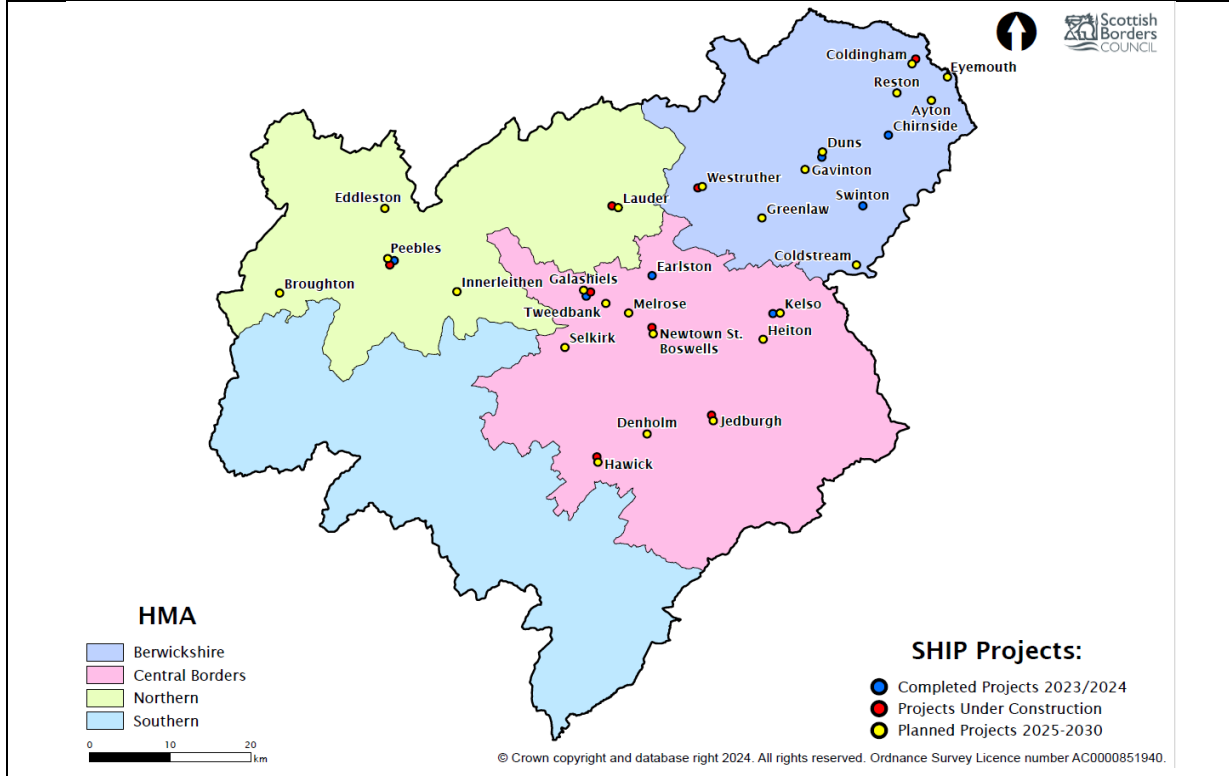
The Council and its partners continue to seek to develop in areas of high demand and identified need across towns and more rural communities. Table 7 below provides a position statement on the progress of all potential projects in the SHIP 2025-2030, and Strategic Local programme Agreement (SLPA) at 31 March 2024.

Table 7: Project Position Status (as of July 2024)					
RSL	Project Name		General Need	Part. Need	Status
BHA	Acredale Ph4	Ayton	29	3	BHA own site. Design stage.
BHA	Acredale Ph5	Eyemouth	20	2	BHA own site
BHA	Ex High School site	Eyemouth	27	3	Pending SBC decision re Primary School. SBC master planning
BHA	Ex High School site	Eyemouth	-	10	Pending SBC decision re Primary School. SBC master planning
BHA	Husk Phase 1	Various	-	20	BHA owns land. Design stage
BHA	Husk phase 2	Various	-	20	BHA owns land. Design stage
BHA	Ex Primary School	Duns	31	4	BHA Owns this site
BHA	Gavinton Expansion	Gavinton	27	3	Developer Led. Land owned & being brought to BHA by developer. Planning app to be submitted soon.
BHA	Priory Hill	Coldstream	3	3	Land owned by BHA, planning application to be brought forward
BHA	Aplin Cross	Coldingham	4		Building owned by BHA, regen potential
BHA	The Avenue	Eyemouth	4	4	Land owned by BHA, planning application to be brought forward
BHA	Edgar Road	Westruther	6		Vacant homes owned by BHA. Options appraisal on going.
BHA	Newtown Street	Duns	13	5	Brownfield land, owned by BHA. No planning status.
BHA	Edinburgh Road	Greenlaw	14	1	Land owned by BHA, planning application to be brought forward
BHA	Kirk field	Reston	18	2	Land on open market, BHA to investigate possible acquisition
EHA	Angles Field	Selkirk	39	4	Site owned; pre-app submitted working through planning with a targeted site start in 2026/27
EHA	Buckholm Phase 2B	Galashiels	29	-	Negotiating with Cruden's to deliver out the remaining homes, with completion in 2025/26
EHA	Coopersknowe Phase 2	Galashiels	24	6	Targeted start on site in 2028/29
EHA	Duns Road	Coldstream	57	2	Site owned; remediation works under way. Planning submitted and looking at a contract comm. in 2025/26
EHA	Burnside Road	Eddleston	9	-	on hold
EHA	Edgar Road	Westruther	10	-	Aim for a start in September 2024 with a completion in 2025/26
EHA	Ex High School	Eyemouth	-	36	Awaiting green light to progress viability work
EHA	High Street/ Market Place	Jedburgh	3	-	On hold till SBC advise otherwise
EHA	Melrose Road [Ex College]	Galashiels	46	-	Site clearance due in 2024 with work scheduled to start in 2025/26
EHA	Stirches	Hawick	-	72	Awaiting green light to progress viability work
EHA	Tweed Bridge Court	Peebles	22	-	Aiming for a start in August 2024 with a completion in 2026/27
EHA	Sergeant Park 3	Newtown St Boswells	25	5	Buccleuch Estate keen to sell more land to EHA
EHA	Tweedbank Expansion Ph1	Tweedbank	27	3	Will work with SBC to deliver this site
EHA	Ronan's Cottage	Innerleithen	HA Rent	8	New LDS project, being worked up with NHS & LA
EHA	Springwell Brea	Broughton	10	1	Targeting a contract commencement 2027/28
EHA	Jedward Terrace II	Denholm	12		Targeting a contract commencement 2028/29
EHA	Melrose Road (Coopersknowe II)	Galashiels	26	4	Targeting a contract commencement 2028/29
EHA	St Aidan's	Galashiels	20		Targeting a contract commencement 2026/27

Table 7: Project Position Status (as of July 2024)					
RSL	Project Name		General Need	Part. Need	Status
EHA	Peebles Road	Innerleithen	9		Targeting a contract commencement 2026/27
EHA	Angraflat II	Kelso	40	10	Ballantynes keen to explore a further phase with EHA
EHA	West Mains Farm	Reston	28		Progressing with Cruden's as a s.75 Project
EHA	Former Jedburgh Grammar	Jedburgh	40		SBC disposing of this site
PPF	The Orchard	Reston	30		20 SR and 10 MMR - PFP progressing interest in acquiring site
SBHA	Kelso Expansion Site	Kelso	30	-	Developer led project
SBHA	Milestone Expansion	Newtown St Boswells	25		Developer led project
SBHA	Allanbank	Lauder	27	-	Developer led project, planning permission in place await S75 conclusion
SBHA	Balgownie	Newtown St Boswells	-	10	Land on open market, SBHA seeking support from SBC to acquire
SBHA	Channel Street	Galashiels	16	-	Acquisition funding from SBC expected
SBHA	Eildon Brae	Newtown St Boswells	22	4	Developer led project, planning app submitted
SBHA	Open Market Purchase	Various	15	-	Annual target of 5 assumed for each year
SBHA	Heather Mill	Selkirk	27	-	SBHA Owned
SBHA	Howdenburn Primary	Jedburgh	64	6	Planning approved, missive concluded, site start Sept 2024
SBHA	Husk Phase 2	Various		20	SBHA Owned
SBHA	Husk Phase 3	Various		17	SBHA Owned
SBHA	Linglie Road	Selkirk	26		SBHA Owned, planning app to be submitted Aug 24
SBHA	Main Street	Heiton	12	-	Developer led project
SBHA	Auction Mart	Newtown St Boswells	34	-	Developer led project
SBHA	Tweedbank Expansion [Aberlour]	Tweedbank	-	4	Master planning and infrastructure works ongoing, no significant progress in last 12 months
SBHA	The Croft	Melrose	4	3	Developer led project, planning permission in place, S75
SBHA	Liberal Club	Hawick	10		Working with town team and Futures Hawick to consider redevelopment
SBHA	Crotchetknowe	Galashiels	20		Developer led project, S75
SBHA	Burns Mill	Galashiels	17	1	Concerns re development risk but SBHA would consider off the shelf purchase upon completion
SBHA	Station Lye	Eddleston	7	1	Developer led project, S75
SBHA	Innerleithen West	Innerleithen	22	3	Developer led project, S75
SBHA	Kirklands	Innerleithen	22	3	Developer led project, S75
WH	Beech Avenue Phase 1	Galashiels	25		Contractor on site, due for completion April 2025
WH	Beech Avenue Phase 2	Galashiels	26	-	Phase now for 22 general needs properties, forecast to be on site 2nd quarter of 2025
WH	Beech Avenue Phase 3	Galashiels	38		Options appraisal
WH	Beech Avenue Phase 4	Galashiels		20	Options appraisal
WH	Individual House Purchases	Various	2		4 OMPs 2023-24, no plan for OMPs in 2024-25

Figure 11 on the next page shows the locations where developments were completed during 2023-2024 and to date, and where there are developments under construction, as well as projects planned or proposed for delivery during the period 2025-2030.

Figure 11: Completed Developments 2023/2024 to date, Under Construction, and Planned for 2025-2030



4.3 Upper Langlee, Galashiels

As first reported in SHIP 2019-2024, the Council have been working closely with Waverley Housing to progress the regeneration of former public sector housing in and around the Beech Avenue area in Upper Langlee, Galashiels. The regeneration project includes demolishing 159 homes and building 109 new build homes to meet housing need. Scottish Government has been supportive in working towards delivery of the regeneration vision and assisted in the rehousing effort by making grant available to assist Waverley Housing in purchasing several homes to provide additional rehousing options. During 2023-2024 Waverley Housing have refurbished 68 flats already and completed demolition, with phase one of the project being on site in early 2024.

Figure 12: Beech Avenue Upper Langlee Galashiels



This is a high-cost regeneration project with estimated costs of over £23m, these are however likely to be significantly higher in the current economic climate. This will be delivered over a number of financial years. There are 4 phases of new building which are set out in this SHIP 2025-2030. These projects are being led by Waverley Housing and will be funded from a mix of anticipated Scottish Government grant funding, contribution from SBC's second homes council tax affordable housing investment budget and Waverley

Housing's own funds and private finance borrowing. There has been a desire to regenerate and transform this part of Upper Langlee for some years, and this is considered to be a strategic housing priority for Waverley Housing and the Council.

4.4 Westruther and Tweedbridge Court, Peebles

There are two developments that have faced significant delays for several reasons: Edgar Road in Westruther and Tweedbridge Court in Peebles. Eildon Housing Association have been working to ensure these projects will be delivered, especially in areas where there is high demand for affordable housing.

Westruther

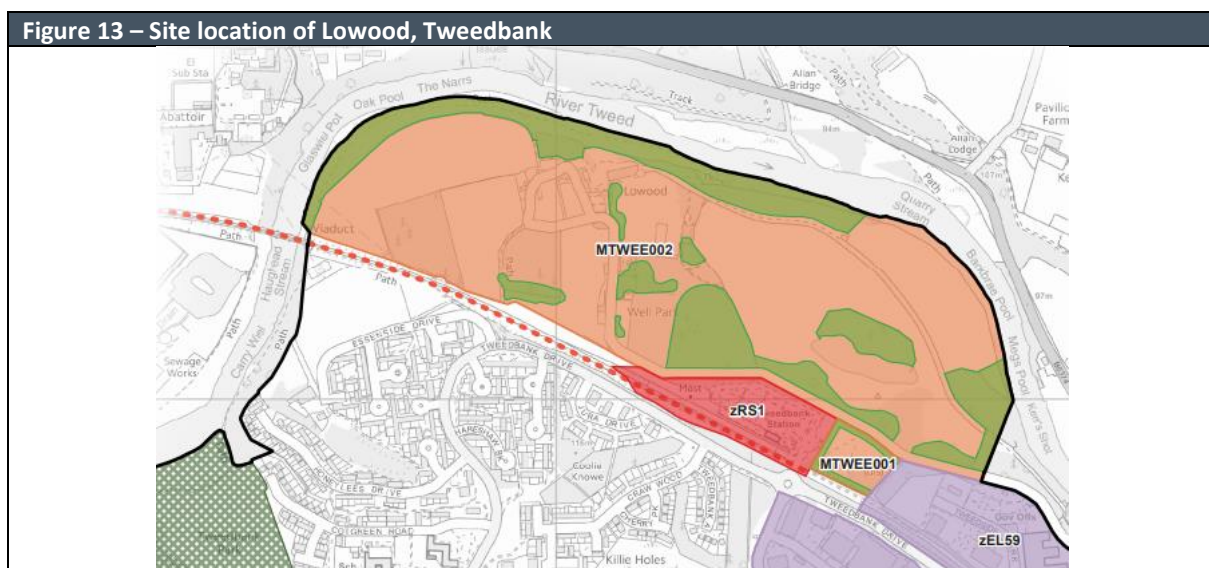
The ten-unit development at Edgar Road, Westruther started construction in April 2021 with Stewart & Shields Ltd as the Principal Contractor. Stewart & Shields entered into administration in April 2023 with the project remaining unfinished. Eildon are now working with Cruden Homes to progress the project to completion. Cruden are aiming to start on site in Autumn 2024 and is aiming to complete the project by Autumn 2025.

Tweedbridge Court, Peebles

This is a 22-unit development in Peebles. The site was previously owned by Margaret Blackwood Housing Association and was acquired in January 2018 by Eildon housing Association followed by planning being submitted in August 2018. The demolition of the site was completed in 2019/20. Prolonged negotiations with planning and a high number of objections to the plans have led to a significant delay in agreeing a deliverable project. Revised plans were giving the go ahead for the 22-unit project which comprises of 14 colony homes and 8 flats. Tweedbridge Court is expected to complete in 2026/27.

4.5 Lowood, Tweedbank

In December 2018, the Council purchased the Lowood Estate, Tweedbank. This is the only Scottish Borders strategic housing site identified in the Borders Railway Corridor and in the Edinburgh and South East Scotland City Region Deal. Following a public consultation exercise, revised and finalised Tweedbank Expansion Supplementary Planning Guidance and a Design Guide were agreed by Council in June 2021. These documents will frame future work to develop and agree a masterplan for the development of the area, a marketing strategy, and the development of a funding and infrastructure investment phasing package to implement this. The Council will develop a Full Business Case to seek to secure additional infrastructure funding via City Region Deal and Scottish Government processes, such as Housing Infrastructure Funding grant.



5. Project Prioritisation Methodological Process

Projects contained within the SHIP programme are prioritised on a site-by-site basis within the context of available Affordable Housing Supply Programme [AHSP] Allocations; the balance of the programme across sub areas including tenure and type; and a number of other factors. These factors include deliverability (including land ownership, financial capacity to deliver the projects and if required to front fund individual total project costs), strategic fit (i.e. aligning with the Integration's Strategic Plan, specialist provision including extra care housing), housing need, homelessness pressure spots, rurality, social, economic, and environmental impact. The "Space to Live" report, Integrated Strategic Plan for Older People's Housing, Care and Support 2018-2028, Locality Plans, Rapid Rehousing Transitional Plan and Local Child Poverty Action Plan have all been referred to in the project prioritisation process.

The SHIP 2025-2030 has introduced a change to the prioritisation methodology, changing the scoring methodology to a simpler method while keeping all the key criteria. The documentation has also been updated to take account of changing demographics, RSL stock numbers, RSL housing demand information and updated Scottish Government Urban/Rural land classification.

5.1 Project Priority Assessment Tool

The Project Priority Assessment Tool is a project priority scoring matrix that has been developed to provide a bottom-up assessment of relative priorities of housing projects delivered by RSLs (and other potential Developers) in the Scottish Borders over the five-year life of SHIP.

Land supply and development projects are initially identified by RSLs or others and SBC by an external environmental assessment of current and proposed local strategies, analysis of SBC's Land Audit, Local Plan, and local knowledge. From this, a list of potential projects is developed by each RSL in conjunction with SBC. A standard project descriptor template is used, and individual projects are then assessed by using the Project Priority Assessment Tool. The project priority scoring matrix set out in table 8 below was developed as a mechanism to assess the priority of projects and RSL financial capacity, and not for assessing project or revenue viability.

An initial assessment is carried out by the four locally based RSLs. The scoring is then reviewed and updated by the Lead Officer and the Principal Officers for Housing Strategy and Development from the Council. The process is facilitated by the Council and a note of the proceedings is produced for the record. Assessors are each issued with:

1. Scoring Guide for Assessors – this provides information and guidance on the key criteria and how each member of the panel should make their individual assessment.
2. Guideline Data for Assessors – this provides information on settlements and gives a broad overview of relative need by Housing Market Area and by settlement and datazones areas (for rural areas) discussed and agreed by all parties. Need scores are determined by SBC.
3. Assessors Scoring Sheets – this provides a list of all projects to be assessed by RSL on which Assessor mark their scores. These papers are retained by SBC at the end of the process to provide a clear audit trail.
4. RSL project Descriptions – these are the individual project descriptions produced by each RSL containing the information required to allow assessment to be made.

Table 8: Project Priority Scoring Matrix		
Criteria	Explanation	Score
Area Housing Need	Housing need rankings are based on demand study. 1 would indicate no housing need in an area, whilst 5 indicates the highest level of need. This is based on information in Appendix 1 - Guideline Data for Assessors.	1-5
Land Availability	Sites ranked most highly are those owned by the Council or RSL. Also ranked highly are sites with Planning Permission in place. For example: The site is in RSL ownership =5 The site will be available within 1 year = 4 The site will be available within 2 years = 3 The site will be available within 3 years = 2 The site will be available within 4 years = 1 The site will be available within 5 years = 0	1-5
Deliverability	A site with a high score indicates that the work could start on site once funding was approved. For example, if project can be implemented at short notice e.g. 12 months.	1-5
Constraints	Are there any known constraints that would delay delivery of project? Issues such as Section 75 requirements that have yet to be resolved would be given a lower score.	1-5
Strategic Fit	Is this a regeneration project? Is this a small rural community project? Is this project identified in / links with the Local Housing Strategy? Is this project part of an existing agreed (or likely to be agreed) strategy? Does this project link with other non-housing strategies or projects? <ul style="list-style-type: none"> High strategic fit (must be in LHS) = 4/5 Medium strategic fit (may not be in LHS but fits in with one or more of other criteria and likely to be included in future LHS) = 3 Low strategic fit (not in LHS and unlikely to be included in future LHS or does not meet any of the criteria) ½ 	1-5
Social & Economic Impact	Consideration of the sustainability of the project in relation to the community and those who live in it.	1-5
Equalities Needs	All sites will score at least a good rating (3) due to Housing for Varying Needs. Additional points would be awarded for specialist provision housing or housing for varying needs wheelchair accessible housing standards.	1-5
Environmental Impact	All sites which have been allocated through the Scottish Borders Local Development Plan would not be considered as having a negative environmental impact. Use of renewable technology and building on Brownfield sites would score more points.	1-5

Once the assessments have been carried out the scores are transferred to the Project Priority Assessment Tool model, ranking each project by priority. The rankings from the Project Priority Assessment Tool in turn help to inform the top-down strategic investment planning process used in the Resource Planning Tool. Project prioritisation through applying this Tool assisted the Council and its partners to identify and bring projects forward at very short notice should any slippage occur in other areas within the planned programme or if additional resources were available, for example, an increase in grant funding allocation. However, it should be noted that programme management issues may mitigate against projects being rigidly brought forward in the sequence of prioritisation ranking, e.g., through the application of resource planning assumptions.

This is a dynamic model that reflects the reality of the ever changing political and economic climate and is used by the SBC SHIP Group to review, track, and monitor the relative priority and deliverability of existing and new projects that arise. In this way projects can be either accelerated or de-prioritised and deferred depending on the circumstances that arise.

Using this tool, individual projects are considered by members of the SHIP Project Group, which includes Scottish Government's More Homes Division, to determine their priority ranking with existing projects

being reviewed, and new projects brought forward that have been assessed for prioritisation. For analysis of the outcomes of the scoring assessment exercise and project descriptions, see Appendix 1.

All projects identified in the SHIP have detailed project descriptors which are outlined in Part 4 of the Affordable Housing Project Priority Assessment exercise illustrated in Appendix 1. These provide individual site-specific comments including; constraints, ownership, infrastructure, contamination, planning, land banking opportunities, site access and an equalities impact, social and economic impact and environmental impact. Individual developing or receiving RSLs are required to demonstrate how they mitigate these constraints and provide timescales which will be considered on a regular basis through the application of the Affordable Housing Project Priority Scoring Matrix.

5.2 Resource Planning Tool

The Resource Planning Tool is a strategic investment planning model that provides a top-down strategic assessment of the funding required to deliver the affordable housing objectives of the LHS. In this context, the Resource Planning Tool provides an overview of the funding allocations by tenure based on number of units, average development costs and a preliminary assessment of the funding source proportions. This SHIP has been prepared based on a five-year planning horizon and is underpinned by known available funding Allocations provided by Scottish Government More Homes Scotland as set out in Section 8 Resourcing the Programme (page 44).

The process has been revised this year as a result of the cut in the Affordable Housing Supply Programme Budget and provides a clear and consistent means of considering and prioritising projects within the limits of the available grant funding.

The Council and its partners will continue to seek to provide additional affordable housing to reflect the proportions of need identified through the “Housing Need and Demand Assessment 3” and Housing Supply Target. The Council and its partners have historically been well placed to bring forward project opportunities at short notice as evidenced in previous SHIPs via Strategic Local Programme Agreements and shadow programme arrangements. If slippage occurs within Scottish Borders or elsewhere in the region, or additional resources are made available, we will continue to seek to identify projects which can be accelerated at every opportunity.

This SHIP 2025-2030 introduces new RSL projects; Applin Cross Coldingham, Edinburgh Road Greenlaw, Newtown Street Duns, Priory Hill Coldstream, The Avenue Eyemouth, Angraflat Phase 2 Kelso, Ronan's Cottage Innerleithen, Burns Mill Galashiels, Crotchetknowe Galashiels, Kelso Expansion Site, Liberal Club Hawick, Station Lye Eddleston, The Croft Melrose and The Orchard Reston. These projects are set out in more detail in Appendix 1 / Part 3. Appendix 1 / Part 4 contains individual Project Descriptors which provide details of each project. Although proposed projects are identified in SHIP this does not guarantee they will all be delivered as they remain subject to normal design, financial viability considerations, plus Planning Application and other Statutory Consent processes.

6. Investment Priorities for Affordable Housing 2025-2030

As with the previous SHIPs, there is an even greater impetus to progress delivery and, where possible, seek to minimise project slippage against original programmed completions. Scottish Borders Council and its partners are being extremely ambitious in an effort to maximise delivery of affordable homes for the benefit of Borders communities, and to fully spend all the Affordable Housing Supply Programme annual allocations at a particular challenging economic time.

6.1 Investment Priorities for Affordable Housing 2025-2030

The Development projects outlined in Tables 9 to 9D on pages 35-36 have been prioritised for investment by the SHIP Project Group in accordance with the minimum slippage factor of +25% over programme to accommodate unforeseen slippage as per the Scottish Government's 2024 SHIP Guidance. This reflects the approach previously adopted by the Council and its RSL partners. On this basis, estimated annual completions over the period 2025-2030 are as follows (see Tables below). These tables include an annual target by, SBHA for Open Market Purchases.

RSL	Project Name		Tenure	General Need	Part. Need	Total Homes
EHA	Edgar Road	Westruther	HA Rent	10		10
EHA	High Buckholm 2b	Galashiels	HA Rent	24		24
EHA	Bogangreen	Coldingham	HA Rent	20		20
EHA	Ronan's Cottage	Innerleithen	HA Rent		2	2
SBHA	Allanbank	Lauder	HA Rent	23	3	26
SBHA	Howdenburn Primary Site	Galashiels	HA Rent	11	4	15
SBHA	The Croft	Melrose	HA Rent	4	3	7
SBHA	Open Market Purchases	Purchases	HA Rent/ MMR	5		5
WH	Beech Avenue Phase 1	Galashiels	HA Rent	24	1	25
Total				121	13	134

RSL	Project Name		Tenure	General Need	Part. Need	Total Homes
BHA	Husk Phase 1	Various	HA Rent		12	12
EHA	Tweedbridge Court	Peebles	HA Rent	22		22
EHA	High Street	Jedburgh	HA Rent	3		3
SBHA	Husk Phase 2	Various	HA Rent		20	20
SBHA	Linglie Road,	Selkirk	HA Rent	24	2	26
SBHA	Howdenburn Primary Site	Jedburgh	HA Rent	51	4	55
SBHA	Open Market Purchases	Various	HA Rent/ MMR	5		5
WH	Beech Avenue Phase 2	Galashiels	HA Rent	22		22
Total				127	38	165

Consistent with last year's SHIP, the Council and its RSL delivery partners continue to be ambitious and optimistic in seeking to progress and accelerate project delivery where appropriate and possible, and to maximise the current grant opportunity to deliver more affordable homes in the Borders to meet housing need.

Table 9B: Estimated Project Completions 2027-2028 [Year 3]						
RSL	Project Name		Tenure	General Need	Part. Need	Total Homes
BHA	West Gavinton Expansion	Gavinton	HA Rent	27	3	30
BHA	Priory Hill	Coldstream	HA Rent	3	3	6
BHA	Husk Phase 2	Various	HA Rent		12	12
BHA	Applin Cross	Coldingham	HA Rent	4		4
BHA	The Avenue	Eyemouth	HA Rent	4	4	8
EHA	Duns Road	Coldstream	HA Rent	57	2	59
EHA	Ex-College site	Galashiels	HA Rent	46		46
EHA	St Aidan's	Galashiels	HA Rent	20		20
Places for People	The Orchard	Reston	HA Rent	20		20
Places for People	The Orchard	Reston	MMR	10		10
SBHA	Eildon Brae	Newtown St Boswells	HA Rent	24	4	28
SBHA	Husk Phase 3	Various	HA Rent		20	20
SBHA	Channel Street	Galashiels	HA Rent	15		15
SBHA	Aberlour Project	Tweedbank	HA Rent		8	8
SBHA	Liberal Club	Hawick	HA Rent	10		10
SBHA	Open Market Purchases	Various	HA/ MMR	5		5
Total				245	56	301

Table 9C: Estimated Project Completions 2028-2029 [Year 4]						
RSL	Project Name		Tenure	General Need	Part. Need	Total Homes
BHA	Former Primary School Playing Fields	Duns	HA Rent	31	4	35
BHA	Acredale Phase 4	Eyemouth	HA Rent	29	3	32
BHA	Edgar Road	Westruther	HA Rent	6		6
SBHA	Auction Mart	Newtown St Boswells	HA Rent	27	3	30
EHA	Angles Field	Selkirk	HA Rent	44	6	50
EHA	Peebles Road	Innerleithen	HA Rent	9		9
EHA	Springwell Brea	Broughton	HA Rent	10	1	11
SBHA	Heather Mill	Selkirk	HA Rent	54	6	60
SBHA	Main Street	Heiton	HA Rent	11	1	12
SBHA	Balgownie	Newtown St Boswells	HA Rent	20	2	22
SBHA	Burns Mill	Galashiels	HA Rent	17	1	18
SBHA	Open Market Purchases	Various	MMR/ HA Rent	5		5
Total				263	27	290

Table 9D below sets out several new proposed development project opportunities which could deliver up to 180 homes with some of the projects being illustrated potentially delivering beyond 2029-2030.

Table 9D: Estimated Project Completions 2029-2030 [Year 5]						
RSL	Project Name		Tenure	General Need	Part. Need	Total Homes
BHA	Beanburn Ph2	Ayton	HA Rent	18	2	20
BHA	Newtown Street	Duns	HA Rent	13	5	18
BHA	Kirk Field	Reston	HA Rent	18	2	20
BHA	Ex High School (Amenity)	Eyemouth	HA Rent		10	10
EHA	Jedward Terrace 2	Denholm	HA Rent	12		12
SBHA	Crotchetknowe	Galashiels	HA Rent	20		20
SBHA	Kelso Expansion Site	Kelso	HA Rent	27	3	30
SBHA	Milestone Site	Newtown St Boswells	HA Rent	22	3	25
SBHA	Open Market Purchases	Various	MMR/ HA	5		5
Total				135	25	160

Further work and/or negotiation will be required to realise these potential development opportunities. It is also important to note that at this stage the number of Particular Needs housing has been provided where possible at the time of writing. This is subject to revision and updating as project proposals are developed through the design and Planning Application process, meaning additional Particular Needs housing proposals may be identified in future SHIPs in due course. In addition, project delivery timescales could also change as project timescales/ new projects progress and future Resource Planning Assumptions for each year are announced and Allocations confirmed.

There are a number of additional potential affordable housing projects that have been identified either through direct contact from Developers and the Registered Social Landlords which are being explored through Section 75, or anticipated Section 75 requirements. However, development of these sites is largely dependent on market-led activity and commercial decisions by the Developer and site owners.

Table 10 below sets out several sites currently being investigated as future potential pipeline development opportunities and projects that will complete beyond the life of this SHIP. Based on the projects with estimated units, it indicates that an estimated additional 453 affordable homes could be delivered. This is not an exhaustive list.

Table 10: Potential Pipeline Development Projects (including projects that will complete after 2030)					
RSL	Project Name	Settlement	Tenure	Units No.	Units Description
BHA	Ex High School	Eyemouth	HA Rent	30	Completion after 2030
BHA	Acredale Phase 5	Eyemouth	HA Rent	22	Completion after 2030
BHA	Edinburgh Road	Greenlaw	HA Rent	15	Completion after 2030
EHA	Angraflat II	Kelso	HA Rent	50	Developer led
EHA	South Croft	Earlston	HA Rent	12	Private owned site
EHA	West Mains Farm	Reston	HA Rent	28	Developer led project
EHA	March Street Mill	Peebles	HA Rent	18	Developer Led project
EHA	Stirches	Hawick	HA Rent	72	LA owned site
EHA	Tweedbank Expansion Phase 1	Tweedbank	HA Rent	30	Completion after 2030
EHA	Coopersknowe Phase 2	Galashiels	HA Rent	30	Completion after 2030
EHA	Main Street	Galashiels	HA Rent	28	Completion after 2030
EHA	Former Jedburgh Grammar	Jedburgh	HA Rent	40	Completion after 2030
EHA	Tweedbank Expansion Ph2	Tweedbank	HA Rent	TBC	SBC ownership/master plan
EHA	Tweedbank Expansion Ph3	Tweedbank	HA Rent	TBC	SBC ownership/master plan
SBHA	Station Lye	Eddleston	HA Rent	8	Completion after 2030
SBHA	Innerleithen West	Innerleithen	HA Rent	25	Completion after 2030
SBHA	Kirklands	Innerleithen	HA Rent	25	Completion after 2030
WH	Beech Avenue Phase 3	Galashiels	HA Rent	TBC	Upper Langlee Regeneration
WH	Beech Avenue Phase 4	Galashiels	HA Rent	TBC	Upper Langlee Regeneration
TBC	Burgh Yard	Galashiels	HA Rent	20	SBC owned. Being marketed.
TBC	Maxmil Park	Kelso	HA Rent	TBC	SBC owned site

Notwithstanding the ambition and drive to deliver as many new homes as possible it is inevitable that challenges and issues mean that sometimes projects stall or must be removed from the programme. Table 11 below illustrates 4 projects (59 homes) from SHIP 2025-30 which have not been progressed as anticipated. Should a deleted project re-emerge as deliverable or a potential opportunity, it will be re-considered and prioritised for inclusion in a future SHIP in due course.

These projects have been removed from the SHIP due to increasing pressures faced by RSLs in the current economic climate and the need to prioritise the programme and deliverability.

RSL	Project Name	Settlement	Tenure	Units No.
EHA	Baptise Church	Peebles	HA Rent	8
EHA	Gavinton Site	Gavinton	HA Rent	20
EHA	Lanton Edge	Duns	HA Rent	6
EHA	North of Horsbrugh Bridge	Cardrona	HA Rent	25

Table 12 and 13 below illustrate the estimated affordable homes completions which could potentially be delivered over the life of this SHIP 2025-30 through positive collaborative working between all relevant parties. Table 12 focusses on an ambitious programme and table 13 focusses what can be delivered based on available funding.

Table 12 estimates that 1,050 affordable homes could be delivered over 2025-2030. This is a very ambitious programme and would require investment of £261m (see table 15 on page 46).

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
	2025/26	2026-27	2027/28	2028/29	2029/30	
AHSP new build	127	160	267	279	137	970
AHSP purchases	5	5	5	5	5	25
AHSP remodelling	2	0	29	6	18	55
Totals	134	165	301	290	160	1,050

Table 13 below provides a more realistic figure for delivery of affordable homes based on the assumption of £12.113m AHSP allocation being available each year over the five period of the SHIP. Based on £138k grant funding and £112k of RSL private funding and 5 Open Market Purchases the number of affordable homes that could be delivered in the next five years would be 455. This does not account for further inflationary pressures or more costly developments.

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
	2025/26	2026-27	2027/28	2028/29	2029/30	
AHSP new build	86	86	86	86	86	430
AHSP purchases	5	5	5	5	5	25
Totals	91	91	91	91	91	455

The Council and its partners will continue to pursue the above potential pipeline projects and other opportunities as well as seeking to explore new funding mechanisms for the development of affordable housing, including supporting communities to explore development opportunities at a local level.

7. Development Constraints

There are a number of barriers and constraints that could hamper the development of new affordable housing in the Scottish Borders. The SHIP Guidance requires Authorities to demonstrate how projects contained in the SHIP will be resourced and delivered.

The programme set out in the SHIP is contingent on the sites being within RSL control/ being brought forward in a timeous manner, the necessary funding being in place (both grant funding and private finance) and construction sector capacity to deliver at scale. To ensure that any development constraints are resolved by the estimated site start date, deliverability (including financial capacity) is recognised as a key

factor in the development of the project priority scoring matrix. As part of the project prioritisation process, constraints are discussed on a site-by-site basis and scoring is influenced by the identification of what actions and timescales are in place to resolve them. The main constraints include:

- Affordable Housing Supply Programme Budget
- Land supplies
- Construction industry capacity
- Tender prices and Current economic climate (including inflationary pressures and increases in interest rates)
- Public utilities (physical/infrastructure capacity, approval processes)
- Water and sewage infrastructure
- Flood Risk Assessment

Most of these constraints are out with the control of the Council and its RSL development partners but often adversely impact the delivery of additional affordable housing in Scottish Borders. Given the recent budget cuts in the Affordable Housing Supply Programme Allocations, the Council and its partners work closely with Scottish Government More Homes Division officials to make best use of and maximise spending on the reduced AHSP annual allocation.

7.1 Affordable Housing Supply Programme Budget

A cut to the Affordable Housing Supply Programme in the Scottish Borders with a Resource Planning Assumption of £12.113m for 2024/25 is 24% below previous year. This allocation of £12.113M for 2024/25 is fully committed, with one of the RSL's (EHA) is having to 'front fund' a project this year to ensure it is progressed.

While there has been no firm confirmation on the funding allocation for 2025/26, the anticipated allocation of around £12M is 130% committed. This means new potential projects effectively have to wait in a 'queue' for any additional future, potential funding.

7.2 Land Supply

Land supply and control is quite fragmented in the Scottish Borders and is largely controlled by owners, developers, and housebuilders. The detail can be summarised as follows:

- Scottish Borders Council has very little land available for housing developments but is developing its Estate Rationalisation, Optimisation and Decarbonisation Strategy seeking to ensure that the Council is financially and environmentally sustainable whilst supporting the delivery of key Council services. This includes reducing its Estate footprint, which may in due course mean land and or buildings is released which could potentially provide future affordable housing opportunities.
- Berwickshire Housing Association has a small land bank and has carried out a review of potential development sites and open spaces owned by it which could be made available for redevelopment. All of these sites appear in the SHIP over 2025-230. The Association is also currently collaborating with Scottish Borders Housing Association to explore the potential use of the HUSK off-site construction system to redevelop a number of garage sites owned by the Association.
- Eildon Housing Association has a small landbank with sites in Stirches in Hawick which has been identified as a site for Extra Care Housing, High Buckholm in Galashiels and Eccles Farm.
- Through an asset management strategy approach, Scottish Borders Housing Association has a small landbank arising from site clearance of existing stock, garages and public open space. The largest of

these sites is Allars Crescent in Hawick. The Association is currently leading on a collaboration with Berwickshire Housing Association examining the potential redevelopment of several garage sites using the HUSK Off-Site Construction system. It is envisaged that the Association will also partner with developers to provide affordable housing via Section 75 Agreements at Allanbank Lauder, and the Mart Newtown St. Boswells. Heather Mill Selkirk.

- Land supply identified in the Local Plan tends to be in relatively small parcels and is distributed across most of the settlements. These may provide affordable housing opportunities most likely via Section 75 Agreements.
- The majority of sites identified in the Local Plan are in the control of private owners, house builders/ developers, with affordable housing most likely to be provided via Section 75 Planning Agreements.
- Private ownership site opportunities do arise. However, these tend to be windfall or infill sites and are usually relatively small.
- There are a number of developer-led sites in the Scottish Borders. These are:
 - Newtown St. Boswells expansion presents a number of development opportunities, Eildon HA has collaborated with a developer to complete 53 homes for Eildon HA at Sergeants Park Ph1 in 2018/19, and a second phase of 63 homes which completed in 2021/22. These are considered as being the first phases of development in the village's "Western Expansion Area". The proposed redevelopment of the nearby Auction Mart secured Planning Permission in Principle in 2020/21 for a mixed-use development including up to 150 homes. It is envisaged that Scottish Borders Housing Association will be the RSL delivery agent for the 25% on-site affordable housing requirement [37 homes] via a Section 75 Agreement. Elsewhere in the village there are potential sites identified adjacent to Milestone Garden Centre and Eildon Road. However, there are some concerns regarding potential over supply of affordable housing in the village were all these additional sites to be developed in the short to medium term.
 - Allanbank is a smaller developer led (Whiteburn) site in Lauder. Allanbank will provide 110 new build homes in Lauder, 83 will be private for sale and 26 will be affordable to rent, delivered with Scottish Borders Housing Association.
 - Another smaller developer-led site by Whiteburn is March Street Mill in Peebles. Whiteburn is proposing to deliver a range of new homes for sale, together with affordable homes to rent. The plans are for a total of 71 new homes. The RSL delivering agent has yet to be confirmed.
 - Bogangreen in Coldingham is a developer led project with Nomadic and Eildon Housing Association. The plans are for 20 new affordable homes on the site.

Sites are systematically reviewed as potential projects and thereafter prioritised and included in SHIP. This is an ongoing process to allow newly identified sites to be assessed and introduced and the status of previously identified prospective sites reviewed.

Estate Rationalisation, Optimisation and Decarbonisation Strategy

The Council recently developed the Estate Rationalisation, Optimisation and Decarbonisation Strategy which set out the broad strategy for the management of the Council's property assets in order to maximise their contribution to the Council's corporate and service goals and objectives as economically, efficiently and effectively as possible; providing the right space, at the right time, in the right location at the right cost. It sets out five key objectives intended to achieve the overall vision: To operate an efficient, fit-for-purpose, sustainable estate, that is appropriately sized and located to meet the needs of our communities and their

strong identities, with digitally enabled working environments that can be effectively managed, and which supports the Council Plan through the delivery of truly joined up services.

It is therefore important that a strategic approach to the development of affordable housing across the Borders makes the most effective use of available land and/or property wherever possible; takes advantage of the Council's property and asset rationalisation process; and ensures that, through collaborative working with our local developing Housing Associations, opportunities will be created where practical for affordable housing development. Over and above the projects in the SHIP and in particular in the pipeline projects table 10 on page 37, there are couple of other potential housing opportunities in Duns (Todlaw) and Eyemouth (Gunsgreenhill).

Various techniques are now available for land assembly and land banking, and these are used through planned release by the Council, opportunistic site acquisitions, and negotiated design and build contracts. From time to time the Council may declare land and/or buildings as surplus to requirements and these are routinely considered for their appropriateness to provide affordable housing. To illustrate, the Council has previously strategically released sites in Duns and Hawick to provide sites for Extra Care Housing delivery. The Council is currently marketing the Burgh Yard site in Galashiels, which is a large Mixed Use Allocated site, and so will likely be a Developer-led opportunity.

Housing Land Audit

As a strategic Housing Authority, the Council's Planning Department carries out an annual Housing Land Audit in order to ensure that there is a five-year supply of sites for housing development. As an integral part of this process, consideration is given to identifying potential constraints on development such as the availability of funding and infrastructure capacity (where drainage and sewerage are particular issues in many small rural settlements). Where development constraints are identified, these are explored to determine whether potential development is realistic and whether or not some of form of intervention may be appropriate.

Land Supply Strategy

Control of land supply is the key to successful programme delivery. The strategy proposed to secure short, medium and long term land supply to link in with SBC's SHIP and beyond is:

- Enter into agreements with landowners and developers
- Purchase land using SBC revolving fund
- Option available for RSLs to front fund land acquisitions
- Improve effectiveness of Section 75 Agreements including early intervention with developers
- Partnership acquisitions with SBC to assist in strategic land assembly
- Work in partnership with SBC to acquire land through its strategic land disposal strategy

Locality-based Approach

Scottish Borders Council will continue to explore the need for developing locality-based strategies to assist in clearly identifying short, medium, and long-term affordable housing priorities and thus provide focus on land acquisitions required.

The Council has built up a large bank of knowledge regarding potential and allocated housing development sites throughout its area. This provides an effective resource, one use of which is that this "knowledge" can be tapped by RSLs for site feasibility exercises. Such knowledge covers several issues including flood risk assessments and contaminated land, thereby alerting them to early identification of constraints and allows them to focus their attention on less challenging and more easily developable sites which can be considered for inclusion in future SHIPs.

Site Development Briefs

Scottish Borders Council will, in consultation with its RSL partners, identify the size and type of housing required within Housing Market Areas, settlements and individual sites to meet housing need and to link in with other Council strategies. This will also extend to recipients of Section 75 Planning Agreements where it is envisaged that size, type, housing mix, space standards, tenure(s), method of land valuation etc will be set. Early intervention with developers on Section 75 discussions include agreeing target development costs for the whole affordable housing package to achieve realistic benchmarks, master planning, design solutions, and legal agreements to tie in land and development deals to stabilise costs, which will help bring greater certainty in deliverability on an ongoing long-term basis. Early discussion with Developers and contractors will help provide certainty of workload and will have a greater impact on their competitiveness rather than the size of the individual project or overall programme.

As in previous SHIPs, securing sites which are financially viable for development by RSLs remains an ongoing challenging issue and determining factor, particularly as the Council has relatively little development land in its ownership, as it has disposed of some non-HRA (Housing Revenue Account) and most of its former HRA land to RSLs over previous years. Continued weak housing market conditions have prompted some Developers to re-assess trading conditions in recent years. As a result, the RSL land supply issue has eased to a degree with some Developers being more willing to partner with an RSL as a means of opening up sites for future market housing, and potentially receptive to the idea of developing sites on the basis of 100% affordable housing delivery.

7.3 Construction industry capacity

Current inflationary pressures and interest rate rises have had a major impact on the delivery of current projects and delays in projects being brought forward for approval. Construction industry capacity, construction materials availability and costs, availability of grant funding, and borrowing capacity of RSLs is all impacting on the delivery of the programme.

The Bank of England base rate fell in August 2024 for the first time in four years, however it is not yet clear what the short and long term implications on inflation and mortgages will be.

Construction input costs in Scotland increased by an average of 4.5% in the year to quarter two in 2024, according to a contractors' panel newly established by the [Building Cost Information Service \(BCIS\)](#). While inflationary pressure on materials prices has stabilised, there is still a risk to the supply chain. There continues to be ongoing concerns about the impact of skills shortages in the industry.

7.4 Tender prices and Current economic climate

RSLs are also under increased financial pressure which may impact on new development. The Cost-of-Living Crisis and inflationary rises have meant the day-to-day delivery of RSL services costs more. Wider statutory investment commitments also mean that landlords are having to prioritise investment in their existing stock, in addition to this, keeping rents low and affordable means that borrowing levels can be affected, which impacts on RSLs ability to finance new build programmes and puts increasing pressure on available grant funding.

The SHIP 2017-22 first noted local concerns regarding increasing tender prices from the then available information from the Building Cost Index Services (BCIS) produced by the Royal Institute of Chartered Surveyors. This has been borne out by the Borders RSLs experience. Locally active RSLs have been using the BCIS all-in Tender Price Index, and will continue to monitor local tender prices, since the Index does not always reflect the projections for the Scottish market in the Affordable Housing Sector. Such tender price inflation is clearly a matter of concern for programme delivery. An exercise was done to review recent local RSL tender returns, and recent experience during 2019-2023 indicates that Berwickshire, Waverley, Eildon and Scottish Borders Housing Associations have all had to undertake challenging "value-engineering"

exercises after normal consideration and checking of tender returns in order to undertake savings exercises to keep projects financially viable and deliverable, this continues in 2024. This has also delayed planned project site starts and required re-programming spend of the budgeted Affordable Housing Supply Programme funding allocation. All other things being equal, notwithstanding increases in benchmark grant rates, big increases in tender costs, well in excess of probable costs will require to be met by RSL private finance arrangements. Such cost increases will continue to put pressure on individual RSL private funding capacity. Recent analysis of total project cost information indicates that it currently costs around £250k to provide an affordable home, with this being funded £138k by grant and £112k by RSL Private Funding. This is used as to inform table 12 “Estimated required investment in affordable housing 2025-2030”.

Despite the increases in benchmark grant in 2023 per unit of around 16% and new grant criteria, the sector continues to wrestle with a very challenging financial context in being able to continue to deliver affordable housing. Almost all projects in the orders are coming in above benchmark (110%) and there have been several projects that have been well above benchmark (125%) where a technical appraisal has been undertaken by the Scottish Government.

RSLs are trying to make progress to continue to deliver the programme, but clearly projects not yet subject to contract face significant issues in being agreed as viable and deliverable contract costs. Therefore, project estimated completion years within this SHIP 2025/30 must be considered as being aspirational targets, based on the assumption that acceptable contract costs can be agreed between the respective RSL and contractor/developer.

The cost of providing affordable housing is likely to increase during 2025/30 due to a number of factors, inflation, cost of labour and materials; recommendations to continually improve the quality of new housing to mitigate climate change; and potentially new grant conditions are push factors for an increase in the level of grant funding. This funding would ensure that the number of new homes being sought by Scottish Government via “Housing to 2040” can be met in the context of other competing funding pressures such as EEESH2 (new Social Housing Net Zero Standard (SHNZS)), Net Zero and domestic de-carbonisation ambitions.

Solace Scotland, in collaboration with the Association of Local Authority Chief Housing Officers (ALACHO) have published a report in 2023 [‘Housing in Scotland: Current Context and Preparing for the Future’](#) which details their assessment of the housing emergency in Scotland and the steps needed to address it. A number of local authorities have declared housing emergencies since this report and have developed actions plans on how to address the emergency and priorities for action.

7.5 Public utilities, Water and sewage infrastructure and Flood Risk Assessment

It is difficult to bring projects from inception through to tender approval quickly due to ever increasing external factors and compliance requirements. Consultation with public utilities and Scottish Environmental Protection Agency (SEPA) impact on the project design and development process. This in turn impacts on the ability of RSLs to accelerate projects or to bring forward a shadow programme unless the land is already owned and the project already substantially worked up. SEPA continues to be regularly represented at joint meetings between the Council, RSLs and Scottish Water with the aim of meeting programming needs and thus improving deliverability. Availability of most recent Flood Risk Assessment information has proven to be key in early screening of potential affordable housing sites.

The Council is dealing with the above constraints in a variety of ways such as regular liaison with SEPA, Scottish Water and other public utilities to reach a greater understanding of each organisation’s respective processes, with the aim of meeting programming needs. This in turn informs the programming of development and design work to improve deliverability and realistic project delivery timescales.

7.6 Private Developers

The structural weakness in the Borders construction sector has meant that Housing Associations have had to adopt a broad spectrum of procurement options to continue to successfully deliver the affordable housing programme.

Options such as land and works deals including S.75 Affordable Housing agreements have successfully delivered projects across the region and continue to feature in the forward programme. Eildon Housing Association has delivered over 264 homes through their partnership with Cruden's. The partnership is currently actively exploring future projects.

This negotiated procurement is allowed (known as direct drawdown) through the Scottish Procurement Alliance (SPA) framework thereby ensuring full compliance with European Union procurement rules. The Partnership drives project through planning and Building Warrant stage. Each individual project is let via a Joint Contracts Tribunal (JCT) Design and Build contract.

Eildon have a historic relationship with the Kelso based M & J Ballantynes which show the very successful redevelopment of the Listed Former Kelso High School into 36 Extra Care homes for the elderly. Using the same procurement method Eildon are developing an emerging partnership with Springfields, with 57 family homes being delivered in 2023/24 and 2024/25 in Chirnside and a further 46 homes planned at the former Borders College building in Galashiels. Eildon are looking to work with Crudents on a site in Reston with 28 affordable homes being built.

SBHA are now working Crudents at Howdenburn Primary School to deliver 70 affordable homes (6 which will be specialist provision), this was a previous Eildon project. SBHA are also working with Whiteburn on delivering 27 affordable homes at Allanbank in Lauder. There are a number of other projects that are currently been identified in Innerleithen and Heiton.

Several Community Initiatives have been progressing across the programme. Eildon Housing Association has learnt from their partnership with Cruden's to develop an emerging Community Benefits Strategy that will be applied across all their capital projects. This strategy will promote local labour and supply chain engagement, and look to maximising the delivery of delivering social value for our customers and the communities they live in.

Brief details on all the above constraints and any actions being taken to remove or reduce these constraints are provided on a site-by-site basis. Notwithstanding these constraints and threats, the five-year planning horizon set out in this SHIP remains positive by being able to clearly demonstrate a pipeline of deliverable projects, and additional longer term site opportunities which could potentially be accelerated in due course.

8. Resourcing the Programme

To assist budget estimating, the Council and its partners have developed this SHIP 2025-2030 based on an indicative grant of £138k/unit, and RSL Private Finance contribution of £112k/unit, which illustrates the increasing pressure on individual RSL finite financial capacity. However, through the SHIP and Quarterly Programming Meeting arrangements, projects have been identified that could potentially deliver 1,050 new affordable homes over 2025/30 (see Tables 9 and 9A-9D pages 35-36). In addition, Table 10 on page 37 identifies Potential Pipeline Development Projects which require further work before they could potentially be accelerated into the 5-year programme or included in future SHIPs in due course. Many of these are developer-led or privately owned sites, which draws attention to the importance of the housing market in the delivery of affordable housing.

Assuming all development constraints are overcome, sufficient grant is available to assist project delivery and developers are willing to collaborate in order to open up identified sites, lenders continue to lend at rates and terms and conditions that are acceptable to RSLs, and individual RSLs have sufficient financial capacity to enable them to borrow private funding, then there is potential for these projects to be brought forward. The identified projects provide some reassurance that there are potential development sites that could ensure that future funding Allocations can be fully spent in the Scottish Borders, and in turn subject to success in progressing these, could potentially be used to support the case for Scottish Borders to potentially secure additional slippage funding from elsewhere across the national programme. It should be noted that there may be other yet unidentified and un-programmed Private Developer-led projects, OMSE and Discounted Sales that could potentially deliver additional affordable homes during the SHIP 2025-30 period.

Table 14 below illustrates the estimated £261m of total investment required to deliver the affordable housing projects identified in this SHIP 2025/30. This has been developed on the basis of financial analysis and the most recent experience of Borders RSL projects, using an AHSP assumption of £138k/unit, and RSL Private Finance assumption of £112k/unit.

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
	2025/26	2026/27	2027/28	2028/29	2029/30	
AHSP new build	17.8	22.0	40.8	39.3	21.4	141.3
AHSP Purchases	0.25	0.25	0.25	0.25	0.25	1.25
AHSP remodelling	0	0	0	0	0	0
RSL Private Borrowing	14.4	17.9	33.2	31.9	17.4	114.8
2 nd Homes C/Tax	1.7	0.2	1.13	0.2	0.2	3.43
Rural Housing Fund	0	0	0	0	0	0
Other Private borrowing	0	0	0	0	0	0
Totals	34.2	40.4	75.4	71.7	39.3	260.8

* Figures are rounded up

The Council and its partners will continue to review and bring forward projects that have been identified through the routine project prioritisation assessment and review process that could be delivered within the timeframes to provide more new homes in the Borders and contribute to the Scottish Government's current and future affordable housing targets. Quarterly programme meetings with the Registered Social Landlords, the Scottish Government and the Council are key to this process. Through working in partnership, the Council has identified a pipeline of potential projects that can be resourced through the above Allocations. The challenge for RSLs remains to acquire sites and quickly accelerate these projects to delivery, otherwise there remains the risk of potential future underspend of annual AHSP Allocations. Therefore, the Council and its partners are keen to discuss any opportunities to maximise the use of allocated resources within Scottish Borders. It is recognised that some projects which cannot be delivered by estimated years as set out in Table 11 will need to be managed and delivered within the constraints of subsequent future annual resource Allocations.

8.1 Affordable Housing Supply Programme Budget

Earlier this year the Scottish Government cut the affordable housing budget by £200m, around 26% from 2023-24. This has meant a cut to the Affordable Housing Supply Programme in the Scottish Borders with an initial Resource Planning Assumption of £12.113m for 2024/25 (24% below previous year)

³ Calculations were done on the basis of grant of £138k per unit and assumed private borrowing of £112k per unit. Figures were rounded up for modelling purposes.

Since, then an additional £80m over two years for acquisitions has been announced. Up to £40m of this will be available in 2024-25, bringing the budget for the ASHP to almost £600m in 2024-25. It was announced on 10th September 2024 that an additional £146k would be allocated to the Scottish Borders, bring the RPA for 2024/25 to £12.259m.

Scottish Borders grant offer from Scottish Government sets out that “Maximum carry forward into 2024-25 should be no more than 80% of the 2024-25 Resource Planning Assumption”. The remaining 20% is supposed to be used to help fund new projects coming forward in any financial year, thus helping to create a continuous pipeline of new homes.

The published 2025/26 RPA is currently £16.275m however Scottish Government have given no indication of whether the budget cuts are a one off or whether the 2025/26 will be honoured. For the context of the SHIP 2025-2030, is it based on the assumption that the allocation will be £12.113m going forward.

8.2 Second Homes Council Tax

The Council has agreed frameworks in place to consider and prioritise funding from Affordable Housing Policy Developer Contributions and from the Second Homes Council Tax Affordable Housing Budget. These are used for a variety of purposes to assist provision of affordable housing, including the Extra Care Housing programme, with assistance towards land purchase, “buy backs” of former public sector flats, research, site clearance and demolition, and project “gap funding” grant contributions being recent examples how this funding has been used.

The Council has been deliberately building up an available balance in the Second Homes Council Tax budget in anticipation of it being used to assist delivery of extra care housing developments. This augments Affordable Housing Supply Programme grant funding from Scottish Government’s More Homes Division and Private Finance contributions from both Eildon Housing Association and Trust Housing Association. To ensure best value is achieved, lessons learned from Dovecot Court Peebles has helped to inform the designs going forward.

Second homes council tax has been used recently to help fund the delivery of affordable homes in the current economic climate. Tender prices (as mentioned in 7.4) have increased, meaning viability gaps are more common. Second homes council tax has helped to address this shortfall on several developments these include; Westruther, Upper Langlee Galashiels, Howdenburn Jedburgh, Burnfoot Hawick, Heather Mill Selkirk and High Street Jedburgh.

The Second Homes Council Tax Affordable Housing Investment budget makes provision for the following spend commitments in 2024/25; £0.498m for the sale of Howdenburn Former Primary School; £0.375m for Empty Homes Grants; £0.200m transfer to revenue budget for staffing resources related to affordable and empty homes activity, £6k for South of Scotland Community Housing to undertake housing needs assessments in two communities, £0.785m to support SBHA’s project at Burnfoot, £0.961m to support Waverley Housing’s regeneration in Upper Langlee and £0.800m to support EHA’s project a Westruther. This is a total investment from SBC in 2024/25 of £1.879m and leaves an uncommitted balance of £2.679m in 2024/25, at the timing of writing. Table 15 below provides the financial table for second homes tax up until 2028/29.

	2024/25	2025/26	2026/27	2027/28	2028/29
Funding brought forward	5,113	2,679	617	1,954	2,441
Anticipated 2nd Homes Council Tax	1,331	1,464	1,537	1,614	1,695
Total Funding Available	6,444	4,143	2,154	3,568	4,136
Current Investment Commitments	3,765	3,526	200	1,127	200
Available Funding	2,679	617	1,954	2,441	3,936

Current spend commitments for 2025/26 include, High Street, Market Place, Jedburgh and empty homes activity.

The Council's Second Homes Council Tax budget has finite annual income which will be a key determinant of both the level of financial support available to assist construction of individual developments, and the potential programming of these grant contributions to dovetail with construction activity and provision of complementary Scottish Government Affordable Housing Supply Programme grant and RSL private funding.

Further information is available in Scottish Government SHIP Table 5 within the Appendix 6.

8.3 Developer Contributions

The Supplementary Guidance on Affordable Housing seeks provision for 25% of affordable housing on each site of two or more residential units across all Housing Market Areas in the Scottish Borders. The guidance requires that all sites of 17 units and above be considered for on-site provision of affordable housing. In specific circumstances the Council may consider the contribution of appropriate offsite delivery, or, where on site provision is considered inappropriate, the Council may consider the provision of a commuted payment. In considering housing proposals for sites of 2 to 16 residential units the Council will consider the provision a commuted payment as being appropriate.

As reported earlier in the text of this SHIP, development opportunities provided by the Section 75 Planning Agreements remain relatively few as a result of the recession and current uncertainty in the housing market. The general trend remains whereby developers are reluctant to sell land without a building contract as part of the deal. This means that even with increased levels of Affordable Housing Supply Programme funding being allocated to Scottish Borders, land supply remains limited to a degree as some developers and owners appear to be willing to wait for full market recovery and a return to pre-financial crash land prices.

That aside, the Council has experienced an increased appetite by some developers to develop sites via Section 75 Agreements, or for 100% affordable housing. There have been some recent successful RSL site acquisitions in 2022/23 with Scottish Borders Housing Association acquiring sites at Fairhurst Drive Hawick [10 homes] and Linglie Road Selkirk [30 homes]. In addition, Eildon Housing Association has acquired a site at Melrose Road [Coopersknowe Ph2] Galashiels as a landbank site. The Council continues to receive Pre-Planning Application enquiries and Planning Applications, albeit at lower numbers than pre-financial crash levels. Several of which relate to larger sites which are anticipated to provide additional on-site delivery of affordable housing opportunities through the Section 75 Planning Agreement process in due course.

During 2023-2024, the Council used Affordable Housing Policy Developer Contributions to fund the Regional Home Demonstrator Project proposed by the Edinburgh City Deal Housing Partners and Scottish Futures Trust (£10,000) and in 2024-2025 to part-fund the conversion of eight bedsits to four 2-bed houses in Newtown St Boswells by Scottish Borders Housing Association (£59,957).

Arguably the market is still failing to deliver enough new homes to meet demand, and this is an issue which affects not only the Scottish Borders, but also neighbouring Councils, as rising inequality and cost of living impacts on households in Borders and other parts of the South East Scotland City Region. A regional response to these issues, presenting innovative solutions and key policy interventions, has been negotiated with both the Scottish and UK Governments through the Edinburgh and South East Scotland City Region Deal and this is currently being progressed with more focus, with the establishment of a Regional Housing Board in spring 2019 to raise the profile of the contribution of housing delivery to the regional and national economy, and drive affordable housing delivery.

The recent publication of the REP South of Scotland Housing Action Plan has a vision for housing in the South of Scotland of more homes of all types and tenure, a reputation as a good place to build homes and a

thriving development and construction sector. This includes ambition to support an enabling planning environment, with communities empowered to create the homes they need and funding and legislation that supports our opportunity and ambition.

8.4 RSL

RSLs are under increased financial pressure which is impacting on new development. The Cost-of-Living Crisis and inflationary rises have meant the day-to-day delivery of RSL services are costing more. Wider statutory investment commitments also mean that landlords are having to prioritise investment to bring existing homes up to meet standard. In addition to this, keeping rents low and affordable means that borrowing levels can be affected, which impacts on RSLs ability to finance new build programmes and puts increasing pressure on available grant funding.

In July 2019, Eildon Housing Association secured a £40m investment from the Pension Insurance Corporation, which is this Lender's first such private placement with a Scottish RSL. Eildon Housing Association has indicated that it may consider "front –funding" projects to ensure project delivery. During 2021/21, Scottish Borders Housing Association secured a £58m loan facility from the Royal Bank of Scotland, which is intended to support a development programme of up to 300 new homes over 7 years. Waverley Housing has secured private funding of £10million. This is a general-purpose loan which will support Waverley's business plan including the regeneration of Upper Langlee.

8.5 Other Funding Opportunities

While the Council supports affordable housing delivery through use of available Second Homes/ Council Tax and Affordable Housing Policy Developer Contributions. There are several other funding resources that the Council and its development partners can draw upon including Affordable Housing Supply Programme Funding, Open Market Shared Equity Scheme, Rural Housing Fund, RSLs Private Finance Borrowing and Scottish Water Grant Funding.

Housing Infrastructure Fund

The Scottish Government has set out round two of the Housing Infrastructure Fund (HIF), which will run to at least the end of the parliamentary period to March 2026. The fund helps support the delivery of housing through loans and grants. Priority is given to those projects delivering affordable housing which cannot proceed or have stalled due to exceptional infrastructure works to unlock these sites for delivery. There are currently no projects identified by SBC for this fund, but we will continue to review sites within the SHIP.

Rural Housing Fund

To help address the difficulties building in rural communities, the Scottish Government has launched a £25m Rural Housing Fund, which has been available from April 2016 for three years. The fund aims to increase the supply of affordable housing of all tenures in rural Scotland and will contribute to the 50,000 affordable homes target.

Since 2019/20, the fund has been used to help fund 15 affordable homes in rural parts of the Borders. Roxburgh Estates are currently looking to submit an application for three affordable homes in Morebattle.

Vacant and Derelict Land Investment Programme

The Low Carbon Vacant and Derelict Land Investment Programme (VDLIP) offers funding to transform long-term vacant and derelict sites.

A request for funding towards delivering homes within one of the most deprived areas of the Scottish Borders (Burnfoot) was submitted in 2023. However, due to budget cuts announced in February the funding application didn't progress past stage 2.

Rural Key Workers Housing Fund

Out with the National Acquisition Programme, up to £25 million has been made available from within the Affordable Housing Supply Programme budget over 2023 to 2028 for the Rural Key Workers Housing Fund. The funding enables local authorities and Registered Social Landlords to purchase existing suitable properties in rural areas which can be rented directly or leased to employers to provide affordable homes for key workers. This can include bringing empty properties back into use or acquiring properties on the open market to increase the available supply of affordable homes for key workers.

At present, this fund had not been used in the Scottish Borders but SBC and RSL partners continue to look for opportunities to utilise this fund.

Gypsy/Traveller Accommodation Fund 2021-26

The Scottish Government have provided up to £20 million for the Gypsy/Traveller Accommodation Fund over 5 years – 2021-26. Projects will be jointly funded by Local Authorities. As of August 2024, nearly £15m of the Gypsy/Traveller Accommodation Fund has been spent or committed as planning assumptions for 2021-25 to allow Councils to progress demonstration projects.

While there has been no confirmation of funding for 2025/26 yet, £6m has been identified for continued support to projects in 2024-25. This allows for the completion and evaluation of current projects, consolidating progress.

Future Scottish Government funding support for Gypsy/Traveller accommodation is expected to be accessed through the Affordable Housing Supply Programme (or a successor housing programme) in the next Parliamentary term i.e. from 2026-27 onwards. Scottish Government are working with COSLA s on the detail of how this will work in practice and will be informed by the evaluation of the Gypsy/Traveller Accommodation Fund demonstration projects.

SBC's Empty Home Grant

The Empty Homes Grant Scheme was created to address the issue of vacant residential properties in the Scottish Borders. It aims to alleviate housing pressures and revitalize neighbourhoods by providing financial support for renovations and repairs.

As of December 2023, there are 46,217 empty homes in Scotland, with 28,280 empty for over 12 months. Empty homes can lower property values, increase vandalism and crime, and represent missed opportunities for affordable housing. The Scottish Government's 20-year Housing Strategy emphasizes tackling empty homes as part of meeting housing demand.

In the Scottish Borders, as of July 2024, there are 1,451 homes empty for over six months, with 1,020 empty for more than 12 months. An Empty Homes Officer, recruited in 2021, supports owners in bringing properties back into use.

An initial £500k was allocated to provide grants to owners of empty homes for significant refurbishments. Homes must be empty for at least one year, with grants capped at £25,000 per home. Owners must rent the property at Local Housing Allowance (LHA) rates for five years or occupy it themselves. The scheme supported 19 projects with a total grant allocation of £467,244. The grant unlocked additional refurbishment investment of over £1.4 million.

The Empty Homes Grant Scheme has made a meaningful contribution to tackling the issue of empty homes in the Scottish Borders. Its success highlights the importance of continued investment and strategic support to ensure that more vacant properties can be transformed into valuable housing assets for our communities. A report is being taken to committee to propose a continuation of the grant scheme.

9. Equalities

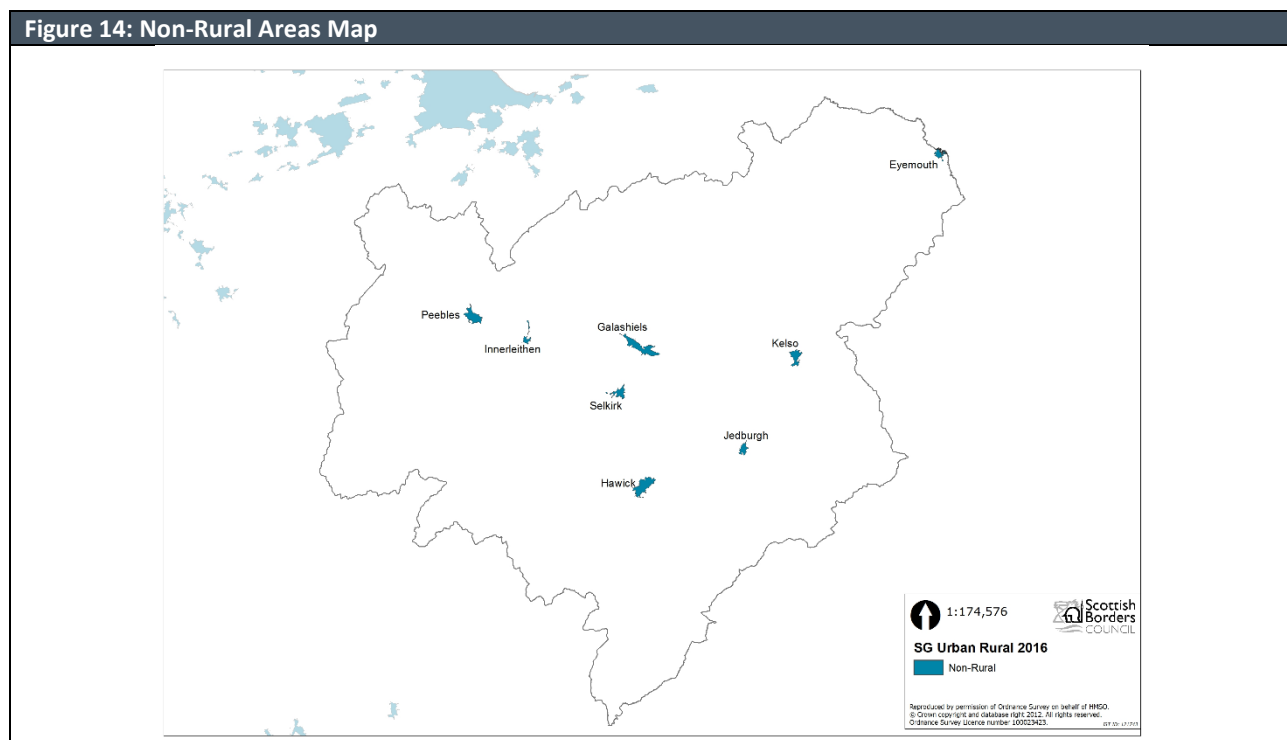
A good supply of high-quality affordable housing is a basic requirement and fundamental in ensuring the effective delivery of a number of the National Outcomes, particularly Outcome 7 “We are tackling the significant inequalities in Scottish Society”. Figure 2 on page 8 sets out our Local Housing Strategy 2023-2028 Strategic Outcomes, the first of which is “More homes in well designed, sustainable communities that increase opportunity for all and support our economy to thrive”.

9.1 Impact Assessments

Rural Proofing

Rural Proofing is designed to help ensure that the needs of rural areas are fully taken into account in the development of all new Scottish Borders Council policies and strategies. Rural Proofing aims to check that rural areas are not overlooked, or adversely affected, by Council policy and strategy decisions. Some years ago, the Council developed a 10 question checklist, and this is applied to ensure that the needs of people who live in, work in, or visit rural areas within Scottish Borders are considered.

The SHIP Rural Proofing exercise was carried out in June 2024 as part of the development of the SHIP. It was determined that the delivery of this SHIP will not have an unforeseen impact on the rural area and that the needs of rural areas have been properly taken into account. Rural proofing applies to all areas of Scottish Borders classified by Scottish Government as ‘Remote Rural’ or ‘Accessible Rural’. In effect these definitions apply to all areas of Scottish Borders out with the towns of Galashiels/Tweedbank, Hawick, Peebles, Kelso, Selkirk, Jedburgh, Eyemouth, and Innerleithen. See Figure 14 below.



9.2 Equalities

In line with both Council policy and legislative requirement, the SHIP 2025-2030 update was subjected to an Integrated Impact Assessment (IIA). The IIA considers the Council’s Public Sector Equality Duty (previously covered by Equality Impact Assessment) and, where appropriate, the Fairer Scotland Duty. The outcome of

the Impact Assessment has identified no concerns about likely impact of the SHIP on any of the equalities groupings.

In accordance with Section 7 of the Environmental Assessment (Scotland) Act 2005 a pre-screening assessment of the SHIP 2025-2030 has been undertaken using the criteria specified in Schedule 2 of the Act. The pre-screening assessment identified no or minimal effects in relation to the environment hence the SHIP is exempt from SEA requirements under Section 7 (1) of the Act.

10. Monitoring and Evaluation

The SHIP Project Group continues to act as a steering group to monitor the delivery of the SHIP and is responsible for the ongoing review process. The group meets to align with the existing Quarterly Programme planning review meetings between the Council, Scottish Government's More Homes Division (East) and RSL representatives. New potential project opportunities are routinely assessed by the group using the Affordable Housing Project Priority Scoring Matrix and prioritised within the context of already prioritised affordable housing projects. Similarly, any changes in circumstances in those projects already assessed are reviewed within the same framework. This has allowed the Council and its partners to respond to dynamic circumstances and realise opportunities when they present. The overall monitoring of the delivery of SHIP is reported to Council and the Borders Housing Alliance on an annual review basis.

11. Summary

This SHIP submission has been prepared using a variety of funding arrangements including; Scottish Government Affordable Housing Supply Programme funding Allocation for 2024/25; Rural Housing Fund; RSL resources and borrowing; and Local Authority assistance through the use of Second Homes Council Tax, Affordable Housing Policy Developer Contributions, and strategic disposal of the Council's land. A creative and practical approach has been adopted in the preparation of this SHIP which has been developed from a continued confirmation of RSL financial capacity and assurance on the deliverability of projects. The Council and its RSL partners are confident that processes are in place which will enable the management of the delivery of the affordable housing programme to continue.

This SHIP submission outlines the delivery of 221 new affordable houses over the period 2023/24, anticipated delivery of 98 during 2024/25 and an aspirational 1,050 new affordable homes over the life of the SHIP 2025-2030. This SHIP will use £141.3m of the Scottish Government's Affordable Housing Program to deliver 1,050 units with RSL funding of £114.8m.

The delivery of more affordable homes will not only help Borders communities access affordable housing but will also contribute towards assisting the economic recovery following the Covid pandemic and Cost of Living Crisis.

The development of this SHIP 2025-2030 is in accordance with the current [Guidance issued by the Scottish Government](#) in June 2024. Methods of project prioritisation have been illustrated and constraints have been addressed through the SHIP development process and project prioritisation scoring matrix to ensure that proposed projects are deliverable. The SHIP also addresses the contribution that individual proposed projects will make to greener standards, energy efficiency, environmental standards and equality issues. The SHIP also reflects Scottish Borders Council's Council Plan and the vision and strategic outcomes of the Local Housing Strategy 2023-2028.

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