



# STRATEGIC HOUSING INVESTMENT PLAN (SHIP)

2021-2026





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## Foreword

I am pleased to present this 12<sup>th</sup> Strategic Housing Investment Plan (SHIP) which sets out proposed delivery of new affordable housing in the Borders during 2021-26. The impact of the Covid-19 pandemic has been considerable which has delayed programmed project site starts and completions with the closure of the Scottish construction sector from late March to July 2020. It is recognised that it will take many months before the industry is fully back up and running again with massive impacts on budgets and project programming. We welcome the high level of Affordable Housing Investment Programme funding being allocated in 2020-21, and the stability and support this provides to project and programme delivery to 31 March 2021, and the opportunities presented to the housing and construction sectors into the next Parliamentary period.



This plan has been produced through collaboration with Registered Social Landlords in particular, and demonstrates projects which can be delivered by 31 March 2021, and identifies additional projects some of which are capable of being brought forward in response to potential slippage or accelerated funding opportunities. This illustrates a very positive position throughout Scottish Borders, by working in partnership with locally active Registered Social Landlords to address local housing needs and stimulate the economy through site re-starts following the Covid pandemic.

These partnerships will help us deliver a range of affordable, safe, energy efficient and attractive homes and places, through extra care housing in Duns, Galashiels and Kelso, 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 ambitious proposals for up to 1125 new affordable Borders homes at a total estimated investment value in the region of £166m during 2021-2026. Together with the envisaged completion of 122 homes in 2020/21 means that around 1247 homes could potentially be delivered to Borders communities over the next 6 years, bringing the total investment figure closer to £183m over the period 2020/26.

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 2021-26 submission.

Councillor Mark Rowley

*Executive Member for Economic Regeneration and Finance*

If you would like any further information concerning Scottish Borders Strategic Housing Investment Plan, or have any comments to make on this report update, please contact Gerry Begg, Lead Officer, Housing Strategy, Policy and Development.

In writing at:                   Housing Strategy, Policy and Development  
  Scottish Borders Council HQ  
  Newtown St. Boswells  
  MELROSE  
  TD6 0SA

By telephone:                 01896 662 770

By e-mail:                     [housingenquiries@scotborders.gov.uk](mailto:housingenquiries@scotborders.gov.uk)

## 1. Introduction

Three years on from when the Minister first announced the *More Homes Scotland (MHS)*, overarching approach to support an increase in supply of homes across all tenures which would incorporate a variety of existing and new initiatives to help deliver its target of over 50,000 affordable homes by 2021. Scottish Government has already made a commitment to invest over £3billion in affordable housing in order to deliver these 50,000 homes over the lifetime of the current Scottish Parliament, with £843m being made available in 2020-21, which provides an Allocation of £16.972m to Scottish Borders area.

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 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 identified need in the Borders.

The affordable housing investment priorities detailed in this plan cover the period 2021-2026, and align with, and are consistent with the Council's Local Housing Strategy (LHS) identified priorities. 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 SHIP submission has been prepared in accordance with the current SHIP Guidance issued by Scottish Government in August 2019. It rolls forward the projects and planning horizons set out in the previous SHIP 2020-2025. It is updated by current information, following massive re-programming and revision of budgets due to the impacts of closure of the Scottish construction sector due to the Covid-19 pandemic, and subsequent re-starting the sector. To set this in context 13 affordable housing sites were closed [312 homes] and site starts were delayed for an additional 9 sites [199 homes]. It also sets how the Council and its partners have identified and prioritised projects that are capable of being delivered within the period 2021-26, 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 grant, Registered Social Landlord own resources and private sector borrowing other funding initiatives and the Council's own resources.

It also reflects the Scottish Government's aspiration to develop a range of funding arrangements, and through creative collaboration with partners identifying solutions to deliver extra care housing that addresses the housing needs of Scottish Borders growing older people population, and considers the requirements to increase supply of wheelchair accessible housing. The SHIP also seeks to identify projects that could be accelerated should additional funding become available, or where infrastructure issues and other challenges are resolved.

Since SHIPs were introduced, and submitted back in 2007, the Council and its partners have delivered 1,270 new affordable homes which include social and mid-market rent. Scottish Borders Registered Social Landlords (RSLs) collectively now have a stock profile of 12,109 affordable homes for social and mid-market rent. Following 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. Therefore as a stock transfer authority the Council relies on its partners to help it discharge its Statutory Homelessness Duty. The Council and its partners have developed a Rapid Rehousing Transition Plan (RRTP) which was submitted as required to Scottish Government by December 2018. This has been considered by Scottish Government. RRTP will be reflected in the Council's next Local Housing Strategy, and specific RRTP-related projects may be identified in future Scottish Borders SHIP submissions.

This is the Council's 12<sup>th</sup> SHIP submission, and since SHIPs were introduced, RSLs and other affordable housing delivery agents have adapted to a number of major challenges such as the changes in grant funding, funding mechanisms and changes in payment arrangements, the challenges posed due to the changes in market conditions following the financial crash, including being able to access private sector capital funding at acceptable terms and conditions. The Council and its partners have welcomed the significant increase in Affordable Housing Supply Programme funding and the opportunities presented through increasing affordable housing delivery to contribute towards the Scottish Parliamentary affordable housing target of 50,000 affordable homes despite tender price inflation issues. There is a fresh interest emerging in the housing sector to review the grant regime.

Resource Planning Allocations of £15.998m (2019/20) and £16.975 (2020/21) have been provided by Scottish Government to Scottish Borders. In addition, Scottish Borders was allocated an additional £3.377m from slippage in the national programme which brought the 2019/20 grant out-turn spend up to a record annual level of £19.375m. This SHIP 2021/26 has been framed by the current Scottish Government Guidance and the above Allocations. This level of Allocation, reflects the most recent increase in the RSL unit bench mark rate and provides certainty in resources in the face increasing unit total costs, which enables Borders RSLs to deliver their biggest and most ambitious affordable housing programme to meet identified need. Over recent years the lending market has eased considerably, which has enabled RSLs to access a wider range of lending products at terms and conditions which are more acceptable to them. In the context of the Covid situation easing and the economy, including the construction sector, getting back to work, Scottish Borders RSLs are well placed to deliver their biggest and most ambitious affordable housing programme to meet identified needs. Unfortunately the Covid pandemic has adversely impacted on the affordable housing programme by greatly reducing the numbers of homes which will be delivered by 31 March 2021, with completion of many of these homes being delayed and re-programmed for completion in 2021/22. Covid has also adversely impacted on the implementation of the new Planning [Scotland] Act and the introduction of new and improved planning processes to support the delivery of good quality housing, including delivery of affordable housing, although these forthcoming changes will not impact on the delivery of the affordable housing programme in the short term.



In preparing this SHIP 2021-2026, consideration has been given to priorities across sub areas and by tenure and house size, type which depend on a range of factors, including relative need, land availability and development constraints. Sustainable development ambitions have also been given consideration, and projects aligning with these ambitions are included in this SHIP. Work has started to consider the housing needs at a localities level to link with Community Planning processes. To illustrate this, the Housing Contribution Statement has been assimilated into the text of the current Scottish Borders Health and Social Care Integration Strategic Plan, rather than as a separate appendix. During 2018/19, an “Integrated Strategic Plan for Older People’s Housing, Care and Support Needs 2018-28” was developed and agreed by the Council and Integrated Joint Board (IJB). Governance arrangements have also been further developed and to oversee the delivery of the 4 workstreams envisaged in this Strategic Plan as part of the new Older Peoples Strategy Board governance arrangements. In 2019, consultants also provided their final report of their study to consider the Housing Needs and Aspirations of Borders Young People. This is being considered by the Council, IJB and Community Planning partners, and in particular stakeholders with economic development interests.

More recently in January 2020 consultants also provide their final report “Space to live – Wheelchair accessible housing in the Scottish Borders”. It is envisaged that both these reports will influence investment priorities for affordable housing which will be included in future SHIP submissions. In particular the latter report provided an evidence base for the Council’s proposed annual wheelchair accessible housing 20 home target, of which 15 will be provided by RSLs. It is envisaged that these homes will all be built to Housing for Varying Needs – Wheelchair Housing Standard.

This SHIP 2021-2026 has been developed in collaboration with key Council services including, Planning, Assets and Infrastructure, Finance, Health and Social Care Services and, with a range of stakeholders of the SHIP Working Group including aligning housing priorities to reflect identified needs and commissioning intentions of the Scottish Borders Integrated Joint Board’s Strategic Plan. It is underpinned by Resource Planning Allocations and assumptions for the period 2021-2026 provided by Scottish Government and includes a range of funding mechanisms. It is also predicated on RSL financial capacity in order to raise complementary private funding via borrowing through a range of available lending products. The Council will also use its affordable housing funding sources such as Second Homes Council Tax, and Affordable Housing Policy Developer Contributions and strategic disposals of Council owned land and/or buildings to assist delivery of planned and future affordable housing projects.

This SHIP 2021-2026 update rolls forward the previous 2020-2025 SHIP 5-year planning horizon for a further year to 31 March 2026, and remains underpinned by the SESPlan Housing Needs and Demand Assessment 2, and takes cognisance of the current Scottish Borders Local Development Plan 2016, and work being done to inform the new Local Development Plan 2, which will guide future development for the period 2021/2026, and work done to contribute to the South East of Scotland Plan (SESPlan). It illustrates how a variety of funding mechanisms can be drawn upon in order to ensure and maximise project delivery in order to meet the affordable housing targets and contribute to the outcomes set out in the Council’s Local Housing Strategy 2017-2022 (LHS), and meet the Housing Supply Target of 128 additional affordable

homes per year. The SHIP 2021/26 is a realistic, resource based operational plan that sets out how, when and where the Council and its partners propose to deliver identified housing investment priorities in the Scottish Borders over the next five years.

The SHIP Project Working Group remains the Council's key working group responsible for overseeing the development and delivery of the SHIP and the ongoing review and evaluation process. This includes the identification and prioritisation of sites for inclusion and monitoring delivery of affordable homes against the Scottish Borders Local Housing Strategy target of 128 homes per year. The group includes the following key stakeholders: SBC Housing, Planning and Assets and Infrastructure and RSLs who link in with SEPA, Scottish Water, Scottish Gas, Homes for Scotland, the Rural Housing Service, the local construction sector and the Scottish Rural Property and Business Association.

The Council and its partners are optimistic that through effective partnership collaboration, resources allocated can be fully spent in order to deliver the projects set out in this plan. Projects have been identified which could potentially be accelerated in order to manage slippage in the programme, and potentially attract and spend additional grant in the event that infrastructure issues and other challenges can be resolved. Given the challenges of the necessary lead-in timescale for project delivery, individual project proposals are normally prioritised accordingly and best estimate provided for year of completion. Notwithstanding the projects identified, work continues to identify new potential development opportunities and these will be explored and brought forward when feasible and with regard to available resources.

Berwickshire Housing Association, Eildon Housing Association and Scottish Borders Housing Association are the local developing Registered Social Landlord (RSL) partners that play a key role in the delivery of affordable housing projects across the Scottish Borders. Although being a long-standing contributor to the SHIP process for the past decade, SHIP 2019-2024 saw a proposed housing-led regeneration project from Waverley Housing included SHIP for the first time. This followed the conclusion of the master-planning exercise for part of Upper Langlee in Galashiels focussing on the Beech Avenue area. Details of this regeneration project feature further on in this SHIP document (pages 24-25).

As a result of the selection process in 2016, Eildon Housing Association and Trust Housing Association are the two RSL partners selected to work in partnership with the Council to ensure efficient and effective delivery of Extra Care Housing developments in a number of main Borders towns. The first 2 such developments are now under construction at Todlaw Duns and Langhaugh [Wilkie Gardens] Galashiels. The Kelso project was delayed due to Covid, and re-programmed for site start in November 2020.

The Extra Care Housing Board, established in 2016 includes representatives from Health & Social Care, SBC Finance, Assets and Infrastructure, Planning, Housing, and the above two RSLs, remains the key governance arrangement to ensure the delivery of the extra care projects. With the completion and launch of the "Integrated Strategic Plan for Older People's Housing, Care and Support 2018-28", new governance arrangements sees this Board continue, but renamed as a Working Group, with a widened remit reporting

directly into the new Older Peoples Strategy Board, and in turn to the Council and the Integrated Joint Board.

In addition, the new Older Peoples Strategy Board will provide oversight of the delivery of other workstreams and new initiatives such as Technology Enabled Care and service reform, and exploration of the "Care Village concept". "The Integrated Strategic Plan for Older Peoples Housing Care and Support 2018-28" also identified the issue of 'not fit for purpose' older person's housing. Council Housing Strategy staff have met with all the RSLs with affected housing stock regarding this issue, most of which are developing their respective asset management and investment strategies. Therefore it is envisaged that affected RSLs will bring forward future project proposals to address these issues through potential modernisation and/or remodelling in due course. Eildon Housing Association has two such projects in this SHIP, i.e. Elm Court Hawick and Miller House Melrose. In addition this SHIP also introduces proposals by Eildon to provide four new Amenity Houses via remodelling of the former Council-operated Day Care Centre at Eildon's Oakwood Park older peoples housing development in Galashiels. In addition, whilst not included as projects in this SHIP, Berwickshire and Cairn Housing Associations are exploring potential remodelling opportunities for their developments at Gowanlea Coldstream and Abbotfords Court Galashiels respectively.

The funding resources required and available to deliver the investment priorities are outlined in Section 7 Table 12 (page 50) and are set out in Appendix 5. The SHIP does not address unsubsidised private sector market housing, however it is recognised that new private sector house building makes a significant contribution to the local economy and to communities' sustainability, as well as meeting a wider housing need in communities. Development of a Housing Supply Strategy is being progressed in an effort to identify impediments to delivery and encourage a greater diversity in supply to meet the broader housing needs across Borders.

It is now 8 years since Scottish Borders Council Members considered a Final Business Case and approved proposals for new affordable (Mid-Market Rent) housing in the Borders. This Council-led Affordable House programme was delivered via the National Housing Trust/ Local Authority Variant (NHT) model in partnership with the Scottish Futures Trust and the Scottish Government in order to provide additional affordable housing that helped meet an established social need whilst sustaining and creating construction sector jobs, and stimulating the economy in the Borders. This led to the creation of Bridge Homes as a limited liability partnership (LLP) to deliver and own the housing delivered via the initiative.

The programme was made possible by the Council being given consent to borrow from the Public Works Loan Board and was underpinned by a Scottish Governmental rental guarantee to support the delivery of these additional new homes for affordable mid-market rent. All of the properties have been built to current Scottish Building Standards as a minimum, with a number being built to Housing for Varying Needs Standard, and have been acquired in key strategic areas where there was a need and demand for this type of affordable rent. Despite some interest from the house building sector, due rising costs and unrealistically high land price expectations increasingly made it difficult to deliver more new homes within the financial

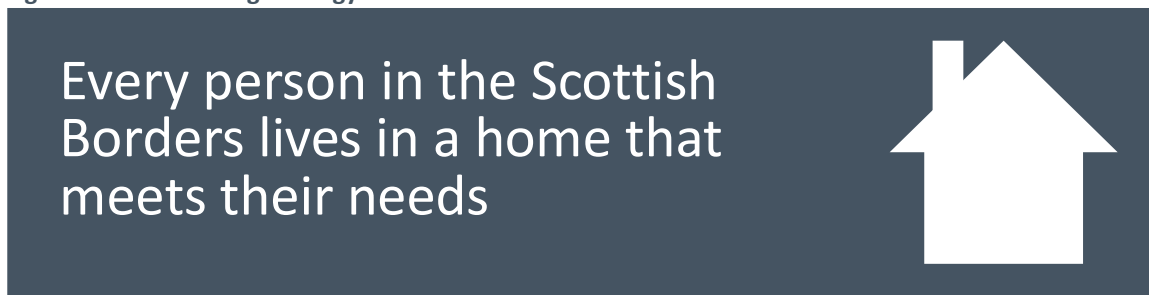
viability parameters despite an initiative extension to 31 March 2019. During 2018/19, Bridge Homes acquired four flats at Hydro Gardens Peebles and five houses at Washington Avenue, thereby bringing the total number of homes delivered via this initiative to 54. Council Officers are in discussion with key partners and Scottish Government seeking to explore disposal options for the Bridge Homes properties, including the potential option of them remaining in the affordable rented sector in perpetuity.

Tweedside LLP is the Council's original National Housing Trust LLP. In 2016 the Council agreed that Eildon Housing Association would be its nominee to take on ownership of the properties as its exit strategy for the disposal of the Tweedside LLP properties. After the fifth anniversary of their completion, October 2018 saw the completion of the transfer of Tweedside LLP's remaining homes at James Hogg Court to Eildon Housing Association, thereby keeping them in the affordable rented sector in perpetuity. Scottish Futures Trust led the work which culminated with the Tweedside LLP being wound up in August 2020.

## 2. Local Housing Strategy Outcomes and Targets

The Council's five year Local Housing Strategy (LHS) 2017-2022 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 128 as well as identifying housing for the growing ageing population as a priority to be addressed.

Figure 1: Local Housing Strategy Vision



The Local Housing Strategy 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 make a contribution to the Scottish Government's vision for housing 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 2' (HNDA2) and Housing Supply Target which estimated that 348 new houses would be required each year in the Scottish Borders, of which 128 should be affordable. Therefore, the agreed vision is that "every person in the Scottish Borders lives in a home that meets their needs" and this includes affordability, quality, energy efficient and location, see Figure 1 above.

To develop and build up the Local Housing Strategy (LHS) 2017-2022 the Council worked in collaboration with a wide range of partners to assess local needs, agree priorities 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. The Strategy was developed and co-produced in accordance with the Scottish Government’s then current published LHS Guidance (2015), and was informed by a number of current existing plans and strategies and it is underpinned by the South East of Scotland Strategic Development Plan Housing Needs and Demand Assessment (SESPlan HNDA2) 2015, and reflects the Scottish Borders Local Development Plan.

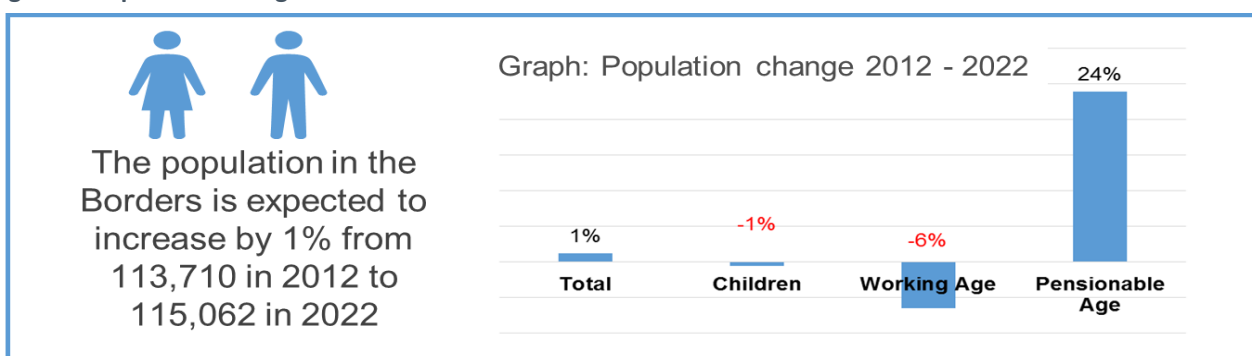
Figure 2 below sets out the Local Housing Strategy’s four Strategic Outcomes. The affordable housing project priorities identified in this SHIP are consistent with these strategic outcomes which, are aligned to the Scottish Government’s National Health and Wellbeing Outcomes.

Figure 2: LHS Priority Outcomes



Housing is at the heart of independent living, and having appropriate housing in place to keep people living independently for as long as possible was identified as a strategic priority in the LHS. Figure 3 below shows the Scottish Borders projected increase in the older population as 24%, which is 3% higher than the comparable increase across Scotland.

Figure 3: Population Change

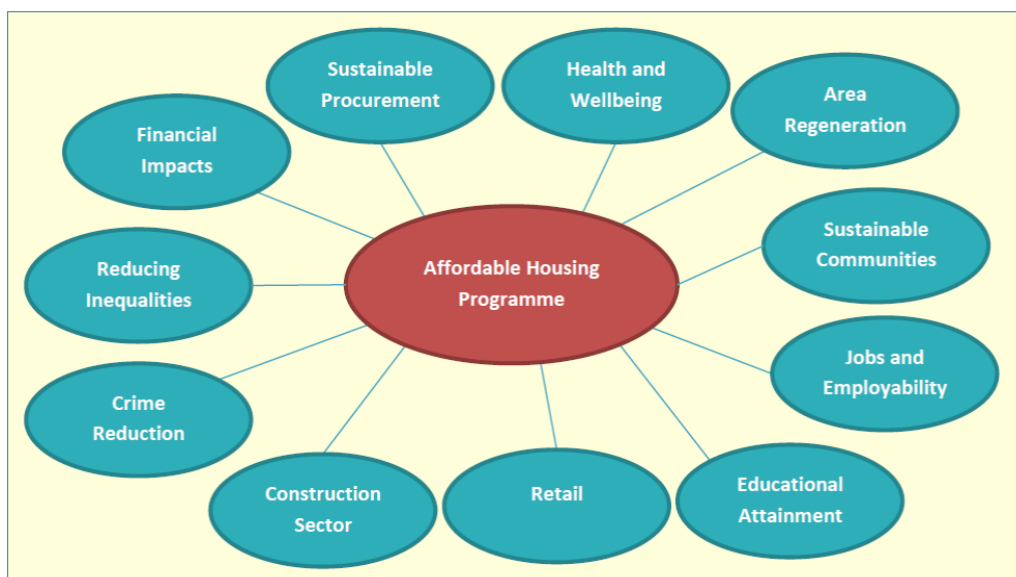


Recognising the size and scale of housing and service challenges arising from the projected demographic changes and increasing numbers of older people, 2018 saw the development and launch of the “Integrated Strategic Plan for Older People’s Housing, Care and Support 2018-2028” underpinned by the projected growth in the number of older people living in the Borders which is likely to increase demand for specialist housing. This new ambitious plan sets out a vision where older people will have greater choice in terms of

where they live, and the services they can access. In order to address some of this need there will be an increased focus on the types of affordable housing (including wheelchair accessible) provision in this and future SHIPs.

Figure 4 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. It helps support the local construction industry and provides a funding stimulus into the supply chain and also supports with the Council’s new Corporate Plan for 2018-2023 called ‘Our Plan and Your Part in it’ (which was approved at the Council meeting on 20 February 2018) aligning strongly with the themes “Supporting independent, Achieving People” and “Developing Empowered Vibrant Communities”. It also links in with the objectives set out in the Council’s Scottish Borders Economic Strategy 2023 by helping “create the conditions for businesses to compete and build on our assets”.

**Figure 4: Housing’s Contribution to Social and Economic Wellbeing of the Borders**



The Scottish Health and Inequality Impact Assessment Network (SHIAN) report published in June 2017 confirms the positive impacts that the new affordable housing has on health and wellbeing for particular groups and communities. These findings align with previous research evidence that also showed that 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 also influence the distribution of wider environmental influences on health, such as the availability of work, education and good quality housing.

The SHIAN 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 aim to 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) and Energy Efficiency Standard for Social Housing (ESSH and ESSH2). Eildon Housing Association are currently progressing delivery of a number of low and zero carbon new build housing projects through their “Green House Pilot” action based research initiative. This is in direct response to the increasing risk of Scottish households falling into fuel poverty, and this is detailed on pages 33 and 34.

There are also direct linkages with the Scottish Borders Economic Development Strategy and Corporate Plan, called ‘Our Plan and Your Part In it’.<sup>1</sup> Delivery of the SHIP also links and supports the Council to deliver on its ‘Connected Borders’ Vision for delivering better communities in the next 5 years (2017 – 2022) helping our communities to have the skills, ambition and sense of purpose to lead the Scottish Borders into the future, a future that delivers economic growth and sustainable development, a future that builds our communities into strong, energetic towns and villages.

Figure 5: Connected Borders Vision for Delivering Better Communities



Under the Community Empowerment (Scotland) Act 2015 the Scottish Government has made it a requirement 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 LOIP’s Community Plan’s ambition to improve the quality of life for all who live in the Scottish Borders through working together with our communities and through partnership action. Figure 6 illustrates the outcomes of the Community Plan. It is considered that the affordable housing

<sup>1</sup> Our Plan and Your Part In it

programme envisaged in this SHIP will make a large positive contribution to delivery of LOIP by achieving many of its outcomes and have a direct benefit in reducing inequality for many people living in the Scottish Borders.

**Figure 6: LOIP Outcomes**

<b>OUTCOMES by Theme</b>
<b>Our Economy, Skills &amp; Learning</b>
More people working more productively for higher wages
More business people benefitting from greater investment and better support for their new and existing businesses, particularly in key growth sectors
More highly skilled workers
More people shopping, visiting and spending in local town centres
More people benefitting from better connectivity
More LAC (looked after and accommodated) children and young people in positive and sustained destinations
More children, particularly those living in poverty, achieving higher levels of attainment
<b>Our Health, Care &amp; Wellbeing</b>
More people in good health and leading an active lifestyle at every age and stage of life
More people in good mental health at every age and stage of life
Improved support and care for older people
<b>Our Quality of Life</b>
Fewer people experiencing violence (incl. domestic abuse)
Fewer people experiencing anti-social behaviour (ASB)
Fewer people killed or seriously injured on our roads
<b>Our Place</b>
More people able to afford to heat their homes
More people living independently in affordable and sustainable homes

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 too adequate, safe and affordable housing by ensuring integrated inclusive and sustainable settlement, 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 at its meeting of 25 September 2020, the Council committed to setting a target as soon as possible for achieving a reduction in the Council’s carbon emissions which is at least consistent with the Scottish Government target of net zero by 2045, and the intermediate targets set out in the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019. The Councils Planning and Building Standards will reflect the developing public policy positions nationally and locally.

Beyond the provision of affordable housing for social rent, the Scottish Borders general house building position over recent years has 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. Albeit there has been some market recovery elsewhere in Scotland and the UK, the Scottish Borders housing market remains worryingly sluggish with annual house sales and completions less than those prior to the financial crash.

In addition, this is also evidenced by the number of new homes built on average each year. In 2013-2014, 288 homes were completed, rising to approximately 370 in 2015-2016, dropping again to 309 in 2016-2017,



dropping further to 250 in 2017-2018, and 2018-2019 saw just 220 houses being built. These figures include the affordable housing completions in those years. These can be contrasted to 717 new homes being delivered when the market was at its peak in 2006-2007 when only 60 of these were built for social rent, whereas 130 of last year's 220 were for social rent. 2019/20 all tenure house completion figures are not available at the time of writing.

### 3. Affordable Housing Delivered 2019-2020

Table 3 of the previous SHIP 2020-2025 envisaged that there would be 126 affordable housing completions for the period April 2019 – March 2020 set against a new identified affordable housing target of 128 additional affordable homes per year.

Table 1 below sets out affordable housing delivery for the period 2019-2020, which shows that a total of 141 additional affordable homes were delivered during that financial year thus exceeding the LHS target of 128. Of the above 141 homes delivered, 119 homes are for affordable rent through new build, remodelling and acquisitions by Registered Social Landlords. Of these five were built to wheelchair standard and three were built to Passivhaus standard. The Scottish Government provided additional funding of £0.700m to assist purchase of 14 homes via the Open Market Shared Ownership mechanism. In addition Scottish Government's Rural Housing Fund enabled 2 private sector parties to deliver 8 homes for Mid-Market Rent.

All the envisaged RSL completions for 2019/20 completed as expected, apart from Eildon Housing Association's remodelling of the former St. John's Manse Galashiels, whose completion was delayed due Covid related site closure. Two Eildon Housing Association developments at Craigpark Gardens Galashiels and High Street Selkirk were nominated for the Scottish Home Awards 2019 for "Housing development of the year – Social Rent", with the latter winning the award.

**Table 1: Project Completions for 2019-2020**

RSL	Project Name		Supplier	Units GN	Units PN	Units Total	Status Update as at 31/03/2020
BHA	The Glebe	Chirnside	HA Rent	24	1	25	Completed
EHA	Todlaw Phase 4	Duns	HA Rent	22	5	27	Completed
EHA	High Street	Selkirk	HA Rent	10	0	10	Completed
EHA	Howdenburn	Jedburgh	HA Rent	24	4	28	Completed
EHA	Station Yard	Cardrona	HA Rent	17	0	17	Completed
EHA	Springfield Terrace	St. Boswells	HA Rent	3	0	3	Completed
EHA	Individual House Purchase		HA Rent	0	1	1	Completed
EHA	Individual House Purchase		MMR	1	0	1	Completed
SBHA	Individual House Purchase		HA Rent	1	0	1	Completed
WH	Howdenburn	Jedburgh	HA Rent	4	0	4	Completed
WH	Individual House Purchase		HA Rent	2	0	2	Completed
RHF	Cessford Farm Cottages	Cessford	MMR	6	0	6	Completed
RHF	The Glen	Innerleithen	MMR	2	0	2	Completed
OMSE	Open Market Shared Ownership		Shared Equity	14	0	14	Completed
<b>Total</b>				<b>130</b>	<b>11</b>	<b>141</b>	

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 small numbers of individual house purchases concluded annually through this assisted purchase opportunity within Scottish Borders, despite efforts by Council Officers to work in partnership to promote it. Whilst it is good to see continued uptake in the scheme, but notwithstanding eligibility changes, it remains unclear why the numbers of assisted sales concluded through use of this scheme continues to be relatively low in Scottish Borders when compared to other nearby Council areas. Officers are in liaison with Link Housing Association, who are the scheme managing agents, in order to better understand why this should be the case. Table 2 below shows the locations where OMSE purchases have been concluded over the last 5 years.

**Table 2: Scottish Borders OMSE by Settlement 2015/16 to 2019/2020**

	2015/16	2016/17	2017/18	2018/19	2019/20	Total
Ayton				2		2
Berwick-Upon Tweed			1			1
Chirnside	1	2	1			4
Coldstream			3		1	4
Duns	1		1	1	2	5
Earlston			1			1
Eyemouth	3	7	7	4	2	23
Galashiels	1	7	7	4	5	24
Hawick	1	2	3	2		8
Innerleithen	1	2		1		4
Jedburgh			3	1		4
Kelso	2	3	4			9
Lauder				1		1
Morebattle				1		1
Newtown St Boswells		2		1		3
Peebles			3			3
Selkirk	1			3		4
Stow					1	1
Walkerburn					2	2
Westruther					1	1
Whitsome				1		1
<b>Total</b>	<b>11</b>	<b>25</b>	<b>34</b>	<b>22</b>	<b>14</b>	<b>106</b>

Source: Scottish Government 2020

The 14 OMSE-assisted purchases concluded in 2019/20 were made possible by Scottish Government estimated funding of £0.700m, which was additional to the £19.375m Affordable Housing Supply Programme funding out-turn spend for 2019/20. 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. Current available information indicates only 3 OMSE-assisted purchases concluded in 2020/21 to the end of September 2020.

It is considered that this limited number is due to the adverse impact of the Covid pandemic on the operation of housing market and wider economy.

Figure 7 below shows images of some of the affordable housing projects which completed in Scottish Borders during 2019-2020. These are (top left to right) Station Yard Cardona, which is a developer-led project with all 17 homes being built for Eildon Housing Association. Somerville Way Jedburgh, which is a developer-led project which delivered 28 and homes for Eildon Housing Association and Waverley Housing respectively, High Street Selkirk, which delivered 10 new build flats through demolition and redevelopment of site of a prominent long term empty building via Eildon Housing Association, Cessford Farm Cottages, which brought 6 long term empty farm cottages back into use, Millar Court Duns and The Glebe Chirnside, which are both new build developments on greenfield sites by Berwickshire Housing Association which delivered 27 and 25 homes respectively.

**Figure 7: Affordable Housing Developments Completed 2019 - 2020**



### 3.1 Development Project Status Update as at 30<sup>th</sup> September 2020

As a result of the Covid-19 pandemic and the resultant closure of construction sites, and delaying planned project site starts, together these factors have had a massive impact on project delivery timescales, with many planned project completions slipping into 2021/22. Inevitably it has taken some time for the construction, manufacturing and supply sectors to re-mobilise and work towards delivery of planned projects. That aside, the Council and its partners are confident that they are back on track to deliver an estimated 122 new homes during 2020-2021, and Table 3 below sets out these projects below.

**Table 3: Estimated Project Completions in 2020-2021**

RSL	Project Name		Tenure	Units GN	Units PN	Completions anticipated by March 2021 - Total Units
BHA	Springfield Phase 1	Duns	HA Rent	27	2	29
BHA	Springfield Phase 1B	Duns	HA Rent	2	-	2
EHA	Oakwood Park	Galashiels	HA Rent	-	4	4
EHA	St. John's Manse	Galashiels	HA Rent	-	3	3
EHA	South Park	Peebles	HA Rent	18	-	18
EHA	Thirlestane	Lauder	HA Rent	9	-	9
SBHA	Heriot Field	Oxton	HA Rent	4	-	4
Trust	Todlaw [ECH]	Duns	HA Rent	-	30	30
Trust	Todlaw [Amenity]	Duns	HA Rent	-	19	19
WH	Individual House Purchase		HA Rent	4	-	4
<b>Total</b>				<b>64</b>	<b>58</b>	<b>122</b>

It should be noted that this estimate does not include other affordable housing delivered through other private sector-led mechanisms. With continued effort to promote the Open Market Shared Equity Scheme it is hoped that there will be additional affordable homes purchased via this mechanism. However as noted above, there have been three OMSE assisted purchases confirmed to 30 September 2020.

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 4 below provides a position statement on the progress of all projects in the SHIP 2020/25, and Strategic Local programme Agreement (SLPA) at 31 March 2020.

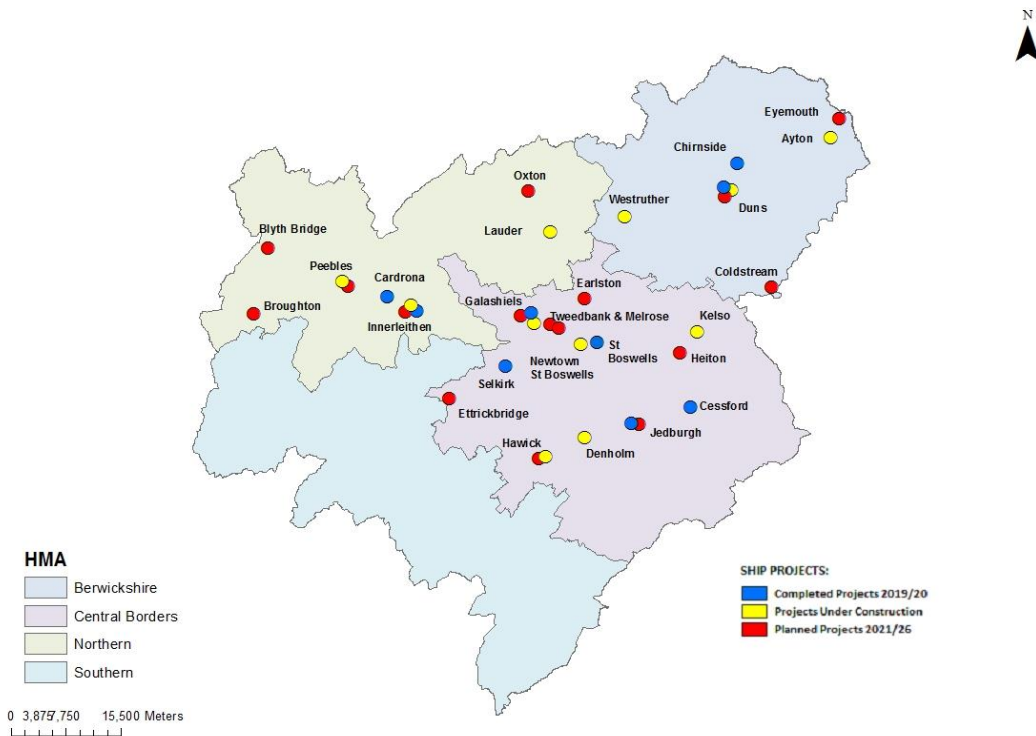
**Table 4: Project Position Status from SHIP 2020/25 and Strategic Local Programme Agreement at 16 Sept 2020**

RSL	Project Name		Units General Need	Units Part. Need	Position Update
BHA	Springfield Phase 1	Duns	27	2	Under construction
BHA	Beanburn Phase 1	Ayton	21	10	Under construction
EHA	Ex St. John's Manse	Galashiels	-	3	Under construction
EHA	Springfield Terrace	St. Boswells	3	-	Complete
EHA	Angraflat	Kelso	49	-	Under construction
EHA	Edgar Road	Westruther	10	-	Pre site start
EHA	Huddersfield Street	Galashiels	27	7	Under construction
EHA	Langhaugh ECH	Galashiels	-	39	Under construction
EHA	Sergeant's Park	Newtown St Boswells	63	-	Under construction
EHA	Thirlestane	Lauder	9	-	Under construction
EHA	South Park	Peebles	18	-	Under construction
EHA	Jedward Terrace Phase 2	Denholm	12	-	Pre site start
EHA	St. Aidans	Galashiels	21	-	P/App lodged
EHA	Peebles Road	Innerleithen	9	-	Pre site start
EHA	Springwell Brae	Broughton	10	1	P/App lodged
EHA	The Valley	Selkirk	4	-	P/App lodged
EHA	Elm Court	Hawick	21	-	Under construction
EHA	High St/Market Place	Jedburgh	4	-	Acquisition negotiations
SBHA	Heriot Field	Oxton	4	-	Under Construction
SBHA	Glensax Road	Peebles	6	-	Under construction

RSL	Project Name		Units General Need	Units Part. Need	Position Update
SBHA	Tweed Court	Kelso	12	-	Under construction
Trust	Todlaw [ECH]	Duns	-	30	Under construction
Trust	Todlaw [Amenity]	Duns	-	19	Under construction
RHF	Kirkhope Steading	Ettrick Bridge	5	-	Consent granted
BHA	Hillview/Priory Bank	Coldstream	12	-	Design stage
EHA	Miller House	Melrose	-	5	Rehousing tenants
EHA	Tweedbridge Court	Peebles	22	-	Pre site start
EHA	Ex High School	Earlston	52	12	P/App lodged
EHA	Ex High School Phase 1A ECH	Kelso	-	34	Pre site start
EHA	Ex High School Phase 1B	Kelso	16	2	Pre App
EHA	Coopersknowe	Galashiels	63	6	Pre Site start
SBHA	Queensway	Earlston	6	-	P/App withdrawn
SBHA	Tarth Crescent	Blyth Bridge	6	-	Option appraisal
SBHA	Hartrigge Road	Jedburgh	11	-	Option Appraisal
SBHA	Mossilee	Galashiels	5	-	P/App withdrawn
SBHA	St. Dunstans	Melrose	8	-	Option appraisal
Trust	Ex High School	Eyemouth	-	36	Pre Planning App
BHA	The Avenue	Eyemouth	12	-	Design stage
BHA	Ex High School	Eyemouth	34	-	Design stage
EHA	Stirches Phase 1 ECH	Hawick	-	40	Design stage
EHA	Stirches Phase 2	Hawick	-	12	Design Stage
Trust	Primary School site	Eyemouth	-	10	Pending
WH	Beech Avenue Phase 1	Galashiels	30	6	P/App lodged
EHA	Allanbank	Lauder	25	-	Project aborted
EHA	Main Street	Heiton	8	-	Site negotiation
SBHA	Angle St/ Miller Street	Innerleithen	6	-	Pending
WH	Beech Avenue Phase 2	Galashiels	36	-	P/App lodged
BHA	Springfield Phase 2	Duns	27	-	BHA acquired site
EHA	Woodside	Galashiels	3	-	Re-design
EHA	Ex College site	Galashiels	46	4	Feasibility study
EHA	Lowood Phase 1	Tweedbank	30	-	Pending
WH	Beech Avenue Phase 3	Galashiels	37	-	P/App lodged
EHA	Buckholm Corner Phase 1	Galashiels	11	-	Pre site start
EHA	Buckholm Corner Phase 2	Galashiels	69	-	Design stage

Figure 8 shows the locations where developments were completed during 2019-2020 and to date, and where there are developments under construction, and planned or proposed for delivery during the period 2021-2026.

Figure 8: Completed Developments 2019-2020 to date, Under Construction, and Planned/Proposed for 2021-2026



Back in 2009, a locality planning approach for the development of priority areas was established to address local needs and issues and was introduced in SHIP, which at the time provided the catalyst to develop both the Peebles and Hawick Housing Strategies. The delivery of the Tweed Bridge Court project will complete the redevelopment of the last remaining site included in the Peebles Housing Strategy. Eildon Housing Association has acquired the site from Blackwood and has demolished the original largely flatted development which occupied the site. Planning Consent has been granted for 22 new build homes, with a re-programmed site start for November 2020, with estimated completion around November 2021.

Stonefield in Hawick was also recognised at that time as a being a local priority with the issues of poor housing quality, low demand, and the mismatch of available stock types and sizes all prevalent. Scottish Borders Housing Association’s Area Renewal and Modernisation Programme has addressed this, assisted by the AHSP grant assistance for demolition, new build and major reconfiguration work supported by the SHIP. After lengthy negotiations, SBHA secured the last remaining privately-owned flat at Block 5/6 in the regeneration area. This enabled demolition to be carried out in January 2020. SBHA have tidied up the site as an interim arrangement to allow time to consider the future need and demand in Hawick in order to inform potential development options and decisions in due course.

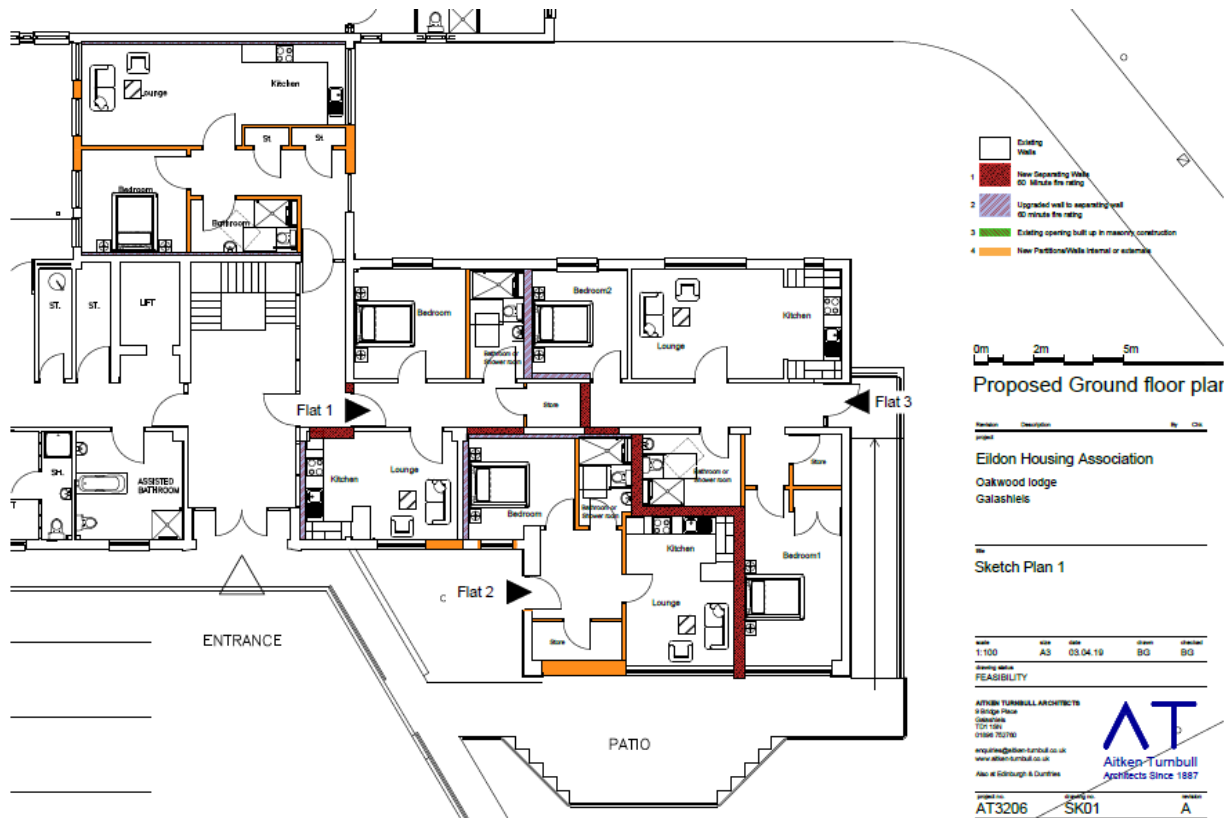
The “Integrated Strategic Plan for Older People Housing, Care and Support 2018-28” identifies a number of developments for older people across Borders that are “no longer fit for purpose”. In tandem with the development of this strategy Eildon Housing Association (EHA) have been considering the future of developments identified as such in the strategy. SHIP 2019/24 first saw the inclusion of the proposed remodelling of Eildon’s Elm Court development in Hawick. SHIP 2020/25 saw the inclusion of the proposed

remodelling of the original building at Millar House Melrose. This SHIP 2021/26 sees the inclusion of proposed remodelling of the former Council-operated Day Centre at Eildon's Oakwood Park development in Galashiels to provide 4 new Amenity standard flats, with estimated completion in March 2021.

Figure 9: Oakwood Park, Galashiels



Figure 10: Oakwood Park Galashiels proposed new flat layouts



As reported in SHIP 2019-2024 and 2020-2025, the Council has been working closely with Waverley Housing to consider suitable options for the future of an estate within the Upper Langlee area of Galashiels. The Council funded consultants to develop comprehensive detailed and costed, proposals via a master planning approach for the area focussing on Beech Avenue. The consultant's proposals received approval of Waverley Housing's Board on 21 June 2018. There are 229 homes in the study area, and the proposals envisage the demolition of 159 homes, refurbishment of 68 homes and revised provision of 109 new build homes which will better meet the needs of tenants and residents in the local community, and address future housing demand in the Galashiels area. Waverley Housing lodged the Planning Application for their new build proposals in June 2020.

**Figure 11: Beech Avenue Upper Langlee Galashiels – proposed new build housing images**



This is a high cost regeneration project with estimated costs in the region of £21.6m. This will be delivered over a number of financial years through a process including rehusing remaining tenants and demolition



of vacant blocks. Current thinking is that there will be three phases of follow-on new building which are set out in this SHIP 2021-2026. This proposed phasing may require to be reviewed with regard to available future Affordable Housing Supply Programme Allocations. These projects are being led by Waverley Housing and funded from a mix of anticipated Scottish Government grant funding, Waverley Housing's own funds and private finance borrowing. In 2018/19 the Council agreed to grant fund Waverley Housing up to £0.300m from its Second Homes/Council Tax budget to assist the acquisition of six privately owned "Right to Buy" properties in order to facilitate proposed demolition of the unpopular blocks. Waverley Housing have successfully negotiated the acquisition of these flats, and claimed the full grant from the Council in August 2020. Scottish Government have also been supportive in providing grant to Waverley Housing to facilitate individual house purchases of former public sector housing to assist with rehousing tenants from the demolition blocks. In addition, Waverley Housing is investing in a self-funded complementary programme which is underway to upgrade flatted blocks being retained in the adjacent area. There has been 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.

### **3.2 Resource Planning Allocations and Assumptions**

The Council's Resource Planning Assumptions (RPA) and Allocation was increased from £13.167 to £14.065m for 2018-2019, however slippage adversely impacted on delivery of a number of large projects. Despite best efforts to accelerate existing and new project opportunities to reduce the slippage, the annual outturn spend was circa £11.765m. The Council welcomed the Allocation of £15.998m for 2019/20, which was fully expended, plus an additional £3.377m funding secured, which more than off-set the £2.3m grant lost through slippage in 2018/19. The 2019/20 draft out-turn spend of £19.375m set a record Scottish Borders high annual grant spend. The Scottish Government Allocation to Scottish Borders for 2020/21 is £16.972m, which is the highest ever annual Allocation to the area. Together these Allocations have provided considerably more certainty in progressing Scottish Borders projects towards the delivery of the Scottish Parliament's 50,000 affordable home target, had it not been for the massive adverse impact of the Covid outbreak on the delivery of the affordable housing programme. Through working in partnership with locally active Registered Social Landlords and Scottish Government, the Council has identified a larger pipeline of projects than can be resourced through the above Allocation. Therefore the Council and its partners are keen to discuss any opportunities which might present to enable Scottish Government maximise the use of resources across the national programme. It is recognised that projects which cannot be delivered by 31 March 2021 will inevitably slip, and some may need to be managed and delivered within the constraints of future available resource Allocations.

Berwickshire and Eildon Housing Association have also previously secured approximately £4.6m charitable bond funding in lieu of Affordable Housing Supply Programme funding which was used to deliver projects at The Glebe Chirnside, High Street Selkirk and Somerville Way [Howdenburn] Jedburgh. These projects all completed in 2019/20 and provided 25, 10 and 28 homes respectively.

These increases in resources provide the Council and its partners with more certainty in developing and delivering an ambitious housing programme as well as enabling us to take forward the development of much needed extra care housing whilst also being creative in use of sites through strategic release of SBC owned land. In addition, and in collaboration with RSL partners, the Council seeks to be able to deliver an ambitious SHIP that has a positive economic impact to sustain jobs and create training opportunities, in collaboration with the Edinburgh and South–East Scotland City Region Deal Programme ambitions, and seeks to maximise opportunities presented within the railway corridor. To illustrate this, SHIP 2020-2025 included a proposed Phase 1 of affordable housing development at Lowood, Tweedbank which was acquired by the Council in December 2018. Consultative Draft Supplementary Planning Guidance has been developed and agreed by the Council. The public consultation exercise closed on 5 May 2020. However, due to the impact of Covid, it is likely to be autumn/winter 2020 before the reviewed and finalised Supplementary Planning Guidance can be referred to Members for approval.

The Council and its partners have developed this SHIP 2021/26 on the basis of an indicative grant of £72k per unit. However, through the SHIP and Quarterly Programming Group arrangements, projects have been identified that could potentially deliver 1125 new affordable homes over 2021/26 (see Tables 3, 7 and 7A pages 19 and 35). In addition, Table 8 on page 38 identifies 25 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. Most of these are developer-led or privately owned sites.

This is assuming that 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, and lenders continue to lend at rates and terms and conditions that are acceptable to RSLs, and there remains capacity with the construction sector through the period of economic recovery following Covid pandemic. However, the identified projects provide some reassurance that there are sufficient development sites that will ensure that future funding Allocations can be fully spent in the Scottish Borders, and could be used to support the case to potentially secure any slippage funding from elsewhere across the national programme. It should be noted that there may be other as yet unidentified and un-programmed Private Developer-led projects, OMSE and Discounted Sales that could potentially deliver additional affordable homes during the SHIP 2021/26 period.

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 instrumental in this process. The Council and its partners will continue to explore re-development and re-modelling opportunities arising from the development and implementation of the "Integrated Strategic Plan for Older People's Housing, Care and Support 2018-28".

## 4. 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 Funding (AHSP) allocations; the balance of the programme across sub areas including tenure and type, and are prioritised on a number of factors. These factors include; deliverability (including land ownership and the 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, Rapid Rehousing Transitional Plan and Child Poverty Action Plan have all been referred to in the project prioritisation process. The intention is to embed the Housing First approach in Scottish Borders Partners plans to ensure that there is enough affordable housing available. The SHIP 2019/24 previously introduced minor modifications to the prioritisation methodology, with the weighting revised to take cognisance of the "Integrated Strategic Plan for Older People's Housing, Care and Support 2018-2028". The Locality Plans also feature in the prioritisation process where account was taken of community aspirations if possible. 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.

### 4.1 Project Priority Assessment Tool

The Project Priority Assessment Tool is a project priority weighting 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. Deliverability, including financial capacity is still seen as key factors for considering the viability of a project and thus the 40% weighting is retained. The Strategic Fit section has been revised slightly to refer to also include the new all tenure wheelchair accessible housing target of 20 per annum, of which 15 should be RSL provided, following finalisation of the "Space to live – Wheelchair accessible housing in the Scottish Borders" consultant's report which provides a new baseline of evidence of need.

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 and 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 weighting matrix set out in table 5 on page 28 was developed as a mechanism to assess the priority of projects and RSL financial capacity and not for assessing project or revenue viability.

Assessment is carried out by a panel of representatives from the four main locally based RSLs and a senior Housing Officer from SBC. The process is facilitated by SBC 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 four 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 discussed and agreed by all parties.
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 5: Project Priority Weighting Matrix**

<b>Deliverability (40% weighting)</b>
1. Funding (RSL financial capacity and ability to front fund total project costs, is funding for new development contained within RSL Business Plans)
2. Land availability (is there an effective land supply? Is it available/ willing vendor?)
3. Project programme delivery (eg; is it an off the shelf project, implemented immediately)
4. Constraints (Legal/ infrastructure/ site/ planning/ flood risk/ industry capacity supply chain etc)
<b>Housing Need (25% weighting)</b>
1. As identified through SBC’s Housing Needs Assessment (HMA’s) –
2. Validated Source – (eg; RSL waiting list info, local community housing needs study, homelessness)
3. Equalities – Need identified for specialist provision (eg; extra care, wheelchair user; elderly, re-provisioning)
<b>Strategic Fit (30% weighting)</b>
1. Regeneration (Area regeneration/ brown field/ housing estate community regeneration/ re-provision)
2. Rurality (as defined by a population of 250 or less – this incorporates landward areas)
3. LHS Priority – (is it identified in the LHS 2017-2022)
4. Part of Existing Agreed strategy or Programme (e.g.; Extra care Housing Delivery Framework, and Rapid Rehousing Transition Plan.)
5. Links with other non-housing Strategies and policies (eg; Eyemouth High School, City Region Deal/ Railway Blueprint Corridor and Child Poverty Action Plan )
6. IJB Strategic Plan – Housing Contribution Statement
7. Support Town Centre Living Strategy
8. Does the project meet the conditions set out in Scottish Government’s Guidance Notes
9. Older peoples Integrated Strategic Plan
10. Locality Plans
<b>Impact (5% weighting)</b>
1. Social (is this project likely to have a positive social impact on the Community?)
2. Economic (what is the economic impact of this project likely to have)
3. Environmental (What will the environmental impact of the project be?)

Please note: each key criterion carries a possible score of 100.

Once the assessments had been carried out the scores are transferred to the Project Priority Assessment Tool model. This calculates out the summed and weighted scores for each project and then ranked each project by priority. The rankings from the Project Priority Assessment Tool in turn helped 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, eg; through the application of resource planning assumption.

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 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 weighting assessment exercise and project descriptions see Appendix 1

The AHPPWM has been applied to current commitments and proposed projects set out in tables 7 to 7D on pages 35 to 37. All projects identified in the SHIP have detailed project descriptors which are outlined in parts 1 and 2 of the Affordable Housing Project Priority Assessment exercise which is illustrated in Appendix 1. These provide individual site specific comment including; constraints, ownership, infrastructure, contamination, planning, land banking opportunities, recession impact, site access and an equalities impact assessment statement. 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 AHPPWM.

#### **4.2 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 on the basis of a five-year planning horizon and is underpinned by known available funding Allocations provided by Scottish Government More Homes Scotland as set out on page 25 and Resource Planning Allocations and Assumptions.

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 2". 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 Agreement and shadow programme arrangements. In the event that slippage occurs within Scottish Borders or elsewhere in the region, or additional resources be made available, we will continue to seek to identify projects which can be accelerated at every opportunity. This SHIP introduces 5 new projects. These are Whitefield Court

Newtown St. Boswells [SBHA], Lowood Tweedbank. [SBHA/Abourlour], Kirkhope Steading Ettrick Bridge [Ettrick and Yarrow Community Development Company and Huntlyburn BGH [Cornerstone]. Of these, only the 2 SBHA projects are dependent on Affordable Housing Supply Programme grant funding. A number of previously identified projects have been accelerated, and included in the Strategic Local Programme Agreement as a result of discussions between Council Officers, Scottish Government More Homes Division officials, and RSL representatives. These projects are set out in more detail in Appendix 1 / Part 3. This has enabled Scottish Borders grant slippage to be redistributed across other Borders projects and the grant Allocation to be fully spent, and in addition has enabled £3.377 additional grant to be secured from elsewhere across the national programme in 2019/20. Eildon Housing Association has indicated that it may consider potential “front-funding” arrangements where necessary in order to enable project delivery. 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 these will all be delivered, since these projects remain subject to normal design, financial viability, Planning Application and Statutory Consent processes.

## **5. Investment Priorities for Affordable Housing 2021-2026**

As with the previous SHIPs, this year following the Covid pandemic, 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 of our Affordable Housing Supply Programme allocation.

As mentioned previously in this SHIP, meeting the housing needs of older people is identified as a key priority for the Local Housing Strategy 2017-2022 which was launched in autumn 2017. The “Integrated Strategic Plan for Older People’s Housing, Care and Support 2018-2028” assimilates the Council’s previous strategic intention to address the identified need for several extra care housing developments across the main towns of Scottish Borders, and also contributes towards desired delivery of 300 new homes for older people across all tenures.

Table 6 on the next page has been updated from the previous SHIP submission and sets out the revised proposed project delivery timeframes for the delivery of 209 extra care housing properties across the Scottish Borders.

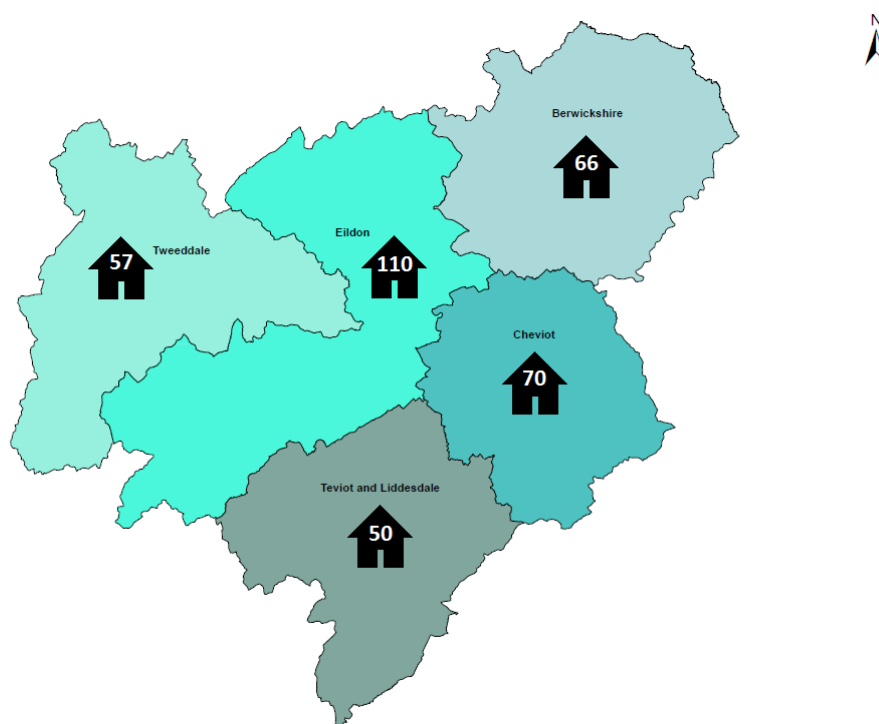
**Table 6: Proposed Delivery Timescales for Extra Care Housing Developments**

	2020/21	2021/22	2022/23	2023/24>	Total
Duns	30	-	-	-	30
Galashiels	-	39	-	-	39
Hawick	-	-	-	40	40
Eyemouth	-	-	-	36	36
Kelso	-	-	34	-	34
Peebles*	-	-	-	30*	30
<b>Total</b>	<b>30</b>	<b>39</b>	<b>34</b>	<b>106</b>	<b>209</b>

\*Likely to be delivered beyond the life of the SHIP

It should be noted that a site has yet to be identified and secured for the proposed second Extra Care Housing Development in the Peebles area (\*listed in Table 6 above, 30 homes for completion beyond 2023-2024). The project remains identified in the SHIP as part of the Extra Care Housing Delivery Framework and estimated completion will be programmed once a site has been identified and secured. Figure 12 below sets out the estimated need for extra care housing at a locality level which shows that the estimated need for 353 extra care houses by 2035 across Scottish Borders.

**Figure 12: Extra Care Housing Need by Locality**



As stated earlier in this SHIP, both Eildon Housing Association and Trust Housing Association were selected to develop and deliver up to six extra care housing developments in Borders main towns.

Construction work has re-started on the Todlaw Duns project which will provide 30 Extra Care flats plus 19 Amenity houses. Current programme information indicates estimated completion around March 2021. During 2018/19, the Council agreed to grant assist Trust Housing Association up to £1.09m using Second Homes Council Tax funding. Trust Housing Association claimed this grant during 2019/20. Eildon Housing Association is progressing the Langhough [Wilkie Gardens] Galashiels Extra Care Housing project to provide

39 flats which started on site in September 2019, and is estimated to complete in July 2021. During 2018/19 the Council also agreed to grant assist this project by up to £1.8m using Second Homes Council Tax funding. Eildon Housing Association are on track to claim this grant in full during 2020/21.

Figure 13: Langhaugh [Wilkie Gardens] Extra Care Housing Galashiels



Eildon Housing Association is also working in partnership with M&J Ballantyne Ltd to provide 34 Extra Care Flats as one element of the regeneration of the site of the former High School in Kelso. The Council has agreed to grant assist the Association up to £0.750m using Second Homes Council Tax Funding. The site start is planned for November 2020, with estimated completion around November 2022. The opportunity has recently arisen for the Association to secure an additional 16 homes for affordable rent on this site, including 2 wheelchair accessible homes. Figure 14 below provides a design impression of the Extra Care Housing development which will be provided through the conversion of the original Listed High School building.

Figure 14: Proposed Extra Care Housing Kelso





The Council is carrying out a number of reviews covering Council budgets, corporate priorities and Capital Programme. At the time of writing, it is not possible to provide any timelines against these reviews. This may have implications for the re-development of the former High School site in Eyemouth where there has been progress made towards reconciling a number of development proposals through a master-planning approach. The Council and Trust Housing Association have been developing a partnership which might design and procure a potential new Primary School and 36 flat Extra Care Housing development. Looking to the future, this may also present the opportunity to provide around 10 Amenity Houses to broadly replicate the approach taken to deliver the Todlaw Extra Care Housing development in Duns. The anticipated resolution of the master-planning challenges will also provide more certainty regarding the design and programming the delivery of the Berwickshire Housing Association project on the former High School site.

Following consent from Scottish Ministers, the Council has disposed of the Stirches site in Hawick to Eildon Housing Association in order that it may be developed to provide Extra Care housing. In another collaborative arrangement, the Council is leading on the design and procurement of both a new build Council Residential Care Home and Eildon's 40 flat Extra Care Housing project. The Borders Joint Learning Disability Service has identified some unmet particular housing needs for a group of older people in Hawick. Responding positively to meet this need, the design team's brief has been extended, in order to bring forward proposals for around 12 Amenity Houses at Stirches. Current estimated completion for the total project is 2023/24.

## **5.1 Investment Priorities for Affordable Housing & Energy Efficient Scotland**

As stated on page 15, improving energy efficiency and reducing fuel poverty is a key priority for Scottish Government and for the Council. Over the period to 2032, the Scottish Government expects to see an overall reduction in emissions from residential buildings of 23% to meet existing targets. Emission reduction targets are expected to be delivered "through continued deployment of low carbon heat in off-gas properties". Objectives have been set out to help achieve the Scottish Government's 2032 targets:

- "By 2032, 35% of domestic buildings' heat will be supplied using low carbon technologies, where technically feasible, and the buildings insulated to the maximum appropriate level."
- "By 2032, improvements to the building fabric of domestic buildings will result in a 15% reduction in domestic heat demand."<sup>2</sup>

Eildon Housing Association has secured £50,000 grant funding from the Construction Scotland Innovation Centre plus same match funding from Scottish Borders Council in order to carry out an action based research and independent evaluation exercise, which is now known as the "Green House Pilot". Four of the Association's SHIP projects have been selected for inclusion in the Pilot, which will involve the design, development and delivery of 3 separate energy efficient solutions such as Passivhaus, Energiesprong and Volumetric off-site construction alongside a traditional build control project. The pilot will also explore

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<sup>2</sup> (Climate Change Plan – The Third Report on Proposals and Policies 2018-2032, pp. 87-88)

volumetric design with off-site construction systems, fabric first approach and design-led solutions to provide 40 homes built to low or zero carbon standards. The four sites are located at Edgar Road Westruther, Springwell Brae Broughton, Peebles Road Innerleithen and Jedward Terrace Denholm. The Covid pandemic has adversely impacted on the others, with the Association now looking towards completion of the homes in autumn 2021. Out with the Pilot, the Association has completed its first 3 homes built to Passivhaus Standards at Springfield Terrace St. Boswells, and has adopted the volumetric off-site construction approach to provide a further 43 low carbon homes at Tweed Bridge Court Peebles and St. Aidans Galashiels.

The independent evaluation will be undertaken by Mackintosh Environmental Architecture Research Unit which was established in 1986 within the Mackintosh School of Architecture. The Unit undertakes a wide range of aspects of sustainable environmental design, responding to a growing commitment to user centred, low energy, eco-sensitive architecture in the context of increasing global concerns. The research will also implement monitoring processes designed to measure energy efficiency and return on investment throughout the life of the Pilot.

The outcomes of the research will inform the Association's new build design guide and its approach to component replacement and energy efficiency in its existing properties. It will also have implications for the Association's rent setting policy which it proposes to make available to other Councils and RSLs seeking to deliver low carbon housing. It is understood that no previous study in this area has undertaken analysis at this depth, or for proposed length of time. Across the programme the RSLs have indicated that they propose to build all projects to minimum of Silver Standard energy performance.

## **5.2 Investment Priorities for Affordable Housing 2021-2026**

The Development projects outlined in tables 7 to 7D on pages 35-37 have been prioritised for investment by the SHIP Project Group using the AHPPWM, and estimated annual completions over the period 2020-2025 are as follows.

**Table 7: Estimated Project Completions 2021-2022**

RSL	Project Name		Tenure	Units General Need	Units Part. Need	Units Total
BHA	Beanburn Phase 1	Ayton	HA Rent	21	10	31
EHA	Angraflat	Kelso	HA Rent	49	-	49
EHA	Buckholm Corner Phase 1	Galashiels	HA Rent	11	-	11
EHA	Edgar Road	Westruther	HA Rent	10	-	10
EHA	Elm Court	Hawick	HA Rent	21	-	21
EHA	Huddersfield Street	Galashiels	HA Rent	27	7	34
EHA	Jedward Terr Phase 2	Denholm	HA Rent	12	-	12
EHA	Langhaugh [ECH]	Galashiels	HA Rent	-	39	39
EHA	Peebles Road	Innerleithen	HA Rent	9	-	9
EHA	Sergeant's Park Phase 2	Newtown St Boswells	HA Rent	63	-	63
EHA	Springwell Brae	Broughton	HA Rent	10	1	11
EHA	St. Aidans	Galashiels	HA Rent	21	-	21
EHA	The Valley	Selkirk	HA Rent	4	-	4
EHA	Tweed Bridge Court	Peebles	HA Rent	22	-	22
SBHA	Glensax Road	Peebles	HA Rent	6	-	6
SBHA	Tweed Court	Kelso	HA Rent	12	-	12
SBHA	Whitefield Crescent	Newtown St Boswells	HA Rent	4	-	4
RHF	Kirkhope Steading	Ettrick Bridge	MMR	5	-	5
<b>Total</b>				<b>307</b>	<b>57</b>	<b>364</b>

**7A: Estimated Project Completions 2022-2023**

RSL	Project Name		Tenure	Units General Need	Units Part. Need	Units Total
BHA	Acredale Phase 4	Eyemouth	HA Rent	31	-	31
BHA	The Avenue	Eyemouth	HA Rent	12	-	12
EHA	Coopersknowe	Galashiels	HA Rent	63	6	69
EHA	Ex High School Phase 1A	Kelso	HA Rent	-	34	34
EHA	Ex High School Phase 1B	Kelso	HA Rent	14	2	16
EHA	High St/ Market Place	Jedburgh	HA Rent	4	-	4
EHA	Millar House	Melrose	HA Rent	-	5	5
SBHA	Hartrigge Road/Crescent	Jedburgh	HA Rent	11	-	11
SBHA	St. Dunstans	Melrose	HA Rent	8	-	8
SBHA	Tarth Road	Blyth Bridge	HA Rent	6	-	6
WH	Beech Ave Phase 1	Galashiels	HA Rent	30	6	36
<b>Total</b>				<b>179</b>	<b>53</b>	<b>232</b>

**Table 7B: Estimated Projects Completions 2023-2024**

RSL	Project Name		Tenure	Units General Need	Units Part. Need	Units Total
<b>BHA</b>	Hillview/Priory Ct	Coldstream	HA Rent	12	-	12
<b>BHA</b>	Ex High School	Eyemouth	HA Rent	34	-	34
<b>EHA</b>	Ex High School	Earlston	HA Rent	52	12	64
<b>EHA</b>	Buckholm Corner Phase 2	Galashiels	HA Rent	69	-	69
<b>EHA</b>	Main Street	Heiton	HA Rent	8	-	8
<b>EHA</b>	Stirches [ECH]	Hawick	HA Rent	-	40	40
<b>EHA</b>	Stirches [Amenity]	Hawick	HA Rent	-	12	12
<b>SBHA</b>	Angle St/Miller St	Innerleithen	HA Rent	6	-	6
<b>Trust</b>	Ex High School [ECH]	Eyemouth	HA Rent	-	36	36
<b>Trust</b>	Primary School	Eyemouth	HA Rent	-	10	10
<b>WH</b>	Beech Avenue Phase 2	Galashiels	HA Rent	36		36
<b>Cornerstone</b>	Huntlyburn	Melrose	MMR	-	15	15
<b>Total</b>				<b>217</b>	<b>125</b>	<b>342</b>

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, in order to maximise the current grant opportunity to deliver more affordable homes in the Borders to meet housing need.

**Table 7C: Estimated Project Completions 2024-2025**

RSL	Project Name		Tenure	Units General Need	Units Part. Need	Units Total
<b>BHA</b>	Springfield Phase 2	Duns	HA Rent	27	-	27
<b>EHA</b>	Lowood Phase 1	Tweedbank	HA Rent	30	-	30
<b>EHA</b>	Woodside	Galashiels	HA Rent	3	-	3
<b>SBHA</b>	Lowood	Tweedbank	HA Rent	4	-	4
<b>WH</b>	Beech Avenue Phase 3	Galashiels	HA Rent	37		37
<b>Total</b>				<b>101</b>		<b>101</b>

Table 7D below sets out a number of mostly new proposed development project opportunities which could deliver up to 86 homes with some of the projects being illustrated potentially delivering beyond 2025-2026. Further work and/or negotiation will be required in order to realise these potential development opportunities. It is also important to note that at this stage the number of Particular Needs housing numbers have been provided where possible. This is subject to revision as project proposals are developed through the design and Planning Application process, and so 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 are confirmed.

**Table 7D: Estimated Project Completions 2025-2026**

RSL	Project Name		Tenure	Units General Need	Units Part. Need	Units Total
<b>EHA</b>	Ex College Melrose Rd	Galashiels	HA Rent	46	4	50
<b>EHA</b>	Lowood Phase 2	Tweedbank	HA Rent	25	-	25
<b>SBHA</b>	Mossilee Road	Galashiels	HA Rent	5	-	5
<b>SBHA</b>	Queensway	Earlston	HA Rent	6	-	6
<b>Total</b>				<b>82</b>	<b>4</b>	<b>86</b>

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. Almost all of these sites have been known to the Council and its partners for many years, and this continues to indicate a sluggish Borders Housing Market.

Table 8 on page 38 sets out a number of sites currently being investigated as future potential pipeline development opportunities and indicates that an estimated additional 601 affordable homes could be delivered if the market was to change, Developers were willing to progress sites, and various individual site specific related issues resolved. This is not an exhaustive list. Especially noteworthy is Network Rail progressing with plans to re-open Reston Station by 2024, since it is considered that this will have a positive effect by stimulating the housing market in eastern Berwickshire. Two as yet undeveloped Allocated Housing sites in Reston are included within Table 8.

**Table 8: Potential Pipeline Development Projects**

RSL	Project Name		Tenure	Units No.	Units Description
BHA	Acredale Phase 5	Eyemouth	HA Rent	30	BHA own site
BHA	Beanburn Phase 2	Ayton	HA Rent	20	BHA owned with Consent
BHA	Comrades Park East	Chirnside	HA Rent	20	Developer owned with Consent
BHA	Gowanlea	Coldstream	HA Rent	6	Remodelling opportunity
BHA	Mart	Reston	HA Rent	25	Developer led project
BHA	Springfield Phase 3	Duns	HA Rent	24	Developer owned with Consent
BHA	West Reston Mains	Reston	HA Rent	20	Privately owned site
Cairn	Abbotsford Court	Galashiels	HA rent	2	Remodelling opportunity
EHA	Angles Field	Selkirk	HA Rent	30	Developer led project
EHA	Bogangreen	Coldingham	HA Rent	20	Developer led project
EHA	Botany Mill	Galashiels	HA Rent	20	Feasibility study
EHA	Bridge Homes Disposals	Various	MMR	54	Discussion with SFT/SG
EHA	Burgh Yard	Galashiels	HA Rent	20	SBC owned. Being marketed
EHA	Burnside	Eddleston	HA Rent	40	Developer led project
EHA	North of Horsbrugh Bridge	Cardrona	HA Rent	25	Developer led project
EHA	Foundry site	Kelso	HA Rent	20	Developer led project
EHA	Hoprig	Cockburnspath	HA Rent	12	Pre-App discussion
EHA	Howdenburn Ex-PS	Jedburgh	HA Rent	60	SBC owned. Being marketed
EHA	Ladykirk Estates	Swinton	HA Rent	4	Developer led project
EHA	Lowood	Tweedbank	HA Rent	40	SBC ownership
SBHA	Croft Street	Galashiels	HA Rent	1	Remodelling opportunity
SBHA	Heather Mill Site	Selkirk	HA Rent	75	Mixed use site being marketed
SBHA	Mart Newtown	Boswells	HA Rent	25	Owner/Developer led project
TBC	The Croft	Melrose	HA Rent	7	Developer led with Consent
RHF	Plenderleith Farm	Oxnam	MMR	1	Long Term Empty Home
<b>Total</b>				<b>601</b>	

Notwithstanding the ambition and drive to deliver as many new homes as possible it is inevitable that challenges and issues means that sometimes projects stall, or have to be removed from the programme. Table 9 below illustrates the only project (25 homes) from SHIP 2020/25 which has not been carried forward and summarises the reason. Should a deleted project re-emerge as potential opportunity, it will be re-considered and prioritised for inclusion in a future SHIP.

**Table 9: Project Removed from the SHIP 2020-2025**

RSL	Project Name		Tenure	Units General Need	Reason
EHA	Allanbank	Lauder	HA Rent	25	Owner unwilling to sell site
<b>Total</b>				<b>25</b>	

Notwithstanding the 141 affordable homes delivered in 2019/20 as set out in Table 1 on page 17 there are still areas of high and unmet affordable housing demand across the Borders, and areas that the private

sector cannot satisfy particularly with the advent of the Welfare Reform and adverse impact limitations of the Local Housing Allowance. Table 10 below illustrates the 1125 estimated affordable homes completions which could potentially be delivered over the life of this SHIP 2021-26 through positive collaborative working between all relevant parties. When the estimated 122 completions for 2020/21 are added, these potentially provide 1247 new home completions for the 6 year period 2020-26.

**Table 10: Estimated Affordable Homes Completions 2021-2026**

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
	2021/22	2022/23	2023/24	2024/25	2025/26	
AHSP new build	334	193	327	101	86	1,041
AHSP remodelling	25	39	-	-	-	64
RHR	5	-	-	-	-	5
Other	-	-	15	-	-	15
<b>Totals</b>	<b>364</b>	<b>232</b>	<b>342</b>	<b>101</b>	<b>86</b>	<b>1,125</b>

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

Although 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 and Central and Eastern Borders, especially in the Galashiels, Kelso, and Peebles, Eyemouth and Duns areas, to meet demand. Galashiels, Duns and Eyemouth have ample sewerage capacity for future housing development. Issues relating to land supply should be addressed in SBC's next Local Development Plan and Affordable Housing Policy.

Following the economic downturn the housing market has still not yet returned to previous levels of activity and this continues to adversely impact on the developer led land supply and contributions identified. The general trend remains however is that 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 restricted to a degree as some developers and owners appear to be willing to wait for full market recovery and return to pre-financial crash land prices. That aside there have been some recent successful large site acquisitions in 2019/20 with Berwickshire Housing securing land for an estimated 55 homes at Acredale Ph4&5 Eyemouth, and Eildon Housing Association securing land for an estimated 80 homes at Buckholm Corner Galashiels. The Council continues to receive Pre-Planning Application enquiries and Planning Applications, albeit at lower numbers than pre-financial crash levels. A number of which relate to larger sites which are anticipated will provide additional on-site delivery of affordable housing opportunities through the Section 75 process in due course.

Responsibility for identifying the level of adaptations needed and the level of funding required now rests with the Integrated Joint Board (IJB). SBC has agreed an annual budget figure its Capital Budget to resource delivery of means tested major adaptations in private sector housing.

The Occupational Therapy staffing provision located within the Care and Repair Service has been increased in order to deal with assessment and prioritisation of major adaptation requests direct, rather than receive referrals from the decentralised SWD Area offices at Locality level.

The Borders Care and Repair Service work on basis of cash planning targets to manage the workload, whilst financial responsibility for delivery of allocated budget spend and grant administration and grant offers for means tested major adaptations remains with the Council's Housing Strategy Team. Spend is monitored by SBC Chief Finance Officer 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 Housing Annual Report and LHS Annual Review.

The "Integrated Strategic Plan for Older People's Housing, Care and Support 2018-2028" identifies a need to increase the resources in order to deliver a greater number of means tested major adaptations in private sector housing. In order to respond to this, the Council has allocated £0.450m in its Capital Budget to resource delivery of these in 2020/2021. It is envisaged that this could resource delivery of an estimated 80-85 major adaptations in 2019/20. However the Covid-19 pandemic and resultant stop in assessment and construction activity has adversely impacted on delivery of major adaptations in both private sector and RSL owned housing. The spending of the above £0.450m allocation will be monitored and reviewed as necessary as part of the implementation of the capital budget in 2020/21 and delivery of the strategy.

## **6. Development Constraints**

There are a number of barriers and constraints that could hamper the development of new affordable housing in the Borders. The SHIP Guidance requires Authorities to demonstrate how projects contained in the SHIP will be resourced and delivered. Notwithstanding that the lending market has greatly improved since the financial crash, RSL financial capacity remains an issue that will be monitored regularly. However, the impact of the Covid-19 pandemic is a cause of some considerable concern in terms of how this might impact on the lending markets and wider economy. This will require to be monitored very closely. To ensure that any development constraints are resolved by the estimated site start date, deliverability, including financial capacity is recognized as a key factor in the development of our AHPWM reported in Section 4. As part of the project prioritisation process, constraints are discussed on a site by site basis and weighting is influenced by the identification of what actions and timescales are in place to resolve them. The main constraints include:

- Land supplies
- Water and sewage
- Construction industry capacity
- Tender prices
- Public utilities (physical/infrastructure capacity, approval processes)



- Flood Risk Assessment

Most of these constraints are out with the control of the Council and its RSL development Partners but often adversely impact on the delivery of additional affordable housing in Scottish Borders. Given record Affordable Housing Supply Programme resource allocation decisions, the Council and its partners work closely with the Scottish Government More Homes Division to make best use of this grant funding opportunity. That aside, there is now limited opportunity to expand the level of funding secured by the Council through both Affordable Housing Policy Developer Contributions and the Affordable Housing Budget.<sup>3</sup> The Council and its RSL development partners have ongoing discussions to explore different ways to deliver affordable housing in the Borders quicker and in the most cost effective way. To illustrate the point, currently Modern Methods of Construction [MMC] and other off-site construction techniques and procurement processes are currently being progressed locally via Eildon Housing Association's "Green House Pilot" and work being investigated linking Edinburgh and South East Scotland City Region Deal and South of Scotland interests.

In previous SHIPs, land supply was reported as an ongoing challenging issue and determining factor particularly as the Council has relatively little development land in its ownership as it has disposed of both some non-HRA and most of its former HRA land to RSLs over recent 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 to develop sites on the basis of 100% affordable housing delivery. To illustrate this, Eildon Housing Association has recently initiated construction of a first phase 11 home project at Buckholm Corner Galashiels and secured land for future phased development of up to an estimated 69 future homes. Similarly Berwickshire Housing Association has secured land for a second phase of 27 homes at Springfield Duns, with potential to acquire additional land for Phase 3.

Various techniques are now available for land assembly and land banking, and these are used through planned release by the Council, Section 75 (although the latter still remains sluggish as a result of the current market conditions) and 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 in order to provide affordable housing. To illustrate this point the Council has recently released sites in Duns, and Hawick in order to provide sites for Extra Care Housing delivery. In addition it is anticipated that the Council will also release a site to Trust Housing Association in order to construct the new build Extra Care Housing in Eyemouth. The Council is currently marketing the site of the former Howdenburn Primary School in Jedburgh, and the Burgh Yard site in Galashiels. These are both large sites and it is anticipated that development of these will both be developer-led. The Council and Eildon Housing Association are currently collaborating in a feasibility study to provide a new Council Residential Care Home and Extra Care Housing development on the Eildon-owned

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<sup>3</sup> 2<sup>nd</sup> Homes/Council Tax Budget (2<sup>nd</sup> HCT)

Stirches site in Hawick. Currently the Council, NHS Borders and Eildon Housing Association are exploring site opportunities in order to provide more supported housing for people with Learning Disabilities, including people with complex care needs. The Association is also exploring opportunities to re-provide the housing element of an existing supported housing service for people with a range of mental health needs. Scottish Borders Housing Association is collaborating with Aberlour with a view towards developing a new Residential Care and Housing facility for Children and Young People at Lowood, Tweedbank.

The Council continues to review its Corporate Property Strategic Asset Management Plans which sets 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 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 ensuring that through collaborative working with our local developing housing associations that opportunities will be created where practical for affordable housing development. The Council is currently consulting the Jedburgh community regarding future use of the Council's estate in the town, and it is envisaged that this will provide a steer for potential rationalisation in the town, and may provide a process which could be applied elsewhere in other Borders towns.

In December 2018, the Council purchased the Lowood Estate, Tweedbank. This the only Scottish Borders strategic housing site identified in the Borders Railway Corridor and in the South East Scotland City Region Deal. A Consultation Draft Supplementary Planning Guidance has been agreed and has been out to public consultation which closed on 5 May 2020. However due to the Covid-19 outbreak it may be some time before it can be referred to Members for approval. Once agreed, the Supplementary Planning Guidance will frame further future work to be done to develop and agree a master plan for the development and develop a funding and infrastructure investment phasing package to implement this. As the situation clarifies, the Council may need to develop a Business Case in order to seek to secure infrastructure funding via City Region Deal processes.

The Council has built up a large bank of knowledge regarding possible housing development sites throughout its area. An effective use of this resource is that it allows RSLs to tap into such 'knowledge' which covers a number of 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.

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 form of intervention may be appropriate.

As reported earlier in the SHIP development opportunities provided by the Section 75 planning agreements remain low as a result of the recession, although the Council has experienced an increased appetite by some developers to develop sites via Section 75 Agreements and for 100% affordable housing. Arguably the market is still failing to deliver enough new homes to meet demand and this is a housing crisis affecting 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. As reported in page 26 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 new Regional Housing Board in spring 2019.

The Council has agreed frameworks in order to consider and prioritise funding from Affordable Housing Policy Developer Contributions and also from the Second Homes Council Tax Affordable Housing Budget. These are being 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, project “gap funding” grant being examples of recent uses of this funding.

In recognition of the structural weakness in the Borders construction sector, during 2017-18 Eildon Housing Association entered into a Development Partnership with Harts Builders (Edinburgh Ltd) to drive through a substantial element of EHA’s current development programme, in order to provide increased certainty in delivery of up to 250 new homes in the Scottish Borders.

Harts have been selected due to their track record working with Eildon Housing Association, such as Sergeants Park Phase 1 at Newtown St Boswells. Negotiated procurement is allowed (known as direct drawdown) through the Scottish Procurement Alliance (SPA) framework thereby ensuring full compliance with EU procurement rules. There is a formal development agreement between Hart Builders (Edinburgh) Ltd and the Association which sets out how projects will be secured and driven through planning and Building Warrant stage. Each individual project will then be let via a Joint Contracts Tribunal (JCT) Design and Build contract.

To date this partnership has delivered 20 new homes, has 136 under construction, 69 due to commence later in 2020 and a final 64 within Planning as detailed in Table 11 on page 44.

**Table 11: Projects being delivered via the Development Partnership**

Project		No. of Units	Project stage	Total project cost	Grant
Rose Court [SBHA]	Galashiels	10	Complete	£1.803m	£0.832m
Craigpark Court	Galashiels	10	Complete	£1.885m	£0.851m
Langhaugh ECH	Galashiels	39	Under construction	£7.696m	£4.861m
Sergeants Park Phase 2	Newtown St Boswells	64	Under construction	£10.669m	£5.350m
Huddersfield St	Galashiels	34	Under construction	£6.004m	£2.890m
Coopersknowe	Galashiels	69	Under construction	£11.838m	£5.686m
Ex High School	Earlston	64	Planning App lodged	£11.397m	£5.115m
<b>Totals:</b>		<b>289</b>		<b>£51.292m</b>	<b>£25.585m</b>

Eildon Housing Association has also progressed development partnerships with 4 other Developers. These are Cubby Construction Ltd, M&J Ballantyne Ltd, Stewarts & Shields Building Contractor and High Buckholm Ltd. Between these 4 Developers it is envisaged that up to 162 new homes will be completed by end of 2021/22 at a cost of around £27m, assisted by almost £14m grant from Scottish Government.

A number of Community Initiatives have been progressing across the programme. In particular Eildon Housing Association has been focussing on what it can do in and around its development sites. Working in collaboration with its building contractors, the Association has been pushing for local employment and suppliers to be used where possible. To illustrate this, in 2019/20, 62% of the Association’s contract spend was spent locally with 73% labour employed used being local to Scottish Borders.

**Figure 15: Eildon HA site sign**



There are no house builder firms of any significant size based in Berwickshire. That aside, Berwickshire Housing Association is also keen to encourage out of Borders based house builders such as Harts and

Springfield Homes, which it currently contracts with, to contract with local sub-contractors in order to maximise the economic impact of its affordable housing construction projects.

## Land Supply

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

- Supply and control of land across the Scottish Borders varies. It is fragmented and where not already in the ownership of RSLs, it is largely controlled by private sector interests. The contribution of Developer-led site opportunities is recognised as indicated by table 8 on page 38, "Potential Pipeline Development Projects".
- Scottish Borders Council has very little land available for housing developments but is developing its Corporate Strategic Asset Management Plan and community consultation approaches seeking to reduce its Estate footprint, which may in due course release land and or buildings 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. More significantly in addition to the site at the former high school Eyemouth [34 homes], the Association has also acquired larger sites at Springfield Ph2 Duns [27 homes] and Acredale Ph4/5 Eyemouth [50 homes]. All the Association's sites are located in the Berwickshire area.
- Eildon Housing Association has been actively progressing project development and has secured ownership of a number of sites, which provides much more certainty in project delivery. These include, Huddersfield St, Sergeants Park Ph2, Langhaugh, Coopersknowe, Woodside Place, former St. Johns Manse Galashiels, former high school Earlston, Springwell Brae Broughton, Tweedbridge Court Peebles, Stirches Hawick, Angraflat Kelso, Edgar Road Westruther, Thirlestane Lauder, South Park Peebles, former St Aidans church Galashiels, Jedward Terr Denholm, Peebles Road Innerleithen, The Valley Selkirk, Buckholm Corner Galashiels and former High School Kelso.
- Through an asset management strategy approach, Scottish Borders Housing Association has a small land bank arising from site clearance of existing stock and garages. The largest of these sites are in Hawick with others elsewhere now being identified in SHIP. These include, Glensax Road Peebles, Heriot Field Oxton, Tweed Court Kelso, St Dunstons Melrose, TARTH Crescent Blyth Bridge, Hartrigge Road and Crescent Jedburgh, Mossilee Galashiels and Queensway Earlston. The Association is currently examining the development potential of additional garage sites. A further "own stock" regeneration site opportunity at Angle Street /Miller Street Innerleithen was initially identified in SHIP 2020/25, and has again been included in this SHIP.

- 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 the 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 Agreements. The trend to date has been for developers to want to act as contractor, or offer Negotiated Design and Build contracts to RSLs rather than simply selling on land, and using the greater certainty of collaborating with an RSL to help de-risk starting development of a site as a precursor to market housing construction when market conditions improve.
- Opportunities of sites in private ownership do arise. These tend to be windfall or infill sites and tend to be relatively small.
- There are two major developer-led sites in Central Borders. These are located at Easter Langlee, [Melrose Gait] Galashiels (circa 450 homes) and at Newtown St Boswells (circa 900 homes). Both are considered to be areas of strategic priority.
  - Development of Easter Langlee continues for market sale, with Persimmons Homes having completed the balance of Phase 3 [63 affordable homes] for Eildon Housing Association in 2018/19. It is envisaged that this will be the final phase of affordable housing delivery at this location.
  - Whilst the Newtown St Boswells expansion presents a number of development opportunities, the completion of 53 homes for Eildon HA at Sergeants Park Ph1 in 2018/19 is considered as being the first phase of development in the village's "Western Expansion Area". Work has recently re-started on the construction of a Phase 2 of 63 homes for the Association, which is estimated to complete during 2021/22, as a result of slippage due to the Covid-19 construction site closure and subsequent site re-start.
- Sites are systematically reviewed as potential projects and thereafter prioritised and included in SBC's Strategic Housing Investment Plan (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.

### **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.

Working in partnership with Waverley Housing, through a procurement approach the Council appointed consultants to carry out a master planning exercise for a housing led regeneration of part of Upper Langlee where Waverley Housing is the majority owner. Following consideration of the options identified in the Final Report, Waverley Housing is now progressing “Option 3”, following more detailed community consultation and internal due diligence work. The intended regeneration focusses on Beech Avenue and associated streets. It is anticipated that this will provide around 109 new build houses following demolition of unpopular house types and the opportunity to redesign the public open areas to reflect Placemaking and Secured by Design principles. This SHIP includes 3 phases of proposed new build project proposals in order to deliver this intended regeneration.

### **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 Agreements where it envisaged that size, type, housing mix, space standards, tenure(s), method of land valuation etc will be set. Early intervention with developers on S75s including 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, 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.

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. BCIS March 2019, Issue 152 predicted the following annual increases in “All-in Tender Prices”; +3.1% in 2018/19, +3.9% for 2019/20, +6.3% for 2020/21 and +6.4% for 2022/23. However the Covid pandemic has disrupted the tendering environment

and limited available tender information. The most recent Quarter 2 2020 information indicates an annual increase implied by BCIS Panel consensus of 1.4%

Locally active RSLs have been using the BCIS all-in Tender Price Index, and will continue to monitor local tender prices, since the above 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 2019/20 indicates that Berwickshire, Eildon and Scottish Borders Housing Associations have all had to undertake challenging “value-engineering” exercises after consideration and checking of tender returns in order to undertake savings exercises to keep projects financially viable and deliverable. All other things being equal, 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. Tender price inflation is a cause of concern for both Scottish Councils and RSLs and their respective representative bodies have been in discussion regarding how best to seek a review of Scottish Government Affordable Housing Supply Programme grant rates. The cost of providing affordable housing is likely to increase during 2021/26 at least in line with inflation. Issues regarding labour and materials, as well as recommendations regarding a continual improvement in the quality of new housing to mitigate climate change, will require a response in the level of funding to ensure that the number of homes required is provided. The precise impact of Covid-19 on housing need and demand in Scotland is not known at the time of writing, since the impacts are not clear little evidence is available to date. It is considered that modelling of emerging longer term trends is likely to be the most accurate approach in due course. In addition there are anticipated Brexit related factors which are likely to adversely impact on future delivery of affordable housing through a continued weakening of the pound Sterling in currency rate exchanges, thereby making imported goods and construction materials more expensive, and potentially negatively impacting on the lending market and the wider economy. As the period 2021/26 progresses, the likelihood of these factors influencing housing requirements will increase, with the potential to have a disproportionate impact on affordable housing required.

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, Scottish Environmental Protection Agency (SEPA) all impact on project design and the 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. However, SEPA continues to be regularly represented at the joint meetings between the Council, RSLs and Scottish Water with the aim of meeting programming needs and thus improving deliverability.

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



Brief details on all of 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 sites opportunities which could potentially be accelerated in due course.

## **7. Resourcing the Programme**

The Council has been previously used borrowing and on-lending from Public Works Loan Board in order to progress affordable Housing delivery via the National Housing Trust Round 1 and Local Authority Variant initiatives. The Council still supports affordable housing delivery through use of available Second Homes Council Tax and Affordable Housing Policy Developer Contributions. There are a number of other funding resources that the Council and its development partners can draw upon including Affordable Housing Supply Programme Funding, Rural Housing Fund, RSLs Private Finance Borrowing and Scottish Water Grant Funding. Berwickshire and Eildon Housing Associations secured around £4.6m Charitable Bond funding for the first time in 2017-18 in lieu of Scottish Government Grant which was used to deliver recently completed developments at The Glebe Chirnside, High St Selkirk and Howdenburn Jedburgh. Most Recently, 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" where necessary, in order to ensure project delivery.

In 2019-20 the Council used £1,102,555 from its Affordable Housing Budget, also referred to as the Second Homes / Council Tax Budget, to directly assist affordable housing delivery in Scottish Borders. This was £1,089,555 grant to Trust Housing Association towards costs of delivering the new build Todlaw Duns Extra Care Housing development, and £13,000 to Ettrick and Yarrow Community Development Company towards project development costs of its proposed 5 home Kirkhope Steading conversion at Ettrick Bridge. The Council also used this budget to make a £140,000 contribution to the Council's revenue budget. This explains the figures provided reflected in Scottish Government - More Homes Division SHIP Table 5.1, within the Appendix 5.

The Council has being deliberately building up an available balance being held in the Second Homes Council Tax budget in anticipation of it being used to assist delivery of extra care housing developments to augment 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. During 2018/19, the Council agreed to contribute £1.090m to assist Trust Housing Association to deliver 30 Extra Care flats and 19 Amenity Houses at Todlaw Duns, and up to £1.8m to assist Eildon Housing Association deliver 39 Extra Care flats at Langhaugh Galashiels, and £0.750m to Eildon Housing Association to deliver 34 proposed Extra Care flats at the former high school site in Kelso. These are high cost projects and in order to ensure best value is achieved, lessons learned from Dovecot Court Peebles has helped informed the designs going forward for Todlaw, Langhaugh, Kelso and Eyemouth, and Stirches in

due course. The Council had previously agreed to grant assist Waverley Housing up to £0.300m to assist purchase of a small number of privately owned flats as a precursor to block demolitions as part of the Beech Avenue regeneration project. Waverley Housing has claimed the grant in full in summer 2020. 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.

The Council spent £0.108m from its Affordable Housing Policy Developer Contributions - Housing Market Area balances to assist affordable housing and project delivery in 2019-20. See figures provided in Scottish Government SHIP Table 5.2 within the Appendix 5. This was used to fund the “Space to live –Wheelchair accessible housing in the Scottish Borders” study [£27,600], match funding towards Eildon Housing Association’s “Green House Pilot” initiative [£50,000] and finally grant towards the provision of a family sized wheelchair standard house at Springwell Brae Broughton [£31,000].

Table 12 below illustrates the estimated £166m of total investment required to deliver the affordable housing projects identified in this SHIP 2021/26.

**Table 12: Estimated required Investment in affordable housing 2021 – 2026\*<sup>4</sup>**

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
	2021/22	2022/23	2023/24	2024/25	2025/26	
AHSP new build	24.048	13.896	23.544	7.272	6.192	74.952
AHSP remodelling	0.676	2.573	-	-	-	3.249
RSL Private Borrowing	26.925	17.400	24.525	7.575	6.450	82.875
Extra Care 2 <sup>nd</sup> C/Tax	0.750	0.750	0.750	-	-	2.250
Rural Housing Fund	0.390	-	-	-	-	0.390
Private borrowing	0.306	-	2.200	-	-	2.506
<b>Totals</b>	<b>£53.095</b>	<b>£34.619</b>	<b>£51.019</b>	<b>£14.847</b>	<b>£12.642</b>	<b>£166.222</b>

\* Figures are rounded up

## 8. 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 13 sets out our Local Housing Strategy 2017-2022 Priority Outcomes, the first of which is “The supply of housing meets the needs of our community”.

<sup>4</sup> Calculations were done on the basis of 3p 3 apartment benchmark grant of £72k per unit and assumed private borrowing of £75k per unit. Figures were rounded up for modelling purposes.

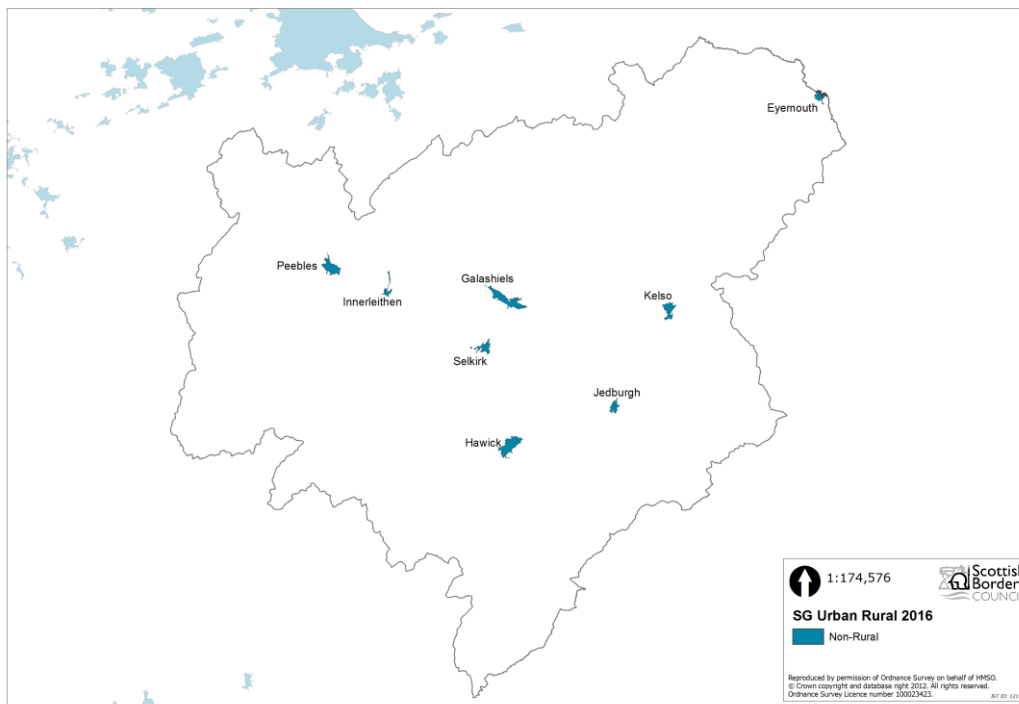
## 8.1 Impact Assessments

### 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. A 10 question checklist was developed some years ago by the Council, 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 July 2020 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, Innerleithen, Peebles, Selkirk, Eyemouth, Jedburgh and Kelso. See Figure 15 below.

**Figure 16: Non Rural Areas Map**



## 8.2 Equalities

In line with both Council policy and legislative requirement the SHIP 2021-2026 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

that impact assessment has not identified any concerns about the way the delivery of the SHIP is likely to affect any of the equalities groupings.

In accordance with Section 7 of the Environmental Assessment (Scotland) Act 2005 a pre-screening assessment of the SHIP 2021-2026 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.

## **9. 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 on-going 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 AHPPWM 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, the Community Planning Partnership, and Borders LHS Partnership on an annual review basis.

## **10. Summary**

Local Authorities are required to produce and submit a SHIP to the Scottish Government annually for review. Scottish Borders Council with the involvement of its key partners via the SHIP Working Group has prepared this SHIP 2021-2026 submission. The SHIP articulates how affordable housing priorities in the Council's Local Housing Strategy (LHS) will be resourced and delivered during the above rolling five year planning horizon.

This SHIP submission has been prepared using a variety of funding arrangements including; Scottish Government resource Allocation for 2020/21 and a subsequent four year resource planning assumptions covering the period up to 2021/26, Rural Housing Fund, RSL resources and private sector borrowing, and the Local Authority assistance through the use of 2<sup>nd</sup> Homes Council Tax, Affordable Housing Policy Developer Contributions, and strategic disposal of the Council's land. It remains to be seen what the level of Scottish Government funding will be towards assisting affordable housing delivery by the new Scottish Parliament after the election in May 2021. 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 following the Scottish Parliamentary elections in 2021. It is hoped that affordable housing delivery will continue to be a priority for the new Scottish Parliament, and that future Resource Planning Allocations and Assumptions will provide stability and certainty to facilitate affordable housing delivery for 2021-2022 and beyond.

As stated on page 7, the development of this SHIP 2021/26, in accordance with the current Guidance issued by the Scottish Government in August 2019. Methods of project prioritisation have been illustrated and constraints have been addressed through the SHIP process and project prioritisation weighting matrix to ensure that proposed projects are deliverable. The SHIP also addresses the contribution that individual proposed project will make to greener standards, energy efficiency, environmental standards and equality issues.

This SHIP submission outlines the continued excellent delivery of 141 new affordable houses over the period 2019/20, an anticipated delivery of 122 during 2020/21 and a very ambitious and aspirational 1,125 new affordable homes over the life of the SHIP 2021/26. Should all identified challenges and infrastructure issues be resolved in a timely manner, the anticipated grant funding is forthcoming, the sector has the capacity to deliver at scale, then the Council and its partners are optimistic that we can deliver substantially more affordable homes than delivered previously, which will not only help Borders communities access affordable housing, but will also contribute towards assisting the economic recovery following the Covid pandemic.

## 11. Glossary

AHPPWM	Affordable Housing Project Priority Weighting Matrix
AHSP	Affordable Housing Supply Programme
BCIS	Building Cost Index Services
BHA	Berwickshire Housing Association
ECH	Extra Care Housing
EESH/ EESH2	Energy Efficiency Standard for Social Housing
EHA	Eildon Housing Association
EU	European Union
GN	General Needs housing
HA	Housing Association
HMA	Housing Market Area
HNDA	Housing Needs and Demand Assessment
HRA	Housing Revenue Account
IJA	Integrated Impact Assessment
IJB	Integrated Joint Board
LHS	Local Housing Strategy
LLP	Limited Liability Partnership

LOIP	Local Outcomes Improvement Plan
MHS	More Homes Scotland
MMC	Modern Methods of Construction
MMR	Mid-Market Rent
NHT	National Housing Trust
OMSE	Open Market Shared Equity Scheme
PN	Particular Needs
RPA	Resource Planning Assumption
RRTP	Rapid Rehousing Transition Plan
RSL	Registered Social Landlord
SBC	Scottish Borders Council
SBHA	Scottish Borders Housing Association
SEPA	Scottish Environmental Protection Agency
SESPlan	South East of Scotland Plan
SFT	Scottish Futures Trust
SG	Scottish Government
SHIAN	The Scottish Health and Inequality Impact Assessment Network
SHIP	Strategic Housing Investment Plan
SHQS	Scottish Housing Quality Standard
SLPA	Strategic Local Programme Agreements
SPA	Scottish Procurement Alliance
TBC	To be confirmed
THA	Trust Housing Association
WC	Wheelchair standard housing
WH	Waverley Housing

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**HOUSING STRATEGY, POLICY & DEVELOPMENT**

Council Headquarters | Newtown St Boswells | MELROSE | TD6 0SA

tel: 01896 661392 | email: [housingenquiries@scotborders.gov.uk](mailto:housingenquiries@scotborders.gov.uk) | [www.scotborders.gov.uk](http://www.scotborders.gov.uk)

