
Report to Housing, Health & Care

Date: 23 August 2012

Subject: Strategic Housing Investment Plan (SHIP) and Strategic Local Programme (SLP)

Report by: Head of Community & Regulatory Services

1.0 Purpose

- 1.1. The purpose of this report is to finalise the Strategic Housing Investment Plan (SHIP) which was submitted in draft (following Council approval) to the Scottish Government on 31 March 2012.
- 1.2. The report further seeks approval of the Strategic Local Programme which requires to be formally submitted to the Scottish Government by 31 August 2012.
- 1.3. The Strategic Housing Investment Plan (SHIP) and the Strategic Local Programme (SLP) are part of the Clackmannanshire Housing Strategy (CHS) process, reflecting the key priorities set out in the draft CHS. The consultation draft of the CHS was approved by Council on 8 March 2012.

Following public consultation during May and June, officers are working on the revised CHS, which will be presented to the Council for approval on 25th October 2012.

2.0 Recommendations

- 2.1. It is recommended that the Council approves Option 2 (paragraph 3.10.2) as the basis of its Strategic Local Programme submission to the Scottish Government and revises its Strategic Housing Investment Plan 2012-15 accordingly.

3.0 Considerations

- 3.1. The main purpose of the SHIP is to show how identified needs and priorities in relation to affordable housing will be tackled. The emphasis is on how projects will be delivered within the resources available, within development constraints, to meet strategic priorities.

- 3.2. The historic strategy which directs the SHIP has undergone substantial change both as a consequence of the economic downturn, changes to Scottish Government guidance and funding and local circumstances. The new Clackmannanshire Housing Strategy is intended to be considered by Council this October and is likely to contain revised priorities which will direct investment decisions over the next 5 years.
- 3.3. The Scottish Government in May 2012 wrote to all Councils setting out the procedures for the future delivery of affordable housing. From 2012/2013 onwards, a 3 year resource planning approach will be adopted. This is to allow local authorities and housing associations to plan ahead more effectively.
- 3.4. It will integrate Council and RSL funding streams into one budget. Each Council will receive a combined 3 year resource planning assumption through to March 2015. This will enable Councils to have greater strategic flexibility, putting forward a range of affordable housing developments, based on its CHS priorities. The Government's Housing Supply Area Teams will agree the programmes with each Council after formal submission of their SLP.
- 3.5. The Scottish Government confirmed in a letter dated 5 May 2012, that the Council's resource allocation for the next 3 years will be £2.871 million. Of this total allocation, £1.35 million will be allocated on completion of the Council's new build developments currently on site in Hallpark, Sauchie; Dalmore Centre, Alva and The Orchard, Tullibody.
- 3.6. The remaining £1.521 million is for allocation to projects capable of completion by March 2015. The draft SHIP programme assumed unallocated funding of £2.64 million and the resulting budget shortfall of £1.12 million (43%) has forced a fundamental review of the sites and amount of housing that can be delivered within these constraints. This will be reflected in the Strategic Local Programme.
- 3.7. For clarity, the National Housing Trust project aimed at delivering up to 30 units, which is the subject of a separate report to full Council, does not rely on Scottish Government grant funding and therefore is additional to the above and remains in the SHIP programme for delivery out-with these resources.
- 3.8. Originally the 3 year programme set out in the draft SHIP aimed to deliver 148 new affordable homes (including the 30 NHT units) of different types over the next 3 years. Using conventional investment models the resource shortfall no longer makes this a viable proposition. The Strategic Local Programme is required to set out the priority development opportunities considered to be deliverable by March 2015.
- 3.9. Using feedback from the Clackmannanshire Housing Strategy the Council currently faces a number of challenges which demand an urgent, realistic and focussed response;
 - As a consequence of Housing Benefit rules and the emerging reduction in payments under Welfare Reform, the Council is confronted by steeply increasing costs for delivering temporary accommodation. Central to this is the subsidy cap applied to the use of bed and breakfast where the net cost to

the Council in 2011/12 was around £540,000. In short, the Council loses around £250 per week per person when bed and breakfast is used.

- As a consequence of homeless legislation and shortfalls in turnover of permanent lets the Council has seen both an increase in demand for temporary accommodation and the time spent by people in temporary accommodation.
- Around 66% of our homeless demand is from single people which makes smaller properties the main focus of concern.
- By contrast, overcrowding remains a problem in social housing with an estimated 17% of households having a smaller home than they need.
- Assessed figures from the Housing Strategy reveal that around 420 private sector Clackmannanshire properties in 2011/12 were vacant for over 6 months and around 60 of these were in Alloa town centre alone.

3.10. Considering the above challenges and in order to deliver a Strategic Local Programme which delivers on core Council priorities there are essentially two main options;

3.10.1 Option 1

Continue with the programme set out in the draft SHIP which focuses upon predominantly suburban new-build housing on a much reduced number of sites.

Assuming the cost of construction of flatted units @ £80k per unit and larger family houses @ £100k per unit then the average cost of a new-built unit can be estimated at £90,000.

Based on the Governments permitted level of subsidy per unit of £34k per unit then some 45 units could be developed based on the available grant of £1.521m and an assumed Council contribution of some £2.5m.

If delivered by an RSL the subsidy is £43k per unit which would result in 35 units, albeit at no direct cost to the Council. However, our main partner Ochilview Housing Association has confirmed that they regard new-build development at current subsidy levels as high risk and hence will only consider off-the-shelf purchase of existing homes at this time.

3.10.2 Option 2

As with the RSL's approach, the Council's alternative to new-build is to shift the focus onto off-the-shelf purchase for grant purposes, provided the units achieve current building standards.

Given the same £1.521m Government funding and assuming a similar Council match-funding of £2.5m over 3 years then the Council could aim to acquire approximately 74 empty properties in otherwise priority central locations.

This is based on an average acquisition and upgrade cost of approximately £55k per unit.

This approach has the added advantage of reducing the substantial design cost and lead-in time of new-build projects whilst contributing to the wider regeneration of our town centres.

On the basis that this option would produce some 29 units more than the new-build alternative and given the cost of homelessness of around £13k pa for a single-person household (based on B&B cost and lost subsidy) then these additional units could save the Council an additional £377k pa. The impact will be event better if purchased units enable families to move out of B&B and overcrowded homes and, in the case of the latter, free up smaller homes for single persons.

- 3.11 The Council contribution under either option would of necessity require to come from the HRA. A full review and consultation on the HRA Financial Business Plan is underway and will report by the end of the year. The HRA Financial Business Plan review will confirm the probable level of investment in additional housing stock.
- 3.12 It is therefore considered that the Council is more realistically placed to deliver on urgent priorities for town centre regeneration, reducing the financial impact of homelessness and meeting targeted demand from single people by focussing investment under Option 2- refurbishment and off the shelf purchase.
- 3.13 In addition to the above option, the Council will continue to use both Planning Policy and its own land assets to pursue the further delivery of affordable housing.

4.0 Sustainability Implications

- 4.1 SEA screening has been carried out as part of this proposal.

5.0 Resource Implications

- 5.1. A full report on the Council HRA Business Plan investment capabilities will be submitted to Council before the end of the financial year.

6.0 Exempt Reports

- 6.1 Is this report exempt? Yes (please detail the reasons for exemption below) No

7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

- (1) **Our Priorities 2008 - 2011**(Please tick)

The area has a positive image and attracts people and businesses	<input checked="" type="checkbox"/>
Our communities are more cohesive and inclusive	<input checked="" type="checkbox"/>
People are better skilled, trained and ready for learning and employment	<input type="checkbox"/>
Our communities are safer	<input type="checkbox"/>

- Vulnerable people and families are supported
- Substance misuse and its effects are reduced
- Health is improving and health inequalities are reducing
- The environment is protected and enhanced for all
- The Council is effective, efficient and recognised for excellence

(2) Council Policies (Please detail)

8.0 Equalities Impact

8.1. Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes No

9.0 Legality

9.1. In adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

10.0 Appendices

None

11.0 Background Papers

Strategic Housing Investment Plan (SHIP)


11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes (please list the documents below) No

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