

Item: 11

Education, Leisure and Housing Committee: 11 November 2020.

Strategic Housing Investment Plan.

Report by Executive Director of Education, Leisure and Housing.

1. Purpose of Report

To consider the Strategic Housing Investment Plan covering the period 2021 to 2026.

2. Recommendations

The Committee is invited to note:

2.1.

That the Strategic Housing Investment Plan for the period 2021 to 2026, attached as Appendix 1 to this report, which has been produced in partnership with relevant local and national stakeholders, proposes the following:

- 337 social rented and low-cost home ownership properties to be approved and developed by the Council and Orkney Housing Association Limited, with 301 completed over the five year lifetime of the Plan.

2.2.

That, alongside the Council and Orkney Housing Association Limited's programme that makes up the Strategic Housing Investment Plan 2021 to 2026, it is anticipated that up to 204 affordable rented and low-cost home ownership properties will be delivered by the private sector and partners, including islands development trusts, through the Rural and Islands Housing Fund.

2.3.

That the Council projects outlined in the draft Strategic Housing Investment Plan 2021 to 2026 will only be developed should the funding available through Scottish Government grant and Housing Revenue Account finance be sufficient to allow the projects to proceed.

It is recommended:

2.4.

That the Strategic Housing Investment Plan for the period 2021 to 2026, attached as Appendix 1 to this report, be approved for submission to the Scottish Government.

3. Background

3.1.

The Strategic Housing Investment Plan is expected to be a short, succinct document focussing on the prioritisation and delivery of affordable housing, closely linked to, and forming an Appendix to, the Local Housing Strategy.

3.2.

The Strategic Housing Investment Plan outlines the affordable housing development priorities and preferences of the Council and its partners.

3.3.

Stage 1 Capital Project Appraisals have been developed for each of the projects proposed for development by the Council in the attached Strategic Housing Investment Plan. Should these be approved and the projects included in the Strategic Housing Investment Plan, Stage 2 Capital Project Appraisals will be developed for each project and presented to the Policy and Resources Committee in due course.

3.4.

With a Scottish parliamentary election occurring in May 2021, the Scottish Government is unable to confirm the targets for housing development or the levels of funding that will be available to meet any targets. Development of the projects outlined in Orkney's Strategic Housing Investment Plan 2021-2026 will depend upon adequate funding being made available by the Scottish Government to support those developments over the next five years.

3.5.

The Council has worked with Orkney Housing Association Limited to draft a five-year Strategic Housing Investment Plan that seeks to deliver affordable housing where it is most needed.

4. Proposed Strategic Housing Investment Plan

4.1.

Due to COVID-19 implications, the Scottish Government has instructed that the 2021 to 2026 Strategic Housing Investment Plan will be more basic. This guidance is reflected in the draft Strategic Housing Investment Plan attached as Appendix 1 to this report.

4.2.

Whilst the draft Strategic Housing Investment Plan 2021 to 2026 outlines an ambitious programme, it is nonetheless considered achievable should the required funding from the Scottish Government be available.

4.3.

This Strategic Housing Investment Plan builds on the Plan for the period 2020 to 2025 that was approved by Council in September 2019.

4.4.

In total the Strategic Housing Investment Plan aims to complete 297 affordable housing units to be delivered by the Council and Orkney Housing Association Limited.

4.5.

While not part of the lighter Strategic Housing Investment Plan 2021 to 2026, it is hoped that 204 additional affordable properties will be delivered by private developers and other bodies, including island development trusts, over the Strategic Housing Investment Plan period.

4.6.

A further 38 social rented and low-cost home ownership properties will have been started by the Council and Orkney Housing Association Limited but will not have been completed by 31 March 2026 to count towards the completion figures of this Strategic Housing Investment Plan.

4.7.

The majority of developments by the Council and Orkney Housing Association Limited are proposed for Kirkwall which has the highest level of demand for social rented housing. However, a significant number of the affordable housing projects, outlined in section 4.5 above, will hopefully be developed in rural and island areas.

4.8.

The projects that are proposed for development by island development trusts rely on the Scottish Government's Rural and Islands Housing Fund continuing into the next parliamentary term. Support from the Council's Housing Service is being provided to eight development trusts as well as one other community group and a number of private developers to progress applications for funding. To date, five projects in Orkney have received funding, with a number of other projects under development. Continued support from Council staff is required to ensure existing and future Islands Housing Fund projects developed by development trusts and developers can be supported.

4.9.

The Strategic Housing Investment Plan 2021 to 2026, attached at Appendix 1 to this report, is recommended for submission to the Scottish Government.

5. Corporate Governance

This report relates to the Council complying with governance and financial processes and procedures and therefore does not directly support and contribute to improved outcomes for communities as outlined in the Council Plan and the Local Outcomes Improvement Plan

6. Financial Implications

6.1.

The core purpose of the Strategic Housing Investment Plan is to set out the key priorities for affordable housing development in Orkney which will then inform Scottish Government and Council investment decisions. It is a working tool that sets out what affordable housing developments can be delivered and identifies the resources required.

6.2.

The Strategic Housing Investment Plan does not commit the Council to undertaking the projects listed in Appendix 1 and any proposed Council projects would require the standard Capital Project Appraisal procedure to be completed prior to development.

6.3.

The level of second homes Council Tax utilised in delivery of affordable housing from April 2008 to 31 March 2020 was £2,397,955.

6.4.

The demands on the Housing Revenue Account over coming years include the Energy Efficiency Standard for Social Housing as well as works to keep properties at the Scottish Housing Quality Standard. These demands mean that the level of house building to be delivered by the Council and outlined in the Strategic Housing Investment Plan are only sustainable with additional per-property grant funding from the Scottish Government.

7. Legal Aspects

There is a legal requirement on the Local Authority to produce both a Local Housing Strategy and a Strategic Housing Investment Plan, as set out in section 89 of the Housing (Scotland) Act 2001.

8. Contact Officers

James Wylie, Executive Director of Education, Leisure and Housing, extension 2436, Email james.wylie@orkney.gov.uk.

Frances Troup, Head of Housing, Homelessness and Schoolcare Accommodation Services, extension 2177, Email frances.troup@orkney.gov.uk.

Luke Fraser, Team Leader (Policy and Planning), extension 2172, Email luke.fraser@orkney.gov.uk.

9. Appendix

Appendix 1: Strategic Housing Investment Plan.

Orkney Islands Council

Strategic Housing Investment Plan 2021 to 2026

Introduction

The Strategic Housing Investment Plan (SHIP) 2021 to 2026 is Orkney's five-year development plan for affordable housing provision and is updated yearly in line with Scottish Government guidance. New build housing is developed by the Council, its housing association partner, Orkney Housing Association Limited (OHAL), and the private sector. Affordable housing provision may be delivered by Scottish Government funding schemes including the main Affordable Housing Supply Programme, Help to Buy, Open Market Shared Equity and the Rural and Islands Housing Fund or via private sector provision.

Due to the impact of the COVID-19 pandemic, the SHIP 2021 to 2026 is slightly different to previous SHIPs. The SHIP 2021 to 2026 is a shorter document which summarises any revisions and changes to existing SHIP priorities due to the impact of COVID-19. This includes contingencies taken by the Council to maximise funding spend and react to counter the impact of COVID-19, as well as only including details on the projects that, affordability allowing, will be developed by the Council and Orkney Housing Association Limited.

Rural and Islands Housing Fund projects and other affordable housing projects delivered by developers are all important contributions towards meeting the aspirations of Orkney's Local Housing Strategy and the Council will continue to support organisations and developers looking to utilise any housing development funding that is made available over the SHIP period.

Background

The COVID-19 pandemic has impacted the social housing build programmes of Orkney Islands Council and Orkney Housing Association Limited, as well as island development trusts and private developers looking to utilise the Rural and Islands Housing Fund. All work on building sites was shut down for three months and this has delayed the start of some projects and the completion of others. While projects are now back on site and progress is being made both on site and in procuring additional projects, prices have risen significantly and some materials are in short supply. Recent price rises have already led to a number of projects not being contracted and they are jeopardising a number of other projects.

Orkney Islands Council, alongside local partner Orkney Housing Association Limited, has worked with the Scottish Government and Scottish Water to try and move projects forward and unblock potential infrastructure constraints, particularly on the west side of Kirkwall.

In order to maximise the spend of the funding that has been made available by the Scottish Government, Orkney Islands Council has looked to develop additional projects post lockdown and a number of off the shelf purchases have also been undertaken.

Support for island development trusts and private developers to access the Rural and Islands Housing Fund has continued with a number of projects being approved over the COVID-19 pandemic period.

SHIP Projects

The SHIP 2021 to 2026 contains projects that hope to deliver 297 completed properties over the five-year period, with a further 38 under development. These new properties will be delivered by Orkney Islands Council and Orkney Housing Association Limited.

The majority of social housing developments by Orkney Islands Council and Orkney Housing Association Limited will be focused around Kirkwall, which is the area of key demand for social housing. Developments in other areas of Mainland Orkney and the linked south isles are also proposed for development as part of the Affordable Housing Supply Programme.

Housing in the isles is being developed by development trusts based on each individual island utilising the Rural and Islands Housing Fund and support is being provided to development trusts and developers by the Council's Housing Service. Eight islands and four private developers have so far explored the potential of the Rural and Islands Housing Fund. It is hoped that the fund will continue on in the next parliamentary term as there are a number of projects under development that would benefit from funding and the Rural and Islands Housing Fund is seen as a key component for delivering affordable housing on Orkney's islands. It is hoped that through a continued Rural and Islands Housing Fund programme, along with other funding through Help to Buy and Open Market Shared Equity that further properties will be delivered by private developers and island development trusts.

Conclusion

The SHIP 2021 to 2026 aims to deliver much needed affordable housing across Orkney in the tenures that are best suited to support the needs of various groups across Orkney.