



# Strategic Housing Investment Plan 2021/22 – 2025/26



October 2020

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## **FOREWORD**

I am pleased to present Fife Strategic Housing Investment Plan 2021/22 – 2025/26 on behalf of Fife Housing Partnership, the core purpose of which is to set out investment priorities in affordable housing to achieve the outcomes set out in the Local Housing Strategy (LHS).

The Strategic Housing Investment Plan (SHIP) reinforces the importance of Fife's Local Housing Strategy priorities, outcomes and milestones and is the key document for targeting investment at a local level. As a plan it continues to evolve, to reflect the context in which we operate and contributes to the Fife Housing Partnership's commitment to Affordable Housing development in Fife.

In the Plan, we focus on the delivery of Council Housing by Fife Council and Social Rented Housing by Fife Housing Association Alliance with some mixed tenure affordable housing to make the best use of available funding and meeting community need over the next 5 years.

In bringing forward this ambitious programme, we are demonstrating a strong partnership approach across Fife Council the Fife Housing Association Alliance, the Scottish Government and private developers. The strength of partnership working is that we are agile and flexible enough to make changes to the programme, should additional resources and related opportunity become available, whilst maintaining an absolute focus on delivery

I remain absolutely committed to meeting housing needs of people of Fife. The Strategic Housing Investment Plan details a mix of potential development projects, providing Fife with a realistic and practical plan to deliver against our investment priorities.

I thank all our partners for their continued commitment to this hugely ambitious programme. I am delighted to commend it to you.



Cllr Judy Hamilton

Chair of the Fife Housing Partnership

## **SECTION ONE: INTRODUCTION, PURPOSE AND SUMMARY**

### **Introduction**

- 1.1 Fife Housing Partnership (FHP) has developed the Strategic Housing Investment Plan (SHIP) for 2021/22 - 2025/26 to set out how investment in affordable housing should be directed to achieve the outcomes set out in the two-year Local Housing Strategy (LHS) 2020-2022. A revised LHS is expected to be put in place from 2022 which will inform future revisions of the SHIP.
- 1.2 The partnership has established a robust strategic planning framework through the LHS, 'Fifeplan' Local Development Plan and the SHIP, which directly support delivery of housing outcomes within the 'Plan for Fife' local outcome improvement plan.

### **Purpose**

- 1.3 The SHIP is a working tool produced each year to support longer-term strategic planning. It provides a practical plan detailing how LHS investment priorities can be delivered, forms the basis for more detailed programme planning and provides a focus for partnership working. The SHIP is used by the Scottish Government to inform the allocation of resources from a national to a local level.

### **Summary**

- 1.4 The combined TAYplan and SESplan Housing Needs and Demand Assessment (HNDA) concludes that there is a requirement for an additional affordable supply of 594 affordable homes per annum over 12 years – a total of 2,970 over the five-year period of the SHIP.
- 1.5 The 2021/22 – 2025/26 SHIP shows the potential to deliver 3,859 affordable homes equating to around 771 units per annum. A further 150 units are estimated through other Scottish Government affordable housing options, taking the total to 4,009 units, an average of around 801 units per annum.

## SECTION TWO – STRATEGY AND CONSULTATION

### Local Housing Strategy (LHS)

- 2.1 Fife’s Local Housing Strategy 2020-22 was approved by the Fife Housing Partnership on the 27<sup>th</sup> August 2020. A revised five-year Local Housing Strategy is expected to be in place by 2022, informed by updated housing need and demand assessments for the Edinburgh and Dundee city regions. A key role of the LHS will be to support recovery from the Covid-19 emergency, particularly to mitigate any increase in homelessness in Fife.
- 2.2 The high-level aim of the current LHS is ‘to provide housing choices for people in Fife’. Table 1 shows the eight leading housing priorities that have been agreed:

**Table 1 – LHS Priorities**

1. Prevention of homelessness	5. New housing supply
2. Access to housing	6. Private sector housing condition
3. Healthy heating and poverty	7. Place making and communities
4. Housing, health and social care	8. Home energy

- 2.3 The Fife Housing Partnership has carefully considered the priorities for affordable housing delivery by type and tenure. Prioritising investment is dependent upon on a range of factors including relative need, land availability and development constraints. The approach has evolved through close working between regional and local partners, particularly through strong relationships with the development sector. The priorities of the LHS are translated into the SHIP scoring matrix (see Appendix 1) which considers these factors.

### Strategic links

- 2.4 The figure below indicates the relationship between the SHIP and key strategic planning frameworks such as the LHS, ‘FIFEplan’ Local Development Plan and the ten-year ‘Plan4Fife’ Local Outcome Improvement Plan agreed in 2017.



## **Plan4Fife**

- 2.5 The Plan 4 Fife 2017-2027 through the 'Thriving Places' theme identifies the challenge of a rapidly changing population with around 20,000 new homes needed over ten years. In striving for fairness and improved equality, the plan sets out a commitment to deliver a 'Phase 3' affordable housing programme of 3,500 affordable homes by May 2022.

## **Development Plan**

- 2.6 The FIFEplan was adopted in September 2017 to replace Fife's three Local Plans. It complements and supports the Plan for Fife in supporting the Council's aims of providing more high-quality affordable homes to build on the success of the programme to deliver 2,700 affordable homes from 2012 to 2017. The FIFEplan's 'Policy 2: Homes' shows how housing development, including affordable housing, will be supported into the future to meet strategic housing land requirements and to provide a continuous five-year housing land supply.

## **Consultation**

- 2.7 The Fife Housing Partnership has delegated responsibility on behalf of Fife Council for progressing work to address housing need, demand and conditions across all tenures. The partnership has been operational since 2002, successfully delivering three Fife LHSs and now implementing the fourth two-year strategy for recovery from the Covid-19 emergency.
- 2.8 The range of interests represented within the partnership are Fife Council, NHS Fife, the Scottish Government, the Fife Housing Association Alliance, Scottish Association of Landlords, Fife Tenants' Forum and Scottish Land and Estates. The delivery groups supporting the partnership include representatives from statutory and third sector organisations.
- 2.9 Fife Council's Housing Services, the Scottish Government and the Fife Housing Association Alliance have co-ordinated affordable housing consultations on behalf of the Fife Housing Partnership and led in the development of the annual SHIP updates.

## **Equalities**

- 2.10 An equalities impact assessment has been conducted to inform proposals in the SHIP and no negative impacts have been identified. The delivery of new housing is expected to deliver positive impacts for people with protected characteristics under the Equalities Act 2010, for example in providing specialist housing for older people or people with a physical disability.
- 2.11 Another positive impact will be that the affordability of the new housing provided will benefit people on low / limited incomes. This ties in with the Child Poverty (Scotland) Act 2017 Local Child Poverty Action Report which aims to reduce housing costs for families in Scotland. New housing will be targeted to reduce the number of children in situations of homelessness, offering stability and contributing to improved health, educational and social outcomes.

## SECTION THREE: IDENTIFYING AND MEETING HOUSING NEED

### Housing Need

- 3.1 Two separate housing need and demand assessments (HNDAs) were carried out to inform the current LHS and SHIP, both following the methodology set within Scottish Government guidance:
- TAYplan HNDA – assesses housing need and demand for North East Fife, Angus, Dundee and Perth and Kinross, this being concluded in February 2014 when the Scottish Government confirmed it a ‘robust and credible’ assessment. Work is underway to update the HNDA for the Dundee city region authorities by the end of 2021.
  - SESplan HNDA – assesses housing need and demand for Central and West Fife, Edinburgh, the Lothians and Scottish Borders, this being concluded in March 2015 when the Scottish Government confirmed it a ‘robust and credible’ assessment. Work is underway to update the HNDA for the Edinburgh city region authorities by the end of 2021.
- 3.2 The current HNDAs estimate total housing need through a count of the number of homeless households, concealed households, overcrowded households, households requiring adaptations, households requiring specialist forms of housing and households living in poor quality housing.
- 3.3 The methodology assumes that a proportion of those households will be able to afford to resolve their housing needs based on a comparison of local household incomes against housing costs. After netting off these households, a combined total of **19,361 households** in Fife were assessed as being in housing need through the HNDAs. These households will require some form of housing assistance, although not necessarily through the provision of a new home.
- 3.4 The TAYplan and SESplan authorities also calculated the amount of new housing required annually over 20 years based on scenarios for Fife’s households, economy and housing affordability. Figures are produced by category of affordable housing (social rented and below market rented housing) and market housing (private rented and market purchase). The combined HNDAs show a requirement for 1,146 homes in Fife per annum based on an assumption of steady economic improvement, a breakdown is shown in table 2 overleaf:

**Table 2: Annual Housing Need and Demand 2018-2030**

**Affordable Housing**

<b>Area</b>	<b>Social Rented</b>	<b>Below Market Rent</b>	<b>Total</b>
TAYplan	92	35	127
SESplan	376	91	467
<b>Fife</b>	<b>468</b>	<b>126</b>	<b>594</b>

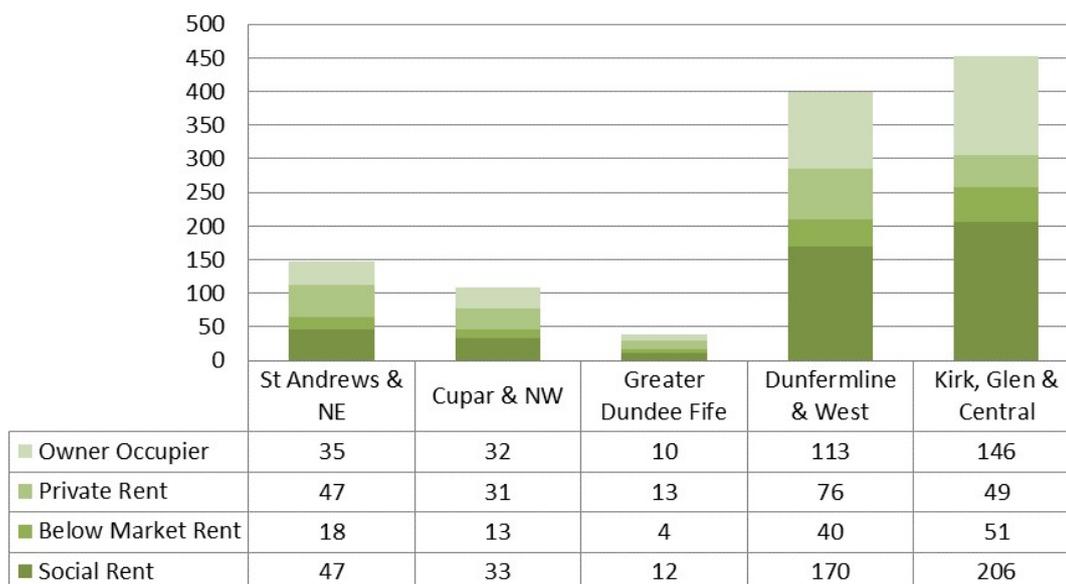
**Market Housing**

<b>Area</b>	<b>Private Rented</b>	<b>Owner Occupied</b>	<b>Total</b>
TAYplan	91	77	168
SESplan	125	259	384
<b>Fife</b>	<b>216</b>	<b>336</b>	<b>552</b>

Source: TAYplan HNSA (2014) and SESplan HNSA (2015) / Averaged across years

- 3.5 The scenarios for steady economic improvement will require to be retested through the updated HNDAs, particularly to consider the economic impacts of Covid-19. However, the current HNDAs assess a need for 594 affordable homes per annum from 2018-30 (468 social rented plus 126 Below Market Rented homes). The demand for market housing is assessed at 552 homes per annum from 2018-30. The combined total housing demand is assessed as 1,146 per annum.
- 3.6 The combined HNDAs thus indicate a requirement for 52% affordable / 48% market housing. This compares to a requirement of 32% affordable / 68% market housing shown in previous assessments, indicating an increasing need for affordable housing as a proportion of global housing need and demand.
- 3.7 The combined HNDAs show how the annual housing requirement is distributed by tenure across the four housing market areas (5 including greater Dundee) see table 3 overleaf:

**Table 3: Annual Housing Requirement by HMA / Estimates from Combined HNDAs (2018-2030)**

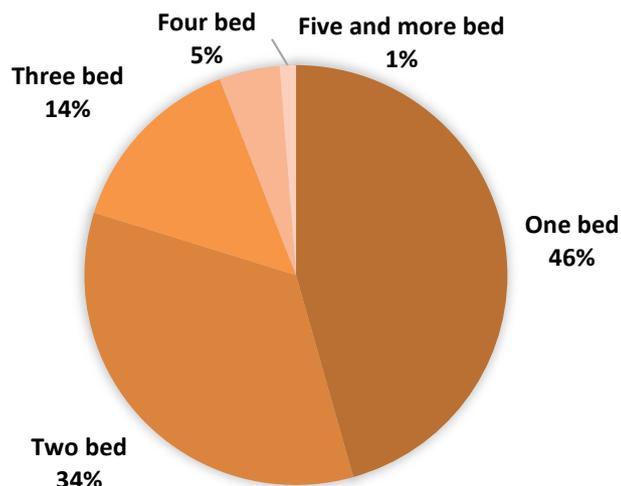


Source: TAYplan Housing Need and Demand Assessment (2014) and SESplan Housing Need and Demand Assessment (2015) / Based on assumptions of steady economic growth and including analysis for Fife's proportion of the Greater Dundee HMA

- The Kirkcaldy, Glenrothes & Central Fife HMA requires the highest number of new homes each year, this being 452 homes per annum or 39% of the overall requirement for Fife;
- The combined TAYplan HMAs (Cupar & North-West Fife, St Andrews & North-East Fife and Greater Dundee Fife) require 26% of Fife's overall annual housing requirement which is greater than the 20% of households located within area suggesting a higher-level of housing pressure within these areas;
- The Kirkcaldy, Glenrothes & Central Fife HMA requires the highest number of social rented homes at 206 (44%) social rented homes each year and the Dunfermline & West Fife HMA 170 (36%) social rented homes each year;
- Demand for additional private rented homes is highest in the Dunfermline & West Fife HMA (76 per annum), although pressure of demand is most acute in the St Andrews & North-East Fife HMA which requires 22% of all new private rented homes each year;
- While the Kirkcaldy, Glenrothes & Central Fife HMA and the Dunfermline & West Fife HMA demonstrate need for the highest number of below market rented homes each year, proportionally the combined TAYplan HMAs (Cupar & North-West Fife, St Andrews & North-East Fife and Greater Dundee Fife) require 27% of provision, compared to the 20% of households in area.

3.8 Household projections show that Fife’s average household size is reducing; the proportion of single adult and single parent households is increasing against a reducing proportion of family households containing three or more adults, or two or more adults with children. This has been resulting in a general requirement for smaller-sized homes, a trend identified within previous LHSs. This can be evidenced through the bedroom entitlement for applicants on the Fife Housing Register with around 80% of 12,166 households requiring one- or two-bedroom homes, table 4 below shows a breakdown of applicants:

**Table 4 Fife Housing Register Applicants by Bedroom Entitlement**



Source: Fife Housing Register 2020 / Applicants by bedroom entitlement

3.9 The continuing need for accessible housing shown through the HNDAs led to a revised target of 30% specific needs homes to be included in the LHS, for delivery through the SHIP and affordable housing programmes after 2017. This target will continue to be delivered through the Local Housing Strategy 2020-22.

### Housing Supply Target

3.10 The outputs of the HNDAs do not automatically translate into housing supply targets as a broader range of factors are considered in determining the level of new housing required. The respective TAYplan and SESplan authorities in 2015 provided housing supply targets for 2018-30:

- The TAYplan authorities agreed a housing supply target of 295 homes per annum in the Cupar and NW and St Andrews and NE Housing Market Areas to fully meet the global HNDA outputs, 74 homes per annum (25%) being provided as affordable housing.

The SESplan authorities agreed a housing supply target of 868 homes per annum in the Glenrothes, Kirkcaldy and Central and Dunfermline and West Housing Market Areas, 262 homes per annum (30%) being provided as affordable housing.

- 3.11 A summary of the proposed affordable housing supply targets for Fife is shown in table 5 below. These targets will be reviewed following the update of the respective HNDAs for the Dundee and Edinburgh city regions:

**Table 5: Affordable Housing Supply Targets / Per Annum 2018-30**

	Proposed Affordable Housing Supply Target / Per Annum
<b>TAYplan</b>	<b>74</b>
<b>SESplan</b>	<b>262</b>
<b>Total</b>	<b>336</b>

Source: TAYplan and SESplan

### Future Delivery

- 3.12 The LHS 2020-22 has outlined priorities for affordable housing tenure by Housing Market Area through the TAYplan and SESplan HNDAs, as detailed in section 3.7 above (approximately 87% social rent and 13% below market rent).
- 3.13 The high proportion of social rented properties currently reflected within the SHIP (see table 6 below) is indicative as every site will be subject to further design work and refinement. It may not always be possible to deliver the exact housing mix and tenure currently specified, until full consideration of project viability, land availability, funding, etc. has been given. The need identified in the Greater Dundee area has been incorporated within the St Andrews & NE area.

**Table 6: Tenure Mix of Proposed AHSP Funded SHIP Developments**

Housing Market Area	Social Rented Units		MMR Units		Total in HMA
	FC	RSL	FC	RSL	
Fife Wide	250	0	0	0	250
Kdy, Glenrothes & Central	654	505	0	91	1250
Dunfermline and West	570	677	0	126	1373
St Andrews & NE	290	357	0	54	701
Cupar & NW	150	100	0	35	285
<b>Totals</b>	<b>1914</b>	<b>1639</b>	<b>0</b>	<b>306</b>	<b>3859</b>

- 3.14 The projects selected for inclusion in the SHIP show what could be delivered in Fife over the next 5 years. Their inclusion is a result of the assessment of housing need within the area and consideration of the deliverability of the projects. There is an over provision of around 25% included to prepare for any slippage in the programme and to take advantage of any additional funding that may be available.
- 3.15 The LHS has identified a need for 87% social rented housing and 13% below market rent. The projects within the SHIP propose 92% for social rent and 8% for MMR, reflecting both the Scottish Government's and Fife Council's priority for social rented housing.
- 3.16 Whilst the projects within the SHIP provide a target for meeting housing need, further analysis is required to agree the exact housing mix for size and tenure. This will be based on information from the combined HNDAs, analysis of housing lists, and consultation with the Housing Associations, the Health & Social Care Partnership, the Specific Needs Team and other groups as appropriate, ensuring the best strategic and local solutions to Fife's housing needs.

### **Wheelchair Accessible Target**

- 3.17 Fife Council's target is to achieve 30% specific needs housing through the SHIP, normally provided through amenity and wheelchair units, although this can also include larger family houses with a specific need catered for on the ground floor. It is estimated that the projects within the SHIP will provide 30% of the properties to meet specific needs. Fife Council has set an aspiration to build 5% of their new council homes as wheelchair properties and 5% as larger family homes with 4 or more bedrooms. It is recognised that compliance with these targets will not be possible on all projects, particularly where there is an environmental or viability issue.

### **Rapid Rehousing Transition Plan**

- 3.18 Fife's first Rapid Rehousing Transition Plan (RRTP) was agreed in December 2018 in collaboration with a range of local partners across the Council, Health, RSLs and voluntary sector partners through the Housing Support and Homelessness Public Social Partnership. The Plan is housing led but is also embedded within Fife's Health and Social Care strategic planning framework.
- 3.19 The RRTP was positively evaluated by Scottish Government as the basis for positive transformational change affecting one of the largest homelessness populations and services across the country. The RRTP sets out a range of actions to improve outcomes for households that are homeless or potentially homeless with a view to establishing default rapid rehousing by;
- Increasing focus on prevention and early intervention.
  - Establishing Housing First in accordance with the national model and enabling Rapid Rehousing approaches for households in temporary accommodation.
  - Remodeling and re-configuring temporary accommodation to provide more supportive accommodation options and a re- distribution of options.
  - Enabling access to a wider range of housing and accommodation options based around more person-centered customer journeys.
  - Improving access to services as part of a no wrong door approach.

- Improving housing support and outreach services for the most vulnerable customers to promote tenancy sustainment across the sectors.

3.20 The Plan is based on promoting a rapid re-housing approach as a default position, however, improvements in services will rely on cross- government and sector commitment to;

- Long term investment in new affordable housing supply beyond 2021.
- Improve standards, security and affordability within the private rented sector where this is an appropriate housing option.
- Improve outcomes for households in all forms of poverty, exclusion and disadvantage.
- Respond to the needs of those households adversely affected by welfare reform, economic austerity and other forms of financial hardship.
- Close the gap for households with complex and challenging support and care needs that fall between housing support and wider statutory service provision.

3.21 Work to refresh the plan is commencing in 2020 due to national and local concerns around the impact of Covid-19 on levels of homelessness.

## SECTION FOUR: PRIORITISING PROJECTS

- 4.1 The core purpose of the SHIP is to set out investment priorities in affordable housing provisions over a 5-year period to achieve the outcomes set out in the LHS.
- 4.2 Representatives from Housing Services and the Fife Housing Association Alliance reviewed the scoring matrix used for the previous SHIP. The scoring matrix reflects the priorities of the LHS 2020 – 2022. The Scottish Government has previously recognised that the on-going use of the scoring matrix has enhanced the SHIP process.
- 4.3 A summary of the full scoring matrix is provided in table 7. Appendix 1 provides a more detailed overview of the matrix.

**Table 7: Scoring Matrix Overview**

<b>Item</b>	<b>Score Range</b>
Housing Need	10-100
Development Timescales	10-160
Strategic Fit	10 – 50
<b>Minimum to maximum points range</b>	<b>30-310</b>

- 4.4 All the projects in the SHIP have been scored under this system and were given a HIGH or MEDIUM priority, depending on the scoring.
- 4.5 The ability to take advantage of any investment opportunities arising from slippage elsewhere is part of managing the programme. This has been successful in the past and provides some flexibility. It is important to note that the prioritisation reflects the current position of the status of projects for the SHIP. Projects will continue to be progressed and their priority will be reviewed on an ongoing basis.

## SECTION FIVE: AVAILABLE RESOURCES

5.1 The optimal management of available resources is essential for maximising the delivery of affordable housing. The main funding resources and delivery mechanisms now available in Fife are as follows:

- Affordable Housing Supply Programme (AHSP)
- Second Homes Council Tax (2HCT)
- Affordable Housing Requirement – Private Developers
- Private finance through the Fife Housing Association Alliance (FHAA)
- Prudential borrowing through Fife Council
- Fife Council and Housing Association Land
- Housing Infrastructure Fund

### Affordable Housing Supply Programme

5.2 The Scottish Government has confirmed that the latest known Resource Planning Assumption (£36.827) should be used as a basis for the SHIP which gives some level of certainty to Fife Council on the expected level of grant. (as per the More Homes Division Guidance note 2020/02) Further information on RPA levels post March 2021 will be provided as soon as they are known. The assumed RPAs are detailed in table 8 below;

**Table 8: Resource Planning Assumptions**

Year	RPA (£m)
2021/22	£36.827
2022/23	£36.827
2023/24	£36.827
2024/25	£36.827
2025/26	£36.827
Total	£184.135

5.3 The Scottish Government has recommended that a substantial over provision (at least 25%) should be planned on top of this to allow for additional capacity. This will be required to ensure the Council and partners can spend the base allocation and allow advantage to be taken of any additional funding should it become available. This SHIP provides an average over provision of 28% across the 5-year period.

5.4 The Council can claim a flat rate benchmark of £59,000 per unit, to qualify for this the homes must meet Section 7, Silver Level, of the 2011 Building Regulations in respect of Energy for Space Heating. The Council will also be looking to maximise grant subsidies and where applicable will seek to request above benchmark grant, this will usually

be on non-standard or specific needs projects. Full details on increased grant subsidy levels and project cost information will be included at tender approval stage of each individual project. The Council will be looking to request approximately £20,000 above the benchmark grant.

- 5.5 In addition, it is estimated that around 150 passports for Open Market Shared Equity (OMSE) will be delivered over the next 5 years.

### **Second Homes Council Tax (2HCT)**

- 5.6 Funding received from 2HCT has been committed to affordable housing projects to further enhance Scottish Government funding programmes. Since this was introduced in 2005/06, £20.1m has been collected, with a further estimated £1.1m expected to be generated each year from 2020/21 – 2025/26. Much of this has been and will continue to be allocated to support affordable housing projects.
- 5.7 The use of 2HCT monies has assisted the affordable housing programme in allowing more projects to be developed and brought forward than would otherwise have been possible, limiting the need for Scottish Government grant, front funding and allowing future commitment by the Fife Housing Association Alliance.

Table 9 below shows what 2HCT has been collected and how it has contributed to the provision of affordable housing in Fife;

**Table 9 – Second Homes Council Tax**

	Tax Raised	Tax Spent	Units Assisted
Pre 2018/19	£17.498m	£13.147m	1,028
2018/19	£1.342m	£0.930m	109
2019/20	£1.289m	£0.900m	146

There is £5m 2HCT unspent and this will be carried on into future years, much of this has already been allocated to specific projects but cannot be drawn down fully until all Scottish Government grant has been claimed on the project. The SHIP Tables also assume a 2HCT contribution of £1.1m over the five-year timeframe totaling £5.5m. This allows AHSP monies to go further and therefore more projects to be included. In 2018, the Council decided to allocate future 2HCT to council social rented projects.

The estimated number of units that could be delivered based on the AHSP and 2HCT funding available is shown in table 10 overleaf:

**Table 10: Units Deliverable through Funding Available**

	Funding Available RPAs & 2HCT*	Benchmark Grant Per Unit**	Units Deliverable	% of total units
FC SR	£75.343	£59,000	1277	43%
RSL SR	£97.272	£72,000	1351	45%
MMR	£17.020	£46,000	370	12%***
<b>Totals</b>	<b>£189.635</b>	<b>-</b>	<b>2998</b>	<b>100%</b>

\*Based on a proportionate split of the funding (60% – RSLs; 40% – FC)

\*\*Based on 3-person equivalent for RSLs as detailed in the MHDG 2020/02

\*\*\*Target of 13% used as per LHS identified need, ref 3.15

### **Affordable Housing Requirement – Private Developers**

- 5.8 Developer Contributions are negotiated on Affordable Housing Policy sites where an on-site provision is not required / practical. These accumulated funds can be spent in the same Local Housing Strategy Area or Housing Market Area in which they are collected. Once agreed through the planning application process, the requirement for a commuted sum is set within the Section 75 Agreement. Fife Council can allocate funds once Developer Contributions are received.
- 5.9 Table 11 below shows what Commuted Sums have been collected and how they have contributed to the provision of affordable housing in Fife;

**Table 11 – Commuted Sums**

	Sums Raised	Sums Spent	Units Assisted
Pre 2018/19	£1.973m	£0.699m	461
2018/19	£0.044m	£0.009m	49
2019/20	£0.029m	£0.19m	109

There is £1.148m in Commuted Sums unspent and this will be carried on into future years. Most of this has been allocated to specific projects. Monies received through Developer Contributions will continue to be allocated and approved by Fife Council and the Scottish Government. Commuted sums are not included in funding assumptions due to not being able to predict how much may be available in future years.

- 5.10 The Affordable Housing Supplementary Planning Guidance requires that housing sites should contribute the relevant number of affordable units based on the local percentage and site threshold. In Fife, the preference and first priority is to provide social rented units in conjunction with a Registered Social Landlord or the Council. It continues to be recognised that engagement with the private sector to deliver affordable housing is necessary. Fife Council and the FHAA have successfully delivered projects with private developer partners

and discussions will continue with developers who hold sites in areas of housing need.

### **Private Finance through the Housing Associations**

- 5.11 In 2019 Kingdom Housing Association, lead developer within the Fife Housing Association Alliance (FHAA), drew down the second and final tranche of a private placement fund of £85m. The private placement is in addition to other new funding for Kingdom HA. Fife Housing Group, a key partner alongside Ore Valley HA and Glen HA within the FHAA, has also secured a significant new level of private investment this year. Taking account of the Private Finance that can be secured by our other key partners including Local Authority and Scottish Government grant, this leverages well more than £200 million for the local economy through the FHAA.

### **Prudential Borrowing through Fife Council's Housing Revenue Account (HRA)**

- 5.12 Fife Council has a total investment of £144m to commit to SHIP projects through the HRA budget. Along with a resource of £40m, an additional £74m was approved in the capital investment paper in March 2019. Sufficient funding is in place to deliver SHIP projects, despite the impacts of Covid-19.
- 5.13 A further review of the HRA Business Plan has been undertaken in 2020 to inform HRA budget discussions for 2022/22. This will include consideration of the proposed additional capital funding for the delivery of affordable housing which will be reported to Committee by March 2021.

### **Fife Council and Housing Association Land**

- 5.14 Fife Council land has contributed greatly towards the delivery of new affordable housing in previous years, largely from the Housing Revenue Account and at Residual Land Value (RLV). This has helped substantially in the delivery of affordable housing. Fife Council continues to support the investment programme through the supply of sites both on the Housing Revenue Account and the Council's General Account. Housing Associations also maximise use of land in their ownership to deliver affordable housing. Many of the more deliverable sites have now been utilised for affordable housing but efforts continue to look for solutions to overcome any constraints.

## **Housing Infrastructure Fund**

- 5.15 The Housing Infrastructure Fund loan offer was issued in March 2019 and provided a loan of £5.998m to the developer to fund infrastructure works to the Kingslaw Strategic Development Area in Kirkcaldy. The full loan amount has been drawn down against this project.

At present there are no other projects in Fife which has either sought or been approved for HIF funding.

## SECTION SIX: REQUIRED RESOURCES / DELIVERY OUTCOMES

- 6.1 It is important that the SHIP provides a robust framework for prioritising projects so that the funding is utilised efficiently and in the areas of need.
- 6.2 Fife's projects within the SHIP have the potential to complete 3,859 affordable units over the 5-year SHIP period. This exceeds the need identified through the combined TAYplan and SESplan HNDAs by 889 units and it exceeds the proposed Affordable Housing Supply Target (AHST) by 2,179 units. A further 150 units are estimated to be delivered through OMSE, taking the potential total to 4,009 units between 2021/22 – 2025/26. The breakdown showing the grant required and units provided by both Fife Council and the FHAA is shown in table 12 & 13 below;

**Table 12 – Breakdown of FC and FHAA SHIP Projects**

Completion Year	FC Units	FHAA Units	Total Units
2021/22	126	337	463
2022/23	490	628	1118
2023/24	502	257	759
2024/25	461	382	843
2025/26	335	341	676
<b>Totals</b>	<b>1914</b>	<b>1945</b>	<b>3859</b>

**Table 13 – Breakdown of FC & FHAA Grant Required**

Year	FC Grant Required	FHAA Grant Required	Total Grant Required
2021/22	£23.056m	£29.662m	£52.718m
2022/23	£26.790m	£26.199m	£52.989m
2023/24	£22.338m	£24.416m	£46.754m
2024/25	£22.315m	£18.231m	£40.546m
2025/26	£15.384m	£27.477m	£42.861m
<b>Totals</b>	<b>£109.883m</b>	<b>£125.985m</b>	<b>£235.868</b>

- 6.3 It should also be noted that the SHIP contains an average 28% over-provision which prepares for any slippage that may occur. The final output is therefore likely to be less than the number of units proposed. The over-provision also allows any further investment to be utilised.
- 6.4 If we assume no more than the grant detailed in the RPAs will be available, it is estimated that Fife Council will require around £142m to provide the 1277\* units (see table 8) which is £2m under the resource available of £144m through the HRA Business Plan. Should all 1914 Fife Council units within the SHIP tables be developed (therefore assuming grant is awarded for all projects), this would mean a cost of around £213m to Fife Council, £69m over that identified for new affordable housing through the HRA Business Plan. The FHAA Private Finance capacity, following the recent private placement funding secured by Kingdom Housing Association (ref s.5.11) is enough to deliver on all the FHAA projects in the SHIP.
- 6.5 Table 14 shows the anticipated shortfall in meeting the housing need identified through the combined HNDAs within the HMAs in Fife, based on what is deliverable through the SHIP through the Resource Planning Assumptions.

**Table 14: Potential to Meet Housing Need through SHIP Projects**

HMA	Need HNDA	To be delivered	Shortfall against HNDA**	% need met
Kirkcaldy, Glenrothes & Central	1285	1250	-35	97%
Dunfermline & West	1050	1371	+321	131%
St Andrews and NE	325	701	+376	216%
Cupar & NW	230	285	+55	124%

\*\*These figures do not include the 250 Fife Wide units

- 6.6 The number of units potentially deliverable through the SHIP exceeds, in 3 of the 4 HMA's both the requirement based on housing need and the Affordable Housing Supply Target. Please note that the need identified in the Greater Dundee area has been incorporated within the St Andrews & NE area.

\*Based on the average new build cost of **£170k per unit**.

## **SECTION SEVEN: LAND RESOURCES**

### **Development Constraints**

- 7.1 Sites listed in the SHIP have been assessed for priority. Some of the points allocated to each project reflect constraints and this is reflected in the relative scoring.
- 7.2 There are various development constraints that could affect new build delivery. These include:
- Planning issues
  - Availability of land
  - Education capacity issues
  - Drainage embargos
  - Unknown ground conditions
  - Title complications
  - Little control over private developer timescales on mixed tenure developments
- 7.3 The following services are consulted to identify and eliminate development constraints:
- Economy, Planning & Employability Services
  - Assets, Transportation & Environment Services
  - Housing Services
  - Legal Services
  - Education Services
  - Scottish Water
  - Fife Housing Association Alliance
- Consultation also takes place with Parks, Streets and Open Spaces Services to highlight green space requirements.
  - The Affordable Housing Board, charged with delivering the Council's Affordable Housing target, is aware of the shortfall in capacity for school places and GP practices. The board is tied into work to develop capacity through Health & Social Care and City Deal.
  - There is no commuted sum requirement from Education Services on affordable housing developments provided by Housing Associations and Fife Council. As these payments are not eligible for grant funding there is no facility to provide any commuted sums toward education provision. However, where a proposed development would create a critical infrastructure capacity issue, particularly in terms of the primary school estate, contributions may still be required.

### **Other Public Sector Land**

7.4 The Fife Housing Partnership continues to be interested in opportunities to deliver housing on surplus land owned by other public sector agencies such as:

- National Health Service,
- Ministry of Defence,
- Scottish Enterprise Fife
- Forestry Commission.

### **Open Market Land Sales**

7.5 In keeping with the Fairer Fife Plan, the Council is continuing to undertake a systematic examination of the 7 administrative areas, looking for potential land. Fife Council has appointed dedicated member of staff to identify Council owned land and investigate the potential for this to be developed as affordable housing.

7.6 Fife Council and the Housing Associations are continually seeking discussions with private developers and landowners regarding the development of their sites for affordable housing.

## **SECTION EIGHT: DELIVERY VEHICLES**

### **Developer Arrangements**

- 8.1 The Council will continue to work with the members of the Fife Housing Association Alliance (FHAA), comprising of Kingdom, Glen, Ore Valley Housing Associations and the Fife Housing Group (FHG) to deliver the housing association component of the SHIP. Following a review of their business plans, to determine their capacity to respond in both financial and development capacity, the Council recently signed a preferred developer agreement with FHAA for the delivery of 2000 units within the Council's 3500 affordable homes target. Flexibility remains with this arrangement, if issues arise in delivery by the FHAA this will be kept under review through regular programme meetings.
- 8.2 As such, all the Housing Association projects within this SHIP are promoted by FHAA partners which brings the following benefits:
- Access to a demonstrated track record in affordable housing development experience, ensuring projects are delivered on time and within budget
  - Knowledge transfer and sharing between the participating organisations
  - Access to a streamlined developed process, procedures and standards, optimising delivery
  - The potential to further develop the partnership arrangements through joint working and joint projects
  - Achieving wider benefits through training and apprenticeships.

### **Contracting with Private Developers**

- 8.3 Due mainly to scarce land resources, it continues to be recognised that engagement with the private sector to deliver affordable housing is necessary. Fife Council and the FHAA have successfully delivered projects with private developer partners and discussions are continuing with developers who hold sites in areas of housing need for both 100% Affordable Housing & Affordable Housing Policy / Section 75 sites.

### **Development Opportunities**

- 8.4 Following on from the impact of the COVID-19 pandemic, Ministers and Scottish Government Officials held discussions with construction sector representative bodies around possible routes for the government to support house builders during this time. As such member organisations were advised to contact the More Homes Division to discuss potential sales of land or homes (partially completed or completed) to local authorities or RSL's. In Fife 2 such opportunities were put forward, before progressing the Council and RSL needed to consider:
- If the opportunity was in the right place and of the right type to be considered a priority for the ASHP
  - To establish, looking at other current opportunities, if they take

- priority over current proposed projects
- Whether Fife Council or RSL wish to explore the opportunity in more detail.

Kingdom have successfully completed the 'off the shelf' purchase of the 4 units from a private developer in Markinch, these are MMR units and have now allocated.

Fife Council remains in negotiations with the developer regarding the development opportunity that was brought forward.

### **Open Market Transactions**

- 8.5 Fife Council successfully achieved its target of acquiring 25 properties from the open market in 2019/2020. Fife Council intends to enhance its current investment in the acquisition of privately-owned properties to bring them into social rented use, the number being acquired increased from 25 to 50 per year.

It is Fife Councils intention to increase this number even further, potentially to 100 per year over the term of this SHIP, pending committee approval.

This intention is closely linked to the Fife Rapid Rehousing Transition Plan to increase the flow of statutory homeless households from temporary to permanent accommodation.

Fife Council have also expanded this project to benefit tenants who are overcrowded / under-occupying properties.

## **SECTION NINE: CONCLUSIONS**

### **Conclusions**

- 9.1 The SHIP sets out the investment priorities for affordable housing over the next 5 years (2021/22 – 2025/26) and how it will achieve the outcomes set out in the LHS and meet the demand as identified in the HNDA. The SHIP details projects which have the potential to deliver 3,859 units throughout the 5-year period which would meet a range of identified housing needs. In addition to this, there are a further 150 (OMSE) units out with the AHSP expected to be delivered within this timescale.
- 9.2 Prioritisation of projects has been carried out to ensure the resources are carefully allocated and details of the scoring methodology are provided along with details of current project priorities. This provides a snapshot in time which will be subject to change as projects are developed. The over provision detailed within the programme has been provided to take account of potential slippage from the proposed programme. It also prepares us to take advantage of any additional funding opportunities that may arise from elsewhere across the AHSP Nationally.
- 9.3 The Council and the housing associations, alongside private developers will continue to work within the current funding environment and deliver units in a more innovative way while still seeking to meet the spectrum of housing needs. This will be based on what is deliverable for organisations.

## **SECTION TEN: CONTACT**

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## Appendix 1 - SHIP Scoring Matrix

### OVERVIEW

The scoring and prioritisation will be completed by Housing Services for all projects in the SHIP. This will be done in consultation with the Fife Housing Association Alliance, LHS Priority 4 Group and Housing Plus Project Board. The scoring matrix is based on the following;

### Scoring Matrix Overview

Item	Score Range
Housing Need	10 - 100
Development Deliverability	10 –160
Strategic Fit	10 - 50
<b>Minimum to maximum points range</b>	<b>30 - 310</b>

The priorities in the SHIP are expected to change to reflect updated scores when projects circumstances change. For example, the development status may increase from 10 to 70 points once a planning application has received approval. The scores and priority of projects will be reviewed on an ongoing basis.

### HOUSING NEED

The Housing Need points are separated into 2 categories.

Firstly, housing need points are awarded based on the annual affordable housing requirement across the 5 Housing Market Areas, as identified through the combined HNDAs (2018-2030)

### Housing Market Area Need

HMA	Annual Aff Hsg Need	Points
Kirkcaldy, Glenrothes & Central	257	50
Dunfermline & West	210	40
St Andrews & North East	65	30
Cupar & North West	46	20
Greater Dundee	16	10
<b>Fife Total</b>	<b>594</b>	

Secondly, housing need points are awarded based on Fife's Housing Needs and Demands Assessment (HNDA), ranked on numerical need in the 10 LHS areas to reflect higher points where there is higher need.

### **LHS Area 10 Year Need (2017-2027)**

<b>LHS Area</b>	<b>% of need met</b>	<b>Points</b>
1. St Andrews	2%	50
2. Glenrothes	17%	45
2. Dunfermline & Coast	17%	45
2. Kirkcaldy	17%	45
5. Largo & East Neuk	18%	30
6. Cowdenbeath	22%	25
6. Levenmouth	22%	25
8. Cupar & Howe of Fife	24%	15
9. Tay Coast	25%	10
10. West Fife Villages	80%	0

### **DEVELOPMENT DELIVERABILITY**

The emphasis on deliverability needs to be strong and the Programme must contain sites that can be delivered within required timescales. The Development Deliverability points are separated into 2 categories.

Firstly, points are awarded based on the current development status of a project in terms of land ownership and progress through the planning system to reflect the deliverability of a project. Points under this category are awarded when each stage has been met.

## Land Ownership and Planning Progress

Development Status	Points
Land Acquired	50
Planning Permission Granted (Full)	30
Delivery Timescale Agreed through Section 75 Agreements (Affordable Housing Policy sites)	10
<b>Minimum to maximum points range</b>	<b>10 to 90</b>

Secondly, each project is allocated a RAG status in terms of development deliverability. Further details on each category are detailed in the following table:

### RAG Categories

Category	Reason	Points
Green	Confidence the project can proceed within required timescale as indicated in the SHIP (planning permission granted & no significant issues)	70
Amber	Confidence the project will start, but there is some risk it may develop later than planned, or that unknown costs may jeopardise its development as planned in the required timescale as indicated in the SHIP (no planning permission & no significant issues)	30
Red	Several factors cause more than 50% uncertainty over the project being delivered within the required timescale as indicated in the SHIP (no planning permission and significant issues)	10

### STRATEGIC FIT

Points are awarded to projects that have been prioritised as having a strategic importance by the Council e.g. project contributes to town centre regeneration, projects forms part of care village approach, site is a prominent landmark; project is part of a Strategic Development Area; project is located within a Housing Regeneration or Estate Management Area

## Wider Council Objectives

Strategic Importance	Points
Projects with wider council objectives	20

Points are awarded where a project meets additional Local Housing Strategy priorities as well as meeting identified housing need. Examples include specialist projects that meet strategic needs and address specialist equality issues such as hospital re-provisioning, new homeless centre and refuge accommodation. These points are awarded by the SHIP working group based on the LHS Priority 4 Group and Housing Plus Project Board or RRTP Programme Board of projects based on a low, medium or high priority.

## Equalities Priorities

Development Status	Reason	Points
High	There is an urgent need for this project to meet identified high priority specialist needs because a high demand for clients has been identified.	30
Medium	The project would be of benefit in meeting specialist needs and is a medium priority because some clients need has been identified.	20
Low	The project would be of benefit in meeting specialist needs, but this is a low priority because no client need has been identified	10