

## Local Government and Communities Committee

### Strategic Housing Investment Plans

#### Response from East Lothian Council

Dear Mr Doris,

#### CONSIDERATION OF STRATEGIC HOUSING INVESTMENT PLANS (SHIPS)

Thank you for your letter of 31 May 2017, in which you request specific information on the process of agreeing house types, house sizes and tenures in SHIPs and how delivery is monitored. Please accept my apologies for the delay in replying. I will now respond to your questions as follows:-

- **How you decide on the number of specific house types, house sizes and tenures that will be delivered in your area (which may either be detailed in your SHIP or decided at a later date)?**

The process of deciding the number of specific house types, house sizes and tenures in the SHIP, broadly follows a four stage process.

#### **Stage 1- Carrying out a Housing Need and Demand Assessment**

In accordance with SESplan's Strategic Development Plan (SDP) boundary plan submission to Scottish Ministers under section (5)1 of the Planning etc. (Scotland) Act 2006 and subsequent approval in 2008, the administrative area of East Lothian falls within the SESplan area. The Strategic Development Planning Authority (SDPA) Designation (No. 4) (Scotland) order 2008 sets out the groups of planning authorities which comprise the SESplan SDPA as being: City of Edinburgh; East Lothian; Fife (covering the southern half of Fife); Midlothian; Scottish Borders and West Lothian Councils.

Where groups of planning authorities have been designated by Ministers as an SDPA, the constituent Councils (both housing and planning services) are expected to work with the SDPA team to prepare a joint Housing Need and Demand Assessment (HNDA) and agree subsequent Housing Supply Targets.

The most recent HNDA (HNDA2), was approved on 27 March 2015 as robust and credible by the Scottish Government's Centre for Housing Market Analysis (CHMA) and can be accessed at <http://www.sesplan.gov.uk/housing-need-and-demand-assessment/30/>. A robust and credible HNDA is intended to enable local authorities to develop long-term strategic views of housing need and demand to inform LHSs and Development Plans; develop a strategic approach to housing need and demand for all housing tenures and reflect on any geographic implications of housing need and demand. HNDAs are anticipated to provide robust evidence to support decisions about new housing supply, wider investment and housing-related services; inform policies about the proportion of affordable housing required, including the need for different types and sizes of provision and inform policies related to the provision of specialist housing and housing-related services

In accordance with advice from the CHMA, the HNDA tool was used to inform HNDA2 to enable estimates of the number of additional homes required and outputs relating to the number of households that could afford owner occupation; private rented housing; below market rent and social rent. Oxford Economics was commissioned to provide specialist input, to inform assumptions to the tool.

Taking account of a range of data, trends and forecasts, four scenarios were constructed for HNDA2. The SESplan authorities agreed ‘steady recovery2’ and ‘wealth distribution2’ scenarios were most likely to represent the future of the SESplan area with ‘steady recovery2’ deemed to most closely replicate recent trends and ‘steady recovery2’ / ‘wealth distribution2’ considered most likely to replicate forecast trends, with the latter taking a more optimistic approach. Key outputs for East Lothian for these scenarios are as follows:

<b>Table 1: Key HNDA Outputs for East Lothian for Plan Period 2017-29</b>		
Steady Recovery2	HNDA market estimate <sup>1</sup>	(Total 2,148) (Annual 179)
	HNDA affordable estimate	(Total 4,032) (Annual 336)
	<b>Total: 6,180 / Annual Total: 515</b>	
Wealth Distribution2	HNDA market estimate <sup>2</sup>	(Total 2,196) (Annual 183)
	HNDA affordable estimate	(Total 4,440) (Annual 370)
	<b>Total: 6,636 / Annual Total: 553</b>	

## **Stage 2 - Using HNDA evidence to set Housing Supply Targets in the Local Housing Strategy (LHS)**

HNDA Guidance specifies that the HNDA provides the evidence on which an HST is based. While it is expected that there is a clear alignment between the HNDA and the HST, the two are not the same and therefore are not expected to match. In translating HNDA outputs into HSTs, the HST takes the HNDA as its starting point, but considers policy and practical considerations to reach a view on the level of housing that can actually be delivered over a defined period.

HSTs for East Lothian were developed with SESplan authorities using an agreed methodology compliant with Scottish Planning Policy. This can be found at: <http://www.sesplan.gov.uk/assets/Housing%20Background%20Paper%2023%2009.pdf>. In setting and agreeing the HST, in accordance with Guidance, the SESplan authorities gave full consideration to those factors perceived as potentially having a material impact on the pace and scale of housing delivery i.e. economic factors which may impact on demand and supply; capacity within the construction sector;

<sup>1</sup> For 2017-2019 period use HNDA2 outputs for years 2018 up to and including 2029. For 2029 to 2037 period use HNDA2 outputs for years 2030 to 3037.

inter-dependency between delivery of market and affordable housing locally; availability of resources; likely pace and scale of delivery based on recent completion rates; planned demolitions and planned new and replacement housing or housing brought back into effective use.

<b>Table 2: Housing Supply Targets for East Lothian 2018-30</b>					
Affordable		Market		Combined	
Annual Average	Period Total	Annual Average	Period Total	Annual Average	Period Total
189	2,268	330	3,960	519	6,228

### **Stage 3 - Developing the Local Housing Strategy**

East Lothian Council is currently developing a new LHS for the period 2017-22 which will clearly set out key HNDA evidence and explain how this has been translated into HSTs. The LHS will identify key issues i.e. levels of overcrowding and set out more detailed information on types and tenure of homes required.

The Council considers that while HNDA2 provides an excellent evidence base to understand housing need and demand across the region, it is useful / important to have more detailed evidence at a local level on intermediate tenures and the need for specialist housing. House size and type also determined locally. Independent research was commissioned to better understand the need and demand for intermediate tenures locally, with a report published in June 2015. In addition, work is due to complete summer 2017 in relation to research into specialist housing and particular needs. This comprehensive area of research will provide detailed evidence on the needs of older people; people with a physical disability; people with a learning disability and / or autism; people with a mental health condition; people with a conviction; homeless people and Gypsy Travellers. The research will provide evidence based recommendations on the requirements for specific types, sizes and models of specialist provision for East Lothian i.e. disabled provision and core and cluster, which will inform the SHIP.

The above research (HNDA; intermediate tenures and particular needs / specialist housing) will inform the forthcoming LHS 2017-22. However given prior publication of the SHIP, an assumption has been made in the meantime of 10% development for particular needs housing in all new build developments, through a combination of housing with support and wheelchair accessible housing. This will be reviewed upon completion of the LHS to reflect priorities and actions.

### **Stage 4 - Agreeing specific house types, house sizes and tenures in the SHIP**

Preparation of the SHIP is undertaken as a corporate activity through consultation with our Planning colleagues to ensure that the identified sites align with the Housing Land Audit. A review of the existing SHIP is also being undertaken, taking into account new sites in East Lothian's Proposed Local Development Plan and commitments made by the Scottish Government.

The Council supports a policy of maximising Scottish Government investment in East Lothian and will continue to examine opportunities with partners to ensure this investment is fully spent. Whilst the current priority is the delivery of social rented housing, it is also acknowledged that there is a need for alternative forms of affordable tenures to increase choice and options. These other tenures are likely to come forward as mid-market rent and low cost home ownership.

Sites are prioritised according to alignment with strategic objectives. Each project is appraised through a methodology which takes account of housing need and deliverability.

This process is undertaken as a corporate activity through consultation with partner services including East Lothian's Health and Social Care Partnership as well as those Registered Social Landlords who are currently developing or have an interest in developing in East Lothian.

'Housing need' covers the following:-

- Existing stock in each area combined with housing list data, which shows the demand to live in particular areas with size of housing required;
- Demand for Intermediate Tenures;
- Housing Need of specific client groups (work is underway to assess the need and demand for housing, housing support and specialist provision across a wide range of particular needs groups);
- No. of new sites / new opportunities coming forward;
- Level of recent development in each area and the impact this has had on current housing lists; and
- Turnover of stock through transfers.

'Deliverability' covers land supply, constraints and funding, i.e:-

- The level and amount of subsidy has increased, although it will take time for RSL's to reassess their private borrowing capacity based on additional subsidy;
- Concern over Welfare Reform impacting on income generated;
- The availability of land that can be developed for affordable housing is a key resource issue and there are concerns regarding the impact this has on the delivery of programmes and the Council's strategic objectives, particularly in light of the current economic climate; and
- Challenges exist locally with respect to infrastructure costs as the majority of new housing development requires associated infrastructure development. This is predominantly funded through Section 75 developed contributions i.e. for Education.

The ability to deliver the LHS targets is dependent upon a mix of affordable housing providers. This involves a combination of RSLs, East Lothian Council and the private sector. The council's strategic development priorities are to maximise HAG, implement the Council's Affordable Housing Policy and provide a greater range of house types and mixes.

Spreadsheets (put in place by the Scottish Government, so consistent across the country) which accompany the SHIP are checked against the draft Housing Land Audit (HLA) to ensure consistency, as anomalies can arise due to information being presented in different ways. The SHIP includes sites that do not have existing planning consent, although it only includes sites which the Council / RSLs consider likely to obtain tender approval and a site start within a five year period. There are therefore some differences between sites included in the SHIP and those included in the draft HLA.

- **How you monitor and evaluate whether the SHIP and the projects finally delivered, meets the requirements of the local area and also contribute to the Scottish Government's target of 50,000 affordable homes by 2021?**

The Council monitors progress through quarterly review of the Scottish Government's Strategic Local Programme Agreement (SLPA) which enables slippage to be identified at an early opportunity where targets are unlikely to be met, enabling mitigating measures to be out in place. The total projects delivered at the end of the 5-year LHS / SHIP period will then be taken into consideration for the next HNDA / HST / LHS / SHIP development cycle.

I trust this clarifies the Council's position but please do not hesitate to get in touch if you require any further information or clarification.

Yours sincerely

Douglas Proudfoot  
Head of Development

cc: Angela Leitch, Chief Executive  
Esther Wilson, Service Manager, Economic Development & Strategic Investment  
Wendy McGuire, Team Leader, Economic Development & Strategic Investment