

Agenda Item	11
Report No	HP/08/24

The Highland Council

Committee: Housing & Property Committee

Date: 31 January 2024

Report Title: Strategic Housing Investment Plan 2024-2029

Report By: Executive Chief Officer Housing & Property

1. Purpose/Executive Summary

1.1 This report seeks approval for the Highland's Strategic housing Investment Plan (SHIP) which sets out proposals for affordable Housing investment during 2024-2029.

2. Recommendations

2.1 Members are asked to:

- i. **APPROVE** the Strategic Housing Investment Plan as attached as **Appendix 1**, for submission to the Scottish Government in draft form pending consideration by Area Committees
- ii. **AGREE** the indicative planned investment programme to 2029 contained in **Appendix 2**, subject to further discussion by Area Committees.

3. Implications

3.1 **Resource** - The Council House Build proposals contained within SHIP will be progressed in line with the current agreed funding mechanisms of the Scottish Government Grant, Landbank subsidy and Prudential Borrowing. The Housing Revenue Estimates 2024/25 detail the borrowing requirements of the newbuild programme, and the long term rental income generated (section 6).

3.2 **Legal** – There are no legal issues arising from this report.

3.3 **Community (Equality, Poverty, Rural and Island)** - This report will assist in the delivery of affordable housing in rural areas.

3.4 **Climate Change / Carbon Clever** – The investment programme will comply with national legislation and with the Council's objectives in regard to delivering energy-efficient, low-carbon homes.

3.5 **Risk** - There are no significant implications arising from this report.

3.6 **Health & Safety (risks arising from changes to plant, equipment, process, or people)**

3.7 **Gaelic** – There are no implications arising from this report.

4. **Background**

4.1 This report introduces the Highland's Strategic Housing Investment Plan 2024-2029, which is included as **Appendix 1**.

4.2 Council Housing Strategies, and specifically the Strategic Housing Investment Plans (SHIPs), are the key statements of local housing development priorities which are used to guide funding. They assist the Government in targeting its Affordable Housing Investment Programme (AHIP). SHIPs contribute to achieving better prioritisation and making best use of public resources at a time when these are particularly constrained.

4.3 SHIPs are developed in line with Scottish Government guidance. The SHIP has been prepared as a draft pending Strategic Committee approval and consideration by Area Committees. It has been prepared in recognition of the priorities and prioritisation processes set out in **Appendix 1**, and in the knowledge that it contains a degree of over-programming. An indicative programme up to 2028/29 is included at **Appendix 2** of this report. Any proposed amendments to the planned investment programme will be discussed with local members and be reported through the Strategic Committee for approval as required. Budget monitoring will be through the HRA Capital Monitoring reports to this Committee.

5. **2023/24 Programme update**

5.1 At the meeting of the Housing and Property Committee held on 23 April 2023, Members agreed the Highland's Strategic Housing Investment Plan (SHIP), which set out proposals for the affordable housing investment during 2023-2028, reaffirming the commitment to deliver an average of 500 new affordable homes per annum of which approximately 70% would be for affordable rent and 30% for intermediate affordable housing (e.g. low cost home ownership or midmarket rent), in line with the overall Scottish Government Targets. The proposed SHIP 2024-2029, as detailed in **Appendix 1**, reflects this approach.

5.2 The number of units projected to receive tender approval during 2023/2024 is 491 and the number of completions 454. The proportion of units for Social Rent (52%) has reduced due to the impact of a windfall project being delivered by a partner organisation. The balance will be redressed over the period of the SHIP.

5.3 The affordable housing programme has been constrained by many issues outside the control of the Council or housing association partners. Some of the main constraints are:

1. A lack of economically deliverable sites in areas of greatest housing pressure, particularly in Inverness, Nairn and parts of Skye.
2. In the Inverness and Inner Moray Forth area, most affordable housing is delivered through section 75 agreements; however, developers will only progress the private housing based on their business plans and confidence in market conditions. High interest rates are impacting on private sales and the appetite to deliver private homes for sale is currently depressed.

3. In Inverness in particular, constraints due to school capacity issues and infrastructure can delay or prevent the development of new housing projects.
 4. Related to this, developer contributions, particularly due to school capacity issue, threaten the viability of affordable housing projects. Scottish Government grants do not cover the cost of developer contributions
 5. There can be significant delays in obtaining statutory approvals such as planning permission, (including purification of conditions), Roads Construction Consents and Scottish Water consents. We are working closely with our planning colleagues and others to ensure that all consultants and contractors are fully aware of the statutory authority requirements to minimise these delays.
 6. Construction cost inflation and lack of contractors continues to have a significant impact on the programme.
 7. The outcomes on the latest consultation on Scottish Government minimum standard in design may impact on the numbers and location of deliverable units as some sites may become unviable
 8. Some identified potential site purchases are being aborted due to landowners no longer being willing to sell, or due to local opposition / concerns over loss of green space.
 9. Significant infrastructure/abnormal costs have made some sites unviable following full site investigations have been carried out e.g. very high decontamination costs, peat management, rock removal.
 10. The capacity of affordable housing providers, including the Council, has been reduced as financial pressures on investment on existing stock is prioritised over investment in new housing.
 11. The budget announcement on 19 December 2023 reduced the housing budget significantly. The full implications of this will not be known until after this paper is written but it will have a minimum impact on the timing of the delivery of projects, given the overall cut in the housing budget.
- 5.4 In some areas the increased number of new affordable homes being built has tested the overall capacity of the construction industry to deliver resulting in high tender costs and value engineering and retenders. There is only a very limited pool of contractors willing and able to build affordable housing projects, and some open tender processes have resulted in only one or two tender returns. The cost of some tenders has been prohibitive which has meant them being held until such time as the market conditions improve.
- 5.5 Council officers meet weekly with the Scottish Government and our affordable housing partners and planning colleagues to identify new potential projects or projects which can be brought forward to minimise slippage in the overall programme. Projects which have been delayed can be funded in future years with Scottish Government agreement.
- 5.6 The Scottish Government grant allocation for 2024/2025 has not been confirmed in the light of the budget announcements. Once received the programme will be assessed and reprofiled as required. The outcome of this exercise will be reported to Committee in due course.

6. Highland's Strategic Housing Investment Plan 2023 - 2028

6.1 Highland's Strategic Housing Investment Plan (SHIP):

- sets out Highland Council's key housing investment priorities and demonstrates how they will be delivered so that the outcomes and targets set out in Highland's Local Housing Strategy and Highland First are achieved.
- sets out opportunities for development across Highland;
- identifies resources which are required to deliver these; and
- enables partners such as housing associations and developers to be involved.
- Is positioned to help deliver key strategic priorities contained in the - Our Future Highland Corporate Plan 2022-2027.

6.2 The draft has been prepared on the basis that it will be possible to approve at least 500 units each year, (subject to finalisation of Scottish Government and Council budgets). 70% will be for affordable rent and 30% for intermediate affordable housing (e.g. low-cost home ownership or mid-market rent), in line with overall Scottish Government targets.

6.3 Due to the effects of the current economic climate, site challenges and national policy indications, particularly as a result of the budget outcomes, it is anticipated that programme changes are likely. The Strategic Housing Investment Plan therefore proposes criteria which will be used to prioritise the programme should resources be different than presently anticipated.

6.4 The Council works with a range of partners, through various processes to drive forward delivery and in particular the Highland Housing Development HUB through which the Council, housing association partners and Scottish Government meet to monitor the investment programme and agree site priorities based on the Housing Strategy and SHIP. Invariably sites will drop out of the programme if they become undeliverable whilst others will be brought into the programme.

6.5 The individual priorities within areas will be discussed further with Area Committees where additional communities and sites may be identified for inclusion in the overall Strategic Housing Investment Plan.

Designation: **Executive Chief Officer Housing and Property**

Date: 15 January 2024

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Appendices: Appendix 1 – Highland Strategic Housing Investment Plan 2024-2029;
Appendix 2 - LHS Priorities for Affordable Housing Investment 2024-2029

The Highland Council

Strategic Housing Investment Plan

2024/2029

1. Introduction

The Council's current Local Housing Strategy, approved in April 2023, was co-produced with LHS delivery partners, stakeholders and local residents. The Local Housing Strategy vision for Highland is that:

"Everyone in Highland has access to a quality home which is attainable, affordable and supports the local economy in a sustainable, connected community where people wish to live, work and study."

The main purpose of The Highland Council's Strategic Housing Investment Plan (SHIP) is to set out how investment in affordable housing will be directed over the five-year period 2024/25 to 2028/29 to achieve the priorities that have been identified in the Council's Local Housing Strategy (LHS).

The Council's SHIP will contribute to the national Affordable Housing Supply Programme (AHSP), assisting in fulfilling the Scottish Government's commitment to deliver new affordable homes both during this Parliament, as well as to extend delivery beyond that period.

The Council approved the "Future Highlands-Health and Prosperity Strategic Partnership Plan" in September 2021. The SHIP, and the Council's Local Housing Strategy, will have a key role in delivering key strategic priorities contained in the Plan. Examples of this are the role of house building in driving economic growth and supporting emerging industry; green energy and net zero carbon targets; health care innovation and meeting the challenges of demographic change; and in strengthening communities and addressing depopulation.

The Local Housing Strategy 2023-2028 builds on the progress of the 2017-22 LHS and sits at the heart of all housing planning arrangements and partnership activities in Highland. It is an ambitious strategy, setting out what homes and communities should look and feel like over the next five years. The Strategic Housing Investment Plan 2024/2029 reflects the vision and priorities identified within the LHS.

2. Strategic Context

Housing is crucial to the growth of Highland's economy and the sustainability of its communities. There are large numbers of households across Highland experiencing 'housing need' whilst at the same time there continues to be substantial pressure on Highland's supply of affordable housing. To provide the evidence required to calculate local housing and land requirements over the next 20 years, Highland Council has produced a Housing Need & Demand Assessment (HNDA), which has been used to arrive at targets within the SHIP.

The Council has a common housing register shared with Highland Housing Associations which indicates:

- A gradual increase in applicants on the Highland Housing Register.
- Fairly stable numbers of homelessness presentations annually.
- 19% of the overall number of applicants (8,951 as of 31 March 2023) on the housing register, are currently living in accommodation that does not meet their current health / mobility needs.

- Continuing high levels of housing need and housing pressures across most of Highlands, with concentrations in some communities.

The Scottish Parliament has brought forward the planned extension of the Unsuitable Accommodation Order, which now applies to all homeless households. Revisions to “local connection” in relation to homelessness have been implemented. These measures, whilst welcome in terms of extending the rights of homeless households, rely on increased housing supply, particularly in Inverness.

The Council has an existing commitment to shift the balance of temporary accommodation from private sector HMO accommodation to furnished accommodation from our own stock. We have been increasing Council owned temporary accommodation by 50 units a year. This has been made possible through the delivery of the housing development programme. Highland has been able to increase the proportion of lets to homeless applicants and to significantly reduce the time spent in temporary accommodation. There are xxx households in temporary accommodation as of 30 June 2023, compared to a high of 785 households as of 30 June 2021.

A high proportion of homeless applicants are single people and / or aged 25 or under who need one-bedroom properties.

Our Rapid Rehousing Plan focussed on:

- Reducing time spent in temporary accommodation, through working with households who have been in temporary accommodation the longest.
- Expanding our successful shared temporary accommodation initiative
- Mainstreaming the principles and actions of our Housing First project in partnership with NHS Highland.

Responding to homelessness is the subject of detailed discussion with the Highland Housing HUB (see below)

Lack of affordable housing supply is undoubtedly a major contributor to the high levels of homelessness experienced in parts of Highland and continuing to increase supply is the single biggest factor in addressing homelessness.

3. Strategic Targets

Highland’s Local Housing Strategy sets the targets for affordable housing and the SHIP sets out how resources will be used, over 5 years (2024-2029), to deliver these affordable housing priorities. The priorities listed in the SHIP tables are those which have been identified. Annual updates of the SHIP will include new opportunities likely to emerge over the 5 year period.

Housing Market Area (HMA)	Target % of Investment	Unit Approvals 5 years
Badenoch & Strathspey	8.8	300
Caithness*	2.9	100
East Ross	13.2	450
Inverness	35.3	1,200
Lochaber	7.4	250
Mid Ross	13.2	450
Nairn	4.4	150
Wester Ross	5.9	200
Skye & Lochalsh	5.9	200
Sutherland	2.9	100
Highland	100	3,400

*NB: the Local Housing Strategy specifies that the target for investment in Caithness is based on the need for regeneration activities to address low demand e.g. using the existing stock.

4. Partnership Framework

We take a positive partnership approach in forward planning and resolving development issues with our housing, planning and private developer partners, continuing to work constructively to overcome constraints.

The Highland Housing HUB, which was established in June 2016, meets weekly. This has resulted in housing associations who had previously stopped or significantly reduced their development programmes being brought back to the table as they are now keen to develop more.

HUB membership includes staff of:

- The Scottish Government's More Homes Scotland
- Highland Council
- Developing housing associations and other housing partners

The HUB has set a number of objectives:

- Deliver the Highland 5-year new build Affordable Housing Programme.
- Collectively agree a revised Highland Strategic Housing Investment Plan based on the priorities set out in the Local Strategy.
- Maximise investment levels for the delivery of affordable housing in areas of greatest need.
- Work collaboratively and cement partnerships to deliver agreed outcomes

- Streamline Communication between different agencies that have a role within the delivery of housing.
- Demonstrate a model of working which can be rolled out to other areas of Scotland

HUB meetings are structured with meeting themes agreed in advance. Long term planning of meetings ensures that all areas which may impact on housing delivery are covered e.g. quarterly invites to Scottish Water and SEPA whilst other meetings are geographically focused.

Six Local Development forum (LDF) sub-groups operate at an HMA level. Their remit is to consider potential sites. Increasingly there is a need to target resources to meet Local Housing Strategy objectives. As such the group considers:

- The priority of the community for investment
- Value for money and best use of subsidy
- Deliverability and constraints
- Partnership working
- Proximity to services and facilities
- Housing Mix

Each LDF consists of a wide range of housing development partners; Council Development, Housing and Planning staff, Scottish Government, RSLs, SEPA, Scottish Water, Highland and Islands Enterprise as well as other Council and external invitees such as Health and Social Care as and when required.

The Council also holds regular one to one meetings with housing associations and developers. In addition, we continue to meet with the Scottish Government on a quarterly basis at the Highland Joint Investment Group to discuss any issues relating to the Highland programme.

5. Strategic Priorities

Within each Housing Market Area, investment will be mainly targeted at communities identified as having the greatest affordable housing pressures in the Local Housing Strategy. The priority communities for providing new affordable housing are set out in **Appendix 1**. The priority for Caithness will be on regeneration activity in order to address very localised issues of low housing demand and contribute to wider economic regeneration. These priorities recognise the importance of investing in small rural communities as well as larger communities.

Our investment decisions also recognise the Council's corporate priorities. As such, there may also be occasions where joint funded housing investment decisions are driven by non-housing objectives such as supporting the success of community trusts in fragile remote rural communities and local regeneration projects and larger economic drivers.

These principles are set out in the Future Highlands Health and Prosperity Strategic Partnership Plan which was approved at Council on 9 September 2021. The Plan focuses on several principles which are included within the SHIP:

- Delivery of green, energy efficiency housing as part of the Council's approach to net zero emissions;
- Providing affordable and midmarket rent housing to sustain Highland communities and encourage economic and population growth;
- Working with the NHS and other partners to provide housing and new housing models which meets the changing needs of occupants.

Whilst the Housing Need and Demand Assessment identifies that most households in housing need require social rented housing, some housing needs and aspirations can be better addressed other low-cost housing options. We recognise that a mix of affordable tenures can help to create well-balanced communities. This has influenced our target for the mix of affordable housing to be provided. We will aim to provide a minimum of 10% of affordable houses built to a "wheelchair liveable standard" – i.e. meet both basic and desirable criteria as specified in Housing for Varying Needs standards.

It has been identified that throughout the Highlands there is a shortage of housing options for a variety of "key workers" and this can be partially addressed by increased supply of mid-market and low-cost home ownership options, particularly in rural areas. We will work to identify the needs of individual communities and deliver homes of an appropriate tenure. The type of key worker will vary depending on what is required to sustain a successful community

Because of this, whilst social rented housing will make up a greater share of our new affordable housing provision; aiming for 70% of new affordable provision to be delivered as housing for social rent from housing associations/the Council, 30% will be provided as 'intermediate' affordable housing with 'New Supply LIFT' and mid-market rented housing models as the priority mechanisms.

The size of affordable housing built will aim to meet strategic and locally evidenced current and projected needs. Processes are put in place for each potential site to develop agreement on the tenure and house size mix. The Housing Development Team participates in early pre-planning and planning discussion where affordable housing is required, and any associated community consultation.

Repopulation of remote rural communities relies on access to land and infrastructure services as well as sustainable employment opportunities and access to support services. We will work with Communities through development officers based and connected locally to identify viable development opportunities.

The higher cost of developing in remote areas is recognised as a potential barrier to the provision of new housing. The Council will continue to work to support new initiatives such as modern construction methods to mitigate challenges.

6. Highland Council Contribution to Enabling Delivery

We continue to play a proactive role to enable the delivery of affordable housing, using a variety of mechanisms to achieve this:

6.1 Use of Council land and Assets

The Council remains committed to identifying all surplus Council assets and prioritising them for affordable housing in areas of housing stress. An on-going strategic review of Council owned assets feeds into a register of assets/sites that may be suitable for affordable housing.

6.2 Use of Council Tax Revenue from Second and Long-term Empty Homes

We will use any surplus revenue from Council tax from second and long-term empty homes to fund new Council housing, development loans, bridging finance and provide funding for land and infrastructure. It should be noted that the additional revenue received from the increase in council tax will be used to support wider council activity.

6.3 Use of Other Council Funding

There is a well-established recyclable Landbank Fund, used to maximise housing provision by granting loans and grants to housing agencies. This enables a landbank of strategic sites to be established throughout the Highlands; removal of infrastructure constraints and front-funding of projects at risk of delay. It can also contribute, in exceptional circumstance, to high-cost rural projects.

The Council also funds early site feasibility studies to proactively identify constraints and develop solutions.

6.4 Use of Compulsory Purchase Orders

The Council will promote and apply their CPO powers for housing purposes, to deliver new affordable housing in areas of unmet housing demand where other negotiations have failed.

6.5 Evergreen Infrastructure Fund

The Council has successfully assisted in delivery of 6 major housing projects by making available loan finance through the Evergreen Fund for infrastructure improvements in Fort William, Dingwall, Drumnadrochit, Evanton and Inverness. In addition, the Fund has assisted in the delivery of key projects in rural areas including Dulnain Bridge and Avoch. The Council will consider loan applications to the Fund that relate to other major sites and also use the Fund as grant funding for high-cost affordable housing sites which are constrained by high infrastructure costs.

6.6 Developers Contributions

The Highland-wide Local Development Plan sets out the Affordable Housing Policy. Section 75 and other mechanisms are used, where justified, to secure developer contribution where there is a demonstrable need for affordable housing. However, in recent years, as a result of a less confident housing market, the SHIP has had to become less reliant on the Affordable Housing Policy to ensure sufficient levels of programming for the Council and other developing partners. Additional pressure is placed on the delivery of affordable housing by the requirement to meet other developer contributions, particularly the additional pressure new development places on school pupil number capacities.

6.7 Prudential Borrowing

The Council is a major affordable housing developer delivering an ambitious programme of new council houses. Along with prudential borrowing and other Council contributions, projects are funded by Scottish Government contributing around 45% of costs.

Many of the sites being taken forward for Council housing are being developed in partnership with our housing partners. There is a focus on making the best use of resources to deliver social rented housing where it is most needed, particularly in areas where locally based housing associations do not have potential projects.

Additionally, our prudential borrowing has been able to support onward lending to the Council's development partners for other initiatives such as delivery of mid-market rent housing and rural housing projects.

7. Deliverability

7.1 Funding

Delivery of the SHIP is dependent on ensuring financial viability of projects with sufficient development funding being in place. The SHIP requires to be approved by Committee in January 2024. The caveat to this submission is that there is a capacity check being undertaken to assess the number of units that the Council can deliver given the ongoing affordability pressure that prudential borrowing places on the Housing Revenue Account. A similar exercise is being undertaken by our delivery partners. The Strategic enabling role of the Council will become increasingly important as we become more reliant on others to deliver on sites which we hold on our landbank and other strategic sites.

We aim to deliver an average of 500 units a year with the annual outputs depending on funding. The final numbers for delivery will be based on the availability of Scottish Government funding. The aim will still be to deliver c70% (350) for social rent

The Scottish Government has allocated funding accessible through the Rural Housing Fund which assist the development of housing projects in rural communities.

We recognise the Government's aspiration to maximise the value from subsidy, and in an increasingly challenging funding environment it is imperative that we and our partners continue to improve procurement effectiveness and efficiency.

Generally, prioritised projects that are unable to start because of a lack of resources will be assumed to slip into the following year's programme (if possible) so that strategic targets can be achieved. If additional funding is sourced, prioritised projects will be brought forward. There is also an element of over-programming. This is intended to enable best use of any additional resources, should they be identified, enabling flexibility to deal with any opportunities and slippage.

The challenges to delivery should not be underestimated, there is a lack of economically deliverable affordable housing sites in the Highlands for a variety of reasons. We will continue to work with partners to seek ways to overcome these constraints to delivery.

The Council, and their housing partners, will continue to develop and refine business plans to reflect the need for improvements to existing stock as well as the need to secure additional homes to meet identified needs.

7.2 High Tender Figures

The Cost of delivery of affordable homes has increased significantly over the last 3 years (c25%). This has led to an increase in subsidy requirements. Such an increase is not sustainable in the long term and may lead to fewer houses being delivered overall. A review of the space standards and standard specification which are delivered will be undertaken. this is in the context of the Scottish Government's review of Housing for Varying Needs. The aim is to ensure that the most cost-effective design solutions are being delivered. The table below gives the average cost of build as it has changed over time from pre-covid to 2023/2024. The highest tender that the Council has received has been £300,000 per unit.

Pre- covid	£ 157,000
projects impacted by covid	£ 182,000
Projects completed 2022/23	£ 205,000
Projects on site 2023/24	£ 226,243
Projects committed 2023/24	£ 227,627

The higher cost of working in rural areas is recognised and will continue to require additional subsidy. There continues to be support through the Rural Housing Fund which was reflected in the national budget statement

The Scottish Government is currently consulting on their minimum design standards 'Housing for Varying Needs' – the implications are yet to work through, however if the recommendations are implemented significant additional cost pressures.

7.3 Innovation

To address these issues, we are committed to finding ways to tackle these resource challenges by continuing to explore new sources of finance, including; alternative

approaches to investment, new mechanisms for providing housing, and considering new ways of developing wider income generation.

We continue to promote the Scottish Government's Low-Cost Home Ownership initiatives, including New Supply Shared Equity designed to facilitate access to home ownership for people wishing to own their own home.

The Council operates a policy to purchase individual properties on the open market to meet local housing which are not able to be met within the housing development programme.

To overcome current and anticipated future resource challenges the Council and our partners are also looking at:

- Meeting with representatives of investment funds to explore new sources of finance and alternative approaches to investment.
- Working with Highland Housing Alliance, a development company and the Communities Housing Trust to explore new potential mechanisms for providing housing and new housing models.
- Supporting communities to develop new community-based models of housing such as those previously provided in Lochinver, Drumnadrochit, Kinlochbervie, Fort Augustus, Staffin, Dornoch and Achiltibuie.
- Continuing to work with developers to use the Evergreen Infrastructure Loan Fund to open up sites for affordable housing development. Working with Communities Housing Trust to bring forward new mechanisms to provide housing in rural communities. This includes provision of bridging finance.

7.4 Supply

As well as identifying Council owned sites suitable for affordable housing, we will continue to work in partnership with planning to identify and develop additional housing land within priority areas.

The proposed new Inner Moray Firth Local Development Plan (IMFLDP) identifies preferred sites, potentially resulting in a net reduction of housing units in comparison with the currently adopted IMFLDP. Any reduction may affect delivery of affordable housing, particularly in locations where it is proving difficult to deliver due to lack of site opportunities.

The complexities of land ownership can constrain developments. To address this, the Council continues to work internally between services and with our developing partners, through the Highland Housing HUB, to identify issues at an early stage and try to resolve them without lengthy delays.

The Council's Housing Development section holds regular meetings with Planning and Infrastructure colleagues and stakeholders to discuss any arising issues from development and work towards identifying affordable and solutions to enable developments to progress timeously.

We also look to encourage and support the use of brownfield sites in pressured areas. As this often incurs prohibitive costs due to contamination and site assembly, we will continue to seek contributory funding where appropriate.

The communities included within the SHIP are considered to have the greatest housing pressures. However, we also recognise the value of supporting the development of self-build plots, when these represent good value in priority rural communities. In addition, the benefits of 'windfall' sites are also reflected (sites yet to be proposed by developers) which will provide better value for money in priority communities. Our experience is that these provide valuable contributions particularly in communities with few unconstrained sites. Given the economic climate, we anticipate developers continuing to approach us with such opportunities.

A number of other public agencies including NHS Highland, the Forestry Commission, Police Scotland, and the National Trust for Scotland also effectively contribute to helping provide affordable housing by selling their land within a framework which gives the Council and our housing partners an opportunity to purchase prior to open marketing. This is extremely useful in communities where suitable land is in short supply. We will continue to work with public agencies to identify and negotiate development opportunities.

Where negotiations with individual landowners fails The Council will actively use its CPO powers to acquire affordable housing sites.

At a political level, the Council will continue to raise awareness of Highland's challenges and offer solutions to the Government to support new mechanisms to be developed and resources to be made available to overcome constraints, particularly in the rural communities.

The Council along with partners including HIE have funded surveys which identified the needs of business within 3 pilot areas; Badenoch and Strathspey, Skye and Fort William.

The opportunities that the Inverness and Cromarty Firth Green Free Port will bring will require housing partners to secure significant additional land within the Inner Moray Firth to meet a projected increase in demand for housing of all tenures. This is being progressed through continued discussion with owners and land agents.

Equalities

Highland's Housing Strategy states a clear commitment to promoting and achieving equal opportunities. The Equality Act 2010 places duties on local authorities and others to eliminate unlawful conduct, advance equality of opportunity, foster good relations, and take into account the needs of people relating to age, disability, gender, race, religion and belief, sexual orientation and transgender.

In the context of Highland's SHIP, activities which are supporting equalities include:

- Building affordable housing to Housing for Varying Needs Standards
- Building houses to meet the specific needs of disabled households

- Provision of equipment and adaptations
- Developing mixed communities by seeking on-site affordable housing in small groupings synchronised with overall development phasing
- Allocating housing via Highland's Housing Register
- Provision of affordable housing in rural communities which helps to provide opportunities for young and old people to stay.

Equalities Impact Assessment

The development of the SHIP has taken into account the outcomes of the equalities impact assessment which was undertaken for the Local Housing Strategy 2023-2028. This concluded no negative impacts were anticipated from the outcomes and actions prioritised in the Strategy.

The SHIP programme will deliver properties designed to meet a range of requirements and provision has also been made by the Council, as detailed within the appended tables, for resources to assist in delivering adaptations.

Specialist Provision

The Highland Council supports the Scottish Government's agenda for housing care and support and for shifting the balance of care, to enable independent living of older households and other vulnerable people. The Local Housing Strategy identifies a number of key actions in relation to specialist provision, as follows:

- Improve joint planning, commissioning and partnership delivery processes across housing, health and social care partners through contributing to the development and implementation of a Housing Contribution Statement
- Review use of and access to older persons housing and consider future options
- Examine the role of core and cluster models for mixed client groups to maximise the impact of supported housing options and agree on preferred models for Highland as well as defining and locating client groups most in need
- Develop data arrangements to create a joint evidence base across housing and NHS Highland that will help to assess current and future specialist housing requirements at both Highland and local levels
- Prioritise services which encourage and enable people to plan and make well informed choices about their future housing needs
- Review and evaluate the use of assistive technology that enables people with particular housing needs to live independently and well at home
- Consider how Local Development Planning policies can support the delivery of wheelchair and accessible housing, including the setting of wheelchair housing targets across all tenures
- Develop and implement new Handyperson and Care and Repair Service Level Agreement
- Ensure effective and consistent mechanisms in place to access, assess and progress adaptations across all tenures in Highland

Since January 2013, the Council's Sustainable Design Guide Supplementary Planning Guidance has actively promoted Lifetime Homes Standards, and for social sector

housing is built to Housing for Varying Needs Standards wherever possible. The Scottish Government is currently consulting on an enhanced design brief for housing.

This potentially means all new housing will need to be accessible and rooms within the buildings of a suitable size to allow for future adaptations should a person become disabled or have other needs identified.

There is an increasing need for larger homes and properties more suited to elderly tenants and those with very particular needs. The mix with new developments reflects these changing needs.

Any capital investment in care service housing projects requires a partnership approach and will only be supported if essential revenue funding is available from Health and Social Care budgets.

Vacant and Empty Property

The Council will consider opportunities to bring empty homes and other properties back into use as quality affordable accommodation.

Improving the Lives of Gypsy Travellers

There is an ongoing need and demand in Highland for culturally appropriate accommodation and facilities to meet the needs of people from the Gypsy / Traveller community.

We are working with the residents on each of our four Gypsy / Traveller sites with the aim of transforming where they live into 'great places to live and bring up children'.

This is a key priority and to deliver it The Highland Council has been awarded £2.150m from the low carbon Vacant and Derelict Land Investment Programme and £4.450m from the Gypsy Traveller Infrastructure Fund (GTIF) to support works to the Longman Park, Inverness with the Highland Council contributing £0.541m.

Our investment drivers include:

- Local and national commitments to deliver a fairer and more inclusive Highland and improve the lives of Gypsy Travellers,
- A recognised need to improve and future proof site accommodation and facilities
- Changes in the preferences and aspirations
- Changes in fire safety standards
- Publication of the Scottish Government' Interim Site Design Guide

Our ambition, shared with the residents, is to deliver timber framed modular 'park home' style units. By using this innovative (in this context) build type, we hope to demonstrate what can be achieved and provide learning to others.

Vacant and Derelict Land Fund

We will continue to respond to opportunities presented through any future rounds of funding which would potentially assist in developing longer term vacant and derelict land and buildings.

Strategic Environmental Assessment

Consideration has been given to whether a Strategic Environmental Assessment of this SHIP is required, and as “responsible authority” the Council has taken the decision that this is not necessary. The Local Housing Strategy was subject to pre-screening under the Environmental Assessment (Scotland) Act 2005, where it was determined that a full assessment of the LHS was not required. The Local Development Plan which identifies land supply for housing was subject to a full Strategic Environmental Assessment in 2013, and the LHS was developed in tandem. The environmental impacts associated with delivery of the SHIP programme will be captured through monitoring of the Local Development Plan.

Sustainability

The proposed projects will incorporate measures supportive of sustainable design and construction and energy efficient features in accordance with Scottish Government standards and Building Standards. We will seek to achieve where possible, at a minimum, Section 7, Silver Level of the 2011 Building Regulations in respect of both carbon dioxide emission and energy for space heating.

We share the Scottish Government’s aspirations set out in the Sustainable Housing Strategy (2012). Highland’s Registered Social Landlords and the Council, have an on-going commitment to improve energy efficiency, the quality and environmental standards of new housing developments, contributing to reducing carbon dioxide emissions and helping meet the challenge of climate change as has been evidenced over the years. This is particularly important given Highland’s climate and limited access to affordable fuel.

The Energy Efficiency Standard for Social Housing (EESH) introduced by Scottish Government aims to improve the energy efficiency of social housing in Scotland. It will help to reduce energy consumption, fuel poverty and the emission of greenhouse gases. It will make a significant contribution to reducing carbon emissions by 80% by 2050 in line with the requirements set out in the Climate Change (Scotland) Act 2009.

The commitment to move away from use of mains gas for space heating and hot water will require greater use of renewable heat sources such as air-source heat pumps.

Consultation

In developing the final SHIP 2024/25 to 2028/29, stakeholders and partners feed into the process in various ways. We discussed future planning and investment priorities at our partnership framework meetings, as well as through informal discussion with a wider range of internal and external partners. The SHIP will be circulated to other Council Services, Registered Social Landlords, private developers, as well as representative organisations and public sector organisations such as the NHS.

Conclusion

In this SHIP we aim to set out our clear strategic direction for our investment priorities for Affordable Housing. We will continue to monitor and review progress through the partnership framework and regular programming meetings with the Scottish Government's Housing Investment Division.

Contact Information

If you have any questions or would like further information, please email:
DI-CustomerService@highland.gov.uk or contact: Housing Development Team,
Environment and Infrastructure

LHS Priorities for Affordable Housing Investment 2024-2029

<p>Badenoch & Strathspey:</p> <ul style="list-style-type: none"> • Aviemore is the highest priority • All other communities, apart from Dalwhinnie, are priorities.
<p>Caithness:</p> <ul style="list-style-type: none"> • Caithness's communities are a priority for regeneration activities e.g. using the existing stock. The highest priorities are greater Wick and Thurso.
<p>Inverness:</p> <ul style="list-style-type: none"> • Inverness City is the highest priority • Beauly; Ardersier; Drumnadrochit and Fort Augustus are priorities • The emerging needs resulting from the Inverness and Cromarty Firth Free Port will be considered • The communities around South Loch Ness are priorities for investment potentially through local community initiatives.
<p>Lochaber:</p> <ul style="list-style-type: none"> • Fort William and the surrounding communities are the highest priorities in recognition of the additional pressures due to the expansion of the Smelter. • Small discreet investment to support the sustainability of the Ardnamurchan peninsula's rural communities, e.g. Strontian and Kilchoan, are also a priority
<p>Nairn:</p> <ul style="list-style-type: none"> • Nairn town is the highest priority.
<p>Easter Ross:</p> <ul style="list-style-type: none"> • Priorities are Invergordon, Tain, Alness and Evanton • The emerging needs resulting from Opportunity Cromarty Firth will be considered.
<p>Mid Ross:</p> <ul style="list-style-type: none"> • Dingwall is the highest priority • The emerging needs resulting from Opportunity Cromarty Firth will be considered • All other communities are priorities (albeit communities with recent investment are lower priorities).
<p>Wester Ross:</p> <ul style="list-style-type: none"> • Ullapool, Gairloch and Lochcarron are the highest priorities. • Applecross, Achiltibuie and Torridon are priorities for investment potentially through local community initiatives
<p>Skye & Lochalsh:</p> <ul style="list-style-type: none"> • Portree, Broadford and Plockton to Dornie communities are the highest priorities • Other communities with recent investment are lower priorities.
<p>Sutherland:</p> <ul style="list-style-type: none"> • Dornoch, Clashmore and Embo are the highest priorities

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| <ul style="list-style-type: none">• The effect of the promotion of the NC500 route may influence investment.• Initiatives to address repopulation in North West Sutherland |
| Regeneration <ul style="list-style-type: none">• Housing stock in some areas falls below current standards due to condition, oversupply, change in aspiration of tenants. A plan for regeneration will impact on future programmes |

NB: the Local Housing Strategy specifies that the target for investment in Caithness is based on the need for regeneration activities to address low demand e.g. using the existing stock.