



Housing and Technical Resources

# **Strategic Housing Investment Plan for South Lanarkshire**

**2018 – 2023**

September 2017

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# 1. Introduction

## 1.1 Purpose of the SHIP

Five year Strategic Housing Investment Plans (SHIPs) are prepared by Scottish local authorities and submitted to the Scottish Government every year. A key part of the Local Housing Strategy (LHS) process, the purpose of the SHIP is to set out affordable housing development priorities which guide the way in which Scottish Government funding and other resources will be allocated to achieve LHS outcomes.

## 1.2 Background

In March 2016, the Scottish Government announced a target of 50,000 affordable homes over the life of the current parliament. This target is supported by:

- an overall commitment of over £3 billion investment;
- a significant increase to Local Authority Area Resource Planning Assumptions used in the development of the SHIP;
- an increase in subsidy levels for Registered Social Landlord (RSL) and Local Authority new build;
- a new infrastructure support fund to unlock blockages for large scale development sites; and
- support for City Deals.

The overall approach of '*More Homes Scotland*' Housing Division, is to support an increase in supply of affordable homes across all tenures incorporating a variety of existing and new initiatives.

## 1.3 Preparation of the SHIP 2018- 2023

This SHIP has been prepared in accordance with Scottish Government's revised SHIP Guidance (MHDGN 2017/03)<sup>1</sup> using the Resource Planning Assumptions notified to the Council in June 2017. South Lanarkshire Council's SHIP sets out the Council's priorities for new affordable housing investment and the potential programme delivery information for the five year period from April 2018 to March 2023. The assumptions and forecasts set out in the annexed tables are based on information available at the time of preparation and will be subject to refinement as projects are developed.

The Scottish Government monitors all new affordable housing development via the Affordable Housing Supply Programme (AHSP). In accordance with Scottish Government Guidance for the operation of the AHSP<sup>2</sup>, the SHIP Tables will provide the basis for the development of the three year rolling Strategic Local Programme Agreements (SLPAs) between the Council and Scottish Government. SLPA's in turn form the basis for RSL and Local Authority Programme agreements and become the primary working programme and management documents for delivery of the Affordable Housing Supply Programme.

SLPA's are reviewed and reissued annually to maintain a minimum three year forward programme. This means that the approval, funding and delivery of new housing units is reviewed on an ongoing basis and allows for changes in the programme, for example, if additional funding becomes available or particular sites prove to be unviable.

The SHIP has been produced by the Council's Housing and Technical Resources in collaboration with planning colleagues from Community and Enterprise Resources, Social Work Resources and in

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<sup>1</sup> [MHDGN 2017/03 Guidance on the Preparation of Strategic Housing Investment Plans](#)

<sup>2</sup> [HSGN 2014/05 AHSP – Process and Procedures Guidance. This Guidance Note supersedes HSGN 2012/06 \(and those sections within HSGN 2013/02 which makes specific reference to the preparation of Strategic Local Programmes\).](#)

consultation with the Scottish Government's Housing Supply Team, developing RSL's and private developers.

#### **1.4 Equalities**

The principle of equality of opportunity cuts across the LHS linked to an overarching commitment to ensuring that all South Lanarkshire's residents live in good quality homes and receive appropriate services of the highest possible standards. An Equalities Impact Assessment (EQIA) was completed to assess the impact of the LHS 2017-2022 on a wide range of groups with a particular focus on older people, people with a disability or community care needs, minority ethnic communities, Gypsies and Travellers and those affected by poverty or deprivation.

The assessment concluded that the LHS would have a generally positive impact upon all communities. The LHS monitoring framework ensures that the strategy is being delivered on a fair and equitable basis; and in a manner consistent with the requirements of the Equalities Act 2010. As the SHIP is a delivery plan for the LHS and does not introduce a new policy or strategy it does not require a separate EQIA.

#### **1.5 Strategic Environmental Assessment**

In accordance with the Environmental Assessment (Scotland) Act, 2005, the Council prepared and submitted a Pre-screening letter and statement to the statutory consultation authorities in December 2014, setting out its view that the SHIP will have no effect in relation to the environment. The Council reached this view because the Plan sits under the hierarchy of the Council Plan, the Local Housing Strategy and the Local Development Plan, all of which have undergone full SEA.

#### **1.6 How to comment on the SHIP**

Please provide any comments to:

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For more information or if you want this information in a different format or language, please phone (01698) 454588 or email [lori.darroch@southlanarkshire.gsx.gov.uk](mailto:lori.darroch@southlanarkshire.gsx.gov.uk)

## **2. Context**

This section summarises the key strategic policy context together with recent changes in national housing and planning policy and the wider economy, along with the adjustments emerging for local housing markets.

### **National Context**

#### **2.1 Strategic Framework for Housing Investment and Delivery**

##### **2011 Homes Fit for the 21<sup>st</sup> Century**

The Scottish Government set out its 10 year Housing Strategy, 'Homes Fit for the 21<sup>st</sup> Century', which focused on:

- Investigating new ways of generating investment in affordable housing
- Making better use of existing housing stock
- How people are supported in the housing market
- Reducing carbon emissions

The target set by Scottish Government of 30,000 additional new affordable homes to be delivered over the term of the last parliament (2011 to 2016) was exceeded with provision of 33,490 new homes.

Local Authorities played a central role in enabling and guiding this process through the Local Housing Strategy (LHS), which sets out the detailed local factors and appropriate policy responses. In this context, the SHIP aligns with the strategic outcomes and targets set out in South Lanarkshire Council's LHS.

##### **2015 Joint Housing Delivery Plan (JHDP)**

As part of a mid-term review of the 10 year strategy, the Scottish Government brought together housing industry stakeholders to co-produce a joint plan focused on 34 priority actions which will drive forward housing delivery to help achieve the overarching strategic vision that all people in Scotland live in high quality, sustainable homes that they can afford and that meet their needs.

##### **2016 More Homes Scotland**

A central priority of the JHDP is to increase the pace and scale of new housing development. The Scottish Government announced a new increased target for delivering 50,000 additional affordable homes, of which 35,000 (70%) are to be social rent, over the period of the parliament (2016-2021). To facilitate this increase in supply, The Scottish Government also committed £3billion funding over 5 years, which provides a significant uplift to the Resource Planning Assumptions (RPA) for local authorities to deliver against their Strategic Housing Investment Plans.

## **2.2 Associated legislation and policy**

### **Council Tax on Empty and Second Homes**

There is a clear recognition nationally that making better use of existing housing stock in all tenures is a key element of the overall strategy for meeting growing levels of housing need. There is a focus on tackling problems associated with long term empty properties and legislative changes came into effect on the 1 April 2013, giving local authorities discretionary power to remove the empty property discount or set a council tax increase of 100% on certain properties which have been empty for one year or more. These new powers are in addition to the existing discretion to reduce or retain the council tax discount from 10% to 50% on second homes and certain long-term unoccupied properties. The additional income is retained locally and must be used by the Council to support the provision of new-build affordable housing for rent to meet locally determined priorities. Any new income generated from the removal of the final 10% discount reduction and any increase in council tax levied on long term empty property is not ring fenced for affordable housing and its use is determined by local authorities. Annex 6, Table 5.1 of the SHIP sets out the resources generated through council tax and reused to support affordable housing delivery across South Lanarkshire.

### **Energy, Sustainability and Climate Change**

The Scottish Government published Scotland's Sustainable Housing Strategy in February 2013. The strategy brings together a range of Scottish Government policies on Climate Change, housing quality, energy efficiency, fuel poverty, planning and the built environment and sets out a range of proposals to improve energy efficiency, eradicate fuel poverty. In 2017, the Scottish Government published its Climate Change Plan which outlined steps it will take to reduce carbon emissions across the economy, including residential and services sections. Alongside this plan, the Scottish Government also published a proposed Energy Strategy, together with a series of associated consultation documents, which set out an ambitious, "all energy" renewable target for 2030, to deliver half of all Scotland's heat, transport and electricity needs from renewable sources. The Scottish Government grants higher subsidy for new affordable homes that meet the "greener" sustainability standard for carbon emissions as set out in Section 7, Silver Level, of the 2011 Building Regulations in respect of both Carbon Dioxide emissions and Energy for Space Heating.

### **Integration of Health and Social Care**

As required by the Public Bodies (Joint Working) (Scotland) Act (2014), South Lanarkshire's Integration Authority, known as the Health and Social Care Partnership, was established and assumed responsibility for all delegated functions on the 1<sup>st</sup> April 2016. It has published a Strategic Commissioning Plan (2016-2019) for adult health and social care services. This plan includes a Housing Contribution Statement that sets out the scope and extent of actions to be delivered by housing providers, which will contribute towards delivering the plan's priorities and achieving the 9 national Health and Wellbeing Outcomes, including supporting people to live independently within their homes. Scottish Government guidelines for new affordable housing requires all new-build homes to comply with approved applicable Building Regulations, as required by law, and include Housing for Varying Needs (HfVN) essential features as set out in 'Housing for Varying Needs Design Guides Parts 1 and 2 (2002, Scottish Homes), which include barrier free internal spaces and other accessibility features.

### **Welfare Reform and Universal Credit**

The UK Government's ongoing programme of welfare reform has far-reaching consequences for tenants and landlords across Scotland. In 2015, the Scottish Government's Welfare Reform Committee published its report into the estimated cumulative impact on a range of different household types across Scotland. Universal Credit replaces six "legacy benefits" into a single payment paid

directly to individuals. As of October 2015 new, working age single person claimants in South Lanarkshire were placed on Universal Credit.

From 4 October 2017, all working age claimants will be placed on Universal Credit. The roll out of Universal Credit and associated changes to benefits and revenue arrangements pose significant challenges and risks for housing providers in terms of business and investment planning. The impact of these changes will continue to be a material consideration for all affordable housing providers in relation to future development plans and ambitions.

### **Scotland Act 2016 and Scotland Social Security Bill 2016**

Following the Scottish Independence Referendum in 2014, the Smith Commission was set up to determine proposals for extending new powers to the Scottish Parliament. This culminated in the Scotland Act 2016, which amends the original Scotland Act 1998 that established devolved government in Scotland, and sets out the range of new powers and duties for the Scottish Parliament. Amongst other powers, the Scottish Parliament gained control over certain aspects of welfare payments, as well as the ability to set Income Tax rates and bands. The Scotland Social Security Bill consultation, published July 2016, sets out initial proposals for how the Scottish Government intends to manage the new devolved budget responsibilities, to achieve the vision and ambitions set out in its paper “A New Future for Social Security in Scotland” (March 2016). The final proposals and enactment for devolved Social Security will be a key consideration for the LHS, SHIP and future investment planning.

## **Local Context**

### **2.3 Local Housing Strategy - Framework for Housing Investment and Delivery**

‘*Affordable Homes: Sustainable Places*’ is South Lanarkshire’s third Local Housing Strategy (LHS) and covers the five year period from 2017 – 2022. The LHS encompasses a wide range of key strategic duties relating to homelessness, private sector housing and fuel poverty, and sets out an Action Plan to achieve 9 Strategic Outcomes relating to housing supply, affordability and choice, housing quality and energy efficiency, supporting independent living, addressing homelessness, and sustainable places.

The LHS is closely linked to other Council and partner strategies and plans. This ensures shared strategic outcomes are linked to national and local outcomes reflected in South Lanarkshire’s Local Outcomes Improvement Plan.

This LHS is informed by the Clydeplan (formerly referred to as the Glasgow and the Clyde Valley Area) Housing Need and Demand Assessment (HNDA) 2015.

### **2.4 Evidence and Analysis of Housing Requirements**

#### **Housing Need and Demand Assessment (HNDA) and Housing Supply Targets (HST)**

South Lanarkshire Council is one of eight partners to the Clydeplan Housing Market Partnership (HMP). The HNDA 2015 used the Scottish Governments HNDA Toolkit to derive a *net* requirement for additional homes, the ‘Housing Estimate’. The LHS five-year Housing Supply Targets (HST) for affordable and private housing are based on the Housing Estimates and other Core Outputs of the Clydeplan HNDA 2015, which were appraised as “robust and credible” by Scottish Government in May 2015.



Through further work to develop the Strategic Development Plan for the Clydeplan city-region, Housing Estimates were adjusted to factor for the impact of mobile demand, which is an inherent characteristic of city region Housing Market Areas (HMA) recognised in Scottish Planning Policy. The methodology and findings for the Adjusted Housing Estimates were considered out-with the scope of the Scottish Government appraisal. Further detail is available in the HNDA Technical Report 07 'Strategic Housing Estimates: Methodology and Results', see [www.clydeplan-sdpa.gov.uk](http://www.clydeplan-sdpa.gov.uk)

HSTs are a policy-based interpretation of the HNDA outputs for the number of homes that may be delivered in the local authority area. They take account of a range of factors, as set out in Scottish Planning Policy and Scottish Government HNDA Guidance. As a consequence, HST may be higher or lower than the Housing Estimates.

The Housing Supply Targets set out in 'Affordable Homes, Sustainable Places' LHS 2017-2022 are broadly consistent with those that were developed through the Housing Market Partnership, supported by the Clydeplan Strategic Development Planning Authority, and published both within the Strategic Development Plan (2016) and in detail in the background Report 8 'Beyond the Housing Need and Demand Assessment'. South Lanarkshire's Housing Supply Targets for 2017-2022 are as follows:

**Table A: South Lanarkshire Housing Supply Targets (HST) 2017-2022**

Tenure	Per Year	Total (2017-2022)
Affordable	300	1,500
Market (private)	758	3,790
All	1,058	5,290

### **Affordable Housing Need**

The HNDA 2015 identifies South Lanarkshire has a significant level of affordable housing need across all four Housing Market Areas (HMA's) of East Kilbride, Hamilton, Rutherglen and Cambuslang, and Clydesdale. The estimates of households unable to meet their needs in the market and therefore requiring some form of subsidised affordable home are high. The Council undertakes a detailed analysis of pressures for its housing supply, examining trends in demand and turnover. The following is an overview of the issues and challenges at HMA level:-

- East Kilbride HMA has very high demand and comparatively low turnover of homes for social rent. Due to its new town heritage, it also has a particular concentration of people of a similar older-age profile.
- In Rutherglen and Cambuslang HMA, the main housing issues relate to regeneration of large local authority housing estates and addressing mismatches in supply and demand concerning property type and size.
- Hamilton is the largest HMA in terms of housing stock. It has a high overall demand, though incorporates areas with concentrations of both wealth and deprivation, which have varying needs in terms of housing supply and regeneration requirements.
- Clydesdale HMA has a distinct profile as a rural area, which ranges from high pressure areas, both in terms of the demand for private housing and the need for affordable housing, to areas showing signs of stress with levels of housing which are not sustainable in the long term.

## 2.5 South Lanarkshire’s Local Development Plan (LDP)

South Lanarkshire’s LDP sets the spatial framework for new housing development across the local authority area and is informed by the ongoing development of the Clydeplan SDP. ‘Policy 12 - Housing Land’ sets out how we will ensure a five year effective supply of housing land at all times. ‘Policy 13 – Affordable Housing and Housing Choice’ sets out the Council’s expectations regarding affordable housing contributions for qualifying new developments and the requirements for a mix of housing types to meet a range of needs. Work is underway for preparing the next LDP which is due for completion in 2019/20. This will include a review of all existing policies and supplementary guidance where required.

### Land Supply – Community Growth Areas

South Lanarkshire has identified five ‘Community Growth Areas’ (CGA) which will assist in meeting future housing need and demand arising from projected household growth. These CGAs are also key strategic projects for major infrastructure investment to be delivered through the City Deal. ‘Table B’ below sets out the current supply and capacity position, based on completions and the most recent draft Housing Land Audit (2017) and Urban Capacity Study.

**Table B: Community Growth Areas (CGA)**

CGA	Sites	Planned Units to March 2018	Capacity 2018 to 2023	Capacity Post-2023	Total Capacity
Carlisle	5	30	30	550	610
East Kilbride	13	24	795	2170	2989
Ferniegair / Larkhall	10	203	231	1,353	1,787
Hamilton	9	0	514	1,685	2,199
Newton	11	297	546	496	1,339
<b>Total</b>	<b>48</b>	<b>554</b>	<b>2,116</b>	<b>6,254</b>	<b>8,924</b>

Source: South Lanarkshire Housing Land Audit (2017) and Urban Capacity Study

The estimated CGA private sector outputs reflect up-to-date assessment of current and future conditions and performance within the local housing market and the economy. Phases at Newton, Ferniegair and Carlisle are under construction. Sites at Hamilton, East Kilbride and Larkhall have planning consent subject to a Section 75 Agreement being agreed, with LDP Policy 13 ‘Affordable Housing and Housing Choice’ providing the relevant framework for determining developer contributions to deliver affordable housing.

The SHIP has identified potential affordable housing opportunities across CGA sites over the five year period. Delivery will be determined by the rate of development linked to improvements in the housing market as well as capacity within the affordable housing budget at such times as sites become available. The Council continues to work with key partners involved in the CGAs to consider options for securing delivery of new affordable housing taking account of changes in public subsidy available.

## 2.6 Specialist Provision to Meet Particular Housing Needs

Demographic change is a key driver for housing investment, in particular age-related housing needs. The refreshed HNDA 2015 incorporated NRS 2012-based Household Projections to show a 40% increase, across the Clydeplan Area, in the number of households headed by a person aged 75 and above, from 2012-2029. For South Lanarkshire, the projection is for around 10,000 additional households to be headed by someone aged 75 and above across all tenures. South Lanarkshire’s

LHS 2017-2022 highlights the trend of an ageing population and the associated challenges in terms of providing appropriate housing and services.

The LHS 2017-2022 is closely aligned to South Lanarkshire's joint Strategic Commissioning Plan (SCP) 2016-19, which includes a detailed Housing Contribution Statement (HCS). The SCP identifies 10 commissioning intention priority areas. Housing contributes across a number of these and has a specific dedicated priority, "Suitable and Sustainable Housing". Key priorities include: increasing supply of specialist housing suitable for people with particular needs; and exploring new options for housing with intermediate care, transitional housing for people requiring temporary support prior to or following a hospital admission. The SCP and HCS can be viewed online on the NHS Lanarkshire website: <http://www2.nhslanarkshire.org.uk/About/HSCP/Pages/SLStrategicPlan.aspx>

### 3. Meeting Housing Needs – Current and Planned Developments

#### 3.1 Local Housing Strategy Priorities

In line with the revised Guidance, the SHIP provides a succinct statement of the investment priorities and delivery over the five year period April 2018 to March 2023. It does not repeat all of the contextual information and analysis contained in the LHS. Instead readers are referred to the LHS and subsequent Annual Reviews which cover the key policy context for the SHIP are all available on the Council's website.<sup>3</sup>

In relation to LHS 2017-2022 outcomes regarding housing quality and energy efficiency, all new build affordable homes delivered through the Strategic Housing Investment Plan will meet the Housing for Varying Needs space and accessibility standards. All new-build council homes are built to a 'South Lanarkshire Standard', which meets the Section 7, Silver Level, of the 2011 Building Regulations in respect of both Carbon Dioxide emissions and 'Energy for Space Heating'. 'Table C' below sets out the strategic outcomes identified in the current LHS relating to new supply of affordable housing in areas of high housing pressure, new replacement housing within regeneration areas and increasing housing provision to help meet the needs of the ageing population and support independent living.

**Table C: Area Investment Priorities**

Housing Market Area (HMA)	Housing supply, choice and affordability		Housing quality and energy efficiency		Supporting Independent Living and Specialist Provision		Sustainable places	
	Outcomes 1, 2		Outcome 4		Outcome 5		Outcome 9	
Clydesdale	✓	Address shortages of affordable housing in high demand areas: Carluke, Lanark towns, Biggar	✓	Increase supply of low carbon and highly energy efficient homes	✓	Increase supply of amenity housing for older people	✓	Progress the local area housing sustainability action plans in Clydesdale South and Clydesdale North.
East Kilbride	✓	Address shortage of affordable rented housing throughout HMA	✓	Increase supply of low carbon and highly energy efficient homes	✓	Increase supply of amenity housing for older people		
Hamilton	✓	Address identified shortage of affordable housing. Ensure land releases incorporate affordable component to increase supply in pressured areas: Bothwell and Uddingston	✓	Increase supply of low carbon and highly energy efficient homes	✓	Increase the supply of amenity housing for older people		

<sup>3</sup> [www.southlanarkshire.gov.uk](http://www.southlanarkshire.gov.uk)

Housing Market Area (HMA)	Housing supply, choice and affordability		Housing quality and energy efficiency		Supporting Independent Living and Specialist Provision		Sustainable places	
	Outcomes 1, 2		Outcome 4		Outcome 5		Outcome 9	
Rutherglen and Cambuslang	✓	Address shortages of affordable housing and improve sustainability in priority neighbourhood areas.	✓	Increase supply of low carbon and highly energy efficient homes	✓	Increase supply of amenity housing for older people	✓	Continue to progress regeneration programmes in Cairns and Fernhill. Deliver East Whitlawburn regeneration Masterplan.
All HMA	✓	Implement Affordable Housing and Housing Choice Policy on all new developments >20 units. Investigate intermediate tenure choices.	✓	Increase supply of low carbon and highly energy efficient homes to meet the Energy Efficiency Standard for Social Housing (EESH), tackle fuel poverty and address climate change	✓	Investigate ways to provide new affordable homes, including shared equity and low cost home ownership. Improve housing choices of older owner occupiers.	✓	Promote the continued use of brownfield sites and use of vacant or derelict land. Address shortages in particular house sizes.

### 3.2 Future Development Priorities 2018 – 2023

In June 2017, the Minister for Local Government and Housing announced an increased budget of around £1.754 billion is being allocated to councils across Scotland for the three years to March 2021. The revised long term Resource Planning Assumptions (RPAs) issued to South Lanarkshire for the three year period to March 2021 amount to £78.758 million as follows:

Year	£million
2018/19	£23.592
2019/20	£26.690
2020/21	£28.476

The new SHIP sets out a 5 year plan with development priorities aligned to the revised level of Scottish Government funding for current programme commitments and the increased Resource Planning Assumptions (RPAs) provided for the three years to March 2021.

In line with the revised Scottish Government Guidance for the preparation of the SHIP (2018-2023), a slippage factor of 25% per year has been added to the three year RPA's noted above. As the Scottish Government cannot commit to funding beyond the current parliament, development priorities shown for year 4 and year 5 will be subject to future decisions about the overall budget for new affordable housing in the next parliament.

A summary of the total Resource Planning Assumptions (RPAs) used for the development of the SHIP to March 2023 is set out in Table D below:-

**Table D: South Lanarkshire’s Resource Planning Assumptions (RPA)**

Financial Year	Scottish Government three year RPA (£0.0 million)	SHIP Planning Assumptions RPA + 25% slippage + future year capacity.(£0.0 million)
2018/19	£23.592	£24.490
2019/20	£26.690	£33.363
2020/21	£28.476	£35.595
2021/22 (subject to future RPA)	-	£21.797
2022/23 (subject to future RPA)	-	£22.020
<b>Total</b>	<b>£79.758 million</b>	<b>£142.265</b>

**SHIP Tables**

The SHIP tables set out 88 sites with an estimated total capacity for the delivery of up to 2,545 new build affordable homes over the five year period to March 2023. These include priority projects rolled forward from the previously approved SHIP, projects with current SLPA funding commitments, and new sites prioritised on the basis of deliverability within the five year plan period.

Development sites are prioritised reflecting their status in terms of development constraint, ownership, and deliverability based on the best information available at the time of preparation of the SHIP. This enables investment to be targeted to priority developments which will best meet local needs and identified LHS outcomes within the SLPA timeframe in the event that the investment is constrained to the minimum RPA of £79.758m.

The final output will be subject to a detailed development assessment on the viability of each site as well as the level of grant funding resources available over the plan period. The SHIP includes a limited budget over the five year plan to acquire 125 additional affordable homes “off the shelf” through the council’s open market purchase initiative giving an overall capacity of 2,670 additional affordable homes.

Table E below provides a breakdown of the spread of the affordable housing units across the four housing market areas in South Lanarkshire.

**Table E (Combined five year AHSP and Non AHSP housing units)**

Clydesdale	Hamilton	East Kilbride	Rutherglen/Cambuslang	SLC
308	926	863	573	2670
12%	35%	32%	21%	100%

The programme has been developed in consultation with key developer partners and reflects the status of ownership / and negotiations with private developers in relation to specific development proposals. As such, subject to funding availability and unforeseen abnormal site constraints, the programme is realistic in terms of estimated site start dates.

Mid market rent, shared equity and low cost home ownership may form part of an overall procurement package for each development to facilitate cost effective delivery of affordable housing for rent. To achieve this we will continue to work closely with the Scottish Government and our partners in the public and private sector to develop alternative funding sources and delivery mechanisms and maximise implementation of this SHIP particularly in the major Community Growth Areas.

In the event that core grant levels reduce, our priorities will be to maintain momentum within key regeneration projects, particularly where new housing is required to facilitate approved demolition programmes and wider regeneration objectives. Priority will also be given to meeting both general and particular needs housing developments in priority areas.

## **4. Delivering the SHIP**

The Council acknowledges that delivery of the programme outlined in the attached Tables is entirely dependent on available resources. The following paragraphs consider the resources needed, the assumptions we have made, and some of the related risks and constraints.

### **4.1 Financial Resources**

The primary source of public subsidy is the Scottish Governments Affordable Housing Supply Programme through which the Scottish Government has developed a range of initiatives to support new affordable housing supply including:

- Affordable Housing Supply Programme (AHSP) – includes RSL and Council new build, Rent “Off the Shelf”, LIFT, and mid-market rent projects,
- Housing Infrastructure Fund
- The Rural Housing Fund
- Innovative Finance Models including government guarantees and loans
- City Deal Funding

### **4.2 Council Contributions**

With growing pressure on reducing levels of public subsidy, alternative funding sources continue to assume greater importance. Key sources are:

- Funding generated through the additional Council Tax levy on second homes. This currently amounts to around £350,000 per annum and is used to augment funding to deliver new affordable housing developments.
- Vacant and Derelict Land Fund - while an announcement is awaited in relation to future year’s allocation, VDLF funding will be available to support affordable housing development on vacant and derelict land that contributes to economic growth and helping communities flourish.
- As outlined in the Local Development Plan, our Affordable Housing Policy supports a flexible approach to contributions including the use of commuted sums in lieu of onsite provision where the site is unsuitable or subsidy is not available. The accompanying Supplementary Guidance (SG) sets out detailed guidelines on how the Affordable Housing Policy will be applied including a mechanism for determining when payment of commuted sum would be considered and how these monies will contribute to increasing supply of affordable housing in our area.

### **4.3 Housing Association Development**

The number of developing housing associations in South Lanarkshire has reduced considerably in recent years, initially as a result of the 2008 financial crash and subsequent changes to grant funding levels for development. More recently, many RSLs have had to re-appraise business plans in light of welfare reforms and the need to meet the new housing energy standards.

However, during consultation on the preparation of this SHIP during the summer of 2017, a number of RSL’s brought forward new affordable housing sites and expressed an interest in developing affordable housing in South Lanarkshire over the period of the new plan.

While the Council continues to play a significant role in delivering new affordable rented homes with a commitment to deliver 1000 new council homes by 2021, there is also significant capacity identified within the programme tables for delivery through partner housing associations.

The Council will continue to liaise with RSL partners to assess ongoing capacity in order to maximise the output and delivery of new affordable homes across the area.

#### **4.4 Land**

Over the past few years the high cost of land had been a significant barrier to increasing provision of affordable housing in our area. Although land values reduced for a period following the recession, this was off-set by changes in subsidy and increased private borrowing costs. It is anticipated that the increase in grant subsidy levels will help RSLs to achieve acquisition costs within overall subsidy benchmark levels. In pressured housing market areas however, there are continuing challenges in securing land which continues to meet required grant funding tender benchmark costs. In the past, South Lanarkshire Council has made significant land contributions to facilitate affordable housing,

While no specific Council contribution has been identified in the SHIP tables at this stage, we anticipate that over the course of the five year programme, available resources in the form of land and other capital or commuted sums generated through the Affordable Housing Policy will be used to maximise the impact of the AHIP and increase output by both the Council and RSL partners.

#### **4.5 Affordable Housing Contributions**

To comply with the Affordable Housing Policy, private developers will be required to make up to 25% of all sites (suitable for 20 units or more) available for affordable housing. The Council's Local Development Plan Policy 13 'Affordable Housing and Housing Choice' and the associated Supplementary Guidance for [Affordable Housing](#) and [Community Infrastructure Assessment](#) are used to inform local negotiations on developer contributions to meet affordable housing requirements. SHIP Table 5.2 sets out developer contribution commuted sum payments received to date, that will be support the delivery of the SHIP over the five year programme.

#### **4.6 Infrastructure**

The Scottish Governments Housing Infrastructure fund is intended to support the delivery of its target of 50,000 new homes over the next five years. Local authorities have been invited as part of the development of their Strategic Housing Investment Plans to identify priority housing sites that could, with support from the fund, be unlocked to bring forward housing within the next five years.

Infrastructure costs associated with road and services, particularly for South Lanarkshire's large Community Growth Areas, present significant financial impediment to the delivery of private housing and as a consequence any associated affordable housing policy contribution. City Deal funding has been identified to help support infrastructure development within the East Kilbride and Hamilton Community Growth Areas, unlocking land for future development of both private and affordable housing within the SHIP period.

The Council and its partners will seek to access this funding as appropriate and as any new solutions emerge, they will be reflected in future updates on the SHIP.

#### **4.7 Organisational Capacity**

South Lanarkshire has a good track record of innovative joint working and delivery and will continue to work collaboratively close with the Scottish Government, our housing association and private sector partners, making best use of available resources to increase the supply of affordable housing and contribute to meeting priorities set out within this SHIP.