

MORE HOMES DIVISION GUIDANCE NOTE		 Scottish Government Riaghaltas na h-Alba gov.scot
To:	All Local Authorities All Registered Social Landlords	
Subject:	Guidance on the Preparation of Strategic Housing Investment Plans	Ref No: MHDGN 2018/03
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This guidance note contains revised procedures for preparing Strategic Housing Investment Plans (SHIPs). It supersedes MHDGN 2017/03 – Guidance on preparing Strategic Housing Investment Plans and should be read in conjunction with MHDGN 2018/02 – Affordable Housing Supply Programme: Process and Procedures.

You will find a copy of this guidance note on the [Scottish Government website](#).

If you have any queries on the content of this guidance note, please contact your local Scottish Government More Homes Division Area Office or, in the case of Edinburgh and Glasgow, the City Councils.

PREPARATION OF STRATEGIC HOUSING INVESTMENT PLANS

INTRODUCTION – THE MORE HOMES SCOTLAND APPROACH

1. The Scottish Government is working to increase the number of homes across Scotland so that everyone has a good quality home that they can afford and that meets their needs.
2. Through the More Homes Scotland approach, we will spend over £3 billion to deliver at least 50,000 affordable homes, of which 35,000 will be for social rent, by March 2021. This builds on the achievement of exceeding our previous target to deliver 30,000 affordable homes by 2016. Under the 'More Homes Scotland' approach, we are increasing the supply of homes through:
 - the Housing and Planning Delivery Framework, which brings planning and housing requirements closer together, making them easier and quicker to take forward
 - the Affordable Housing Supply Programme (AHSP)
 - the Housing Infrastructure Fund
 - the Rural and Islands Housing Funds
 - the Building Scotland Fund
 - the use of innovative financing models such as Build-to-Rent, to maximise funds available to build affordable housing
 - bringing empty homes back into use, and
 - home buying, which includes schemes such as the Low-cost Initiative for First Time Buyers (LIFT) and Help to Buy (Scotland).
3. **Strategic Housing Investment Plans (SHIPs) are key local authority documents which identify strategic housing projects to support both the delivery of affordable housing including the 50,000 target as well as the supply of housing across other tenures as appropriate.**

THE ROLE OF SHIPs

4. The core purpose of the SHIP is to set out the key strategic housing investment priorities for both affordable housing and other tenures over a five year period.
5. SHIPs should be informed by the priorities of the Local Housing Strategy (LHS), which sets out local authorities' strategic policy approach to enable delivery of high quality housing and housing related services across tenures to meet identified need in their areas.
6. The plans are therefore operational rather than policy documents and:
 - reflect the housing policies and outcomes set out in the LHS
 - reinforce the role of the local authority as the strategic housing authority
 - inform Scottish Government investment decisions, and
 - inform the preparation of Strategic Local Programme Agreements and Programme Agreements.

SHIP SUBMISSION

7. **SHIPs are submitted on an annual basis.**
8. The Housing and Regeneration Programme (HARP) system has been operational since September 2017 and all SHIPs are required to be submitted via HARP. A training pack for inputting SHIPs will be available within the Help documents on HARP following the conclusion of the testing exercise noted in para 9. In addition, Annex 1 of this guidance note contains a set of definitions to assist with the entering of project information on HARP.
9. Please note however that HARP does not currently contain all the elements required to complete the SHIP (for example, certain parts of Housing Infrastructure Fund projects and Council Tax/ Developer Contributions). With the assistance of a small number of local authorities, the Scottish Government is currently testing the HARP-SHIP interface to identify the information gaps. **Further guidance and advice on how to deal with this will be issued shortly.**
10. **The next SHIPs, covering the period 2019/20 to 2023/24, should be submitted on HARP by 26 October 2018.**
11. **Local authorities are also required to ensure that their SHIPs are made publicly available on their websites and to forward the link to their Scottish Government More Homes Division local contact (see page 10 of this guidance).**

CONTENT OF THE SHIP

12. The SHIP should contain the following two elements:

- **A succinct narrative in PDF form, submitted as a supporting document to the SHIP in the HARP system, which explains the context to the SHIP including:**

a statement on alignment with the LHS with confirmation that the priorities identified are consistent with the Strategy and subsequent updates and how they will contribute to the LHS outcomes

- a summary of the methodology used to prioritise the projects
 - details of any projects known to have development constraints and how these are proposed to be resolved prior to the estimated site start date
 - details on how the councils own resources and other funding are supporting the delivery of affordable and other housing in its area
 - the type and level of consultation undertaken with RSLs, communities, developers and other stakeholders in developing the SHIP
 - details of how Council Tax on Second and Empty Homes has been used to assist affordable housing
 - details of how Developer Contributions have been used to assist affordable housing, and
 - details of local authorities plans to support the delivery of wheelchair accessible housing within its area.
- **A list of affordable housing projects identified as priorities for funding over the five year period to be submitted electronically on the HARP system and to include projects seeking support from:**
 - The Affordable Housing Supply Programme – It is expected that the majority of homes delivered through this Programme will be new build units (which could include ‘off the shelf’ purchases from developers). However, where it can be demonstrated that acquisition of ‘second hand’ stock that is for sale on the open market¹ is the most appropriate method of meeting housing need in a particular area, funding may be available to deliver this². Funding may also be made available to remodel/ rehabilitate existing properties where this is considered a strategic priority.
 - The Housing Infrastructure Fund – grant and loan.
 - Sources other than the Affordable Housing Supply Programme.

¹ This could include the purchase of former local authority housing.

² The Scottish Government and the relevant local authority will require to agree the number of such purchases that can be approved each year.

13. The SHIP should:

- set out investment priorities for housing of all tenures for which Scottish Government funding is sought, rolling forward existing projects from the previous SHIP where appropriate
- consider the range of mechanisms available to assist delivery, including those from the Scottish Government, from councils' own programmes, or from other sources
- demonstrate that the projects and resources will be realistically delivered over the plan period
- identify the resources required to deliver the priorities, and
- enable the involvement of stakeholders and other key partners.

14. Councils may expand the level of information within their SHIP to meet their individual requirements or for reporting on wider issues to Committee etc., subject to the SHIP containing the core information detailed in this guidance.

RESOURCE PLANNING ASSUMPTIONS

15. The Scottish Government allocated Resource Planning Assumptions (RPAs) to local authorities in April 2018 for the three years to 31 March 2021. Details of these can be found at [RPAs 2018-21](#).

16. Given the 50,000 affordable homes target, we would expect local authorities to over-programme for the first two years of the SHIP period – to 31 March 2021 – to ensure delivery should slippage occur. **We would suggest that a minimum slippage factor of 25% be applied on an annual basis to the AHSP element for these two years.**

17. For planning purposes, local authorities should use their 2020/21 RPA as the basis for funding for the final three years of this SHIP period.

HOUSING INFRASTRUCTURE FUND

18. The Housing Infrastructure Fund (HIF) is an infrastructure fund to support housing development through loans and grants, with priority being given to those projects which will deliver affordable housing. The fund is a five-year programme which will run to at least 31 March 2021. HIF will look to prioritise those sites which are of strategic importance and cannot proceed or have stalled due to infrastructure requirements.

19. Grant is available to local authorities and RSLs for infrastructure works which are (a) outwith the curtilage of the affordable housing site and / or (b) of scale and will open up larger sites for housing development. Loans are available for viable non-public sector led sites to support infrastructure delivery. Guidance for the fund is available at [HIF Guidance](#).

20. SHIPs are used to capture potential projects for HIF. Local authorities are asked to prioritise sites for delivery by the fund in accordance with the eligibility criteria contained in the guidance and the ability for the project to commence quickly.
21. Where the HIF project is linked to the potential delivery of affordable housing, councils will need to prioritise their RPAs for funding the affordable housing element through the SHIP.
22. HIF projects which have already been approved and have a carry forward commitment should be included in subsequent SHIPs until the project is completed. Similarly, where a HIF project has not been approved for funding but is still under active consideration, the project should be re-entered on subsequent SHIP(s).
23. **Any HIF projects submitted in SHIPs which do not contain information about costs, type of works, funding requirement, or which are unclear about whether grant of loan is being sought, will not be considered for funding.**
24. City Region Deal Agreements have included a number of commitments to specific local authorities relating to HIF. All types and tenures of housing are eligible for HIF support and the fund processes and procedures are the same as for normal HIF applications – namely managed and administered by the Scottish Government – in order to allow this money to be drawn down when required by City Region Partners.
25. For City Region Deal arrangements, the Scottish Government would expect all schemes coming forward for HIF to meet the broad eligibility criteria and proposals included from these authorities to reflect City Region Deal priorities. In addition, these should be cleared by the appropriate governance arrangement and therefore have the support of appropriate City Deal partner authorities in order to identify/ confirm key strategic priority sites for housing that could, with the fund's support, be unlocked to bring forward completed housing and support regional development.
26. As part of the Highland City Region agreement, a Highland Infrastructure Fund has been established to support and accelerate the delivery of housing (specifically prioritising the delivery of affordable homes) in the Highland Council area. A requirement of this specific fund was that the Highland Council would report within its SHIP on the sites currently benefiting from the Fund, together with those that may receive support in future years. Details on the value of the Fund, future income and expenditure projections should also be included.

OTHER AFFORDABLE HOUSING PROVIDED WITHOUT AHSP ASSISTANCE

27. SHIPs should also contain details of proposed affordable housing projects within a local authority's area which are to be provided without AHSP funding support. Examples could include projects where local authorities plan to exclusively use their own resources, pension funds or other sources of funding (including Scottish Government non-AHSP funds) to develop affordable housing.

COUNCIL TAX ON EMPTY AND SECOND HOMES

28. Where local authorities have used discretionary powers and reduced the empty and second homes tax discounts, the additional revenue raised must be used to support affordable housing provision in their areas
29. Since 2013, local authorities have had flexibility to remove the discount entirely and to apply a levy of up to 100% on long-term empty properties. Revenues raised are not ring-fenced although their use to bring long-term empty properties back into use, or to support affordable housing provision, is encouraged.
30. The SHIP should provide details of how much tax the authority has in hand from previous years, how much has been used, and what is left to carry forward into future years.
31. Where the tax has been used to directly provide affordable housing, local authorities should provide details in the text of how many units have been provided (differentiating between those that have and have not contributed towards AHSP projects) and how much tax has been used for this – broken down by financial year. Similarly, where the tax has not been used to directly provide affordable housing, details of what it has been used for should be contained in the text.
- 32. Please note that, as advised in paragraph 9, we may issue further guidance about submitting this information on HARP.**

DEVELOPER CONTRIBUTIONS

33. SHIPs should capture details of how contributions from developers through Affordable Housing Policies, planning obligations or conditions have been used to support affordable housing delivery. They should also provide narrative details of the type of contributions the authority has in hand from previous years, how much has been used, and what is left to carry forward into future years.
34. Where contributions (land or commuted sums) have been used to directly provide affordable housing, local authorities should provide details in the text of how many units have been provided (differentiating between those that have and have not contributed towards AHSP projects), the type of contribution and, where appropriate, the level of commuted sums used by financial year.
- 35. Please note that, as advised in paragraph 9, we may issue further guidance about submitting this information on HARP.**

WHEELCHAIR ACCESSIBLE HOUSING

36. To support a greater focus on wheelchair accessible housing, local authorities should provide a position statement in the SHIP on the following:

- What their current evidence base tells them about the requirement for wheelchair accessible housing, and any plans to develop this work further.
- The approach, if any, they have set in their Local Housing Strategy/ Local Development Plan to wheelchair accessible housing including any target/ quota that the local authority currently has in place.
- The number of affordable wheelchair accessible houses they plan to deliver over the five years as part of their broader plans for specialist provision.

RAPID REHOUSING TRANSITION PLANS

37. Ministers are committed to ending homelessness in Scotland and set up the Homelessness and Rough Sleeping Action Group to bring forward recommendations to address this.

38. One key recommendation was that each local authority should develop a Rapid Rehousing Transition Plan (RRTP) by December 2018, lasting for five years or longer, to enable the development of this new approach. A tool has been developed to assist local authorities in this process, with more information about RRTPs being available at [Rapid Rehousing Transition Plans](#).

39. Local Rapid Rehousing Transition Plans should be reflected in Local Housing Strategies and be fully integrated into Health & Social Care Partnership strategic plans. These should be included in the Housing Contribution statement to ensure they are part of the planning framework.

40. Local authorities should be aware that RRTPs will be addressed in future SHIPs and separate guidance about this will be issued later this year.

CONSULTATION AND COLLABORATION

41. As in previous guidance, local authorities should view the preparation of the SHIP as a corporate activity with close working relationships between housing, planning, social work and other departments to achieve this.

42. Local authorities should collaborate with RSLs, communities, developers, the Scottish Government and other stakeholders in the development of the SHIP.

43. As part of our review process, we will feed back on how stakeholders have been involved in developing the plans and delivering projects.

44. The SHIP should therefore provide a detailed narrative about the level and type of consultation undertaken with all stakeholders.

PROCUREMENT

45. We would encourage local authorities, RSLs and other providers, in the context of public services reform, best practice and Best Value, to discuss and collaborate on procurement and shared services in the delivery of affordable housing. The SHIP should provide details of how local authorities are achieving this, and include evidence/ examples of joint working across local authority areas and between RSLs and local authorities, or details of where this is being considered.

EQUALITIES

46. Local authorities are expected to have undertaken a full Equality Impact Assessment (EQIA) on their LHS to ensure that the needs of everyone within their local communities have been fully considered. The SHIP should reflect any identified need and draw on the findings from the EQIA when considering the implications flowing from the translation of strategic aims into housing priorities. Local authorities should publish their LHS EQIA on their website.

47. Local authorities may also have undertaken an Equalities and Human Rights Impact Assessment, a Health Inequalities Impact Assessment, and a Child Rights and Wellbeing Impact Assessment – the relevant findings from which should all be reflected in the SHIP.

STRATEGIC ENVIRONMENTAL ASSESSMENTS

48. Local authorities will be familiar with the requirements of the Environmental Assessment (Scotland) Act 2005 and as a 'responsible authority' under that Act should determine if a Strategic Environmental Assessment is required for the SHIP.

SHIP REVIEW PROCESS

49. SHIPs will be considered by the Scottish Government in line with the process agreed with COSLA. In reviewing SHIPs, we will take account of the following areas:

- the extent to which the SHIP delivers LHS outcomes
- the extent to which the SHIP is feasible to deliver
- the local authority's contribution to the delivery of the programme, both in terms of its facilitation role and in terms of maximisation of resources
- evidence that the local authority is supporting the efficient delivery of the SHIP
- evidence that stakeholders have been involved in developing the SHIP and in the implementation of proposals, and
- the extent to which the SHIP takes account of equality issues.

50. The Scottish Government will provide written feedback to local authorities on their SHIPs.

MONITORING

51. We expect local authorities to monitor delivery of affordable housing in SHIPs against their LHS outcomes and Local Outcome Improvement Plans to identify how LHS policies are being translated into operational delivery.

SUBMISSION

52. **SHIPS should be submitted via the HARP system to the Scottish Government Area Team Office by 26 October 2018.** We would however expect that submitted SHIPS have secured approval, at the appropriate level within the Council, prior to submission. Local authorities can submit a draft SHIP at the submission date, subject to confirming the anticipated date of Committee approval and the submission of a final approved version shortly thereafter.

PUBLICATION

53. **The Scottish Government expects that SHIPs and associated tables should be publicly available and published on the local authority's website at the time of Council approval of the SHIP.**

FURTHER ADVICE

54. **For further advice, support or guidance on the development of the SHIP please contact your local Area Team Manager:**

Glasgow & Clyde	Anne-Marie Thomson	0141 242 5458	<u>Anne-Marie.Thomson@gov.scot</u>
Highlands, Islands & Moray	Mairi Ross Grey	0300 020 1207	<u>Mairi.RossGrey@gov.scot</u>
North & East	Maureen Esplin	0131 244 8081	<u>Maureen.Esplin@gov.scot</u>
South & East	Alastair Dee	0131 244 5955	<u>Alastair.Dee@gov.scot</u>
South & West	Pauline Gilroy	0131 244 0936	<u>Pauline.Gilroy@gov.scot</u>

DEFINITIONS AND WHERE THEY FEATURE IN HARP

To allow flexibility in selecting priorities local authorities may choose whether they wish to detail projects on a site by site basis, or housing sub-market area, or a combination of both. It is for local authorities to decide what the definition of sub-areas should be.

Priority status

This can be found in the 'AHSP Project' tab in HARP. All projects should be listed as high, medium or low. Again, this provides flexibility when choosing priorities.

Rehabilitation

This can be found in the 'Project Unit Detail – Build Form' dropdown in HARP. This dropdown should be chosen when units require improvement works to bring them up to 'move in' condition (regardless of whether these are currently in the ownership of the developing organisation).

Off the shelf

This can be found in the 'Project Unit Detail – Build Form' dropdown in HARP. This dropdown should be chosen when units include purchase of new or second-hand housing stock which is in 'move in' condition.

New build

This can be found in the 'Project Unit Detail – Build Form' dropdown in HARP. This dropdown should be chosen when units include new build units which are (a) delivered directly by the developing organisation and (b) are not acquired from a third party.

General provision

This can be found in the 'Project Unit Detail – Provision' dropdown in HARP. This dropdown should be chosen when units include self-contained housing which has no elements of specialist provision.

Specialist provision

This can be found in the 'Project Unit Detail – Provision' dropdown in HARP and will fall into the following categories: sheltered, very sheltered, supported, wheelchair and amenity. This dropdown should be chosen when units include housing that is provided to meet a wide range of accommodation needs to allow people of all ages to live well and independently in their homes.