



# STRATEGIC HOUSING INVESTMENT PLAN (SHIP)

2024-2029





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## Foreword

I am pleased to present this 15<sup>th</sup> Strategic Housing Investment Plan (SHIP) which sets out the strategic approach by Scottish Borders Council and its partners to delivering affordable housing in accordance with the Local Housing Strategy.

In line with Scottish Government guidance issued in June 2023, this SHIP 2024 - 2029 sets out the strategic investment priorities for affordable housing over the 5-year period to achieve the outcomes as set out in the Local Housing Strategy. It also informs Scottish Government housing investment decisions including the Strategic Local Programme Agreement and Affordable Housing Supply Programme.



The ongoing impact of the Covid pandemic and the current economic uncertainty due to high levels of inflation and increased interest rates continue to play a significant role in the delivery of the programme for 2024-2029. While there are challenges, we continue to be ambitious in increasing the supply of affordable housing in the Scottish Borders. We welcome the high level of annual Affordable Housing Investment Programme funding allocated by Scottish Government up to 2025/26, and the announcement of revised benchmark grants. Together these provide some stability and support to project and programme delivery in the face of a very challenging tender climate, rising costs, and delays and shortages of materials.

This plan has been produced through collaboration with Registered Social Landlords in particular, and demonstrates projects which are on track for completion by 31 March 2024 and across the plan period. These partnerships will help us address local housing needs and contribute to economic recovery by delivering a range of affordable, safe, energy efficient and attractive homes and places. This will be achieved through extra care housing in Kelso, Hawick and Eyemouth, local area regeneration, more rural housing, more housing for people with particular needs including wheelchair users, as well as providing general needs housing at affordable rent. In total this SHIP sets out ambitious proposals for up to 1,122 new affordable Borders homes at an estimated investment value of £267m during 2024-2029. Together with the envisaged completion of around 201 homes in 2023/24, around 1,323 homes could potentially be delivered to Borders communities over the next 6 years.

I am certain that the affordable housing developments identified in this SHIP will have a major positive contribution to improving quality of life in the Borders and, on behalf of Scottish Borders Council and our partners, it gives me great pleasure to present this SHIP 2024-29 submission.

Councillor Robin Tatler  
*Executive Member for Communities and Equalities.*

If you would like any further information concerning Scottish Borders Strategic Housing Investment Plan or have any comments to make on this report update, please contact Donna Bogdanovic, Lead Officer, Housing Strategy, Policy and Development.

In writing at:               Housing Strategy, Policy and Development  
Scottish Borders Council HQ  
Newtown St. Boswells  
MELROSE  
TD6 0SA

By telephone:             01896 661 392

By e-mail:                 [housingenquiries@scotborders.gov.uk](mailto:housingenquiries@scotborders.gov.uk)

## 1. Introduction

The Scottish Government wants everyone to have a safe, high quality home that is affordable and meets their needs in the place they want to be. In March 2021, the Scottish Government published its first long term housing strategy, “Housing to 2040” route map, which sets out what it wants housing and communities to look and feel like for the people of Scotland, together with actions on how to get there.

- Part 1 – More homes at the heart of great places.
- Part 2 - Affordability and choice.
- Part 3 - Affordable warmth and zero emissions homes.
- Part 4 – Improving the quality of all homes.

It is recognised that the ambitions and actions set out in the route map will make an important contribution to the Housing to 2040 vision but will also bring benefits across the wider National Performance Framework. Under the “More Homes Scotland” approach, the Scottish Government is increasing the supply of homes across all tenures through a range of measures. “Housing to 2040” reinforces the Scottish Government’s commitment to continue to invest in the supply of affordable housing. It sets an ambition to deliver a further 100,000 affordable homes by 2032, with at least 70% of these for Social Rent, helping to tackle Child Poverty and Homelessness once the current 50,000 affordable home target has been delivered. “Housing to 2040” puts ambitions for Place at its core, creating not only good quality homes, but quality places too. It highlights that Scottish Government will embed the Place Principle in the terms of reference and conditions of sponsored and supporting public bodies, agencies and organisations to ensure a collaborative approach to the delivery of great places.

The Strategic Housing Investment Plan (SHIP) has a core purpose to set out the key strategic housing investment priorities for both affordable housing and other tenures over a five-year period. Scottish Councils are required to submit a SHIP to the Scottish Government on an annual basis. As well as being a five-year operational plan, the SHIP reinforces the Council as the Strategic Housing Authority and sets out the Council’s strategic policy approach to enable the delivery of high quality housing and housing related services across tenures to meet a range of identified needs and address locality housing stock mismatches in the Scottish Borders.

The affordable housing investment priorities detailed in this plan cover the period 2024-2029 and align with the Council’s proposed Local Housing Strategy (LHS) identified priorities and outcomes. The proposed LHS is consistent with this action plan, including key outcomes such as increasing the supply of affordable housing, reducing homelessness, reducing fuel poverty and child poverty. The Council has developed its new Local Housing Strategy 2023-2028, which will be presented to Council’s Executive committee in late 2023 for approval. While developing the LHS there was a needs analysis and consultation study undertaken in relation to provision for Gypsy/Traveller families in the Borders. The outcomes of this work, and the emerging LHS priorities and outcomes, have informed this Strategic Housing Investment Plan. This SHIP will assist Scottish Government to meet its current and future affordable housing targets and helps inform the Scottish Government’s investment decisions and the preparation of future Strategic Local Programme Agreements (SLPA).

This SHIP submission has been prepared in accordance with the current SHIP Guidance issued by Scottish Government in June 2023. It rolls forward the projects and planning horizons set out in the previous SHIP 2023-2028. It is updated by current information, where applicable, and sets out how the Council and its partners have identified and prioritised projects that are capable of being delivered within the period 2024-29 and identifies where there are development constraints in relation to particular projects. It sets out estimated timescales for project delivery and identifies a range of funding sources and resource mechanisms including Scottish Government grants, Registered Social Landlord own resources and borrowing, other funding initiatives and the Council’s own resources.

The SHIP reflects the Scottish Government's aspiration to develop a range of funding arrangements and to, through creative collaboration with partners, identify solutions to deliver extra care housing that addresses the housing needs of the growing older people population in the Scottish Borders and considers the requirements to increase supply of wheelchair accessible housing to meet the Council's Wheelchair Accessible Housing Annual Target. The SHIP also seeks to identify projects that could be accelerated should additional funding become available, or where infrastructure issues and other challenges are resolved.

Since SHIPs were introduced and first submitted back in 2007, the Council and its partners have delivered 1,774 new affordable homes via all available delivery mechanisms. Scottish Borders Registered Social Landlords (RSLs) collectively now have an estimated 12,405 affordable homes for social and mid-market rent as at 31 March 2023. As a consequence of the Council's large scale voluntary stock transfer to Scottish Borders Housing Association in March 2003, RSLs are the only providers of social rented housing in the Borders. Therefore, as a stock transfer authority the Council relies on its partners to help it discharge its Statutory Homelessness Duty. The Council and its partners have developed a Rapid Rehousing Transition Plan (RRTP) which was submitted to Scottish Government in December 2018, and performance in delivery of plan actions is monitored and reported to Council and key stakeholders. The RRTP has recently been refreshed and a new action plan has been developed. The RRTP is reflected in the Council's next Local Housing Strategy, and specific RRTP-related projects may be identified in future Scottish Borders SHIP submissions. The primary link between RRTP and the SHIP 2024-29 is the ambition to increase the supply of affordable housing. The Council's strategic housing priorities are aligned with, and are consistent with, the RRTP priorities and outcomes.

This is the Council's 15<sup>th</sup> SHIP submission, and since SHIPs were introduced, RSLs and other affordable housing delivery agents have adapted to a number of major challenges such as the changes in grant funding; funding mechanisms and changes in payment arrangements; the challenges posed due to the changes in market conditions following the financial crash, including being able to access private sector capital funding at acceptable terms and conditions; and most recently Covid and the Cost of Living Crisis. The Council and its partners have welcomed the significant increase in Affordable Housing Supply Programme funding and the opportunities presented through increasing affordable housing delivery to contribute towards Scottish Parliamentary successive affordable housing targets in the face of considerable tender price inflation issues. There was a keen interest across the housing sector in the outcomes and recommendations of the Affordable Housing Supply Programme Investment Benchmarks Working Group, and the subsequent [announcement of new grant benchmarks](#) by Scottish Government in October 2021 was generally welcomed across the affordable housing sector.

In June 2023, the More Homes Division Guidance Note made numerous changes for 2023/24 which included an updated set of affordable housing investment benchmarks. In June 2023, the Scottish Government increased the benchmark grant rates for a social rented new build home to £91,182 for housing association partners. These grant rates are flexible which means that projects may be eligible for a higher grant award per property following a detailed assessment of project viability and development costs. In recent years, tender costs have been significantly higher due to increased labour and material costs. This has had an adverse impact on development costs, levels of grant requirement and timescales for the delivery of projects. The recent uprating of grant levels is intended to assist in mitigating these higher development costs. These benchmarks are 16.9% higher than the previous set (this percentage increase reflects the Scottish Social Housing Tender Price Index for the year to December 2022).

Following the recent uprating of Scottish Government grant benchmarks in June 2023, discussions took place with the RSLs as part of the draft Strategic Housing Investment Plan consultation process to determine any consequential impact on the level of grant to be made available to affordable housing providers from current Resource Planning Assumptions to support delivery of projects identified within appendix 5 of this Strategic Housing Investment Plan.

Recent Affordable Housing Supply Programme [AHSP] Allocations of £15.998m (2019/20); £16.975 (2020/21) and £18.562m (2021/22) and £16m (2022/23) have been provided by Scottish Government to Scottish Borders, with a £15.954m commitment for 2023/24. However annual outturn spend always varies against annual Allocation. To illustrate this, in 2019/20 Scottish Borders was allocated an additional £3.777m which represents a record annual grant spend. In 2020/21, largely due to Covid related factors, there was an underspend of £2.8m from the Borders Allocation which was reallocated by Scottish Government across the national programme. In 2021/22 Scottish Borders secured an additional £0.276m Allocation. Finally in 2022/23, the spend figure was under the £16m at £13,916,426.79. This is £2,083,573.21 below the funding allocation.

This SHIP 2024-29 has been framed by the new Scottish Government SHIP Guidance published in June 2023, and Affordable Housing Supply Programme Annual Allocations up to and including 2025/26, which were announced in July 2021. Whilst these allocations pre-dated the new benchmark rates, they still provide more certainty in resources in the face of continued increasing annual unit total costs, which enables Borders RSLs to deliver an ambitious affordable housing programme to meet identified need. Over the years the lending market has eased considerably, which has enabled RSLs to access a wider range of lending products at terms and conditions which are more acceptable to them. However, more recently this has become more challenging due to the impact of the Cost of Living Crisis. High inflation and the increase in interest rates that began in 2022 is impacting the affordable housing programmes with higher borrowing rates and higher tender costs.

In addition to the Cost of Living Crisis, the continued impact of the pandemic and the war in Ukraine have had a major impact on the delivery of current projects and delays in projects being brought forward for approval. Construction industry capacity, construction materials availability and costs, availability of grant funding and borrowing capacity of RSLs are all impacting on the delivery of the programme.

As highlighted the impact of the war in Ukraine, as well as the long-term impact of the pandemic, has seen costs in the construction sector increase exponentially. While material cost increases have been significant, there are predictions this may slow and stabilise over 2023/24, however they are unlikely to reduce and labour will replace materials as the main cost driver in the near term, given skills and staff shortages which are likely to push up wages.

RSLs are also under increased financial pressure which may impact on new development. The Cost of Living Crisis and inflationary rises have meant the day-to-day delivery of RSL services are costing more. Wider statutory investment commitments also mean that landlords are having to prioritise investment to ensure existing homes meet the Energy Efficiency Standard for Social Housing 2 (ESSH2), for example. In addition to this, keeping rents low and affordable means that borrowing levels can be affected, which impacts on the ability of RSLs to finance new build programmes and puts increasing pressure on available grant funding.

While these challenges exist, Scottish Borders RSLs continue to deliver an ambitious affordable housing programme to meet identified needs. In 2022/23, 146 affordable homes were delivered, and a potential 201 new affordable homes will be completed during 2023/24.

In preparing this SHIP 2024-2029, consideration has been given to priorities across sub-areas and by tenure and house size/ type which depend on a range of factors including relative need, land availability and development constraints. Sustainable development ambitions have also been given consideration, and projects aligning with these ambitions are included in this SHIP. Work has re-started to consider the housing needs at a localities level to link with Community Planning processes.

The Housing Contribution Statement has been assimilated into the text of the developing Scottish Borders Health and Social Care Integration Strategic Framework 2023-2026, rather than as a separate appendix.

Housing has been included in the Strategic Framework and the Joint Strategic Needs Assessment which was developed in 2022 through a wide range of consultation and engagement.

During 2018/19, an “Integrated Strategic Plan for Older People’s Housing, Care and Support Needs 2018-28” was developed and agreed by the Council and Integrated Joint Board (IJB). Governance arrangements have also been further developed to oversee the delivery of the 4 workstreams envisaged in this Strategic Plan as part of the new strategic commissioning arrangements.

In 2019, consultants provided their final report on their review of the Housing Needs and Aspirations of Borders Young People. This has been considered by the Council, Integrated Joint Board and Community Planning partners, and the South of Scotland Enterprise Agency have been made aware of it as new working relationships are forged.

In January 2020, consultants also provided their final report “Space to live – Wheelchair Accessible Housing in the Scottish Borders”, which provided an evidence base for the Council to set an annual Wheelchair Accessible Housing Target of 20 homes. It was agreed that RSLs will provide 15 homes and it is hoped that other providers will deliver the balance of 5 homes.

This SHIP 2024-2029 has been developed in collaboration with key Council services including Planning, Infrastructure and Environment, Finance, Health, and Health and Social Care. A range of stakeholders have also fed into the SHIP via the SHIP Working Group, for example by aligning housing priorities to reflect identified needs and addressing objectives of the Scottish Borders Integrated Joint Board’s Strategic Plan. It is underpinned by Resource Planning Allocations and assumptions for the period 2024-2029 provided by Scottish Government and includes a range of funding mechanisms. It is also predicated on RSL financial capacity to raise the necessary complementary private funding via borrowing through a range of available lending products. The Council will also use its affordable housing funding sources such as Second Homes Council Tax, Affordable Housing Policy Developer Contributions and strategic disposals of Council owned land and/or buildings to assist delivery of planned and future affordable housing projects.

This new SHIP 2024-2029 rolls forward the five-year planning horizon set out in the previous SHIP 2023-2028 for a further year to 31 March 2029. The SHIP 2024-2029 is underpinned by the South East Scotland Regional Planning (SESPlan) Housing Needs and Demand Assessment 3, and takes cognisance of the current Scottish Borders Local Development Plan 2016. It also considers work carried out to inform the new Local Development Plan 2, which will guide future development for the period 2023/24-2028/29 and work to contribute to the Edinburgh and South East Scotland City Deal workstreams supported by Housing and Planning Officers from the participating Councils. The proposed Local Housing Strategy 2023-2028 is in the final stages of development with the aim to be approved by Council’s Executive Committee on 14<sup>th</sup> November 2023, this sets out the Housing Supply Target for 2023-2028.

The proposed [Local Development Plan 2](#) was presented to Full Council on 10 March 2022 and Elected Members agreed officer responses to consultation feedback to the Proposed Plan, and that it should be forwarded to the Scottish Government’s Planning and Environment Appeals Directorate (DPEA) for Examination. The Report of Examination into the Proposed Local Development Plan was published on 7<sup>th</sup> July 2023 by the DPEA. The Reporters Report recommends several modifications to the Proposed Plan. Once these modifications have been made the proposed plan will go to committee for approval in September 2023 before being submitted to Scottish Ministers.

The SHIP 2024-29 illustrates how a variety of funding mechanisms can be drawn upon to ensure and maximise project delivery to meet the affordable housing targets and contribute to the outcomes set out in the Council’s proposed Local Housing Strategy 2023-2028 (LHS), as well as meeting the current Housing Supply Target of 353 homes per annum of which 141 should be additional affordable homes. The SHIP 2024/29 is a realistic, resource based operational plan that sets out how, when and where the Council and

its partners propose to deliver identified housing investment priorities in the Scottish Borders over the next five years.

The SHIP Project Working Group remains the Council's key working group responsible for overseeing the development and delivery of the SHIP and the ongoing review and evaluation process. This includes the identification and prioritisation of sites for inclusion and monitoring delivery of affordable homes against the Scottish Borders proposed Local Housing Strategy target of 141 new affordable homes per year. The group includes the following key stakeholders: SBC Housing, Planning, Infrastructure and Environment in addition to RSLs who link in with Scottish Environmental Protection Agency (SEPA), Scottish Water, Scottish Gas, Homes for Scotland, the Rural Housing Service, the local construction sector and the Scottish Rural Property and Business Association.

The Council and its partners are optimistic that through effective partnership collaboration, resources allocated can be fully spent to deliver the projects set out in this plan. Projects have been identified which could potentially be accelerated to manage slippage in the programme, and potentially attract and spend additional grant if infrastructure issues and other challenges can be resolved. Given the challenges of the necessary lead-in timescale for project delivery, individual project proposals are normally prioritised accordingly and a best realistic estimate is provided for year of completion. Notwithstanding the projects identified, work continues to identify new potential development opportunities, and these will be explored and brought forward when feasible and with regard to available resources.

The launch of the Empty Homes Grants Scheme in 2022 offers empty homes grants to owners to bring their empty properties back into use. The grant is open to owners who wish to live in the property or rent the property within the Private Rented Sector. Those looking to rent the properties upon completion must agree to rent the property at Local Housing Allowance rates for a period of 5 years, contributing to the local supply of affordable housing.

In 2021 Scottish Borders Council produced Supplementary Planning Guidance (SPG) and associated Design Guide (DG) for the expansion of Tweedbank, which occupies a strategically important position at the current terminus of the Borders Railway. The documents together set out good planning practice, placemaking and design principles to ensure a high-quality development is achieved. The SPG outlines the vision and overall direction for the development of this allocated site, which will provide a mixed used development including both high quality residential and business space.

The site was initially earmarked as part of the Council's Local Development Plan (LDP) in 2017, via Housing Planning Guidance, to address a shortfall of housing land in the region due to its strong rail links, high-quality landscape setting and already established housing market. It is estimated that the Tweedbank development could create 350 jobs and generate £150 million of Gross Value Added (GVA) to the Borders economy, whilst also making a significant contribution to meeting local housing need. The SPG also supports the Council's commitment to the Edinburgh and South East City Region Deal, and the Borders Railway Blueprint programme. The Planning Service is represented on the Council's Tweedbank Expansion Board, whose aims are to promote and facilitate appropriate development throughout the site.

Throughout 2023, the Council will progress the construction of the Phase 1 access road and associated infrastructure and commence the development of a procurement strategy to secure a development partner. This will include updating design and costs of key infrastructure for a revised full business case.

Berwickshire Housing Association, Eildon Housing Association and Scottish Borders Housing Association are the local developing Registered Social Landlord (RSL) partners that play a key role in the delivery of affordable housing projects across the Scottish Borders. Although being a long-standing contributor to the SHIP process for the past decade, Waverley Housing are undertaking a housing-led regeneration project in Galashiels. This followed the conclusion of the master-planning exercise for part of Upper Langlee in

Galashiels focusing on the Beech Avenue area. Updated details of this regeneration project feature later in this SHIP document (pages 25-26).

As a result of the Council-led selection process in 2016, Eildon Housing Association and Trust Housing Association are the two RSL partners selected to work in partnership with the Council to ensure efficient and effective delivery of Extra Care Housing developments in several main Borders towns. The first 30 flat development completed was Longfield Crescent [Todlaw] Duns by Trust Housing Association which completed in March 2021, with Eildon Housing Association completing its 39 flat Wilkie Gardens development [Langhaugh] in Galashiels in November 2021. In the first quarter of 2023/24, Eildon Housing Association have delivered 36 flats at the former High School in Kelso, Poynder Apartments.

The “Integrated Strategic Plan for Older Peoples Housing Care and Support 2018-28’ identified the issue of ‘not fit for purpose’ older person’s housing. Council Housing Strategy staff have met with all the RSLs with affected housing stock regarding this issue, most of which are developing their respective asset management and investment strategies. Therefore, it is envisaged that affected RSLs will bring forward future project proposals to address these issues through potential modernisation and/or remodelling in due course. Eildon Housing Association has 2 such projects in the SHIP 2023-2038, i.e. Elm Court, Hawick and Oakwood Park, Galashiels which were both completed in 2022/23. A third development at Millar House Melrose was previously identified as a potential pipeline project but is now being used to meet the housing needs of another client group with particular needs. In addition, in 2021/22 Cairn Housing Association completed a project at Abbotsford Court Galashiels. Finally, Berwickshire Housing Association is considering additional potential remodelling opportunities for their development at Gowanlea in Coldstream.

The funding resources required and available to deliver the investment priorities are outlined in Section 7 Table 13 (page 52) and are set out in Appendix 5. The SHIP does not address unsubsidised private sector market housing, however it is recognised that new private sector house building makes a significant contribution to the local economy and to communities’ sustainability, as well as meeting a wider housing need in communities. Market housing projects also provide opportunities to deliver affordable housing through use of Section 75 Planning Agreements.

## 2. Local Housing Strategy Outcomes and Strategic Context

### 2.1 Local Housing Strategy

The Council’s five year proposed Local Housing Strategy (LHS) 2023-2028 provides the strategic direction to tackle housing need and demand and to inform the future investment in housing and related services across the Scottish Borders area. The draft LHS identifies an annual Affordable Housing Target of 141 as well as identifying housing for the growing ageing population as a priority to be addressed.

Figure 1: Proposed Local Housing Strategy Vision

“Everyone in the Scottish Borders has access to a home that meets their needs and is part of a sustainable community”.



The proposed Local Housing Strategy sets out the vision and priorities for the future of housing and all housing related services across the Scottish Borders. It considers all tenures and types of accommodation

and reflects both national priorities and local needs. In terms of the national priorities, the proposed LHS is expected to show how its actions will support and contribute to the Scottish Government’s vision for housing which seeks to ensure “all people in Scotland live in high quality sustainable homes that they can afford and that meet their needs”. The proposed LHS is built on a solid evidence base and is underpinned by a detailed ‘Housing Need and Demand Assessment 3’ (HNDA3) and Housing Supply Target which estimated that 370 new houses would be required each year in the Scottish Borders, of which 141 should be affordable. Therefore, the agreed vision is that “every person in the Scottish Borders has access to a home that meets their needs and is part of a sustainable community”. This means the home is well designed, of sufficient quality, promotes independence, is energy efficient, is affordable, in the right location, and contributes to the wider area’s regeneration and helps the economy to thrive. See Figure 1 above.

To develop and build upon the proposed Local Housing Strategy (LHS) 2023-2028, the Council worked in collaboration with a wide range of partners to assess local needs, agree outcomes and define ideas and solutions to deliver a shared vision for housing in the Scottish Borders. Housing plays a vital role in meeting the needs of local people, communities and the economy and plays an important role in place making. The Local Housing Strategy sets out a framework of action, investment and partnership working to deliver local priorities and was developed in a very different strategic and financial context from the previous LHS. The Strategy was developed and co-produced in accordance with the Scottish Government’s then current published LHS Guidance (2019) and was informed by a number of then current existing plans and strategies. It is underpinned by the South East of Scotland Strategic Development Plan Housing Needs and Demand Assessment (SESPlan HNDA3 - 2022) and reflects the Scottish Borders Local Development Plan.

Figure 2 below sets out the proposed Local Housing Strategy’s five Strategic Outcomes. The affordable housing project priorities identified in this SHIP are consistent with these strategic outcomes which are aligned to the Scottish Government’s National Health and Wellbeing Outcomes.

**Figure 2: Proposed LHS Strategic Outcomes**



## 2.2 Housing Need and Demand Assessment 3

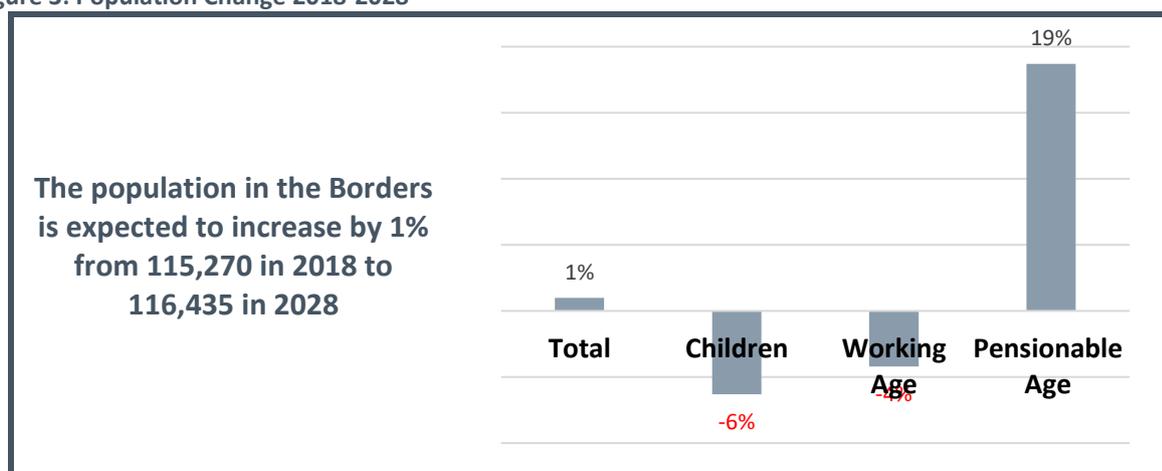
It is a statutory requirement through the Housing (Scotland) Act 2001 for local authorities to provide an assessment of housing need and demand and the provision of related services. The production of Housing Need and Demand Assessments (HNDAs) are overseen by the Scottish Government's Centre for Housing Market Analysis (CHMA) which considers whether the HNDA is 'robust and credible'. The third [Housing Need and Demand Assessment](#) (HNDA3) for the South East Scotland area achieved robust and credible

status from CHMA on Thursday 28th July 2022. HNDA3 provides the evidence base for policy decisions in Local Housing Strategies and land allocation decisions in Local Development Plans for the local authorities in South East Scotland (City of Edinburgh Council, East Lothian Council, Midlothian Council, West Lothian Council, Fife Council and Scottish Borders Council), subject to subsequent agreement of housing supply targets.

### 2.3 National and Local Context

Housing is at the heart of independent living, and having appropriate housing in place to keep people living independently for as long as possible was identified as a strategic outcome in the proposed LHS. Figure 3 below shows the Scottish Borders projected increase in the older population as 19%, which is higher than the comparable increase across Scotland.

Figure 3: Population Change 2018-2028



Recognising the size and scale of housing and service challenges arising from the projected demographic changes and increasing numbers of older people, 2018 saw the development and launch of the “Integrated Strategic Plan for Older People’s Housing, Care and Support 2018-2028” underpinned by the projected growth in the number of older people living in the Borders which is likely to increase demand for specialist housing. This new ambitious plan sets out a vision where older people will have greater choice in terms of where they live, and the services they can access. To address some of this need there will be an increased focus on the types of affordable housing (including wheelchair accessible) provision in this and future SHIPs.

Figure 4 below seeks to demonstrate the pivotal role and the positive impacts that developing new affordable housing has on the wider social, economic, and physical environment. It helps support the local construction industry and provides a funding stimulus into the supply chain and supports the Council’s Corporate Plan. The Council Plan 2023 sets out the council’s ambitions and priorities for 2023/24. It outlines what SBC wants to achieve and how this will be done. It builds on the Corporate Plan for 2018-2023 and has six outcomes. Five of the outcomes (as shown in figure 4) focus on improving the wellbeing of citizens within the Scottish Borders and making our region a more sustainable and better place to live, work in and to visit. The sixth outcome is about developing a Council that is as effective and efficient as it can be – we need to do this in order to deliver on the other five outcomes.

Figure 4: Council Plan Outcomes

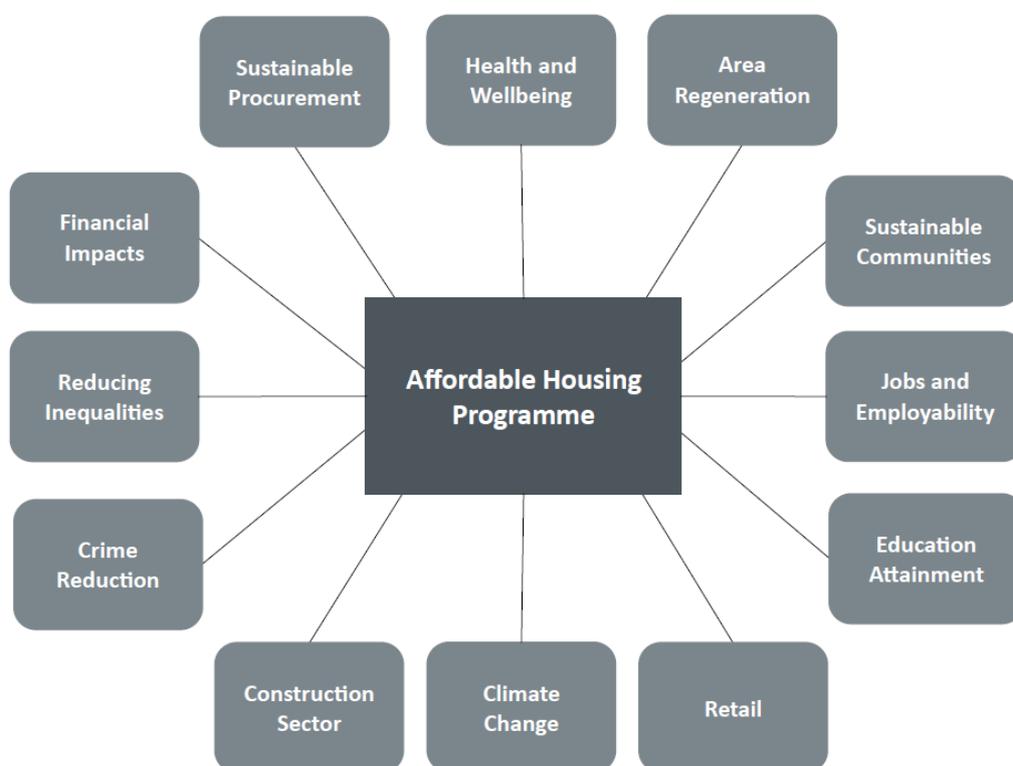


The latest Plan includes those big developments, such as the Scottish Borders Climate Change Route Map and the Scottish Borders Anti-Poverty Strategy, which were identified in the Refresh of the Corporate Plan last summer. The latest Council Plan is being developed with some important additions:

- Sets out long-term strategic ambitions, which extend beyond the horizon of a single year (in relation to e.g., a Just Transition to Net Zero; Poverty; Low Economic Productivity and Wages; Demographics).
- The vision gives rise to the actions intended to be delivered across the Scottish Borders in 2023-24. Subsequent Council Plans will build on this process, comprising steps on the road to long-term delivery of our vision for the region.
- Sets out for each of the 5 'localities' of the Scottish Borders clear ambition, action and outcomes.

Over time the aim is to embed Locality Plans as an element of the Council Plan, which can truly be said to: Speak to our 'Places' across the Scottish Borders by setting out the priorities for different communities, whether in Berwickshire, Cheviot, Eildon, Teviot & Liddesdale, or Tweeddale.

**Figure 5: Housing's Contribution to Social and Economic Wellbeing of the Borders**



The SHIP 2024-2029 addresses the following National Outcomes:

- Poverty - We tackle poverty by sharing opportunities, wealth and power more equally
- Economy - We have a globally competitive, entrepreneurial, inclusive and sustainable economy
- Environmental - We value, enjoy, protect and enhance our environment
- Human Rights - We respect, protect and fulfil human rights and live free from discrimination
- Communities - We live in communities that are inclusive, empowered, resilient and safe
- Health - We are healthy and active
- Children and Young People - We grow up loved, safe and respected so that we realise our full potential
- Education - We are well educated, skilled and able to contribute to society

The SHIP 2024-2029 will also bring benefits across the National Performance Framework as recognised in "Housing to 2040":

- Affordable Housing helps to tackle poverty and inequality.
- How we live in, heat and build our homes impacts on the environment.
- Safe and warm homes and good neighbourhoods improve physical and mental health and well-being and build strong communities.
- High quality homes and neighbourhoods improve children's well-being and development.
- Housing creates and supports jobs and social benefits.

The Scottish Health and Inequality Impact Assessment Network (SHIAN) report published in June 2017 confirms the positive impacts that new affordable housing has on health and wellbeing for particular groups and communities. These findings align with previous research evidence that also showed better housing can lead to some improvements in self-reported physical and mental health, and reductions in some symptoms. Heating and energy efficiency measures can improve the indoor environment and also alleviate fuel poverty which can improve occupant's health and wellbeing against current Public Health Reform priorities and actions. More recently Public Health Scotland have been promoting a whole system approach towards place and community in pursuit of a sustainable, inclusive economy with equality of outcomes for all. Public Health Scotland also recognise that the fundamental causes of health inequalities are an unequal distribution of income, power and wealth. Inequalities in income, wealth and power can lead to marginalisation, and also influence the distribution of wider environmental influences on health, such as the availability of work, education and good quality housing.

The SHIAN report also identified that characteristics of high quality housing that benefit health include high levels of energy efficiency, thermal comfort, ventilation, appropriate space for the household, and provision of safety features. The affordable housing projects set out in this SHIP will seek to maximise the opportunities for energy efficiency and reduction of fuel poverty, and to achieve the Silver Standard as a minimum thus meeting the Scottish Housing Condition Standards (SHQS) and Energy Efficiency Standard for Social Housing (EESH and EESH2). Eildon Housing Association are currently progressing delivery of a number of low and zero carbon new build housing projects through their "Green Homes Pilot" action-based research initiative. This is in direct response to the increasing risk of Scottish households falling into fuel poverty, and this is detailed in section 5.2 on page 33.

There are also direct linkages with the [South of Scotland Regional Economic Strategy](#) which is a ten-year strategy which focuses on making the South of Scotland "Green, Fair and Flourishing". The strategy will seek the opportunity to drive transformational change in the region. It will help to collectively establish the South of Scotland as a great place to live, work, visit, invest in and learn, play a key role in making sure the region is not left behind and seek to address the disadvantages and inequalities facing the South of Scotland.

Under the Community Empowerment (Scotland) Act 2015 the Scottish Government has made it a requirement for Community Planning Partnerships to put in place a Local Outcomes Improvement Plan (LOIP) with a particular focus on reducing inequalities. In the Scottish Borders this is known as the Community Plan and delivery of the SHIP contributes to achieving the Community Plan's ambition to improve the quality of life for all who live in the Scottish Borders through working together with our communities and through partnership action. Figure 6 illustrates the outcomes of the Community Plan. It is considered that the affordable housing programme envisaged in this SHIP will make a large positive contribution to delivery of the Plan by achieving many of its outcomes and have a direct benefit in reducing inequality for many people living in the Scottish Borders.

Figure 6: Community Plan 2023-2033

OUR OUTCOMES	
THEME 1 – POVERTY	Help mitigate against the financial challenges of day to day living for those who are most affected.
	Children and young people from low-income households are supported to develop life skills to help them to succeed in life.
THEME 2 – LEARNING, SKILLS AND ECONOMY	More people have a clear route to progress into a greater variety of jobs, learning and training opportunities available within the Scottish Borders.
	Parents are supported to enter, remain, and progress in work.
THEME 3 – GOOD HEALTH AND WELLBEING	Improved access to effective services, particularly for those who face greater challenges accessing services.
	Reduced health inequalities for those experiencing the greatest negative impact.
	Fewer people experiencing domestic abuse.
THEME 4 – PLACE, COMMUNITY AND CONNECTIVITY	More people, especially our older community have the skills to benefit from digital and mobile connectivity.
	More people have access to a home that meets their needs and is part of a sustainable community.
	Our communities are supported and empowered to be strong, active, resilient and sustainable.
	People have access to better travel options across the Scottish Borders.

The objectives of the LHS and SHIP are consistent with the United Nations Sustainable Development (SDG) Goals 11 - Sustainable Cities and Communities, and 13 - Climate Action. Specifically, the SHIP responds to the ambition of SDG 11 by providing access for all to adequate, safe and affordable housing by ensuring integrated, inclusive and sustainable settlements, and by strengthening regional development planning. With respect to SDG 13, development will be at least consistent with Scottish Building Standards and national objectives of net zero greenhouse gases by 2045. It should be noted that the Council agreed a “Scottish Borders Climate Change Route Map” further developing its previous commitment to setting a target as soon as possible for achieving a reduction in the Council’s carbon emissions which is at least consistent with the Scottish Government target of net zero by 2045, and the intermediate targets set out in the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019. The Council’s Planning and Building Standards will reflect the developing public policy positions nationally and locally. Most recently at the Full Council meeting of 17 June 2021, the Council considered and agreed the recommendations set out in a Climate Change Route Map Report.

Following the Financial Crash in 2008/09, the Scottish Borders general house building position mirrored the national picture to a degree reflecting a significant and concerning reduction in the number of new homes being built and brought to the market. However, in recent years whilst there has been market recovery elsewhere in Scotland and the UK, the Scottish Borders housing market remains worryingly sluggish with annual house sales and completions remaining considerably less than those prior to the financial crash when 717 new homes were completed in 2006/07 at the peak of the market, with only 60 of these being built for RSL Social Rent. Affordable housing construction in Scottish Borders currently represents a large proportion of all annual house completions. This is evidenced by the average number of new homes built each year. See Table 1 below which sets out recent available house completion information and sets out the increased proportion of these by the RSL sector.

Table 1: New House Completions 2016-2023

Year	RSL	Market	Total
2016/17	75	175	250
2017/18	112	110	222
2018/19	130	215	345
2019/20	114	210	324
2020/21	94	204	298
2021/22	297	*	*
2022/23	125	*	*

\*New house completion figures for 2021/22 and 2022/23 are not available at the time of writing.

### 3. Affordable Housing Progress and Delivery

#### 3.1 Affordable Housing Delivered 2022/23

Table 4 of the previous SHIP 2023-2028 envisaged that there would be 165 affordable housing completions for the period April 2022 – March 2023 set against the identified affordable housing target of 128 additional affordable homes per year.

Table 2 below sets out affordable housing delivery for the period 2022-2023, which shows that a total of 146 additional affordable homes were delivered during that financial year thus considerably exceeding the LHS annual target of 128. Of the above 146 homes delivered, 133 homes are for affordable rent through new build, remodelling and acquisitions by Registered Social Landlords. Of these, 6 were built to wheelchair standard. The Scottish Government also provided additional funding of £0.470m to assist eligible individuals purchase 8 homes via the Open Market Shared Ownership mechanism.

The level of completions in 2022/23 was however lower than expected and less than in 2021/22. For a range of reasons new build RSL projects at Glensax Road, Peebles (6 homes) and Tweed Court, Kelso (12 homes) did not complete in 22/23 as originally planned. The housing providers and their agents are managing the slippage within the terms and conditions of the individual building contracts to achieve completions and handovers as soon as possible in 2023/24.

The Ettrick and Yarrow Community Development Company's Kirkhope Steading project was completed in 2022/23, using funding from the Rural Housing Grant to provide five new homes. Affordable Housing delivery for 2022/23 is set out below in Table 2.

**Table 2: Project Completions for 2022-2023**

Provider <sup>1</sup>	Project Name		Supplier	Units General Needs	Units Part. Needs	Units Total
BHA	Springfield Phase 2	Duns	HA Rent	28	-	28
EHA	Coopersknowe Phase 1	Galashiels	HA Rent	63	6	69
EHA	Elm Court	Hawick	HA Rent	8	-	8
EHA	Oakwood	Galashiels	HA Rent	0	4	4
EHA	High Buckholm Phase 1	Galashiels	HA Rent	11	-	11
SBHA	Individual House Purchase	-	MMR	5	-	5
SBHA	Individual House Purchase	-	HA Rent	8	-	8
OMSE	Open Market Shared Equity	-	Shared Equity	8	-	8
RHG	Kirkhope Farm Steading	Ettrickbridge	MMR	5	-	5
RHF	7 Roxburgh Mains	Near Kelso	MMR	1	-	1
<b>Total</b>				<b>137</b>	<b>10</b>	<b>147</b>

Open Market Shared Equity (OMSE) is a Scottish Government funded scheme that financially assists eligible applicants to purchase their own home on the open market through a shared equity arrangement.

From a position of no Open Market Shared Equity sales concluded in the first year (2014-2015), there are now only small numbers of individual house purchases concluded annually within Scottish Borders through this assisted purchase opportunity, despite efforts by Council Officers to work in partnership with Link Housing Association who are the scheme's managing agent to promote it. Whilst it is good to see continued uptake in the scheme, but notwithstanding eligibility changes, it remains unclear why the numbers of assisted sales concluded through use of this scheme continue to be relatively low in Scottish Borders when

<sup>1</sup> BHA – Berwickshire Housing Association, EHA – Eildon Housing Association, SBHA – Scottish Borders Housing Association, WH – Waverley Housing, OMSE – Open Market Shared Equity, RHG – Rural Housing Grants, RHF – Rural Housing Fund

compared to other nearby Council areas. Officers continue to liaise with Link Housing Association to better understand why this is the case. Table 3 below shows the locations where OMSE purchases have been concluded over the last 8 years.

**Table 3: Scottish Borders OMSE by Settlement 2015-2022/23**

	2015/ 16	2016/ 17	2017/ 18	2018/ 19	2019/ 20	2020/ 21	2021/ 22	2022/ 23	Total
Ayton				2					2
Berwick-Upon Tweed			1						1
Chirnside	1	2	1						4
Coldstream			3		1		1		4
Duns	1		1	1	2	1		1	7
Earlston			1						1
Eyemouth	3	7	7	4	2	1	3	1	25
Galashiels	1	7	7	4	5	3	4	2	29
Hawick	1	2	3	2			3		8
Innerleithen	1	2		1					4
Jedburgh			3	1			1	1	5
Kelso	2	3	4			1	1	1	11
Lauder				1					1
Morebattle				1					1
Newtown St Boswells		2		1					3
Peebles			3			1		1	5
Selkirk	1			3			3	1	5
Stow					1				1
Walkerburn					2	2			4
Westruther					1				1
Whitsome				1					1
<b>Total</b>	<b>11</b>	<b>25</b>	<b>34</b>	<b>22</b>	<b>14</b>	<b>9</b>	<b>16</b>	<b>8</b>	<b>147</b>

Source: Scottish Government 2023

The 8 OMSE-assisted purchases concluded in 2022/23 were made possible by Scottish Government estimated funding of £0.470m, which was additional to the £16m year-end outturn Affordable Housing Supply Programme allocation for 2022/23. In an effort to promote and increase take up of this low-cost home ownership scheme, Council Officers continue to work with Link Housing Association to maximise publicity through the use of libraries, contact centres and the Council website. It is considered that this limited number of sales completed since 2020/21 may be in part due to the adverse impact of the Covid pandemic, and the recovery of the operation of housing market and wider economy.

Figure 7 on the next page shows images of some of the affordable housing projects which completed in Scottish Borders during 2022-2023. These are (top left to right) Elm Court in Hawick by Eildon Housing Association, High Buckholm in Galashiels by Eildon housing Association, Springfield Phase 2 in Duns by Berwickshire Housing Association, Oakwood in Galashiels by Eildon Housing Association and McQueen Gardens in Galashiels by Eildon Housing Association.

Figure 7: Affordable Housing Developments Completed 2022-2023



### 3.2 Development Project Status Update

The Covid-19 pandemic continues to impact the project delivery timescales resulting in several planned project completions slipping from 2021/22 into 2022/23 and 2023/24. The Cost of Living Crisis and the impact on the economy has led to challenges in timescales for delivery but that aside, the Council and its RSLs partners continue to work to ensure projects are progressed. It is estimated that around 186 additional affordable homes could potentially complete during 2023/24. Table 4 sets out these projects.

Table 4: Estimated Project Completions in 2023-2024

Provider	Project Name		Tenure	Units General Needs	Units Part. Needs	Total Units	Status
BHA	Open Market Purchase	Various	HA Rent	5	-	5	BHA hoping to purchase 5 homes OMP
EHA	Former Kelso High School (ECH)	Kelso	HA Rent	-	36	36	Complete
EHA	High Buckholm Phase 2A	Galashiels	HA Rent	41	-	41	Expected completion 2023/24
EHA	Former High School Site PH2	Earlston	HA Rent	14	2	16	Due to complete Nov, may slip
EHA	Comrades Park East	Chirnside	HA Rent	57	-	57	Expected completion December 2023
SBHA	Glensax Road	Peebles	HA Rent	6	-	6	Almost complete
SBHA	Tweed Court	Kelso	HA Rent	12	-	12	Expected completion September 23
SBHA	Open Market Purchase	Various	12 HA Rent 3 MMR	15	-	15	-
WH	Individual House Purchase	Various	HA Rent	2	-	2	1 committed and another expected by 31/03/2024
Developer	Everly Meadow	Swinton	MMR	2	-	2	-
Developer	Everly Meadow	Swinton	Shared Equity	2	-	2	-
OMSE	Open Market Shared Equity	-	Shared Equity	7	-	7	OMSE
<b>Total</b>				<b>163</b>	<b>38</b>	<b>201</b>	

It should be noted that this estimate does not include affordable housing delivered through other private sector-led mechanisms. With continued effort to promote the Open Market Shared Equity Scheme it is hoped that there will be additional affordable homes purchased via this mechanism. In future empty homes brought back into use through the Empty Homes Grant and rented out at an affordable rent will be included in table 4.

The Council and its partners continue to seek to develop in areas of high demand and identified need across towns and more rural communities. Table 5 below provides a position statement on the progress of all potential projects in the SHIP 2024/29, and Strategic Local programme Agreement (SLPA) at 31 March 2023.

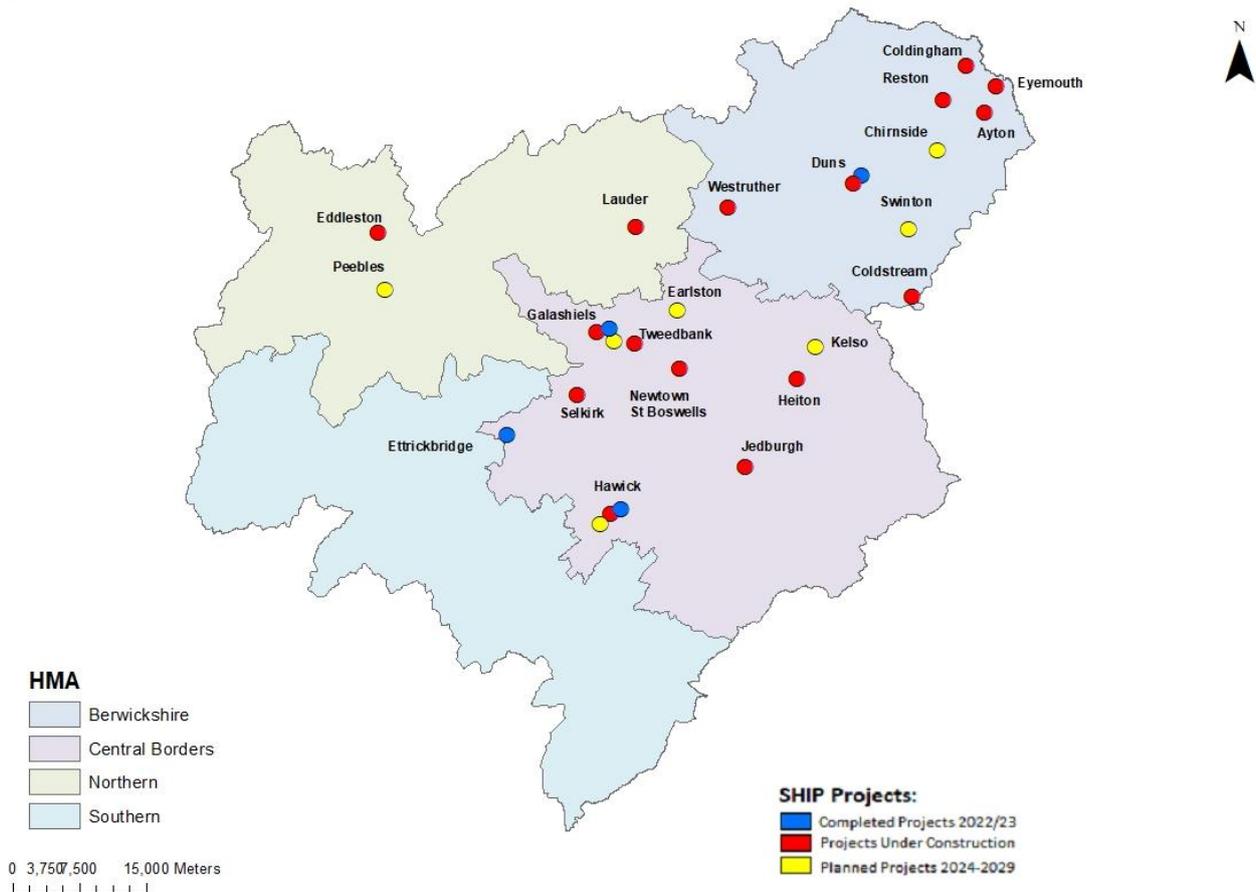
**Table 5: Project Position Status**

Provider	Project Name		GN Units	PN Units	Status
BHA	Acredale Ph4	Ayton	32	-	BHA own site. Design stage.
BHA	Acredale Ph5	Eyemouth	22	-	BHA own site
BHA	Beanburn Ph1	Ayton	21	10	Complete
BHA	Ex High School site	Eyemouth	34	-	Pending SBC decision re Primary School. SBC master planning
BHA	Ex High School site	Eyemouth	-	10	Pending SBC decision re Primary School. SBC master planning
BHA	Husk Phase 1	Various	-	20	BHA owns land. Design stage
BHA	Husk phase 2	Various	-	20	BHA owns land. Design stage
BHA	Former Duns Primary School	Duns	33	4	BHA has land under offer, preplanning
BHA	Individual House Purchases	Various	5	-	BHA hoping to purchase 5 homes OMP
BHA	Gavinton Expansion	Gavinton	27	3	Developer Led opportunity. Land owned and being brought to BHA by developer. Planning application to be submitted soon.
BHA	Land beside Primary School	Reston	12	-	Developer Led opportunity. Land owned and being brought to BHA by developer. Planning application to be submitted soon.
EHA	Angles Field	Selkirk	39	4	Pre-app and site investigation ongoing
EHA	Bogangreen	Coldingham	20	-	Planning Application. Developer lead
EHA	Buckholm Phase 1	Galashiels	11	-	Complete 2022/23
EHA	Buckholm Phase 2A	Galashiels	41	-	Expected completion early 2023/24
EHA	Comrades Park East	Chirnside	57	-	Expected completion November 2023
EHA	Coopersknowe Phase 1	Galashiels	63	6	Complete
EHA	Coopersknowe Phase 2	Galashiels	27	3	Current roundabout works undertaken
EHA	Duns Road	Coldstream	57	2	Site clearance and remediation works 2024/25
EHA	Burnside Road	Eddleston	9	-	Start 2028/29
EHA	Edgar Road	Westruther	10	-	Stalled. Current units anticipated for demolition end of 2023
EHA	Ex High School	Earlston	64	-	Under construction. 1st handover Sept 2023
EHA	Ex High School Phase 1A ECH	Kelso	-	36	Complete
EHA	Ex High School Phase 1B	Kelso	14	2	Handover expected in January 2024
EHA	Ex High School	Eyemouth	-	36	Part of the Older Peoples Plan - Extra Care Housing
EHA	Main Street	Reston	9	-	Start 2028/29
EHA	High Street/Market Place	Jedburgh	3	-	Got Consent. Start 2024/25
EHA	Melrose Road [Ex College]	Galashiels	46	-	Site started planned for 2024/25
EHA	Stirches Phase	Hawick	-	72	Pending Care Village decision
EHA	Tweed Bridge Court	Peebles	22	-	Going out to tender, start on site 2024/25

Provider	Project Name		GN Units	PN Units	Status
EHA	Tweedbank Expansion Phase 1	Tweedbank	27	3	SBC master planning
RHF	Kirkhope Steading	Ettrick Bridge	5	-	Complete
SBHA	Hendersyde	Kelso	30	-	Developer led project
SBHA	Milestone Expansion	Newtown St Boswells	25		Developer led project
SBHA	Allanbank	Lauder	27	-	Developer led project
SBHA	Balgownie	Newtown St Boswells	-	10	Land on open market
SBHA	Channel Street	Galashiels	16	-	Enquiries re acquisition
SBHA	Eildon Brae	Newtown St Boswells	22	4	Planning application being prepared
SBHA	Glensax Road	Peebles	6	-	Expected completion 2023/24
SBHA	Individual House Purchases	Various	15	-	Annual Target to be identified for each year
SBHA	Fairhurst Drive	Hawick	10	2	
SBHA	Heather Mill Phase 1	Selkirk	27	-	Ongoing discussions with landowners
SBHA	Heather Mill Phase 2	Selkirk	27	-	Ongoing discussions with landowners
SBHA	High Street	Jedburgh	8	-	Currently on open market. Potential older people's provision
SBHA	Ex Howdenburn Primary	Jedburgh	64	6	Previous Eildon Project. Resubmitting Planning Permission
SBHA	Husk Phase 2	Various		20	SBHA Owned
SBHA	Husk Phase 3	Various		17	SBHA Owned
SBHA	Leishman Place	Hawick	4	-	SBHA Owned. Design stage
SBHA	Linglie Road	Selkirk	26		SBHA Owned. About to progress planning and procurement
SBHA	Lothian Road	Jedburgh		7	Planning Consent Granted. On site soon
SBHA	Main Street	Heiton	12	-	Developer led project
SBHA	Mart	Newtown St Boswells	34	-	Developer led project
SBHA	Ramsay Road	Hawick		6	On site soon
SBHA	Tweed Court	Kelso	12	-	Expected completion September 2023
SBHA	Tweedbank Expansion [Aberlour]	Tweedbank	-	4	Master planning
SBHA	40-47 Whitefield Avenue	Newtown St Boswells	4		SBHA Owned. Tender approval for 2023/24
WH	Beech Avenue Phase 1	Galashiels	25		Consent granted
WH	Beech Avenue Phase 2	Galashiels	26	-	Consent granted
WH	Beech Avenue Phase 3	Galashiels	38		Consent granted
WH	Beech Avenue Phase 4	Galashiels		20	Consent granted
WH	Individual House Purchases	Various	2		1 committed & 1 expected by 31/03/2024. Target of 2 p.a.

Figure 8 on the next page shows the locations where developments were completed during 2022-2023 and to date, and where there are developments under construction, as well as projects planned or proposed for delivery during the period 2024-2029.

Figure 8: Completed Developments 2022/2023 to date, Under Construction, and Planned/Proposed for 2024-2029



Back in 2009, a locality planning approach for the development of priority areas for housing investment was established to address local needs and issues and was introduced in the SHIP, which at the time provided the catalyst to develop both the Peebles and Hawick Housing Strategies. The delivery of the Tweed Bridge Court project will complete the redevelopment of the last remaining site included in the Peebles Housing Strategy. Eildon Housing Association has acquired the site from Blackwood and has demolished the original largely flatted development which occupied the site. Planning Consent has been granted for 22 new build homes, with site start reprogrammed and estimated completion around June 2025.

SBHA brought forward proposals for a 6-house redevelopment of the cleared site of block 5 and 6 Stonefield Place Hawick which were included in SHIP 2022/27. This project is currently identified in Table 9 as a Potential Pipeline Project. This project will complete the housing-led regeneration of Stonefield Hawick as per the Hawick Housing Strategy.

The “Integrated Strategic Plan for Older People Housing, Care and Support 2018-28” identifies several developments for older people across Borders that are “no longer fit for purpose”. In tandem with the development of this strategy Eildon Housing Association have been considering the future of developments identified as such in the strategy. SHIP 2019/24 first saw the inclusion of the proposed remodelling of Eildon’s Elm Court development in Hawick, which completed in August 2022. SHIP 2020/25 saw the inclusion of the proposed remodelling of the original building at Millar House Melrose, but this has not been included in this SHIP due to decisions to re-purpose it for a different client group. The SHIP 2021/26 saw the inclusion of proposed remodelling of the former Council-operated Day Centre at Eildon’s Oakwood Park development in Galashiels to provide 4 new Amenity standard flats which was completed in 2022/23. In addition, Cairn Housing Association have progressed their project, without Scottish Government grant, to form 2 new flats through remodelling at their Abbotsford Court in Galashiels. This project completed in August 2021.

**Figure 9: Recent Remodelling Projects**



**Elm Court Development Hawick**



**Abbotsford Court Galashiels**



**Oakwood, Galashiels**

A major affordable housing development on what was the former Coopersknowe site in Galashiels, now called McQueen Gardens, was completed by Eildon Housing Association in 2022/23. The development is Eildon's biggest single development to date and comprises of 69 new, high quality, sustainable and affordable homes delivered on this long-time derelict site.

The development comprises of a mix of family houses, bungalows, and upper and lower colony style flats. Six of the bungalows are fully wheelchair accessible and ten properties were made available for key workers (see section 5.5 on page 39).

Figure 10: McQueen Gardens, Galashiels



As first reported in SHIP 2019-2024, the Council has been working closely with Waverley Housing to consider suitable options progress the regeneration of former public sector housing in and around the Beech Avenue area in Upper Langlee, Galashiels. In conjunction with the Council a feasibility study was concluded in 2018. There were 229 homes included in the study area. The proposal included the demolition of 159 homes, and replacement with 109 new build homes which will better meet the needs of tenants and residents in the local community and address future housing demand in the Galashiels area. Planning Consent was granted on 29 March 2021, and Waverley Housing has completed a re-housing exercise to allow the 1<sup>st</sup> phase of the demolition programme to proceed. Scottish Government has been supportive in working towards delivery of the regeneration vision and assisted in the rehousing effort by making grant available to assist Waverley Housing in purchasing several homes to provide additional rehousing options. In 2021, Waverley Housing funded and completed the refurbishment of the 68 flats being retained as one element of the regeneration strategy.

Figure 11: Beech Avenue Upper Langlee Galashiels



This is a high-cost regeneration project with estimated costs of over £23m, these are however likely to be significantly higher in the current economic climate. This will be delivered over a number of financial years. A demolition contractor was appointed in July 2022. The 1<sup>st</sup> phase of the demolition works was completed in December 2022, thus clearing the way for the anticipated Phase 1 new build programme to commence. It is anticipated that a new build contractor will be appointed in Autumn 2023 which new-build works commencing thereafter. Current plans indicate that there will be 4 phases of new building which are set out in this SHIP 2024-2029. These projects are being led by Waverley Housing and will be funded from a mix of anticipated Scottish Government grant funding, contribution from SBC’s second homes council tax affordable housing investment budget and Waverley Housing’s own funds and private finance borrowing. There has been a desire to regenerate and transform this part of Upper Langlee for some years, and this is considered to be a strategic housing priority for Waverley Housing and the Council.

### 3.3 Resource Planning Allocations and Assumptions

The Council’s Affordable Housing Supply Programme (AHSP) Allocation was increased from £13.167 to £14.065m for 2018-2019, however slippage adversely impacted on delivery of several large projects. Despite best efforts to accelerate existing and new project opportunities to reduce the slippage, the annual outturn spend was circa £11.765m. The Council welcomed the Allocation of £15.998m for 2019/20, which was fully expended, plus an additional £3.377m funding secured. The 2019/20 out-turn spend of £19.375m set a record Scottish Borders high annual grant spend. The Scottish Government Allocation to Scottish Borders for 2020/21 was £16.972m. However largely due to Covid and other factors, there was an underspend of circa £2.855m. The 2021/22 Allocation was £18.562m which was fully spent, and Borders

was allocated an additional £0.276m at year end which brought outturn spend up to £18.838m. The 2022/23 Allocation was £16m. These Allocations have provided considerably more certainty in progressing Scottish Borders projects towards the delivery of the Scottish Parliament's affordable housing targets, in the face of an increasingly challenging tender climate.

In July 2021, Scottish Government confirmed the following AHSP Allocations to Scottish Borders - £18.562m in 2021/22, £16.0m in 2022/23, £15.954m in 2023/24, £16.010m in 2024/25 and £16.275m in 2025/26, which together amounts to £82.801m. A Resource Planning Assumption of £16.275m has been made for 2026/27.

Scottish Government made a funding allocation of £16m from its Affordable Housing Supply Programme budget to the Scottish Borders area for 2022/23. The final outturn spend figure for financial year 2022/23 is £13,916,426.79 which is £2,083,573.21 below the funding allocation.

During 2022/23, the Council used £0.488m of Second Homes Council Tax funding to assist Eildon Housing Association to provide Extra Care Housing through conversion of the former Kelso High School, £0.271m for the development of the High St/Market place building in Jedburgh, £0.037m grant contribution to assist Ettrick and Yarrow Community Development Company to deliver its Kirkhope Steading project, £0.021m towards costs of employing an Empty Homes Officer, £0.042m towards Empty Homes Grants and £0.021m to support the demolition and site clearance works at Melrose Road affordable housing site in Galashiels.

Through working in partnership with locally active Registered Social Landlords and Scottish Government, the Council has identified a pipeline of potential projects than can be resourced through the above Allocations. The challenge for RSLs remains to acquire sites and quickly accelerate these projects to delivery, otherwise there remains the risk of potential future underspend of annual AHSP Allocations. Therefore, the Council and its partners are keen to discuss any opportunities to maximise the use of allocated resources within Scottish Borders. It is recognised that some projects which cannot be delivered by estimated years as set out in Table 8 will need to be managed and delivered within the constraints of subsequent future annual resource Allocations.

These increases in resources provide the Council and its partners with more certainty in developing and delivering an ambitious housing programme, however the increase in construction costs has meant that increased benchmark rates has had a limited impact on viability. RSLs are under increased financial pressure which is impacting on new development. The Cost of Living Crisis and inflationary rises have meant the day-to-day delivery of RSL services are costing more. Wider statutory investment commitments also mean that landlords are having to prioritise investment to bring existing homes up to meet Energy Efficiency Standard for Social Housing 2 (EESH2), for example. In addition to this, keeping rents low and affordable means that borrowing levels can be affected, which impacts on RSLs ability to finance new build programmes and puts increasing pressure on available grant funding.

In collaboration with RSL partners, the Council seeks to able to deliver an ambitious SHIP that has a positive economic impact to sustain jobs and create training opportunities, in collaboration with the Edinburgh and South-East Scotland City Region Deal. To illustrate this the SHIP includes a proposed Phase 1 and Phase 2 of affordable housing development at Lowood, Tweedbank which was acquired by the Council in December 2018.

To assist budget estimating, the Council and its partners have developed this SHIP 2024/29 based on an indicative grant of £96k/unit (slightly above benchmark), and RSL Private Finance contribution of £144k/unit (previously £104k/unit), which illustrates the increasing pressure on individual RSL finite financial capacity. However, through the SHIP and Quarterly Programming Meeting arrangements, projects have been identified that could potentially deliver 1,122 new affordable homes over 2024/29 (see Tables 4, 8 and 8A-8D pages 20 and 34-36). In addition, Table 9 on page 36 identifies Potential Pipeline Development Projects which require further work before they could potentially be accelerated into the 5-year

programme or included in future SHIPs in due course. Many of these are developer-led or privately owned sites, which draws attention to the importance of the housing market in the delivery of affordable housing.

Assuming all development constraints are overcome, sufficient grant is available to assist project delivery and developers are willing to collaborate in order to open up identified sites, lenders continue to lend at rates and terms and conditions that are acceptable to RSLs, and individual RSLs have sufficient financial capacity to enable them to borrow private funding, there remains limited capacity with the construction sector through this period of economic recovery following Covid pandemic and current inflationary pressures. However, the identified projects provide some reassurance that there are potential development sites that could ensure that future funding Allocations can be fully spent in the Scottish Borders, and in turn subject to success in progressing these, could potentially be used to support the case for Scottish Borders to potentially secure additional slippage funding from elsewhere across the national programme. It should be noted that there may be other yet unidentified and un-programmed Private Developer-led projects, OMSE and Discounted Sales that could potentially deliver additional affordable homes during the SHIP 2024-29 period. Scottish Government / More Homes Division Officials have indicated support to provide grant to enable Scottish Borders Housing Association to carry out Open Market Purchases to facilitate proposed housing-led regeneration at Allars Crescent Hawick and Croft Street Galashiels, in addition to flat purchases to enable progress of stalled common repairs projects.

The Council and its partners will continue to review and bring forward projects that have been identified through the routine project prioritisation assessment and review process that could be delivered within the timeframes to provide more new homes in the Borders and contribute to the Scottish Government's current and future affordable housing targets. Quarterly programme meetings with the Registered Social Landlords, the Scottish Government and the Council are key to this process.

## **4. Project Prioritisation Methodological Process**

Projects contained within the SHIP programme are prioritised on a site-by-site basis within the context of available Affordable Housing Supply Programme [AHSP] Allocations; the balance of the programme across sub areas including tenure and type; and a number of other factors. These factors include deliverability (including land ownership, financial capacity to deliver the projects and if required to front fund individual total project costs), strategic fit (i.e. aligning with the Integration's Strategic Plan, specialist provision including extra care housing), housing need, homelessness pressure spots, rurality, and social, economic, and environmental impact. The "Space to Live" report, Rapid Rehousing Transitional Plan and Child Poverty Action Plan have all been referred to in the project prioritisation process. The intention is to embed the Housing First approach in Scottish Borders Partners plans to ensure that there is enough affordable housing available. The SHIP 2019-2024 previously introduced minor modifications to the prioritisation methodology, with the weighting revised to take cognisance of the "Integrated Strategic Plan for Older People's Housing, Care and Support 2018-2028". The Locality Plans also feature in the prioritisation process where account was taken of community aspirations if possible. The documentation has also been updated to take account of changing demographics, RSL stock numbers, RSL housing demand information and updated Scottish Government Urban/Rural land classification.

### **4.1 Project Priority Assessment Tool**

The Project Priority Assessment Tool is a project priority weighting matrix that has been developed to provide a bottom-up assessment of relative priorities of housing projects delivered by RSLs (and other potential Developers) in the Scottish Borders over the five-year life of SHIP. Deliverability, including financial capacity is still seen as a key factor for considering the viability of a project and thus the 40% weighting is retained. The Strategic Fit section has been revised slightly to also include the Council's all tenure Wheelchair Accessible Housing Target of 20 per annum, of which 15 should be RSL provided, which

was agreed following finalisation of the “Space to Live – Wheelchair Accessible Housing in the Scottish Borders” consultant’s report which provided a new baseline of evidence of need.

Land supply and development projects are initially identified by RSLs or others and SBC by an external environmental assessment of current and proposed local strategies, analysis of SBC’s Land Audit, Local Plan, and local knowledge. From this, a list of potential projects is developed by each RSL in conjunction with SBC. A standard project descriptor template is used, and individual projects are then assessed by using the Project Priority Assessment Tool. The project priority weighting matrix set out in table 6 below was developed as a mechanism to assess the priority of projects and RSL financial capacity, and not for assessing project or revenue viability.

An assessment is carried out by a panel of representatives from the four main locally based RSLs and the Lead Officer - Housing Strategy, Policy and Development from the Council. The process is facilitated by the Council and a note of the proceedings is produced for the record.

Assessors are each issued with:

1. Scoring Guide for Assessors – this provides information and guidance on the four key criteria and how each member of the panel should make their individual assessment.
2. Guideline Data for Assessors – this provides information on settlements and gives a broad overview of relative need by Housing Market Area and by settlement discussed and agreed by all parties.
3. Assessors Scoring Sheets – this provides a list of all projects to be assessed by RSL on which Assessor mark their scores. These papers are retained by SBC at the end of the process to provide a clear audit trail.
4. RSL project Descriptions –these are the individual project descriptions produced by each RSL containing the information required to allow assessment to be made.

**Table 6: Project Priority Weighting Matrix**

<b>Deliverability (40% weighting)</b>
<ol style="list-style-type: none"> <li>1. Funding (RSL financial capacity and ability to front fund total project costs, is funding for new development contained within RSL Business Plans)</li> <li>2. Land availability (is there an effective land supply? Is it available/ willing vendor?)</li> <li>3. Project programme delivery (e.g., is it an off the shelf project, implemented immediately)</li> <li>4. Constraints (Legal/ infrastructure/ site/ planning/ flood risk/ industry capacity supply chain etc)</li> </ol>
<b>Housing Need (25% weighting)</b>
<ol style="list-style-type: none"> <li>1. As identified through SBC’s Housing Needs Assessment</li> <li>2. Validated Source (e.g., RSL waiting list info, local community housing needs study, homelessness)</li> <li>3. Equalities – Need identified for specialist provision (e.g., extra care, wheelchair user; elderly, re-provisioning)</li> </ol>
<b>Strategic Fit (30% weighting)</b>
<ol style="list-style-type: none"> <li>1. Regeneration (Area regeneration/ brown field/ housing estate community regeneration/ re-provision)</li> <li>2. Rurality (as defined by a population of 250 or less – this incorporates landward areas)</li> <li>3. LHS Priority (Is it identified in the proposed LHS 2023-2028?)</li> <li>4. Part of Existing Agreed strategy or Programme (e.g., Extra care Housing Delivery Framework, and Rapid Rehousing Transition Plan.)</li> <li>5. Links with other non-housing Strategies and policies (e.g., Eyemouth High School, City Region Deal/ Railway Blueprint Corridor and Child Poverty Action Plan)</li> <li>6. Integrated Joint Board Strategic Plan – Housing Contribution Statement</li> <li>7. Support Town Centre Living Strategy</li> <li>8. Does the project meet the conditions set out in Scottish Government’s Guidance Notes?</li> <li>9. Older Peoples Integrated Strategic Plan</li> <li>10. Locality Plans</li> </ol>
<b>Impact (5% weighting)</b>
<ol style="list-style-type: none"> <li>1. Social (Is this project likely to have a positive social impact on the community?)</li> <li>2. Economic (What is the economic impact of this project likely to have)</li> <li>3. Environmental (What will the environmental impact of the project be?)</li> </ol>

Please note: each key criterion carries a possible score of 100.

Once the assessments have been carried out the scores are transferred to the Project Priority Assessment Tool model. This calculates the summed and weighted scores for each project and then ranks each project by priority. The rankings from the Project Priority Assessment Tool in turn help to inform the top-down strategic investment planning process used in the Resource Planning Tool. Project prioritisation through applying this Tool assisted the Council and its partners to identify and bring projects forward at very short notice should any slippage occur in other areas within the planned programme or if additional resources were available, for example, an increase in grant funding allocation. However, it should be noted that programme management issues may mitigate against projects being rigidly brought forward in the sequence of prioritisation ranking, e.g., through the application of resource planning assumptions.

This is a dynamic model that reflects the reality of the ever changing political and economic climate and is used by the SBC SHIP Group to review, track, and monitor the relative priority and deliverability of existing and new projects that arise. In this way projects can be either accelerated or de-prioritised and deferred depending on the circumstances that arise.

Using this tool, individual projects are considered by members of the SHIP Project Group to determine their priority ranking with existing projects being reviewed, and new projects brought forward that have been assessed for prioritisation. For analysis of the outcomes of the weighting assessment exercise and project descriptions, **see Appendix 1**.

All projects identified in the SHIP have detailed project descriptors which are outlined in Parts 1 and 2 of the Affordable Housing Project Priority Assessment exercise illustrated in Appendix 1. These provide individual site-specific comments including; constraints, ownership, infrastructure, contamination, planning, land banking opportunities, recession impact, site access and an equalities impact assessment statement. Individual developing or receiving RSLs are required to demonstrate how they mitigate these constraints and provide timescales which will be considered on a regular basis through the application of the Affordable Housing Project Priority Weighting Matrix.

## **4.2 Resource Planning Tool**

The Resource Planning Tool is a strategic investment planning model that provides a top-down strategic assessment of the funding required to deliver the affordable housing objectives of the LHS. In this context, the Resource Planning Tool provides an overview of the funding allocations by tenure based on number of units, average development costs and a preliminary assessment of the funding source proportions. This SHIP has been prepared based on a five-year planning horizon and is underpinned by known available funding Allocations provided by Scottish Government More Homes Scotland as set out on pages 26 and 27 Resource Planning Allocations and Assumptions.

The process was developed and operated over many years when AHSP grant allocations were considerably less than in recent years and provided a clear and consistent means of considering and prioritising projects within the limits of then available grant funding. The impact of Covid, home working and greatly increased AHSP Allocations has enabled the Council to adopt a lighter touch approach without the need to adhere to the process with a focus on meeting identified housing need, project deliverability and delivering new homes.

The Council and its partners will continue to seek to provide additional affordable housing to reflect the proportions of need identified through the "Housing Need and Demand Assessment 3". The Council and its partners have historically been well placed to bring forward project opportunities at short notice as evidenced in previous SHIPs via Strategic Local Programme Agreements and shadow programme arrangements. If slippage occurs within Scottish Borders or elsewhere in the region, or additional resources are made available, we will continue to seek to identify projects which can be accelerated at every opportunity. This SHIP 2024-2029 introduces new RSL projects, Former Primary School, Duns, Gavinton West Expansion and Land at Rear of Primary School, Reston for Berwickshire Housing Association. Eildon

Housing Association have two new projects: Burnside, Eddleston and Main Street, Reston. Scottish Borders Housing Association have a number of new potential projects for 2024-2029 including Heather Mill, Selkirk; Channel Street, Galashiels; Balgownie, Newtown St Boswells; Eildon Brae, Newtown St Boswells; Howdenburn, Jedburgh; and High Street, Jedburgh.

A number of the above projects have been accelerated and included in the Strategic Local Programme Agreement as a result of discussions between Council Officers, Scottish Government More Homes Division officials, and RSL representatives. These projects are set out in more detail in Appendix 1 / Part 3. Appendix 1 / Part 4 contains individual Project Descriptors which provide details of each project. Although proposed projects are identified in SHIP this does not guarantee they will all be delivered as they remain subject to normal design, financial viability considerations, plus Planning Application and other Statutory Consent processes.

## **5. Investment Priorities for Affordable Housing 2024-2029**

As with the previous SHIPs, there is an even greater impetus to progress delivery and, where possible, seek to minimise project slippage against original programmed completions due to the legacy of Covid, the Cost of Living Crisis and the impact of the Ukrainian War. Scottish Borders Council and its partners are being extremely ambitious in an effort to maximise delivery of affordable homes for the benefit of Borders communities, and to fully spend all the Affordable Housing Supply Programme annual allocations at a particular challenging economic time.

### **5.1 Wheelchair Housing and Extra Care Housing**

Scottish Borders Council commissioned consultants to develop a wheelchair housing study. In January 2020 the finalised report was published “A space to live – Wheelchair accessible housing in the Scottish Borders”. The final report identified a wide range of issues and challenges which need to be addressed at a national as well as local level by Scottish Borders Council and partner agencies.

The Council has agreed an annual Wheelchair Accessible Housing Target of 20 units, of which it is anticipated 15 will be delivered by RSLs. It is intended that this new supply wheelchair accessible Housing will be built to comply with current Housing for Varying Needs Standards for Wheelchair Housing.

Since setting this annual target in November 2020, RSLs delivered 2 wheelchair homes in 2020/21 (Trust Housing Association), 48 in 2021/22 (2 by Berwickshire and 46 by Eildon housing association) and 6 in 2022/23 as part of the McQueen Gardens site in Galashiels by Eildon Housing Association. Current programme information indicates that RSLs will deliver an estimated 38 Wheelchair Accessible Housing units during 2023/24, and a further 111 over the period 2024/29. To set this in context the target over a 5-year period would be 75 units. Based on these figures, the wheelchair housing target will be met.

Meeting the housing needs of older people is identified as a key priority for the Local Housing Strategy 2017-2022 and the new proposed LHS 2023-2028. The “Integrated Strategic Plan for Older People’s Housing, Care and Support 2018-2028” assimilates the Council’s previous strategic intention to address the identified need for several extra care housing developments across the main towns of Scottish Borders and also contributes towards the desired delivery of 300 new homes for older people across all tenures.

Table 7 below has been updated from the previous SHIP submission and sets out the revised proposed project delivery timeframes for the delivery of pipeline Extra Care Housing developments across the Scottish Borders.

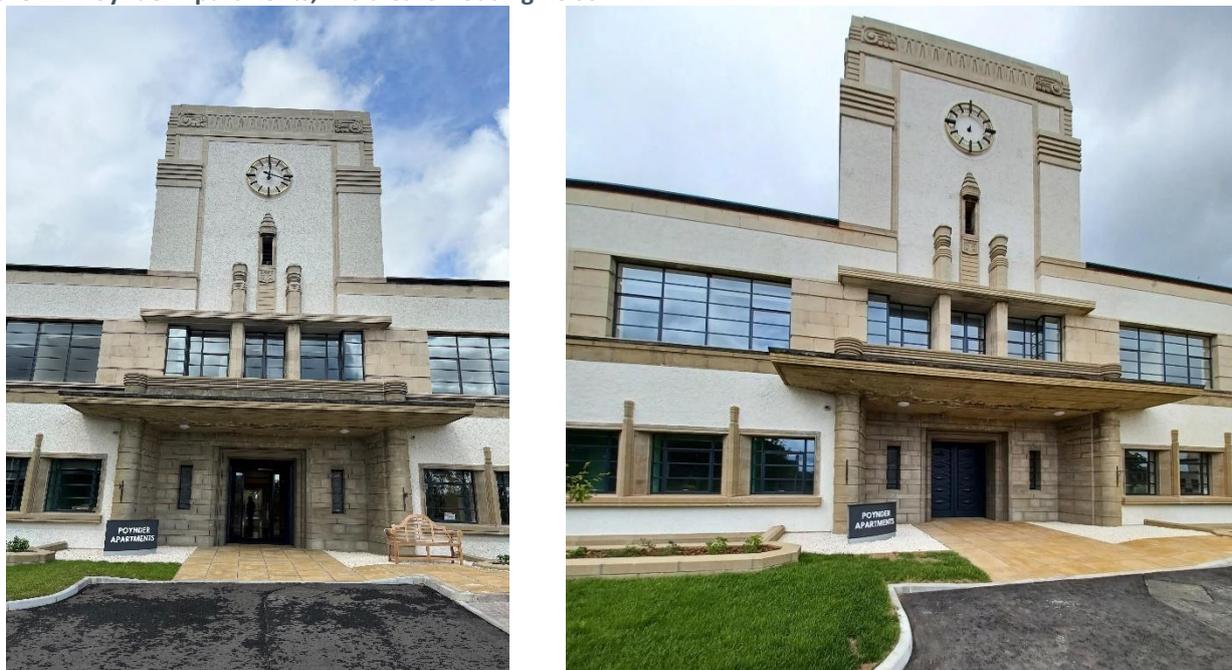
**Table 7: Proposed Delivery Timescales for proposed Extra Care Housing Developments**

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	Total
Duns	30	-	-	-	-	-	-	-	-	30
Galashiels	-	39	-	-	-	-	-	-	-	39
Kelso	-	-	-	36	-	-	-	-	-	36
Hawick	-	-	-	-	-	-	-	-	40	40
Eyemouth	-	-	-	-	-	-	-	-	36	36
Peebles	-	-	-	-	-	-	-	-	-	30
<b>Total</b>	<b>30</b>	<b>39</b>	<b>36</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>76</b>	<b>211</b>

As stated earlier in this SHIP, both Eildon Housing Association and Trust Housing Association were selected as a result of a Council-led selection process to develop and deliver up to six extra care housing developments in Borders main towns which are estimated to provide circa 211 flats. A site has yet to be identified for the proposed Peebles development, hence the reason for no estimated completion year being illustrated in Table 7 above, which covers the SHIP 2024-29 period.

Eildon Housing Association has recently completed the Extra Care Housing development at the former Kelso High School. Renamed Poynder Apartments, the 36-unit development opened in Summer 2023 and includes 34 one-bedroom flats and 2 two bedroom flats.

**Figure 12: Poynder Apartments, Extra Care Housing Kelso**



The Council is carrying out several reviews covering Council budgets, corporate priorities and Capital Programme. At the time of writing, it is not possible to provide any timelines against these reviews. This may have implications for the re-development of the former High School site in Eyemouth where there has been some progress made towards reconciling a number of development ambitions through a Council-led master-planning approach. Redevelopment of this site identifies the potential provision of a 36 flat Extra Care Housing development plus some Elderly Amenity housing, thereby replicating the approach previously undertaken at Todlaw Duns. However, the affordable housing projects have stalled because the Council is currently carrying out a public consultation exercise regarding options for the provision of the Primary School. The anticipated resolution of the master-planning challenges will also provide more certainty regarding the design and programming the delivery of the Berwickshire Housing Association project elsewhere on the former High School site.

Following consent from Scottish Ministers, the Council disposed of the Stirches site in Hawick to Eildon Housing Association to facilitate a new build development of around 36-40 Extra Care Housing Flats. In addition, the Borders Joint Learning Disability Service has identified unmet particular housing needs for a group of older people in Hawick. Responding positively to meet this need, the design team's brief has been extended, to bring forward proposals for around an additional 20 Amenity Housing homes at Stirches to provide for the Learning Disability Service identified need plus the balance for other older people. The Council is looking to carry out a refresh of the Extra Care Housing needs assessment undertaken in 2016 to ensure the identified needs remain broadly correct.

Additionally, agreement was given at the Council meeting held on 26 January for a full business case to be progressed, based on the preferred option that a new build care village is developed on the Stirches site in Hawick owned by Eildon Housing Association, and alongside the proposed ECH.

## **5.2 Investment Priorities for Affordable Housing & Energy Efficient Scotland**

Improving energy efficiency and reducing fuel poverty are key housing priorities for Scottish Government and for the Council. Scottish Government's ambitious "Housing to 2040" policy vision aims to link the affordable warmth and zero emission homes agendas and to end Scotland's contribution to climate change by 2045 in a just and fair way. "Housing to 2040" complements the "Heat in Buildings Strategy", with both working together to deliver the Scottish Government's targets for climate change and fuel poverty, and the milestones in between, in a fair and just way. This envisages zero emissions new homes and zero emissions existing homes, with the Housing Sector contributing to the green recovery. This further develops the policy thinking previously published in the Scottish Government's "Climate Change Plan"<sup>2</sup>.

Eildon Housing Association has secured £50,000 grant funding from the Construction Scotland Innovation Centre in addition to the same amount match funding from Scottish Borders Council in order to carry out an action-based research and independent evaluation exercise, which is now known as the "Green House Pilot". Four of the Association's SHIP projects have been selected for inclusion in the Pilot, which involves the design, development, and delivery of 3 separate energy efficient solutions such as Passivhaus, Energiesprong and Volumetric off-site construction alongside a traditional build control project. The pilot will also explore volumetric design with off-site construction systems, fabric first approach and design-led solutions to provide 40 homes built to low or zero carbon standards.

The Covid pandemic has impacted this by delaying site starts. Edgar Road, Westruther in particular has experienced significant challenges and has been re-programmed for completion in 2025/2026. Eildon are currently exploring a route back to market to allow the homes to be built out, with procurement and lead in period likely to start in 2024/25. This will be dependent on project viability that will require a build out strategy agreed with the Council, Scottish Government and Eildon Housing Association. The remaining projects at Peebles Road Innerleithen, Jedward Terrace Denholm, The Valley Selkirk and Springwell Brae Broughton have now been removed from the programme (see table 10).

The independent evaluation of the Pilot will be undertaken by Mackintosh Environmental Architecture Research Unit which was established in 1986 within the Mackintosh School of Architecture. The Unit undertakes a wide range of aspects of sustainable environmental design, responding to a growing commitment to user centred, low energy, eco-sensitive architecture in the context of increasing global concerns. The research will also implement monitoring processes designed to measure energy efficiency and return on investment throughout the life of the Pilot.

The outcomes of the research will inform the Association's new build design guide and its approach to component replacement and energy efficiency in its existing properties. It will also have implications for the Association's rent setting policy which it proposes to make available to other Councils and RSLs seeking to

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<sup>2</sup> (Scottish Government's Climate Change Plan – The Third Report on Proposals and Policies 2018-2032, pp. 87-88)

deliver low carbon housing. It is understood that no previous study in this area has undertaken analysis at this depth, or for the proposed length of time. The RSLs have indicated that, across the programme, they propose to build all projects to a minimum of Silver Standard energy performance, which exceeds Scottish Building Regulation minimum standards.

### 5.3 Investment Priorities for Affordable Housing 2024-2029

The Development projects outlined in Tables 8 to 8D on pages 34-36 have been prioritised for investment by the SHIP Project Group in accordance with the minimum slippage factor of +25% over programme to accommodate unforeseen slippage as per the Scottish Government's 2023 SHIP Guidance. This reflects the approach previously adopted by the Council and its RSL partners. On this basis, estimated annual completions over the period 2024-2029 are as follows (see Tables below). These tables include an annual target by Berwickshire Housing Association, SBHA and Waverley Housing for Open Market Purchases.

**Table 8: Estimated Project Completions 2024-2025 [Year 1]**

RSL	Project Name		Tenure	Units General Need	Units Part. Need	Units Total
BHA	Open Market Purchases	Various	HA Rent	2		2
EHA	Ex High School Earlston	Earlston	HA Rent	64		64
EHA	Bogangreen Coldingham	Coldingham	HA Rent	20		20
EHA	Tweedbridge Court, Peebles	Peebles	HA Rent	22		22
EHA	High Street, Jedburgh	Jedburgh	HA Rent	3		3
SBHA	Open Market Purchases	Various	HA Rent/ MMR	6		6
Waverley	Beech Avenue Phase 1	Galashiels	HA Rent	24	1	25
Waverley	Open Market Purchases	Various	HA Rent	2		2
<b>Total</b>				<b>143</b>	<b>1</b>	<b>144</b>

**Table 8A: Estimated Projects Completions 2025-2026 [Year 2]**

RSL	Project Name		Tenure	Units General Need	Units Part. Need	Units Total
BHA	Husk Phase 1	Various	HA Rent		20	20
BHA	Open Market Purchases	Various	HA Rent	2		2
EHA	Edgar Road	Westruther	HA Rent	10		10
EHA	Ex College Site	Galashiels	HA Rents	46		46
SBHA	Lothian Road	Jedburgh	HA Rent		7	7
SBHA	Ramsay Road	Hawick	HA Rent		6	6
SBHA	Fairhurst Drive	Hawick	HA Rent	10	2	12
SBHA	Leishman Place	Hawick	HA Rent	4		4
SBHA	40-47 Whitefield Avenue	Newtown St Boswells	HA Rent	4		4
SBHA	Allanbank	Lauder	HA Rent	27		27
SBHA	Husk Phase 2	Various	HA Rent		10	10
SBHA	Open Market Purchases	Various	HA Rent	6		6
Waverley	Open Market Purchases	Various	HA Rent	2		2
<b>Total</b>				<b>111</b>	<b>45</b>	<b>156</b>

Consistent with last year's SHIP, the Council and its RSL delivery partners continue to be ambitious and optimistic in seeking to progress and accelerate project delivery where appropriate and possible, and to maximise the current grant opportunity to deliver more affordable homes in the Borders to meet housing need.

**Table 8B: Estimated Project Completions 2026-2027 [Year 3]**

RSL	Project Name		Tenure	Units General Need	Units Part. Need	Units Total
BHA	Land beside Primary School	Reston	HA Rent	12		12
BHA	Open Market Purchases	Various	HA Rent	2		2
SBHA	Husk Phase 2	Various	HA Rent		10	10
SBHA	Tweedbank Expansion Aberlour Project	Tweedbank	HA Rent		4	4
SBHA	Linglie Road	Selkirk	HA Rent	26		26
SBHA	Mart	Newtown St Boswells	HA Rent	34		34
SBHA	Hendesyde	Kelso	HA Rent	30		30
SBHA	Open Market Purchases	Various	HA Rent	6		6
Waverley	Beech Avenue Phase 2	Galashiels	HA Rent	26		26
Waverley	Open Market Purchases	Various	HA Rent	2		2
<b>Total</b>				<b>138</b>	<b>14</b>	<b>152</b>

**Table 8C: Estimated Project Completions 2027-2028 [Year 4]**

RSL	Project Name		Tenure	Units General Need	Units Part. Need	Units Total
BHA	Acredale Phase 4	Eyemouth	HA Rent	30	2	32
BHA	Former Primary School	Duns	HA Rent	33	4	37
BHA	Open Market Purchases	Various	HA Rent	2		2
EHA	Duns Road	Coldstream	HA Rent	57	2	59
SBHA	Howdenburn Primary Site	Jedburgh	HA Rent	64	6	70
SBHA	Channel Street	Galashiels	HA Rent	16		16
SBHA	Eildon Brae	Newtown St Boswells	HA Rent	22	4	26
SBHA	Balgownie	Newtown St Boswells	HA Rent		10	10
SBHA	Husk Phase 3	Various	HA Rent		17	17
SBHA	Milestone Expansion Site	Newtown St Boswells	HA Rent	25		25
SBHA	Open Market Purchases	Various	HA Rent	6		6
Waverley	Beech Avenue Phase 3	Galashiels	HA Rent	38		38
Waverley	Open House Purchases	Various	HA Rent	2		2
<b>Total</b>				<b>295</b>	<b>45</b>	<b>340</b>

Table 8D below sets out a number of new proposed development project opportunities which could deliver up to 330 homes with some of the projects being illustrated potentially delivering beyond 2028-2029.

**Table 8D: Estimated Project Completions 2028-2029 [Year 5]**

RSL	Project Name		Tenure	Units General Need	Units Part. Need	Units Total
BHA	Beanburn Phase 2	Ayton	HA Rent	19		19
BHA	Husk Phase 2	Various	HA Rent		20	20
BHA	Open Market Purchases	Various	HA Rent	2		2
BHA	West Gavinton Expansion	Gavinton	HA Rent	27	3	30
EHA	Angles Field	Selkirk	HA Rent	39	4	43
EHA	Tweedbank Expansion Phase 1	Tweedbank	HA Rent	27	3	30
EHA	Coopersknowe Phase 2	Galashiels	HA Rent	27	3	30
EHA	Stirches	Hawick	HA Rent		72	72
EHA	Ex High School (ECH)	Eyemouth	HA Rent		36	36
SBHA	Main Street	Heiton	HA Rent	12		12
SBHA	High Street	Jedburgh	HA Rent	8		8
SBHA	Open Market Purchases	Various	HA Rent	6		6
Waverley	Beech Avenue Phase 4	Galashiels	HA Rent		20	20
Waverley	Open House Purchases	Various	HA Rent	2		2
<b>Total</b>				<b>169</b>	<b>161</b>	<b>330</b>

Further work and/or negotiation will be required to realise these potential development opportunities.

It is also important to note that at this stage the number of Particular Needs housing has been provided where possible at the time of writing. This is subject to revision and updating as project proposals are developed through the design and Planning Application process, meaning additional Particular Needs housing proposals may be identified in future SHIPs in due course. In addition, project delivery timescales could also change as project timescales/new projects progress and future Resource Planning Assumptions for each year are announced and Allocations confirmed.

There are a number of additional potential affordable housing projects that have been identified either through direct contact from Developers and the Registered Social Landlords which are being explored through Section 75, or anticipated Section 75 requirements. However, development of these sites is largely dependent on market-led activity and commercial decisions by the Developer and site owners. Many of these sites have been known to the Council and its partners for some years.

Table 9 below sets out a number of sites currently being investigated as future potential pipeline development opportunities and indicates that an estimated additional 171 affordable homes could be delivered if the market was to change, Developers were willing to progress sites, and various individual site specific related issues resolved. This is not an exhaustive list.

**Table 9: Potential Pipeline Development Projects**

RSL	Project Name		Tenure	Units No.	Units Description
EHA/ SBHA	Burgh Yard	Galashiels	HA Rent	20	SBC owned. Being marketed.
EHA	Baptise Church	Peebles	HA Rent	8	Privately owned site
EHA	Gavinton Site	Gavinton	HA Rent	20	Privately owned site.
EHA	Lanton Edge	Duns	HA Rent	6	Developer led project
EHA	North of Horsbrugh Bridge	Cardrona	HA Rent	25	Developer led project
EHA	Tweedbank Expansion Ph2	Tweedbank	HA Rent	25	SBC ownership/master plan
EHA	Tweedbank Expansion Ph3	Tweedbank	HA Rent	30	SBC ownership/master plan
EHA	West Mains Farm	Reston	HA Rent	9	Developer led project
SBHA	Dingle Bank	Melrose	HA Rent	7	Developer led project.
RHF	Otterburn Farm	Near Morebattle	MMR	1	Potential grant application.
RHF	Rawburn	Near Longformacus	MMR	2	Potential grant application.
TBC	March Street Mill	Peebles	HA Rent	18	Developer Led project
<b>Total</b>				<b>171</b>	

Notwithstanding the ambition and drive to deliver as many new homes as possible it is inevitable that challenges and issues mean that sometimes projects stall or have to be removed from the programme. Table 10 below illustrates 6 projects (78 homes) from SHIP 2024-29 which have not been progressed as anticipated and summarises the reasons for this. Should a deleted project re-emerge as deliverable or a potential opportunity, it will be re-considered and prioritised for inclusion in a future SHIP in due course.

These projects have been removed from the SHIP due to increasing pressures faced by RSLs in the current economic climate. SBHA have removed projects due to the need to prioritise the SBHA programme to address current demand and deliver value for money. Some will be retained to potentially progress in future. Eildon have removed projects due to the viability of these projects in the current climate.

**Table 10: Projects Removed from the SHIP 2024-2029**

RSL	Project Name		Tenure	Units
EHA	The Valley	Selkirk	HA Rent	4
EHA	St Aidens	Galashiels	HA Rent	20
EHA	Peebles Road	Innerleithen	HA Rent	9
EHA	Springwell Brae	Broughton	HA Rent	11
EHA	Jedward Terrace Phase 2	Denholm	HA Rent	12
SBHA	Miller Street	Innerleithen	HA Rent	4
SBHA	Allars Crescent	Hawick	HA Rent	2
SBHA	St Dunstons	Melrose	HA Rent	6
SBHA	Stonefield Place	Hawick	HA Rent	6
SBHA	Queensway	Earlston	HA Rent	4
<b>Total</b>				<b>78</b>

Notwithstanding the 146 affordable homes delivered in 2022/23 as set out in Table 2 on page 18, there are still areas of high and unmet affordable housing demand across the Borders and areas that the private sector cannot satisfy particularly with the adverse impact limitations of the Local Housing Allowance. Table 11 below illustrates the 1,122 estimated affordable homes completions which could potentially be delivered over the life of this SHIP 2024-29 through positive collaborative working between all relevant parties. When the estimated 201 completions for 2023/24 are added, these potentially provide 1,323 new affordable homes for the 6-year period 2023/24-2028/29.

**Table 11: Estimated Affordable Homes Completions 2024-2029**

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
	2024/25	2025/26	2026/27	2027/28	2028/29	
AHSP new build	134	146	142	330	320	1,072
AHSP purchases	10	10	10	10	10	50
AHSP remodelling						
RHR						
Other						
<b>Totals</b>	<b>144</b>	<b>156</b>	<b>152</b>	<b>340</b>	<b>330</b>	<b>1,122</b>

The Council and its partners will continue to pursue the above potential pipeline projects and other opportunities as well as seeking to explore new funding mechanisms for the development of affordable housing, including supporting communities to explore development opportunities at a local level. This includes working with South of Scotland Community Housing. South of Scotland Community Housing (SOSCH) provides long-term support to community organisations relative to the planning and delivery of community-led housing. SOSCH work with a community at the very start of a housing conversation, providing support all the way through to delivery and beyond. This work is inclusive of Housing Needs and Demand Assessments, project development (including business planning and funding packages), and delivery and housing management.

In the summer of 2022, SOSCH recruited a Community-Led Housing Co-ordinator for Southeast Scotland. A key part of the role is to support community organisations bring empty homes back into use as community led housing. The work of South of Scotland Communities Housing is vital in rural areas and community-led housing regeneration is important in the South of Scotland. The Council is current exploring how it could collaborate with South of Scotland Community Housing on any projects.

Although there remains a strong need to provide additional family housing there is also an increasing need for smaller homes and for older people in Tweeddale, Central and Eastern Borders, especially in the Galashiels, Kelso, Peebles, Eyemouth and Duns areas, to meet demand.

Hawick, Galashiels, Duns and Eyemouth have ample sewerage capacity for future housing development. Any issues relating to land supply will be addressed in the operation of the Council's Local Development Plan and Affordable Housing Policy.

Following the huge scale of economic impact of the Covid pandemic and the Cost of Living Crisis, and despite some recent optimism, available statistics indicate that the Borders housing market has still not yet returned to previous pre-financial crash levels of activity, and this continues to adversely impact on the developer-led land supply, Developer Contributions received by the Council, and affordable homes delivered through S75. The general trend remains whereby developers are reluctant to sell land without a building contract as part of the deal. This means that even with increased levels of Affordable Housing Supply Programme funding being allocated to Scottish Borders, land supply remains limited to a degree as some developers and owners appear to be willing to wait for full market recovery and a return to pre-financial crash land prices. That aside there have been some recent successful RSL site acquisitions in 2022/23 with Scottish Borders Housing Association acquiring sites at Fairhurst Drive Hawick [10 homes] and Linglie Road Selkirk [30 homes]. In addition, Eildon Housing Association has acquired a site at Melrose Road [Coopersknowe Ph2] Galashiels as a landbank site. The Council continues to receive Pre-Planning Application enquiries and Planning Applications, albeit at lower numbers than pre-financial crash levels. Several of which relate to larger sites which are anticipated to provide additional on-site delivery of affordable housing opportunities through the Section 75 Planning Agreement process in due course.

The Borders Care and Repair Service provides a Home Handy Person service and delivers major adaptations to enable people to live at home. This is delivered via a contract with the Council and annual cash planning targets to manage workload, whilst financial responsibility for delivery of allocated budget spend and grant administration and grant offers for means tested major adaptations remains with the Council's Housing Strategy Team. Spend is monitored by the Council's Director - Finance & Corporate Governance and reported to both Council and Integrated Joint Board via routine reporting processes. Spend and numbers of adaptations delivered is also monitored and reported in the Council's Local Housing Strategy Annual Report, and Care and Repair contract processes.

Borders Care and Repair is a commissioned service provided by Eildon Housing in partnership with Scottish Borders Council. The Service has been developed to provide a one stop shop approach for all adaptations and this has ensured that there is an equitable and consistent approach to adaptations in the Borders regardless of ownership or tenure.

The "Integrated Strategic Plan for Older People's Housing, Care and Support 2018-2028" identifies a need to increase the resources to deliver a greater number of means tested major adaptations in private sector housing. To respond to this, the Council has allocated £0.526m in its Capital Budget to resource delivery of these in 2023/24. It is estimated that this could resource delivery of 84 major adaptations.

Major adaptation delivery was affected by the pandemic, particularly contractor appointment and lead in times and to a degree the impact of this remains. Staffing within Care and Repair was also highlighted through contract negotiation which has been resolved by agreement to uplift the contract sum. Contract

revisions have strengthened the performance indicators, monitoring and reporting approaches, which will ensure the return of an effective and efficient service.

#### 5.4 Empty Homes

It is recognised that long term empty homes and other buildings may also provide another source of housing development opportunities as RSLs and others bring these into use through conversion or revert them back into housing use. The Council currently provides housing information and advice to assist this activity.

In 2021/22 the Council appointed a new Empty Homes Officer to be based within the Housing Strategy Team. The role co-ordinates cross-resource working with other Council services such as council tax, homelessness, environmental health, anti-social behaviour, legal, landlord registration and planning as well as external partners such as local RSLs, Rural Housing Scotland and South of Scotland Community Housing. In April 2023 the Executive Committee agreed this post would be made permanent to ensure this activity continues.

The council officially launched the Empty Homes Grant Scheme on 15th September 2022 as part of Scottish Housing Day. The grant is available to owners of empty homes which have been registered empty, which have not been used as residential accommodation for at least one year and require a package of works to be brought back into use. The grant is open to owners who wish to live in the property or rent the property within the Private Rented Sector. Those looking to rent the properties upon completion agree to rent the property at Local Housing Allowance rates for a period of 5 years, contributing to the local supply of affordable housing. There is a maximum award of £25k per empty home which is capped at 50% of the cost of works for owner occupiers and 75% of the total cost of works for rental.

During the period 2022/23 16 applications have been received. 4 of these have been approved. Applications are for a range of property types across the borders, and all will have a positive impact on their local communities.

There are increasing challenges in terms of housing supply which this activity is helping to address. The Housing Strategy Team are proactively working with prospective landlords and other services to explore how initiatives such as the empty homes grant scheme can be deployed in a way which supports the creation of private sector tenancy opportunities which meet a range of housing needs, including those engaging with the Homelessness service, housing for key workers and Ukrainian Displaced Persons. Additionally, the team intend to expand the area of activity and focus by taking a more active role in commercial properties which are vacant and have potential to be brought back into use as housing, as well as considering vacant and derelict land opportunities and continuing to work proactively with the South of Scotland Community Housing and Communities to support community led housing opportunities across the area.

#### 5.5 Key Workers

While there is no definitive definition of key workers, one definition of key workers SBC use is based on the definition from the Scottish Government's *'Affordable Housing for Key Workers' Project Group August 2015'*: A 'key worker' should be defined as a public sector employee who provides an essential service. As well as workers in the public sector, it was noted that this definition could also apply to low paid employees in the private sector/ service industries who are also providing essential services.<sup>[1]</sup>

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<sup>[1]</sup> <https://www.gov.scot/binaries/content/documents/govscot/publications/factsheet/2017/10/affordable-housing-for-key-workers-project-group-report/documents/affordable-housing-key-workers-project-group-report-pdf/affordable-housing-key-workers-project-group-report-pdf/govscot%3Adocument/Affordable%2BHousing%2Bfor%2BKey%2BWorkers%2B-%2BProject%2BGroup%2BReport.pdf>

At the beginning of September 2022 and as part of the development of the proposed LHS 2023-2028, SBC sent out a survey to a wide range of partners to gather information on key workers in the Scottish Borders and identify any accommodation issues when recruiting key workers from other areas or overseas.

Housing is a key issue reported by other sectors in the Scottish Borders, in particular Health and Social Care, but also raised by wider communities and businesses. Key issues reported include a shortage of suitable stock in the right locations and challenges with affordability. Therefore, it is important to explore collaborative actions to help ensure that people, particularly key workers, can find the homes they need to take up those opportunities.

This has resulted in several discussions and pathfinder projects that will be identified in the LHS action plan.

In early 2023, a working group was set up by Eildon Housing Association, NHS Borders and representatives at SBC to explore housing options for key roles where the offer of social housing may form part of a wider incentive package to attract suitable candidates to work within the Scottish Borders. The newly developed site, McQueen Gardens was identified as being a pilot for housing for key workers. In total, 10 properties at McQueen Gardens have been made available for key workers, five for NHS nursing staff living out with the Scottish Borders where it is unreasonable to commute daily, healthcare students, and international recruits (with five recruits and their families due to arrive by the end of March 2023) and five for SBC that would include health and social care staff.

In June 2023, SBHA provided five mid-market rents properties for key workers with priority being given to social care and health workers. This included three properties in Kelso, one in Galashiels, one in Selkirk and one in Peebles.

## **5.6 Coming Home Programme**

The Scottish Government has provided one-off capital funding of £350k for the Borders to support the aim of bringing people back to their “homelands” by March 2025 as part of the Coming Home Programme. Scotland’s ambition is that as many people as possible are cared for in a domestic setting, however it is unlikely that suitable homes already exist or will become available within a reasonable or predictable time period to meet the identified needs. As a consequence, for those whom housing is the appropriate outcome, it is likely that bespoke solutions in the form of individual dwellings or some arrangement of shared accommodation will be required.

Initial scoping work undertaken by the Health and Social Care Strategic Partnership identified 22 people who may need to be considered in relation to this, including those in transitions. Seven of these were young people. A programme board has been established to oversee related activity and monitor progress against delivering the aspirations of the Coming Home Report.

There are several potential projects currently being considered which could potentially support upwards of 17 people. Currently there are four placements in two properties confirmed but will soon be looking for accommodation for three people with very complex support needs. An additional project still trying to source land and accommodation for up to eight people is underway.

Going forward a number of areas need to be considered:

- Future demand of young people coming up from Children Services with increased physical support needs.
- Some accommodation not fit for purpose going into people's later years. How do people access more level access accommodation?

- Need ability for technology to be retro fitted or built in from the start for new builds. Links to future proofing of accommodation.
- Need for appropriate dementia friendly accommodation for people with Down Syndrome and dementia who are generally younger than the traditional cohort of people in generic Care Home settings.
- Is there scope for building opportunities to enable young people to practice skills for independence?
- Consideration of modular building - for quicker access to and quick future adaptations/add-ons.

## 5.7 Gypsy/ Travellers

SBC commissioned consultants to carry out engagement work with the Gypsy/Traveller community in the Scottish Borders, which formed part of the early engagement work of this LHS. The key aim of this work was to identify the housing needs and requirements of the Gypsy and Traveller community in the region. The assessment was undertaken by conducting a review of the following data sources:

- 2011 census data
- Information from SBC regarding pitch provision and supply
- Information from SBC regarding authorities encampments
- Information from key stakeholders and neighbouring authorities
- A survey of households residing in site-based accommodation across the Scottish Borders
- A community survey of those attending the St Boswells Fair
- One response to an open survey made available on SBC's website and advertised on Twitter and Facebook

The findings of the analysis indicated an estimated unmet need for an additional site provision of 28 pitches. Estimated additional household information identifies an anticipated future need for 3 additional pitches. The estimated identified need in the analysis undertaken should be taken as a starting point, but also as confirmation that provision, in some form, is required.

This led to the formation of a short working group which has been working on a project plan to identify any site provision in the Scottish Borders, which led to a "call for sites" in February 2023 with responses in by April 2023. In total there were five sites registered and the council are now carrying an evaluation of all the sites to identify which site would be the most suitable, once this process is complete the council intend to apply funding through the Gypsy/ Traveller Accommodation Funds.

## 6. Development Constraints

There are a number of barriers and constraints that could hamper the development of new affordable housing in the Borders. The SHIP Guidance requires Authorities to demonstrate how projects contained in the SHIP will be resourced and delivered. The construction sector appears to be recovering from the Covid pandemic but an increasingly challenging tender climate, rising tender prices, long lead in times for manufactured or imported components and materials, plus delays in delivery dates have adversely impacted on construction of several Borders projects. Current inflationary pressures and interest rate rises have had a major impact on the delivery of current projects and delays in projects being brought forward for approval. Construction industry capacity, construction materials availability and costs, availability of grant funding, and borrowing capacity of RSLs is all impacting on the delivery of the programme. The housing market context in which we seek to deliver affordable housing is set out in the draft LHS 2023-2028. Costs in the construction sector have [increased exponentially](#). While material cost increases have been significant, and there are predictions this may slow and stabilise over 2023/24, they are unlikely to

reduce and labour will replace materials as the main cost driver in the near term, given skills and staff shortages which are likely to push up wages.

RSLs are also under increased financial pressure which may impact on new development. The Cost of Living Crisis and inflationary rises have meant the day-to-day delivery of RSL services costs more. Wider statutory investment commitments also mean that landlords are having to prioritise investment to bring existing homes up to meet Energy Efficiency Standard for Social Housing 2 (EESH2), for example. In addition to this, keeping rents low and affordable means that borrowing levels can be affected, which impacts on RSLs ability to finance new build programmes and puts increasing pressure on available grant funding.

Current programming information suggests that 161 new affordable homes could be approved for site start in the Borders this financial year (2023/24) and based on current delivery programmes, an additional 201 affordable homes could potentially be completed. Approvals in 2022/23 year were however below the original target as RSLs considered delaying procuring new contracts due to cost inflation or due to recent tender returns being unviable. Recent tender returns for some proposed Affordable Housing developments in the Borders have been £100-£150k per unit more expensive than would have been generally anticipated or have seen a 50%-75% increase in anticipated costs.

The ambitious programme set out in the SHIP is contingent on the sites being within RSL control/being brought forward in a timely manner, the necessary funding being in place (both grant funding and private finance) and construction sector capacity to deliver at scale. To ensure that any development constraints are resolved by the estimated site start date, deliverability (including financial capacity) is recognised as a key factor in the development of the AHPWM reported in Section 4. As part of the project prioritisation process, constraints are discussed on a site-by-site basis and weighting is influenced by the identification of what actions and timescales are in place to resolve them. The main constraints include:

- Land supplies
- Water and sewage infrastructure
- Construction industry capacity
- Tender prices
- Public utilities (physical/infrastructure capacity, approval processes)
- Flood Risk Assessment
- Current economic climate including inflationary pressures and increases in interest rates

Most of these constraints are out with the control of the Council and its RSL development Partners but often adversely impact the delivery of additional affordable housing in Scottish Borders. Given record Affordable Housing Supply Programme Allocations, the Council and its partners work closely with Scottish Government More Homes Division officials to make best use of and maximise spending AHSP annual Allocations. That aside, there is now limited opportunity to expand the level of funding secured by the Council through both Affordable Housing Policy Developer Contributions and the Affordable Housing Budget.<sup>3</sup> The Council and its RSL development partners have ongoing discussions to explore quicker and more cost-effective ways to deliver affordable housing in the Borders. To illustrate this, Modern Methods of Construction [MMC] and other off-site construction techniques and procurement processes are currently being progressed locally via Eildon Housing Association's "Green House Pilot". The Council, Eildon Housing Association, and Berwickshire Housing Association are engaged with the Edinburgh Homes Demonstrator initiative which could potentially lead to the opportunity to deliver off site construction homes at scale through partnership procurement arrangements. In addition, Scottish Borders Housing Association and Berwickshire Housing Associations are collaborating to explore potential offsite construction unit delivery using the HUSK system as a means of delivering new housing on some of their garage sites, termed "Garages to Homes".

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<sup>3</sup> 2<sup>nd</sup> Homes/Council Tax Budget (2<sup>nd</sup> HCT)

As in previous SHIPs, securing sites which are financially viable for development by RSLs remains an ongoing challenging issue and determining factor, particularly as the Council has relatively little development land in its ownership, as it has disposed of some non-HRA (Housing Revenue Account) and most of its former HRA land to RSLs over previous years. Continued weak housing market conditions have prompted some Developers to re-assess trading conditions in recent years. As a result, the RSL land supply issue has eased to a degree with some Developers being more willing to partner with an RSL as a means of opening up sites for future market housing, and potentially receptive to the idea of developing sites on the basis of 100% affordable housing delivery. To illustrate this, Eildon Housing Association has recently started construction of a second phase 69 home project at Buckholm Corner, Galashiels.

Various techniques are now available for land assembly and land banking, and these are used through planned release by the Council, Section 75 (although the latter remains sluggish as a result of current market conditions), opportunistic site acquisitions, and negotiated design and build contracts. From time to time the Council may declare land and/or buildings as surplus to requirements and these are routinely considered for their appropriateness to provide affordable housing. To illustrate, the Council has previously strategically released sites in Duns and Hawick to provide sites for Extra Care Housing delivery. In addition, it is anticipated that the Council will also release a site to an RSL to construct the proposed new build Extra Care Housing in Eyemouth. The Council is currently marketing the Burgh Yard site in Galashiels, which is a large Mixed Use Allocated site, and so will likely be a Developer-led opportunity.

Most recently the Council has led on the negotiation and purchase of a redundant industrial site at Melrose Road Galashiels, with most of the site subsequently being sold to Eildon HA in March 2022 for Affordable Housing development. This site is identified in this SHIP as Coopersknowe Ph2. The Council is commissioning and funding the demolition and site clearance contract which is due to start in late summer 2022. This partnership working has also secured the land required by the Council to construct a mini-roundabout to improve traffic flow at the junction of the C77 with Melrose Road in Galashiels. Construction on the roundabout will commence in September 2023.

The Council and Eildon Housing Association are currently engaged in the Council-led consultation exercise and Outline Business Case discussions regarding a potential "Care village" in Hawick with potential links to the development of the proposed Extra Care Housing development on the Eildon-owned Stirches site in Hawick. Currently the Council, NHS Borders and Eildon Housing Association are exploring site and service commissioning opportunities across Borders to meet a range of identified housing needs. This activity seeks to provide more supported housing for people with a range of Learning Disabilities, including people with complex care needs, and involves exploring opportunities to re-provide the housing element of an existing supported housing service for people with a range of mental health needs. In addition, Scottish Borders Housing Association is collaborating with Aberlour with a view towards developing a new Residential Care and Housing facility for Children and Young People at Tweedbank.

The Council continues to review its Corporate Property Strategic Asset Management Plans which set out the broad strategy for the management of the Council's property assets in order to maximise their contribution to the Council's corporate and service goals and objectives as economically, efficiently and effectively as possible; providing the right space, at the right time, in the right location at the right cost. It is therefore important that a strategic approach to the development of affordable housing across the Borders makes the most effective use of available land and/or property wherever possible; takes advantage of the Council's property and asset rationalisation process; and ensures that, through collaborative working with our local developing Housing Associations, opportunities will be created where practical for affordable housing development.

The Council has been working to develop a Place Plan approach to engage local communities, which will likely provide a platform for discussion regarding future use of the Council's Estate and which might provide a steer for potential rationalisation of Council owned properties, including potential future Community Asset Transfer opportunities.

As part of the Borderlands Place Programme there is a focus on town centres and there is ambition that all towns and their centres are economically vibrant and resilient to change. As part of this work there are currently four stages:

- Stage 1: Town Prioritisation and Selection Process
- Stage 2: Development and endorsement of Place Plans
- Stage 3: Development and endorsement of Borderlands Town Investment Plans (BTIPs)
- Stage 4: Contracting, delivery, performance management and monitoring

As part of stage one, four towns were identified in the Scottish Borders; Hawick, Galashiels, Jedburgh and Eyemouth. Workshops took place in each of these towns in 2022 with key partners and members of the community. Further workshops have been held throughout 2023 with some of the towns starting to establish Town Teams.

There are currently 58 communities that have shown interest in Placemaking / Local Place Plans. So far there are no Local Place Plans in place. The Borderlands Plans will take some time to develop, at least a year. In other areas, some places have advanced with their own work, including Peebles, Stow and Skirling. A number of communities are prioritising setting up a development trust before embarking on a Local Place Plan.

In December 2018, the Council purchased the Lowood Estate, Tweedbank. This is the only Scottish Borders strategic housing site identified in the Borders Railway Corridor and in the Edinburgh and South East Scotland City Region Deal. Following a public consultation exercise, revised and finalised Tweedbank Expansion Supplementary Planning Guidance and a Design Guide were agreed by Council in June 2021. These documents will frame future work to develop and agree a masterplan for the development of the area, a marketing strategy, and the development of a funding and infrastructure investment phasing package to implement this. The Council will develop a Full Business Case in order to seek to secure additional infrastructure funding via City Region Deal and Scottish Government processes, such as Housing Infrastructure Funding grant.

The Council has built up a large bank of knowledge regarding potential and allocated housing development sites throughout its area. This provides an effective resource, one use of which is that this “knowledge” can be tapped by RSLs for site feasibility exercises. Such knowledge covers several issues including flood risk assessments and contaminated land, thereby alerting them to early identification of constraints and allows them to focus their attention on less challenging and more easily developable sites which can be considered for inclusion in future SHIPs.

As a strategic Housing Authority, the Council’s Planning Department carries out an annual Housing Land Audit in order to ensure that there is a five-year supply of sites for housing development. As an integral part of this process, consideration is given to identifying potential constraints on development such as the availability of funding and infrastructure capacity (where drainage and sewerage are particular issues in many small rural settlements). Where development constraints are identified, these are explored to determine whether potential development is realistic and whether or not some form of intervention may be appropriate.

As reported earlier in the text of this SHIP, development opportunities provided by the Section 75 Planning Agreements remain relatively few as a result of the recession and current uncertainty in the housing market. That aside, the Council has experienced an increased appetite by some developers to develop sites via Section 75 Agreements, or for 100% affordable housing. Arguably the market is still failing to deliver enough new homes to meet demand, and this is an issue which affects not only the Scottish Borders, but also neighbouring Councils, as rising inequality and cost of living impacts on households in Borders and other parts of the South East Scotland City Region. A regional response to these issues, presenting innovative solutions and key policy interventions, has been negotiated with both the Scottish and UK

Governments through the Edinburgh and South East Scotland City Region Deal and this is currently being progressed with more focus, with the establishment of a Regional Housing Board in spring 2019 to raise the profile of the contribution of housing delivery to the regional and national economy, and drive affordable housing delivery.

The Council has agreed frameworks in place to consider and prioritise funding from Affordable Housing Policy Developer Contributions and from the Second Homes Council Tax Affordable Housing Budget. These are used for a variety of purposes to assist provision of affordable housing, including the Extra Care Housing programme, with assistance towards land purchase, “buy backs” of former public sector flats, research, site clearance and demolition, and project “gap funding” grant contributions being recent examples how this funding has been used.

The structural weakness in the Borders construction sector has meant that Housing Associations have had to adopt a broad spectrum of procurement options to continue to successfully deliver the affordable housing programme.

Options such as land and works deals including S.75 Affordable Housing agreements have successfully delivered projects across the region and continue to feature in the forward programme. Eildon Housing Association has delivered over 200 homes through their partnership with Cruden’s, with a further 64 homes due for completion early in 2024. The partnership is currently actively exploring future projects.

This negotiated procurement is allowed (known as direct drawdown) through the Scottish Procurement Alliance (SPA) framework thereby ensuring full compliance with European Union procurement rules. The Partnership drives project through planning and Building Warrant stage. Each individual project is let via a Joint Contracts Tribunal (JCT) Design and Build contract.

**Table 12: Projects being delivered via the Eildon and Crudens Development Partnership**

Project		No. of Units	Project stage	Total project cost	Grant
Rose Court [SBHA]	Galashiels	10	Complete	£1.803m	£0.832m
Craigpark Court	Galashiels	10	Complete	£1.885m	£0.851m
Langhaugh (extra care)	Galashiels	39	Complete	£7.696m	£4.861m
Sergeants Park Phase 2	Newtown St Boswells	64	Complete	£10.669m	£5.350m
Huddersfield Street	Galashiels	35	Complete	£6.004m	£2.890m
Coopersknowe Phase 1	Galashiels	69	Complete	£11.838m	£5.686m
Ex High School site	Earlston	64	Under construction	£12.252m	£6.684m
<b>Totals:</b>		<b>291</b>		<b>£52.147m</b>	<b>£27.154m</b>

Eildon have a historic relationship with the Kelso based M & J Ballantynes which show the very successful redevelopment of the Listed Former Kelso High School into 36 Extra Care homes for the elderly. This project, Poynder Apartments, opened in the Summer of 2023 and will see a further 16 newbuild homes for affordable rent, including two family wheelchair standard bungalows due to be completed in January 2024. Procurement was via a negotiated land and works contract. Using the same procurement method Eildon are developing an emerging partnership with Springfields, with 57 family homes being delivered by the end of 2023/24 in Chirnside and a further 46 homes planned at the former Borders College building in Galashiels.

Several Community Initiatives have been progressing across the programme. Eildon Housing Association has learnt from their partnership with Cruden’s to develop an emerging Community Benefits Strategy that will be applied across all their capital projects. This strategy will promote local labour and supply chain

engagement, and look to maximising the delivery of delivering social value for our customers and the communities they live in.

There are no house builder firms of any significant size based in Berwickshire. That aside, Berwickshire Housing Association is also keen to encourage “out of Borders” based house builders such as Cruden’s and Springfield Homes (it works with both) to contract with local sub-contractors in order to maximise the economic impact of its affordable housing construction projects.

Waverley Housing is progressing its plans for delivering the Beech Avenue area new build projects. It is envisaged that when it gets to the stage of appointing a contractor in Autumn 2023 it will be using community benefit clauses in the contract to secure a range of measures such as apprenticeships to support the local community.

## Land Supply

Land supply and control is quite fragmented in the Scottish Borders and is largely controlled by owners, developers, and housebuilders. The detail can be summarised as follows:

- Supply and control of land across the Scottish Borders varies. It is fragmented and where not already in the ownership of RSLs, it is largely controlled by private sector interests. The contribution of Developer-led site opportunities is recognised as indicated by Table 9 on page 36, “Potential Pipeline Development Projects”.
- Scottish Borders Council has very little land available for housing developments but is developing its Corporate Strategic Asset Management Plan and community consultation approaches seeking to reduce its Estate footprint, which may in due course mean land and or buildings is released which could potentially provide future affordable housing opportunities.
- Berwickshire Housing Association has a small land bank and has carried out a review of potential development sites and open spaces owned by it which could be made available for redevelopment. More significantly in addition to the site at the former high school Eyemouth [34 homes], the Association has also acquired larger sites at Springfield Ph2 and Ph3 Duns [28 and 21 homes respectively] and Acredale Phases 4/5/6 Eyemouth [circa 68 homes]. All the Association’s sites are located in the Berwickshire area. The Association is also currently collaborating with Scottish Borders Housing Association to explore the potential use of the HUSK off-site construction system to redevelop a number of garage sites owned by the Association.
- Eildon Housing Association has been actively progressing project development and has secured ownership of a number of sites, which provides much more certainty in project delivery. These include Buckholm Ph2 and former Borders College Galashiels, Comrades Park East Chirside and Home Farm Eccles. In 2021/22 the Council led on the acquisition of a former industrial site at Melrose Road Galashiels with part of this being sold to the Association as a landbank site for future affordable housing [Coopersknowe Ph2].
- Through an asset management strategy approach, Scottish Borders Housing Association has a small landbank arising from site clearance of existing stock, garages and public open space. The largest of these sites are in Hawick with others elsewhere now being identified in SHIP. These include St Dunstons Melrose, Stonefield Place and Leishman Place Hawick and Queensway Earlston. The Association is currently leading on a collaboration with Berwickshire Housing Association examining the potential redevelopment of several garage sites using the HUSK Off-Site Construction system. During 2021/22 the Association acquired a brownfield site at Fairhurst Drive Hawick and a green field site at Linglie Road Selkirk. Funding from the Low Carbon Vacant and Derelict Land Investment Programme has been requested for Fairhurst Drive for £616k to help fund the project. It is

envisaged that the Association will also partner with developers to provide affordable housing via Section 75 Agreements at Allanbank Lauder, and the Mart Newtown St. Boswells.

- Land supply identified in the Local Plan tends to be in relatively small parcels and is distributed across most of the settlements. These may provide affordable housing opportunities most likely via Section 75 Agreements.
- The majority of sites identified in the Local Plan are in the control of private owners, house builders / developers, with affordable housing most likely to be provided via Section 75 Planning Agreements. The trend to date has been for developers to want to act as contractors or offer Negotiated Design and Build contracts to RSLs rather than simply selling on land, and using the greater certainty of collaborating with an RSL to help de-risk starting development of a site as a precursor to market housing construction when market conditions improve.
- Private ownership site opportunities do arise. However, these tend to be windfall or infill sites and are usually relatively small.
- There are two major developer-led sites in Central Borders. These are located at Melrose Gait [Easter Langlee], Galashiels which has been fully developed (circa 550 homes) and at Newtown St Boswells (circa 900 homes). Both are considered to be areas of strategic priority.
  - Whilst the Newtown St. Boswells expansion presents a number of development opportunities, Eildon HA has collaborated with a developer to complete 53 homes for Eildon HA at Sergeants Park Ph1 in 2018/19, and a second phase of 63 homes which completed in 2021/22. These are considered as being the first phases of development in the village's "Western Expansion Area". The proposed redevelopment of the nearby Auction Mart secured Planning Permission in Principle in 2020/21 for a mixed-use development including up to 150 homes. It is envisaged that Scottish Borders Housing Association will be the RSL delivery agent for the 25% on-site affordable housing requirement [37 homes] via a Section 75 Agreement. Elsewhere in the village there are potential sites identified adjacent to Milestone Garden Centre and Eildon Road. However, there are some concerns regarding potential over supply of affordable housing in the village were all these additional sites to be developed in the short to medium term.
  - Allanbank is a smaller developer led (Whiteburn) site in Lauder. Allanbank will provide 110 new build homes in Lauder, 83 will be private for sale and 27 will be affordable to rent, delivered with Scottish Borders Housing Association.
  - Another smaller developer-led site by Whiteburn is March Street Mill in Peebles. Whiteburn is proposing to deliver a range of new homes offering a choice of two, three and four bedroom homes for sale, together with affordable homes to rent. The plans are for a total of 71 new homes. The RSL delivering agent has yet to be confirmed.
- Sites are systematically reviewed as potential projects and thereafter prioritised and included in SBC's Strategic Housing Investment Plan (SHIP). This is an ongoing process to allow newly identified sites to be assessed and introduced and the status of previously identified prospective sites reviewed.

## Land Supply Strategy

Control of land supply is the key to successful programme delivery. The strategy proposed to secure short, medium and long term land supply to link in with SBC's SHIP and beyond is:

- Enter into agreements with landowners and developers

- Purchase land using SBC revolving fund
- Option available for RSLs to front fund land acquisitions
- Improve effectiveness of Section 75 Agreements including early intervention with developers
- Partnership acquisitions with SBC to assist in strategic land assembly
- Work in partnership with SBC to acquire land through its strategic land disposal strategy

### **Locality-based Approach**

Scottish Borders Council will continue to explore the need for developing locality-based strategies to assist in clearly identifying short, medium, and long-term affordable housing priorities and thus provide focus on land acquisitions required.

Working in partnership with Waverley Housing, through a procurement approach the Council appointed consultants to carry out a master planning exercise for a housing led regeneration of part of Upper Langlee where Waverley Housing is the majority owner. Following consideration of the options identified in the Final Report, Waverley Housing is now progressing “Option 3” following more detailed community consultation and internal due diligence work. The intended regeneration focusses on Beech Avenue and associated streets. It is intended that this will provide around 109 new build houses following demolition of unpopular house types and the opportunity to redesign the public open areas to reflect Placemaking and Secured by Design principles. The demolition and new build proposals secured Planning Consent on 29 March 2021. Waverley Housing have funded the refurbishment of 68 flats in blocks which completed in 2021/22 and are being retained. This SHIP includes 4 phases of proposed new build proposals in order to deliver this intended regeneration. As a result of clarifying requirements for retention, re-routing and disconnection of utility services, Waverley started block demolitions in August 2022, and Phase 1 new build construction is anticipated to start in 2024/25.

### **Site Development Briefs**

Scottish Borders Council will, in consultation with its RSL partners, identify the size and type of housing required within Housing Market Areas, settlements and individual sites to meet housing need and to link in with other Council strategies. This will also extend to recipients of Section 75 Planning Agreements where it is envisaged that size, type, housing mix, space standards, tenure(s), method of land valuation etc will be set. Early intervention with developers on Section 75 discussions include agreeing target development costs for the whole affordable housing package to achieve realistic benchmarks, master planning, design solutions, and legal agreements to tie in land and development deals to stabilise costs, which will help bring greater certainty in deliverability on an ongoing long-term basis. Early discussion with Developers and contractors will help provide certainty of workload and will have a greater impact on their competitiveness rather than the size of the individual project or overall programme. A recent example of this is the brief for the redevelopment of the former Borders College site Galashiels which was agreed by the Council’s Planning and Building Standards Committee in 2021.

### **Tender Inflation Cost Pressures**

The SHIP 2017-22 first noted local concerns regarding increasing tender prices from the then available information from the Building Cost Index Services (BCIS) produced by the Royal Institute of Chartered Surveyors. This has been borne out by the Borders RSLs experience. Locally active RSLs have been using the BCIS all-in Tender Price Index, and will continue to monitor local tender prices, since the Index does not always reflect the projections for the Scottish market in the Affordable Housing Sector. Such tender price inflation is clearly a matter of concern for programme delivery. An exercise was done to review recent local RSL tender returns, and recent experience during 2019-2023 indicates that Berwickshire, Waverley, Eildon and Scottish Borders Housing Associations have all had to undertake challenging “value-engineering” exercises after normal consideration and checking of tender returns in order to undertake savings exercises to keep projects financially viable and deliverable. This has also delayed planned project site starts and

required re-programming spend of the budgeted Affordable Housing Supply Programme funding allocation. All other things being equal, notwithstanding increases in benchmark grant rates, big increases in tender costs, well in excess of probable costs will require to be met by RSL private finance arrangements. Such cost increases will continue to put pressure on individual RSL private funding capacity. Recent analysis of total project cost information indicates that it currently costs around £240k to provide an affordable home, with this being funded £96k by grant and £144k by RSL Private Funding. This is used as to inform table 13 “Estimated required investment in affordable housing 2024-2029”.

The recent announcement of the new benchmark grants by Scottish Government have generally been welcomed by the Scottish affordable housing sector. Despite the increases in benchmark grant per unit of around 16% and new grant criteria, the sector continues to wrestle with a very challenging financial context in being able to continue to deliver affordable housing. However, matters have considerably worsened due to current inflationary pressures on the construction sector being unprecedented and unsustainable, thereby adversely impacting on the delivery of the national programme in 3 main ways:

- Contracts already underway and on site, experiencing significant cost increases
- Contracts signed, but in the pre-construction phase, and already out of date in terms of pricing
- Contracts still to be agreed/signed but due to price volatility, contractors are not able to offer fixed prices and so agreement is needed to handle any variations

RSLs are trying to make progress to continue to deliver the programme, but clearly projects not yet subject to contract face significant issues in being agreed as viable and deliverable contract costs. Therefore, project estimated completion years within this SHIP 2024/29 must be considered as being aspirational targets, based on the assumption that acceptable contract costs can be agreed between the respective RSL and contractor/developer.

The cost of providing affordable housing is likely to increase during 2024/29 at least in line with inflation. Issues regarding labour and materials; recommendations to continually improve the quality of new housing to mitigate climate change; and potentially new grant conditions are push factors for an increase in the level of grant funding. This funding would ensure that the number of new homes being sought by Scottish Government via “Housing to 2040” can be met in the context of other competing funding pressures such as EEESH2, Net Zero and domestic de-carbonisation ambitions.

Solace Scotland, in collaboration with the Association of Local Authority Chief Housing Officers (ALACHO) have published a report in 2023 [‘Housing in Scotland: Current Context and Preparing for the Future’](#) which details their assessment of the housing emergency in Scotland and the steps needed to address it.

In addition, there are post-Brexit related factors which are adversely impacting on future delivery of affordable housing through a continued weakening of the pound Sterling in currency rate exchanges, thereby making imported goods and construction materials more expensive and potentially negatively impacting on the lending market and the wider economy; increased bureaucracy; as well as longer ordering and delivery times. More recently, energy price cost increases are also contributing to inflation in the UK and world economy. As the period 2023/28 progresses, the likelihood of these factors influencing housing requirements will increase, with continued adverse impact on the costs of affordable housing delivery.

It is difficult to bring projects from inception through to tender approval quickly due to ever increasing external factors and compliance requirements. Consultation with public utilities and Scottish Environmental Protection Agency (SEPA) impact on the project design and development process. This in turn impacts on the ability of RSLs to accelerate projects or to bring forward a shadow programme unless the land is already owned and the project already substantially worked up. SEPA continues to be regularly represented at joint meetings between the Council, RSLs and Scottish Water with the aim of meeting programming needs and thus improving deliverability. Availability of most recent Flood Risk Assessment information has proven to be key in early screening of potential affordable housing sites.

The Council is dealing with the above constraints in a variety of ways such as regular liaison with SEPA, Scottish Water and other public utilities to reach a greater understanding of each organisation's respective processes, with the aim of meeting programming needs. This in turn informs the programming of development and design work to improve deliverability and realistic project delivery timescales.

The South of Scotland Regional Economic Partnership (REP) is the forum that brings together a wide range of expertise and sets the direction of the regional economy. Partners include representatives from the region's two Councils (Dumfries and Galloway and Scottish Borders Council), South of Scotland Enterprise, education, private businesses, social enterprises, the Third Sector, Communities, Young People, South of Scotland Destination Alliance, Registered Social Landlords, NHS and relevant national agencies. The REP oversaw the development of the South of Scotland Regional Economic Strategy and its associated Delivery Plan. As part of the South of Scotland REP Housing Sub-Group, two subgroups have been set up; Housing types and tenures; and Land and planning.

Through the Regional Economic Partnership, the Convention of the South of Scotland is a forum composed of all public sector partners and Scottish Government. This seeks to ensure effective public sector partnership working and delivery, assessing and planning for existing and future challenges, and driving inclusive growth and regional priorities. The remit of the Convention of the South of Scotland is to:

- strengthen alignment between the Scottish Government, Dumfries and Galloway Council, the Scottish Borders Council and public agencies delivering in the South of Scotland to drive inclusive growth and to agree action to address the priorities of the area
- ensure effective partnership working and delivery across the public sector
- consider current and future challenges impacting on inclusive and sustainable economic growth; and agree actions to deliver that growth
- address any blockages and oversee progress

The COSS Housing and the Economy summit was held in February 2023. The aim of the convention was to explore the key housing challenges in the region and identify what further action could be taken collectively to deliver for the region and for Scotland. Through the REP Housing Group and the work through COSS the key challenges and actions for tackling these challenges will continue to be explored.

Brief details on all of the above constraints and any actions being taken to remove or reduce these constraints are provided on a site-by-site basis. Notwithstanding these constraints and threats, the five-year planning horizon set out in this SHIP remains positive by being able to clearly demonstrate a pipeline of deliverable projects, and additional longer term site opportunities which could potentially be accelerated in due course.

## **7. Resourcing the Programme**

The Council has previously used borrowing and on-lending from Public Works Loan Board to progress affordable housing delivery via the National Housing Trust Round 1 and Local Authority Variant initiatives. The Council still supports affordable housing delivery through use of available Second Homes/ Council Tax and Affordable Housing Policy Developer Contributions. There are several other funding resources that the Council and its development partners can draw upon including Affordable Housing Supply Programme Funding, Open Market Shared Equity Scheme, Rural Housing Fund, RSLs Private Finance Borrowing and Scottish Water Grant Funding. In July 2019, Eildon Housing Association secured a £40m investment from the Pension Insurance Corporation, which is this Lender's first such private placement with a Scottish RSL. Eildon Housing Association has indicated that it may consider "front –funding" projects to ensure project delivery. During 2021/21, Scottish Borders Housing Association secured a £58m loan facility from the Royal

Bank of Scotland, which is intended to support a development programme of up to 300 new homes over 7 years. Waverley Housing has secured private funding of £10million. This is a general-purpose loan which will support Waverley's business plan including the regeneration of Upper Langlee.

In 2022/23, the Council used £0.488m Second Homes Council Tax funding to assist Eildon Housing Association to provide Extra Care Housing through conversion of the former Kelso High School, £0.271m for the development of the High St/Market place building in Jedburgh, £0.037m grant contribution to assist Ettrick and Yarrow Community Development Company deliver its Kirkhope Steading project, £0.021m towards costs of employing an Empty Homes Officer, £0.042m towards Empty Homes Grants and £0.021m to support the demolition and site clearance works at Melrose Road affordable housing site Galashiels. In addition, a contribution of £0.140m was made to the Council's Revenue Budget as the annual recharge made to Second Homes Council Tax for Housing Strategy & Services staffing resources involved in the delivery of affordable housing. Together these explain the total spend of £1.02m figure provided in Scottish Government - More Homes Division SHIP Table 5.1, within the Appendix 5.

The Council has been deliberately building up an available balance in the Second Homes Council Tax budget in anticipation of it being used to assist delivery of extra care housing developments. This augments Affordable Housing Supply Programme grant funding from Scottish Government's More Homes Division and Private Finance contributions from both Eildon Housing Association and Trust Housing Association. To ensure best value is achieved, lessons learned from Dovecot Court Peebles has helped to inform the designs going forward for Todlaw Duns, Langhaugh Galashiels, High School Kelso, Stirches Hawick and High School Eyemouth in due course. A site has yet to be identified for the proposed Peebles development.

The Second Homes Council Tax Affordable Housing Investment budget makes provision for the following spend commitments in 2023/24; £0.111m for demolition and site clearance works at Melrose Road, Galashiels; £0.929m grant towards costs of High St/Market Place Jedburgh; £0.458m for Empty Homes Grants; £0.450m to support the acquisition of an affordable housing site in the central Borders area; £0.300m to support the delivery of new affordable homes in Hawick; and £0.208m transfer to revenue budget for staffing resources related to affordable and empty homes activity. This leaves an uncommitted balance of £3.040m in 2024/25.

The Council's Second Homes Council Tax budget has finite annual income which will be a key determinant of both the level of financial support available to assist construction of individual developments, and the potential programming of these grant contributions to dovetail with construction activity and provision of complementary Scottish Government Affordable Housing Supply Programme grant and RSL private funding. The Council made a grant contribution from its Affordable Housing Policy Developer Contribution of £0.035m- Housing Market Area balances, to assist affordable housing and project delivery in 2022/23. See figures provided in Scottish Government SHIP Table 5.2 within the Appendix 5.

Table 13 below illustrates the estimated £267m of total investment required to deliver the affordable housing projects identified in this SHIP 2024/29. This has been developed on the basis of financial analysis and the most recent experience of Borders RSL projects, using an AHSP assumption of £96k/unit, and RSL Private Finance assumption of £144k/unit.

**Table 13: Estimated required Investment in affordable housing 2024 – 2029\*<sup>4</sup>**

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
	2024/25	2025/26	2026/27	2027/28	2028/29	
AHSP new build	12.9	14.0	13.6	31.7	30.7	102.9
AHSP Purchases	0.5	0.5	0.5	0.5	0.5	2.5
AHSP remodelling	0	0	0	0	0	0
RSL Private Borrowing	19.3	21.0	20.4	47.5	46.1	154.3
RSL Purchases	0.5	0.5	0.5	0.5	0.5	2.5
2 <sup>nd</sup> Homes C/Tax	1.6	1.9	0.4	0.95	0.200	5.1
Rural Housing Fund	0	0	0	0	0	0
Other Private borrowing	0	0	0	0	0	0
<b>Totals</b>	<b>34.8</b>	<b>37.9</b>	<b>35.4</b>	<b>81.2</b>	<b>78.0</b>	<b>267.3</b>

\* Figures are rounded up

## 8. Equalities

A good supply of high-quality affordable housing is a basic requirement and fundamental in ensuring the effective delivery of a number of the National Outcomes, particularly Outcome 7 “We are tackling the significant inequalities in Scottish Society”. Figure 2 on page 13 sets out our proposed Local Housing Strategy 2023-2028 Strategic Outcomes, the first of which is “More homes in well designed, sustainable communities that increase opportunity for all and support our economy to thrive”.

### 8.1 Impact Assessments

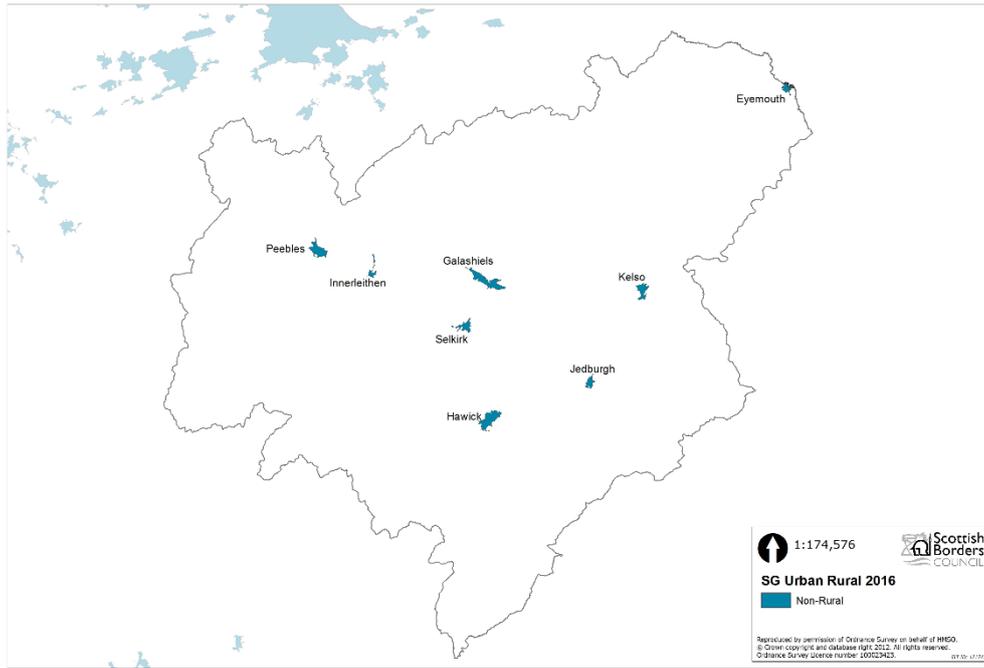
#### Rural Proofing

Rural Proofing is designed to help ensure that the needs of rural areas are fully taken into account in the development of all new Scottish Borders Council policies and strategies. Rural Proofing aims to check that rural areas are not overlooked, or adversely affected, by Council policy and strategy decisions. Some years ago, the Council developed a 10 question checklist, and this is applied to ensure that the needs of people who live in, work in, or visit rural areas within Scottish Borders are considered.

The SHIP Rural Proofing exercise was carried out in June 2023 as part of the development of the SHIP. It was determined that the delivery of this SHIP will not have an unforeseen impact on the rural area and that the needs of rural areas have been properly taken into account. Rural proofing applies to all areas of Scottish Borders classified by Scottish Government as ‘Remote Rural’ or ‘Accessible Rural’. In effect these definitions apply to all areas of Scottish Borders out with the towns of Galashiels/Tweedbank, Hawick, Peebles, Kelso, Selkirk, Jedburgh, Eyemouth, and Innerleithen. See Figure 13 below.

<sup>4</sup> Calculations were done on the basis of grant of £96k per unit and assumed private borrowing of £104k per unit. Figures were rounded up for modelling purposes.

Figure 13: Non-Rural Areas Map



## 8.2 Equalities

In line with both Council policy and legislative requirement, the SHIP 2024-2029 update was subjected to an Integrated Impact Assessment (IIA). The IIA considers the Council’s Public Sector Equality Duty (previously covered by Equality Impact Assessment) and, where appropriate, the Fairer Scotland Duty. The outcome of the Impact Assessment has identified no concerns about likely impact of the SHIP on any of the equalities groupings.

In accordance with Section 7 of the Environmental Assessment (Scotland) Act 2005 a pre-screening assessment of the SHIP 2024-2029 has been undertaken using the criteria specified in Schedule 2 of the Act. The pre-screening assessment identified no or minimal effects in relation to the environment hence the SHIP is exempt from SEA requirements under Section 7 (1) of the Act.

## 9. Monitoring and Evaluation

The SHIP Project Group continues to act as a steering group to monitor the delivery of the SHIP and is responsible for the ongoing review process. The group meets to align with the existing Quarterly Programme planning review meetings between the Council, Scottish Government’s More Homes Division (East) and RSL representatives. New potential project opportunities are routinely assessed by the group using the Affordable Housing Project Priority Weighting Matrix and prioritised within the context of already prioritised affordable housing projects. Similarly, any changes in circumstances in those projects already assessed are reviewed within the same framework. This has allowed the Council and its partners to respond to dynamic circumstances and realise opportunities when they present. The overall monitoring of the delivery of SHIP is reported to Council, the Community Planning Partnership, and Borders Housing Alliance on an annual review basis.

## 10. Summary

Local Authorities are required to produce and submit a SHIP to the Scottish Government annually for review. Scottish Borders Council, with the involvement of its key partners via the SHIP Working Group, has prepared this SHIP 2024-2029 submission. The SHIP articulates how affordable housing priorities in the Council's proposed Local Housing Strategy (LHS) will be resourced and delivered during the above rolling five-year planning horizon.

This SHIP submission has been prepared using a variety of funding arrangements including; Scottish Government Affordable Housing Supply Programme funding Allocation for 2023/24, and a subsequent published annual allocation and resource planning assumptions covering the period up to 2029; Rural Housing Fund; RSL resources and borrowing; and Local Authority assistance through the use of Second Homes Council Tax, Affordable Housing Policy Developer Contributions, and strategic disposal of the Council's land. A creative and practical approach has been adopted in the preparation of this SHIP which has been developed from a continued confirmation of RSL financial capacity and assurance on the deliverability of projects. The Council and its RSL partners are confident that processes are in place which will enable the management of the delivery of the affordable housing programme to continue.

However, as referred to throughout this document, there does continue to be significant challenges within the construction sector. There has been a dramatic increase in interest rates from 0.1% in November 2021 to 5.25% in July 2023, which has a significant impact on borrowing and subsequently the affordability of construction projects and within the mortgage sector. During 2023 market intelligence and Building Cost Information Service suggests tender price increases of 2.5%-3.5%, which is considerably lower than the previous two years whereby tenders returns were subject to increases of around 30-40%, with some projects even higher than that. However, it is important to note this increase of 2.5%-3.5% is in addition to the higher value increases experienced in the previous two years. Recently contractors on average are holding their tender prices for about 60 days.

There are still some issues with material availability, although this has improved recently. There remains an ongoing skills and labour shortage within the construction industry. This experience seems to be consistent with previous years and can have a direct impact on quality and delivery of sites. Bricklayers, stonemasons, and plumbers appear to be in peak demand within the current market. In the Borders there are a limited number of contractors in comparison to Central Belt Scotland and generally there are a lower number of tender returns for projects. Contractors' appetite for submitting prices for projects may now be increasing, which is positive, however prices remain significantly high. A proportion of the current and future affordable housing development is, or will be, as a consequence of contributions from the private development industry to affordable housing through the Local Development Plan's Affordable Housing Policy. Consequently, the SHIP 2024-2029 will be influenced by the development industry's build-out rate in the Borders, intrinsically linked to the performance of the economy and the local housing market.

The Scottish Parliament has confirmed that affordable housing delivery will continue to be a priority, and recent increases in the published benchmark grants together with previously provided confirmation of future Resource Planning Allocations and Assumptions has provided some stability and certainty to facilitate affordable housing delivery for 2024-29.

The development of this SHIP 2024-29 is in accordance with the current [Guidance issued by the Scottish Government](#) in June 2023. Methods of project prioritisation have been illustrated and constraints have been addressed through the SHIP development process and project prioritisation weighting matrix to ensure that proposed projects are deliverable. The SHIP also addresses the contribution that individual proposed projects will make to greener standards, energy efficiency, environmental standards and equality issues.

This SHIP submission outlines the delivery of 146 new affordable houses over the period 2022/23, anticipated delivery of 201 during 2023/24 and an ambitious and aspirational 1,122 new affordable homes over the life of the SHIP 2024-29. Should all identified challenges and infrastructure issues be resolved in a timely manner as well as anticipated grant funding being brought forward, the sector has the capacity to deliver at this scale. The Council and its partners are optimistic that we can deliver more affordable homes than delivered previously, which will not only help Borders communities access affordable housing but will also contribute towards assisting the economic recovery following the Covid pandemic and Cost of Living Crisis.

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#### HOUSING STRATEGY, POLICY & DEVELOPMENT

Scottish Borders Council | Council Headquarters | Newtown St Boswells | MELROSE | TD6 0SA  
tel: 01896 661392 | email: [housingenquiries@scotborders.gov.uk](mailto:housingenquiries@scotborders.gov.uk) | [www.scotborders.gov.uk](http://www.scotborders.gov.uk)

