



Shetland Islands Council

Strategic Housing Investment Plan

2021/22– 2025/26

Shetland Islands Council – Strategic Housing Investment Plan (SHIP) – 2021/22-2025/26

1.0 Introduction

- 1.1 The Strategic Housing Investment Plan (SHIP) is the key document to show how resources would be applied and prioritised in delivering the outcomes contained in the Local Housing Strategy (LHS).
- 1.2 Revised guidance on preparation of SHIPs was issued in August 2019. The SHIP requires the plan to look ahead over a 5 year time period (2021/22 to 2025/26).
- 1.3 The SHIP will be updated and reported annually and is seen as the key document in identifying and setting out the Council’s strategic affordable housing investment plans to meet local housing need and to assist in the achievement of the Scottish Government’s current target for delivery of affordable homes.
- 1.4 The detail of the projects that comprise the SHIP is uploaded into the Scottish Government’s HARP system and forms the basis of the investment through the Affordable Housing Supply Programme.
- 1.5 Due to the impact of dealing with COVID the deadlines for submission of the SHIP have been amended this year.

2.0 Strategic Links

- 2.1 The strategic framework for the production of this document is based on the Local Housing Strategy (LHS) and is linked to the Shetland Partnership Plan¹. Housing has strong links to the four identified Partnership Plan themes of: People, Place, Participation and Money.

The Council is the statutory enabling body for strategic housing across all tenures and the Scottish Government’s Affordable Housing Supply Programme (AHSP) funding is allocated at Council level.

- 2.2 The refreshed Corporate Plan ‘Our Ambition’² has confirmed the Council’s commitment to increasing housing supply in Shetland across all tenures and maximising available funding streams to design and deliver energy efficient, modern homes.

¹ [shetland-partnership-plan](#)

² [Shetland Islands Council Corporate Plan 2021-26](#)

- 2.3 Housing is also a key contributor through the LHS and SHIP to the approved 10-year plan to encourage people to live, work, study and invest in Shetland. The 10-year plan is essential to ensure that the projected demographic imbalance in Shetland is addressed and that sufficient working-age population is attracted and retained to maintain sustainable communities throughout Shetland.
- 2.4 The Islands Deal is a rare opportunity to seek additional investment into Shetland in support of delivery of affordable housing. The Knab redevelopment has been put forward as a project in the current Islands Deal, with a number of potentially innovative strands looking to build an exciting and future-proofed new community on the site of the former high school.

3.0 Methodology

- 3.1 The SHIP has been developed through a partnership approach between the Council's Housing Service, Planning Service, Assets, Commissioning and Procurement Service, Hjaltland Housing Association (HHA), Scottish Water, Health & Care partners and Highlands and Islands Enterprise (HIE).
- 3.2 The LHS is in the process of being updated and refreshed with the intention of submitting a revised strategy in 2021. The LHS is based on the evidence contained in the Housing Needs and Demand Assessment (HNDA). The HNDA is being finalised for submission to the Scottish Government for assessment. Once the assessment is confirmed as 'robust and credible' the LHS will be refreshed during 2021/22. The data for the SHIP is based on the updated information gathered in the updated version of the HNDA.
- 3.3 The LHS is the basis for the Council's future housing investment and was developed using a multi-agency approach. The current LHS identified five key theme areas and these themes remain relevant in moving to the 2021 refresh;

A – Future Supply of Housing

B – Fuel Poverty

C – Housing Support/Housing for an Ageing Population

D – Homelessness

E – Private Sector Housing

- 3.4 There are close strategic links between the Local Development Plan (LDP) and the LHS in terms of identifying sufficient and appropriate land supply to meet housing needs. Both documents draw on the robust and credible evidence contained in the HNDA. The production of the Housing Land Audit is of great value in ensuring that useable land supply is available in the areas where housing need is greatest.
- 3.5 The LDP revision is in process with a Call for Sites being completed and responses being evaluated. Land supply in the right places is absolutely key to continued development of housing in the areas where there is demand. The Call for Sites helps to identify available land where there is a willingness to develop. This is particularly important for the later years of this SHIP. Early identification of land-banking opportunities will be essential to future developments.

4.0 Resources

- 4.1 The Scottish Government has recently published its Infrastructure Investment Plan which continues its commitment to funding affordable housing. Resource Planning Assumptions are due at the time of writing, but advice was to assume funding at the same level going forward.
- 4.2 The Scottish Government will be publishing its future Housing strategy document Housing to 2040 early in 2021. This has been delayed due to Covid 19.

Indicative RPA levels: 2021/22 - £5.179M

2022/23 - £5.179M

2023/24 - £5.179M

2024/25 - £5.179M

2025/26 - £5.179M

Indicative Total RPA over 5 years - **£25.895M**

- 4.3 Overall the programme put forward is currently just under £20M. This means that there is scope to enhance the programme, particularly in later years. Years 1 and 2 will be kept under review and will be adjusted as projects start to develop. The impacts of Covid and Brexit on the construction sector may mean that this programme will have to change.

We are fortunate in having two large projects (Staneyhill and Knab) in the programme as they will provide a degree of flexibility in managing

the programme particularly in later years, once they are on site. These projects have the ability to be re-phased to fit with funding availability and to flex to meet any shift in demand. There is also scope to also allow new sites/projects in other areas of priority to be taken forward and the development of a strong shadow programme will assist to maximise take-up of funding.

- 4.4 The Council and HHA have developed a very effective working partnership and have a track record in finding innovative funding mechanisms locally to enable the development programme to continue. In order to maximise external funding for new build housing and to capitalise on opportunities to attract any potential programme slippage, it is proposed to continue to develop this partnership approach.
- 4.5 Opportunities to consider other funding streams to assist with affordable housing supply will also be pursued. The Islands Deal contains a bid for funding support to the redevelopment of the Knab site. Other possibilities for external funding of affordable housing will be explored as appropriate and available and, for example, could come through community benefit policies or incentives for energy efficiency.
- 4.6 Second Homes Council Tax is ring-fenced for enhancing housing provision. In 2016, the Council approved a delegated development top-up scheme which has allowed HHA to progress with projects where the gap between the benchmark funding and the cost of delivery is greater than the private finance available to them. This has been particularly effective in ensuring that projects can continue to be delivered, with £323k being committed over the last 3 years, contributing to the delivery of 71 new homes.

Year committed	Project & Number of Units	Amount	Draw down
2017/18	King Harald St (27)	£123k	2018/19
2018/19	Gulberwick (12)	£120k	2020/21
2020/21	Upper Scalloway (32)	£ 80k	

- 4.7 In September 2020 the Council approved a report on Strategic Property Acquisitions and identified the Second Homes Council Tax fund as a key source of funding to allow the purchase of up to 4 properties per annum to meet strategic housing needs. Since the report was approved there has been one concluded acquisition.
- 4.8 Through the establishment of an approved Housing Revenue Account business plan, the Council has sought to ensure that the financial balance of the account is sustainable in to the future. The immediate priority over the first period of its operation was to invest in our existing stock to ensure that quality standards are met.

- 4.9 Through the HRA Business Plan, the Council is in a position of keeping its financial position under review and is keen to develop its own new build programme as resources allow. The business plan is due for refresh during 2021/22. It is anticipated that the opportunities to complement the existing programme and to address some of the key market gaps will become available through the development of the Knab Site in particular. In that regard, consideration is being given to options for delivery of mixed tenure housing by the Council.
- 4.10 It is important to recognise that not all affordable housing needs to be 'social rented.' There is a need to ensure that the aims of the LHS can deliver in tandem with the Community Plan themes in sustaining confident and thriving communities across Shetland. Evidence, from the work carried out through the HNDA process suggests that a number of alternative tenure options could provide appropriate solutions where social rented housing may not be available or where demand for social rented housing is limited and other tenures better meet the identified housing needs.
- The Rural and Islands Fund – the Government identified a £25M Rural Housing fund and a ring-fenced £5M Islands fund to support housing solutions in rural and islands areas up to the end of March 2021. Funding was received for carrying out two feasibility studies locally but no bids have been made to the main fund. In November 2020, the Scottish Government announced the extension of this fund beyond the original end date.
 - Self-build Bridging Finance – a £4M self-build loan fund was made available nationally and administered by the Communities Housing Trust. This is something that has been identified as a local need for some time and could enable a number of people to access the funding to proceed with a self-build project. Steps to promote the scheme locally have not had the level of anticipated interest. To date there has been 51 applications to the fund with 3 of those coming from Shetland.
 - The work on the HNDA has again shown the evidence of the need for more diverse and alternative tenures. Through the programme we need to assess and find alternatives to meet those market needs, such as mid-market rent options and low cost home ownership options. Mid-market rent has not been used locally to date and would potentially provide a solution to the identified group of people who traditionally are priced out of the home-buyer market but are unable to demonstrate the level of housing need to secure social rented tenure in a pressurised housing market. This market sector is particularly targeted at supporting the aims of the 10 year plan.

- Another area of housing supply which is identified as an area for action is opportunities for first time buyers and low cost home ownership. The Council would like to develop more options to meet this need by further investigating schemes such as a rent to buy or developer incentives. Developing these options would lead to more mixed tenure developments which is seen as a positive in terms of sustainable communities.
- Further alternative opportunities for supported accommodation and for independent living are also being explored.

4.11 Key worker housing and student accommodation are also flagged as current and significant gaps. The Knab site provides an exciting opportunity to look at meeting some of these alternative needs, but recognising that student accommodation is not funded through the AHSP and requires alternative funding sources to be identified.

4.12 The Council is currently evaluating the options for taking alternative tenures forward.

5.0 Delivery and Delivery Constraints

5.1 The HNDA has been updated and will form the key evidence base for both the LHS and the LDP. The evidence has demonstrated the clear need for further affordable housing supply in Shetland.

5.2 It is evident that the greatest housing need and housing demand pressure in Shetland is in the central mainland area and is particularly concentrated in Lerwick, Scalloway and the immediate surrounding areas. This is reflected in the current programme, with the majority of projects centred on those areas, but there are also a number of projects in more rural areas; in Sandwick, Aith, Brae and Walls as well as Tingwall, Scalloway and Gulberwick in the SHIP as presented.

5.3 We will continue to work closely with HHA to ensure that we can continue to have a programme of new housing supply that can deliver the much-needed units of accommodation in the most efficient way, aligned to local and national priorities.

5.4 Delivery of the 2020/21 programme has been hampered by Covid and its impact on the construction sector. Regular multi-stakeholder discussion facilitated by the Director of Development has seen the agreement of all parties involved to have regular meetings to ensure that any constraints on delivering the programme are identified and addressed as early as possible.

- 5.5 Supply chains of key materials have been affected by Covid and Brexit and a close eye will have to be kept on the impact this may have on project costs going forward with the programme.
- 5.6 New legislative changes will also impact on design and cost to meet standards in relation to energy efficiency, fire suppression, building standards and accessibility.
- 5.7 The LHS identified a need for between 53 and 72 units of affordable accommodation to be added to the housing supply each year for the next ten years. The proposed SHIP shows that we currently have plans for 316 units including projects currently on site and not completed. This gives an average of 63 units per annum which is within the annual target level and should make a significant difference to available housing supply.

Particular needs

- 5.8 The LHS also identified the need for additional housing options to meet the needs of an ageing population. There is increasing demand for a range of options to meet the needs of the elderly, disabled, people with long term, progressive health conditions and people with a dementia diagnosis. The Housing Contribution Statement to the IJB's Strategic Commissioning Plan sets out how the Housing Service will contribute to meeting those needs.
- 5.9 The King Harald Street development is a first step in testing the concept of a 'Homes for Life' housing option in Shetland with allocations to first tenants made in January 2021. This will also inform and influence future provision of innovative, flexible supported accommodation, moving away from traditional generic 'labels' on types of accommodation to modern, accessible accommodation benefiting from latest technology and innovation to allow tenants to maintain their independence.
- 5.10 Continued joint working with our partners in Health and Care will help to ensure a robust, shared evidence base of needs is developed to inform future programmes.
- 5.11 The Scottish Government introduced new Guidance to local authorities on setting targets in the LHS to support the delivery of wheelchair accessible housing. The detail of this will be worked on during the refresh of the LHS.
- 5.12 It is very difficult in island areas to set targets for specific types of property to meet particular needs when we are dealing with very small numbers across a dispersed geography. The target is designed nationally to cover all housing supply. This is problematic in areas such as Shetland where there is very limited speculative house building

and the target is potentially only going to be delivered by social housing.

- 5.13 All of the new build proposals in the SHIP will meet the required building standards and will follow the Housing for Varying Needs guidance.

Homelessness and Rapid Rehousing Transition Planning (RRTP)

- 5.14 Homelessness is a continuing issue locally and is one of the key themes in the LHS. The LHS actions and the RRTP Action Plan have both been considered in the preparation of the SHIP.
- 5.15 Although the number of homeless presentations has been reducing year on year over the past five years, the length of time spent in temporary accommodation remains one of the highest averages among our peer benchmarking groups. This is because of the demand for single person accommodation with 92% of our homeless applicants in temporary accommodation only wishing to be accommodated in Lerwick and requiring predominantly one/two bedroom properties. This is being addressed through the SHIP in trying to re-balance the proportion of stock of the right size.
- 5.16 The RRTP's are being reviewed and refreshed following the national experience of the impact of Covid on homelessness and rough-sleeping. Moves towards an enhanced duty for prevention of homelessness and support to rapidly rehouse people from temporary accommodation will require adequate housing supply to be available alongside adequate support to sustain those tenancies.

Contractor Capacity and Procurement

- 5.17 Following a series of workshops held locally in 2018/19, work is continuing and possible solutions are being evaluated to develop a procurement framework linked to the delivery of the SHIP. The workshops held with the local construction sector were positively received by the industry at the time. Clearly Covid has had a major impact on the construction industry and its supply chain. We will seek to continue the dialogue to ensure that Shetland has the ability to deliver on the SHIP.

Land Supply and Masterplans

- 5.18 Meeting future housing needs will require further work to be done to identify suitable land for housing development and to develop opportunities which can meet housing need, attract external funding and continue to support sustainable communities in Shetland into the

future. The Local Development Plan will be key to identifying future land supply.

- 5.19 Through effective joint working between Housing, Planning, Asset and Properties and Hjaltland Housing using the information from the Call for Sites as part of the Local Development Plan, it is vital that the Council identifies sufficient land supply in the areas of housing demand. Through the Call for Sites process, landowners and developers will identify sites for future development. In order to ensure that we have sufficient land in the right places, strategic land-banking opportunities should be considered and pursued through the HRA.
- 5.20 Having two major sites for development in the area of highest housing pressure is a considerable advantage for long term funding and planning of our programme. Both these sites give future flexibility to the programme and the ability to re-phase as necessary. This also gives scope for more small scale, windfall sites to be developed alongside these and to strengthen the shadow programme of development.

Child Poverty Action Plan

- 5.21 Shetland's Annual Child Poverty Action Report was published in November 2020. There are a number of actions relating to the impact of the increased cost of living in Shetland and the Housing Service will continue to work in partnership to ensure that a positive contribution towards the action plan is made.

Empty Homes

- 5.22 There is a national aim to have Empty Homes Officers in each local authority to identify empty private sector houses and try to bring them back in to use. This is not a priority identified in our bcurrent LHS. Previous attempts to apply the Empty Homes Initiatives locally have not yielded any significant gains. We will keep under review the experience in other authorities.

6.0 Strategic Environmental Assessment

- 6.1 A Strategic Environmental Assessment (SEA) screening report was submitted for the LHS in June 2011. It was agreed that a full SEA was not required on the LHS. As the SHIP is effectively the resources annex to the LHS it is considered to be covered by the SEA screening report.

7.0 Equalities

- 7.1 The Council is committed to ensuring that equal opportunities are central to all its strategies and service provision. Much work has been done on ensuring access to a range of quality housing information is available to anyone in the community and beyond. The Council recognises particular groups who may be disadvantaged and takes a partnership approach to ensuring inclusion.
- 7.2 All new build properties are built to current building regulation standards.
- 7.3 The LHS considered the needs of equalities groups at all stages of its development and the refreshed LHS will continue to keep equalities on the agenda.
- 7.4 In line with Scottish Government guidance, an Equality Impact Assessment was carried out on the LHS.

8.0 Priorities and Partnership Working

- 8.1 Priorities for housing in Shetland are clearly articulated in the LHS, and the forthcoming update of the LHS in 2021 will reinforce those aims (as stated at 2.3) with updated evidence from the HNDA. The main themes in the LHS will not change in the refreshed version, but the detail of how to address the themes for the coming five years will be reviewed taking account of the evidence of changing needs, demographics and opportunities that have arisen since the previous version was produced.
- 8.2 The Council and HHA continue to work jointly to address the ongoing challenges of meeting housing demand in Shetland through the framework of the LHS. The adoption of the SHIP strengthens and formalises that partnership. It is important, in the spirit of that partnership, that we recognise the organisational challenges that each other faces in delivering new housing and find ways of ensuring that our programme can be delivered efficiently and sustainably.
- 8.3 The LDP will contribute to the lifetime of this plan by assisting with identification of suitable sites for housing development. Identification of future land supply will greatly assist in ensuring a strategic land bank is available to support delivery of housing supply and to enable a robust shadow programme in future SHIPs. A shadow programme enables maximum utilisation of programme funding and having projects ready to accelerate in the programme can make a huge difference in delivering the much-needed housing.

- 8.4 Community partnership and empowerment is also important in ensuring that sources of funding can be fully explored and used to meet additional local needs with locally appropriate solutions. The use of master-planning on the larger sites has provided structured opportunities for the community to be involved. The work done on the Rural and Islands fund projects provides an important baseline for taking forward community based housing solutions.
- 8.5 The programme delivery partnership chaired by the Director of Development is a forum for all stakeholders and agencies involved in the programme to meet regularly and monitor the overall progress of the projects. It also provides a good opportunity for joined-up responses to any issues that arise.

9.0 Conclusions

- 9.1 The Council is committed to increasing the supply of affordable housing for rent and low cost home ownership across Shetland. With only one housing association in Shetland, the Council is committed to working in partnership with HHA to ensure that investment in housing in Shetland is maximised and that the identified projects are delivered.
- 9.2 Through the ongoing development of the LHS, the Housing Service and its strategic partners will be looking at a range of housing solutions to try to address the continuing housing need in Shetland. There is a need to maximise the application of new funding to address the identified gaps in the housing market and to find locally appropriate solutions.
- 9.3 A broader range of tenure options is essential to provide a balanced future housing market that can adapt and sustain the communities of Shetland, in line with the Partnership Plan aims and particularly in support of the 10 year plan.
- 9.4 The SHIP programme puts forward an ambitious programme designed to meet the housing needs of our community and to maximise the opportunities that we currently have in terms of available funding.

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