

REPORT TO: COMMUNITIES COMMITTEE ON 10 JUNE 2008

**SUBJECT: SCOTTISH GOVERNMENT HOUSING INVESTMENT IN MORAY
2007/08 and 2008/09**

BY: DIRECTOR OF COMMUNITY SERVICES

1. REASON FOR REPORT

- 1.1 This report provides the Communities Committee with details of the Scottish Government's funding of the Affordable Housing Investment Programme (AHIP) in Moray in 2007/08 and provides information on the projected level of investment in 2008/09.
- 1.2 This report is submitted to Committee in terms of the Council's Administrative Scheme relating to the Council's strategic housing role.

2. RECOMMENDATION

2.1 It is recommended that the Communities Committee:-

- (i) welcomes the record level of Scottish Government investment achieved in 2007/08;**
- (ii) notes the indicative level of investment for 2008/09; and**
- (iii) notes that the draft Strategic Housing Investment Plan for 2009-2014 will be submitted to the Communities Committee in November 2008.**

3. BACKGROUND

- 3.1 On 1 April 2008, Communities Scotland was abolished and its development funding functions were transferred to the Scottish Government's Housing and Regeneration directorate.
- 3.2 Public investment in new affordable housing in Moray is provided by the Scottish Government through the Affordable Housing Investment Programme (AHIP). The funding is largely in the form of Housing Association Grant to Registered Social Landlords (RSLs) to provide housing for affordable rent and shared equity. However, the programme also includes grants to private developers for low cost home ownership and funding for disabled adaptations to RSL properties.
- 3.3 In 2004/05, final outturn spend on the AHIP amounted to £5.3m. In 2005/06, the outturn was £9.360m, which at the time was the highest annual spend ever achieved in Moray. In 2006/07 the outturn achieved totalled £11.262m against an initial programme of £6.705m.

- 3.4 The initial programme for 2007/08 was £9.525m. The final outturn was £14.744m. The record spend in 2007/08 is evidence of Moray's ability to take advantage of slippage in other parts of the Grampian AHIP and was mainly facilitated by the purchase of three major housing sites at Elgin, Forres and Buckie to be developed under the Moray Volume Procurement Initiative. The future development of these sites will enable the delivery of a total of 313 affordable housing units in Moray, subject to planning permission being obtained.

4. PROPOSED INVESTMENT 2008/09

- 4.1 The Scottish Government has yet to confirm the Moray programme for 2008/09 though it indicated a Resource Planning Assumption of £7m per annum for the Council's Strategic Housing Investment Plan (SHIP), submitted in November 2007. In allocating the funding between local authority areas in Grampian, the Government anticipates that significant progress will be made in 2008/09 in the Devanha volume procurement programme, which accounts for the largest element of the AHIP outside Moray and which has suffered major slippage in previous years. Although the Moray programme is not likely to increase significantly above the £7m indicated, the Committee should note that a significant landbank of sites for planning the delivery of affordable housing in Moray has been developed. This landbank makes Moray ideally placed to take advantage of any future slippage arising elsewhere in Grampian.
- 4.2 The Scottish Government has indicated that most of the allocation for Moray in 2008/09 will be required to complete developments already in progress or committed for development in previous years. These include developments at Lossiemouth, Keith, Burghead and Buckie.
- 4.3 The final programme for 2008/09 is awaited from the Scottish Government but it is anticipated that new developments will commence at Strathmill, Keith and Shaw Place in Elgin.

5. AFFORDABLE HOUSING INVESTMENT BEYOND 2009

- 5.1 The Scottish Government has recently issued revised guidance on the preparation of Strategic Housing Investment Plans. Unlike the first submission in 2007, which had no resource implications for 2008/09, the plan to be submitted by 28 November 2008 will influence Government decisions on the allocation of the 2009/10 AHIP. This accords with the expectations contained in 'Firm Foundations – The Future of Housing in Scotland' that local authorities will play a much greater strategic role in determining where housing investment is to be directed in their areas.
- 5.2 It is anticipated that the draft SHIP will be presented to the Communities Committee on 25 November 2008.

6. SUMMARY OF IMPLICATIONS

(a) Corporate Development Plan/Community Plan/Service Improvement Plan

The Moray Council's Single Outcome Agreement and the Local Housing Strategy identify that there is a shortage of affordable housing in Moray.

(b) Policy and Legal

The Housing (Scotland) Act 2001 identified that local authorities have the strategic role in housing. Local Housing Strategies (LHS) set out the strategic priorities in each local authority area. More recently, revised guidance has been received from the Scottish Government on preparing Strategic Housing Investment Plans (SHIPs)

(c) Resources (Financial, Risks, Staffing and Property)

The AHIP is funded by the Scottish Government. There are no financial implications for the Council resulting from the 2008/09 investment programme.

(d) Consultations

Consultation on this report has been carried out with the Chief Executive, the Director of Community Services, the Chief Housing Officer, the Housing Programmes Manager, the Head of Development Services, the Planning and Development Manager and the Head of Financial Services.

7. CONCLUSION

- 7.1 The Council has recognised the priority to increase the supply of affordable housing in its Single Outcome Agreement and its Local Housing Strategy. The Scottish Government funds the provision of new affordable housing through the Affordable Housing Investment Programme. This report records an upward trend in the level of investment since 2005/06, confirms the outturn spend for 2007/08 and provides an indication of spend for 2008/09.**

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Background Papers: Held by HSPM
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