

Health, Social Care and Housing Committee

10.00am, Tuesday, 13 September 2016

City Housing Strategy Update

Item number	7.2
Report number	
Executive/routine	
Wards	All

Executive Summary

This report provides Committee with an update on the City Housing Strategy and sets out its development over the next 12 months.

The approach to housing delivery has changed significantly over the last 12 months. Recognising the significant impact of rising housing costs on households with low to moderate incomes the Council has approved ambitious plans to expand the Council led house-building programme to 8,000 new homes and focus investment on services and improvements that reduce the cost of living for tenants. A wide range of partners have backed this approach. The city's housing associations have agreed to match the Council's output with a further 8,000 new homes. Nearly £300 million has been committed to new housing and integrated service development to support integrated health and social care objectives. In addition, housing services are being radically redesigned on a patch based model, as part of the wider Council transformation to better integrate locally delivered customer services.

Over the next 12 months an assessment will be made of the current and future capacity of the city and region's housing system to deal with the continued growth in south east Scotland, to tackle inequality and improve place-making. A review of the performance framework for the housing strategy will form part of this. The revised strategy will be presented to Committee for approval.

Links

Coalition Pledges	P8, P9, P10, P11, P17, P28, P29
Council Priorities	CP2, CP3, CP4, CP7, CP10, CP12
Single Outcome Agreement	SO1, SO2, SO4

City Housing Strategy Update

Recommendations

It is recommended that Health, Social Care and Housing Committee:

- 1.1 Notes the significant developments in the city's housing strategy over the last 12 months;
- 1.2 Agrees to consult stakeholders on the future development of the Council's approach to improving the affordability, quality and accessibility of housing for people in Edinburgh and south east Scotland, including the proposed objectives listed in Appendix 2.

Background

- 2.1 The City Housing Strategy (CHS) (2012-17) was approved by Health, Social Care and Housing Committee on 13 December 2011 to deliver three outcomes:
 - People live in a home they can afford
 - People live in a warm, safe home in a well-managed neighbourhood
 - People can move home if they need to.
- 2.2 Some progress has been made in meeting these outcomes but the context within which they are set has changed. Housing costs in the city have continued to increase and the number of new homes being built is not meeting housing need and demand, particularly for people on lower incomes. Despite Edinburgh's economic strengths evidence shows that not everyone in the city is able to share in this success. The Council and its partners are responding to these challenges through ambitious plans to build more affordable homes in the city and wider region and by ensuring that investment in housing helps tackle inequality within the city, which is a key priority for the Council and Community Plan partners.
- 2.3 In September 2015, Health, Social Care and Housing Committee approved the Housing Service Transformation Plan 2015-17. The transformation programme for the housing service is designed to respond to the changing needs of customers, in line with the Council's wider strategy for organisational change, including the delivery of services at a more local level. The locality approach includes key themes around placemaking and empowering citizens, themes which are supported by the CHS priorities.
- 2.4 On 21 June 2016, Health, Social Care and Housing Committee approved the report Housing Improvement Programme: Delivering the Budget Strategy in 2016/17.

- 2.5 The CHS has a regional, city and locality focus to ensure that solutions to housing challenges are addressed at different levels from Government intervention through regional City Deal proposals to discussions with citizens at locality level on the type of homes and communities they want to live in.

Main report

- 3.1 The Council Business Plan sets out the strategic direction for the Council. This is centred round a single vision for the city *'to ensure that Edinburgh is a thriving, sustainable capital city in which all forms of deprivation and inequality are reduced'*.
- 3.2 To deliver this vision, Council services focus their work around three, overlapping strategic themes, with a strong emphasis on local delivery. These themes provide a direction for Council services and define the priorities over the next four years and beyond:
- Improve quality of life
 - Ensure economic vitality
 - Build excellent places
- 3.3 Edinburgh has a strong economy but it is important that economic growth benefits everyone in the city. Incomes for those on low to moderate incomes are static or falling (for the poorest). If housing costs, and other costs continue to rise, the inequality gap will continue to widen.
- 3.4 The main objective of the CHS over the next five years will be to support the Council vision and priorities through investment and intervention to build more affordable homes for people on low to moderate incomes.
- 3.5 The Scottish Government has set a target of delivering 50,000 affordable homes over the next 10 years, 35,000 of them to be for social rent, with the remainder being largely for mid market rent and some for low cost home ownership. Council officers and Scottish Government officials have been exploring ways to align the national target with regional and local delivery of new homes.
- 3.6 The scale and ambition of Edinburgh's housing strategy provides a tangible opportunity to help reduce inequality within the city through:
- significantly increasing the number of low cost and affordable homes built to meet the needs of households on low to middle incomes and investing in existing homes;
 - working with partners in health and social care to provide homes integrated with services which meet the needs of people with complex physical and health needs;
 - exploring opportunities to align the housing strategy with the Council's employability strategy; and
 - taking forward a Housing Revenue Account investment strategy which focuses on reducing the cost of living for Council tenants.

3.7 The proposed high level objectives are set out in Appendix 2 and Committee is asked to approve these as the basis of ongoing consultation with customers, partners and other stakeholders.

Inequality and high housing costs

- 3.8 Edinburgh continues to be a pressured housing market, with high housing costs and a high need and demand for affordable housing. Incomes for those on low to middle incomes are static or falling and high housing costs impact most on these households. Many people, particularly younger people, are struggling to get on the housing ladder. This has led to rising inequality in Edinburgh and other parts of the region. The graphs in Appendix 1 provide some details on the trends described below.
- 3.9 The city population is projected to increase at a greater rate than the Scottish average, which will increase need and demand for housing of all tenures. The number of people in all age groups is projected to rise, with the population in 75+ age group expected to have the greatest percentage increase.
- 3.10 Income growth has been strong for high earners but incomes have fallen since 2008 for those already on lower incomes, particularly those already in the lowest income percentiles. Graph 2 in Appendix 1 shows this rising income inequality in Edinburgh.
- 3.11 Analysis on Edinburgh's Economy from the Council's Business Intelligence Team shows that economic output growth in Edinburgh has been slightly slower than that in Scotland as a whole in recent years.
- 3.12 Jobs growth has been strong with growth rates ahead of Scottish and UK trends. Employment rates and numbers are well above pre-recession levels. However, jobs growth has been strongest in part time employment. Over the past three years the number of part time jobs has grown more quickly than full time jobs.
- 3.13 These trends together drive the productivity challenge in Edinburgh. Productivity growth is a key issue and is critical to sustained improvement in living standards and competitiveness.
- 3.14 Edinburgh has a highly skilled workforce, but skill gaps remain in key sectors, including the construction sector. 32% of employers with vacancies report difficulties in finding appropriately skilled applicants. High housing costs could pose a risk to the longer term economic growth of the city. A lack of affordable homes for lower-paid workers in vital sectors, such as construction and health and social care, mean that employers can find it difficult to attract and retain staff.
- 3.15 Average earnings are growing slowly, but remain below pre-recession levels in real terms, with very slow growth for the low-paid:
- 19% of Edinburgh residents were earning below the living wage in 2015.
 - 14,200 Edinburgh residents were unemployed in 2015; fewer than the peak unemployment levels recorded in 2013, but still higher than pre-recession levels.

- In 2015, 16% of Edinburgh residents lived in a household where no adult was in employment.
- 3.16 Average household incomes are high, but 16% of all residents live in low income households. In some areas this rises to 30%. Poverty rates in some parts of the city rank among the poorest in Scotland and are located alongside some of the most affluent areas in Scotland. 21% of children in the city live in poverty. Graph 5 in Appendix 1 shows the percentage of low income households in Edinburgh by ward and locality.
 - 3.17 These spatial patterns of poverty and income inequality are mirrored across most outcomes, particularly health, education and experience of crime. In general, people living in the most 'deprived' areas of the city are more likely to develop long term health conditions and to develop them at least ten years earlier than people living in the least 'deprived' areas.
 - 3.18 The Scottish House Condition Survey (SHCS) estimates that 24% of all households in Edinburgh were said to have at least one member who is long term sick or disabled (LTSD) in 2012-14, compared to the Scottish average of 36%. 55% of the households living in social housing were said to have a member who is LTSD, compared to 22% in owner occupied housing and 10% in private rented housing.
 - 3.19 25% of households in Edinburgh are in fuel poverty, with 6% of these in extreme fuel poverty. Despite investment to make homes more energy efficient, particularly social rented homes, levels of fuel poverty remain high because of low incomes and the cost of fuel.
 - 3.20 The Institute for Fiscal Studies forecast for UK poverty 2016-21 projects that there will be an increase in the overall poverty rate (with a significant increase in child poverty) and increasing income inequality.
 - 3.21 The average house price in Edinburgh in 2015/16 was £230,129. Edinburgh has the highest average house prices compared to other Scottish cities, and is 38% higher than the Scottish average. The Bank of Scotland Affordable Cities Review 2016 shows that Edinburgh's average house price is 6.12 times the average gross annual earnings in the city, making Edinburgh the least affordable city in Scotland to buy a home.
 - 3.22 Since 2008, mortgage providers have been more cautious in their lending and the number of mortgages with high Loan to Value (LTV) ratio has decreased dramatically since then. As a result first time buyers must now save up larger deposits in order to purchase a property, acting as a significant barrier to home ownership.
 - 3.23 Private sector rents have increased year on year over the last six years. The average private rent in Edinburgh has increased by 31% from £740 per month in Q1 2010 to £972 per month in Q1 2016. The average time taken to let a private rented property in Edinburgh has also reduced. Shorter letting times indicate increased demand in the market. This increase in demand is likely to be due to a

number of factors including restrictions on mortgage lending and high deposits required for first time buyers.

Housing need and demand

- 3.24 The second Housing Need and Demand Assessment (HNDA2) for the SESplan area was given 'robust and credible' status by the Scottish Government in March 2015. The HNDA2 shows that housing need in Edinburgh remains high. HNDA2 looks at a variety of scenarios and, depending on the assumptions made about economic growth (and other assumptions), the report identifies demand for between around 38,000 and 46,000 new homes in Edinburgh over the next ten years (or 3,800 to 4,600 per year). HNDA2 estimates a similar overall level of need and demand to the previous HNDA study. However, HNDA2 shows a significant shift in the balance between affordable need and market demand, with far more affordable need shown in HNDA2 compared to the first HNDA.
- 3.25 The Council has adopted a flexible and innovative approach to providing new homes. Partnership working with housing associations has accelerated house building in the affordable sector but this needs to be stepped up to meet the needs of people on lower incomes. Homes have been delivered through the Affordable Housing Planning Policy, the Council's 21st Century Homes programme and the National Housing Trust.
- 3.26 There continues to be a high demand for social rented homes. Currently there are around 23,000 people registered with EdIndex, the citywide housing register. Last year there was an average of 167 bids for each home advertised through the choice based letting system. Mid-market rent homes have also seen very high levels of interest. In May 2016, 1,372 people were actively seeking mid-market rent homes.
- 3.27 The proportion of private rented homes in the city has more than doubled since 2001, making up 29% of households in Edinburgh by 2014. This is significantly higher than the Scottish average of 14%. The owner occupied sector has reduced from its peak of 69% in 2001 to 56% in 2014. Edinburgh has amongst the lowest level of social rented homes when compared to other local authorities in Scotland, at only 13% of total stock, compared to a Scottish average of 24%. The reduction in home ownership and comparatively low levels of social rented stock mean more people have to rely on the private rented sector, pushing up housing costs in the city.
- 3.28 A recent report from the Joseph Rowntree Foundation (Tackling Poverty through housing and planning policy in city regions – June 2016) suggests that, in a UK context, the private rented sector is becoming home to more people in poverty.
- 3.29 Homelessness presentations have continued to fall but people are spending longer in temporary accommodation. The average length of stay in temporary accommodation has increased significantly from 69 days in 2007/08 to 119 days in 2015/16, an increase of 72%. This trend is due in large part to the lack of suitable permanent, affordable accommodation for people to move into.

- 3.30 There are other challenges around homelessness. These will continue to be discussed with colleagues in Homelessness, Assessment and Support so that the CHS clearly reflects priority work areas for this service area and work being undertaken as part of Inclusive Edinburgh.

Housing Strategy: responding at scale

- 3.31 The housing strategy for the city needs to respond to these challenges. More low cost and affordable homes are required to meet the needs of low to middle income households and to help reduce the inequality gap within the city.
- 3.32 On 21 January 2016, the Council approved the five year Housing Revenue Account Budget Strategy 2016/17 to 2020/21. The strategy was informed by extensive consultation with tenants at the end of 2015. The aim of the strategy is to significantly increase the number of affordable homes in the city from 3,000 to 8,000 over the next ten years and invest in services that will reduce tenants' cost of living.
- 3.33 The Council's house building commitment has been matched by six housing associations, which will deliver 16,000 new affordable and low cost homes in the city over the next decade. This unprecedented commitment by partners reflects the strength of partnership working between the Council and its housing association partners. It will also make a significant contribution to Edinburgh's economy, creating 3,000 permanent jobs (a 1.5% increase in employment created in the city).
- 3.34 This £2 billion investment in new homes by the Council and its not for profit partners creates an unprecedented opportunity to transform areas of the city, such as the Waterfront, where housebuilding for the private market has stalled leaving large brownfield sites undeveloped. New well designed, energy efficient homes for rent and sale will form part of existing and new communities; creating places that people wish to live in with opportunities for residents to have greater involvement in the management of estates. Housing investment can unlock investment in commercial and retail facilities revitalising town centres with community benefits delivered through construction contracts.
- 3.35 The Council's 21st Century Homes programme has demonstrated how communities can be engaged in placemaking through the housing development process, from participation in masterplanning exercises through to new residents managing homes in partnership with landlords. The creation of localities provides an opportunity to further develop community involvement in the planning and management of new housing and neighbourhoods.
- 3.36 The significant investment in house building also provides an opportunity to strengthen joint working between housing and health and social care partners to develop homes and integrate services in a more planned and strategic way.
- 3.37 The Housing Contribution Statement, part of the Edinburgh Health and Social Care Partnership Strategic Plan 2016-19, includes a significant commitment to aim to invest up to £300 million of the planned investment to support the delivery of around 3,000 affordable homes and integrated health, care and support services for people

with complex physical and health needs. The Strategic Plan was approved by the Edinburgh's Integration Joint Board on 11 March 2016 and Health, Social Care and Housing Committee approved the commitment to support health and social care priorities through housing investment on 19 April 2016.

- 3.38 The Housing Contribution Statement outlines the significant role housing plays in supporting health and social care priorities, including the focus on tackling inequalities and investing in preventative and early intervention approaches. The housing sector in Edinburgh carries out a wide range of activities which have a significant impact on the health and wellbeing of citizens. These range from investment in new affordable homes and improving existing homes through to the provision of preventative services around homelessness, housing support and adaptations, often delivered by housing organisations at a local level.
- 3.39 The investment strategy is also part of a wider regional response to meeting housing need and demand, being taken forward as part of the Edinburgh and South East Scotland City Region (ESESCR) Deal proposal. City Region Deal proposals have been shaped around four interconnected programmes, one of which is a Regional Housing Programme. This programme will enable the development of major strategic housing sites and the delivery of affordable housing across sites identified in the strategic housing investment programmes and the wider public sector estate, as outlined in the City of Edinburgh Council report on the ESESCR Deal on 30 June 2016. The four strands of the programme are:
- A strategically significant revolving **Housing Infrastructure Fund** to deliver a large number of affordable and market homes across major housing sites where prohibitive infrastructure costs are identified.
 - **Additional affordable housing grant funding** for the region is sought over the next ten years.
 - **Consent to on-lend** can enable the Council to invest and deliver up to 500 low cost homes to rent each year.
 - **A Regional Land and Property Commission** will assess public sector site viability for accelerated affordable housing led development prior to sites being marketed on the open market. It will also have powers to acquire sites from the private market. A start up loan fund is sought to enable site acquisitions between partners, with loans repayable post development. Potential partners could include Local Authorities, Scottish and UK Government, NHS, MoD, Police and Fire services and the Crown Estate.
- 3.40 The scale of the housing challenge facing the region cannot be overcome without Government intervention. City Deal intervention could have a transformative impact on regional housing supply and accelerate the delivery of thousands of new low cost and affordable homes across the region. The City Deal proposal will also contribute significantly towards the Scottish Government target to deliver 50,000 new affordable homes over the next five years.

- 3.41 The Regional Land and Property Commission proposal is in response to the challenge of securing sites for development to deliver new affordable home. It is essential that public sector land owners make land available for accelerated development of low cost and affordable homes. Strategic partnerships need to be established, with developers, to focus on long-term returns rather than short-term profits. The land challenge was discussed with Edinburgh Community Plan partners following the presentation of a report on housing at the Edinburgh Partnership Board meeting on 17 March 2016. Discussions with NHS Lothian are also ongoing in relation to sites in their ownership which could be used to meet joint housing and health priorities.
- 3.42 The Council's Affordable Housing Planning Policy ensures that 25% of homes, on sites of over 12 units, developed in the city are affordable. This currently delivers around 500 affordable homes a year. The Council will continue to work with partners and stakeholders to ensure the Affordable Housing Planning Policy continues to meet the housing needs identified within the HNDA and Development Plans.
- 3.43 Under the National Housing Trust (NHT) initiative, the Council is working in partnership with the Scottish Futures Trust (SFT) to establish eight Limited Liability Partnerships to deliver mid-market rent housing. The Council has committed over £100 million for the development of eight NHT developments in Edinburgh, which will deliver 886 affordable homes. This represents around 40% of the national programme. NHT projects have been supported by Council investment through on-lending of over £100 million and Scottish Government capital and revenue guarantees. To date there has been no call on the Scottish Government guarantee for any of the NHT developments.
- 3.44 Building on this successful partnership, Council agreed in September 2015 to set up a local housing company to help stimulate the development of high quality, well managed market rented homes for people on low to moderate incomes. This proposal also forms part of the ongoing City Deal discussions.
- 3.45 On 21 January 2016, the Council approved, with cross-party political support, the five year Housing Revenue Account Budget Strategy 2016/17 to 2020/21. A key aim of the HRA Budget Strategy is to invest in services that will reduce tenants' cost of living. Through consultation and engagement tenants report significant challenges in meeting their day to day essential living costs, including paying for energy, food and clothing. Tenants agreed their priorities as:
- Building more affordable homes.
 - Improving the energy efficiency of homes.
 - Reducing energy costs.
 - Introduction of a tenant discount card scheme.
 - Tailored energy advice.
 - Access to digital services for Council tenants.

- Increasing the network of community gardens and food growing initiatives on HRA land.
- 3.46 A separate report to this Committee updates on the progress of the Housing Revenue Account Budget Strategy 2016/17 to 2020/21 and sets out proposals on the delivery of the strategy in 2017/18. The 2017/18 strategy aims to continue the delivery of a strong programme of tackling inequality by implementing the cost saving measures identified through last year's 'Invest to Save' consultation.
- 3.47 The 2017/18 budget consultation will ask what else can be done to tackle inequality, such as looking at ways of enabling tenants to get the skills and training and support they need to get into work.
- 3.48 The Housing Service is moving to a patch based model with around 100 Housing Officers managing local patches, within the four locality areas. Officers will have a highly visible, more generic role, involved in all aspects of housing management. The patch based model will also be supported by greater integration of housing management, property and regeneration services. There are opportunities to strengthen relationships with partners, particularly housing association partners, within the context of locality working to help address issues such as management of mixed tenure estates and shared repairs and to expand initiatives to reduce tenants' cost of living to benefit a wider group of tenants.
- 3.49 All homes will need to meet the new Energy Efficiency Standard for Social Housing (EESH). Around 90% of homes in multi storeys already meet EESH standards. The Council has commissioned Changeworks to develop a detailed works programme and costings to ensure homes not only meet, but where possible exceed EESH by 2020.
- 3.50 The CHS has to set out how fuel poverty will be addressed. The Council will continue to work with partners such as Changeworks and Home Energy Scotland to address fuel poverty, improve energy efficiency and reduce carbon emissions as part of the wider Homes and Energy Strategy. Key elements of this strategy include investing in improving the energy efficiency of Council homes and reducing energy costs through social enterprises and renewable energy generation. The Council became a member of Our Power in October 2015 to help reduce tenants' fuel bills. Home Energy Efficiency Programmes for Scotland: Area Based Schemes (HEEPS: ABS) funding will continue to be used to help private owners and landlords improve their homes in mixed tenure areas where the Council is also carrying out work.
- 3.51 The scale of investment in new affordable and low cost homes, coupled with the strategy to reduce the cost of living for tenants, provides an opportunity to achieve enhanced community benefits and more employment and training opportunities for communities and council tenants. Housing Service officers are in discussion with colleagues in the Council's Employability Team to identify opportunities to align the housing investment strategy and employability strategy.

- 3.52 The employability service and wider network engage with clients who face multiple barriers to employment. Aligning existing employability programmes to the housing investment strategy has the potential to increase the employability of tenants who face these barriers. The housing strategy will aim to work with partners to establish a jobs-led community resilience programme, aimed at tenants and their families.
- 3.53 A report to Economy Committee 28 June 2016 'Investment and Regeneration in Edinburgh – Next Steps' included a proposal to support the development of homes suitable for families earning low to middle incomes and workers who would not typically qualify for affordable housing but who may struggle to secure housing on the open market, and who are vital to the performance of the economy. Examples would include people earning low to moderate incomes, key workers and professionals at the outset of their careers. The report proposed that there is a role for the Council in ensuring that specific workers vital to the performance of the economy can secure homes in appropriate locations.

Review of Strategic Management Framework for CHS

- 3.54 Section nine of this report outlines the positive approach to consulting and engaging with partners and tenants. This approach will continue but the step-change in scale and ambition of the housing strategy requires a review of the strategic management framework for the strategy. A workplan and consultation plan will be developed to support development and ongoing review of the CHS.
- 3.55 Officers will undertake a review of the strategic management framework for the housing strategy to ensure:
- There is involvement of partners and key stakeholders who can influence the strategy and improve ongoing analysis of its effectiveness and:
 - That the strategy continues to support and align with the Council's wider strategies and vision, including tackling inequality and the delivery of services at local level.
- 3.56 This will also help to identify any gaps in the CHS and ensure statutory responsibilities are being met. For example, officers from the Housing Service need to work closely with colleagues and partners in Safer and Stronger Communities, where overall responsibility for the Homelessness, Assessment and Support service now sits. There is a statutory requirement for the CHS to have a clear statement on the strategy for alleviation and prevention of homelessness and housing support. Further work will be undertaken with colleagues and partners on this to ensure alignment with the CHS and the overall approach to homelessness prevention.
- 3.57 A revised CHS for 2017-22 will be presented to Committee following consultation with partners and stakeholders over the next 12 months.

Measures of success

- 4.1 Increasing the number of affordable and low cost homes in the city.

4.2 Reducing the cost of living for tenants.

Financial impact

- 5.1 The Council led house building programme will be funded through the Housing Revenue Account (HRA) budget strategy which is based on generating efficiencies in the housing service, additional income through a robust asset management strategy and a stable and affordable rent strategy.
- 5.2 The Council report 'The Edinburgh and South East Scotland City Region (ESESCR) Deal' on 30 June 2016 outlines the financial impact and notes that financial arrangements for agreeing a City Region Deal remain subject to negotiation.

Risk, policy, compliance and governance impact

- 6.1 Under the Housing (Scotland) Act 2001, local authorities are required to prepare a five-year Local Housing Strategy. The Strategy is reviewed annually to ensure it continues to support key strategic priorities and customer needs and is responding to drivers within the housing market as well as policy or legislative changes.
- 6.2 There are challenges facing the delivery of the housing investment strategy. These include land availability, construction capacity, planning, funding models and integrated decision making. These can be addressed by partners taking a collaborative approach to developing new initiatives, funding models and asset management. The report to this Committee on the HRA Budget Strategy 2016/17 to 2020/21 outlines the financial impact and risk elements of the Budget Strategy in more detail.

Equalities impact

- 7.1 The Equalities Impact Assessment (EIA) concludes that the housing strategy should have a positive impact on tackling inequality through investment in new affordable homes for people on low to medium incomes as well as using this investment to explore links to the Council's employability strategy.
- 7.2 The commitment within the Housing Contribution Statement will help increase the supply of homes, linked to support services, suitable for older people, people with disabilities and people with complex physical and health needs. A separate EIA was undertaken for the Health, Social Care and Housing Committee report of 19 April 2016 on Housing Investment to Support Health and Social Care Priorities.
- 7.3 The Housing Revenue Account investment strategy of prioritising investment on services and improvements that reduce the cost of living for tenants will have a significant financial benefit for tenants who are under financial pressure.

Sustainability impact

- 8.1 The Council led house building programme seeks to maximise delivery of homes on brownfield sites, reducing pressure on Edinburgh's green belt. New homes are built to high standards in terms of energy efficiency and sustainability.

- 8.2 It is estimated the accelerated house building programme will create 3,000 permanent new jobs an addition of 1.5% in employment created in Edinburgh.
- 8.3 Investing in improvements to Council homes will increase energy efficiency and lead to a reduction in carbon emissions.
- 8.4 The Council's partnership with Our Power will help ensure stable and affordable energy prices for tenants.

Consultation and engagement

- 9.1 The Housing (Scotland) act 2001 requires local authorities to consult on their Local Housing Strategy. The priorities and policy objectives set out in this report have been informed by discussions with partners and tenants. Consultation with tenants and partners is ongoing. It includes consultation with other Council service areas, partners, stakeholders and residents. The report recommends establishing a more formal governance structure to help identify shared challenges and to shape and adapt the strategic response.
- 9.2 CHS priorities and outcomes can only be delivered through partnership working. Ongoing engagement with partners helps to identify any gaps in the strategy and identify the key actions required to meet housing challenges in the city and wider region. Discussions with local authority partners and other key stakeholders on the City Deal Regional Housing Programme have contributed to the policy direction of the CHS.
- 9.3 There is continuous discussion with partners through regular meetings, working groups and forums and these will continue to be used in shaping and reviewing the CHS. For example, the Edinburgh Affordable Housing Partnership meeting in August 2016 focused on the CHS and it was discussed at the Housing and Energy Forum on 8 July 2016. The Edinburgh Affordable Housing Partnership Development Workshop on 31 May 2016 and Edinburgh Affordable Housing Partnership Health and Social Care Sub Group Workshop on 28 June 2016 are examples of ongoing engagement between the Council and housing association partners, working constructively to identify and respond to strategic housing issues.
- 9.4 Housing partners were consulted on and involved in the development of Edinburgh Health and Social Care Partnership's Strategic Plan for integration. The Housing Contribution Statement (HCS) was developed through joint working between housing partners and health and social care partners and the Edinburgh Affordable Housing Partnership Health and Social Care Sub Group is continuing to meet to help progress the commitments within the HCS and wider Strategic Plan.
- 9.5 Consultation on the Strategic Housing Investment Plan (SHIP), which is due to be updated for November 2016, is being undertaken with partners who are key in ensuring delivery of the Affordable Housing Supply Programme.
- 9.6 Engagement with tenants through the Rent Matters Working Group and annual rent consultation has, and continues to, provide a good understanding of tenant

priorities. As part of the next annual rent consultation the Housing Service will consider how to consult more effectively with 'hard-to-reach' groups.

Background reading/external references

[Housing Service Transformation Plan – Health, Social Care and Housing Committee 8 September 2015](#)

[Accelerating House Building – City of Edinburgh Council 17 September 2015 \(referral from Health, Social Care and Housing Committee\)](#)

[Housing Revenue Account – Budget Strategy 2016-17 to 2020-21 – City of Edinburgh Council 21 January 2016 – referral from Finance and Resources Committee](#)

[Edinburgh Partnership Board 17 March 2016 – report on Building 16,000 affordable homes and low cost homes in Edinburgh over the next ten years](#)

[Housing investment to support health and social care priorities – Health, Social Care and Housing Committee 19 April 2016](#)

[Housing Improvement Programme: Delivering the Budget Strategy in 2016/17 – Health, Social Care and Housing Committee 21 June 2016](#)

[Investment and Regeneration in Edinburgh – Next Steps – Economy Committee 28 June 2016](#)

[The Edinburgh and South East Scotland City Region \(ESESCR\) Deal – The City of Edinburgh Council 30 June 2016](#)

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Links

Coalition Pledges

P8 Make sure the city's people are well-housed, including encouraging developers to build residential communities, starting with brownfield sites

P9 Work in partnership with Scottish Government to release more funds for Council homes to rent

P10 Set up an empty homes task force to investigate ways to bring empty homes back into use

P11 Encourage the development of co-operative housing arrangements

P17 Continue efforts to develop the city's gap sites and encourage regeneration

P28 Further strengthen our links with the business community by developing and implementing strategies to promote and protect the economic well being of the city

P29 Ensure the Council continues to take on apprentices and steps up efforts to prepare young people for work

Council Priorities

CP2 Improved health and wellbeing: reduced inequalities

CP3 Right care, right place, right time

CP4 Safe and empowered communities

CP7 Access to work and learning

CP10 A range of quality housing options

CP12 A built environment to match our ambition

Single Outcome Agreement

SO1 Edinburgh's economy delivers increased investment, jobs and opportunities for all

SO2 Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health

SO4 Edinburgh's communities are safer and have improved physical and social fabric

Appendices

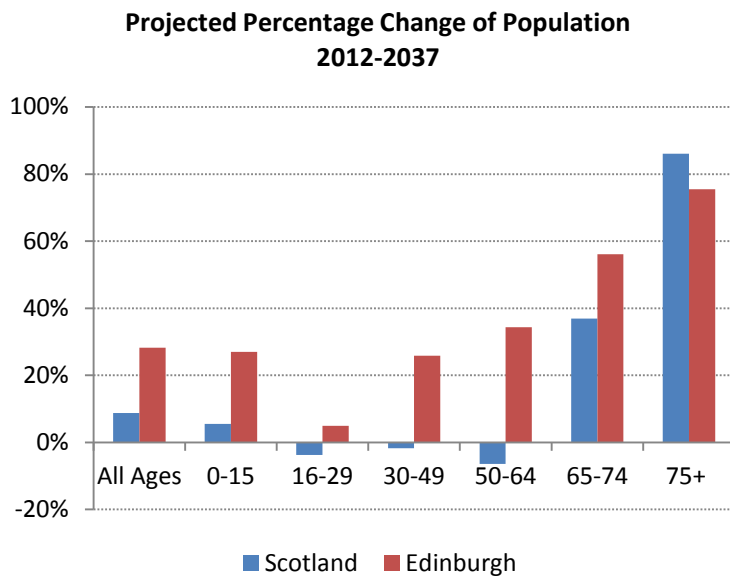
Appendix 1: Income and Housing Affordability Data Analysis

Appendix 2: Proposed City Housing Strategy Objectives

Appendix 3: Council led House Building Programme Map

Appendix 1: Income and Housing Affordability Data Analysis

1. Edinburgh's population is expected to increase at a greater rate than the Scottish average.

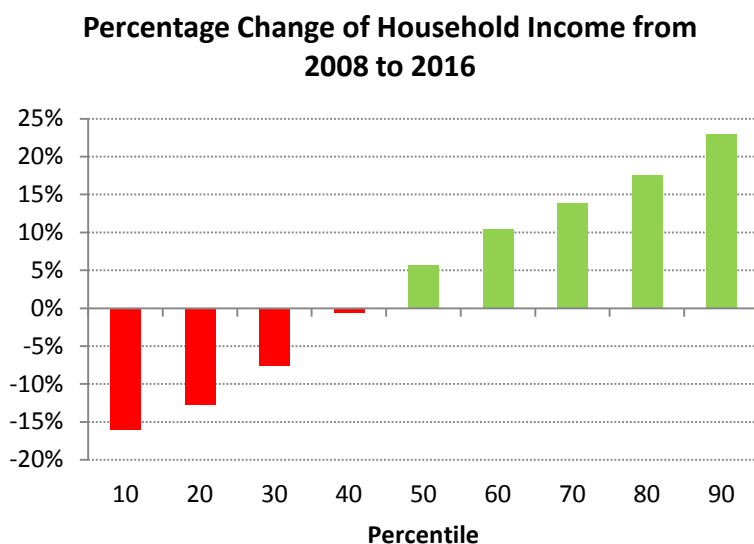


The number of people living in Edinburgh is projected to increase by 28.2% from 482,640 in 2012 to 618,978 in 2037. The Scottish population is projected to increase by 8.8% over the same period.

In Edinburgh the number of people in all age groups is projected to increase, with the population in the 75+ age group expected to have the greatest percentage increase.

Source: National Records of Scotland

2. Household incomes for high earners have risen, whilst lower earner incomes have fallen.

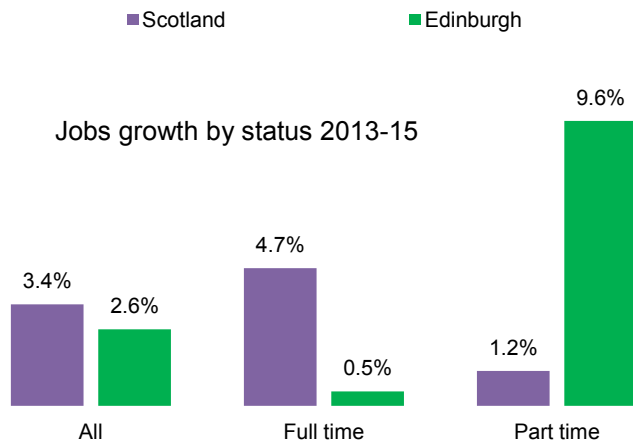


Between 2008 and 2016 income growth has been strong for high earners, while incomes have fallen for those already on low incomes.

This has a 'pincer effect' for those on low incomes, with housing costs becoming less affordable for many low to moderate income households in Edinburgh.

Source: CACI Paycheck

3. Over the past three years the number of part time jobs has grown more quickly than full time jobs.



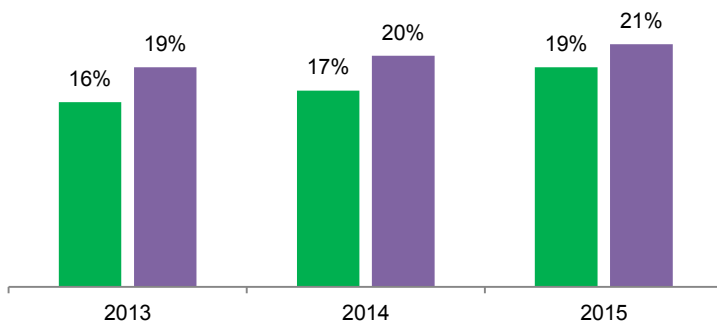
Jobs growth has been strongest in part time jobs employment over the last three years, meaning the total number of hours worked in the city remains relatively flat.

This is contributing to the productivity growth challenge in Edinburgh, which is critical to sustained improvements in living standards as well as economic competitiveness.

Source: Annual People Survey

4. 19% of Edinburgh residents were earning below the living wage in 2015.

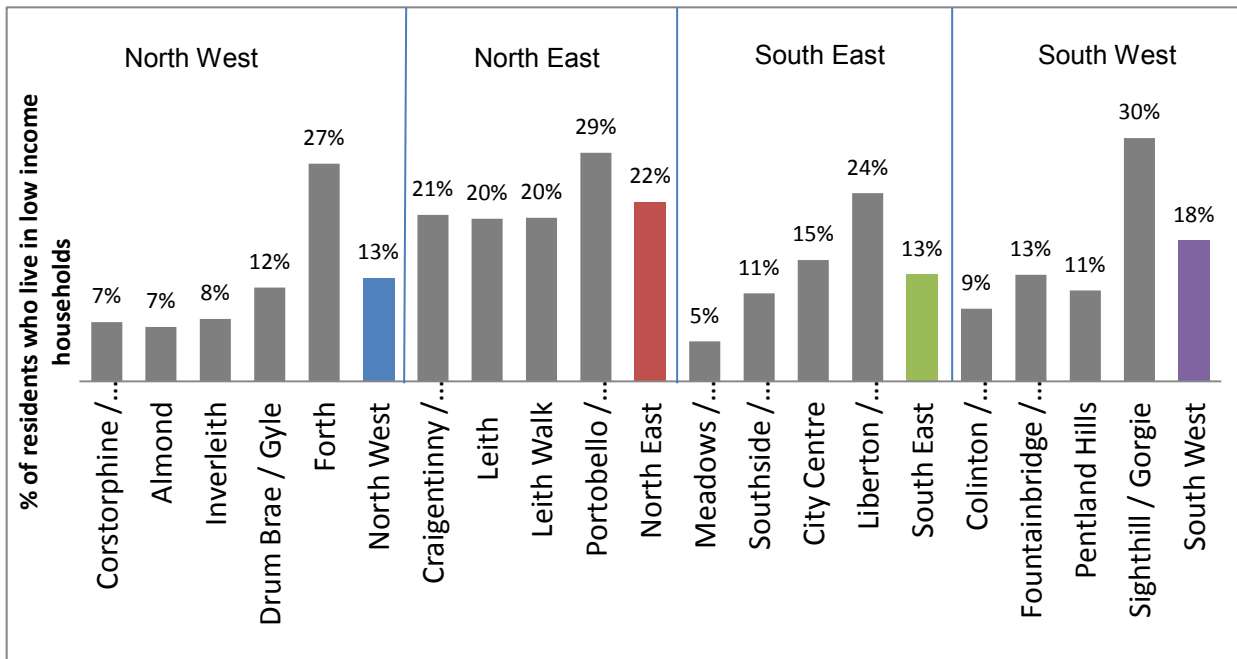
Percentage of working residents earning below Living Wage



19% of Edinburgh's working residents earned wages below £8.25 in 2015 (Living Wage foundation threshold in 2015). This has increased from 16% in 2013.

Source: ONS: Annual Survey of Hours and Earnings

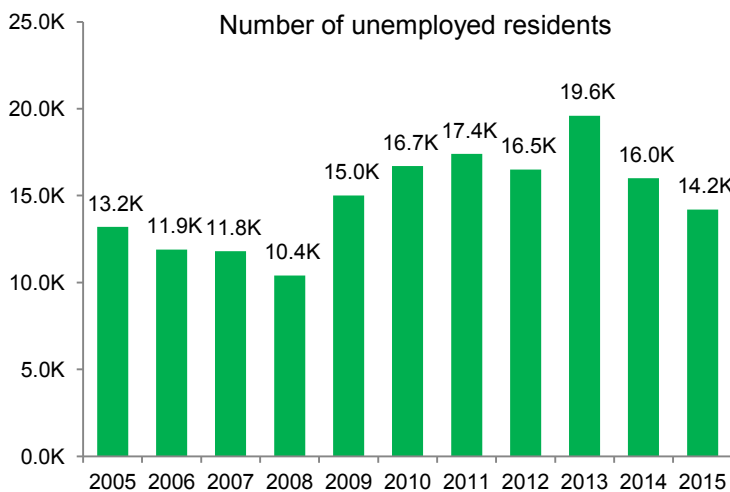
5. The percentage of residents who live in low income households varies by locality and ward, 2013/14



Source: CEC Business Intelligence modelled estimates

The percentage of residents living in low income households varies by locality, from 13% in North West and South East, up to 22% in North East. Within each locality there is a variation between wards. The highest percentage of residents living in low income households are in Forth, Portobello/Craigmillar and Sighthill/Gorgie wards.

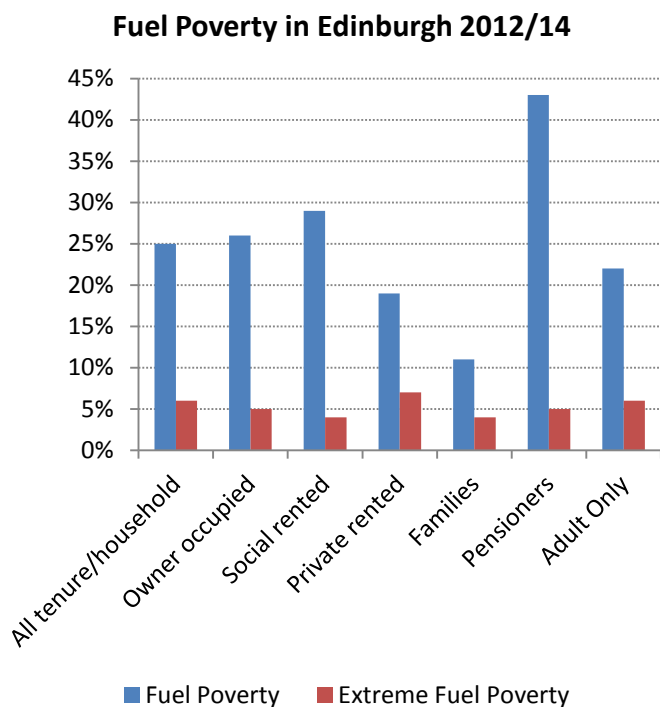
6. Unemployment levels in the city remain higher than pre recession levels



14,200 residents were unemployed in 2015 – 5,000 fewer than the peak unemployment levels recorded in 2013, but still higher than pre-recession levels. Worklessness trends follow those of unemployment generally. In 2015, 16% of Edinburgh residents lived in a household where no adult was employed

Source: Annual Population Survey

7. A quarter of Edinburgh’s households are in fuel poverty.

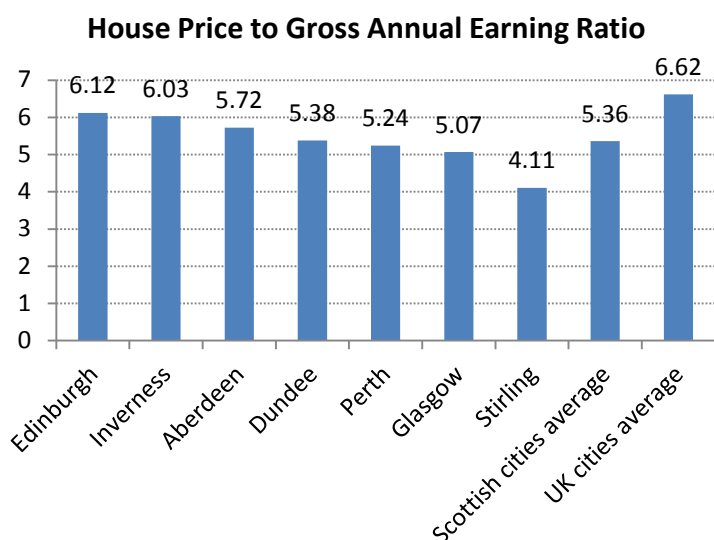


25% of Edinburgh’s households are in fuel poverty, defined as spending more than 10% of the household income to maintain a satisfactory heating regime at home. When a household spend more than 20% of the income to achieve the same, this is defined as extreme fuel poverty; 6% of Edinburgh’s households fall into this category.

Social rented households are more likely to be fuel poor than households in other tenures and pensioner households are most likely to be in fuel poverty when compared to other types of household. However private rented households are most likely to be extreme fuel poverty.

Source: Scottish House Condition Survey

8. Edinburgh is the least affordable Scottish city for house buying.

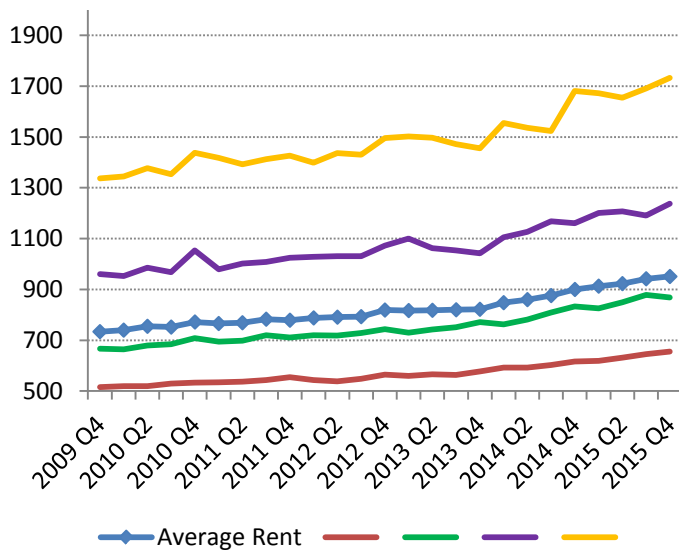


According to the Bank of Scotland’s review, Edinburgh’s average house price is 6.12 times the average gross annual earnings in the city, making Edinburgh the least affordable city in Scotland.

Source: Bank of Scotland Affordable Cities Review 2016

9. Private rents have been increasing steadily indicating increasing demand in the sector.

Average Monthly Rent in Edinburgh PRS



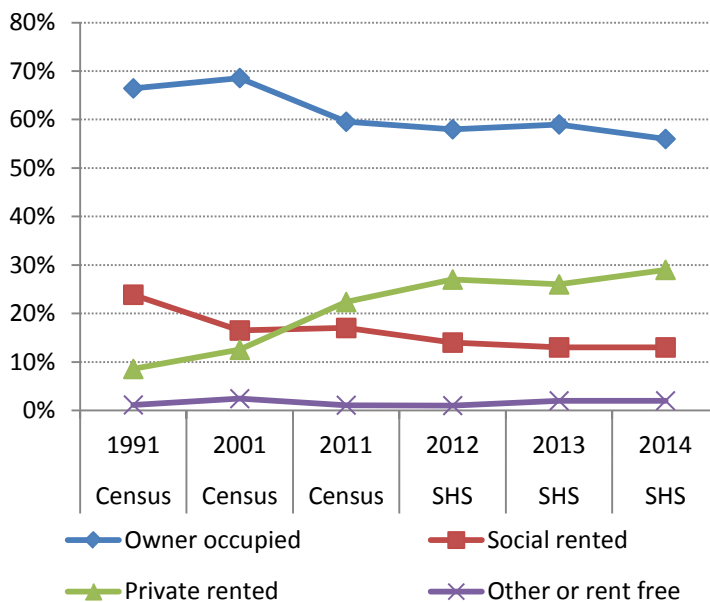
The average private rent has increased by 31% from £740 per month in Q1 2010 to £972 per month in Q1 2016.

The largest rent increase during this time was in four bedroom homes (34%) and the smallest increase was in one bedroom homes (31%).

Restrictions on mortgage lending, high deposits and economic uncertainty are likely to have increased demand in the private rented sector.

Source: Citylets

10. The proportion of private rented homes in Edinburgh has more than doubled since 2001, mainly at the expense of the owner occupied sector.



The private rented sector only accounted for 13% of the households in Edinburgh in 2001. It has since then increased to 22% in 2011 and more recently to 29% in 2014. This is significantly higher than the Scottish average of 14%. The owner occupied sector has reduced from its peak of 69% in 2001 to 56% in 2014.

Social rented homes account for 13% of the housing stock in Edinburgh, compared to the Scottish average of 24%.

Source: Census and Scottish Household Survey

Appendix 2: Proposed City Housing Strategy Objectives for ten years

To help deliver the Council's vision to support the economic growth of the city and significantly reduce inequality and deprivation the City Housing Strategy sets out a number of key objectives for the next ten years.

1. Build at least 16,000 more affordable and low cost homes by investing nearly £2 billion in their delivery.
2. Accelerate housing development on public sector sites and investment in other public service priorities in the city and region.
3. Use the Council's compulsory intervention powers where sites are not being developed quickly enough.
4. Set out a clear plan for investing up to £300 million in new services to support integrated health and social care services for people with complex and deteriorating health needs.
5. Ensure investment in new homes and modernising existing homes reduces the cost of living for people on low to moderate incomes who live in them.
6. Develop ways in which housing and other related services can have a visible local presence on the ground in the communities in which their customers live.
7. Ensure that planning, investment and economic strategies set at regional and national level support the delivery of an improved housing system for the city.
8. Improve placemaking by ensuring that housing led investment is integrated more effectively with other investment and service development to improve surrounding neighbourhoods and communities.
9. Secure better education, training and job opportunities for tenants by making better use of the significant investment planned over the next ten years.

Appendix 3: Council led House Building Programme Map

Largest Council led housebuilding programme in Scotland and one of biggest in UK on 15 brownfield sites.

