

Scottish Borders Council submission on the housing emergency

I am writing in response to your letter dated 20 January 2025 seeking an update on our housing emergency response. This letter provides some contextual information on the challenges specific to our region and provides an update on the four specific points raised in your letter.

Scottish Borders Council (SBC) is a 'stock transfer' Local Authority. This means that the Council does not own, provide, build or manage any social housing. In that context SBC is reliant on the local Registered Social Landlords (RSLs) to deliver new affordable housing supply and make best use of the available grant funding.

RSL led investment into affordable homes in the Borders has been exceptional, in the national context, delivering excellent quality, affordable homes which meet a wide range of needs. In most years, demand for grant funding in our region has exceeded our Resource Planning Assumption, and as such, underspends have very much the exception. In seven of the previous twelve years our developing RSLs have benefited from additional Housing Association Grant funding. In 2019/20, for example, the Borders programme secured an additional £3.377M, spending £19.375M in total.

SBC acknowledge through our Housing Emergency Declaration that there are a range of challenges associated with the delivery of new homes in our region, particularly the significant escalation in associated costs over recent years. These inflationary pressures change the dynamic of what is achievable and impact the appetite for risk. It is worth highlighting that the average cost to construct a new affordable home in the Borders is now typically closer to £300k, compared to £200k nationally, making affordable housing development in the Scottish Borders increasingly challenging to deliver. Development challenges were a factor (among many) which prompted Scottish Borders Council to [declare a Housing Emergency](#) on 30 May 2024.

The Scottish Borders were allocated £15.954M in AHSP funding for financial year 2023/2024, however a wide range of complex and varying factors resulted in the local developing RSLs utilising only £7.945m of our initial AHSP allocation. In February 2024 the funding not committed required to be re-allocated to other parts of the Southeast of Scotland to avoid an affordable housing underspend across the City Region area. At the same time however, viability gaps in local projects led SBC to commit over £3 million from its own resources to sustain local affordable housing developments, despite the underspending of available Scottish Government funding.

The table below provides a breakdown of the total number of affordable homes being delivered by our RSL partners, the number of affordable homes under construction and site starts. The number of new supply affordable homes being delivered has typically exceeded our Housing Supply Target up until 2024/25. The number of site starts have been lower than previous years and affordable homes under construction has decreased. As a result, in 2024/25 and 2025/26 it is unlikely we will meet our Housing Supply Target of 141 new affordable homes per year. The number of site starts however is at 119 in 2024/25 with a total of 140 affordable homes currently under construction.

	2021/22	2022/23	2023/24	2024/25	2025/26
Total number of affordable homes (incl OMP, OMSE)	314	147	221	83	52
No. of new supply affordable homes	237	120	177	72	52
Number of Open Market Purchases by RSLs	60	13	19	9	tbc
Number of Open Market Shared Equity	16	8	21	2	tbc

Number of new supply from Rural Housing Grant	1	6			tbc
Number of other new affordable homes			4		tbc
Total number of affordable housing site starts	??	50	41	119	195*
Total number of affordable homes under construction	329	148	41	140	-
*This is an estimated based on the number of projects coming into the Affordable Housing Supply Programme					

The Council is fully committed to enabling the delivery of affordable homes and maximising the AHSP allocations far as possible. The significant housing pressures locally mean that delivering on this commitment is more important than ever. The RSLs are working hard to deliver new homes but it should also be acknowledged they also operate within a finite budget, and with the costs of developing a new affordable home being as they are in the Borders, the ability for the RSLs to develop becomes increasingly unsustainable. Most projects are significantly above current grant 'benchmark' rates, often requiring financial intervention from SBC to help close the viability gap and ensure the homes delivered are truly affordable.

In the 2023/24 financial year our AHSP, unfortunately, felt the cumulative impact of a range of challenges out with SBC's and the RSL's ability to control. The programme in any given year is largely responding to factors that happened in previous years. Previous years have seen a fundamental adjustment in our relationship with EU, a global pandemic, an energy crisis, significant inflationary pressures as well as increased costs of borrowing. It should be accepted that knock-on effects will be felt as a result, and these undoubtedly impacted on the local programme in recent years, and the AHSP spend in 2023/24.

We are also facing barriers in accessing funding to unlock other housing opportunities, for example the Rural Housing Key Worker Fund. Many key workers who serve our more remote and rural communities opt, or aspire, to live in nearby settlements not classed as rural and therefore more flexibility with this funding criteria could prove useful in the Borders context.

SBC is also deeply disappointed by the recent decisions in relation to Rural and Islands Housing Fund (RHIF) applications, whereby Scottish Government chose not to fund the feasibility work required to advance Stow, and Newcastleton's, exploratory work related to community led housing opportunities.

Our Empty Homes Grant Scheme has also proven to be successful, however despite our efforts we have limited financial resources to realise the scale of the opportunity. Over the period 2021-2028 SBC has committed £1.2M in capital funding to support this activity, again from our own resources. We are asking the Scottish Government to consider making capital grant funding available to help bring properties back into use where owners agree to let the home at an affordable level for an agreed period. SBC would request the committee consider this opportunity when publishing its final report.

Scottish Borders Council would also request the Local Government Housing and Planning Committee initiates a full review of the current funding arrangements, in particular introducing more local flexibility in the Affordable Housing Supply Programme arrangements. This could include:

- Ensuring long-term and sustainable funding for the Scottish Borders, ideally providing Resource Planning Assumptions/Allocations for a minimum of five years to align with SHIP requirements and allow early funding communication.
- Permit the 'carry forward' of AHSP funding over a multi-year period to reduce underspend risks and facilitate strategic planning.
- Allow greater flexibility in terms of grant rates and programme arrangements, including a suspension of benchmark rates to better address viability gaps and

support Mid-Market Rent developments in our region. This will help remove the requirement for SBC to deploy second homes council tax to assist projects, freeing up resource for future affordable housing priorities, such as Extra Care Housing.

- Allow more creative use of available capital funding to support initiatives such as bringing private sector empty homes back into use at affordable rental levels.

Finally, it is worth highlighting that the LHA rate in the Borders is one of the lowest in Scotland. It does not adequately reflect the costs of renting and people are struggling to live sustainably in this tenure. We would request that the Scottish Government continue to take cognisance of this issue and seek to work with the UK Government to restore the Local Housing Allowance, end freezes and, particularly important in our context, review the Broad Rental Market Areas (BRMAs).

Scottish Borders Council Housing Emergency Update

In response to your specific queries, I can provide the following updates:

Action taken in your area to tackle the emergency and what progress has been made.

In early recognition of some of the challenges faced in our region the Convention of South of Scotland held a housing summit in February 2023. Convened by the Deputy First Minister (John Swinney at the time) and the then Cabinet Secretary for Social Justice, Housing and Local Government (Shona Robison), the convention committed to working together to help address housing challenges in the region. Subsequently the Regional Economic Partnership brought together a wide range of housing stakeholders and partners to develop, and launch, the [Regional Housing Action Plan](#) in July 2024, with a focus on supporting the sector and addressing barriers to development across the South of Scotland. As you may be aware work is currently underway to deliver ten priority actions over the next two years.

SBC have developed a draft Housing Emergency Action Plan which will be reviewed by our newly established Strategic Housing Forum at their inaugural meeting on the 11 February. SBC are already working towards several of the identified actions. The new Strategic Housing Forum will effectively act as a Housing Emergency Programme Board, discussing key strategic housing issues, monitoring delivery against the actions set out in the Draft Housing Emergency Action Plan and agreeing key priorities and actions in response to the Housing Emergency.

SBC have committed over £3M in funding to support the RSLs to deliver their affordable housing programme and address viability gaps. This includes:

- £961,000 commitment from the Council's Second Homes Council Tax Affordable Housing Investment Budget to grant assist Waverley Housing to support the delivery of phase one (25 homes) new build development at Upper Langlee, Galashiels.
- £785,000 commitment from the Council's Second Homes Council Tax Affordable Housing Investment Budget to grant assist Scottish Borders Housing Association to develop 16 new homes on a complex brownfield site in one of our most deprived areas at Burnfoot, Hawick;
- £800,000 commitment from the Council's Second Homes Council Tax Affordable Housing Investment Budget to grant assist Eildon Housing Association to progress plans to build 10 affordable homes in Westruther, following a complex situation

whereby the appointed contractor failed to meet performance targets and subsequently went into administration.

- £600,00 commitment from the Council's Second Homes Council Tax Affordable Housing Investment Budget to grant assist Eildon Housing Association to deliver 22 new affordable homes at Tweedbridge Court in Peebles.

We would re-iterate these financial commitments have been agreed to address viability gaps in projects which can't be addressed through the current Affordable Housing Supply Programme arrangements. This approach is not sustainable in the longer term and diverts Council funding away from other key strategic priorities, such as Extra care Housing.

SBC have committed a total of £1.2M up to March 2028 to provide grant assistance to owners of empty homes to help bring them back into residential use as affordable housing for a minimum period of five years. The SBC Empty Homes Grant Scheme has supported 19 projects to date with a total grant allocation of £467,244. Of these projects, 11 homes have been completed and are occupied. It's anticipated this investment will bring 48 empty homes back in to use as well as leveraging significant private investment of around £4.5M.

In addition SBC continue to progress other actions such as:

- Working with Edinburgh and South East Scotland City Region Deal in delivering the Regional Home Demonstrator programme to accelerate affordable housing delivery and housing across all tenures
- Working in partnership with South of Scotland Community Housing and RSLs to deliver housing as an element of community led regeneration, including providing funding for local Housing Needs Assessments
- Working with partners to deliver the level of homes identified in the Strategic Housing Investment Plan 2025-30
- Initiating research in collaboration with SOSE, Scottish Futures Trust, D&GC and South of Scotland Community Housing to better understand the demand for key worker housing in the Borders and to identify viable delivery models
- Reviewing planning policies e.g. exception policies, scheduled review and update of the Affordable Housing Policy and considering planning control for short term lets
- Establishing the Borders Health and Homelessness Strategic Partnership to deliver the outcomes identified in the RRTP.

What progress is being made in reducing the number of property voids or empty homes, or to increase the acquisition of properties.

Scottish Borders Council (SBC) is a 'stock transfer' Local Authority. This means that the Council does not own, provide, build or manage any social housing.

The local RSLs continue to seek to reduce re-let times (albeit turnover of social lets has reduced significantly in recent years) and there are very few long-term voids. Where there are they are either part of a regeneration project, awaiting disposal or require significant work due to fire/flood damage.

Empty and void properties in the social rented sector are not a significant issue in the Scottish Borders context. As highlighted earlier in this letter private sector empty homes are a more significant challenge for our region.

The acquisition of existing homes is a carefully targeted measure as it does not address the fundamental issue of a lack of supply. However, Scottish Borders Housing Association intend to make 15 open market purchases through the available funding in 2024/25. This is a particularly useful tool in mixed tenure areas identified for future retrofitting activity.

Whether you are experiencing a reduction in the numbers of people and children living in temporary accommodation, or who are homeless, as a result of those actions.

The number of households in temporary accommodation has shown a concerning upward trend over the past few years. In 2018, there were 83 households in temporary accommodation, which slightly decreased to 81 in both 2019 and 2020. However, this number began to rise in 2021, reaching 97 households. The increase continued in 2022 with 108 households, and by 2023, the figure had climbed to 117, and further increased to 127 into 2024.

This trend highlights the growing demand for temporary housing solutions and underscores the need for effective strategies to address homelessness and provide stable, long-term housing options for affected households.

The number of households with children in temporary accommodation has fluctuated over recent years. In 2018, there were 20 such households, increasing to 25 in 2019. This number dropped back to 20 in 2020 but rose again to 25 in 2021. The upward trend continued in 2022, reaching 30 households, and remained steady at 30 in 2023. However, by 2024, the number decreased back to 20 households. These variations highlight the ongoing challenges in providing stable housing for families with children and the need for targeted interventions to ensure these households receive the support they need.

SBC and the RSLs have had some success in ensuring Ukrainian households are able to secure permanent accommodation by working with the RSL's in making tenancy offers based upon their allocations policies. This has helped balance the needs of local people who may require housing support and temporary accommodation and supports the national commitment towards Ukraine Displaced People. We have also paused the Afghan relocation scheme until the number of Ukraine households in hotels and hosted accommodation has reduced so as not to increase pressure on the housing supply.

Details of how you measure progress towards tackling the emergency, including indicators and how these are monitored.

The Housing Emergency Action Plan will be reviewed and monitored by the Strategic Housing Forum, who will specifically monitor status and progress towards agreed timescales. In addition to the delivery and monitoring of the Housing Emergency Action Plan, there are a number of other ways in which progress is measured towards tackling the housing emergency.

SBC's Local Housing Strategy (LHS) 2023-2028 sets out a vision for the supply, quality and availability of housing in the Scottish Borders, and outlines five strategic outcomes:

- Strategic Outcome 1: More homes in well designed, sustainable communities that increase opportunity for all and support our economy to thrive
- Strategic Outcome 2: People have access to homes which promote independence, health and wellbeing
- Strategic Outcome 3: Improved energy efficiency of homes and a reduction in fuel poverty while supporting a Just Transition to Net Zero through decarbonising domestic heating and energy

- Strategic Outcome 4: Communities are regenerated through improving the quality and condition of housing and the built heritage
- Strategic Outcome 5: Homelessness is prevented wherever possible, and a range of housing options are provided so people can secure a suitable and sustainable housing outcome as quickly as possible

These outcomes are delivered via a LHS Outcomes and Action Plan which is updated and reported on annually, whereby each outcome has a number of performance indicators each with a target (including a housing supply target). Depending on status, each performance indicator receives a RAG status, highlighting where more focused action may be required.

A LHS Annual Report is also produced alongside the LHS Outcomes and Action Plan which provides updates on key areas of activity under each strategic outcome. This is shared to SBC's Executive Committee and published online.

SBC's Rapid Rehousing Transition Plan (RRTP) outlines the vision for Rapid Rehousing in the Scottish Borders and has four key outcomes:

- Outcome 1: Fewer Households experience homelessness
- Outcome 2: Access to housing for homeless or potentially homeless households is improved across all tenures, and people reach a settled housing outcome as quickly as possible
- Outcome 3: Homeless Households can access the right support at the right time
- Outcome 4: All Partners actively contribute to preventing homelessness

The implementation of the RRTP is led by the Borders Homelessness and Health Strategic Partnership which oversees the monitoring of outcomes via the RRTP Action Plan and quarterly performance reports. The RRTP Action Plan outlines actions and timescales for delivery, while the quarterly performance reports monitor specific homelessness performance indicators which each receiving a RAG status. These quarterly reports note observations on performance across the indicators listed and highlight specific actions to progress during each quarter.

SBC is required to prepare an annual SHIP which sets out the strategic housing investment priorities for affordable housing and other tenures over a five-year period. The SHIP progress delivery report is also prepared annually and submitted to Executive Committee in May each year, which tracks affordable home delivery against the LHS housing supply target and provides an update on progress.

Internal indicator monitoring is ongoing in order to track performance across key areas.

All of the activity mentioned is overseen by the Scottish Borders Council and Executive Committees.

I would be very happy to meet with you to discuss the challenges we have experienced locally in further detail.