

## ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	City Growth & Resources Committee
<b>DATE</b>	26 September 2019
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Aberdeen City's Affordable Housing Delivery Programme
<b>REPORT NUMBER</b>	PLA/19/318
<b>DIRECTOR</b>	N/A
<b>CHIEF OFFICER</b>	Gale Beattie
<b>REPORT AUTHOR</b>	Mel Booth
<b>TERMS OF REFERENCE</b>	Purpose 4 and 5

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### 1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide an update on the Aberdeen City affordable housing delivery programme.

### 2. RECOMMENDATION(S)

That the Committee:

- 2.1 Approve the allocation of the Section 75 and Council Tax monies detailed at section 3.4 of the report for the future delivery of affordable housing.

### 3. BACKGROUND

#### 3.1 Affordable Housing Supply Programme

- 3.1.1 £17.120m was allocated to Aberdeen City Council in 2018/19. Additional funding of £12.073m was made available throughout the course of the year bringing the total allocation to £29.193m. The additional funding was made available through the close working relationships the Housing Strategy team has developed over many years with the Scottish Government and Registered Social Landlords. It allowed Aberdeen City Council to draw down funds which had not been utilised in other council areas and allowed the pace of affordable housing delivery to increase which released funds for future projects.

- 3.1.2 In 2018/19 there were 356 affordable housing completions. As at 29 August 2019, 154 affordable housing completions have taken place across the city, with 562 units projected expected to be completed in 2019/2020.

- 3.1.3 The table below shows the location, developer and type of affordable homes completed in 2018/19.

Location	Developer	Type	No. of units
Council Buy Backs	ACC	Social Rent	5
Manor Walk	ACC	Social Rent	6
Smithfield School	ACC	Social Rent	86
Dubford	Barratt Homes	Low Cost Home Ownership	1
Cove	Barratt Homes	Low Cost Home Ownership	1
Mugiemoss Road	Castlehill HA	Social Rent	32
Mugiemoss Road	Castlehill HA	Mid-Market Rent	6
Mugiemoss Road	Grampian HA	Social Rent	44
Countesswells	Hillcrest HA	Social Rent	43
Cove	Hillcrest HA	Social Rent	9
Balgownie	LAR Housing Trust	Mid-Market Rent	9
Summerhill Road	Langstane Housing	Social Rent	26
Rowett	Places for People	Social Rent	8
Rowett	Places for People	Mid-Market Rent	8
Craiginchies	Sanctuary HA	Mid-Market Rent	72
<b>Total</b>			<b>356</b>

### 3.2 Section 75 Agreements

3.2.1 Section 75 agreements are provided through Section 75 of the Town and Country Planning (Scotland) Act 1997 and are negotiated through the planning process. Housing developers may, on occasion, be required to make a financial contribution towards affordable housing rather than delivering affordable housing on the specific site to which the planning permission applies.

3.2.2 Such agreements to date have provided an income as detailed at section 3.2.3. Further agreements are in place to provide an anticipated income of £2.0m with around £0.5m expected to be collected during 2019/20.

3.2.3 <b>Section 75</b>	<b>£</b>
Income received	8,463,287
Interest received	184,538
Grants previously paid to RSLs	3,620,991
Grants paid to ACC new build	3,460,792
Committed to ACC new build	1,088,966
Set Aside (advertising)	5,000
<b>Total</b>	<b>16,823,574</b>
<b>Uncommitted Available Balance (at 31.3.19)</b>	<b>472,076</b>

3.2.4 The funding comes with a requirement to be spent within five years of receipt and must be held in an interest-bearing account. Aberdeen City Council has utilised all funds received up until June 2017. There is therefore no likelihood that any money would have to be repaid to developers, allowing Aberdeen City Council to disburse further grant up until July 2022.

3.2.5 In 2018/19, the following payments were released through Section 75 income:

- Aberdeen City Council – Summerhill Development - £3,460,792

### 3.3 Council Tax Discount on Second Homes and Long-term Empty Properties

3.3.1 The Council used its powers to reduce the Council Tax discount for these properties from 2005/06. This income can be used by local authorities to support revenue and capital expenditure related to a range of affordable housing activity including:

- Providing new build affordable housing through Registered Social Landlords or council house new build projects;
- Bringing empty properties back into affordable housing use – including topping up or establishing an Empty Homes Loan Fund;
- Land acquisition for affordable housing development;
- Purchasing off-the-shelf houses from private developers for affordable housing use.

3.3.2 Income received and paid to date is shown below.

	£
Income received	18,835,967
Paid	8,098,861
Committed to ACC	8,831,802
Committed to RSLs	469,141
Empty Homes Commitments	57,350
<b>Uncommitted Available Balance (at 31.3.19)</b>	<b>1,378,813</b>

3.3.3 The Council Tax income on second homes and long-term empty properties provided an income of £1.848m in 2018/19. Based on current void rates in both the private and public sector, projected annual income is assumed to be around this figure, but shall be closely monitored every year and assumptions adjusted accordingly.

### 3.4 Allocation of Section 75 and Council Tax funds

3.4.1 There is £1,850,889 which is to be allocated for the delivery of affordable housing. It is proposed that the funding is allocated to the council house new build programme.

## 4. **FINANCIAL IMPLICATIONS**

4.1 Failure to allocate developer obligations funds within the prescribed timescale may mean they need to be repaid to the developer. The Housing Strategy team closely monitors the contributions made through developer obligations to ensure the funds are fully disbursed for affordable housing.

4.2 The allocation of Section 75 funds and Council Tax Second Homes monies allows the council to increase the provision of affordable housing across the city.

## 5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from the recommendations of this report.

## 6. MANAGEMENT OF RISK

	Risk	Low (L), Medium (M), High (H)	Mitigation
<b>Financial</b>	Failure to allocate fund through developer obligations may result in funds being paid back.	H	Approval of the recommendations would prevent this from occurring.
<b>Customer</b>	Provision of affordable housing is a priority for residents of Aberdeen City Council. Failure to deliver may result in housing need and demand levels not being met.	H	Approval of the recommendations would prevent this from occurring.
<b>Environment</b>	Provision of new build affordable housing is built to current building regulations which has a reduced carbon footprint.	L	Approval of the recommendations would prevent this from occurring.
<b>Reputational</b>	Failure to fully utilise funds may harm the council's reputation when affordable housing is much needed across the city.	H	Approval of the recommendations would prevent this from occurring.

## 7. OUTCOMES

Local Outcome Improvement Plan Themes	
	Impact of Report
<b>Prosperous Economy</b>	The proposals within this report support the delivery of a prosperous economy. The affordable housing

	programme represents significant investment in the city which contributes to a prosperous economy and relates to 1.3 of LOIP.
<b>Prosperous People</b>	The proposal within this report support the delivery of prosperous people. Provision of good quality affordable housing can make people more resilient and protect them from harm and relates to 11.1 of LOIP.
<b>Prosperous Place</b>	The proposal within this report support the delivery of prosperous place. Provision of affordable housing contributes to the creation of sustainable and mixed communities and relates to 14.1 of LOIP.

<b>Design Principles of Target Operating Model</b>	
	<b>Impact of Report</b>
<b>Customer Service Design</b>	The purpose of this report is to ensure customer outcomes are maintained and services continue to be developed. As such, the provision of affordable housing seeks to maintain the Council's customer focus and prevent any reputational damage.
<b>Organisational Design</b>	The report reflects recognition of the process of organisational design. The development of services in relation to supply of housing will support the redesign of the organisation.
<b>Governance</b>	The Housing Supply and Place-making Strategic Working Group will lead on the development, implementation, monitoring and evaluation of the affordable housing provision across the city which will be reported to committee on an annual basis.
<b>Workforce</b>	Whilst the report itself doesn't directly impact on workforce; the increased supply of affordable housing may be of benefit to some of the council employees.
<b>Partnerships and Alliances</b>	Partnerships and alliances have been developed through working groups which lead on the delivery, implementation, monitoring and evaluation of affordable housing provision across the city. These partnerships involve all relevant partners and stakeholders, both internal and external.

## 8. IMPACT ASSESSMENTS

<b>Assessment</b>	<b>Outcome</b>
<b>Equality &amp; Human Rights Impact Assessment</b>	Full EHRIA not required.

<b>Data Protection Impact Assessment</b>	Privacy Impact Assessment not required.
<b>Duty of Due Regard / Fairer Scotland Duty</b>	Not applicable.

**9. BACKGROUND PAPERS**

Not applicable.

**10. APPENDICES (if applicable)**

Not applicable.

**11. REPORT AUTHOR CONTACT DETAILS**

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