

ABERDEEN CITY COUNCIL

COMMITTEE	City Growth & Resources Committee
DATE	28 October 2020
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Aberdeen City's Affordable Housing Delivery Programme
REPORT NUMBER	COM/20/181
DIRECTOR	N/A
CHIEF OFFICER	Gale Beattie
REPORT AUTHOR	Mel Booth
TERMS OF REFERENCE	1.1.7

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.
- 2.2 Approve the allocation of Council Tax monies detailed at 3.4 of the report to fund the post of Empty Homes Officer from 16 January 2021.
- 2.3 Approve the allocation of the Affordable Housing Supply Grant to RSLs detailed at section 3.5 of the report for the future delivery of affordable housing.

3. BACKGROUND

3.1 Affordable Housing Supply Programme

- 3.1.1 £19.436m was allocated to Aberdeen City Council in 2019/20. Additional funding of £13.101m was made available throughout the course of the year bringing the total allocation to £32.537m. 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 2019/20 there were 401 affordable housing completions which is the highest number of affordable homes delivered in Aberdeen through the affordable

housing supply programme. As at 30 September 2020, 99 affordable housing completions have taken place across the city, with 907 units being projected for completion in 2020/21. This projected figure for completion has now reduced to 490 due to the construction industry being halted due to Covid-19.

3.1.3 The table below shows the location, developer and type of affordable homes completed in 2019/20.

Location	Developer	Type	No. of units
Council Buy Backs	ACC	Social Rent	30
Union Street	ACC	Social Rent	28
Manor Walk	ACC	Social Rent	54
Maidencraig	Castlehill	Social Rent	36
Charleston, Cove	Grampian	Social Rent	9
Countesswells	Hillcrest	Social Rent	9
Countesswells	Hillcrest	Mid-Market Rent	15
Custom House	Hillcrest	Social Rent	46
Abbotswell Road	Hillcrest	Social Rent	16
Froghall Road	Hillcrest	Social Rent	27
Froghall Road	Hillcrest	Mid-Market Rent	8
Froghall Road	Langstane	Social Rent	6
Rowett South	Places for People	Social Rent	59
Rowett South	Places for People	Mid-Market Rent	31
Rowett South	Places for People	Shared Equity	14
Stoneywood	Places for People	Social Rent	12
Dubford	Scotia Homes	Low Cost Home Ownership	1
Total			401

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 which have provided an income of £100,000 so far this year. These payments are linked to completions on site therefore it is difficult to accurately predict the total to be collected during 2020/21.

3.2.3 Section 75 Funding

	£
Income received	13,032,080
Interest received	210,470
Total Received	13,242,550
Grants previously paid to RSLs	3,620,991
Grants paid to ACC new build	3,460,792
Committed to ACC new build	1,561,042

Set Aside (advertising)	5,000
Uncommitted Available Balance (at 31.3.20)	4,594,725

3.2.4 The funding comes with a requirement to be spent within five- seven 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 2022-24.

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;
- 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	20,835,121
Paid	8,098,861
Committed to ACC	10,210,615
Committed to RSLs	469,141
Empty Homes Commitments	57,350
Uncommitted Available Balance (at 31.3.20)	1,999,154

3.3.3 The Council Tax income on second homes and long-term empty properties provided an income of £1.999m in 2019/20. 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 £6,593,878 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.

3.4.2 An Empty Homes Officer was recruited on a two-year temporary basis in October 2018 to reflect the changing requirements of empty homes across the city and to ensure empty homes are brought back into use. The post is being funded on a 50:50 basis with kick-starter funding from the Scottish Empty Homes Partnership. Scottish Empty Homes Partnership is fully funding this post

until 15 January 2021 due to the impact of Covid-19 to allow local authorities committee structures and cycles to return to usual business post lockdown. It is proposed that the post is fully funded on a permanent basis from 16 January 2021 using Council Tax Second Homes funds.

3.4.3 The Empty Homes Officer has worked with owners to bring empty properties back into use. 64 empty properties have been brought back into use from when the post was established. This number would have been higher but has been delayed due to the impacts of Covid-19. Work is ongoing with landlords and letting agents across the city to “match” people from our housing waiting lists with owners/letting agents of empty Private Rented Sector properties through the council’s Matchmake to Rent Scheme.

3.5 Allocation of Affordable Housing Supply Grant

3.5.1 RSLs have made significant strategic investment in the area and are committed to growing and sustaining their stock and services in Aberdeen. The RSLs believe that in order for the city to benefit from continued investment in affordable housing, there should be a balance in delivery between RSL and Council. Future pressure on grant and public subsidy is likely post COVID-19 and therefore to increase the ability to deliver the maximum number of units, RSLs are encouraging the council to continue to make opportunities available to RSLs, as well as council house investment.

3.5.2 RSLs are keen to know if affordable housing delivery, outside of the council house new build programme, is a key priority for the council. They need this certainty to allow them to develop and deliver their own new build housing programmes.

3.5.3 Delivery of affordable housing helps relieve the pressure on the council. If RSLs are unable to develop their affordable housing programmes, the responsibility for housing people lies with the council which results in increased demand management.

3.5.4 Funding requirements for delivery of housing through S.75 legal agreements requires certainty. 25% of all new housing is required to be delivered as affordable housing through the planning process. Grant funding is required to allow the housing to be delivered; without grant funding, the affordable housing delivery will not be able to go ahead on sites that have planning approval which will have implications for the development sector in terms of meeting their obligations detailed in the legal agreements.

3.5.5 Affordable housing creates sustainable mixed communities. If funding is unavailable to deliver S.75 agreements, communities will not be delivered with a mix of tenures.

3.5.6 The impact of not working with our RSL partners to deliver affordable housing will be significant in terms of delivery of affordable housing through S.75 agreements. All RSL’s who operate within Aberdeen, also operate in several local authority areas. If there is no certainty around their development schemes, they will choose to deliver their development programmes in other parts of the

country. This will put significant extra pressure on the council to deliver affordable housing created by the exit of RSLs from the city.

3.5.7 Grant levels post 31 March 2021 have yet to be determined but it is likely that it will be significantly reduced on previous years. It is proposed that the grant funding is allocated to the various RSL's who operate in Aberdeen.

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

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
Strategic Risk	Failure to deliver affordable housing.	L	Council has an ambitious new build programme and RSL partners work with us to deliver affordable housing across the city.
Compliance	Provision of affordable housing ensures compliance with the council's duty to house homeless households. Failure to deliver may result in there being insufficient housing to meet the demand.	H	Approval of the recommendations would prevent this from occurring
Operational	Provision of affordable housing is a priority for residents of Aberdeen City Council. Failure to deliver may result in housing need and	H	Approval of the recommendations would prevent this from occurring.

	demand levels not being met.		
Financial	Failure to allocate fund through developer obligations may result in funds being paid back.	H	Approval of the recommendations would prevent this from occurring.
Reputational	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.
Environment / Climate	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.

7. OUTCOMES

<u>COUNCIL DELIVERY PLAN</u>	
Impact of Report	
Aberdeen City Council Policy Statement	The proposals within this report support the delivery of Policy Statement 10 – Build 2,000 new Council homes and work with partners to provide more affordable homes.
Aberdeen City Local Outcome Improvement Plan	
Prosperous Economy Stretch Outcomes	The proposal within this report support the delivery of LOIP Stretch Outcome 1 – 10% increase in employment across priority and volume growth sectors by 2026. The paper seeks approval for the allocation of funds which will help to deliver the LOIP Improvement Project Aim ‘to increase the number of people employed in growth sectors by 5% by 2021. The affordable housing programme represents significant investment in the city which contributes to a prosperous economy and relates to 1.1 of the LOIP.
Prosperous People Stretch Outcomes	The proposal within this report support the delivery Stretch Outcomes 11 - Healthy life expectancy (time lived in good health) is five years longer by 2026. The paper seeks approval for the allocation of funds which will help achieve the LOIP Improvement Project Aim “Supporting vulnerable and disadvantaged people, families and groups.”

Prosperous Place Stretch Outcomes	The proposals within this report support the delivery of LOIP Stretch Outcome 14 – Addressing climate change by reducing Aberdeen's carbon emissions by 42.5% by 2026 and adapting to the impacts of our changing climate. The paper seeks approval for the allocation of funds which will help to contribute to the delivery of new build housing which is energy efficient.
Regional and City Strategies	The proposals within this report support the City Region Deal and the Strategic Development Plan through the delivery of affordable housing.
UK and Scottish Legislative and Policy Programmes	The report sets detail in relation to affordable housing which fulfils the requirements placed upon the Council by the Housing (Scotland) Act 1987.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	Full impact assessment not required
Data Protection Impact Assessment	Not required

9. BACKGROUND PAPERS

- 9.1 Previous committee reports in relation to this are detailed below:
CGR 18 September 2018
CGR 26 September 2019

10. REPORT AUTHOR CONTACT DETAILS

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