

ABERDEEN CITY REGION DEAL:

Powering Tomorrow's World

Report Name	Aberdeen City Region Deal Progress Update
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Date of Report	13 November 2020
Governance	City Region Deal Joint Committee

1:	Purpose of the Report
To update the Joint Committee on the progress in relation to the housing workstream of the City Region Deal.	

2:	Recommendations for Action
It is recommended that the Joint Committee: I. Note the spend made in relation to affordable housing across the City Region; and II. Note the challenges set out in accessing the £20M Infrastructure Fund; and III. Instruct Officers to report on progress at the next Joint Committee in 2021.	

3:	Summary of Key Information
3.1) The Memorandum of Understanding for the additional investment for the Aberdeen City Region provides: <ul style="list-style-type: none">• 5-year certainty on £130m of affordable housing supply grant. The housing commitment that forms part of the package of additional Scottish Government investment alongside the City Region Deal equates to £130m over the 5-year period from 2016/17 – 2020/21.• £20m Housing Infrastructure Fund to unlock sites that are of strategic importance.	

3: Summary of Key Information

Affordable Housing Supply Grant

3.2) Significant progress has been made in relation to the delivery of affordable housing across the City Region with £158.257m having been spent between 2016/17 - 2019/20 which has delivered 2,044 affordable homes. The table below details number of affordable homes delivered for 2016/17, 2017/18, 2018/19 and 2019/20.

3.3) £50.708m has been allocated for 2020/21 which takes the total spend/allocation to £208.965m and far exceeds the £130m allocation. The £130M MOU investment has stimulated a further £79M additional funding across the City Region.

3.4) The table below shows the number of completed and projects numbers of affordable homes completed across the City Region between 2016/17 and 2020/21.

	2016/17	2017/18	2018/19	2019/20	2020/21
	Units	Units	Units	Units	Units Projected
Aberdeen City Council	117	367	351	401	490
Aberdeenshire Council	223	115	200	270	147
Total	340	482	551	671	637
Cumulative Total	340	822	1,373	2,044	2,681

3.5) The impact of COVID 19 on the construction industry means that 490 out of the 907 planned units in Aberdeen City and 147 out of the 159 in Aberdeenshire are now expected to be completed by March 2021.

3.6) Whilst projected completions have reduced for 2020/21, the City Region has delivered in terms of new supply of affordable housing.

£20m Housing Infrastructure Fund

3.7) Jointly the local authorities have had discussions with the Scottish Government on potential approaches to utilising the £20m Housing Infrastructure Fund.

3.8) The local authorities requested the full funding of £20m be allocated directly to the City Region Deal Joint Committee, to fund the delivery of

3:

Summary of Key Information

affordable housing across the City Region. The proposal comprised of two parts:

- Housing Infrastructure Fund applications. (£10m)
- Capital costs in relation to delivery of affordable housing. (£10m)

3.9) This proposal was rejected by the Scottish Government as it did not meet the criteria of the Housing Infrastructure fund (HIF).

3.10) Therefore, the local authorities worked together to identify sites in the City Region that could potentially utilise this funding. These sites are:

Aberdeenshire

- Balmedie
- Blackdog
- Ellon
- Fraserburgh
- Mintlaw
- Peterhead

Aberdeen City

- Craighill
- Greenferns
- Kaimhill
- Kincorth
- Summerhill

3.11) All proposals in Aberdeenshire have been rejected due to the sites not meeting the HIF criteria, however, Scottish Government officials continue to engage in discussions regarding the proposals and encourage further Expressions of Interest from both councils.

3.12) Recent discussions explored current and future projects that may align with the aims and criteria of the Housing Infrastructure Fund which are to unlock infrastructure that will support further housing delivery.

3.13) Scottish Government Officials have confirmed that Expressions of Interest will be considered for projects that will complete post March 2021.

3.14) The Summerhill proposal in Aberdeen was rejected as it did not meet the criteria. Three Expressions of Interest have been submitted for:

- Craighill
- Kaimhill
- Kincorth

3:	Summary of Key Information
<p>3.15) Detailed discussions have taken place regarding Greenferns and when the project is further developed, an Expression of Interest is to be submitted.</p> <p>3.16) Indicative costs for the three sites that are being considered amount to £1,995,000 with costs yet to be determined for Greenferns but Officers consider the total amount to be significantly less than the £20m allocation.</p> <p>3.17) Unless the funding criteria can be flexible to cover capital costs in relation to the delivery of affordable housing, which would both meet the Region and Scottish Government priorities and political objectives it is unlikely that the City Region Deal will be able to fully draw down this fund even if these new sites are approved.</p> <p>3.18) Officers are continuing discussions with Scottish Government around accessing the Housing Infrastructure Fund and will report back to the next Joint Committee in 2021 with further detail on how the proposals are progressing.</p> <p>3.19) A verbal update will be provided at Joint Committee on progress with the current Expressions of Interest that have been submitted.</p>	

4:	Finance and Risk
<p>4.1) The value of the Infrastructure Fund allocated through the Memorandum of Understanding is £20m. To date, none of this has been successfully allocated to unlock development sites.</p> <p>4.2) There is a reputational risk that the fund remains unused, and that the City Region is viewed as not accessing available funding to aid local housebuilding.</p> <p>4.3) There is a political risk related to the Scottish Government's target of building 50,000 affordable homes by March 2021.</p> <p>4.4) There is an economic risk that housebuilding fails to meet the levels required to support the growing economy in the City Region.</p> <p>4.5) The approval of the potential sites would mitigate some of these risks if the HIF can be utilised.</p>	