

ABERDEEN CITY REGION DEAL:

Powering Tomorrow's World

Report Name	MOU Housing Annual Update
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Date of Report	10 May 2024
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 Memorandum of Understanding, which is a Scottish Government commitment to invest a further £254M over the same 10-year period as the City Region Deal.

2: Recommendations for Action

It is recommended that the Joint Committee:

- i. Note annual update in relation to the Memorandum of Understanding for Housing.
- ii. Agree that no further annual updates in relation to Housing Infrastructure Fund (HIF) to be provided to Joint Committee unless new projects qualifying criteria for HIF are identified and pursued.

3: Summary of Key Information

3.1 Memorandum of Understanding (MOU)

The Memorandum of Understanding for the additional investment in relation to housing for the Aberdeen City Region provides:

1. 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.

3:	Summary of Key Information
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2. £20m Housing Infrastructure Fund (HIF) to unlock sites that are of strategic importance.

Aberdeen City Region Deal Joint Committee has a governance role in relation to the MOU for Housing. The objective is to ensure that Joint Committee has an overview of the prioritisation, scope of the work and aggregate investment package in order to identify and local challenges and/or deliver additional local opportunities.

Joint Committee agreed to receive annual updates in relation to the Housing MOU.

3.2 Access to HIF

Joint Committee wrote to the Minister for Local Government, Housing & Planning in December 2020 expressing disappointment with the inability to access the HIF. A response to this letter was received on 05 February 2021 which details the additional funding that has been achieved to support housing delivery plans and states there are no plans to relax the current HIF criteria.

The Minister confirmed that given the long-term plans for City Deal delivery in the region, Scottish Government officials will remain engaged with both local authorities to support the delivery of HIF eligible proposals, even if the delivery timescales are beyond March 2021.

Both local authorities have had ongoing discussions with the Scottish Government on potential approaches to utilising the £20m Housing Infrastructure Fund and recently asked if there could be more flexibility in how the Housing Infrastructure Fund could operate.

Scottish Government confirmed that the MOU for Aberdeen does not form part of the core deal structure. The MOU is a 'side agreement' that included the flexibility/certainty over a 5 year period from 2016 for affordable housing investment along with the notional £20m infrastructure funding that could be made available should any qualifying projects be brought forward.

They confirmed that whilst both local authorities have had on-going engagement on the potential for HIF funding, no projects that meet the qualifying criteria for HIF have been brought forward. They further confirmed that there is no option for repurposing the notional HIF element of the MOU for other uses.

3: Summary of Key Information

In light of this, it is recommended that Officers no longer provide an annual update to Joint Committee, but will provide an update if projects are identified and pursued. Officers will continue to engage with Scottish Government on HIF in relation to Greenferns and Greenferns Landward which are Aberdeen City Council owned sites which will deliver new build social housing, along with any other new sites that may be eligible.

3.3 Affordable Housing Supply Grant

Significant progress was made in relation to the delivery of affordable housing across the city region with circa £368.117m having been spent between 2016/17 - 2023/24 which has delivered 5,304 affordable homes.

The table below details number of affordable homes delivered from 2016/17 - 2023/24. There are also significant numbers of affordable housing on-site in both local authorities to continue to deliver affordable housing across the city region post 2023/24.

	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24
	Units	Units	Units	Units	Units	Units	Units	Units
Aberdeen City Council	117	367	351	401	461	691	481	770
Abshire Council	223	115	200	270	153	209	185	310
Total	340	482	551	671	614	900	666	1,080

£7.9m has been allocated through the HIF loan fund for the site at Grandhome.

4: Finance and Risk

- i. 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.

4:	Finance and Risk
	<ul style="list-style-type: none"><li data-bbox="293 248 1355 376">ii. 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.<li data-bbox="293 421 1355 539">iii. There is an economic risk that housebuilding fails to meet the levels required to support the growing economy in the city region.
	<p>The ongoing discussions with Scottish Government regarding approval of any potential sites would mitigate some of these risks if the HIF can be utilised.</p>