

Request for Deputation

Name: Raymond Davidson

Committee: Communities, Housing and Public Protection

Agenda Item: 11.3

The action I wish the Council/Committee to take:

It is requested that the Committee:

1.0

- (i) Note the content of the report number F&C/25/124 and in particular paragraph 2.6 which requires that all options should be equitable in so far as no single option will be more financially beneficial than any other to owners.
- (ii) Note that for **option 2**, Voluntary Acquisition (VA), the Council has agreed a funding solution designed to release up to £12.75m, using the capital fund, to enable the VA of properties impacted by RAAC. This equates to an average provision of £92,391 per dwelling, if all owners were to select this option. The cost to each council tax payer in Aberdeen, based on the Council borrowing this sum over 40 years from the PWLB, amounts to approximately **12p per week per household**.
- (iii) Note that in relation to **option 3**, officers have recommended that owners contribute to the cost of this option to the sum of £4.582m, thereby reducing the funding requirement by the Council of up to £8.168m, an average provision of £59,188 per dwelling, rather than the average provision of £92,391 that requires to be made per dwelling under option 2. The cost to Council tax payers of the Council borrowing this sum over 40 years from the PWLB, based on 115,582 chargeable dwellings, as per Scottish Government statistics as of September 2024, amounts to approximately **7p per week per household**. The cost to Council tax payers, if the owners are not held liable for the replacement of their roofs, amounts to approximately **4p per week per household**, assuming the same basis of Council borrowing.

- (iv) Note that this disparity in financial provision between option 1 and option 2 renders the provisions within paragraph 2.6 as not being satisfied since these options are not equitable because one is more financially costly than the other.
- (v) Note that the site value, following demolition of a house, is approximately £10,000 per dwelling. The cost of demolition amounts to approximately £10,000 per dwelling, resulting in a cleared site with no residual net value. If the Council is eventually successful in acquiring dwellings under VA terms, it will have a site of no residual value and will have spent up to £12.75m to gain this. On the other hand, if the Council proceeds to accept the TCRC proposals it will save £2-3m on the VA budget figure of £12.75m, allow owners to remain in the community within a safe environment, with no loss of equity and without placing any additional financial strains upon them, leading to their increased wellbeing. So, in essence, the more positive outcome that will be achieved, for both owners and the Council, can be done so at less cost to the Council Taxpayers by accepting the TCRC proposals. In any case, the TCRC proposals are financially achievable, with minimal cost to each taxpayer, equating to the cost of a takeaway coffee per year, as highlighted in paragraphs (ii) and (iii) above.
- (vi) Note that the Torry Community RAAC Committee (TCRC) intimated throughout the workshops that, following feedback from owners, any option that required them to contribute to the remediation of their homes, or to surrender equity, would not be considered a viable option to resolve this issue. This means that the recommendation contained within the report, whereby owners are expected to meet the cost of replacing their roofs, will render that option as being unviable and a further impasse will have been reached, which the TCRC proposals are aimed at preventing.
- (vii) Note that it was agreed between the TCRC and officers in the first workshop that, in considering the value of RAAC dwellings in relation to **option 4**, the property swap for another of equal value, the RAAC property would be valued at market value without any RAAC deduction to enable owners to move to council owned property of a similar size and value and to protect the equity they have in their houses. To further note that without any discussion or agreement the officers have changed the mutually agreed position within the report to now value such properties at market value less RAAC deduction, thereby now making a previously viable option unviable. This despite the fact that council properties in minority owned blocks are disproportionately more costly to maintain and own and it was deemed to be in the Council's interest to allow such swaps to proceed to rectify that issue to the benefit of the HRA.

- (viii) Note that the majority of owners wish to remain within either their own properties, or within the area. It is the Council who has taken the decision to try to displace them in order to secure a cleared site for its proposed master planning exercise. Within the current proposal there is no incentive for owners to move on a voluntary basis, which will render the Council liable for ongoing maintenance and repair works to common areas and within its own adjacent properties to those privately owned. This sum will continue to be an ongoing and potentially significant drain on the Housing Revenue Account for an indefinite period, unless a resolution to the impasse can be found.
- (ix) Note that the Council, in seeking to acquire all of the privately owned properties, is in fact a 'Special Purchaser' under RICS standards, since it derives additional value from acquiring each property in providing a contiguous site to enable redevelopment that is not available for general market buyers. Accordingly, this enables the Council to apply greater flexibility in its negotiations with owners under each of the options.
- (x) Note that the Council has already intimated that it seeks to avoid CPO by reaching a VA in a process "akin to a CPO", with owners (option 2) and in doing so has made provision for owners to be compensated under CPO regulations in relation to statutory home loss and disturbance payments. To further note that the report at paragraph 3.19 the report proposes that such compensation to owners be limited to a 'discretionary' £5,000, for any owners who choose option 3, which is contrary to the statutory compensation that would be paid to them if they were to agree to option 2, the VA option. The report, having already stated that, *"no one option should be more financially beneficial than any other to owners"*, should regularise this by making any of the options chosen by owners eligible for the statutory CPO home loss and disturbance payments in order to comply with the terms of its own decision.
- (xi) Note that the Council is not being asked to accept "open ended financial liability for circumstances arising from private ownership", as stated in paragraph 3.13, but rather is being asked to adopt a flexible approach to compensating owners, that it wishes to purchase properties from, to facilitate the creation of a cleared, contiguous site for redevelopment. The proposals submitted by TCRC provides for such an approach, which saves the Council between £2-3m on its agreed funding solution to release up to £12.75m for the purposes of purchasing owners' properties in order to obtain a cleared site. The original TCRC proposals meet the requirements of owners in so far as they preserve their equity in their homes, do not require them to raise additional funds which they cannot afford and, given the financial and political benefit to the Council of proceeding with the TCRC proposal, provides both the owners and the council with a win-win outcome.

- (xii) Note that the TCRC and owners are not asking the Council for any *“voluntary assistance”*, or *“to fund repairs to these privately owned properties”*, as described within paragraphs 3.21 and 3.22, but simply, as detailed above in paragraph (xi), are seeking to work with the Council to effect a flexible purchase arrangement for properties, which the council wishes to acquire, that works to the mutual benefit of both parties by meeting each other’s stated objectives, which the proposal submitted by TCRC achieves.
- (xiii) Note that TCRC has not proposed that control of public funds for capital works be delegated to an *“unregulated external body”* as suggested in paragraph 3.34. TCRC has instead proposed that a suitable legally constituted body be established, comprising of owners’ representatives, along with appropriate Council officer representatives, to effectively control and manage this project in a cost efficient and timeous manner. The TCRC has sought the assistance of the Council’s officers with involving their legal colleagues to investigate the most suitable type of organisation that could legally be delegated funds by the Council to effect such a project, *“to ensure proper visibility and good governance takes place to satisfy the various legislative requirements that are placed on ACC when dealing with budget expenditure.”* Unfortunately, no such assistance has been forthcoming from officers, despite requests, both in writing and verbally being made by TCRC for such advice and co-operation. So, for it to be suggested in the report that TCRC is being flippant and blasé about this suggestion is a clear misrepresentation of the facts. TCRC is not insisting on this mechanism to effect the remediation work but, being mindful of the ongoing pressures of additional work being placed on Council officers, this proposal was made to try and alleviate those pressures in order to ensure that the works could be managed in a cost-effective and timeous manner. However, if the Council feels that it is preferable to manage the project using its own internal resources, that too would be an acceptable outcome for TCRC, subject to the appropriate level of Council funding mechanisms being in place.
- (xiv) Note that TCRC is not suggesting that the Council has a *“statutory duty to undertake or fund remedial works to privately owned properties affected by RAAC”*, as suggested in paragraph 5.1 of the report. Unfortunately, this erroneous assumption appears to be repeated throughout the report and simply serves to confuse and misrepresent the TCRC proposals. So, for the avoidance of doubt, TCRC is seeking the co-operation of the Council in trying to utilise monies, that the Council has already chosen to commit for the acquisition of properties, in a more cost-effective manner that meets the objectives of both the Council and the owners. The owners would not otherwise have been of a mind to sell, had the Council not unilaterally taken a commercial decision to demolish its own properties

within the Balnagask estate, rather than remediate them. However, since this decision has had a severe impact upon owners it is not considered unreasonable that the owners seek to have the Council work with them to try to mitigate the extremely difficult circumstances that the owners have found themselves in through no fault of their own. The solutions that TCRC are proposing will not increase the already agreed level of expenditure that the Council will have to incur to acquire all of the properties but rather reduces the total amount by a significant sum of between £2-3m.

- (xv) Note that the proposals that have been submitted by TCRC not only reduces the cost to the Council, when compared to the cost of it purchasing the properties for demolition, leading to a residual nil value site, but enables a close-knit, vibrant community to continue to exist within Balnagask, whilst providing the Council with a cleared contiguous site to carry out its master planning exercise, a win-win scenario for both parties. It also reduces the number of houses requiring to be demolished, thereby protecting some of the city's housing stock in a time of a housing crisis having been declared. These proposals also protect the wellbeing of residents, who have been suffering from the impact of the Council's decision to demolish its own properties for longer than should have been necessary, to the severe detriment to their health.
- (xvi) Note that the officer's report confirms that it is legally competent for the Council to work with the owners in providing a cost-effective solution and that the only significant difference between the report's recommendations and the TCRC proposals is the magnitude of the Council's contribution to fund the solution. The contribution numbers contained within the officer's report are arbitrary, there is no legal or 'scientific reason' for those being shown as they are. Accordingly, the Council as custodian of the 'Public Purse' is free to make its own decision as to how it applies the funds that it has already made available for the purposes of VA of the properties. It is the members of the Committee that are directly accountable to the residents who are directly impacted by this situation, which is not of their making, and it is the members of this Committee who can put things right by agreeing to the recommendations that follow in this submission and at lower cost than has been provided for VA.

2 Recommendations

It is recommended to the Committee that it;

- (i) Instructs officers to report back to a meeting of the Urgent Business Committee, at a date to be arranged, detailing measures that the Committee can take to meet the proposals submitted by TCRC, especially;
 - (a) the remediation of houses at no cost to the owners effecting a saving over the VA costs of £2-3m, at a weekly cost to Aberdeen City Council taxpayers of **less than 12p**;
 - (b) The restoration of the method of valuing dwellings, as previously agreed by TCRC with officials, to exclude any RAAC deduction for the purposes of effecting option 4, i.e. the swap to a council owned house of equal value;
 - (c) That in ensuring that no single option will be more financially viable than any other to owners, all owners who are required to move to a house, other than their own, will qualify for statutory CPO home loss and disturbance payments. Owners who are able to remain in their homes, on account of them being sited in a 'cluster' location, shall only be eligible for disturbance related allowances;
 - (d) That, if felt to be necessary, officers be authorised to seek any consents required to effect these recommendations from the appropriate Scottish Office Minister;
 - (e) The Committee recognise that supporting the residents through RAAC remediation is not only a moral and health imperative, but it is also financially achievable with minimal cost to each taxpayer. Accepting the TCRC proposals will ensure safe homes and fair treatment without overstating the financial burden to taxpayers, achieving a mutually beneficial outcome for both the Council and affected owners."

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