

ABERDEEN CITY COUNCIL

COMMITTEE	Housing and Environment
DATE	20th May 2014
DIRECTOR	Pete Leonard
TITLE OF REPORT	Affordable Housing Delivery
REPORT NUMBER:	H&E /14/038

1. PURPOSE OF REPORT

- 1.1 To update Committee on the current position with Section 75 financial contributions for affordable housing and the income received from the reduction in Council Tax Discount for Second Homes and Long Term Empty Properties, along with details of affordable houses completed in 2013/14 and those expected to be completed in 2014/15 through to 2016/17.

2. RECOMMENDATION(S)

It is recommended that members of the Committee:-

- 2.1 Note the content of the report; and
- 2.2 instruct officers to continue to develop proposals for projects to utilise this funding whether they be City Council or Registered Social Landlord led projects.

3. FINANCIAL IMPLICATIONS

Any grant funding to a Registered Social Landlord (RSL) for such a project falls within the scope of State Aid. The Council has determined that the Grant comes within the ambit of the Services of General Economic Interest block exemption which permits unlimited funding (in accordance with the framework) to Registered Social Landlords in the

area of social housing, however the Service routinely consults with Legal Services on a case by case basis.

4. OTHER IMPLICATIONS

The increased provision of good quality affordable housing will make a significant contribution towards tackling the housing need identified in Aberdeen and in particular increase provision of housing for homeless households.

5. BACKGROUND/MAIN ISSUES

5.1 Section 75 Negotiations

Section 75 agreements negotiated through the planning process with Housing Developers may, on occasion, require that the developer makes a financial contribution toward affordable housing rather than delivering affordable housing on the specific site to which the planning permission applies.

Agreements to date have provided an income detailed below. Agreements are in place to provide an anticipated income of £506,250 during 2014/15 with agreements currently being negotiated to provide a further anticipated income of £1.2 million. All other forms of affordable housing delivery are explored before accepting a financial contribution.

Section 75	£
Income received	2,708,138
Interest received	153,237
Grants paid to RSLs	1,777,081
Commitments to RSLs	634,553

Available Balance (at 31.3.14) **449,741**

The funding received comes with a requirement to be spent within 5 years of receipt, with the money held in an interest bearing account.

The Council has used funds received up until July 2011. There is therefore no likelihood that any money would have to be repaid to developers, permitting the Council to disburse further grant up until July 2016.

In negotiating onsite affordable housing through the planning system it is important that the Council can assist in the delivery of the finance required by RSLs to acquire completed properties from a developer.

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

The Council used its new powers to reduce the Council Tax Discount to 10% for these properties from 2005/06. The extra income raised from this can be used by local authorities for the direct provision of affordable council housing as well as grant funding for RSLs.

Income received to date and current commitments are shown below.

	£
Income	10,929,035
Paid	4,519,861
Commitment	<u>2,162,920</u>
Available Balance (at 31.3.14)	4,246,254

The Council Tax Discount provided an income of £1.3 million for 2013/14. 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.

In February 2014 the Finance, Policy and Resources Committee agreed to implement further changes to Council Tax Discount in accordance with the Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013.

Committee agreed to:

- Vary the discount awarded to 10% for properties unoccupied for more than six months (previously 50% discount) and
- Increase the Council Tax payable by 100% for properties unoccupied for more than 12 months.

These changes came into effect from April 2014. The extra finance raised from these changes will not be ring fenced for affordable housing, and it is as yet unknown what impact the changes will have.

5.3 National Housing Trust Properties

Following the successful development of 16 properties at Kingswells in 2012/13 a further 43 properties were provided in two phases at Cove

during 2013/14. Agreement has been reached which will see ongoing development of this type of property through to 2017.

The development is overseen by a Limited Liability Partnership which has a board of management involving Scottish Futures Trust, the developer and the Council. On completion the LLP buys the properties paying 70 per cent of the agreed purchase prices to the developer. The remainder is contributed by the developer as a mixture of loan funding and equity investment.

The homes are leased to tenants for affordable intermediate rent for 5-10 years. They are managed by an agent who carries out maintenance and repairs to agreed customer service standards. The managing agent allocates homes to tenants based on criteria agreed with the Council.

5.4 Affordable Housing Committed funding

Donside - £469,141 January 2011 – Tenants First Housing Co-operative from Council Tax income

Victoria House - £1,610,000 March 2011 – Aberdeen City Council from Council Tax income

Donside special needs - £83,779 March 2011 – Tenants First Housing Co-operative from Council Tax income

Old Church Road - £100,510 October 2012 – Langstane Housing Association from Section 75 income

Cattofield - £150,949 August 2013 – Castlehill Housing Association from Section 75 income

Froghall - £121,360 January 2014 – Grampian Housing Association from Section 75 income

Hopetoun Grange - £261,734 March 2014 – Grampian Housing from Section 75 income

Total commitments = £2,797,473

5.5 Payments made during 2013/14

Eday Gardens - £201,627

Detailed below are the completions of affordable housing in the last financial year:

5.6 2013/14 Affordable Housing Completions

Cove = 16 mid market rent – NHT
Farburn Terrace = 58 – shared ownership – Grampian HA
Donside = 123
 48 – LIFT – Tenants First Housing Co-operative
 40 – rent – Tenants First Housing Co-operative
 35 – rent – Langstane HA
Eday Gardens = 6 – rent – Margaret Blackwood HA
Cove = 9 – mid market rent – NHT
Donside = 20 rent – Tenants First Housing Co-operative
Stockethill Church = 32 – 18 rent & 14 mid market rent – Langstane HA
Charleston, Cove = 2 – low cost home ownership - Scotia

Total completions 2013/14 = 266

5.7 Expected Completions 2014/15 = 146

Victoria House = 20 - rent - Aberdeen City Council
Davidson Mill = 26 - mid market rent - NHT
Charleston, Cove = 18 - low cost home ownership – Scotia
Cattofield = 16 – 12 rent & 14 mid market rent – Castlehill HA
Dubford = 3 – low cost home ownership – Scotia
Maidencraig = 36 – 12 Grampian HA - 24 Castlehill HA
Marischal Street = 7 – tenement rehab – Langstane HA
Froghall = 20 social rent – Grampian HA

5.8 Expected Completions 2015/16 – 16/17 = 176

Cove = 18 – mid market rent – NHT
Froghall Road = 19 – mid market rent – NHT
Cornhill = 10 – mid market rent – NHT
Huxterstone = 20 – mid market rent – NHT
Countesswells = 30 – mid market rent – NHT
Friarsfield = 8 – LCHO - Scotia
Hopetoun = 16 social rent – Grampian HA
Copper Beech = 35 – 20 MMR & 15 social rent - Langstane HA
Old Church Road = 20 - rent – Langstane HA

6. IMPACT

Corporate

SOA, National Outcome 10, “We live in well-designed, sustainable places where we are able to access the amenities and services we need”.

- Work with Registered Social Landlords to develop affordable housing including 2,000 new affordable houses

The 5 Year Corporate Business Plan and Housing and Environment Business Plan housing priorities:

- We will build new houses to increase provision of affordable houses for the council
- We will play our part in partnership working on community safety, protecting vulnerable people , health and well being and other community planning priorities

Public

The public would be interested in this report as it shows the Council's commitment to work with partners in the provision of new affordable housing to meet the identified housing needs in the City.

7. MANAGEMENT OF RISK

N/A

8. BACKGROUND PAPERS

None

9. REPORT AUTHOR DETAILS

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