

ABERDEEN CITY COUNCIL

COMMITTEE	Communities, Housing & Infrastructure
DATE	19 th May 2015
DIRECTOR	Pete Leonard
TITLE OF REPORT	Affordable Housing Delivery
REPORT NUMBER	CHI/15/154
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

- 1.1 To update Committee on the current position with regard to Section 75 financial contributions for affordable housing and the income received from the reduction in the Council Tax Discounts for Second Homes and Long Term Empty Properties, and to provide details of affordable houses completed in 2014/15 and those expected to be completed in 2015/16 through to 2016/17.

2. RECOMMENDATION(S)

It is recommended that the Committee:-

- 2.1 Notes the content of the report; and
- 2.2 instructs officers to continue to develop proposals for affordable housing projects to utilise the relevant funding (i.e. Section 75 financial contributions for affordable housing and the income received from the reduction in the Council Tax Discounts for Second Homes and Long Term Empty Properties), whether such projects are to be led by the Council or Registered Social Landlords.

3. FINANCIAL IMPLICATIONS

The Council is seeking confirmation from the Scottish Government's State Aid Unit that grant funding to Registered Social Landlords (RSLs) for affordable housing projects remains permissible under State Aid rules.

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 (under section 75 of the Town and Country Planning (Scotland) Act 1997) 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.

Such agreements to date have provided an income detailed below. Agreements are in place to provide an anticipated income of £1.2 million during 2015/16 with agreements currently being negotiated to provide a further anticipated income of £1.631 million. Although the balance appears to show a deficit, in reality additional funds will have been received before committed payments to RSLs become due.

Section 75	£
Income received	3,257,888
Interest received	158,037
Grants paid to RSLs	1,898,441
Commitments to RSLs	1,584,577

Available Balance (at 31.3.15) **- 67,093**

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 all funds received up until February 2012. There is therefore no likelihood that any money would have to be repaid to developers, permitting the Council to disburse further grant up until February 2017.

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 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	12,053,248
Paid	6,129,861
Commitment	<u>552,920</u>

Available Balance (at 31.3.15) 6,682,841

This Council Tax Discount reduction provided an income of £1.124million for 2014/15. 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.

5.3 Affordable Housing Committed funding

Donside - £469,141 January 2011 – Tenants First Housing Co-operative 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

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

Hopetoun Grange - £103,126 May 2014 – Grampian Housing from Section 75 income

Maidencraig - £968,258 May 2014 – Grampian Housing from Section 75 income

Total commitments = £2,137,497

5.4 Payments made during 2014/15

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

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

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

5.5 Affordable Housing Completions

2014/15

Charleston, Cove = 6 LCHO (Low Cost Home Ownership) – Scotia
Cattofield = 16 – 12 rent and 4 MMR (Mid Market Rent) – Castlehill
Housing Association

Total completions 2014/15 = 22

2015/16

Froghall Terrace = 20 rent – Grampian Housing Association

5.6 Expected Completions 2015/16 – 16/17 = 593

Location	Developer	Type	Date	No. of units
Dubford	Barratt	LCHO	Thru 2015/16	48
Dubford	Scotia	LCHO	May 15	3
Hopetoun	Langstane HA	Social Rent	May 15	21
Cove	NHT	MMR	May 15	9
Old Church Rd	Langstane HA	Social Rent	June 15	20
Marischal St	Langstane HA	MMR	June 15	7
Smithfield Court	Aberdeen City Council	Social Rent	June 15	3
Cove	NHT	MMR	June 15	9
Victoria House	Aberdeen City Council	Social Rent	June 15	20
Copper Beech	Langstane HA	MMR	2015/16	20
Copper Beech	Langstane HA	Social Rent	2015/16	15
Cove	Scotia	LCHO	2015/16	12
Davidson Mill	NHT	MMR	2015/16	26
Friarsfield	CALA	LCHO	2015/16	8
Maidencraig	Grampian HA	Social Rent	2015/16	12
Maidencraig	Castlehill HA	Social Rent	2015/16	24
Park Road	Barratt Homes	LCHO	2016/17	22
Manor Walk	Aberdeen City Council	Social Rent	2016/17	90
Smithfield Primary Site	Aberdeen City Council	Social Rent	2016/17	119
Froghall Road	NHT	MMR	2016/17	19
Countesswells	NHT	MMR	2016/17	30
Huxterstone	NHT	MMR	2016/17	20
Cornhill	NHT	MMR	2016/17	10
Summerhill Road	Langstane HA	Social Rent	2016/17	26
				593

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

Graeme Stuart

Housing Strategy & Performance Manager

ph. (52)3043

E-mail – gstuart@aberdeencity.gov.uk