

ABERDEEN CITY COUNCIL

COMMITTEE	Communities, Housing and Infrastructure
DATE	27 th August 2015
DIRECTOR	Pete Leonard
TITLE OF REPORT	Strategic Housing Investment Plan and Strategic Local Programme Agreement
REPORT NUMBER:	CHI/15/233
CHECKLIST RECEIVED	Yes

1. PURPOSE OF REPORT

This report gives an update of Aberdeen City Council's Strategic Housing Investment Plan (SHIP) for 2015-2020, which sets out Aberdeen City Council's plans for affordable housing over the above period.

As part of the SHIP process the Scottish Government issues a Strategic Local Programme Agreement (SLPA) (Appendix 1) which gives details of the projects to be taken forward and funding through the SHIP; this has now been issued by the Scottish Government for agreement and sign off by Aberdeen City Council.

The SHIP has been revised, it includes additional sites to be included in the revised SHIP templates for the year 2015-16 (Appendix 2). These additional sites have been included after discussion with the Scottish Government and local RSLs.

2. RECOMMENDATION(S)

It is recommended that Committee;

1. Approves the Strategic Local Programme Agreement as at appendix 1
2. Approves the additional projects to be included in the Strategic Housing Investment Plan (SHIP) 2015-2020 as at appendix 2

3. Instructs Council officers to submit the revised SHIP to the Scottish Government.

3 FINANCIAL IMPLICATIONS

For some of the additional projects in the SHIP there may be a need for top-up grants from the Council to allow the delivery of social rented housing by RSLs. The top-up grant will be provided through the Council's Affordable Housing Fund of developer commuted payments and income received from the reduction in Council tax discounts for empty and second homes. Any Council top-up grant applications will be subject to separate Committee reports.

Any proposal for grant funding to a Registered Social Landlord (RSL) for such a project requires to be considered against the State Aid rules, and specific advice will be sought if and when projects require additional funding from Aberdeen City Council.

Aberdeen City Council (ACC) has been allocated affordable housing funding by the Scottish Government – i.e. the Resource Planning Assumption (RPA). The RPA for the first three years of the SHIP is £6.176m for 2015-16, £5.313m for 2016-17 and £4.264m for 2017-18, at present no RPA has been allocated for 2018-2020 by the Scottish Government.

Current commitments against the RPA for 2015-16 is £8.832 million (see SPLA) , which results in an over commitment of £2.656 million. The over commitment is in line with the Scottish Government Guidance for the SHIP; as some projects may be delayed or not be delivered in a particular year, the over commitment is to ensure the funding for a particular year is spent out. Similar over commitments are shown for the years 2016-18.

4. OTHER IMPLICATIONS

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

5. BACKGROUND/MAIN ISSUES

Aberdeen City and Aberdeenshire Councils in conjunction with the Aberdeen City & Shire Strategic Development Planning Authority undertook a Housing Need and Demand Assessment in 2011. The assessment identified a need for 415 new affordable houses per annum for the next ten years. This information has been used to inform the Strategic Development Plan, the Local Development Plan and in turn informed the Local Housing Strategy 2012-17.

The Aberdeen Local Housing Strategy 2012-17 states the Council's key housing investment priorities and gives information on how these will be delivered in cooperation with key partners. In this way, the SHIP assumes the role of helping to facilitate the overall outcomes set in the Local Housing Strategy (LHS) and is thereby embedded in the LHS process.

The Strategic Housing Investment Plan 2015-20 (SHIP) was approved by the Community, Housing and Environment Committee on the 28th October 2014. The SHIP was submitted to the Scottish Government in November 2014.

The SHIP was developed in consultation with local RSLs and Council services and lists potential affordable housing projects and the Scottish Government grant requirements. Regular meetings are held with the RSLs and the Scottish Government to monitor the SHIP and as a result some projects will be removed from the SHIP because they are no longer viable and others are added as affordable housing opportunities emerge. Accordingly the SHIP has been updated (see appendix 2). Committee is requested to approve the revised SHIP.

Further, the SHIP informs the local component of the Strategic Local Programme Agreement (SLPA), which is part of the Scottish Government's affordable housing strategy. Through discussions between the Council and the Scottish Government, projects in the SHIP are assessed as to their future viability. From this assessment the Scottish Government issues the SLPA (see appendix 1). In June 2015 the Council received from the Scottish Government the draft SLPA. The SLPA is an agreement between the Scottish Government and the Council, which needs to be agreed by the Council and signed off by the Council.

There could be financial implications for the Council as a result of these proposed changes to the SHIP and as the SLPA is implemented, as some RSL projects may require ACC top-up grant to deliver social rented housing, because of the current subsidy levels and the high land and build costs in Aberdeen City. There are four projects in the pipeline, Froghall, Summerhill Road, Mugiemoos Road and Cloverleaf. It is hoped to bring these projects forward to the next Committee once the viability of the projects are fully assessed. If any projects require ACC subsidy this will be funded from Section 75 Financial Contributions and income received from the reduction in the Council Tax discounts for Empty Properties and Second Homes.

Strategic Investment Plan (SIP) Outcomes

One such outcome is to provide 2,000 new homes by 2017, of which 1,000 will be provided by the private/ RSL sectors. The SHIP and the SLPA will ensure the Council with partners will continue to work towards the Outcome of 1,000 new affordable houses delivered by the private and RSL sectors. For the other 1,000 units the Council have committed to two forms of delivery to meet this target.

1. The Council is itself developing two sites (Smithfield Primary School and Manor Walk) for Council build to be socially affordable. This will deliver 179 units.

2. The Council will deliver housing in partnership with a private sector partner and the focus of this partnership will be to meet the objectives of the SIP and focus within the SIP on the shortfall in the provision of rental housing for workers on modest incomes who provide key services and are considered essential to the socio-economic growth of the city. The Council have committed the Former Summerhill Academy, Former Tillydrone Primary School, Former Aberdon House, Former St Machar Primary School, Former Craighill Primary School, Kincorth Academy and Former Bucksburn Farm to this delivery route. The Partnership will be flexible to have the ability to provide affordable housing for rent, low cost homes for sale and housing for private sale depending on the need and demand and also the specific local context and any regeneration needs.

For delivery route 2. An options appraisal exercise was undertaken and determined that the preferred delivery route was to procuring a delivery partner(s). This would bring in private sector experience and expertise in the delivery of affordable and private housing, bring in a partner or consortium that has a standardised product to assist in the speed of delivery, increase ability to lever in finance to fund development and for both the Council and a Private Sector Partner to share in the development risk and profit. This delivery route does not require public subsidy and the housing is in addition to that delivered through the Council's Strategic Housing Investment Plan. The proposal is to create a partnership that has both short and longer term objectives. In the short term there is an objective to deliver the 1,000 affordable houses. The long term partnership will have the objective of working together to develop sites for private development and maximise development returns for both parties together with capturing the planning requirement for delivery of affordable housing on site.

To appoint a development partner a Competitive Dialogue procurement process has been undertaken. This has involved competitive dialogue with participants to identify funding and suitable delivery mechanisms to meet the Council's objectives. Tender submissions are due by 11 August 2015.

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

Aberdeen- Smarter City Vision

- We will improve access to affordable housing in both the social rented and private sectors, by supporting first-time buyers, regenerating areas within the city and by working with developers to maximize the effective use of developer contributions.
- We will invest in the city where that investment demonstrates financial sustainability based on a clear return on investment
- We will work with partners to promote the city as a place to invest, live, work and export from.

Strategic Investment Plan (SIP) Outcomes

- To provide 2,000 new homes by 2017, of which 1,000 will be provided by the private/ RSL sectors.

Public Interest

This report will be of interest to the public because it details the plans for the provision of affordable housing– something that greatly impacts on the lives of people in Aberdeen.

7. MANAGEMENT OF RISK

If committee does not approve this report there is a risk that the provision of new affordable housing will not meet the housing needs identified for the City. There is a risk the Council will not be allocated Scottish Government grant this financial and future financial years, which would mean a loss of funding to deliver affordable housing in the City. Aberdeen City Council would not be able to meet the need for affordable housing in the City, which would result in a range of detrimental effects, including economic ones.

8. BACKGROUND PAPERS

9. REPORT AUTHOR DETAILS

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