

ABERDEEN CITY COUNCIL

COMMITTEE	Communities, Housing and Infrastructure
DATE	17 th May 2016
DIRECTOR	Pete Leonard
TITLE OF REPORT	Affordable Housing Delivery
REPORT NUMBER:	CHI/16/098
CHECKLIST RECEIVED	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 2015/16 and those expected to be completed in 2016/17 through to 2017/18.
- 1.2 To seek Committee approval for the use of Council Tax monies towards the Council new build projects at the Smithfield Primary School site and Manor Walk.
- 1.3 To seek Committee approval for the use of Council Tax monies or S75 monies towards the purchase of a low cost home ownership unit to enable the property to remain affordable and to assist with the housing needs of a child with special needs.

2. RECOMMENDATIONS

That the Committee:

- 2.1 Notes the content of the report;
- 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;

- 2.3 Agree to provide funding of £1,089,000 towards the Council's development costs in respect of the 99 units at the Smithfield Primary School site, such funding to come from income received from the reduction in the Council Tax Discounts for Second Homes and Long Term Empty Properties; and
- 2.4 Agree to provide funding of £880,000 towards the Council's development costs in respect of the 80 units at Manor Walk, such funding to come from income received from the reduction in the Council Tax Discounts for Second Homes and Long Term Empty Properties; and
- 2.5 Agree to provide funding of up to £30,000 to assist with the purchase of a low cost home ownership unit (currently available for resale) by an individual who has a child with special needs currently in unsuitable accommodation. The funds provided would be secured to the Council by way of a legal agreement and would be repaid to the Council in any subsequent sale. No other suitable qualifying purchaser has applied to purchase the property and if no buyer is found the property will be sold on the open market with the Council receiving a secured amount to reinvest in affordable housing. The funding would come from the reduction in the Council Tax Discounts for Second Homes and Long Term Empty Properties or Section 75 monies.

3 FINANCIAL IMPLICATIONS

Any proposal for grant funding to a Registered Social Landlord (RSL) for such a project requires to be considered against the State Aid rules. The Council has previously concluded that such grants come 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 consults with Legal Services on individual cases where necessary.

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 £1.77 million during 2016/17 with agreements currently being negotiated to provide a further anticipated income of £1.5 million.

Section 75	£
Income received	4,008,184
Interest received	163,501
Grants paid to RSLs	2,301,640
Commitments to RSLs	<u>1,826,028</u>
Available Balance (at 31.3.16)	44,017

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 July 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 July 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 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	13,580,835
Paid	6,129,861
Commitment	<u>469,141</u>
Available Balance (at 31.3.16)	6,981,833

This Council Tax Discount reduction provided an income of £1.527 million for 2015/16. 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 – Tenants First Housing Co-operative Ltd from Council Tax income

Maidencraig - £968,258 – Grampian Housing Association Ltd from Section 75 income

Cloverleaf Hotel - £308,594 – Aberdeenshire Housing Partnership from Section 75 income

Summerhill Road - £151,112 – Langstane Housing Association Ltd from Section 75 income

Mugiemoss Road - £398,064 – Castlehill Housing Association Ltd from Section 75 income

Total commitments = £2,295,169

5.4 Payments made during 2015/16

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

Hopetoun Grange - £261,734 – Grampian Housing Association Ltd from Section 75 income

Hopetoun Grange - £103,126 – Grampian Housing Association Ltd from Section 75 income

5.5 Affordable Housing Completions 2015/16 – 214 units

Location	Developer	Type	Date	No. of units
Froghall Terrace	Grampian HA	Social Rent	April 2015	20
West North Street	ACC	Social Rent	May 2015	20
Cove	NHT	MMR	May 2015	9
Dubford	Barratt Homes	LCHO	May 2015	8
Old Church Road	Langstane HA	Social Rent	June 2015	20
Marischal Street	Langstane HA	MMR	June 2015	7
Mugiemoss Road	NHT	MMR	June 2015	26
Cove	NHT	MMR	June 2015	9
Hopetoun Grange	Grampian HA	Social Rent	July 2015	21
Smithfield Court	ACC	Social Rent	July 2015	3
Dubford	Scotia Homes	LCHO	August 2015	3
Dubford	Barratt Homes	LCHO	Aug/Sept 2015	8
Froghall Terrace	Grampian HA	MMR	Nov 2015	16
Dubford	Barratt Homes	LCHO	Dec 2015	16
Mugiemoss Road	NHT	MMR	Dec 2015	7
Cove	Scotia Homes	LCHO	Dec 2015	12
Balgownie Farm	CALA Homes	LCHO	Feb 2016	9

5.6 Expected Completions 2016/17 – 284 units

The tables below detail the expected completions for 2016/17 and 2017/18. As with all building projects they will be subject to change as developments may move more quickly or be delayed. There continues to be the opportunity for additional projects to come into the programme.

Location	Developer	Type	Date	No. of units
Dubford	Barratt Homes	LCHO	2016/17	16
Copper Beech	Langstane HA	MMR	2016/17	20
Copper Beech	Langstane Ha	Social Rent	2016/17	15
Balgownie School	Aberdeenshire Housing Partnership	MMR	2016/17	6
Friarsfield	CALA Homes	LCHO	2016/17	8
Shaw Road	CALA Homes	LCHO	2016/17	15
Park Road	Barratt Homes	LCHO	2016/17	6
Smithfield Primary Site	ACC	Social Rent	2016/17	40
East Woodcroft	Shaping Aberdeen Housing LLP	LCHO	2016/17	14
Manor Walk	ACC	Social Rent	2016/17	16
Mugiemoss Road	NHT	MMR	2016/17	28
Froghall	NHT	MMR	2016/17	19
Mugiemoss Road	Grampian HA	Social Rent	2016/17	13
Cloverleaf	Aberdeenshire HP	Social Rent	2016/17	22
Cloverleaf	Aberdeenshire HP	MMR	2016/17	11
Cloverleaf	Places for People	MMR	2016/17	35

5.7 Expected Completions 2017/18 – 699 units

Location	Developer	Type	Date	No. of units
Maidencraig	Grampian HA	Social Rent	2017/18	12
Maidencraig	Castlehill HA	Social Rent	2017/18	24
Froghall Road	Langstane HA	Social Rent	2017/18	6
Mugiemoss Road	Castlehill HA	Social Rent	2017/18	22
Mugiemoss Road	Castlehill HA	MMR	2017/18	16
Summerhill Road	Langstane HA	Social Rent	2017/18	26
Smithfield Primary	ACC	Social Rent	2017/18	59
Countesswells	NHT	MMR	2017/18	30
Countesswells	AHP	Social rent / MMR	2017/18	20
Craiginchies	Sanctuary	MMR	2017/18	120
Manor Walk	ACC	Social Rent	2017/18	64
Tillydrone	Shaping Aberdeen Housing LLP	MMR	2017/18	92
Tillydrone	Shaping Aberdeen Housing LLP	Social Rent	2017/18	10
Craighill	Shaping Aberdeen Housing LLP	MMR	2017/18	46
Craighill	Shaping Aberdeen Housing LLP	LCHO	2017/18	20
Donside	Sanctuary	MMR	2017/18	16
Summerhill	Shaping Aberdeen Housing LLP	MMR	2017/18	116

5.8 City Region Deal – Additional Scottish Government Announcement

On 28th January 2016 at the same time as the City Region deal was announced the Scottish Government separately announced £20 million in infrastructure funding to unlock housing sites that are of strategic importance to the local authorities..

The Scottish Government also announced certainty on £130 million of affordable housing grant for Aberdeen City and Aberdeenshire over a 5 year period as part of the Scottish Government's Affordable Housing Programme.

For 2016/17 the Scottish Government Affordable Housing Grant funding for Aberdeen City is £10.956m.

Discussions are ongoing with Aberdeenshire Council and the Scottish Government on how the new £20m infrastructure funding can be utilised to ensure the greatest impact in unlocking housing delivery in the area.

6. IMPACT

Improving Customer Experience

The addition of these extra sites to the SHIP will result in an increased supply of affordable housing to help meet the housing needs of residents in the city.

Improving Staff Experience

Not applicable

Improving our use of Resources

The addition of these sites to the SHIP and their subsequent delivery as affordable housing will ensure that effective use of available affordable housing funds is made.

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 and RSL sectors.

Public

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. 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

N/A

9. REPORT AUTHOR DETAILS

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