

COMMITTEE	Communities, Housing & Infrastructure
DATE	8 th November 2017
REPORT TITLE	Strategic Housing Investment Plan 2018/19 – 2022/23
REPORT NUMBER	CHI/17/205
INTERIM DIRECTOR	Bernadette Marjoram
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1. PURPOSE OF REPORT:-

1.1 To seek Committee agreement to the submission of the Strategic Housing Investment Plan (SHIP) for the period 2018/19 – 2022/23.

2. RECOMMENDATIONS

It is recommended that Committee

Approve the submission of the Strategic Housing Investment Plan to the Scottish Government.

3. BACKGROUND/MAIN ISSUES

3.1 Scottish Government Guidance - Strategic Housing Investment Plans

“The core purpose of the SHIP is to set out strategic investment priorities for affordable housing over a 5 year period to achieve the outcomes set out in the Local Housing Strategy (LHS). The plan reinforces the local authority as the strategic housing authority, the importance of the outcomes and targets set out in the LHS, and informs Scottish Government housing investment decisions. It is expected that SHIPs will be directly informed by the LHS and developed in consultation with key stakeholders. SHIPs will be the key documents for identifying strategic housing projects to assist the achievement of the 50,000 target.

The SHIP should:

- Set out investment priorities for affordable housing
- Demonstrate how these will be delivered
- Identify the resources required to deliver these priorities
- Enable the involvement of key partners

3.2 Preparation of the SHIP

The requirement is to submit a SHIP was biennial in November however the Scottish Government have advised that the SHIP is to become an annual requirement with submission by the end of October. Committee have received regular reports seeking agreement to add sites into the current SHIP reflecting ongoing discussions with

RSLs and developers which identify opportunities for the delivery of affordable housing. The consultation for this SHIP has been based on an ongoing dialogue with partners. After submission of the SHIP new opportunities will be reported to Committee where they arise to ensure the maximisation of the delivery of affordable housing from all available resources with the SHIP being a continually evolving plan through it's lifetime.

Consultation with local affordable housing delivery partners has been undertaken to populate the required tables attached to this report as Appendices.

Overall the SHIP currently shows the potential to deliver 1,725 units across the 5 years from grant funded development by the Council and RSLs and a further 801 units from outwith the main grant funded development programme.

As would be expected certainty about projects and delivery numbers is greater for the initial three years with the final two years showing significantly lower numbers. This will change as new projects are developed and 'windfall' opportunities arise.

3.3 Aberdeen City Council Grant Funding

There are projects within the current SHIP with the potential to spend at least £15.5m Scottish Government Grant this financial year. However the Scottish Government Grant expenditure is limited to the allocated grant of £12.279m.

The Scottish Government have recently advised that they have identified additional funding from outwith the allocation for Aberdeen City which will fund 51 social rent units at Countesswells with Hillcrest Housing Association. This is positive as it has removed the requirement for £3.24m to be spent on this project.

The available funds from Section 75 Contributions and Council Tax Discount on Second Homes and Long-term Empty Properties are detailed below.

3.4 a. Section 75 Financial Contributions

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.

	£
Income received	7,787,500
Interest received (to 31.3.16)	166,910
Grants paid to RSLs	2,968,701
Commitments to RSLs	<u>1,732,967</u>
Available Balance	3,252,742

The funding comes with a requirement to be spent within 5 years of receipt, with the money held in an interest bearing account. The oldest income received has to be disbursed by April 2019.

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

The Council used its 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 and commitments to date are shown below.

	£
Income	15,452,738
Paid	8,098,861
Commitment	<u>469,141</u>
Available Balance	6,884,736

Officers are currently discussing with the Scottish Government and RSLs to identify how the S75 and Council Tax monies can be disbursed to maximise the benefit in the delivery of projects which cannot currently be funded within the Scottish Government grant available.

3.5 Aberdeen City Council New build Projects

It is noted that no Aberdeen City Council sites have been included in this SHIP. Until the report instructed at Council on 15th March 2017 in relation to the 2,000 Home Feasibility Study it will not be possible to include any sites.

4. FINANCIAL IMPLICATIONS

- 4.1 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.

This report seeks agreement to provide grant funding to allow the continued development of housing sites from either Section 75 financial contributions or the income from Council Tax Discount on Second Homes and Long-term Empty Properties making best use of these funding sources when the grant is to be paid.

The Scottish Government have allocated Aberdeen City Council the undernoted Resource Planning Assumption (RPA) for the next three years.

	RPA
2018/19	£16.027m
2019/20	£18.133m
2020/21	£19.436m

5. LEGAL IMPLICATIONS

5.1 There are no direct legal implications arising from this report.

6. MANAGEMENT OF RISK

- Financial.
The report has no direct financial implications. Given the extent of affordable housing projects seeking grant funding over the next 3 years all Government grant will be utilised and we will be in a position to utilise any underspend that the Government may identify or other sources of funding.
Low Risk
- Employee
Not Applicable
- Customer / citizen
The delivery of affordable housing identified in the SHIP will significantly increase the supply of affordable housing in the city. In addition to providing new homes it will provide significant employment opportunities during the construction of the houses.
Low Risk
- Environmental
Not Applicable
- Technological
Not applicable
- Legal
Not applicable
- Reputational
The SHIP identifies very significant opportunities for the delivery of affordable housing. The delivery of these sites require partnership working across the public and private sector. The relationships are already well developed to deliver the positive outcomes. There is a low risk that some projects may not progress as quickly as envisaged. That said there are other opportunities which will ensure all grant is spent and the affordable housing delivered.
Low Risk

7. IMPACT SECTION

7.1 This section demonstrates how the proposals within this report impact on the strategic themes of Aberdeen City Council and Community Planning Aberdeen, as set out in the [Aberdeen City Local Outcome Improvement Plan 2016-26](#) and the [Aberdeen City Council Strategic Business Plan](#).

7.2 Economy

- 7.2.1 The Council aims to support improvement in the local economy to ensure a high quality of life for all people in Aberdeen.

The SHIP identifies significant opportunities to continue very significant levels of affordable housing delivery. This will assist this aim both in terms of direct employment in the house construction and related sectors as well as providing new high quality housing for our citizens helping to improve their quality of life

7.3 People

- 7.3.1 The Council is committed to improving the key life outcomes of all people in Aberdeen and so has agreed a set of Equality Outcomes (2017-21) http://www.aberdeencity.gov.uk/council_government/equality_and_diversity/eqd_report_2017_21.asp

- 7.3.2 The Local Outcome Improvement Plan includes an aim to “Build at least 415 affordable houses a year”. Affordable housing completions for 2017/18 are anticipated to be around 590 houses. The SHIP identifies significant opportunities to continue very significant levels of affordable housing delivery.

7.3 Place

- 7.3.1 The Council is committed to ensuring that Aberdeen is a welcoming place to invest, live and visit and operating to the highest environmental standards.
- 7.3.2 The affordable housing projects currently being delivered and detailed in the SHIP provide for a wide range of housing styles and locations across the city reusing existing property, using brown field sites as well as greenfield sites. These developments will provide significant assistance in meeting the aims identified.

7.4 Technology

- 7.4.1 No specific technology issues are identified.

8. BACKGROUND PAPERS

Previous committee reports in relation to this issue are detailed below:
CHI 1st November 2016
CHI 24th May 2017

9. APPENDICES (if applicable)

Appendix 1 – Affordable Housing Supply Programme Years 1 - 3
Appendix 2 – Affordable Housing Supply Programme Years 4 & 5
Appendix 3 – Infrastructure Fund
Appendix 4 – Non Affordable Housing Supply Programme – TDMF Funded
Appendix 5 – Council Tax & Developer Contributions

10. REPORT AUTHOR DETAILS

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