



**Strategic Housing
Investment Plan
2019/20– 2023/24**

Contents

1. Introduction
2. Strategic Context
3. Aberdeen City SHIP 2019-2024
4. Prioritisation
5. Consultation
6. Resources
7. Low Cost Home Ownership
8. Housing Infrastructure Fund
9. Housing Market
10. Specialist Housing Provision
11. Wheelchair Accessible Housing – Position Statement
12. SHIP Summary
13. Council Approval of SHIP

1. Introduction

1.1 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 SHIP reinforces the local authority as the strategic housing authority and details how investment priorities will be delivered. The SHIP should:

- Set out the 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.

1.2 The SHIP is a realistic and practical operational plan that rolls forward projects identified in previous SHIPs and introduces new projects. It demonstrates how, when and where the Council and its partners intend to deliver new affordable homes across the city. It also illustrates how a variety of funding mechanisms are maximised to ensure the delivery of the projects.

2. Strategic Context

2.1.1 City Region Deal

2.1.2 Aberdeen City Region Deal was signed by Aberdeen City Council, Aberdeenshire Council, the Scottish and UK Governments on 21 November 2016. On 28 January 2016 the Scottish Government announced £20 million in infrastructure funding to unlock housing sites that are of strategic importance as well as five-year certainty on £130 million of affordable housing grant to the local authorities.

2.1.3 Aberdeen City Council and Aberdeenshire Council will continue to work together to support the delivery of affordable housing. Both SHIPs will continue to be closely monitored by the local authorities and the Scottish Government to ensure the investment in affordable housing is maximised across the two Council areas.

2.2.1 Local Housing Strategy

2.2.2 The Aberdeen City Local Housing Strategy (LHS) 2018-2023 provides the strategic direction to respond to housing need and demand and informs the future investment in housing and housing related services across the city. The LHS identifies an affordable housing target of 342 homes per year in 18/19 and 19/20 and 385 per year in 20/21, 21/22 and 22/23.

2.2.3 In developing the new LHS, the Council worked in collaboration with a wide range of partners and stakeholders with an interest in housing to develop a shared vision for housing across the city. Housing plays a vital role in meeting the needs of local people and contributes to a prosperous economy.

2.2.4 The LHS sets out a framework of actions and investment with partnership working to deliver the strategic outcomes and is underpinned by the Housing Need and Demand Assessment 2017 and reflects the Aberdeen City and Shire Strategic Development Plan and the Aberdeen Local Development Plan.

2.2.5 The housing priorities identified in the LHS 2018 - 2023:

- There is an adequate supply of housing across all tenures and homes are the right size, type and location that people want to live in with access to suitable services and facilities.
- Homelessness is prevented and alleviated.
- People are supported to live, as far as is reasonably practicable, independently at home or in a homely setting in their community.
- Consumer knowledge, management standards and property condition are improved in the private rented sector.
- Fuel poverty is reduced which contributes to meeting climate change targets.
- The quality of housing of all tenures is improved across the city.

2.3 Housing Need and Demand Assessment (HNDA) 2017

2.3.1 The Aberdeen Housing Market Area housing needs have been identified through the HNDA 2017. The HNDA was developed through collaboration between Aberdeen City Council, Aberdeenshire Council and the Aberdeen City & Shire Strategic Development Planning Authority.

2.3.2 At a strategic level, the HNDA informs the Strategic Development Plan, the Local Development Plan and Local Housing Strategy of each local authority.

2.3.3 The HNDA 2017 indicates that the level of need for affordable housing remains significant. Whilst the HNDA has identified the additional houses required by tenure, these figures will not automatically become the housing supply target. A housing supply target is the Strategic Development Planning Authority's view of the type and level of housing to be delivered over the period of the strategic development plan. Although it takes aspiration into account, targets should be identified which are deliverable. As per Scottish Government guidance, when setting and agreeing the housing supply target, authorities should consider those factors which may have a material impact on the pace and scale of housing delivery such as:

- Economic factors which may impact on demand and supply in particular parts of the area.
- Capacity within the construction sector.
- The potential inter-dependency between delivery of market and affordable housing at the local level.
- Availability of resources.
- Likely pace and scale of delivery based on completion rates.
- Recent development levels.
- Planned demolitions.
- Planned new and replacement housing or housing brought back into effective use.

2.3.4 As the Strategic Development Plan and Local Housing Strategy were completed at different times, and it is the role of the Strategic Development Plan to set the housing supply target, it is only possible to provide indicative figures for the housing supply target at this stage through the Local Housing Strategy.

2.3.5 The housing supply target in the proposed Aberdeen City & Shire Strategic Development Plan utilises the principal scenario from the HNDA, modified to give a policy interpretation of current circumstances and the potential for growth in the medium to long term. This is consistent with the Regional Economic Strategy. The modified principle scenario suggests that 1,839 affordable homes are to be delivered between 2018 and 2023 across the city.

3. Aberdeen City SHIP 2019 – 2024

3.1 The Aberdeen City Affordable Housing Programme, developed by the council details a range of affordable housing projects including RSL and Council Social Rent. It also includes RSL mid-market rent and LAR Housing Trust mid-market rent as well as Low-Cost Home Ownership (LCHO) which are properties that housing developers will deliver directly.

3.2 In order to monitor the deliverability of projects, the council meets on a regular basis with the Scottish Government and RSLs to ensure projects are progressing and to try to resolve any issues that arise which are slowing down or preventing delivery. Officers of the council also monitor the weekly planning applications list to ensure planning applications linked to projects are being progressed through the planning system. This also presents opportunities to inform RSLs at an early stage of potential developments they could help to deliver the affordable housing requirements.

3.3 Many of the projects coming forward in the SHIP are reliant on Section 75 Agreements being completed. Before this, the developers should have had discussions with RSLs on the delivery of the affordable housing requirement for the site. Most of the RSLs in Aberdeen do not have the financial capacity to

compete with developers to acquire sites for their own use, therefore the SHIP is very reliant on Section 75s to deliver affordable housing.

- 3.4 The council continues its new build programme which has seen the delivery of 179 new affordable houses. Aberdeen City Council has made a commitment to build a further 2,000 council homes for social rent. Funding has been identified through the allocation of Section 75 agreement monies¹ and Council Tax second homes² funds to contribute to this.
- 3.5 Projects have been placed in the actual year they could start if resources were available.

4. Prioritisation

4.1 Projects submitted have been assessed using the following criteria:

- The extent the projects help to achieve the priorities in the LHS.
- The tenure of the projects, with preference given for those with social rented housing.
- Preference given to those projects which adequately reflect the housing need and demand for that area.
- Preference given to developments that provide specialist accommodation including wheelchair accessible and housing with supported accommodation.
- Planning consent is in place and the site is owned by the developer.
- Site is in the Local Development Plan to ensure there will be no delays due to departures from the Plan.
- The project can be delivered immediately subject to availability of resources.

5. Consultation

5.1 Aberdeen City Council, with the involvement of its key partners via the SHIP Working Group has prepared this SHIP submission. The SHIP illustrates how the council and its RSL partners will seek to deliver the city's affordable housing investment needs and priorities identified in the Aberdeen City Local Housing Strategy 2018- 2023 over a rolling 5-year programme. The SHIP Working Group is the Council's key working group that is responsible for development of the SHIP and the ongoing review of new and current projects through collaboration with Scottish Government via quarterly meetings.

¹ Section 75 agreements are provided through Section 75 of the Town and Country Planning (Scotland) Act 1997 and are negotiated through the planning process.

² From 1st April 2005 Ministers granted local authorities the discretion to reduce or retain the council tax discount on second homes and long-term empty properties

5.2 The RSLs who form part of the SHIP Working Group are:

- Castlehill Housing Association
- Grampian Housing Association
- Hillcrest Housing Association
- Langstane Housing Association
- Osprey Housing
- Places for People
- Sanctuary Housing Association

5.3 In addition to the SHIP Working Group, the council has consulted with the Affordable Housing Forum whose members include developers, RSLs and Planning Officers.

6. Resources

6.1 Through the Affordable Housing Supply Programme, the Scottish Government has confirmed the Resource Planning Assumptions for 2 of the 5 years of this SHIP. However, for planning purposes, Scottish Government has advised that local authorities should use their 2020/21 RPA as the basis of funding for the final three years of this SHIP period.

	RPA £ m
2019/20	18,133
2020/21	19,436
2021/22	19,436
2022/23	19,436
2023/24	19,436

6.2 The Affordable Housing Supply Programme will seek to maximise the delivery of affordable housing through all available housing streams. Partners will continue to investigate and implement new and innovative delivery mechanisms.

6.3 The delivery by the RSL sector is predicated on partnership working with house developers. The co-ordination of these developments with availability of grant funding will continue to be a significant challenge and will be essential to manage to ensure the deliverability of the programme.

6.4 Discretion to Reduce Council Tax Discount on Second Homes and Long-Term Empty Properties

6.4.1 From 1st April 2005 Ministers granted local authorities the discretion to reduce or retain the council tax discount on second homes and long-term empty

properties. Aberdeen City Council has used this power and the additional income is retained locally and used as grant funding for RSLs and the Council for the provision of new-build affordable social housing.

6.4.2 Income received and paid up to 31 March 2018 is shown below.

	£
Income received	16,988,012
Paid	8,098,861
Available Balance (at 31.3.18)	8,889,151

6.4.3 The Council Tax on second homes and long term empty properties provided an income of £1.535m in 2017/2018. 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. These funds are disbursed by the City Growth & Resources Committee to support the delivery of affordable housing. As projects come forward these monies will be of assistance as there may not be sufficient Scottish Government funding at one particular time.

6.5 Section 75 Affordable Housing Contributions

6.5.1 Section 75 agreements are provided through Section 75 of the Town and Country Planning (Scotland) Act 1997 and are negotiated through the planning process. Housing developers may, on occasion, be required to make a financial contribution towards affordable housing rather than delivering affordable housing on the specific site to which the planning permission applies.

6.5.2 Such agreements to date have provided an income as detailed at 6.5.3. Further agreements are in place to provide an anticipated income of £3.0m with around £1.0m expected to be collected during 2018/19.

6.5.3 Section 75	£
Income received	7,989,628
Interest received	168,932
Grants previously paid to RSLs	3,613,801
Available Balance (at 31.3.18)	4,544,759

6.5.4 The funding comes with a requirement to be spent within five years of receipt and must be held in an interest-bearing account. Aberdeen City Council has utilised all funds received up until July 2015. There is therefore no likelihood that any money would have to be repaid to developers, permitting Aberdeen City Council to disburse further grant up until July 2020.

7. Low Cost Home Ownership

- 7.1. As part of the planning requirements for the delivery of affordable housing, one of the delivery mechanisms is Low Cost Home Ownership. These properties are sold directly by the developer at a price discounted from the market value. The Section 75 agreement and standard security ensure the properties remain affordable through future resales. Since LCHO sales started, 120 properties have been provided. The SHIP identifies a future supply of these affordable housing units from known sites.

8. Housing Infrastructure Fund

- 8.1 The Scottish Government introduced a new five-year Housing Infrastructure Fund with up to £50m available.
- 8.2 The fund will support the delivery of housing through the use of financial assistance. While all types and tenures of housing are eligible for support, the Scottish Government has prioritised those projects delivering affordable and private rented housing within the next five years.
- 8.3 The fund will operate at a national level and will be managed and administered by the Scottish Government. As part of the £254m Scottish Government funding announced along with the City Region Deal, £20m of the £50m has been ring fenced to Aberdeen City and Aberdeenshire.
- 8.4 The Housing Infrastructure Fund comprises two main elements:
- Infrastructure loans (to non-public sector organisations)
 - Infrastructure grant available to local authorities and RSLs to support affordable housing delivery.
- 8.5 Local authorities were asked, as part of the development of their SHIPs to identify priority housing sites that could, with support from the fund, be unlocked to bring forward housing within the next five years. The City Region Deal Joint Committee has also considered the merits of the fund. No such sites have been identified. The interest rate of the loans is higher than can be obtained commercially and no sites have been identified that meet the grant eligibility criteria.

9. Housing Market

- 9.1 The downturn in the north east economy from 2015 has had a significant impact on house prices, volumes of sales, rental values and availability of property for sale or rent on the market. This has impacted on the affordable housing market with mid-market rental properties becoming more difficult for landlords to rent in the current market.

9.2 The market changes mean that some sites have not progressed or have had slower build out rates. However, there have been a number of sites where affordable housing units have come forward in the site development with developers looking to deliver their affordable housing earlier than had been planned, to offset market conditions.

10. Specialist Housing Provision

10.1 The Public Bodies (Joint Working) (Scotland) Act 2014 came into force on 1st April 2014 with additional secondary legislation and guidance produced which resulted in the development of Aberdeen City's Housing Contribution Statement (HCS) in February 2016. The HCS now forms an integral part of the Aberdeen City Health and Social Care Partnership Strategic Plan and sets out the role of social housing providers in Aberdeen. It mirrors the content of the Local Housing Strategy 2018-23 and will assist in the alignment of future strategic planning. This development has provided opportunities to strengthen the connections between housing, health and social care, and will contribute to the achievement of many of the Scottish Government's National Health and Wellbeing Outcomes.

10.2 The main housing related issues currently identified through the Strategic Development Plan, HNSA 2017, the Aberdeen City Local Housing Strategy and the Joint Strategic Needs Assessment is an expected growth in population with the greatest growth predicated to occur in the population aged 65+ with a significant proportion of older people identified as being at risk of fuel poverty.

10.3 Ensuring that the LHS and Strategic Plan are aligned will ensure that housing contributes to the delivery of health and social care outcomes that have been scoped through the Housing Contribution Statement and the Aberdeen City LHS 2018-23. It will also ensure that housing outcomes are supported through the Health & Social Care Partnership.

10.4 The key challenges going forward from the Housing Contribution Statement are:

- Provision of resources to assist health and social care professionals to address the shortage of carers in the city.
- Future funding of aids and adaptations in the public (especially RSLs) and private housing sectors.
- Increased costs/funding to support Telecare and Telehealth systems.

10.5 The Housing Contribution Statement identified actions to alleviate some of the challenges faced, these include:

- Increase intermediate capacity through the provision of furnished intermediate step up/step down accommodation.
- Realignment of current sheltered and very sheltered housing and progress the expansion of extra care housing provision.
- Undertake a review of specialist housing requirements for people with mental health, learning disabilities and substance misuse.
- Undertake a review of temporary accommodation with an aim to remodel and make provision for interim accommodation dependent on individual/household need.
- Review the Allocations Policy to minimise time to allocate suitable properties for urgent medical priority cases and to provide for decants for homeowners whilst adaptations or sale/purchase or more suitable property proceeds.
- Revise protocols between Housing (including RSLs) and Health & Social Care Partnership for hospital discharges

10.6 The Housing Contribution Statement will be refreshed and published in 2019/20. This will reflect the priorities identified within the LHS 2018-2023, Strategic Plan and the Strategic Commissioning Implementation Plan. The rapid rehousing transition plan will also be incorporated into this to ensure it forms part of the planning framework.

11. Wheelchair Accessible Housing – Position Statement

11.1 Revised SHIP guidance issued by the Scottish Government in August 2018 states that local authorities must set a realistic target for the delivery of wheelchair accessible housing across all tenures. The first step of this process is to include a position statement in the SHIP that provides details of:

- What the current evidence base is regarding the requirement for wheelchair accessible housing, including any information gaps/further work required with plans to address identified need across all tenures.
- The intended approach to increase this provision and how it will be included within the LHS and Local Development Plan.
- The number of affordable wheelchair accessible homes the local authority plans to deliver over the next 5 years.

11.2 Evidence base

11.2.1 The Housing Needs and Demand Assessment 2017 shows Aberdeen City Council has 516 wheelchair accessible properties in specialist accommodation (including sheltered and very sheltered) and 293 in 'mainstream' housing.

11.2.2 The Housing Needs Assessment Team (HNAT) assess and prioritise applicants with particular needs for Council housing. The table below shows the number of applicants and their housing requirements, including those who need fully wheelchair accessible accommodation. It shows that 929 people require ground floor accommodation, 72 require level access and 39 require full wheelchair accessible design.

	1	2	3	4	5	Total
Ground Floor	827	109	26	7	0	969
First Floor	94	33	41	9	1	178
Level access	50	18	2	2	0	72
Wheelchair access	22	14	1	2	0	39
Able for stairlift	1	1	1	1	0	4
Community Alarm recommended	6	1	0	0	0	7
Extra Bedroom	0	26	21	8	0	55
Other or multiple recommendations	796	103	32	9	0	940
Total	1796	305	124	38	1	2264

11.2.3 The Council and its partners are committed to reducing waiting lists for accessible housing by working with the design team to ensure that the needs of those who are currently on the housing waiting lists for wheelchair accessible housing are met through the new build programme.

11.2.4 There is robust information on the supply and demand for the Council's wheelchair accessible housing. Further work is required to establish the supply and demand for other sectors. Work will be undertaken with registered social landlords, developers and the Disabled Person's Housing Service (DPHS) to establish a baseline. This work will be taken forward by the Independent Living & Specialist Provision Strategic Group that has been established to deliver and monitor the Aberdeen City Local Housing Strategy's Joint Delivery Action Plan.

11.3 Approach to increase provision

11.3.1 It is widely recognised that whilst new build housing is designed to meet Housing for Varying Needs standards this does not always translate to wheelchair accessible housing.

11.3.2 Aberdeen City's Health and Social Care Partnership's Strategic Plan identifies the challenges of an ageing population and the desire to support people in a community setting. To meet these challenges an adequate supply of good quality accessible housing needs to be in place. The Housing Contribution Statement that underpins the role that housing plays will be refreshed in 2018/19.

11.3.3 The intended approach is to increase the overall provision of wheelchair accessible properties is articulated in the Local Housing Strategy 2018 – 2023. This sets a 15% target for delivery of wheelchair accessible housing.

11.3.4 The LHS sets out the priority for investment as part of the Affordable Housing Supply Programme. This is underpinned by the Housing Need and Demand Assessment 2017 and reflects the Aberdeen City and Shire Strategic Development Plan and the Aberdeen Local Development Plan.

11.4 Number of wheelchair accessible homes

11.4.1 The LHS identifies an affordable housing target of 342 homes per year in 18/19 and 19/20 and 385 per year in 20/21, 21/22 and 22/23. Our 15% target would increase the stock of wheelchair accessible properties by 276.

11.4.2 The Council plans to deliver 2000 new homes, this could deliver around 300 accessible properties. The current programme takes account of the needs of disabled people. The two sites at Smithfield and Manor Avenue due to complete in 2018/19 will provide 44 houses and 16 flats that have been designed with a ground floor bedroom and accessible shower room. This is already beginning to have an impact on the wheelchair waiting list demand.

12. SHIP Summary

12.1 The SHIP 2019 – 2024 has the potential to provide up to 2,037 new affordable housing units which will make a significant contribution towards meeting the affordable housing supply targets identified in the Local Housing Strategy. This will be a considerable increase in the delivery of affordable housing which can be achieved to help meet housing needs across the city.

12.2 Table 1 - Years 2019/20 – 2023/24

12.2.1 This table shows there is the potential to complete 2,037 affordable units during this period. If all the projects were to go ahead there would be a requirement for grant subsidy of circa £119.789 million. The Resource Planning Assumption (RPA) for this period a suggested allocation of £95.877 million.

	RPA £ m
2019/20	18,133
2020/21	19,436
2021/22	19,436
2022/23	19,436
2023/24	19,436

12.2 Tables 2 & 3

12.2.1 These tables show potential projects which may be able to claim from the Housing Infrastructure Fund. No projects have been identified.

12.3 Table 4 - Affordable Housing Projects Funded or Supported by Sources other than the RPA/TMDF Budget

12.3.1 This table shows there is the potential to complete 396 affordable units not funded through the AHSP during this SHIP period. The units will see a mix of social rent, intermediate rent and low-cost homes provided by a mix of RSL, developers and council house new build.

12.4 Table 5.1- Council Tax Raised on Empty and Second Homes

12.4.1 The council continues to raise considerable funding for affordable housing through the reducing the Council Tax discounts on empty and second homes. The Council Tax income on second homes and long term empty properties provided an income of £1.535m in 2017/18. The fund currently has circa 8.9m which has not yet been committed but is subject to committee approval to disburse the funds to the council house new build programme.

12.5 Table - 5.2 Affordable Housing Policies (AHPs) Contributions

12.5.1 As part of Section 75 Agreements, developers can make a commuted payment in lieu of the provision of affordable housing. This funding is used to provide grant for affordable housing to RSL and Council projects. In 2017/18 a total of £2.825m was received. The fund currently has circa 4.5m which has not yet been committed but is subject to committee approval to disburse the funds to the council house new build programme.

13. Council Approval of SHIP

13.1 The SHIP and the associated spreadsheets 2019/20 – 2023/24 are recommended for approval by the City Growth & Resources Committee on 18 September 2018.