

ABERDEEN CITY COUNCIL

COMMITTEE	City Growth & Resources Committee
DATE	25 August 2021
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Aberdeen City's Affordable Housing Delivery Programme
REPORT NUMBER	COM/21/169
DIRECTOR	Gale Beattie
CHIEF OFFICER	David Dunne
REPORT AUTHOR	Mel Booth
TERMS OF REFERENCE	1.1.7

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide an update on the Aberdeen City affordable housing delivery programme and approve allocation of funding.

2. RECOMMENDATION(S)

That the Committee:

- 2.1 Approve the allocation of the Section 75 and Council Tax monies detailed at section 3.4 of the report for the future delivery of affordable housing.

3. BACKGROUND

3.1 Affordable Housing Supply Programme

- 3.1.1 £20.658m was allocated to Aberdeen City Council in 2020/21. Additional funding of £33.991m was made available throughout the course of the year bringing the total allocation to £54.649m. The additional funding was made available through the close working relationships the Housing Strategy team has developed over many years with the Scottish Government and Registered Social Landlords. It allowed Aberdeen City Council to draw down funds which had not been utilised in other council areas and allowed the pace of affordable housing delivery to increase which released funds for future projects.

- 3.1.2 In 2020/21 there were 461 affordable housing completions which is the highest number of affordable homes delivered in Aberdeen through the affordable housing supply programme. As of 30 June 2021, 59 affordable housing completions have taken place across the city, with 806 units being projected for completion in 2021/22.

- 3.1.3 The table below shows the location, developer and type of affordable homes completed in 2020/21.

Location	Developer	Type	No. of units
Council Buy Backs	ACC	Social Rent	76
George Street	ACC	Social Rent	3
Wellheads, Dyce	ACC	Social Rent	67
NHT Froghall	Grampian	Social Rent	19
King Street	Grampian	Social Rent	28
Countesswells	Hillcrest	Social Rent	18
Abbotswell Road	Hillcrest	Social Rent	114
St Machar	Hillcrest	Social Rent	34
NHT Mugiemooss	Hillcrest	Social Rent	35
Cults	LAR Housing Trust	Mid-Market Rent	4
Rowett South	Places for People	Social Rent	19
Rowett South	Places for People	Mid-Market Rent	23
Rowett South	Places for People	Shared Equity	21
Total			461

3.2 Section 75 Agreements

3.2.1 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.

3.2.2 Such agreements to date have provided an income as detailed at section 3.2.3. Further agreements are in place which have provided an income of £70,642 so far this year. These payments are linked to completions on site therefore it is difficult to accurately predict the total to be collected during 2021/22.

3.2.3 Section 75 Funding

	£
Income received	13,138,229
Interest received	204,597
Total Received	13,342,826

Grants previously paid to RSLs	3,620,991
Grants paid to ACC new build	8,055,517
Committed to ACC new build	1,561,042
Set Aside (Advertising)	5,000
Uncommitted Available Balance (at 31.3.21)	100,276

3.2.4 The funding comes with a requirement to be spent within five - seven years of receipt and must be held in an interest-bearing account. Aberdeen City Council has utilised all funds received up until February 2020. There is therefore no likelihood that any money would have to be repaid to developers, allowing Aberdeen City Council to disburse further grant up until February 2025.

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

3.3.1 The Council used its powers to reduce the Council Tax discount for these properties from 2005/06. This income can be used by local authorities to support revenue and capital expenditure related to a range of affordable housing activity including:

- Providing new build affordable housing through Registered Social Landlords or council house new build projects.
- Bringing empty properties back into affordable housing use.
- Land acquisition for affordable housing development.
- Purchasing off-the-shelf houses from private developers for affordable housing use.

3.3.2 Income received and paid to date is shown below.

	£
Income received	22,808,176
Paid	8,098,861
Committed to ACC	12,209,769
Committed to RSLs	469,141
Empty Homes	98,757
Uncommitted Available Balance (at 31.3.21)	1,931,648

3.3.3 The Council Tax income on second homes and long-term empty properties provided an income of £1.973m in 2020/21. 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.

3.4 Allocation of Section 75 and Council Tax funds

3.4.1 There is £2,031,924 which is to be allocated for the delivery of affordable housing. It is proposed that the funding is allocated to the council house new build programme.

3.5 Empty Homes

3.5.1 In October 2020, Committee agreed to fund the Empty Homes Officer post on a permanent basis using Council Tax Second Homes funds. The Empty Homes Officer works with owners of empty residential properties to bring them back into use. As of 31 March 2021, 189 empty properties have been brought back into use with a further 20 as of 30 June 2021.

3.5.2 Some of the highlights include:

- Working with landlords and letting agents across the city to “match” people from our housing waiting lists with owners/letting agents of empty private rented sector properties through the council’s Matchmake to Rent Scheme.

- National recognition when the service won the Best Empty Homes Partnership award which recognises the team that has made an outstanding contribution to reducing the number of empty homes.
- Working with Aberdeen Cyrenians to bring empty homes back into use for people who may otherwise have been homeless through their Settled Homes for All project which is the establishment of a social lettings' agency.

4. FINANCIAL IMPLICATIONS

- 4.1 Failure to allocate developer obligations funds within the prescribed timescale may mean they need to be repaid to the developer. The Housing Strategy team closely monitors the contributions made through developer obligations to ensure the funds are fully disbursed for affordable housing.
- 4.2 The allocation of Section 75 funds and Council Tax Second Homes monies allows the council to increase the provision of affordable housing across the city.

5. LEGAL IMPLICATIONS

- 5.1 Failure to allocate funds appropriately will result in a breach in the terms of the corresponding S75 legal agreements.

6. MANAGEMENT OF RISK

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
Strategic Risk	Failure to deliver affordable housing.	L	Council has an ambitious new build programme and RSL partners work with us to deliver affordable housing across the city.
Compliance	Provision of affordable housing ensures compliance with the council's duty to house homeless households. Failure to deliver may result in there being insufficient housing to meet the demand.	H	Approval of the recommendations would prevent this from occurring
Operational	Provision of affordable housing is a priority for residents of Aberdeen City Council. Failure to deliver may result in	H	Approval of the recommendations would prevent this from occurring.

	housing need and demand levels not being met.		
Financial	Failure to allocate fund through developer obligations may result in funds being paid back.	H	Approval of the recommendations would prevent this from occurring.
Reputational	Failure to fully utilise funds may harm the council's reputation when affordable housing is much needed across the city.	H	Approval of the recommendations would prevent this from occurring.
Environment / Climate	Provision of new build affordable housing is built to current building regulations which has a reduced carbon footprint.	L	Approval of the recommendations would prevent this from occurring.

7. OUTCOMES

<u>COUNCIL DELIVERY PLAN</u>	
Impact of Report	
Aberdeen City Council Policy Statement	The proposals within this report support the delivery of Policy Statement 10 – Build 2,000 new Council homes and work with partners to provide more affordable homes.
Aberdeen City Local Outcome Improvement Plan	
Prosperous Economy Stretch Outcomes	The proposal within this report supports the delivery of LOIP Stretch Outcome 1 – 10% increase in employment across priority and volume growth sectors by 2026. The paper seeks approval for the allocation of funds which will help to deliver the LOIP Improvement Project Aim ‘to increase the number of people employed in growth sectors by 5% by 2021. The affordable housing programme represents significant investment in the city which contributes to a prosperous economy and relates to 1.1 of the LOIP.
Prosperous People Stretch Outcomes	The proposal within this report supports the delivery Stretch Outcomes 11 - Healthy life expectancy (time lived in good health) is five years longer by 2026. The paper seeks approval for the allocation of funds which will help achieve the LOIP Improvement Project Aim “Supporting vulnerable and disadvantaged people, families and groups.”

Prosperous Place Stretch Outcomes	The proposals within this report support the delivery of LOIP Stretch Outcome 14 – Addressing climate change by reducing Aberdeen's carbon emissions by 42.5% by 2026 and adapting to the impacts of our changing climate. The paper seeks approval for the allocation of funds which will help to contribute to the delivery of new build housing which is energy efficient.
Regional and City Strategies	The proposals within this report support the City Region Deal and the Local Development Plan through the delivery of affordable housing.
UK and Scottish Legislative and Policy Programmes	The report sets detail in relation to affordable housing which fulfils the requirements placed upon the Council by the Housing (Scotland) Act 1987.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	Full impact assessment not required.
Data Protection Impact Assessment	Not required

9. BACKGROUND PAPERS

- 9.1 Previous committee reports in relation to this are detailed below:
CGR 18 September 2018
CGR 26 September 2019
CGR 28 October 2020

10. REPORT AUTHOR CONTACT DETAILS

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