

ABERDEEN CITY COUNCIL

COMMITTEE	City Growth & Resources Committee
DATE	10 November 2021
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Aberdeen City's Strategic Housing Investment Plan 2022/23 – 2026/27
REPORT NUMBER	COM/21/245
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 seek approval of the Strategic Housing Investment Plan (SHIP) for the period 2022/23– 2026/27 which is due to be submitted to the Scottish Government by 29 October 2021. The SHIP will be submitted to the Scottish Government subject to Committee approval.

2. RECOMMENDATION(S)

That the Committee:

- 2.1 Approve the SHIP and its submission to the Scottish Government.

3. BACKGROUND

- 3.1 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.

- 3.2 The SHIP is a realistic and practical plan that rolls forward projects identified in previous SHIPs and introduces new projects. It demonstrates how, when and where Aberdeen City 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.

- 3.3 All local authorities are required to submit their SHIP on an annual basis. The SHIP can be updated as and when required and Committee have previously received reports seeking agreement to add sites into the SHIP which reflects continuous discussions with RSLs and developers to identify opportunities for the delivery of affordable housing. After submission of the SHIP, new opportunities will be reported to Committee as and when they arise to ensure the maximisation of the delivery of affordable housing from all available resources.
- 3.4 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 planning 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.
- 3.5 The SHIP has been drafted in accordance with the Resource Planning Assumptions as provided by the Scottish Government. Overall, the SHIP shows the potential to deliver 5,030 units in the next 5 years by the Council and its RSL partners.
- 3.6 There is more certainty about projects and delivery numbers for the initial three years with the final two years showing lower numbers. This will change as new projects are developed and 'windfall' opportunities arise.
- 3.7 There are projects within the current SHIP with the potential to spend £56.447m Scottish Government Grant in 2022/23. However, the Scottish Government grant expenditure is limited to the allocated grant, but guidance suggests that a minimum slippage factor of 25% be applied on an annual basis. Affordable Housing Supply Programme 5-year resource planning assumptions have been issued for 2021/22 – 2025/26 and are detailed at 4.3.
- 3.8 Council house new build programme
- 3.8.1 Aberdeen City Council has made a commitment to provide an additional 2,000 council homes for social rent. Funding has been identified through the allocation of Section 75 Agreements and Council Tax funds to contribute to this with £25,727,076 being allocated to all the council new build homes to date.
- 3.8.2 In 2020/21, £36.971m was allocated to developments at Wellheads, Summerhill, Auchmill Road and £1.680m to the council buy back scheme through the Affordable Housing Supply Programme.
- 3.8.3 All of the council's new build homes for social rent are to be built to the council's "gold standard" and are to incorporate dementia friendly design, with a minimum 15% being delivered as fully wheelchair accessible.

3.9 Affordable Housing Delivery 2020/21

3.9.1 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

4. FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications arising from the recommendations of this report. Given the extent of the affordable housing projects seeking grant funding over the next five years, all Scottish Government grant will be utilised, and any potential underspends from other local authorities will be sought from Scottish Government.
- 4.2 Any proposal for grant funding to a Registered Social Landlord (RSL) requires to be considered against the State Aid rules. Such grants come within the ambit of the Services of General Economic Interest block exemption which permits funding to Registered Social Landlords in social housing, however the service consults with Legal Services on individual cases where necessary.
- 4.3 Through the Affordable Housing Supply Programme, the Scottish Government has confirmed the Resource Planning Assumptions from 2021/22 – 2025/26. However, for planning purposes, the 2025/26 RPA has been used as the basis of funding for the final year of this SHIP period.

Year	2022-23	2023-24	2024-25	2025-26	2026-27	Total
Allocation(m)	£16.026	£15.981	£16.037	£16.302	£16.302	£80.648

5. LEGAL IMPLICATIONS

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

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.	M	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 housing need and demand levels not being met. 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	L	Ensure the provision of affordable housing continues across the city via the council and RSL partners.

	the construction of the houses.		
Financial	Failure to allocate fund through developer obligations may result in funds being paid back.	L	Ensure robust procedures are in place to monitor developer obligations.
Reputational	The SHIP identifies significant opportunities for the delivery of affordable housing. The delivery of these sites require partnership working across the public and private sector. Failure to fully utilise funds may harm the council's reputation when affordable housing is much needed across the city.	L	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.
Environment / Climate	Provision of new build affordable housing is built to current building regulations which has a reduced carbon footprint.	L	Ensure the provision of affordable housing continues across the city.

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 of 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 proposal within this report supports 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 Strategic 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:

CHI 01 November 2016
 CHI 24 May 2017
 CGR 18 September 2018
 CGR 26 September 2019
 CGR 28 October 2020

10. APPENDICES

Appendix 1 – Strategic Housing Investment Plan 2022/23– 2026/27

Appendix 2 – Strategic Housing Investment Plan 2022/23– 2026/27 Tables

11. REPORT AUTHOR CONTACT DETAILS

Name	Mel Booth
Title	Senior Housing Strategy Officer
Email Address	mebooth@aberdeencity.gov.uk
Tel	01224 523252