

ABERDEEN CITY COUNCIL

COMMITTEE	City Growth & Resources Committee
DATE	21 September 2022
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Aberdeen City's Affordable Housing Delivery Programme
REPORT NUMBER	COM/22/197
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 the report for the future delivery of affordable housing; and
- 2.2 Instruct the Chief Officer - Strategic Place Planning to recruit an additional Empty Homes Officer as detailed at section 3.5 of the report to build on the success achieved to date on bringing long-term empty private residential properties back into use.

3. CURRENT SITUATION

3.1 Affordable Housing Supply Programme

- 3.1.1 £20.658m was allocated to Aberdeen City Council in 2021/22 through the Scottish Government's affordable housing supply programme. Additional funding of £9.09m was made available throughout the course of the year bringing the total allocation to £29.748m. 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 2021/22 there were 692 affordable housing completions which is the highest number of affordable homes delivered in Aberdeen through the affordable housing supply programme. As of 30 August 2022, 144 affordable housing completions have taken place across the city, with 653 units being projected for completion in 2022/23.

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	126
Eday Gardens	ACC	Mortgage to Rent	1
Wellheads, Dyce	ACC	Social Rent	216
Burnside	Grampian	Social Rent	43
Burnside	Grampian	Mid-Market Rent	58
Countesswells	Hillcrest	Social Rent	64
Countesswells	Hillcrest	Mid-Market Rent	24
St Machar	Hillcrest	Social Rent	103
St Machar	Hillcrest	Mid-Market Rent	35
Kingswells	Hillcrest	Social Rent	20
Royal Cornhill Hospital	Barratt Homes	Low-Cost Home Ownership	2
Total			692

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 of £1,027,335 in 2021/22 as detailed at section 3.2.3. Further agreements are in place which have provided an income of £244,199 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 2022/23.

3.2.3 Section 75 Funding	£
Total Received (as at 31.3.22)	14,165,564
Grants previously paid to RSLs	3,613,801
Grants paid to ACC new build	9,524,428
Uncommitted Available Balance (at 31.3.22)	1,027,335

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 March 2021. 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 March 2026.

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	24,910,249
Paid to ACC	9,220,218
Paid to RSLs	2,478,643
Committed to ACC	10,541,417
Committed to RSLs	469,141
Empty Homes	150,608
Uncommitted Available Balance (at 31.3.22)	2,050,222

3.3.3 The Council Tax income on second homes and long-term empty properties provided an income of £2.102m in 2021/22. 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 £3,077,557 which is to be allocated for the delivery of affordable housing. It is recommended 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. Since the post was created, 458 empty properties have been brought back into use.

3.5.2 Some of the highlights of the work carried out by the Empty Homes Service include:

- Continuing success with working with landlords and letting agents across the city to “match” people from Council housing waiting lists with owners/letting agents of empty private rented sector properties through the Council’s Matchmake to Rent Scheme. Aberdeen City Council is the only local authority in Scotland to utilise a matchmaker scheme in this way.
- National recognition when the service won the Best Empty Homes Service award in 2020 which recognises the team that has made an outstanding contribution to reducing the number of empty homes.
- Aberdeen City Council’s Empty Homes Officer was a finalist for the “outstanding individual award” at the Scottish Empty Homes Conference in 2022.
- 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.
- Working with genealogists to identify owners of residential and non-residential long term empty properties.
- Working with Police Scotland and Scottish Fire & Rescue Service to tackle long-term empty properties and attend partnership meetings to deal with long-term empty properties that are causing a blight on the community.

3.5.3 One of the tools available to encourage owners to bring their empty property back into use is the additional 100% Council Tax levy. An additional Council Tax levy may be charged to properties that have been empty for one year or more without being actively marketed for sale or rent and two years or more if being actively marketed. Analysis of the data in relation to the Empty Homes Officer’s caseload shows that the Council Tax levy was applied and backdated to long term empty properties to the sum of more than £460,000. In addition to this, there is an additional 100% Council Tax levy applied to each long-term empty property on an ongoing basis until the property is brought back into use.

3.5.4 If additional staffing resources were available, this sum could be much higher. Therefore, Committee is recommended to approve the use of Council Tax second homes monies to recruit a further Empty Homes Officer on a permanent basis to build on the success of the Empty Homes Service and allow resources to focus on long-term empty residential properties in the city centre which has the highest concentration of long-term empty homes in the city. This will also help support the aims of the City Centre Masterplan.

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. It will also allow for more empty homes to be brought back into use across the city.

5. LEGAL IMPLICATIONS

5.1 Failure to allocate funds appropriately may result in a breach of the terms of the corresponding Section 75 legal agreements.

6. ENVIRONMENTAL IMPLICATIONS

6.1 All new affordable homes must meet the Energy Efficiency Standard for Social Housing (EESH) which was introduced in 2014. As a result, homes in the social rented sector are now some of the most energy efficient in Scotland which has a positive impact on the environment.

6.2 Bringing empty homes back into use has a positive impact on carbon reduction. Creating homes from empty properties saves substantial amounts of material compared to building new homes. It also minimises the amount of land used for development and avoids wasting embedded carbon. Where the home is retrofitted to improve energy performance, it can also help to drive down the cost of heating and reduce the operational carbon emitted.

7. RISK

7.1 The assessment of risk contained within the table below is considered to be consistent with the Council's Risk Appetite Statement.

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	Failure to provide affordable housing which is built to current building regulations and has a reduced carbon footprint may result in increased carbon emissions from housing.	L	Approval of the recommendations would prevent this from occurring.

8. OUTCOMES

<u>COUNCIL DELIVERY PLAN</u>	
Impact of Report	
Aberdeen City Council Policy Statement	The proposals within this report support the delivery of the Policy Statement (Place 6) – Build 2,000 new Council homes and work with partners to provide more affordable homes ensuring future developments address the needs of a changing population.
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 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, Aberdeen City Local Housing Strategy, 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.

9. IMPACT ASSESSMENTS

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

10. BACKGROUND PAPERS

10.1 Aberdeen City Empty Homes Policy, Operational Delivery Committee 16 September 2021.

10.2 Previous committee reports in relation to this are detailed below:
 CGR 18 September 2018
 CGR 26 September 2019
 CGR 28 October 2020
 CGR 25 August 2021

11. REPORT AUTHOR CONTACT DETAILS

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