

ABERDEEN CITY COUNCIL

COMMITTEE	Finance & Resources
DATE	30 January 2024
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Aberdeen City's Affordable Housing Delivery Programme
REPORT NUMBER	COM/24/020
DIRECTOR	Gale Beattie
CHIEF OFFICER	David Dunne
REPORT AUTHOR	Mel Booth
TERMS OF REFERENCE	1.1.8

1. PURPOSE OF REPORT

- 1.1 To approve the allocation of Section 75 and Council Tax funds to the council's new build housing programme.

2. RECOMMENDATION(S)

That the Committee:

- 2.1 Approve the allocation of the £1,935,655 Section 75 and Council Tax monies, detailed at section 3.8 of the report, to the council house new build programme.

3. CURRENT SITUATION

Section 75 Agreements

- 3.1 Section 75 agreements are prepared through Section 75 of the Town and Country Planning (Scotland) Act 1997 (as amended) and are agreed through the planning process. Housing developers may, on occasion and where appropriate, 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 Such agreements have provided a total income of £14,409,763 since commuted sums were first collected in 2003. In 2022/23, £244,199 in affordable housing developer obligations was received as detailed at section 3.3. Further S.75 agreements are in place which will provide additional affordable housing developer obligations, however, as these payments are linked to completions on site, it is difficult to accurately predict the total to be collected during 2023/24. In recent years the focus has been on entering agreements to provide onsite affordable housing to encourage sustainable mixed communities, thereby reducing the amount of agreements providing a financial contribution.

3.3	Section 75 Funding	£
	Total Received (as at 31.3.23)	14,409,763
	Grants previously paid to RSLs	3,613,801
	Grants previously paid to ACC new build	9,524,428
	Committed to ACC new build	1,027,335
	Uncommitted Available Balance (at 31.3.23)	244,199

3.4 Section 75 monies come 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 in the short term, allowing Aberdeen City Council to disburse further monies up until June 2027.

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

3.5 The Council has used its powers to reduce the Council Tax discount for second homes and long-term empty properties since 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 (RSLs) or council house new build projects.
- Bringing empty properties back into use.
- Land acquisition for affordable housing development.
- Purchasing off-the-shelf houses from private developers for affordable housing use.

3.6 Income received and paid since 2005/6 to date is shown below.

	£
Income received	26,661,279
Paid to ACC	12,820,218
Paid to RSLs	2,947,784
Committed to ACC	8,991,639
Empty Homes (Staffing)	210,122
Uncommitted Available Balance (at 31.3.23)	1,691,456

3.7 The Council Tax income on second homes and long-term empty properties provided revenue of £1,750,970 in 2022/23. Based on current void rates in both the private and public sector, projected annual income is assumed to be around this figure, but this requires to be closely monitored every year and assumptions adjusted accordingly.

Allocation of Section 75 and Council Tax Funds

- 3.8 Based on the above, there is a total £1,935,655 (from the Section 75 and Council Tax Funds) which can be allocated for the delivery of affordable housing. It is recommended that the £1,935,655 be allocated to the council house new build programme. Paragraphs 3.3 and 3.6 shows how the funds have previously been disbursed.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications arising from this report.
- 4.2 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.
- 4.3 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. Council Tax revenue received for long-term empty homes also allows for more empty homes to be brought back into use across the city by funding 2 x FTE Empty Homes Officers which was previously agreed by City Growth & Resource Committee on 28/10/20 and 21/09/22. Background papers can be found at paragraph 10.1.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from the content of this report. Money received as a result of the Council entering into Section 75 agreements with developers must be utilised in accordance with the terms and conditions of the agreements. The proposal to allocate these funds to the council house new build programme is in line with the agreements.
- 5.2 The Local Government in Scotland Act 2003 as amended by the Local Government Finance (Unoccupied Properties etc.) (Scotland) Act 2012 governs the Council's powers to reduce the Council Tax discount for second homes and long-term empty properties and ability to use any such income.

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; the allocation of Council Tax and Developer Obligations monies contributes to this positive impact.

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	Approval of the recommendations would prevent this from occurring.
Compliance	Provision of affordable housing ensures compliance with the council's duty to house certain households. Failure to deliver may result in there being insufficient housing to meet the demand.	L	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.	L	Approval of the recommendations would prevent this from occurring.
Financial	Failure to allocate funds through developer obligations may result in funds being paid back.	L	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.	L	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 Working in Partnership for Aberdeen	The proposals within this report support the delivery of the following aspects of the policy statement: We will work with partners to improve the stock and variety of Council and social housing across the city, ensuring it meets the varying needs of our citizens and provides more choice for our older citizens.
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, 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
Integrated Impact Assessment	Stage 1 Assessment has been completed.
Data Protection Impact Assessment	Not required
Other	

10. BACKGROUND PAPERS

10.1 Previous committee reports in relation to this are detailed below:

CGR PLA/09/18 18 September 2018
CGR [PLA/19/318](#) 26 September 2019
CGR [COM 20/181](#) 28 October 2020
CGR [COM 21/169](#) 25 August 2021
CGR [COM 22/197](#) 21 September 2022

11. REPORT AUTHOR CONTACT DETAILS

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