



ABERDEEN  
CITY COUNCIL

# Strategic Housing Investment Plan

---

2018 - 2023



## **1.0 Introduction**

1.1 The Strategic Housing Investment Plan (SHIP) 2018/19 – 2022/23 sets out the approach by Aberdeen City Council to the investment in and delivery of affordable housing in the city. The SHIP is in accordance with the strategic outcomes contained within the Local Housing Strategy (LHS) 2012 – 2017. A new LHS is currently being prepared and should be completed in January 2018.

1.2 Following revised guidance the SHIP is to be submitted to the Scottish Government every year.

1.3 The SHIP:

- Sets out investment priorities for affordable housing
- Demonstrates how these will be delivered
- Identifies the resources required to deliver these priorities
- Enables the involvement of key partners

## **2.0 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 21st November 2016.

2.1.3 On 28th 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.

2.1.4 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 jointly with 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 SHIP is informed by Aberdeen City Council's current Local Housing Strategy 2012-17.

2.2.3 The LHS was developed in partnership with a wide range of stakeholders with an interest in housing and was approved by the Housing & Environment Committee in August 2012. A new LHS has been under development during 2017 and is due to be presented to committee for approval in early 2018. It will cover the same period as this SHIP.

2.2.4 As the housing priorities identified below are under review as part of the LHS 2018 – 2023, an updated statement will be provided once the LHS has been adopted by the council.

- 2.2.5 The housing priorities identified in the LHS 2012 - 2017:
- To encourage the delivery of the housing supply requirement, a total of 1,250 units per annum for the next ten years.
  - This total includes the need for 415 affordable houses per annum for the next ten years to meet identified housing needs.
  - Preference for affordable housing to be social rented and 1 and 2 bedroom size, based on projections from the HNDA.
  - Ensure developer contribution to affordable housing through the Council's Affordable Housing Policy.
  - Development of a council new build housing programme especially to support regeneration areas.
  - Delivery of affordable housing by RSLs through Section 75 Agreements and their own new build programme.
  - Meet the housing needs of those with particular needs including older people, people with physical and/or learning disabilities and where applicable those needs of key workers.
  - Improve the condition of housing in the city by achieving the SHQS for public sector housing by 2015 and through the Scheme of Assistance for the private housing sector.
  - Tackle fuel poverty and improve the energy efficiency of houses across all tenures in the city.

### **2.3 Housing Need and Demand Assessment (HNDA)**

- 2.3.1 The Aberdeen Housing Market Area housing needs have been identified through the HNDA 2011. The HNDA was developed through collaboration by Aberdeen City Council, Aberdeenshire Council and the Aberdeen City & Shire Strategic Development Planning Authority with the involvement of a range of stakeholders.
- 2.3.2 At a strategic level the HNDA informed the Strategic Development Plan, the Local Development Plan (LDP) and LHS of each local authority.
- 2.3.3 A new HNDA has been developed and was submitted to the Centre for Housing Market Analysis in September 2017. Utilising the new HNDA model the emerging position indicates that the level of need for affordable housing remain significant under every scenario modelled. The levels identified are well beyond the scope of the planning system to be able to facilitate through planning policy. The housing supply target and affordable housing target are being reviewed as part of the development of the LHS 2018 – 2023 and will be based on the findings of the revised HNDA.

### **3.0 SHIP priorities**

3.1 The Affordable Housing Programme developed by the council details a range of affordable housing projects with RSL and Council Social Rent, RSL mid-market rent, LAR Housing Trust mid-market rent, Shaping Aberdeen Housing LLP (the joint venture between Aberdeen City Council and Places for People which will deliver mid-market rent and Low Cost Home Ownership (LCHO) properties) and housing developers will deliver LCHO properties directly.

3.2 Projects submitted have been assessed using the following criteria:

- The extent the projects help to achieve the priorities in the LHS.
- The tenure mix for the projects, preference for those with social rented housing and mid-market rent.
- Preference given to projects seeking to provide 1 or 2 bedroom properties.
- Delivery dates are feasible.
- Status of planning consent and site ownership.
- As part of the assessment all sites should be in the LDP to ensure there will be no delays due to departures from the LDP.
- The overall deliverability of the project.

3.3 Projects have been placed in the actual year they could start if resources were available.

3.4 The SHIP has been developed in consultation with RSLs through meetings and by email. The RSLs were contacted at the initial development of the SHIP to discuss projects they wished to be included. An assessment of projects submitted by the RSLs was undertaken by the Council using criteria at 3.2. The RSLs consulted were:

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

- 3.5 In addition, the council has consulted with the Affordable Housing Forum whose members include developers, RSLs and Planning Officers.
- 3.6 The SHIP tables are to be reported to the Community, Housing and Infrastructure Committee on 8th November 2017.
- 3.7 The delivery of LCHO properties where house developers are the direct delivery mechanism are also included.
- 3.8 Through the Affordable Housing Supply Programme the Scottish Government have advised of the Resource Planning Assumptions for 3 of the 5 years of this SHIP.

	RPA £ m
2018/19	16.027
2019/20	18.133
2020/21	19.436
2021/22	Not yet published
2022/23	Not yet published

- 3.9 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.
- 3.10 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.

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

- 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.

- 4.2 Income received to date and current commitments are shown below.

	£
Income	15,452,738
Paid	8,098,861
Commitment	469,141
<b>Available Balance</b>	<b>6,884,736</b>

4.3 This Council Tax Discount reduction provided an income of £1.872 million for 2016/17. 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 Communities Housing & Infrastructure Committee to support the delivery of affordable housing. As projects come forward these monies will be of particular assistance as there may not be sufficient Scottish Government funding at a particular time.

**5.0 Section 75 Affordable Housing Contributions**

5.1 Section 75 agreements (under section 75 of the Town and Country Planning (Scotland) Act 1997) negotiated through the planning process with housing developers may, on occasion, require that the developer makes a financial contribution toward affordable housing rather than delivering affordable housing on the specific site to which the planning permission applies. Such agreements to date have provided an income detailed below.

<b>Section 75</b>	<b>£</b>
Income received	7,787,500
Interest received (to 31.3.16)	166,910
Grants paid to RSLs	2,968,701
Commitments to RSLs	1,732,967
<b>Available Balance</b>	<b>3,252,742</b>

5.2 The funding received comes with a requirement to be spent within five years of receipt, with the money held in an interest bearing account.

5.3 The council has used all funds received up until May 2014. There is therefore no likelihood that any money would have to be repaid to developers, as the Council has until May 2019 to disburse the oldest funds.

**6.0 Planning Policy – Affordable Housing Supplementary Guidance**

6.1.1 Low Cost Home Ownership

6.1.2 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, 115 properties have been provided. The SHIP identifies a future supply of these affordable housing units from known sites.

6.2.1 Housing Infrastructure Fund

6.2.2 The Scottish Government introduced a new five-year Housing Infrastructure Fund with up to £50m available in 2016/17.

- 6.2.3 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.
- 6.2.4 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.
- 6.2.5 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.
- 6.2.6 The Housing Infrastructure Fund comprises two main elements:
- Infrastructure loans (to non-public sector organisations)
  - Infrastructure grant available to local authorities and registered social landlords (RSLs) to support affordable housing delivery

## **7.0 Housing Market**

- 7.1 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.
- 7.2 House developers are adjusting their offer with a number of variations to planning consents being sought to change the housing mix on sites to include smaller properties.
- 7.3 The market changes have impacted on the delivery of the SHIP given the reliance by the RSL sector on affordable housing delivered through the Local Development Plans Affordable Housing Policy requiring new developments to provide 25% affordable housing.
- 7.4 Some sites have not progressed and others have seen slower build out rates. We have also had a number of sites where affordable housing units have come forward early in the site development with developers looking to deliver their affordable housing earlier than had been planned to offset market conditions.

## **8.0 Integration of Health and Social Care**

- 8.1 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 2012-17 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.
- 8.2 The main housing related issues currently identified through the Strategic Development Plan, HNDA, 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. There is a lack of affordable housing and specialist housing for older people and people with mental health, learning and physical disabilities. Addressing the housing needs of young vulnerable people who are leaving care and individuals with substance misuse and mental health disorders are particularly at risk of homelessness. Alternative solutions also need to be developed to meet the Scottish Government's delayed discharge standard which was reduced to three days from April 2016.
- 8.3 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 revised Aberdeen City LHS 2018-23. It will also ensure that housing outcomes are supported through the HSCP.
- 8.4 The key challenges going forward from the Housing Contribution Statement are:
- 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.
  - Provision of resources to assist health and social care professionals to address the shortage of carers in the city.
  - 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.
  - Future funding of aids and adaptations in the public (especially RSLs) and private housing sectors
  - Increased costs and funding to support Telecare and Tele health systems.

8.5 Taking into consideration these change in the relationship between health and social care there is a need for the SHIP to ensure that the delivery of affordable housing takes on this agenda.

**8.6 Table 1 - Years 2018/19 - 2020/21**

8.6.1 This table shows there is the potential to complete 1,625 affordable units during this period. If all the projects were to go ahead there would be a requirement for grant subsidy of circa £95 million. The Resource Planning Assumption (RPA) for this period has been allocated at £53.6 million.

**8.7 Table 2 - Years 2021/2 – 2022/23**

8.7.1 This table shows there is the potential to complete 100 affordable units during this period. If all the projects are to go ahead there would be a requirement for grant subsidy of £5.08 million. Although there are less houses on this table, the grant costs would be higher because of the tenure mix, due to more social rented houses which attract a higher grant level. The Resource Planning Assumption (RPA) for this period has not been allocated.

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

8.8.1 This table shows there is the potential to complete 801 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 home provided by a mix of RSL, developers and Shaping Aberdeen Housing LLP. Three projects would be delivered by RSLs, two funded by the Scottish Government out with the RPA for Aberdeen City with the third funded by Aberdeen City Council. Shaping Aberdeen Housing LLP is likely to deliver 622 units during the period.

**8.9 Table 5.1- Council Tax Raised on Empty and Second Homes**

8.9.1 The council continues to raise considerable funding for affordable housing through the use of Council Tax discounts on empty and second homes. Between 2015/16 and 2016/17 the council raised £3.399 million in funding through this levy for affordable housing. The fund currently has £6.88 million uncommitted funding to be used to provide additional subsidy to RSLs and Council projects.

**8.10 Table - 5.2 Affordable Housing Policies (AHPs) Contributions**

8.10.1 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. Between 2015/16 and 2016/17 a total of £1.904 million was received. When funds received during 2017/18 are included there is currently £3.252m to disburse.

## **9.0 Deliverability**

- 9.1 As part of the monitoring 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.
- 9.2 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.
- 9.3 The council continues its new house building programme which will see the delivery of 179 new affordable houses during 2017/18. Officers are reviewing the HRA Business Plan and will report to committee in due course on the opportunities for further council new build projects.
- 9.4 The council's joint venture with Places for People Shaping Aberdeen Housing LLP will start to deliver new housing from 2018/19.

## **10 Summary**

Overall the SHIP 2018 – 2023 has the potential to provide up to 2,526 new affordable housing units which will make a contribution towards meeting the affordable housing needs 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.

## **11 Council Approval of SHIP**

The SHIP tables 2018/19 – 2022/23 are recommended for approval by the Community, Housing and Infrastructure Committee on 8th November 2017.