

ANGUS COUNCIL

COMMUNITIES COMMITTEE – 29 SEPTEMBER 2015

AFFORDABLE HOUSING REVENUE ACCOUNT

REPORT BY VIVIEN SMITH, HEAD OF PLANNING AND PLACE

ABSTRACT

This report provides an update on the operation of the Affordable Housing Revenue Account (AHRA) and the planned use of resources to increase the supply of affordable housing in Angus.

1. RECOMMENDATIONS

It is recommended that the Committee:

- (i) Approves that AHRA reserves are directed towards projects that increase the supply of affordable housing across Angus;
- (ii) Approves contributions towards two staffing posts aimed at increasing the supply of affordable housing in Angus (as detailed in section 5 of this report); and
- (iii) Notes that approval to direct AHRA funding to future individual projects will be sought as appropriate and that future updates on the use of AHRA reserves will be received through the SHIP approval process.

2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN/SINGLE OUTCOME AGREEMENT/COPORATE PLAN

This report contributes to the following local outcome contained within the Angus Community Plan and Single Outcome Agreement 2013-2016:

- Our communities are developed in a sustainable manner.

3. BACKGROUND

Members will recall approving that monies from the AHRA should be directed towards creating a land-bank for the delivery of new affordable housing and in the pursuit of projects aiming to increase the supply of affordable housing. (Report 301/13 refers).

Members will also recall the Council's Strategic Housing Investment Plan (SHIP) 2015/16 – 2019/20 prioritised the delivery of 229 units of affordable housing on 12 sites across Angus, Report 465/14 refers. Further, a current development is to use Commuted Sums to be paid by the developer to the AHRA as part of the funding package, Report 312/15 refers.

There are three elements to the funding in the AHRA. These are Commuted Sums, Council Tax revenue collected through the removal of discounts for second and empty homes, and Council Tax revenue collected through the Council Tax Empty Homes Levy. The constraints governing how each funding element can be used varies.

4. CURRENT POSITION

Opportunities to purchase land have not been widely forthcoming and as a result AHRA funding has been prioritised towards projects which increase the supply of affordable housing in Angus. In particular funding has been used where it has enabled the Council to maximise the use of HRA Capital resources and Affordable Housing Supply Programme monies.

Appendix 1 outlines projects which have been funded through from the AHRA since April 2012. This information is also reported to Members and the Scottish Government through the

SHIP process. It should be noted that recent work to clarify uses of AHRA reserves has identified some anomalies in previous project level reporting, which have now been rectified.

At 31 March 2015 the AHRA had an unaudited balance of £1,743,000.

5. PROPOSALS

Members are asked to approve that the current approach to AHRA continues and that funding is directed at projects which increase the supply of affordable housing across Angus.

In particular, use of the AHRA provides an opportunity to maximise grant funding made available through the Scottish Government's Affordable Housing Supply Programme. Projects that span a number of financial years and/ or are developer lead can be particularly difficult to programme within annual grant budgets and the use of AHRA reserves will bring added flexibility for projects being taken forward by the Council and our RSL partners. Projects that do not attract funding from other sources but contribute to increasing the supply of affordable housing will also be considered.

As an example, projects currently in the pipeline that may be partly or fully funded by AHRA reserves are an extension of the Empty Homes Loan Fund and the erection of permanent ablution blocks at St Christopher's Travelling People Site. Committee approval in relation to individual projects utilising AHRA funding will be sought as appropriate.

In order to allow two specific projects to proceed Members are also asked to approve the use of AHRA funding for two staffing posts. These are:

- a) Part fund an existing part time Senior Solicitor post (SCP56) within Legal Services to establish as a full time post. This resource will enable the Council to work to maximise the effectiveness of the Affordable Housing Policy by responding quicker to developers bringing forward Section 75 agreements with an affordable housing requirement. This will directly impact on the Council's ability to increase the supply of affordable housing and improve the quality of service to partners. The anticipated funding requirement is anticipated to be £29,955 for the life of the plan.
- b) Part fund a Community Regeneration Officer within Community Planning (SCP52) to investigate opportunities to improve the quality of housing stock, make better use of existing land and stock and take forward housing projects aimed at promoting 'pride in place'. This will enable the Council to plan and deliver large scale projects which increase the supply of affordable housing and improve joint working with internal and external stakeholders. The anticipated funding requirement is anticipated to be £11,618 per annum for the life of the plan.

Members will receive future updates on the use of AHRA reserves through the SHIP approval process.

6. FINANCIAL IMPLICATIONS

£119,820 is required over the life of the plan to meet the costs associated with funding a Senior Solicitor within Legal Services. £46,472 is required over the life of the plan to meet the costs associated with funding a Community Regeneration Officer within Community Planning. These costs can be fully met within existing resources and will be met from within the Second and Empty Homes Council Tax element of the AHRA. Further details of commitments already approved and those proposed for approval in respect of the Affordable Housing Reserve are contained in the table below.

Affordable Housing Reserve Account Analysis of Anticipated Future Commitments

Financial Years	2015/16	2016/17	2017/18	2018/19	Total
	£	£	£	£	£
Affordable House A/c at 31 st March 2015.					1,743,000
Estimated Income from reductions in 2 nd Home and Empty Home Discount	350,000	350,000	350,000	350,000	1,400,000
Total Estimated Income					3,143,000
Commitments already Approved					
Housing Financial Plan Commitments.	(49,000)	(408,000)	(300,000)	(400,000)	(1,157,000)
Empty Homes Loans Officer (Report 106/15)	0	(14,177)	(19,177)	0	(33,354)
Heat Partnership with Scarf Report (106/15)	(40,639)	0	0	0	(40,639)
Private Sector Housing Stock Survey.	(40,000)	0	0	0	(40,000)
Ablution Blocks St Christopher's Site.	0	(1,000,000)	0	0	(1,000,000)
Known Commitments to be approved.					
Community Regeneration Officer	(11,618)	(11,618)	(11,61)	(11,618)	(46,472)
Senior Solicitor	(29,955)	(29,955)	(29,955)	(29,955)	(119,820)
Available Balance					705,715

The above table indicates at this point in time an uncommitted balance of some £705,715 will receive updates on the use of AHRA reserves through the SHIP approval process. It should be noted if the anticipated income from the 2nd and empty home discounts does not materialise then contributions to the Housing financial plan would be reduced accordingly with a compensating increase in other suitable HRA funding sources (borrowing /balances to be determined at that time to maintain the Housing Financial Plan levels of expenditure.

NOTE: The background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) which were relied on to any material extent in preparing the above report are:

- Future Use of the Affordable Housing Revenue Account and Delivery of Affordable Housing Report Number 301/13
- Strategic Housing Investment Plan 2015/16 – 2019/20 Report Number 465/14

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List of Appendices: Appendix 1 – Overview of Projects Funded Through Affordable Housing Revenue Account, April 2012 Onwards