



Affordable Housing

Supplementary Planning Guidance

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SPG/11/11

Planning in the Cairngorms National Park

Planning in the Cairngorms National Park is unique. It involves the Cairngorms National Park Authority (CNPA) working alongside the five local authorities which operate in the Park – Aberdeenshire, Angus, Highland, Moray and Perth & Kinross.

Due to the expansion of the National Park in October 2010, to take in part of Perth & Kinross, different planning policies apply there.

The following paragraphs set out what planning policies apply in the National Park, and how planning applications will be dealt with.

Planning Policies

The Cairngorms National Park Local Plan, and this Supplementary Planning Guidance (SPG), covers the Aberdeenshire, Angus, Highland and Moray parts of the National Park only. This SPG sets out detailed advice to help you meet the requirements of the policies in the Cairngorms National Park Local Plan. It is recommended that it is read in conjunction with the policies in the Local Plan and other relevant SPG.

Please note: The Cairngorms National Park Local Plan and this SPG does not cover the Perth & Kinross area of the Park. The Perth & Kinross Highland Area Local Plan or the Perth & Kinross Eastern Area Local Plan, and any associated SPG, apply. Please see www.pkc.gov.uk for further information.

Planning applications

All planning applications submitted within the Cairngorms National Park must comply with the relevant Local Plan and SPG (see paragraphs above on planning policies for details).

Planning applications should be submitted to the relevant local authority in the normal manner. The local authority ensures all the necessary information is supplied and registers receipt of the application. The CNPA is informed by the local authority and has 21 days to decide whether to call-in the application. Only applications which are of general significance to the aims of the Park are called-in. The CNPA determines called-in applications. In instances where planning applications are not called-in, the local authority will determine the application.

1.0 Background

- 1.1 This guidance provides additional information relating to contributions to affordable housing, as outlined in Policy 19 in the Cairngorms National Park Local Plan.

Policy 19 Contributions to affordable housing

Developments of three or more dwellings will be required to incorporate a proportion of the total number of units as affordable housing.

Development solely for affordable housing will be favourably considered.

Where public funding is available to help provide affordable housing, between 25% and 40% of all units will be expected to be affordable.

Where less than one third of the total cost of the development is available through public funding, the developer will be required to provide 25% affordable housing on a site.

Proposals for one and two open market dwellings will also be required to make a contribution towards affordable housing, This will be a cash payment towards the meeting of housing need in the local area.

Proposals for off site contributions will be considered where community needs assessments, or similar assessments, support this as a better way of meeting the housing needs of the community.

- 1.2 The policy is intended to ensure that there is a wide range of housing options for households in the Park. The increased range of affordable housing options and numbers of units that would be delivered through this policy will change the availability of housing for potential occupants who cannot currently access open market housing.

2.0 Introduction

- 2.1 Research demonstrates that there is a lack of affordable housing units to meet the needs of the Park's communities. This issue was also highlighted as a priority in the Cairngorms National Park Plan 2007-2012.
- 2.2 This situation led to the need for a specific policy in the Local Plan to address the provision of affordable housing and how this will be achieved. The policy seeks to secure a mix of on site affordable housing within housing developments also containing open market housing, opportunities for the provision of affordable housing units off site where assessments have shown this is the best way to meet the needs of the community; and financial contributions to the provision of affordable housing units.
- 2.3 The Housing Need and Demand Assessments (HNDA) and Local Housing Strategies for the parts of Aberdeenshire, Angus, Highland and Moray which are in the Cairngorms National Park, are key documents in the delivery of this guidance. These documents set out the specific need and requirement for affordable housing in each area, and any development being considered under Policy 19 in the Local Plan will also need to be consistent with them.
- 2.4 This guidance sets out in more detail how Policy 19 will be delivered and how proposals will be assessed against it. It advocates the use of a development appraisal toolkit to assess proposals for three or more dwellings on any one site.

3.0 Definition of affordable housing

3.1 Scottish Planning Policy (2010) defines affordable housing as 'housing of a reasonable quality that is affordable to people on modest incomes'. In some places, the market can provide housing that is affordable. However, within the Cairngorms National Park it is likely to be necessary to make housing available at a cost below market value to meet the identified

housing needs. Planning Advice Note 2/2010 – Affordable Housing and Housing Land Audits (Scottish Government), provides a useful summary of types of affordable housing.

3.2 If surveys or assessments of housing need in individual communities have been undertaken and provide additional information, they will be considered alongside the relevant Housing Need and Demand Assessment and Local Housing Strategy for the area.

PAN 2/2010 – Affordable Housing and Housing Land Audits

SOCIAL RENTED

- Housing provided at an affordable rent and usually managed by a Registered Social Landlord, such as a Housing Association.

SUBSIDISED LOW COST HOUSING FOR SALE

- **Subsidised low cost sale** – a subsidised dwelling sold at an affordable level (sale price to be informed by the relevant HNDA). Discounted, serviced plots for self build can contribute. A legal agreement can be used to ensure that subsequent buyers are also eligible buyers. In rural areas this may be achieved through a rural housing burden (under the Title Conditions (Scotland) Act 2003).
- **Shared ownership** – the owner purchases part of the dwelling and pays an occupancy payment to a Registered Social Landlord on the remainder.
- **Shared equity** – the owner pays for the majority share in the property, with the Registered Social Landlord, local authority, or Scottish Government holding the remaining share under a shared equity agreement. Unlike shared ownership, the owner pays no rent and owns the property outright.

UNSUBSIDISED LOW COST HOUSING FOR SALE

- **Entry level housing for sale** – a dwelling without public subsidy sold at an affordable level (sale price to be informed by the relevant HNDA). Conditions may be attached to the missives in order to maintain the house as an affordable unit to subsequent purchasers.
- **Shared equity** – the owner purchases part of the dwelling, with the remaining stake held by a developer.

MID-MARKET OR INTERMEDIATE RENTED

- Private, rented accommodation available at rents below market rent levels in the area and which may be provided whether over the medium or long-term (rent to be informed by the relevant HNDA and agreed by the Local Authority, or be in line with Scottish Government requirements).

4.0 Assessment of proposals

- 4.1 In order to ensure comprehensive and transparent decision-making on affordable housing development, and to ensure the economic viability of each proposal is fully considered, all proposals for developments of three or more dwellings on any one site will be assessed using a development appraisal toolkit. This assessment will be carried out by the Cairngorms National Park Authority regardless of whether or not the planning application is called-in.
- 4.2 This toolkit provides the planning authority with an assessment of the economics of residential development for specific schemes. It allows the planning authority to assess the economic implications of different amounts and mix of types of affordable housing (see para 3.1, p5). A range of different assumptions within the toolkit, including house prices, use of public subsidy, density, infrastructure costs and construction costs, can be altered to fit specific locations for development and the results generated can be compared.
- 4.3 The toolkit has been developed to take into account the specific situation in the Cairngorms National Park. It uses a series of assumptions as to the value of various items. Some values are from Scottish Government, for example the Scottish Government housing investment guidance notes. Other values are taken from the Royal Institute of Chartered Surveyors information, the Building Research Establishment and the Code for Sustainable Homes. Some are more locally derived. For example it contains average house prices for each part of the Park. All of the assumptions made, and default figures used, will be checked annually to ensure they are suitable and applicable, and will be revised if necessary. A copy of the development appraisal toolkit and associated guidance notes, is available on the Cairngorms National Park Authority website at www.cairngorms.co.uk
- 4.4 The toolkit is only one element of the decision-making process. It must be clearly stated that the toolkit itself will not make decisions. It will be used to provide information about the economics of any given development, which, along with a range of other factors about the site, will be taken into account when the planning authority makes a decision on a proposed scheme. It provides a transparent way of setting out various factors which can then be utilised for negotiations between landowners, developers and the planning authority. It can be used to inform discussions and negotiations at pre-application stage, and when considering both applications for planning permission in principle and full planning permission.
- 4.5 The toolkit compares the potential revenue from a site with the potential costs of development before a payment for land is made. In estimating the potential revenue, the income from selling dwellings in the market, and the income from producing specific forms of affordable housing, are considered. The estimates involve (1) assumptions about how the development process and the subsidy system operate and (2) assumptions about the values for specific inputs, such as house prices and building costs. Where there is evidence to show that the assumptions used in the model are not appropriate for a specific development, different information can be fed into the toolkit or the information can be used to help interpret the results.
- 4.6 The main output of the toolkit is the residual value. This is the sum of money that is available to pay for the land. It is a balance that remains after all the development costs (including any relevant developer contributions), except land costs, have been met from revenue. Development costs include a reasonable return for the developer and contractor.

- 4.7 The toolkit tests the sensitivity of the residual value to different input values. This enables an assessment to be made of how different amounts of affordable housing, higher or lower house prices or higher or lower construction costs, influence the residual value. The residual value is estimated at a given point in time. If in the future input values change before a development has been completed, the value of the actual residual may be higher or lower than the residual value estimated by the toolkit.
- 4.8 The toolkit estimates the impact on the residual land value of the provision of affordable housing, and therefore it will help to determine the percentage and mix of affordable housing required on any specific site. Whilst this approach does not provide a single solution for each site, it does enable a variety of options to be considered. This will enable joint negotiations between the landowner, developer and planning authority in an open and accountable manner. It will also help to ensure that affordable housing is built, and that there is an economic return for both the developer and the landowner.
- ### 5.0 Development of sites solely for affordable housing
- 5.1 The development of sites solely for affordable housing, whether by registered social landlords or by alternative measures, will be favourably considered, providing the requirements of other policies in the Local Plan are met.
- ### 6.0 Financial contributions for the provision of affordable housing
- 6.1 As set out in policy 19 in the Cairngorms National Park Local Plan, all housing development in the National Park will be expected to make some contribution towards the provision of affordable housing. This may be through the provision of affordable houses as part of the housing development, it may be through the provision of affordable houses on a different site, or it may be through a cash contribution towards the provision of affordable housing.
- 6.2 Developments of three or more dwellings will be expected to provide between 25 – 40% affordable units within the development. However, if it can be demonstrated to the planning authority that an off site contribution would better meet a community's housing needs, then an alternative solution will be negotiated with the developer. This may include a cash payment towards the provision of affordable housing at another location.
- 6.3 Where proposals are made for the development of one or two open market dwellings, a financial contribution will be sought that will be put towards the delivery of affordable housing in another location.
- 6.4 Whenever a financial contribution is sought, it will be ring-fenced for the provision of affordable housing. The contribution will be put towards the provision of affordable housing in the relevant secondary school catchment area. In the first instance this will be sought in the same settlement. This contribution will be administered by the relevant local authority, and will be in line with the appropriate Housing Need and Demand Assessment and Local Housing Strategy.
- 6.5 The value of the financial contribution will be specifically related to the value of the site being developed. The guide for this financial contribution is currently £25,000 per unit for developments of three or more houses. This may however vary due to the location and value (higher value sites requiring higher contributions) of the development, or the specifics of the site.
- 6.6 Where a development is of only one or two houses, it is not reasonable to expect such a large contribution to be made. Therefore, a percentage of the £25,000 benchmark will be paid. In these cases the following will act as a guide:
- For one house 5% of the £25,000 benchmark = £1,250
 - For two houses 10% of the £25,000 benchmark = £2,500

7.0 Off site contributions

- 7.1 Where assessments, which are carried out by the local planning authority, or by the community in partnership with other local organisations, demonstrate that the provision of affordable housing is more suited on a different site, this will be considered.
- 7.2 A proposal that incorporates an element of off site provision of the affordable housing requirement for the given site will only be granted planning permission when details of how the housing is to be delivered have been agreed. The development of both sites will be subject to a legal agreement to ensure that the affordable housing element of the development is built within an agreed timeframe.

8.0 Delivery of affordable housing

- 8.1 Anyone considering developing a site for housing is strongly encouraged to seek advice from planning officers about what the requirements for any given site will be, as soon as possible, and certainly before a site is purchased.
- 8.2 All applications for full planning permission must be accompanied by details of the number of affordable units, how this has been calculated in accordance with the model and details of who will provide the affordable housing units – whether this is a private developer, registered social landlord or other party. Application for planning permission in principle should provide this information, if it is known.
- 8.3 If a developer knows that the site on which they are seeking planning permission is included in either a Council or Registered Social Landlord investment programme, evidence of this must be submitted with the planning application. Applications for planning permission in principle are encouraged to provide this information, if it is known.

9.0 Further guidance

- 9.1 It is recommended that the following sources of planning advice are read in conjunction with this guidance.
- Scottish Government
www.scotland.gov.uk
The consolidated Scottish Planning Policy, 2010
Planning Advice Note 72
Housing in the Countryside
Planning Advice Note 44
Fitting Housing Development into the Landscape
 - Cairngorms National Park
Supplementary Planning Guidance
- Sustainable Design Guide
- Developer Contributions
www.cairngorms.co.uk

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