


Main Issue 5

The affordability of housing



How do we make sure there are more houses that local people can afford?

Background

The Cairngorms National Park experiences particular pressures in relation to the affordability of housing. These issues were evidenced through the responses to the recent consultation on the National Park Partnership Plan and happen because of the combination of a number of unique factors.

Firstly, the National Park has experienced strong and continued growth in house prices over recent years. Between 2002 and 2015, the median price of houses in the Park rose by over 220% (from £87,000 in 2002 to £192,500 in 2015).

Secondly, a large proportion of the Park's population work in relatively low paid jobs associated with tourism and average wages have not grown at the same pace as house prices. Evidence shows that median gross household incomes grew by only 46% over the same period from 2002 to 2015 (from £20,701 in 2002 to £30,178 in 2015).

This imbalance between house price growth and wage growth means it has become increasingly difficult for people working within the Park to afford housing. This is best illustrated by the ratio of median house prices to median household incomes. This stood at four in 2002 but had grown to six by 2015, meaning that median house prices are now six times higher than median household incomes and are becoming increasingly unaffordable.

Thirdly, there are unique pressures because of the high proportion of ineffective housing stock (the combination of second homes and vacant dwellings) within the National Park. This stood at around 17% in 2015, compared with around 4% for the rest of Scotland. Second homes form the most significant proportion of this ineffective stock, with around 12% of all houses within the National Park being second homes; a figure which is significantly higher than the Scottish average of around 1%. Whilst second homes can bring significant benefits, they tend to add to affordability pressures. Research in 2008 into the relationship between house prices and second homes in England suggested that for every 1% increase in second home ownership, prices are on average around 1.4% higher per house.

Finally, evidence from council tax payments and data on property sizes shows that the National Park contains a lower proportion of smaller homes and a higher proportion of larger ones than the Scottish average.

Taken together, this data on house prices, incomes, second homes and house sizes reveals that there are significant and unique pressures within the National Park relating to the provision of affordable housing – particularly for those on or below median incomes.





Preferred Option

The Cairngorms National Park Partnership Plan 2017-2022, which has been approved by Scottish Ministers, recognises these affordability pressures and identifies a range of actions that the next Local Development Plan should take to help increase the provision of affordable housing in perpetuity. In particular, it states that the next Local Development Plan should:

- identify sites where the affordable housing contribution from new developments should be higher than the normal national maximum of 25% set by Scottish Planning Policy;
- use new policies in the next Local Development Plan to manage the nature of new open market housing so it is better targeted towards local need, eg by seeking a greater mix of house types and sizes, with an emphasis towards smaller homes in new developments; and
- apply flexible planning policies to promote majority affordable housing developments and encourage innovative delivery models to maximise the number of affordable homes that are built.

In order to ensure consistency with the National Park Partnership Plan, we propose to take forward the actions it identifies for the next Local Development Plan.

We therefore propose to amend the affordable housing policy in the existing Local Development Plan, which currently requires a proportion of up to 25% affordable housing in all new developments, by increasing this proportion in some areas.

Evidence shows that whilst affordability pressures vary over time, the settlements of Aviemore, Ballater, Braemar and Blair Atholl have consistently experienced the highest house price to income ratios. They also have amongst the highest levels of second home ownership, which tends to exacerbate affordability pressures and limits the amount of housing that is available to people working within the Park.

It is therefore proposed that the new Local Development Plan will increase the affordable housing requirement in these areas. Based on the level of affordable housing needs identified for each local authority area in Table 1 (p26), it is proposed that the affordable housing requirement should be increased to 35% in Ballater and Braemar, and to 45% in Aviemore and Blair Atholl. These proposed new affordable housing requirements would be outlined in a new policy applying specifically to these locations. The existing 25% requirement would continue to apply in all other parts of the Park.

However, it will be important to ensure that development remains viable under this proposed new approach, otherwise there is a risk that the higher affordable housing requirements could reduce the overall level of housing delivery in the most pressurised areas. The new policy will therefore need to build in flexibility to allow development viability to be taken into account when determining planning applications.

It is also proposed to include a revised policy within the new Local Development Plan to require all housing development proposals to include a mix of house types and sizes, with a particular emphasis on providing smaller homes. This should help to ensure that the open market element of new housing developments meets a full range of local needs, and that more of the new housing available for sale is at the lower end of the market.

Finally, as the current Local Development Plan already includes flexible policies to promote majority affordable housing developments – for example, by allowing the development of 100% affordable housing sites on ‘rural exception sites’ where mainstream housing would not normally be permitted – it is proposed to retain this approach within the new Local Development Plan.

All new affordable housing should be retained as affordable in perpetuity, and the new Local Development Plan will make this requirement clear. The new policy could also clarify that all of the types of affordable housing identified in national planning policy, including social rented housing, mid-market rented accommodation, shared ownership, shared equity, and housing sold at a discount (including discounted plots for self-build) could potentially contribute towards the affordable housing policy requirement.



Reasonable Alternative Options

As an alternative to the preferred option, it would be possible to retain the existing Local Development Plan policy without making any changes to it. This would mean that the existing policy requirement of up to 25% affordable housing in all new developments would continue to apply across the whole of the National Park. This option would be consistent with Scottish Planning Policy guidance. However, it would not address the priorities set out in the National Park Partnership Plan and we do not think it would reflect the unique affordable housing pressures within the National Park.

A further alternative to the preferred option would be to not introduce the proposed new policy requirement for a mix of house types and sizes on all new housing developments. In effect, this option would continue to rely on housing developers to determine the most appropriate mix of house types and sizes for the open market element of new housing developments. Whilst this option may have some benefits, it is less likely to ensure that more of the new housing that is available for sale is designed to meet the full range of local needs, including the need for smaller homes. In addition, this option would not address the priorities outlined in the National Park Partnership Plan.



Questions

- Do you agree that we should increase the affordable housing requirement to 35% in Ballater and Braemar, and to 45% in Aviemore and Blair Atholl?
- Do you agree that we should include policies to require a greater mix of house types and sizes, including more smaller homes?

