

Cairngorms National Park
Supplementary Planning Guidance

Affordable Housing

Consultation Draft

May 2010

Planning in the Cairngorms National Park

The Cairngorms National Park is the largest National Park in the UK, encompassing areas of Highland, Aberdeenshire, Moray and Angus. A Scottish Government consultation is taking place for extending the boundary into Perthshire, towards the end of 2010.

Planning in the Cairngorms National Park is unique. It involves the Cairngorms National Park Authority (CNPA) working alongside the Local Authorities, who continue to deal with many of the planning applications within their respective areas. All planning applications submitted must comply with all the policies in the Cairngorms National Park Local Plan (once adopted) and any relevant Supplementary Guidance.

Any planning application should be submitted to the relevant Local Authority in the normal manner. The Local Authority checks to ensure all the necessary information is supplied and registers receipt of the application. The CNPA is informed by the Local Authority and then 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. Thereafter the CNPA determines the application. In instances when planning applications are not called-in, the Local Authority continues to act as the planning authority.

This supplementary guidance 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 other relevant guidance, such as the Sustainable Design Guide.

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 provision of affordable housing is a key priority within the Cairngorms National Park, and this guidance outlines how the Local Plan policy on affordable housing will be delivered, in order to assure adequate future provision of affordable housing in the Park.
- 1.3 The policy is intended to ensure that there are 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 to meet the needs of the community; and financial contributions to the provision of affordable housing units.
- 2.3 This guidance sets out how all housing development proposals will be assessed against this policy. It advocates the use of a model to assess proposals for three or more dwellings on any one site.

3.0 Definition of Affordable Housing

- 3.1 For the purposes of the Local Plan and this guidance, the following definition of Affordable Housing, as set out in Scottish Planning Policy (2010), is to be used at all times:

‘Housing of a reasonable quality that is affordable to people on modest incomes.’

4.0 Assessment of proposals

- 4.1 To ensure the economics and viability of all developments are fully considered, all proposals for developments of three or more dwellings on any one site will be assessed using a residual land value model.
- 4.2 This model provides the planning authority with an assessment of the economics of residential development for specific schemes. It allows the planning authority to test the economic implications of different types and amounts of planning obligation and, in particular, the amount and mix of affordable housing. A range of different assumptions within the model, including house prices, use of public subsidy, density and build costs can be altered to fit specific locations for development and the results generated can be compared.
- 4.3 The model is an aid in the decision making process. It must be made clear that the model itself does not make decisions. It gives information about the economics of development, along with a range of other factors about the site, which can be taken into account when making decisions about proposed schemes. This can be used at pre-application negotiation stage, an application for planning permission in principle or a full planning application.
- 4.4 The model 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 model, or the information can be used to help interpret the results.
- 4.5 For some inputs, such as house prices and building costs, the model has ‘default’ values. In this case the house prices used are the ones in the affordability model. Build costs are based on data from the Royal Institute of Chartered Surveyors (RICS) Build Cost Information Service for Highland and Grampian.
- 4.6 The main output of the model is the residual value. This is the sum of money that is available to be shared between the developer and the landowner. It is a surplus that remains after all development costs, except land costs, have been met from revenue. Development costs include a standard return for the developer and contractor. The residual value will have to cover the costs of land acquisition. Any surplus remaining after land acquisition becomes ‘supra-normal’ profit. The residual value is not the same as the land costs, although land costs will normally have to be met from the residual. So, for development to be economically viable the residual must be large enough to at least cover the cost of acquiring the site.
- 4.7 The model 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 build 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 model. For example, if house prices rise and all other items remain the same the value of the residual will rise. Whilst the model cannot predict, it can assess assumptions made on future input values and the effect on the residual value.

- 4.8 The planning authority will make a judgement about the size of the residual for each site, but it will always need to be large enough to cover the cost of land acquisition. This cost is neither an input to nor an output from the model – it is site specific. The model estimates the impact on the residual of the provision of affordable housing, and will be important in determining the percentage of affordable housing required on any specific site.
- 4.9 Whilst this approach does not provide a clear statement of what percentage requirement will be needed on each site, it does enable a variety of options to be considered. This will help ensure that the provision of affordable housing is forthcoming, and that there is an economic return for the developer.

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 Cash Contributions for the provision of affordable housing

- 6.1 Where proposals are made for the development of one or two open market dwellings, or where evidence demonstrates that onsite / offsite provision by the same developer is not appropriate, the developer will need to make a cash contribution towards the delivery of affordable housing in another location.
- 6.2 The cash payment will be ring fenced for the provision of affordable housing.
- 6.3 The means by which the amount of payment will be calculated, and how the affordable housing will be delivered, are contained in the supplementary planning guidance on Developer Contributions.

7.0 Off-site contributions

- 7.1 Where community needs assessments, or other assessments of the situation in a given locality, 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 preferably before a site is purchased.
- 8.2 All planning applications must be accompanied by details of who will provide the affordable housing units, whether this is a private developer, registered social landlord, or other.
- 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.

9.0 Further Information

- 9.1 It is recommended that the following other sources of advice are read in conjunction with this guidance.

Scottish Government

www.scotland.gov.uk/planning

Scottish Planning Policy

<http://www.scotland.gov.uk/Publications/2010/02/03132605/0>

Cairngorms National Park Authority

www.cairngorms.co.uk

Supplementary Planning Guidance

Developer Contributions

Sustainable Design Guide