



PLANNING

Cairngorms National Park

Local Development Plan 2021

Supplementary Guidance: Housing



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I. Introduction

Purpose of the Guidance

This guidance is one of a series of Supplementary Guidance and Non-statutory Guidance that support the Local Development Plan (2021) and explains how Policy 1: Housing policy will be applied in practice across the Cairngorms National Park.

It is aimed at those applying for planning permission, community groups and agencies looking to progress housing proposals and to aid the development management team within the planning authority, to interpret the detail of the policies.

Main focus

The main focus of this guidance is affordable housing. The shortage of affordable housing has been identified as a major issue and one of the greatest challenges facing the communities within the Cairngorms National Park. Therefore, one of the main aims of the Local

Development Plan is to increase the amount of affordable housing delivered across the National Park.

This guidance defines affordable housing and explains where on-site delivery is required as well as where exceptions to this might be made. It also sets out the expected level of financial contribution that is required for smaller developments (of less than 4 dwellings) and situations where on-site delivery is not possible.

Guidance is also provided on house building in settlements, in the countryside and in rural groups. It also provides guidance on alterations, conversions, replacement houses and housing provision for gypsies, travellers and travelling show people.

2. Affordable Housing: Policy Context

National Policy

SPP requires that Local Development Plans (LDP's) clearly set out the scale and distribution of affordable housing requirement and how shortages identified in Housing Need and Demand Assessments and Local Housing Strategies will be addressed.

According to SPP, the level of affordable housing required as a contribution within a market site should generally be no more than 25% of the total number of houses. Further details are provided in Planning Advice Note 2/2010, which states that 25% is a benchmark figure and that this benchmark does not apply if a different percentage is required locally. This must be justified by the HNDA and identified in the Local Housing Strategy (LHS) and the LDP.

National Park Partnership Plan 2017-2022

The National Park Partnership Plan (NPPP), which was agreed by the Scottish Government and adopted in 2017, recognises that it is currently hard for many households that work within the National Park to access housing on the open market. Therefore it is the aim of the NPPP to ensure that when new houses are built, more of them are affordable to people working in the Park, and that the range and size of new houses are better targeted at meeting local needs.

The NPPP therefore seeks, through Policy 3.1 and Priority 7, to

- identify sites in the Local Development Plan where the affordable housing contribution will be more than the normal national maximum of 25% because of acute affordability pressures and the shortage of supply; and

- target public sector funding towards the National Park and to sites with the greatest potential for delivering affordable housing.

Delivering affordable housing within the National Park requires working in collaboration with each local authority and other housing providers to ensure that affordable housing can be secured and allocated in line with the relevant allocations policy.

Local Development Plan 2021

The Housing Supply Target identifies a need for 489 affordable homes between 2020 and 2029. The preferred location for new housing in the National Park is within the Strategic, Intermediate and Rural Settlements. Within most of these settlements there are a number sites identified for housing, each with an indicative number of units identified and an affordable housing requirement set according to Policy 1.5.

I.5 Affordable housing

Developments consisting of four or more dwellings should include provision for affordable housing amounting to:

- a) 45% of the total number of dwellings on the development site in the settlements of Aviemore, Ballater, Blair Atholl and Braemar
- b) 25% of the total number of dwellings on the development site in all other areas of the National Park.

Proposals for fewer than four market dwellings will also be required to make a contribution towards affordable housing. This will be a monetary payment towards meeting housing need in the local community.

Developers seeking to negotiate a reduction in affordable housing provision must demonstrate through a Viability Assessment that the requirements make an otherwise commercially viable proposal unviable.

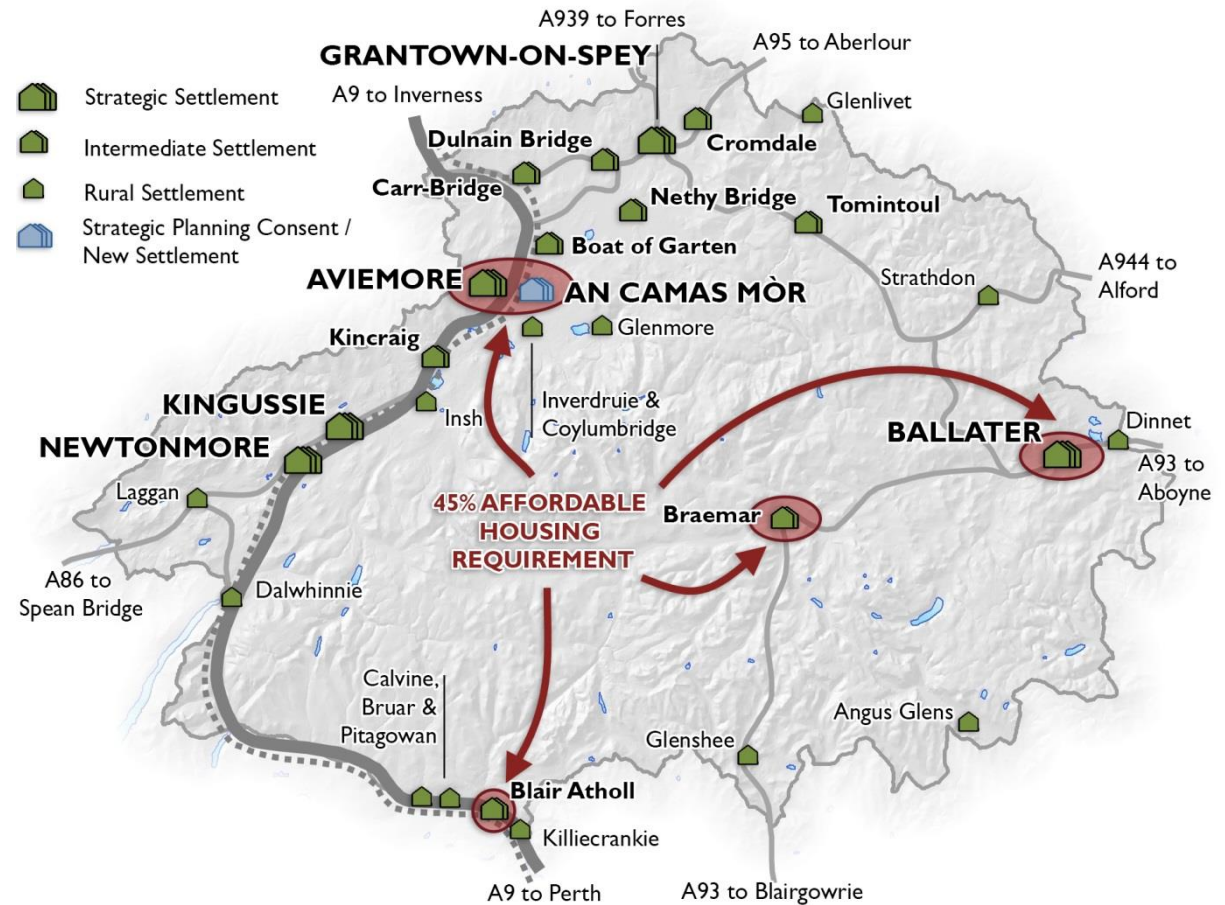


Figure 1 Areas where the affordable housing contributions on all sites of four units or more will be 45%.

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Affordable housing exceptions sites will be considered in locations that would not normally be used for housing, providing they are justified by evidence of unmet local need. In exceptional cases where the delivery of 100% affordable housing is not viable, a limited amount of open market housing may be supported to cross-subsidise the affordable housing. These applications will be determined according to Policy I.6.

The Cairngorms National Park Authorities (CNPA's) preference is for affordable housing to be delivered on-site through a Local Authority (LA) or Registered Social Landlord (RSL). However, it is recognised that there are a number of challenges to delivering affordable housing in rural areas such as the small-scale nature of sites and gaining RSL involvement. Where this is not possible, other affordable housing options should be considered, such as discounted sale. Appendix I gives further information on the different types of affordable housing that could be provided.



I.6 Affordable housing exception sites

Development of 100% affordable housing sites will be supported in locations that would not normally be used for housing only where:

- i. it is justified by evidence of unmet local need at that location and;
- ii. the housing is designed to address that need.

Any planning applications for such housing must be accompanied by evidence of the unmet local need at that location such as community needs assessments, housing needs and demand assessments or other relevant information available at the time of the application.

In exceptional cases where the delivery of 100% affordable housing is not viable, a limited amount of open market housing may be supported to cross-subsidise the affordable housing

providing evidence shows that:

- a) the whole development comprises a minimum of two affordable houses; and
- b) the open market element is the minimum required to provide the necessary subsidy to facilitate the development of the affordable element; and
- c) the affordable housing could not be delivered without the input of the subsidy provided by the open market element of the proposal.

The LDP also requires that all new housing, whether it falls under the definition of affordable or market, is designed to meet local needs and therefore target those who struggle to access the housing market. Policy I.4 requires that a mix of housing types and sizes with an emphasis on smaller dwellings.

I.4 Designing for affordability

Residential development will be required to provide a mix of dwelling types and sizes to help secure a balanced housing stock, with an emphasis on smaller dwellings.

3. What is affordable housing?

Scottish Planning Policy (SPP) (2020) broadly defines affordable housing as housing of a reasonable quality that is affordable to people on modest incomes. Affordable housing may be provided in the form of social rented accommodation, mid-market rented accommodation, shared ownership housing, shared equity housing, housing sold at a discount (including plots for self-build), and low-cost housing without subsidy. The CNPA regards lower quartile earnings as being “modest”.

The process of delivering affordable housing can be complex involving several different agencies, funding mechanisms and procedures. The developer, National Park Authority, Registered Social Landlords (RSLs), Local Authorities (LAs) and landowners must all work together to ensure delivery on the ground.

The following types of affordable housing are outlined in Appendix 1:

- Social Rented
- Mid-market Private Rented
- Shared Equity
- Shared Ownership
- Discount for Sale (including self-build plots)



4. Delivering Affordable Housing

Funding for affordable housing is directed to LAs (as the Strategic Housing Authority who prepare the Strategic Housing Investment Plan (SHIP)) and RSLs (who also receive grant funding to deliver homes). Developers should contact the relevant LA as early as possible to discuss funding and delivery opportunities.

[The Scottish Government's Rural and Island Housing Fund](#) provides funding to community organisations, development trusts, landowners, developers and traditional housing providers to develop new affordable housing for ownership or rent or bring empty homes back into use as affordable housing in rural areas.

Collaboration between groups including local communities will be welcomed. Councils also derive funding from other sources such as second home council tax, long-term empty homes and financial contributions.

With Public Subsidy

Securing public subsidy to deliver affordable housing on site is the preferred approach as this secures affordable housing in perpetuity as either rented or housing for sale using a mechanism such as the Rural Housing Burden. The housing can either be transferred to a Housing Association (HA) or RSL once built or constructed by an RSL following land transfer of part of a site.

In preparing their annual SHIP, LAs are required to engage with stakeholders including housing, planning, RSLs, communities, and developers amongst others to help inform the development of the SHIP. Developers must approach a local authority or RSL to discuss any potential sites and it will be for the LA to agree if the site is included in its SHIP. It is therefore important that applicants speak to a LA and / or RSL early in the process. Appendix 2 provides contact details for the different LAs and RSLs operating in the area.

Financial Contribution (also known as Commuted Sum)

The CNPA accepts that in some instances such as for a development of less than four houses, where funding may not be available or for proposals such as conversions that do not lend themselves to on-site delivery, a financial contribution may be more appropriate/suitable. The financial contribution will be used to provide affordable housing elsewhere in the housing market area or secondary school catchment (depending on the LA).

On allocated sites the preference is on-site delivery rather than a financial contribution and further information on how this will be calculated is set out in Section 6.

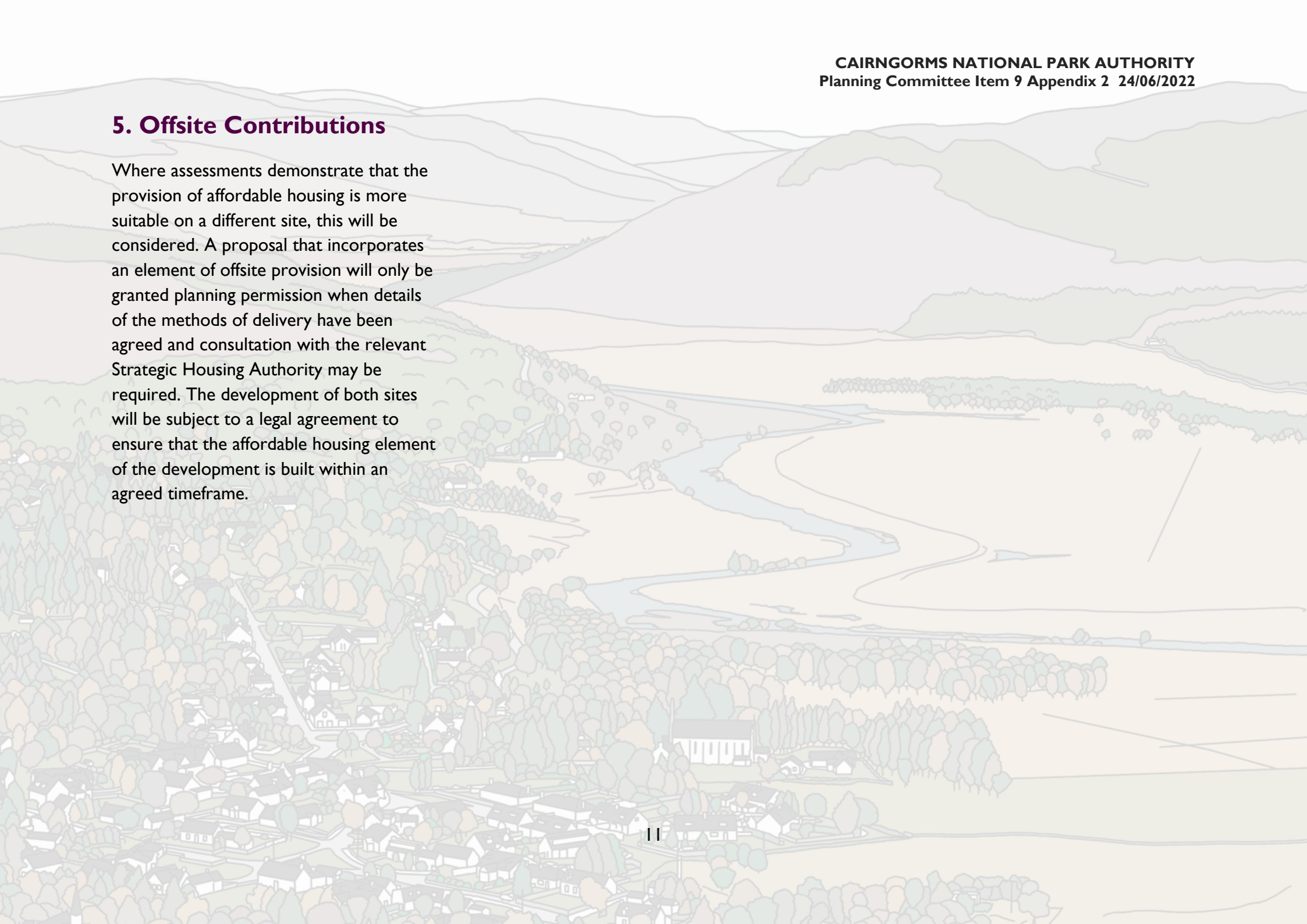
It can be used for:

- securing land for affordable housing,

- supporting site appraisal work for sites being developed for affordable housing e.g. flood risk assessment,
- on and off-site infrastructure costs for sites being developed for affordable housing, and
- the purchase of housing units for use as affordable housing.

5. Offsite Contributions

Where assessments demonstrate that the provision of affordable housing is more suitable on a different site, this will be considered. A proposal that incorporates an element of offsite provision will only be granted planning permission when details of the methods of delivery have been agreed and consultation with the relevant Strategic Housing Authority may be required. 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.



6. Commuted Sums

All residential development must make a contribution towards affordable housing provision.

Where proposals are made for the development of fewer than four market dwellings, a financial contribution will be sought that will be put towards the delivery of affordable housing. This monetary contribution will be ring-fenced by the relevant LA for the provision of affordable housing within in the relevant housing market area or secondary school catchment.

A viability study has been conducted to determine the appropriate commuted sum for each Housing Market Area (HMA) within the National Park. The level of contribution per unit has been set at 10% of the full market cost of delivering affordable housing and is shown in Table I.

The levels may be reviewed during the Plan period, and should significant change be identified; updated figures will be published on the National Park Authority's website.

Table I Commuted sum per unit in developments of one to three units

Aberdeenshire	£3250
Angus	£1600
Highland	£1850
Moray	£1700
Perth & Kinross	£3000

Exemptions for commuted sums

While the viability of projects may still be considered according to Section 9 of this guidance, providing the development meets one of the following criteria, a payment will not be required.

The following types of residential development will be exempt from commuted sums for affordable housing:

- One-bedroom properties
- Affordable housing
- Sheltered or specialist housing
- Purpose built staff accommodation (which should be secured by a condition)
- Replacement single dwellings (unless additional units above the thresholds are being created and the commuted sum will be applied across the entire site to the net increase in dwelling numbers)

7. Affordable Housing Exceptions Sites

100% Affordable Housing

All 100% affordable housing developments will be supported where they meet an identified local need.

Where the proposal is for rented accommodation, applicants and those eligible for any form of affordable housing must be taken or nominated from the housing waiting lists of the LA, housing associations or from another organisation with an allocations policy appropriate to the Cairngorms National Park.

Developments must meet an identified need within the local community and will need to be evidenced with supporting information such as:

- Local housing needs assessments;
- A formal supporting statement from the LA,
- Details to confirm the residents of the new development are in housing need.

- How the development is meeting a recognised need for affordable housing in the area.
- Details of the type of affordable housing and mechanism for retaining affordability
- Explanation of why existing properties or sites which are for sale on the open market do not meet the need identified. Personal preference is not considered to be a valid material consideration.
- Floor plan details to allow comparison with the benchmarks on gross internal space set out in Section 9.
- Comparison costs to justify the affordability of the new development against the cost of existing housing stock.
- Information from the relevant LA/RSL to confirm the development will result in a reduction in their waiting list.

Cross-subsidy

In exceptional cases where the delivery of 100% affordable housing is not viable, a limited amount of open market housing may be supported to cross-subsidise the affordable housing.

Public funding should be initially sought to meet the burden of development costs. In the event that this is not available then the cross-subsidy option may be considered.

As with proposals for 100% affordable housing development, independent assessors will be used to carry out an assessment to ensure the affordable element of the development is of appropriate size and tenure, and is in a location which is justifiable.

The information provided must be sufficient to allow an independent assessor to conduct an assessment in a timely way which does not delay the process of determining the application.

Evidence that any market element is the minimum required to fund the affordable element will need to be submitted. All affordable houses must meet a local need.

Applications must include:

- Information to justify the need for all affordable housing. Refer to the LA to gather most up to date information. Any other community-based studies may also be considered,
- where proposals include an open market element, information to demonstrate that public funding or other forms of finance are not available,
- information to demonstrate that the open market element is the minimum required to close the funding gap. This should include information on the costs of land purchase and construction of the affordable element. It should not include the cost of the land nor any part of the construction of the open market element,
- a design which is cohesive and creates a new or adds to an existing group of buildings. There should be no discernible difference in the appearance of the affordable and open market elements, and
- floor plan details to allow comparison with the benchmarks on gross internal space set out in Section 9.

8. Viability

Flexibility in the percentage requirement of affordable housing or making a commuted sum

It is recognised that all sites and projects will differ in terms of their context, characteristics and the delivery methods for affordable housing. In some cases, abnormal costs may justify flexibility or exemption from the percentage of affordable housing requirements at any of the locations identified in Figure 1 (Page 5). This is where the development would otherwise be considered to be unviable due to high infrastructure or unforeseen costs and the proposal would deliver desirable community and economic benefits. The cost of the land is generally not accepted as a valid reason. The applicant will have to undertake an appraisal of the site economics and submission of a viability report. This will require an open book approach between the applicant, developer or landowner and the CNPA. The report must be produced by a suitably qualified person and evidence

provided to support the costing. The sensitivity of providing such information is acknowledged however this is required to demonstrate a genuine need to reduce the affordable housing requirement to ensure the development is viable and maximum community benefits are gained. Consultation with the relevant Strategic Housing Authority may be required.

There may be options to change the design, house type, density or delivery method to improve viability and ensure that the scheme progresses. Where genuine difficulties with site viability can be proven without doubt, the CNPA will consider, through negotiation, reducing the percentage or financial contribution. A financial contribution will be sought as discussed in the Section 6.

Where the site is located outside of a settlement boundary, the requirement is for 100% affordable housing. The CNPA wish to keep any open market element to a minimum and the applicant is required to

comply with the cross-subsidy model of delivery.

Flexibility in the length of time that a house must remain affordable

Whilst it is generally expected that all affordable housing proposals should be secured in perpetuity, there may be flexibility in the policy requirements where the proposed affordable housing is part of a mix within a larger development. For example, this could be where a small percentage of the affordable housing is only for 10 years, delivered either by shared equity or discounted sale method, and can then be sold on at open market prices but the higher percentage of affordable housing on the site is secured in perpetuity, delivered by a RSL or LA.

9. Designing for Affordability

The National Park has a disproportionately high proportion of larger and detached housing, which has resulted in a housing stock that is poorly equipped to meet arising housing needs. Policy I.4 requires that new development offer a mix of dwelling types and sizes with the aim of meeting local need. A key part of this is ensuring that both affordable and market housing focuses on delivering smaller dwellings in terms of numbers of bedrooms and public rooms.

Affordable housing provided via the Local Authority Strategic Housing Investment Plans will always meet the relevant standards for publicly funded affordable housing. With respect to open market dwellings, while the market shows continued demand for the sale of large four-plus bedroom properties in many parts of the National Park, they command a price premium that means they will rarely be affordable to people working in the area. hat their prices

What are smaller dwellings?

Development should focus on providing homes that have adequate space that allows the occupier to enjoy a good living environment and should focus on one, two and three-bedroom properties unless housing needs in the local area demonstrates larger properties are needed

Dwelling Types

Over half of all dwellings with the National Park are detached, compared to a Scottish level of around 20%. Detached houses in the National Park are often larger and carry a premium in price compared to equivalent semi-detached or terraced properties. Developers should focus on delivering semi-detached, terraced and where appropriate, flatted properties as a way of delivering housing that is better targeted to housing need.

10. Other Housing Matters

Housing in settlements

Most large-scale housing development proposals should be located on allocated sites within Strategic and Intermediate Settlements as identified in the LDP.

Housing proposals on other windfall sites will also be considered. These are generally smaller sites that provide good opportunities for single or smaller scale housing developments.

In settlements, residential developments should usually be located within the settlement boundary as set out in the LDP. Affordable housing exceptions sites may however be considered outwith settlement boundaries (see section 7). They must be designed to ensure the character of the settlement is reinforced, making best use of the land available.

Housing development in existing rural groups

Applicants must be sure that the site is within a defined rural building group. The group must include three or more buildings, one of which is an existing house. Ancillary buildings to the existing house are not included in this calculation. These include kennels, outbuildings, garages and sheds.

Each building group has its own individual identity. Where both natural and man-made boundaries exist, natural boundaries take precedence over man-made boundaries when defining the extent of a building group. Applicants should ensure that the development fits with the existing group and adds to the cohesive pattern of built form within its landscape setting.

Where a group consists of a row of houses fronting a road, infill or additions using gaps of an appropriate size may provide opportunities for new dwellings.

In such cases, new houses should be of a scale appropriate to the others in the locality. For more information please refer to the Design and Placemaking Guidance which can be found [here](#).

Planning applications must include a description of the existing group which the development is adding to, detailing the number of buildings in the group and an explanation of how the proposed development adds to the relationship between the buildings.

New development must not cause a group to increase in size by more than one third during the LDP period. This includes extant permissions which are yet to be completed.

Other housing in the countryside

If a development proposal is located outwith a settlement boundary, and is not within a rural building group then applicants must consider:

- Why the proposal is necessary for, or improves, the operational and economic viability of an active business. This business must demonstrate a valid locational need to be in the countryside. This includes land management operations, and tourism and recreation pursuits; or
- whether the site is on rural brownfield land; and
- how it conserves the existing pattern of development. It should not erode the settlement hierarchy and should not create a new form of development in the landscape which is at odds with the existing built and landscape character.

Applications must include information to support the need for the house in the chosen location.

The contribution the house makes to the business it is to support will be considered by the planning authority. This can be either a new business venture or an existing one. However, applicants must be

clear in the information provided that the business will rely on the house to ensure its economic success. In the case of a new business, it is required that the business element of the proposal is in place prior to the construction and completion of the house.

In the design of the development applicants must show how the proposal helps conserve the existing built form in the area. Applicants should not propose a development which is at odds to the existing built form. Applicants should also ensure that the settlement hierarchy is not eroded. This includes adequate consideration of alternative locations for the proposed development, particularly where there is an existing building group in close proximity to the proposed development site.

Alterations to existing houses

When designing an alteration or extension to an existing building, particular care should be given to ensuring that the proposed alteration complements the appearance and character of the existing

building and its surrounding area. This means that applicants must consider the massing, proportions, materials and general visual appearance of the existing building, its neighbours and the wider area.

Applicants must ensure that the proposed alteration does not have a significant and unacceptable detrimental effect on the residential amenity enjoyed by adjoining householders. Applicants must also ensure that adequate outside space is maintained for private garden ground, parking and access to the property.

Conversions

Conversions of non-domestic buildings into housing not only brings buildings back to life but it also provides opportunities to conserve our built heritage and help to maintain the character and distinctiveness of places within the National Park.

The conversion and renovation of the buildings must be as sympathetic as possible to the existing scale, character and materials. Additions and alterations should generally be limited to those

necessary to achieve Building Standards, the efficient use of space and an appropriate and coherent design concept.

Applicants must consider how they will achieve adequate private garden space for the proposed domestic use of the converted building. Where the landscape setting is appropriate, and established boundaries such as walls and hedgerows relate well to the site, rather than changing existing boundaries applicants may need to consider adjacent and intervening land for ancillary purposes.

Conversion of traditional and vernacular buildings will be considered appropriate where the building is no longer required for its original use and is unlikely to have a commercial or economic future in its current form. Conversion proposals should be designed to maintain the style and character of the original building in terms of form, scale, materials, and detailing, where they contribute positively to the context and setting of the area. This means that the building, its setting and original design details must be carefully considered to ensure that the

converted building remains in harmony with its setting.

For all conversions, applicants will need to demonstrate in their planning submission that:

- the building is no longer required for its original use, and that it is unlikely to have a commercial or economic future in its current form; and
- the development proposal maintains the original character of the building.

Replacement houses

Before a proposal for a replacement house is considered, applicants will be required to demonstrate in their planning submission that they have investigated the feasibility of re-using or renovating the existing dwelling. Only once this has been shown to be to be unfeasible will a proposal for the demolition of an existing building and the construction of a replacement dwelling be considered. In the case of surviving traditional ruins,

every effort should be made to incorporate this material into the replacement house. rather than considering their complete replacement

The replacement house should be similar in scale to that which it replaces and the setting of the new house should be similar to that of the existing house in terms of orientation and distance from road unless individual site conditions suggest that another position (within the site boundaries) would create a better landscape fit.

If the proposed new house does not occupy the footprint of the previous house, that footprint will not be accepted as a site for a future housebuilding proposal. Proposals will need to demonstrate that the existing house is located within an established site with a good landscape setting and landscape fit; has site boundaries capable of providing a suitable enclosure for a new house; and is in all other respects acceptable in planning terms.

Proposals for replacement houses must:

- Ensure that the original building is not a listed building.
- Demonstrate that the original is incapable of rehabilitation, being demonstrably unsound structurally or is of a non-standard form of construction. This will usually be in the form of a qualified structural engineers report and financial appraisal.
- Be designed in such a way that the new development incorporates the original footprint of the building to be removed. The only exception to this is where an alternative location close to the original would minimise any negative effects which exist or would result from the new development. If the proposed new house does not occupy the footprint of the previous house, that footprint will not be accepted as a site for a future house building proposal.
- Incorporate existing buildings and/or materials where possible. If such materials are not to be incorporated into the proposed

dwelling, then the applicant must demonstrate (again through a qualified structural engineers report) why these materials cannot be salvaged and re-used on-site.

Housing for Gypsy/Travellers and travelling show people

If a development is for housing specifically to meet the needs of Gypsy/Travellers applicants should consider site selection carefully. It must also be able to demonstrate that the development is needed, and has been identified as such by the LA.

In designing the development applicants should consider the impact on neighbours, and the needs of the residents, both in terms of access and amenity. Screening may be required depending on the nature of the site.

Applications must include:

- Information on the need for the development, and

- clear justification for the site selection that matches the identified need.

Appendix I: Affordable Housing Delivery

Appendix I sets out the most common forms of affordable housing delivery. These options are not prescriptive or exhaustive, included here to provide general information about some potential options for affordable housing.

Social Rented

The social rented sector relates to housing provided at an affordable rent and usually managed by the Local Authority (LA) or Registered Social Landlord (RSL) such as a housing association or housing co-operative.

In some cases the LA or RSL is the developer. This is where they have purchased or secured a plot of land and then houses or flats are constructed by them using funding from the government. Once constructed the houses or flats would be owned and managed by the LA or RSL.

Alternatively, the developer constructs the units and then transfers them to the LA or RSL. The LA or RSL will then own and manage the units and will allocate them to people in housing need in accordance with its allocations policy.

This option often results in a quick planning decision as a planning condition can be used to secure the affordable housing rather than using a legal agreement. It is recognised that social rented is not always the best method of delivery and that depending on the location and type of development that affordable housing for sale may be a better option (see options below on shared equity and discounted sale).

Mid-market Private Rented

Definition:

This is accommodation provided by either a developer or a LA/ RSL. In the Cairngorms National Park mid-market rentals are often delivered by large rural estates or private individuals. The rent level is higher than social rent, but lower

than private sector prices. In general, rent levels are set between 60 – 80% of the market rent. In the case of unsubsidised development, i.e. development constructed and managed solely by the private landlord, the units must either be retained as mid-market rented properties in perpetuity or could be sold but under a different affordable housing option. If the units are managed by a LA or RSL, in order that they can be retained as mid-market rent units in perpetuity.

In the case of a private developer, a legal agreement is often used to set the lower rental value in perpetuity. This approach is unique in that it provides a place to live for those who are unable to access social housing and who cannot afford the private sector in the open market.

Approach:

An example of this in practice is where a LA and developer work together to deliver mid-market rental units. This is an alternative to the traditional grant funding models. The units are constructed by a developer and then transferred to a

Limited Liability Partnership (LLP) consisting of a board with members from the Council, developers and the Scottish Futures Trust (SFT). The developer receives an upfront payment of 65-70% of the predicted sale price at that point. The developer must appoint an agent who manages the units on behalf of the LLP.

At the end of a 5 or 10-year period, the units may be sold off but as an affordable house often under discounted sale option. Another option could be that the houses are sold on the open market after a certain period of time in which case there would be a cap on the profits for the developer of 20% and the remainder of any profits will be recycled into more affordable housing i.e. a financial contribution towards affordable housing in the National Park.

There are several models to deliver mid-market rented housing. In general, rent levels are about 80% of LA rent levels for the area. Developers should speak to the LA who will advise on the models available. A planning obligation would be used to retain the properties as

mid-market rent in perpetuity or resale with set criteria as described above. This would only apply to developments within towns and villages not in the countryside.

Shared Equity including use of the Rural Housing Burden

Definition:

This can be a property constructed with or without public subsidy. Shared equity is different from **shared ownership** as a person owns a home outright, with the remaining stake usually held by a housing association. Unlike shared ownership, the owner pays no rent for the equity stake which is retained by the Scottish Government/ RSL.

Unlike shared ownership the owner pays no rent and owns the property outright but the loan is shared. In the unsubsidised version the developer or government sells part of the equity – generally a share of 60 to 80% to an eligible purchaser. The developer or government retains the remainder of the equity in perpetuity and

this would be secured via a planning obligation or condition. In the subsidised version, the developer generally either transfers the completed units or the serviced land to a RSL. They then manage the sale of the units to eligible buyers. Again, the buyer can buy between 60 and 80% of the equity.

Approach:

The owner will initially purchase a share of the equity between 60 and 80% of the overall value of the property. The value of this share is usually capped and should be as close to x3.5 of the median income for the area as possible. The overall value of the property is therefore higher. The illustration on the next page explains how this would work.

It is expected the following buyer would be offered the same shared equity deal but this could only be secured if there was a burden on the property. Therefore, if the house(s) are built by a private developer then the remaining equity share (loan) should be transferred to a RSL so the property is covered by a Rural Housing

Burden as set out below and the property remains affordable in perpetuity. This is the preferred option, as opposed to the developer or government holding the equity sale for a short period of time, because the National Park has a highly constrained supply of affordable housing and little scope for this supply to increase. The Rural Housing Burden can specify the following clauses:

1. The buyer is prevented from obtaining full ownership of the property. e.g. if the RSL managed to negotiate a discount on the initial purchase of the land, then they can lock this discount into the price in perpetuity through a Rural Housing Burden. This is known as the Golden Share.
2. The person to live in the house must use it as their permanent home and must have an affordable need.
3. The RSL has an option to buy the remainder share if a buyer cannot be found on the open market.

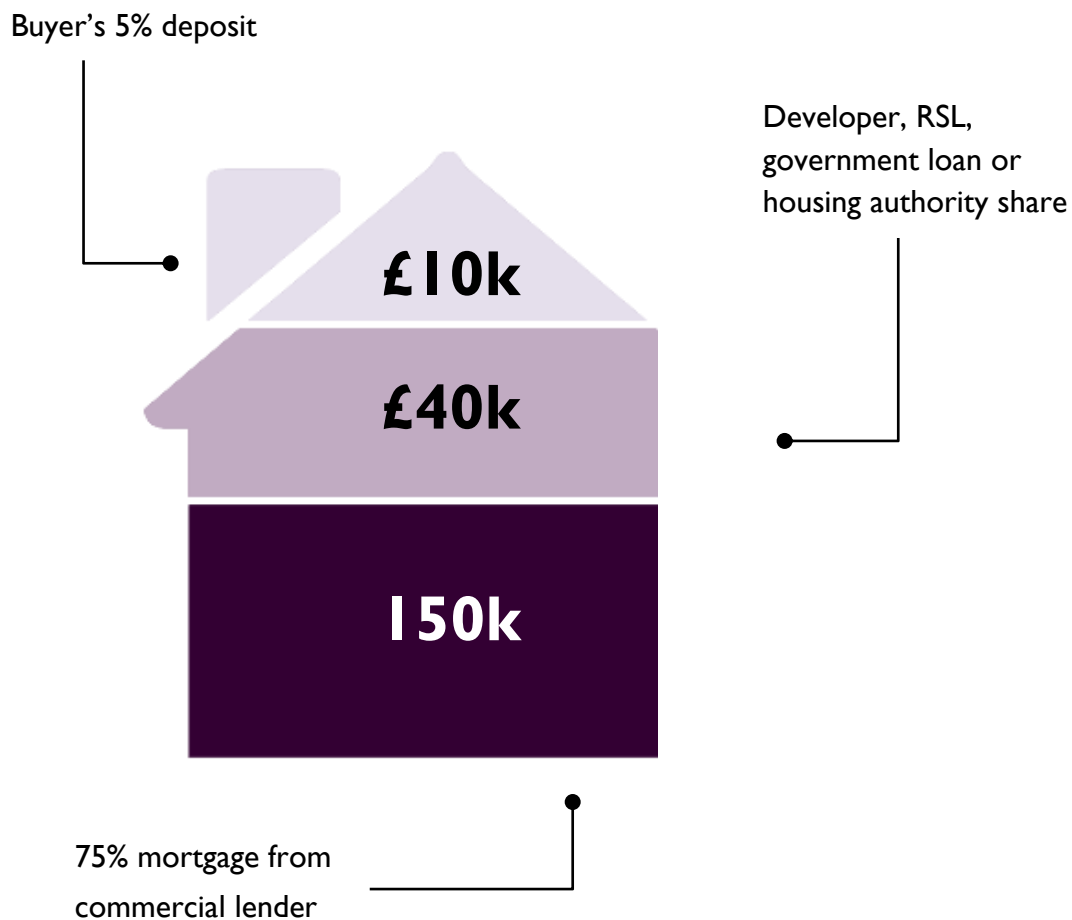


Figure 2 Illustration of how shared equity housing works.

Shared Ownership

Definition:

This is a property usually constructed with public subsidy. Shared ownership is different from shared equity as a person buys a share in a home with a housing association still owns part of the home and charges them a fee to live in it. A buyer enters into an agreement with a RSL but pays rent (occupancy payment) on the remainder of the property. Unlike share equity this is usually operated by an RSL who has the ability to take rent for the remainder of the property but it could be operated by a private landlord such as an estate.

Approach:

The owner will initially purchase a stake in the property and pay rent on the remainder. For example, an eligible buyer may purchase a stake of 40% of the market value of a property and pay rent on the remaining 60% of the property owned by the RSL. The rent is usually set at an affordable value.

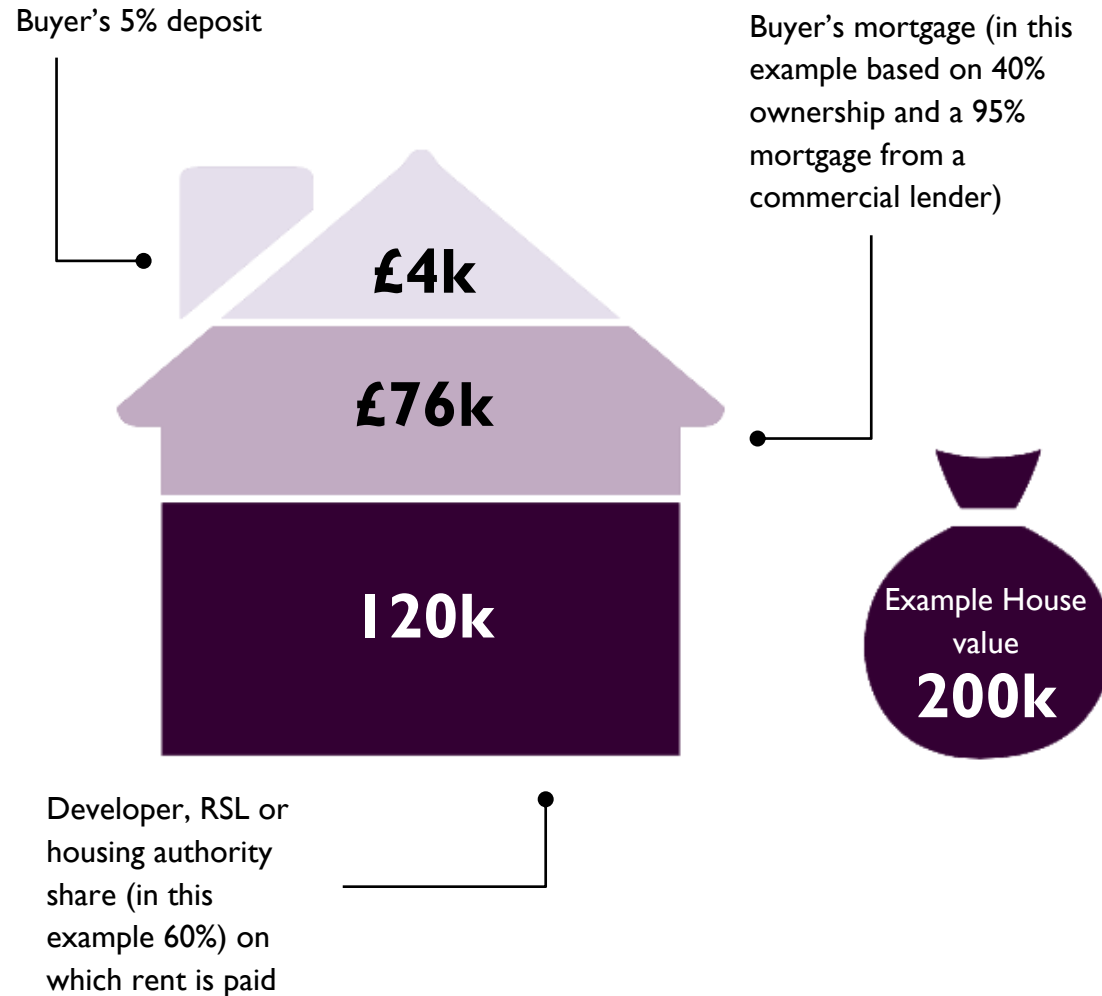


Figure 3 Illustration of how shared ownership housing works.

The buyer can usually increase the percentage stake in the ownership of the building over time, as and when they can afford to do so.

If the house(s) are built by a private developer, then the property could be transferred to a RSL so the property is covered by a Rural Housing Burden as set out below and the property remains affordable in perpetuity. The Rural Housing Burden can specify clauses to those required under a shared equity scheme listed on page 30 but also may set the rent level.

In the National Park there are housing associations who offer shared ownership where an eligible occupier (a person on the housing waiting list) can purchase a 25%, 50% or 75% share depending on how much the purchaser can afford. A monthly occupancy payment is paid to the housing association based on the size of the share that the association still own (like a rent). Often after a year there is an opportunity for the occupier to buy 100% of the house. We would wish to ensure that the association has put in place an obligation

(the rural housing burden) to ensure the house is sold to a new Sharing Owner from the housing waiting list, so remains affordable in perpetuity.

If a private developer wishes to own a share of the property, then they would be required to enter in a legal agreement and agree clauses to secure the house(s) remain as affordable in perpetuity similar to those outlined under discounted sale option.

Discount for Sale (including self-build plots)

Definition:

A property is constructed and marketed at a discounted price. This is often referred to as low-cost homes for sale. The value of the sale would be discounted to ensure it is set at an affordable level. This would incorporate an option to lease at midmarket private rent to give the owner flexibility. The discount would also apply to re-sales to ensure the housing remains affordable in perpetuity. The property is constructed and marketed

with or without the aid of affordable housing subsidy. This can include the involvement of a RSL. The proposed property must be used as the household's main dwelling.

The discounted sale price would be calculated from the market value of the house on the open market. This cap on the house price will be written into the deeds and is in perpetuity. However, as the price of the unit is linked to the market value of the property, it can be taken out of the 'affordable' bracket in the case of volatile price rises. Unlike shared equity, the owner will own 100% of the property, but would have purchased it at a discounted price.

Approach:

The maximum price of the property is always related to the market value of the dwelling on the open market. The market value of the unit will be set by the District Valuer or a similar independent RICS chartered surveyor. The maximum price will be negotiated between the Planning Authority (in cooperation with the RSLs

or Local Authority where necessary) and the developer. The discount is generally between 20 and 40% and will be set following the open market valuation of the District Valuer. As such, the buyer pays 60 to 80% of the market value of the property. The calculation for working out the discount would be based on the income for the area but taking account of the land and build costs. The discounted sale value would not be less than the build costs to ensure the scheme is viable.

This discount will be locked in the Title Deeds via a planning obligation. This means that the owner cannot sell his property for more than 60 to 80% of the market value (i.e. a house is valued at £150,000 on the open market but must be sold at £120,000.) For houses in the remote rural area, where house prices are lower, then the percentage is likely to be set at 80% of the market value and in the accessible areas it is likely be set at 60% of the market value.

A planning obligation (also known as a Section 75 legal agreement) would be used

to control that the property must only be used as the household's main dwelling.

There are no eligibility criteria that the occupier must meet but the house must be designed as an affordable unit (see section 9) with permitted development rights removed.

The house shall only be sold, transferred or otherwise disposed of to a person who will use the property as their main dwelling. Before marketing the property for sale, the vendor must write to the authority who determined the application, requesting that the planning authority fix the maximum sale price. The request shall be accompanied by an independent valuation which has valued the property. We would then have 28 days to confirm the max sale price which is based on between 60-80% of the open market value. As a guide, 3 months advance warning is considered an appropriate timeframe to notify the planning authority of the intention to market a discounted house for sale.

What happens if the occupier falls in arrears of mortgage payments?

In the case where a mortgage lender repossesses a house, if a sale in accordance with the discounted sale mechanism would not enable the lender to recover the whole of the outstanding loan and associated costs then the amount of the discount would be reduced, potentially to zero. If necessary, the requirement that the property would be occupied as a permanent home could be removed to enable as full a recovery as possible for the lender. This should ensure lenders are willing to lend where a person has a limited deposit.

For self-build plots, will the legal burden controlling sale price and occupier stop me getting a mortgage?

It is likely that applicants / occupiers would have to get a specialised mortgage product for self-build. Specialist independent mortgage advice should be sought. This is not a planning matter. It is recognised that not every person with an affordable need

would have enough money to undertake a self-build project especially when the resulting property would be valued lower than the market rate. Other forms of affordable housing such as social rented may be more suitable in this case or funding may be able to be sought from a specialised lender.

Appendix 2: Housing Contacts

Local Authorities (LAs)

Aberdeenshire	https://www.aberdeenshire.gov.uk/housing/
Angus	https://www.angus.gov.uk/housing
Highland Council	https://www.highland.gov.uk/info/917/housing
Moray	http://www.moray.gov.uk/moray_section/section_47320.html
Perth & Kinross	https://www.pkc.gov.uk/housing

Registered Social Landlords (RSLs)

Aberdeenshire Housing Associations	https://www.housingregulator.gov.scot/landlord-performance/landlords?landlord=&area=Aberdeenshire&letter=All
Angus Housing Associations	https://www.housingregulator.gov.scot/landlord-performance/landlords?landlord=&area=Angus&letter=All
Highland Housing Associations	https://www.housingregulator.gov.scot/landlord-performance/landlords?landlord=&area=Highland&letter=All
Moray Housing Associations	https://www.housingregulator.gov.scot/landlord-performance/landlords?landlord=&area=Moray&letter=All
Perth & Kinross Housing Associations	https://www.housingregulator.gov.scot/landlord-performance/landlords?landlord=&area=Perth+and+Kinross&letter=All

Cairngorms National Park Local Development Plan 2021
Supplementary Guidance
Policy I – Housing

This document is available in large print on request. Please contact the Cairngorms National Park Authority on 01479 873535. It is also available to view at www.cairngorms.co.uk

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