

Review of Policy 6: Affordable Housing

1. Introduction

- 1.1 The purpose of this paper is to examine Policy 6 Affordable Housing in light of changes in the national policy and local context. It will consider whether it meets the requirements of Scottish Planning Policy and other national planning documents, and whether it forms a sound basis for making planning decisions on provision of affordable housing.

2. Approach

- 2.1 Policy 6 in line with government guidance is designed to make provision for affordable housing as informed by the HoNDA. Policy 6 asserts that the planning system will not meet all of this need but it is appropriate for the development industry to make some contribution to affordable housing.
- 2.2 Policy 6 refers to the HoNDA, LHS and the Affordable Housing Outcome Statement that all provide evidence for the approach that has been taken. Policy 6 makes reference to schedule 4 of the plan which highlights any deviation from the 25% benchmark provision.
- 2.3 Policy 6 suggests that a flexible approach will be taken to deliver the number and types of housing to those in “greatest housing need”. This statement is somewhat at odds with SG Affordable Housing 1 and the Scottish Government definition of what affordable housing as “affordable to people on modest incomes”. This suggests that a range of affordable housing must be provided for people with varying needs rather than on a “greatest need basis”. Those with most acute need such as homeless people arguably need a more rapid accommodation solution. There are also issues with the availability of funding for social rented housing. It is not realistic for the planning system to deliver housing for those in greatest housing need.
- 2.4 Policy 6 does not give sufficient certainty or clarity to the development industry about the affordable housing contribution that will be sought. This is problematic as it means that the contribution can not be factored in to the development costs at an early stage. The identification of instances that may attract a revision of that standard contribution also may give the wrong message to the development industry suggesting that it is up to them to negotiate their affordable housing contribution.

3. Background

National context

National Planning Framework 2

- 3.1 The provision of housing is a key part of the “Development Strategy” of NPF2. A main element of the “Spatial Strategy 2030” aims to “encourage sufficient supplies of homes which are affordable in places where people want to live”. This is further elaborated under the heading *Housing* which calls for “Houses of the right type, in the right place and at the right price”. This is a broad approach to affordable housing provision which makes no reference to “housing need”.
- 3.2 NPF 2 also calls for improved affordability of housing and suggests “co-ordinated delivery through the new development plan process, local housing strategies and strategic housing investment plans”. Policy 6 refers to the

different sources that inform the approach taken however co-ordinated delivery is compromised by lack of a shared understanding about what affordable housing is.

Scottish Planning Policy (SPP)

- 3.3 Scottish Planning Policy (SPP) is the statement of the Scottish Government's policy on nationally important land use planning matters. SPP was adopted in February 2010 and replaces the previous SPP3 Planning for homes. Affordable Housing is one of the core "subject policies" contained within SPP. Policy 6 does not seek to define affordable housing but does suggest that the Local Development Plan should deliver housing to those in "greatest housing need".
- 3.4 The SPP calls for clarity on the scale and distribution of affordable housing as well as what the expectation is for each developer. The SPP suggests that to deliver the affordable housing requirement in rural areas a flexible approach should be taken, taking into account viability and availability of funding. Policy 6 advocates a flexible approach and seeks to take into account individual site circumstances and viability. However policy 6 does not give certainty to the development industry about what is expected
- 3.5 SPP identifies a benchmark figure of a 25% affordable housing contribution on all new housing developments. Policy 6 as informed by the Housing Needs and Demand Assessment additionally refers to Schedule 4 which details any settlements where the 25% benchmark does not apply.

Planning Advice Note: 2/2010 Affordable Housing and Housing Land Audits

- 3.6 Planning Advice Notes (PANs) provide advice and information on technical planning matters. The PAN is divided into two sections and this policy review is concerned with section 1: Affordable Housing. This section provides advice and information on how the planning system can support the Government's commitment to increase the supply of affordable housing. The PAN reinforces the SPP definition of affordable housing.
- 3.7 The PAN outlines the full range of types of affordable housing. Policy 6 supports this notion and explains that affordable housing can be delivered in a variety of ways including without subsidy.
- 3.8 The Pan identifies that commuted sums should only be used sparingly and that the development plan should set out the exceptional circumstances where such off site payments are appropriate. Policy 6 refers to SG AH 1 to give further information on this.

Letter from Chief Planner, Planning For Affordable Housing, March 2011

- 3.9 In light of the current adverse economic climate the Chief Planner wrote to all the local authority heads of planning to advise on the Governments Affordable Housing Policy.
- 3.10 He asserted that innovative and flexible approaches would be required to deliver affordable housing. He also adds that affordable housing policies should be realistic and take into account development viability and availability of funding. He calls upon Local Authorities when drawing up affordable housing policies to consider whether the 25% contribution or more is really deliverable in the current economic climate with the risk that such obligations may stifle development entirely. He also places greater emphasis on planning for affordable housing without public subsidy as it is counter-productive to secure

land for proposals requiring high levels of subsidy. Policy 6 advocates a flexible approach and promotes affordable housing without public subsidy.

- 3.11 The Chief Planner's letter raises the issue of the current economic climate and how this may present challenges to the delivery of affordable housing. The Chief Planner recommends that Planning Authorities and their policy take a flexible approach to affordable housing. This is a future challenge for Policy 6 and its supplementary guidance as it must be adaptable to change but it must give sufficient clarity to developers.

Strategic/regional context

Draft Aberdeen City and Shire Strategic Development Plan

- 3.12 It is anticipated that the current Aberdeen City and Shire Structure Plan (2009) will be replaced by the Aberdeen City and Shire Strategic Development Plan in June 2013. The proposed Strategic Development Plan focuses on nationally or regionally important planning issues as well as planning issues that are best dealt with in a co-ordinated manner with City and Shire Councils working together.
- 3.13 The Proposed Strategic Development Plan promotes "sustainable mixed communities" and that provision of affordable housing is critical to this aim. The plan suggests that in most cases new housing must provide 25% affordable housing and that the mix and size of homes must be in line with local development plans and supplementary guidance, Policy 6 supports this approach.

4. Drivers of change

- 4.1 The current economic climate and availability of public subsidy will impact on Policy 6. Policy 6 currently does not fully reflect the significant and meaningful changes to Scottish Planning Advice on the delivery of affordable housing or the Chief Planners letter. It reflects a time when development finance was available and land values were sufficiently high to support a strategy of direct cross-subsidisation of affordable housing from land values.
- 4.2 In preparation of the current ALDP 2012 affordable housing was not identified as a main issue but given current challenges in the provision of affordable housing this option could be pursued in the preparation of the 2016 ALDP. The PAN outlines in Box 1 the main steps to be followed if affordable housing was identified as a main issue. It promotes increased consultation and discussion of a variety of approaches and this would assist in the development of a shared understanding of what affordable housing is. Box 1 suggests that after consulting on affordable housing as a main issue the LHS should then be prepared. Currently the LHS is published to accord with production of the Strategic Development Plan and was last published in 2012.

5. Recommendations

- 5.1 Further clarity must be given in the policy as to what is usually expected from developers and what they should budget for. There should be better clarity
- 5.2 Policy 6 should remove the phrase "greatest housing need" and replace it with "houses that are affordable to those on modest incomes".

- 5.3 It may be necessary to describe the variety of unit size and type we are looking for in order to meet aims of sustainable mixed communities and create housing that is affordable by design as something other than
- 5.4 SG AH 1 should be flexible in order to be responsive to an unpredictable economic climate while giving clarity to the development industry about what is expected.
- 5.5 Given the challenging economic climate and the lack of a shared understanding of what affordable housing means there needs to be a full consultation on proposed strategies of delivery of affordable housing this can be carried out by identifying affordable housing as a main issue.

6. Summary of main points

- 6.1 The delivery of affordable housing through planning policy is facing distinct challenges. There needs to be a co-ordinated approach to affordable housing by key agencies, including Planning Policy, with a shared understanding of what affordable housing is. The responsibilities of the planning service and the housing authority need to be clarified. Affordable housing policy needs to be identified as a main issue and a revised Policy 6 and SG AH 1 fully consulted on; this will facilitate feedback from key agencies and the development industry.

7. References

Aberdeenshire Council (2012) Aberdeenshire Local Development Plan 2012

Scottish Government (2010) Scottish Planning Policy

Scottish Government (2009) National Planning Framework 2

Strategic Development Planning Authority (2009) Aberdeen City and Shire Structure Plan

Strategic Development Planning Authority (2012) Proposed Aberdeen City and Shire Strategic Development Plan

Aberdeenshire Council (2012) Local Housing Strategy 2012-2017

Scottish Government (2010) Planning Advice Note 2/2010: Affordable Housing and Housing Land Audits

Mackinnon, JG (2011) Letter to Heads of Planning, Planning for Affordable Housing

