

# Supplementary Guidance

## AFFORDABLE HOUSING

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## Supplementary Guidance

### Affordable Housing

Affordable housing is defined in SPP as “housing of a reasonable quality that is affordable to people on modest incomes.” The Aberdeen City and Shire Strategic Development Plan (2014) states that providing affordable housing is critical to delivering sustainable mixed communities and notes that the level of affordable housing need (identified in the Housing Need and Demand Assessment) equates to some 38% of new homes. The Local Development Plan’s current Housing Need and Demand Assessment, the Local Housing Strategy and its Affordable Housing Strategic Outcome Statement inform and address the appropriate level and type of affordable housing required to help meet affordable housing need in Aberdeenshire.

The requirement set by this policy, the type of affordable housing and the form of the contribution will vary between locations and between sites. Housing need changes over time. Negotiation at the time of the application or pre-application discussion will determine the actual requirement and the form of provision. These negotiations will consider: the available information on the supply and demand for affordable housing within the settlement and housing market area which the application relates to; any exceptional servicing costs for the development; and the impact of the requirement on the viability of the development.

**In order to assist in meeting the need for affordable housing in Aberdeenshire, Policy H2 of the Local Development Plan requires new housing developments of 4 or more dwellings to contain no less than 25% affordable housing.**

**The specific contribution required by development will be assessed at the time of the application or pre-application enquiry, having regard to housing information for the relevant settlement, as agreed by the housing authority, Aberdeenshire Council, and to market and site circumstances. In all but exceptional cases, this contribution will be in the form of serviced land within the development site, to which public subsidy can be applied, or in the form of houses on the development site that are affordable without public subsidy. Only in exceptional circumstances would less than 25% affordable housing on a site of more than 4 houses be negotiated**

**Advice on the detailed methods of assessing the contribution required and for the delivery of affordable housing is provided in Appendix 1.**

The requirement for a contribution towards meeting affordable housing needs can be addressed by a variety of methods. Where a site falls within an area of strategic priority for development funding, preference will be given to the provision of affordable housing on the site, in association with a Registered Social Landlord or the Council. Where this is not the case, or it is agreed that this is impractical or that it conflicts with development plan policies for the site under consideration, alternative forms of provision such as Low Cost Home Ownership will be possible. The alternative forms of provision and the conditions under which they may be sought are detailed within Appendix 1. There are different costs incurred by different forms of provision and the percentage of affordable housing delivered may differ depending on form, but in each case the developer will be expected to make the same effective level of contribution.

The aim of this policy is to ensure that development assists in the provision of affordable housing in perpetuity. This approach is fair to all developers.

This affordable housing policy focuses on the requirement of the development industry to assist in subsidising housing for those who are unable to afford home ownership and are unlikely to be able to do so without assistance. The Housing Need and Demand Assessment and the evidence base of the Council's Housing Service show that there is a significant need for lower cost home-ownership options across Aberdeenshire. Masterplans will be expected to identify the scale and location of affordable housing proposed.

Adherence to all relevant policies within the Plan will also help ensure that development in Aberdeenshire meets the housing needs of the entire community. For example, a large proportion of the demand for smaller homes across Aberdeenshire could be met through adherence to the plan's layout, siting and design policy (policy P1), which requires consideration to be given to providing a range of house types on all sites.

## **Appendix 1: Delivery of affordable housing**

### Introduction

Affordable housing contributions may consist of serviced land and / or a financial contribution towards the provision on site of forms of affordable housing prioritised by the Council. The forms of contribution that may be sought depending on site circumstances are:

- serviced land;
- social rented accommodation;
- mid-market rented accommodation;
- shared equity;
- discounted low cost housing for sale, including discounted serviced plots for self-build; and
- housing without subsidy.

A flexible and innovative approach is required to secure access to unconstrained development land for the provision of affordable housing, and developers should agree the application of the policy to the site in question during pre-application discussions with the Council.

Delivery of affordable housing is the prime objective of the policy, and close liaison will continue between the private sector and the Council's own Housing Service to ensure that land secured for affordable housing development is implemented timeously.

### Need for affordable housing at the site level

The contribution specific to a particular development will be dependent upon many fluctuating factors, such as an assessment of relevant housing information at settlement level, and of open market conditions and site circumstances including site development costs. Therefore, the exact contribution and its form can only be established at the time the planning application is lodged or the pre-application enquiry is made. Expert advice should be sought from the Local Housing Authority on local need and the house types and sizes that would best meet that need at this stage, in addition to any additional information available at the time on the level and turnover of existing affordable housing stock, as well as waiting list information from both the Council and RSLs.

### The development specific contribution

The Council recognises that a requirement to make a contribution to affordable housing needs will result in a cost to the developer. Such a result follows inevitably from government policy, which identifies an affordable housing target of 25%. There is consequently an expectation that little or no profit will be generated from 25% of development sites. In order to offset this cost, developers will be expected to take the requirement for affordable housing into account in negotiating a land value with site owners. Similarly, in order to offset the costs of any infrastructure or community facilities that are caused by the development as a whole, developers will be expected to take these into account in negotiating a land value with site owners. The Council's policy on developer obligations applies to all developments irrespective of the provision of affordable housing, and vice versa.

However, the Council is also aware of the need to achieve a successful development. Development should not be rendered unviable by the request of too onerous a level of affordable housing. The applicant should consult with the Council's Developer Obligations Team prior to an application to discuss specific contribution requirements for residential developments. Other extraordinary on or off-site costs incurred by the developer will be taken into account, and any affordable housing requirement could be reduced in exceptional circumstances if this would result in the development becoming financially un-viable. In order for a fair and reasonable amount of affordable housing to be determined, the developer will be required to provide evidence of such costs, in confidence, to the Council. This evidence may be required to be reviewed independently, with the cost being met by the developer. Should such costs appear likely, the developer is urged to consult the Council prior to the submission of a formal planning application so that guidance may be given where this is possible.

The sub-division of larger sites into multiple developments of less than 4 houses in order to avoid making a contribution towards affordable housing will not be supported. In cases where multiple related applications may be received, consideration will be given to the cumulative impact of the development and affordable housing contributions are likely to be sought on the basis of the overall site capacity.

#### Implementation

Where it has been established that a contribution of affordable housing units on-site is the preferred means of provision, it will normally be expected that serviced land be transferred either at a value relating to its end use, or by agreement between the developer and an RSL or the Council, at a lower value.

In design terms the agreed affordable housing element must be considered as an integral part of the development and have good linkages to surrounding services including public transport. The affordable housing should be, as far as possible, visually in character with the market housing and be physically integrated. Discrimination against low income households should not be evident by asking them to accept housing sites that would not be acceptable to private house buyers. In practice this will mean that such housing is not exclusively in the least desirable part of a site and full consideration of features such as, for example, pylons and substations should be made. All of these issues should be considered in adherence to the plan's design policy and be addressed at the time of any pre-application consultation.

On-site provision of affordable housing encourages mixed communities and helps to promote social inclusion. However, it is accepted that this may not always be possible. In exceptional circumstances, the developer may, with the agreement of Aberdeenshire Council, make allocated development land or suitable brownfield sites available for the development of affordable housing off-site, or as a last resort contribute a commuted sum towards affordable housing provision elsewhere in the local community, such as the catchment of the local academy. Exceptional circumstances which may make a site unsuitable for on-site affordable housing provision could include, for example, the conversion of buildings where relevant affordable housing standards cannot be met or where off-site provision would create a more appropriate local tenure mix.

In the event that off-site provision is agreed, there are likely to be two delivery options. Where the developer is not constructing the affordable housing, the affordable housing site must be transferred to the Council or a Registered Social Landlord prior to the delivery of any houses on the primary site. Where the developer is actually delivering the affordable housing on the secondary site, it is likely that the corresponding number of plots on the main development site will need to be reserved and not released for private market housing development until the off-site affordable houses have been delivered.

In the rare and exceptional cases where a commuted sum is considered appropriate in lieu of on-site provision, the amount payable will be a value equivalent to the cost of providing the percentage of serviced land required by the policy. The amount will be based on an exercise undertaken by the District Valuer using a benchmark approach. The benchmark approach is based on plot values for a notional 3 bedroomed semi-detached property for unrestricted market sale and for the value of an identical plot restricted in perpetuity to the provision of affordable housing. The difference between the affordable housing plot value and the market plot value represents the commuted sum payable (for a single plot). This benchmark analysis is undertaken for areas within Aberdeenshire with comparable market characteristics (based on Academy catchments) to produce a range of commuted sum requirements that reflect local market conditions. The total commuted sum requirement for any development site will be calculated by multiplying the relevant individual plot value by the total number of affordable housing units required by the policy. Based on an assessment undertaken in 2014, the commuted sum requirements are:

| <b>Location</b>                              | <b>Commuted sum requirement (per plot)</b> |
|--|--|
| Westhill, Stonehaven                         | £50,000                                    |
| Portlethen, Banchory, Inverurie              | £48,000                                    |
| Kemnay                                       | £46,000                                    |
| Ellon, Oldmeldrum, Aboyne, Alford            | £40,000                                    |
| Laurencekirk                                 | £38,000                                    |
| Peterhead                                    | £30,000                                    |
| Fraserburgh, Turriff, Huntly, Banff, Macduff | £27,000                                    |

The commuted sum plot requirements will be updated periodically.

Developers should note that public subsidy for the provision of affordable housing is not guaranteed. The policy requirement to deliver the full affordable housing contribution will remain in cases where subsidy is not available. In such cases, alternative means of providing the full affordable housing contribution, such as low cost entry level housing, should be discussed with the Council at the earliest opportunity.