

East Dunbartonshire

# Unsubsidised Affordable Housing

Draft Planning Guidance 2017

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# 1. Introduction

This Planning Guidance is intended to support implementation of the East Dunbartonshire Local Development Plan (LDP). The relationship between the LDP, Supplementary Guidance and Planning Guidance is established in Scottish Government Circular 6/2013, and summarised in table 1 below.

Table 1 - The relationship between the LDP, Supplementary Guidance and Planning Guidance

Document	Purpose and Scope
Local Development Plan	Sets out the Council's policies for the development and use of land, including community strategies which identify opportunities for development, for the period up to ten years from adoption.
Supplementary Guidance: <ul style="list-style-type: none"><li>- Developer Contributions</li><li>- Design and Placemaking</li><li>- Green Infrastructure and Green Network</li><li>- Frontiers of the Roman Empire (Antonine Wall) World Heritage Site</li></ul>	Supplementary Guidance is statutory as it forms part of the development plan, and has that status for decision making. It is limited to the provision of further information or detail in respect of policies or proposals set out in the LDP. Supplementary Guidance will be adopted with the LDP and lasts for the period of the Plan.
Planning Guidance	Non-statutory planning guidance may be used to provide detail on a range of subject areas. This form of guidance should not be termed Supplementary Guidance and will not form part of the development plan. However, adoption of this guidance by the Council gives it formal status, meaning that it may be a material consideration in decision making. Planning guidance can be updated as required and without the need for scrutiny by Scottish Ministers. Such updates are normally required where a specific issue arises during the period of the Plan.

## **Policy Context**

As part of the process to produce a Local Development Plan (LDP) for East Dunbartonshire, the Scottish Government Department for Planning and Environmental Appeals published the East Dunbartonshire Local Development Plan Examination Report in September 2016. This Report contained a number of modifications which were largely binding on the Council and which were subsequently made to the Plan prior to its adoption in February 2017. The Examination Report set out a modification to increase the affordable housing target in the Local Development Plan on the basis that there was interest shown by the development industry through the LDP process to provide *unsubsidised* forms of affordable housing in East Dunbartonshire. However, the modification did not include any policy wording changes to help achieve the delivery of these additional affordable units. Specifically the Examination Report states:

*'That using the 25% affordable housing quota policy approach to meeting the full HNDA target, as argued for by the development industry, would result in a scale of housing land release that would compromise the strategic development plan strategy for a compact city region concentrating on brownfield regeneration. There is interest in the development industry to provide some unsubsidised forms of intermediate affordable housing but the 40% figure in the SHIP (1,900 units) would be unrealistic and unachievable. However, some additional release would not compromise the strategic vision of the SDP area. Therefore a reasonable recognition of the development industries' willingness would be to increase the affordable housing target by 24 units to take this to 200 affordable housing units per year.'*

Currently, the Council has guidance on the delivery of affordable housing within the Developer Contributions Supplementary Guidance (see specifically section 5); however this only covers *subsidised* tenures of affordable housing where developers are required to work in partnership with Registered Social Landlord's or the Council, and as such does not include any practical information to guide the delivery of affordable housing solutions by the private sector.

Therefore the Council has concluded that specific guidance on unsubsidised affordable housing is required to ensure that the additional target introduced by the modification is fulfilled and that the intended types of housing are delivered.

As a result the Council has produced this draft Unsubsidised Affordable Housing Planning Guidance for use in the development application process to ensure that developments provide a level of intermediate housing beyond the 25% subsidised affordable housing.

## **2. Securing Unsubsidised Affordable Housing**

In order to secure the target of 24 unsubsidised affordable houses per year, as required by the LDP, 15% of the total number of units on sites comprising 25 units or more shall be provided as unsubsidised affordable housing<sup>1, 2</sup>. This is in complete addition to the 25% quota for affordable housing required by LDP Policy 6 Creating Inclusive and Sustainable Communities (which the Council has demonstrated through the AHSP and SHIP can be funded publicly). The Developer Contributions Supplementary Planning Guidance sets out how the 25% quota for subsidised affordable housing will be achieved.

In some cases the delivery of the 15% unsubsidised affordable housing may require the use of a legal agreement, however this would be sought only where the use of planning conditions would be inappropriate. Further information on the circumstances where there may be the need to impose restrictions is provided in the individual descriptions of the different types of unsubsidised affordable housing in Section 3.

<sup>1</sup> Sites comprising less than 25 units are considered to have limited capacity to provide unsubsidised affordable housing.

<sup>2</sup> The requirement of 15% has been calculated following an analysis of the housing land supply to determine the proportion which is capable of providing unsubsidised housing (i.e. not including sites that already have planning consent and those with a capacity of less than 25 units).

### 3. Types of Unsubsidised Affordable Housing

The Scottish Government encourages the development of affordable housing in various forms and through the use of innovative approaches. As the 15% unsubsidised affordable housing requirement is in addition to the 25% quota policy the Council has sought to be as flexible as possible with this requirement. Table 2 below sets out the types of unsubsidised affordable housing that will be accepted by the Council; further information is then provided on each product/ tenure. Note that in allocating any properties delivered using types A – F below consideration must be given to the eligibility criteria in Section 4.

Table 2 – Types of acceptable unsubsidised affordable housing

Type	Summary/ Conditions
A. One bedroom units for sale or private rent	No restrictions.
B. Entry level housing/ discounted sale	<ol style="list-style-type: none"><li>1. Must not exceed maximum cost of £125,000.</li><li>2. Conditions ensuring future affordability should be attached except in exceptional circumstances.</li></ol>
C. Shared Equity	<ol style="list-style-type: none"><li>1. The developers/ builders stake in the property must be retained in perpetuity.</li><li>2. Must not exceed maximum cost of £125,000 to the purchaser.</li></ol>
D. Unsubsidised mid-market rent	<ol style="list-style-type: none"><li>1. Rents to be set at a maximum of 90% of the Local Housing Allowance rate (see Table 3 below).</li></ol>
E. Serviced self-build plots for sale	<ol style="list-style-type: none"><li>1. Plots should be restricted to provide no more than 3 bedroomed properties.</li><li>2. Plots must be sold at no more than 90% open market value.</li><li>3. Conditions should be attached to ensure that the plots/ new houses are resold at 90% open market value.</li></ol>
F. Serviced land for Co-housing	<ol style="list-style-type: none"><li>1. Must demonstrate how resources will be pulled to create a more affordable alternative to similar living standards through standard means.</li><li>2. Must demonstrate a level of shared facilities.</li></ol>

#### **A. One bedroom units for sale or private rent**

The Strategic Housing Investment Plan identifies that two thirds of persons on the housing list require a one bedroom property. The average property in East Dunbartonshire is bigger than the national average but household size is small and the number of persons per household is projected to continually decline, which in part is due to East Dunbartonshire's ageing population.

The highest proportion of people on the housing list who are seeking a one bedroom house require a social rented property. However, given the general lack of one bedroom properties in East Dunbartonshire the building of more one bedroom units will help the remaining

proportion of households who may be able to afford a private one bedroom house if the supply and access to such housing is increased.

### **B. Entry level housing/ discounted sale**

During the Local Development Plan hearing the development industry stated that a number of developers are increasingly providing 'entry level housing' which is more affordable than standard products and is aimed at first time buyers. The Council will support the development of entry level housing that is for sale at a maximum cost of £125,000 as meeting the 15% unsubsidised affordable housing requirement. Conditions should be attached to the missives designed to maintain the houses as affordable units to subsequent purchasers except in exceptional circumstances.

### **C. Shared Equity**

A number of shared equity units have been built recently in East Dunbartonshire and this has proved to be a successful tenure in contributing towards meeting affordable housing need in the area. Presently, shared equity has been provided by the Council and Registered Social Landlords (RSL's) however it is a viable product that can be provided by the development industry without the need for public subsidy. The owner purchases part of the dwelling whilst the remaining stake retained by the developer. Unlike shared ownership, the owner pays no rent for the equity stake which is retained by the Council / RSL. Whilst the developer does not receive any rental income in respect of their stake, they will benefit from any equity gain when the house is sold. The developers/ builders stake in the property must be retained in perpetuity to ensure that it remains affordable for subsequent purchasers.

### **D. Unsubsidised mid-market rent**

The Strategic Housing Investment Plan states that 47% of local households cannot afford the average private rent in East Dunbartonshire of £664 per month (in 2015), compared with 25% of households who struggle to afford the average social monthly rent of £302 (2015). Therefore mid-market rented properties have the potential to meet the needs of those households whose level of affordability sits in-between private and social rent. The Council's agreed approach is that mid-market rents should be no more than a maximum of 90% of the Local Housing Allowance rate (see Table 3 below).

Table 3 – Local Housing Allowance Rate April 2017 to March 2018

<b>Rooms</b>	<b>Weekly LHA Rate</b>	<b>Monthly LHA Rate</b>
1 Bedroom, with any other shared room(s)	£66.43	£287.86
1 Bedroom	£97.81	£423.84
2 Bedroom	£116.53	£504.96
3 Bedroom	£160.38	£694.98
4 Bedroom	£221.42	£959.49

Currently, private rented properties account for 7% of the total stock however the proportion of private rented properties is increasing nationally and there has recently been an increase in the development of new housing specifically for rent, which is expected to continue. This

presents an opportunity for unsubsidised mid-market rent to be provided alongside private rented properties on the open market.

The cost of private rents do vary across East Dunbartonshire and therefore the suitability of mid-market rent as an intermediate housing solution depends on the community area in which the development is located. The table below sets out the suitability of mid-market rent for the different communities in each East Dunbartonshire.

Table 4 – Suitability of mid-market rent across East Dunbartonshire

Area	Suitability
Bearsden	High
Bishopbriggs	High
Kirkintilloch	Medium
Lennoxtown	Not suitable
Lenzie	High
Milngavie	High
Milton of Campsie	Medium
Torrance	Medium
Twechar	Not suitable

#### **E. Serviced self-build plots for sale**

Scottish Planning Policy (SPP) identifies the discounted sale of self-build plots as a potential way of meeting affordable housing need. SPP states that this solution might be most effective in rural areas; but not exclusively and may be suitable in urban areas.

Given the high land values in East Dunbartonshire and the challenges associated with self-building, even discounted sale at 90% of market land value will have limited reach in providing affordable housing. However, it is considered that smaller sized self-build properties (3 bedrooms or less), as part of a wider mix of tenures and options, could help meet the housing needs of some people on more modest incomes (such as those who can access some financial assistance from family members and those who do not require a more immediate housing solution).

Plots should be provided and sold serviced with water, electricity, digital and communications infrastructure and direct road access. Developers are best placed to provide the services to plots as they will already be doing this elsewhere within the development. This will reduce the complexities of developing the plots and streamline costs for the purchasers, thus increasing the appeal of the self-build plots.

Developers and members of the public may be concerned about the impact of self-build plots on the visual amenity in development sites and the surrounding area. However, self-build plots located in the right areas could not only integrate well with other new build housing/ existing housing but also help improve local distinctiveness and visual amenity. For example the self-build plots could be located in naturally more contained parts of the site or conversely very prominent parts of sites where the street scene is already diverse. Self-builders will be required to obtain planning consent where the design of the proposed dwelling and its appropriateness for the location will be material considerations. See Policy 2

of the LDP and supplementary planning guidance on Design and Placemaking (particularly see section 5).

Table 5 – Options for selling self-build plots

Options	Considerations
1. Sale subject to planning consent	<ol style="list-style-type: none"><li>1. Purchasers enter into an option to buy the plot subject to obtaining planning consent.</li><li>2. Developer retains a level of responsibility and/ or control, and may have some influence over design of plots etc.</li></ol>
2. Outright sale	<ol style="list-style-type: none"><li>1. Plots are sold directly from the developer to the purchaser outright.</li><li>2. Developer has no responsibility for plot development after the sale is completed.</li><li>3. The missives must state that it is the purchaser's responsibility to gain planning and other consents, and that they are aware of the requirement to comply with local planning policy and guidance.</li></ol>

In both of the above cases conditions should be attached to the missives ensuring that the plots and resultant new houses are re-sold at no more than 90% open market value to ensure that the benefit is passed on to future purchasers.

## **F. Serviced land for Co-housing**

Co-housing is an emerging concept in Scotland which is gaining momentum. It features in the Scottish Government's strategy on housing for older people 'Age, Home and Community' and fits with two main themes of the current planning system review; to increase the delivery of all kinds of housing; and giving people the opportunity to plan their own place.

The development of co-housing can take many different forms with many different benefits. However, for the purposes of this guidance and meeting the 15% requirement, any co-housing proposals should demonstrate how resources will be pulled collectively across the residents in a cost-effective way to ensure a more affordable alternative to comparative living standards in private ownership. In order to achieve affordability it is expected that some facilities will be shared by the residents (such as common areas/ leisure space, kitchens, spare rooms and/ or amenity gardens).

There is at least one active co-housing interest group in East Dunbartonshire and it is expected that this number will rise as the concept continues to gain attention and support. Acquiring the land for co-housing is one of the main hurdles in delivering this type of housing and therefore providing serviced land for the development of co-housing could help meet local affordable housing need, particularly for older persons where the interest in co-housing is greatest.



## 4. Eligibility (Persons on Modest Incomes)

Units delivered through unsubsidised affordable housing should generally be allocated to persons on modest incomes as defined by the Council. The qualifying criteria set by East Dunbartonshire for intermediate affordable housing tenures is generally as follows (though can be negotiated on a case by case basis):

1. Must be a first time buyer (excluding for mid-market rent or specialist housing).
2. Gross Income must be below the median income for the area which is currently £41,904.
3. Must be in employment (mid-market rent only).
4. Preferably be on the Council's Housing List.
5. The maximum mortgage for a qualified applicant is set at 3 times an individual's or joint salary.
6. Based on the 2013 income levels, the maximum affordable price would be £80,000 for a single person and £105,000 for two people. In area of high land values this can increase this to £125,000.

In all cases, contact should be made with the Council as early as possible to ensure that the unsubsidised affordable housing proposed to fulfil the 15% requirement will meet recognised local need.

## 5. Further Information

The following documents provide further information:

- East Dunbartonshire Local Development Plan and Planning Guidance: <https://www.eastdunbarton.gov.uk/residents/planning-and-building-standards/planning-policy>
- East Dunbartonshire Local Housing Strategy 2017 - 2022
- East Dunbartonshire Strategic Housing Investment Plan 2015
- Scottish Government Policy and Advice (including SPP and PAN 2/2010): <http://www.gov.scot/Topics/Built-Environment/planning/Roles/Scottish-Government/Guidance>
- Scottish Government Self-build Guide: <http://www.gov.scot/Topics/Built-Environment/Housing/BuyingSelling/self-build/guide>
- Age, Home and Community: A Strategy for Housing for Scotland's Older People: 2012 – 2021

### Contact:

The Council's Housing Service can provide:

1. Advice on types of tenures and delivery
2. Assistance in allocating properties to persons in need

Planning applications should be submitted using the online portal **ePlanning.scot**

More information can be found at:

<https://www.eastdunbarton.gov.uk/residents/planning/planning-applications> and  
<https://www.eplanning.scot/ePlanningClient/>

The Development Management Team can also be contacted by email and telephone for pre-application advice:

Email: [planning@eastdunbarton.gov.uk](mailto:planning@eastdunbarton.gov.uk)

Tel: 0300 1234510