

ABERDEEN CITY COUNCIL

COMMITTEE	Enterprise, Strategic Planning & Infrastructure
DATE	03/03/2014
DIRECTOR	Gordon McIntosh
TITLE OF REPORT	Aberdeen Local Development Plan Policy on Affordable Housing Requirements for New Development
REPORT NUMBER:	EPI/14/015

1. PURPOSE OF REPORT

- 1.1. The purpose of this report is to update the Committee on the process on the review of the commuted payments and bring to the committee's attention options for accepting off-site affordable housing contributions.

2. RECOMMENDATION(S)

- 2.1. It is recommended that the Committee agree:
- a) Note progress on the review of commuted payments and the proposed amendments to section 75 legal agreements.
 - b) Agree the scope of issues to be addressed through amended supplementary guidance on affordable housing.

3. FINANCIAL IMPLICATIONS

- 3.1. There will potentially be a financial implication resulting from this report related to legal and valuation advice. Costs will be met through the existing Local Development Plan Budget.

4. OTHER IMPLICATIONS

- 4.1. There will be implications for the potential number of affordable units that are delivered as a part of new developments.

5. BACKGROUND/MAIN ISSUES

- 5.1. Since the implementation of the Local Development Plan 2012 there have been challenges in achieving on-site delivery of affordable housing through agreements on planning applications. A proposal to amend the commuted payment methodology has already been consulted upon as a part of reviewing the affordable housing policy.

The publication of a revised supplementary guidance on affordable housing would allow policy to reflect the issues regarding commuted payments, benchmark prices, and off-site contributions.

- 5.2. A summary of each of the issues and the proposals that will be included in supplementary guidance is set out in the following sections.

Commuted Payments

- 5.3. Some consultees questioned if changing the policy approach before a review of the Local Development Plan has been completed was permissible under current planning legislation and it was also stated that the proposed calculation methodology does not comply with planning guidance. A legal opinion on these matters has been obtained and it is considered that there is merit in undertaking further investigation into any change in methodology before a decision is made. Some additional research is required before a draft version of amended supplementary guidance is published for consultation in order to provide a robust evidence base for decision making. In addition, to address concerns raised by developers regarding delays to the planning process it is considered that an amendment to the approach should be made to set standard payments by sub-market area. This would give certainty to developers, whilst still reflecting the local market. This would be annually reviewed to ensure the value of the commuted payment is up-to-date and continues to reflect the difference in land value between land for affordable housing and land for private development. For a change to be made to the supplementary guidance there must be a further period of consultation on a draft document and this would then require to be submitted to Scottish Ministers. On finalising the research, draft supplementary guidance will be reported to this committee to be agreed for public consultation.

Benchmark Prices

- 5.1. At 12 November 2013 ESPI Committee it was agreed that Planning officers would work with officers in Housing and Legal to incorporate target prices for the sale of affordable units to RSLs within legal agreements and monitor the effects of this approach. In discussion with officers in Housing it is apparent that the factors are more complex than originally identified. Therefore, it is proposed that benchmark prices are incorporated into the draft supplementary guidance for consultation with the development industry prior to implementation. The prices should reflect the price an RSL can afford taking account of the standard of build that an RSL would expect the level of grant available and the rental income from the property. Legal officers in the Commercial and Advice Team will be instructed to insert benchmark prices into all legal agreements where there is a requirement to provide affordable housing on-site, once the new

supplementary guidance has been approved by the Council. This can not be retrospectively applied to sites where an agreement is already in place. The details of the benchmark prices will be included in the supplementary guidance.

Off-site contributions

5.2. There has been pressure from current applicants to consider alternative proposals for affordable housing and one option is to provide part of the affordable element of a larger development on a separate site. Scottish Government Planning Advice Note 2/2010 on Affordable Housing makes allowance for off-site provision in exceptional circumstances and the Council's current policy on affordable housing sets a limit on the allowance for off-site provision to developments of less than 20 units. There are positives and negatives to increasing this limit or identifying criteria based approach that must be considered before identifying an approach to this issue.

5.3. Positives

- Relaxing the limit has the potential to deliver completed units in an early phase of development that may at present be phased towards the end of a development or not delivered at all with a commuted sum being made in lieu of the affordable housing.
- It may promote development of smaller constrained sites, possibly in areas that would benefit from regeneration, that may not currently happen.
- There may be the potential to gain additional benefit in terms of the cost to an RSL or the number of units being delivered if units are being delivered on a lower value site to the private development.
- This would be preferable to commuted payments.

5.4. Negatives

- Providing this flexibility for larger sites would not support the current policy objective of achieving sustainable mixed communities and private housing would potentially be segregated from affordable housing.
- Development of affordable housing may be moved to less suitable locations on undesirable sites.
- The additional benefit that a developer would gain from transferring affordable housing requirements to a less valuable site would increase the land value of the less valuable site making it more difficult for RSLs to purchase appropriate land directly.
- The land value forms part of the cost of development and if increased as stated above this may impact on the price that an RSL will have to pay per unit.

5.5. It is considered that there will be the potential to gain affordable housing units through new development if this approach is supported, but there must also be safeguards to mitigate the negative effects.

- 5.6. For sites of 20 units or more, the current affordable housing requirement is for 25% of the total units to be provided on-site. 15% should be provided on-site to ensure the principle of balanced communities is met. Where an off-site contribution is considered appropriate this should be for no more than 10% of the total units. This would be subject to the following requirements:
- a) It is limited to a maximum of 50 units off-site with any remaining requirement to be provided on-site. The limit is to ensure that the larger allocations in the Aberdeen Local Development Plan continue to provide mixed tenure housing and support a wide range of housing need and demand. For larger allocations it would not be acceptable to allow for multiple applications to each provide off-site units culminating in an off-site provision greater than 50 units.
 - b) The timeline for development of the affordable element is brought forward.
 - c) The proposal is beneficial in terms of the delivery of affordable housing and that there is an added value to be achieved by providing off-site. This may be related to the number of units provided or a reduced cost to an RSL.
 - d) That the off-site provision is **in addition** to any affordable housing requirement for the site proposed to accommodate the off-site units.
 - e) There must be certainty that the site can be delivered.
- 5.7. It is proposed that this amendment to the supplementary guidance is contained within a revised version to be published for consultation along with any amendment to the methodology for calculating commuted payments.

6. IMPACT

- 6.1 This Report is focused on ways that we can maximise the delivery of affordable housing and sustainable mixed communities. This has a direct link to the high-level priority in the 5 Year Business Plan 2013/14 – 2017/18 to “improve access to affordable housing in both the social rented and private sectors, by supporting first time buyers, regenerating areas within the city and by working with developers to maximise the effective use of planning gain contributions.” This would also support priorities under Smarter Living to reduce levels of inequality and meet national targets on homelessness.
- 6.2 This report is seeking agreement to undertake further work and consultation and there is no impact on equalities and human rights resulting from this report.

7. BACKGROUND PAPERS

Supplementary Guidance: Affordable Housing:

<http://www.aberdeencity.gov.uk/nmsruntime/saveasdialog.asp?IID=31814&sID=14394>

8. REPORT AUTHOR DETAILS

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