

REFERS TO AGENDA ITEM 4 (b)

FALKIRK COUNCIL

**Subject: DRAFT REVISED SUPPLEMENTARY PLANNING
GUIDANCE NOTE: AFFORDABLE HOUSING
Meeting: ECONOMIC STRATEGY AND DEVELOPMENT
COMMITTEE
Date: 26 FEBRUARY 2013
Author: DIRECTOR OF DEVELOPMENT SERVICES**

1.0 INTRODUCTION

- 1.1 Members will recall that a report on the Consultative Draft Revised Supplementary Planning Guidance (SPG) Note: Affordable Housing was presented to the Economic Strategy and Development Committee on 18th September 2012.
- 1.2 A revision to the current SPG was prepared for two principal reasons: a) to update the SPG to align it with the revised policy SC4 Affordable Housing of Falkirk Council Local Plan, and b) to take the opportunity to update procedures for considering planning applications in the light of changes in Scottish Government advice and reduced financial support for affordable housing since the original SPG was published.
- 1.3 Following consideration it was agreed that officers undertake consultation and report back to this Committee in due course. This report sets out the results of the consultation and recommends, subject to a number of amendments, that the SPG be referred to Policy and Resources or other appropriate Committee with a recommendation to approve. The changes proposed as a result of the consultation process are set out in Appendix 1 to this report, and a summary of the comments made forms Appendix 2.

2.0 CONSULTATION PROCESS

- 2.1 The Consultative Draft Revised SPG was sent to some 240 organisations involved in the provision of affordable housing, including private housing developers and their 'umbrella' organisation, Homes for Scotland, landowners, planning consultancies, housing associations, and the Scottish Government Housing and Regeneration Directorate. In addition all Community Councils were invited to make comment on the draft SPG. A copy of the Consultative Draft Revised SPG was also posted on the Council's website which accompanied an invitation to individuals and any other interested party to comment.
- 2.2 Consultation took place over a 6 week period between 21st September and 5th November 2012.

- 2.3 Responses were received from the following 6 organisations:
Homes for Scotland
Land Options West
Messrs Cook and Potter
Mactaggart and Mickel
The Profilli Partnership
Larbert, Stenhousemuir and Torwood Community Council
- 2.4 Detailed summaries of all the comments and the Council's draft responses are shown in Appendix 2 to this report. All respondents were supportive of the revision of the SPG in principle. The developers and their agents took issue with the details of the SPG to varying degrees, particularly in relation to fulfilling their policy contributions in the current economic downturn and constrained housing market. On the other hand a number of suggestions were made to improve or clarify the text, which it is proposed will be incorporated in the finalised SPG.
- 2.5 Larbert, Stenhousemuir and Torwood Community Council was pleased that there would be a strong commitment to providing affordable housing in new developments in their area. They were keen that the assessment of housing need is kept up to date, that affordable housing should be integrated into mainstream housing and that there would be a strong commitment to building affordable housing that was well insulated and minimised energy use.
- 2.6 The issues raised by the developers and their agents and the Council's response can be summarised under the following headings.

Forms of Affordable Housing

- 2.7 Homes for Scotland, Land Options West and Mactaggart and Mickel all queried the list of forms of affordable housing set out in the SPG and took issue with the Council expressing a preference for social housing as a priority. They generally felt that it should be for the developer to decide the best form of affordable housing on each site and that the range of options suggested in the SPG was restrictive.
- 2.8 The preferred forms of affordable housing are set out in policy SC4 of the Local Plan, which is not the subject of this consultation. The policy has already been reviewed, and therefore the SPG is bound to focus on those forms of affordable housing mentioned in policy. The SPG also reiterates the forms of affordable housing specified in Scottish Planning Advice Note 2/2010. It is considered that the Council should reserve the right to decide its priorities for the delivery of affordable housing in the light of the Housing Need and Demand Assessment (HNDA), Local Housing Strategy, the availability of public subsidy finance and its relationship with partner organisations.

- 2.9 However the SPG makes it clear, at paragraph 1.8, that the assigning of a first preference to social housing does not exclude other options from consideration. The list expressed is not exhaustive and it is possible for the Council to discuss other models with developers on a case by case basis. Some particular models may fall out of favour in a rapidly changing funding environment and to this end it is proposed to remove the subsidy list mentioned in paragraph 3.4 of the draft SPG, as suggested by Homes for Scotland and Mactaggart and Mickel.

Flexibility of Provision

- 2.10 Connected with the comments made about the forms of affordable housing there was also a general concern from some developers that the Council's approach is not as flexible as they would like. Accordingly, it is accepted that a flexible approach is required, particularly in the current economic circumstances, and this is explicitly stated in paragraphs 1.8, 3.4 and throughout Section 4 of the PSG, which is devoted to delivering affordable housing.

Housing Mix and Range

- 2.11 Homes for Scotland and Mactaggart and Mickel expressed concern that the Council, in section 6 of the draft SPG, was dictating the mix and range of housing on a site. They consider that housing mix is a matter for the developer, who will have more knowledge of market demand and potential.
- 2.12 The draft SPG states that the Council will advise, not compel, developers of the appropriate mix of affordable housing types for a site. There is a legitimate role for the planning authority to influence mix of types or size where there is a significant shortfall in, e.g. larger, affordable houses. The draft SPG does not attempt to decide on the appropriate mix of market housing, which is more a matter for the developer.

Priority Groups

- 2.13 Homes for Scotland and Mactaggart and Mickel found issue with section 7 on eligibility/priority groups for affordable housing. They were concerned that it appeared all consuming, and there was a danger that if people appear on several lists, there could be double counting.
- 2.14 It is agreed that this section should be expanded and clarified to explain the relationship of this section to the needs of those households identified in the HNDA, as set out in Appendix 1.

3.0 Proposed changes to draft revised SPG

- 3.1 In the light of the responses to the consultation a number of changes are proposed to the draft revised SPG in order to provide clarification or remove errors. These proposed changes are set out in Appendix 1. Subject to the insertion of the propose changes, the SPG is recommended for approval.

4.0 RECOMMENDATION

- 4.1 That Committee agrees to refer the revised Supplementary Planning Guidance Note: Affordable Housing and proposed changes to Policy and Resources or other appropriate Committee with a recommendation to approve.**

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Director of Development Services

18 February 2013

Contact officer: Colin Hemfrey, Development Plan Co-ordinator, ext 4720

APPENDICES

1. Proposed changes to the Draft Revised Supplementary Planning Guidance Note: Affordable Housing.
2. Summary of responses to the Draft Revised Supplementary Planning Guidance Note: Affordable Housing.

LIST OF BACKGROUND PAPERS

1. Draft Revised Supplementary Planning Guidance: Affordable Housing.
2. Falkirk Council Local Plan.
3. Housing Need and Demand Assessment for Falkirk Council.

Any person wishing to inspect the background papers listed above should contact Colin Hemfrey (Development Plan Co-ordinator) on 01324 504720.

APPENDIX 1

PROPOSED CHANGES TO THE DRAFT REVISED SUPPLEMENTARY PLANNING GUIDANCE NOTE: AFFORDABLE HOUSING.

Section 3 Forms of Affordable Housing

Para 3.4: delete last sentence and bullet points list of models of subsidy.

Reason: in response to comment by Homes for Scotland, Land Options West and Mactaggart and Mickel that funding models are subject to alteration and could well change again in the future. It seems more sensible to keep the SPG general to allow for changes in circumstances.

Section 4 Delivering Affordable Housing

Para 4.6: delete last sentence covering entry level units for sale.

Reason: in response to comment by Land Options West and Homes for Scotland, as the sentence contradicts the earlier paragraph 3.3 and PAN 2/2010.

Para 4.8: after first sentence replace current text with 'If the properties are not sold on a shared equity basis, the following procedure will be adopted:

- developer is required to offer the remaining 60% share of the property to the Council or Registered Social Landlord (RSL) to purchase in the first instance;
- if the Council does not take up this offer the houses revert to the open market to be sold by the developer and the affordable housing requirement will be met via a commuted sum financial contribution from the developer.'

Reason: in response to comment by MacTaggart and Mickel to clarify the procedures with regard to shared equity housing.

Para 4.12, second line: change 'may' to 'will'.

Reason: to remove uncertainty in the consideration of funding options, in response to comment by Homes for Scotland.

Para 4.21, first sentence: delete 'with the Council recharging the 50% cost of the valuation to the applicant'.

Reason: to remove ambiguity, in response to comment by Homes for Scotland.

Section 6 Procedure

Para 6.6: add further bullet point 'size and type of existing housing stock'.

Reason: to add an important factor to be taken into account in determining the required type of affordable housing, in response to comment by Homes for Scotland.

Para 6.10, first bullet point: delete 'market conditions' and replace with 'tenure mix'.

Reason: to remove an ambiguous reference to the local housing market, in response to comment by Homes for Scotland.

Section 7 Eligibility – priority groups

Para 7.1: replace first sentence with 'Priority will be give to the following groups who have been identified as those in housing need in the HNDA or by central government:

1. Applicants on Council or RSL waiting lists.
2. Local first time buyers.
3. people on income deciles 3 to 5 (and decile 6 in exceptional circumstances) – see Local Housing Strategy Appendix 3.
4. Council/RSL tenants.
5. Armed forces.

The list represents a sequential consideration of priority groups but the choice of those eligible to access new houses at a particular site will be a matter for resolution at the time of negotiation.'

New para 7.2: 'The inclusion of social rented tenants is to include those who may have an interest in other tenure options. The inclusion of first time buyers is to prioritise a group who are facing larger deposits when applying for a mortgage and who do not have equity from a previous home. The inclusion of those on lower incomes is to prioritise households who cannot afford to meet their housing needs in the market. Applicants leaving the armed forces are given priority for social rented housing under homeless legislation; however some from higher ranks in the army may prefer affordable options for sale.'

Renumber current para 7.2 as para 7.3.

Reason: to provide further clarity on the choice of groups who will receive priority consideration for affordable housing, in response to comments by Homes for Scotland and MacTaggart and Mickel.