

# SG

## SUPPLEMENTARY GUIDANCE



### AFFORDABLE HOUSING



PROPOSED MORAY LOCAL DEVELOPMENT PLAN



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# 1 Introduction

- 1.1 Providing affordable housing is a key priority for the Moray Council and this is reflected in the Council's Single Outcome Agreement and the Local Housing Strategy (LHS).
- 1.2 The Council's Housing Need and Demand Assessment (HNDA) 2011 highlights the significant requirement for provision of affordable housing in Moray. This is part of a wider national issue, which has resulted from a number of factors including affordability issues the economic recession and the shortage in public and private rented houses.
- 1.3 Planning policies can assist with the delivery of affordable houses and the Council's Housing Strategy officers and local housing associations will work actively with developers to deliver the right type of housing to meet demands identified in the Local Housing Strategy (LHS).
- 1.4 Affordable housing is defined in Scottish Planning Policy (SPP) as;  
"housing of a reasonable quality that is affordable to people on modest incomes. Affordable housing may be provided in the form of social rented accommodation, mid-market rented accommodation, shared ownership housing, shared equity housing, housing sold at a discount (including plots for self build) and low cost housing without subsidy."
- 1.5 The LHS sets out the need for affordable housing and uses the HNDA as its key evidence base. The Strategic Housing Investment Plan (SHIP) is produced annually by the Council and identifies details of the proposed delivery of affordable housing.
- 1.6 Copies of the HNDA, LHS and SHIP are available on the Council website at [http://www.moray.gov.uk/moray\\_standard/page\\_1917.html](http://www.moray.gov.uk/moray_standard/page_1917.html) A summary of the HNDA is included as Appendix 1.

## 2 Status of Supplementary Planning Guidance

- 2.2 This Guidance has been prepared in support of policy H8 of the emerging Local Development Plan and when approved will form a part of the statutory plan.
- 2.3 Sites which benefit from planning permission in principle or reserved matters approval will be considered under the terms of the 2009 Affordable Housing Supplementary Planning Guidance.

## 3 Policy Background

- 3.1 Housing Need
  - 3.1.1 SPP requires Local Development Plans to clearly set out the scale and distribution of the affordable housing requirement and set out how shortages identified in the HNDA and LHS will be addressed. Further details on the options for provision of affordable housing are provided in Planning Advice Note 2/2010. The SPP recognises that Local Development Plans should consider the level of affordable housing contribution which is likely to be deliverable in the current economic climate.
  - 3.1.2 The Council's HNDA identified an annual requirement for 424 affordable units in Moray between 2011 and 2023, which is 78% of all housing need and demand. The current economic climate would not support a policy requiring developers to provide affordable units to that extent and the Council will continue to work with the Scottish Government and partners to find different ways of trying to meet this level of demand.
  - 3.1.3 The Moray Local Plan 2008 threshold for requiring provision of affordable units was a 25% provision on developments of 10 or more units. The Proposed Plan Policy H8 proposes that this is reduced to 4 or more units with the requirement of 25% retained. Policy H8 states;
 

“Proposals for new housing developments of 4 or more units (including conversions) must provide a minimum of 25% of the total units as affordable housing. The specific contribution will be determined by the Head of Housing and Property and will be informed by the Local Housing Strategy.

Where the developer can demonstrate that there are exceptional site development costs or there are other reasons making on site provision unfeasible, then other options such as offsite provision or commuted payments may be considered.”

Developers will be required to provide evidence of their exceptional site development costs.
  - 3.1.4 Lowering the threshold to 4 units will increase the opportunities available to the Council to increase the supply of affordable housing in all areas, but also will reduce the disadvantage to rural areas where development sites tend to be smaller.



### 3.2 Definition of “affordable housing”

- 3.2.1 Scottish Planning Policy 2010 states that “affordable housing is defined broadly as housing of a reasonable quality that is affordable to people on modest incomes.” **This Policy regards lower quartile earnings as “modest”.**
- 3.2.2 The Scottish Government Housing Need and Demand Assessment Guidance 2008 states that “a household is considered able to afford market renting in cases where the market rent payable would constitute no more than 25% of their gross household income. ‘Market Rent payable’ is defined as the entire rent due, even if it is partially or entirely met by housing benefit. Other housing related costs, such as council tax and utility bills should not be included”. The assessment of housing affordability in the HNDA has been completed on this basis, using the following variables:
- Mortgage deposit requirements
  - Mortgage interest rates
  - Lower quartile house prices
  - Lower quartile private rents
  - Lower quartile full time gross earnings
  - The HNDA uses the following affordability assumptions:
- 3.2.3 The combined effect of changes in any of these variables will affect the affordability of housing in Moray. The maximum affordable rent and maximum affordable house purchase price will be updated annually, will be available from Council Officers and will be published on the Council’s website.
- 3.2.4 It should be noted that households with part time earnings, temporary contacts of employment, or without access to mortgage deposits are particularly disadvantaged in the housing market. For these households, affordable housing rented from the Council or a Housing Association may be the only viable housing option.

## 4 Delivery of affordable housing

- 4.1 The preference is to locate affordable housing on site and as part of a mixed development of private and affordable units. There may be proposals for 100% provision of affordable housing and these will be acceptable as part of a wider mixed community and where all other relevant Local Development Plan policies are met.
- 4.2 In some cases, there may be practical reasons which make on site provision difficult or unviable. In these cases, the provision of affordable housing off site or securing a commuted sum will be considered by the Council. Where a commuted sum is agreed the Council will accept that the commuted sum should be a "value equivalent to the cost of providing the percentage of serviced land required by the policy." If off site provision or a commuted sum is acceptable then these must be used to meet an identified need in the same local housing market area and formalised in a section 75 agreement between the Council and the developer.
- 4.3 The cost of commuted payments is an annual figure based on the District Valuer's assessment of the value of serviced land for affordable housing in Moray. Housing and Property will publish this figure on its website and it will be available from planning officers. This allows developers to be clear at the outset about the potential cost of commuted payments for their developments.
- 4.4 The Environmental Services Department, Development Management section will routinely consult with the Housing Service on all planning applications for housing development of 4 or more units.
- 4.5 The type of affordable housing required will be determined on a site by site basis. Developers are requested to contact the Housing Development and Strategy Manager as early in the design process as possible to determine the mix of units required. Housing and Property will make arrangements for a Registered Social Landlord to be identified, if required.
- 4.6 Housing and Property will provide developers with an affordable housing mix, detailing the size and type of housing required, through liaison with local Registered Social Landlords and the Scottish Government's Housing Investment Division. Although this mix may be negotiated, there is an expectation that developers will provide the size and type of housing which will meet the current need for affordable housing, as identified in the Local Housing Strategy.
- 4.7 The final decision on the type of affordable housing to be provided on any particular site will be made by the Council as planning authority in consultation with the Head of Housing and Property.
- 4.8 The Council will consider all six categories of affordable housing (see next page) within the context of the needs identified in the HNDA.



## 5 Types of Affordable Housing

5.1 Affordable housing can be provided in various forms, which are listed below in order of preference;

- **Social rented accommodation**- housing provided by an affordable rent and managed by a Registered Social Landlord such as a Housing Association or other housing body regulated by the Scottish Housing Regulator. The Moray Council also manages social rented stock.
- **Mid market rent accommodation**- housing with rents set at a level higher than purely social rent, but lower than market rent levels and affordable by households in housing need. Mid market rent housing can be provided by the private and social housing sectors.
- **Shared ownership**- This is a mixed tenure where the customer owns part of the house and pays rent on the rest.
- **Shared equity**- This is housing where the customer buys part of the house and the RSL or private developer retains a stake in the ownership of the housing.
- **Discounted low cost housing for sale**, including plots for self build housing sold at a percentage discount to its open market value to households in the priority need group.
- **Housing without subsidy**- non subsidised affordable housing is likely to take the form of entry level housing for sale. It can be considered to meet the needs of, and be affordable to, groups of households identified in housing need.

Any proposals to provide affordable housing in a form other than social rented accommodation, must demonstrate that the cost to the householder is “affordable” in the Moray context, as defined in Para 3.2 above.

## 6 Monitoring and Review

6.1 The Council will monitor the implementation of the affordable housing policy and guidance through the annual Local Development Plan Monitoring Report and implementation of the LHS and SHIP.

## 7 Contacts

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