

To: PLANNING AND ENVIRONMENT COMMITTEE		Subject: PLANNING ADVICE NOTE 74 AFFORDABLE HOUSING
From: DIRECTOR OF PLANNING AND ENVIRONMENT		
Date: 8 JUNE 2005	Ref: lpt/consultations/scottish executive/nppgs & pans/pan74 affordable housing/djo	

1. Purpose of Report

- 1.1 The purpose of this report is to summarise the main points of the Scottish Executive's Planning Advice Note (PAN) 74 : Affordable Housing and its implications for planning in North Lanarkshire.

2. Background

- 2.1 Scottish Planning Policy (SPP) 3 : Planning for Housing (published 2003) sets out the planning policy context for housing development. SPP 3 states that the planning system can have an important role in providing affordable housing and that supplementary planning advice would be published in due course. PAN 74 is the supplementary advice. Categories of affordable are listed in an appendix to this report.

3. Sustainability Implications

- 3.1 PAN 74 sets out how the planning system can support the Executive's commitment to increase the supply of affordable housing. Affordable housing is housing of a reasonable quality that is affordable to people on modest incomes. Meeting this need is important in maintaining the viability of communities and supporting the operation of local labour markets and the wider economy. Affordable housing policy advice therefore contributes to the broader aims of sustainable development.

4. Main Points of PAN 74 Relevant to North Lanarkshire

- 4.1 PAN 74 draws on recent research, including the Local Housing Need and Affordability Model for Scotland – Update report of June 2004 commissioned by Communities Scotland. This report indicates a slight surplus of affordable housing in North Lanarkshire as a whole. This does not necessarily mean there can be no need or justification for affordable housing policies in the North Lanarkshire Local Plan. The report notes that it is a matter for policy judgement how these results might be used to inform local strategies, planning and resource allocation. Some needs may require a response at a more localised level and local differences, including the requirements of regeneration and sustainable communities. PAN 74 reflects this through stating that housing and planning policies need to recognise such local differences. The broad advice in PAN 74 is that localised needs should result in targeting new affordable housing in those areas with a shortfall, whilst considering regeneration in those areas which have a surplus.

- 4.2 The advice recognises the key role of local authorities in developing a locally-based affordable housing policy and the close working needed between the Local Housing Strategy and the development plan. It summarises nine general steps to support delivery of affordable housing through planning policy:
1. Prepare/update the Local Housing Strategy, including an assessment of housing needs and existing affordable housing supply
 2. Assess housing market information to establish the need for different types of affordable housing
 3. Assess potential future supply through the established housing land supply
 4. Consider the distribution and sources of sites and decide whether or not a threshold is appropriate (in terms of requiring a proportion of units to be affordable)
 5. Derive an initial target of affordable housing units
 6. Establish resource implications of using planning policy to require a contribution to affordable housing land (for example, implications for public funding)
 7. Prepare development plan policy
 8. Monitor outcomes (in terms of the contribution of the policy to meeting housing need)
 9. Review and revise policy as appropriate
- 4.3 This general template is being followed currently in work to progress the North Lanarkshire Local Plan and on-going review of the Local Housing Strategy.

5. Corporate Considerations

- 5.1 Local authorities identify the scale of affordable housing and the numbers and types of lower cost housing units required in their area through their Local Housing Strategy. Where necessary, Local Plans promote policies in support of Local Housing Strategy objectives addressing identified affordable housing needs. Joint working between the Planning and Environment and Housing and Property Services Departments will continue to co-ordinate work on the Local Housing Strategy and North Lanarkshire Local Plan.

6. Conclusions and Implications for North Lanarkshire

- 6.1 North Lanarkshire Local Housing Strategy (LHS) analysis and independent research both indicate there is no need for an authority-wide affordable housing policy. There is, however, evidence from LHS analysis that some areas within North Lanarkshire are experiencing particular housing pressures sufficient to justify targeted affordable housing policy through the development plan process. Such an approach would be consistent with primary guidance in terms of SPP 3 : Planning for Housing. Now, with the publication of this follow-up advice from the Executive in the form of PAN 74 : Affordable Housing, there is clarification regarding the steps a planning authority needs to take to develop affordable housing policy.
- 6.2 Affordable housing is also supported in the Glasgow and Clyde Valley Structure Plan. The 2000 Structure Plan encourages the provision of all forms of affordable housing and supports affordable housing policies in Local Plans. The imbalances in the distribution of housing tenure identified in the 2000 Plan have increased. It is also noted that the National Planning Framework states that “*areas within Glasgow and the Clyde Valley also have shortages, though in some cases it may be possible for these to be offset by surpluses elsewhere in the broader housing market area*”. It is considered that, overall, the supply and location of affordable housing does not appear to disadvantage most households in terms of access to the labour market and other facilities. However, further technical work taking into consideration the recommendations in PAN 74: Affordable Housing, will be undertaken during the consultation period. This technical work will be informed by Local Housing Strategies and will determine whether a specific policy is required

in the Structure Plan as well as providing an assessment of the implications of 25% site benchmarks for total unit contribution of affordable housing.

- 6.3 There is no impediment in terms of national and regional planning policy and guidance that would prevent properly justified affordable housing policies in the North Lanarkshire Local Plan. It is my intention to continue to investigate the role of affordable housing policy in the North Lanarkshire Local Plan, through joint working with colleagues from Housing and Property Services. I intend to report potential affordable housing local plan policy after this work concludes in summer 2005, with a Consultation draft North Lanarkshire Local Plan expected early in 2006.

7. Recommendation

- 7.1 It is recommended that the Committee notes the content of this report and remits it to the Housing and technical Services Committee for information.



David M. Porch
DIRECTOR OF PLANNING AND ENVIRONMENT
24 May 2005

Local Government Access to Information Act: for further information about this report, please contact David Ormiston on 01236 618131.

Background Papers:

Planning Advice Note (PAN) 74 : Affordable Housing, 2005
Scottish Planning Policy (SPP) 3 : Planning for Housing, 2003
Local Housing Need and Affordability Model for Scotland – Update, Professor Glen Bramley, Heriot Watt University, 2004
North Lanarkshire Council Local Housing Strategy 2004-2009

Appendix

Categories of Affordable Housing

Categories of affordable housing include:

- **Social rented** - housing provided at an affordable rent and usually managed locally by a Registered Social Landlord (RSL) such as a Housing Association, Housing Co-operative or other housing body regulated by Communities Scotland. Social rented stock is also owned and managed by local authorities;
- **Shared ownership** - the owner purchases part of the dwelling and rents the remainder usually from a RSL. The owner can buy tranches of 25%, 50% or 75% of the property;
- **Shared equity** - the owner purchases part of the dwelling, with the remaining stake purchased usually by a RSL using Communities Scotland grant. Unlike shared ownership, the owner pays no rent for the equity stake which is retained by the RSL. While the RSL does not receive any rental income in respect of their stake, it benefits from any equity gain when the house is sold.
- **Discounted low cost sale** - a dwelling sold at a percentage discount of its open market value to households in the priority client group. Discounted serviced plots for self build can also contribute, particularly in rural areas.
A legal agreement can be used to ensure that subsequent buyers are also eligible buyers. In rural areas this may be achieved through a rural housing burden.
- **Housing without subsidy** - non-subsidised affordable housing is likely to take the form of entry level housing for sale, some built at higher densities and with conditions attached to the missives designed to maintain the houses as affordable units to subsequent purchasers. Homes delivered without subsidy may be considered to fulfil part of the overall affordable housing requirement where it can be clearly demonstrated that they will meet the needs of, and be affordable to, groups of households identified through the housing needs assessment.