

National Park Authority Planning and Access Committee

Agenda Item 6



Affordable Housing: Reinvestment of Commuted Sums

Paper for Approval

SUBMITTED BY:	Head of Planning and Rural Development
SUBJECT:	Affordable Housing: Reinvestment of Commuted Sums

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1. Summary and Reason for Presentation

- 1.1 The current Local Plan and the proposed new Local Development Plan for the National Park both contain housing policies which require provision of affordable housing. An increase in affordable housing is a core strand of the development plans' strategy of addressing the Park's declining and ageing population, creating sustainable and inclusive communities and supporting the rural economy.
- 1.2 Planning policies provide guidance on the level of affordable housing contribution required and indicate a preference for onsite delivery. In certain instances where this may not be possible or appropriate, a financial contribution (a commuted sum) may be required instead.
- 1.3 Commuted sums are paid to the local Housing Authority, not the National Park Authority. The Housing Authorities hold commuted sums within their strategic housing funds in order to reinvest in affordable housing provision elsewhere within its area. This might include providing funding to assist Registered Social Landlords to purchase sites for affordable housing development or be used to top-up funding for sites where there are high development costs.
- 1.4 The National Park Authority agreed a legal protocol with Stirling Council in August 2014 which defines the area within which the monies accrued from commuted sums generated within the National Park are to be reinvested. Protocols are yet to be formally established with the other three local authorities and this report recommends the basis upon which these should be agreed.

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2. Recommendation

- 2.1 That Members agree to the proposed protocol arrangements as described in paragraph 3.7 and delegate authority to the Head of Planning and Rural Development to progress these protocols to formal legal agreements with Argyll and Bute Council, Perth and Kinross Council and West Dunbartonshire Council.

3. Background

- 3.1 Scottish Planning Policy (SPP) broadly defines affordable housing 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. The NPA draft Housing Supplementary Guidance explains these affordable housing types in more detail.
- 3.2 The current local plan requires a proportion of all housing on sites within towns and villages of four or more units to be affordable. The proposed Local Development Plan (LDP) continues this approach and also introduces new policy guidance for small sites of under three units and single dwellings within the accessible rural villages of the National Park (Tarbet, Luss, Gartocharm, Croftamie, Drymen, Gartmore, Aberfoyle and Callander).
- 3.3 Identifying and maintaining a supply of housing land that can effectively be developed is challenging within the National Park. Many sites are constrained due to a range of factors such as topography, flooding, access or infrastructure. For sites of four or more units the preference is therefore always for onsite delivery of affordable housing. In exceptional circumstances, where it is demonstrated that on-site delivery is not possible, for example due to abnormal site costs, either off site provision or a financial contribution – a commuted sum – will be required. A commuted payment towards affordable housing for single units and small sites (of under four units) may also be taken in lieu of on-site delivery within the accessible rural villages.
- 3.4 The NPA draft Housing Supplementary Guidance proposes the value of the commuted sums that will be sought within the National Park. This has been independently established by the District Valuer and is based on the Residual Land Value method, which means that the commuted sum is based on the value of the serviced land for open market housing minus its value for affordable housing. This has been established following Scottish Government Guidance set out in Planning

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Advice Note 2/2010. It should be noted that this Supplementary Guidance has recently been consulted on as part of the LDP consultation and may be subject to challenge/amendment at LDP examination stage.

- 3.5 There is currently a legal agreement in place between the National Park Authority and Stirling Council which requires that commuted sums generated from within the Stirling Council part of the National Park are re-invested within this same area. This forms a large part of the Rural Stirling Housing Market area. In the event that the commuted sum has not been utilised within a 10 year period, the developer is entitled to reclaim the money.
- 3.6 Similar protocols with the other three local housing authorities are yet to be formally agreed but have been considered recently at officer level. These areas are smaller in comparison to the Stirling Council area of the National Park and it would not be appropriate or pragmatic to ring-fence the investment of commuted sums to such small areas. To do so could reduce the number of available effective sites that a commuted payment could in turn be used towards and might therefore increase the likelihood of the monies having to be being re-paid to the developer at a later date. Also, households within these areas are likely to seek to address their housing needs within their local geographic area, including areas outwith the National Park boundary. For example, a household living in or working in St Fillans is likely to also look towards Comrie or Crieff for meet their housing needs, or a household living in the Cowal area of the Park may also consider Dunoon.
- 3.7 PAN2/2010 advises that commuted sums should be invested in the same Housing Market Area (HMA) as they were generated. The National Park is covered by several Housing Market Areas which cover quite extensive rural areas. It is NPA officer's preference that a sequential approach is agreed with the three remaining local authorities whereby priority is given to reinvestment of the commuted sum within the National Park part of the wider HMA in which it was generated before considering the remainder of the HMA. The following HMAs would apply:-
 - a) Within the Perth and Kinross area of the National Park, the 'Strathearn' Housing Market Area (as shown on map extract from Perth and Kinross Local Housing Strategy in Appendix 1)
 - b) Within the Argyll and Bute area of the National Park, the respective 'Helensburgh and Lomond' and 'Cowal' Housing Market Areas (as shown on map extract from Argyll and Bute Local Housing Strategy in Appendix 1)
 - c) Within the West Dunbartonshire area of the National Park, the Vale of Leven

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Housing Market Area (not mapped in the WDC Local Housing Strategy but comprising the Dumbarton and the River Leven corridor up to and including WDC area of the National Park).

- 3.8 Once these protocols are agreed they will form the basis upon which future commuted sums will be held and redistributed. As well as specifying where affordable housing contributions will be spent, a protocol with the relevant local authority serves a more technical purpose in this instance where the National Park Authority is dealing with obligations that relate to housing authority matters. Having a protocol in place provides clarity for all parties and enables commuted sums to be progressed in a transparent and efficient manner.

List of Appendices: Appendix 1: Extracts from Perth & Kinross and Argyll & Bute Local Housing Strategies showing Housing Market Areas

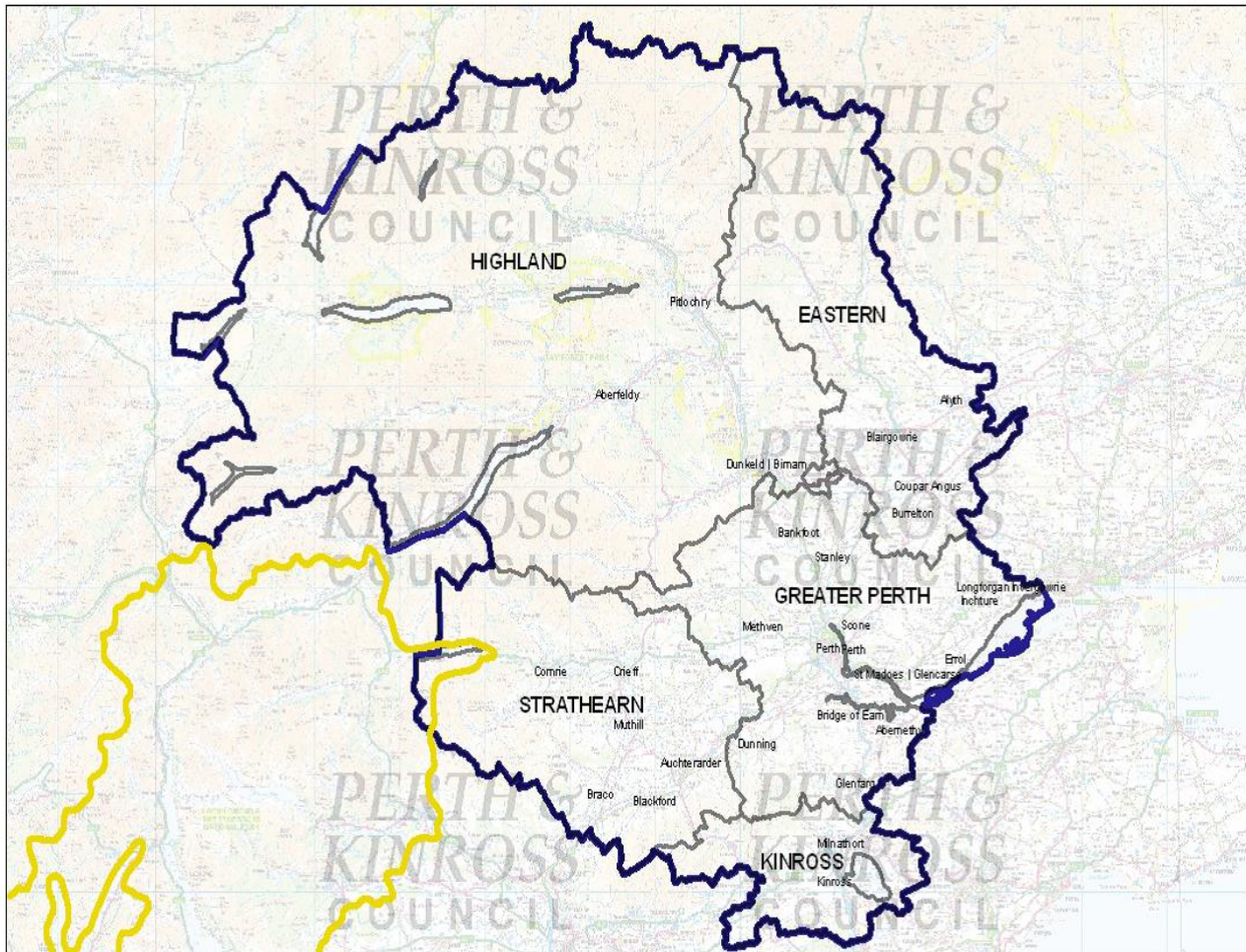
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Appendix 1: Extracts from Perth & Kinross and Argyll & Bute Local Housing Strategies showing Housing Market Areas



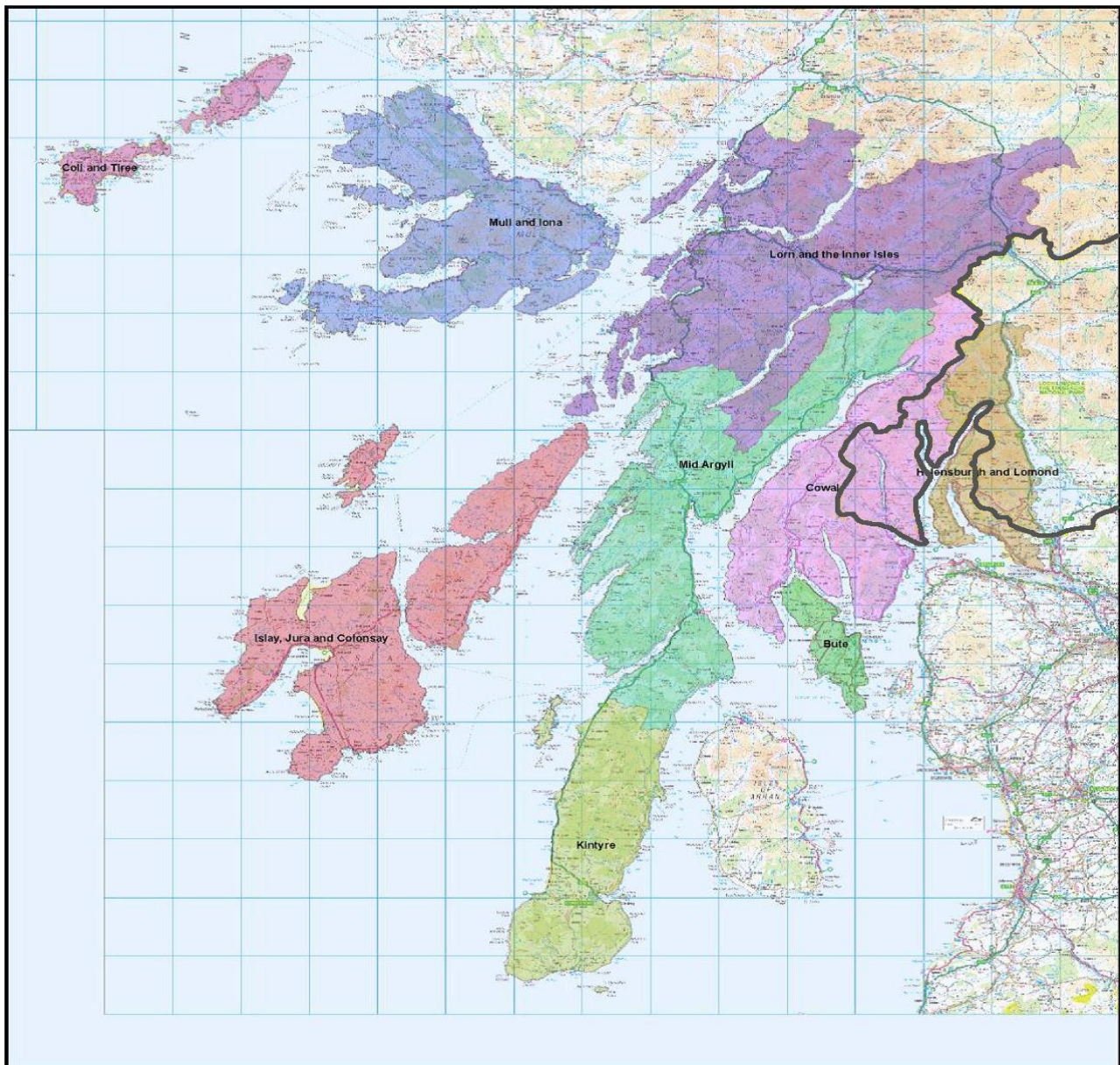
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Title: Perth & Kinross Housing Market Areas

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Argyll & Bute
COUNCIL
Housing Market Areas

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